Climate Integrity

19 September 2025

Committee Secretary
Senate Select Committee on Information Integrity on Climate Change and Energy
PO Box 6100
Parliament House
Canberra ACT 2600

Disinformation & Data-Washing Shaping Australian Energy Policy: How big consultancies sell disinformation as 'objective analysis' to the fossil fuel industry

Executive Summary

This submission seeks to broaden the Committee's understanding of the ways in which disinformation is used to impact climate and energy policy development in Australia. In particular it focuses on the fossil fuel industry's engagement of consultancy firms to produce research reports using flawed modelling in order to provide cover for the industry's political lobbying, including in policy submissions to inquiries like this one. This is a form of disinformation also known as data-washing. It's a particularly harmful form of disinformation because its sophistication makes it difficult to identify.

Disinformation in all its forms, is best understood through detailed case studies that highlight distinct examples that provide a sense of the much larger issue. This submission explores three case studies, which demonstrate how consultancies are deployed by industry to lend credibility to flawed modelling and questionable assumptions – in effect, to 'rubber stamp' conclusions that align with client interests, rather than climate science. The first examines analysis conducted by EY for the gas industry peak-body, Australian Energy Producers (AEP), and two others look at similar examples from KPMG and McKinsey & Company.

We urge the committee to ensure your scope remains expansive beyond the more well-known forms of disinformation related to public communications and consumer protection laws. It must examine how data, analysis, and research have become tools of disinformation, and how integrity in Australian climate policy is being compromised by vested interests and the fossil fuel lobby.

Contents

Introduction

Mitigating climate change requires strong political leadership informed by objective credible science and buoyed by public support, two elements that are being intentionally undermined by pervasive, and increasingly sophisticated disinformation initiatives from the fossil fuel industry and its lobby.

Solving the complex challenge of climate change requires legislative changes and investments that decarbonise our economy and protect the natural and agricultural ecosystems on which our economy and livelihoods depend. However, climate and energy policy development does not occur in a vacuum, and is shaped by the integrity of the information ecosystem on which our democracy relies for informed debate. While no sector is immune to disinformation, nowhere is the harm more acute than in the intentional undermining of our urgent need to mitigate climate change and transition to renewable energy. At the heart of this coordinated disinformation lies the well-resourced fossil fuel lobby, which is the only entity that stands to gain from sowing doubt, delaying policy, and undermining trust in the energy transition.

In 2024, the World Economic Forum's Global Risks Report identified 'misinformation and disinformation' as our most severe short-term risk, with the top four long-term risks (10 years) all relating to the worsening impacts of climate change – including extreme weather events, ecosystem collapse and natural resource shortages.[1] The relationship between this short-term threat and the devastating consequences of failing to act sufficiently on climate change, is not lost on the report's authors. And with the Climate Change Authority's National Climate Risk Assessment stating clearly that we are on track to see 2.9°C of warming this century,[2] it is clear that action to prevent the worst impacts of climate change into the future, alongside accelerated decarbonisation of our economy in the present, we must simultaneously take action to address climate disinformation.

Understanding and addressing climate disinformation in Australia requires comprehending its pervasiveness in all spheres of our society – media, politics, business and community – and importantly the tactics and strategies of the fossil fuel interests who deploy it at the expense of climate action and social cohesion.

For at least three decades in Australia, the fossil-fuel industry has deployed campaigns that seek to distort the science of climate change, fuel scepticism of environmental advocates, and lobby governments to weaken efforts to mitigate the industry's polluting business model.[3,4] But the strategies deployed are not only designed to undermine the credible climate scientists and evidence-based analysis, they have also taken to falsifying data and research to promote fossil fuels as renewable, clean and green.[5]

The fossil fuel industry's disinformation tactics are often misperceived as only relating to marketing and public influence, elements that constitute a significant portion of their influence, but neglects the expansive nature of these strategies and the systemic enablers that power it. This influence of climate and energy policy is best understood as a potent combination of the following tactics and systemic dynamics, which all require greater mechanisms for accountability and transparency:

[1] World Economic Forum, 'Global Risks Report 2024' (10 January 2024)
[2] Australian Government, 'Australia's National Climate Risk Assessment Report,' 15 September 2025
[3] Wright, C. et al (2021), 'Beyond the discourse of denial: The reproduction of fossil fuel hegemony in Australia', Energy Research & Social Science, vol. 77, July 2021
[4] Lucas, A. (2021), 'Investigating networks of corporate influence on government decision-making: The case of Australia's climate change and energy policies', Energy Research & Social Science, vol. 81, November 2021
[5] Mann, M. E., (2021). The New Climate War: The Fight to Take Back Our Planet. Melbourne and London: Scribe, 368 pp.

Tactic	Impact	Example
Unparalleled Marketing Budgets	The fossil fuel industry is composed of some of the world's largest and richest corporations. Their multi-billion dollar revenue streams allow for communications and PR spending in the tens of millions, far outstripping communication budgets of governments and civil society.	• It is estimated that in 2020-2021, just five of Australia's biggest fossil fuel companies (AGL, Santos, Origin, Energy Australia and Ampol) spent over $238 million on marketing activities.[6]
Social Media and Targeted Advertising	The business model of social media platforms is geared to optimising content and targeted advertising to hold users' attention. This results in a pay-for-play system, which sees reaching and engaging new audiences at scale, remaining largely the domain of the well-resourced.	• During COP27, and the weeks leading up to it, fossil fuel companies, industry trade groups, and petrostates spent US $3-4m (A$4.5-6m) on Facebook and Instagram ads.[7] • A study by InfluenceMap found that between May 2018 - October 2019, oil companies spent $17m directly on political social media advertisements.[8]
Buying the support of News Media Companies	The news media sector often uncritically amplifies fossil fuel narratives, paid-sponsorships misleadingly presented as news, as well as platforming climate denialists and fossil fuel lobby representatives without transparency. The IPCC reports that "fossil fuel industries have unique access to mainstream media via advertisements, shaping narratives of media reports, and exerting political influence in countries like Australia".[9]	• In December 2024, News Corp tabloids ran front-page content labelled as 'exclusive' or 'special report' and burying the fossil fuel sponsorship[10]
Political Influence and Lobbying	The large revenue streams of fossil fuel companies allows for a significantly greater lobbying presence, one that far outpaces that of environmental and climate groups, and provides the "ability to instrumentally command public subsidies and policy support"[11]	• During the Albanese Government's first term, 68% of the companies most engaged with climate policy represent the mining, energy and utilities sectors and are involved in either the large scale production, procurement, or distribution of fossil fuels.[12]
"Grassroots" Astroturfing	Astroturfing is a tactic used to falsely present community support for fossil fuel projects, and examples of fossil fuel companies deploying the tactic have been documented in Australia.	• In Feb 2025, Advance, a far-right and self-proclaimed 'grassroots' lobby group, had climate disinformation billboards taken down after it was revealed the organisation's largest donor in 2023-24 (by a factor of 10)

[6] Comms Declare, 'Submission: Duty of Care Bill,' December 2023
[7] Climate Action Against Disinformation, 'Deny, Deceive, Delay Vol. 2: Exposing New Trends in Climate Mis- and Disinformation at COP27' January 2023
[8] InfluenceMap, 'How the oil majors have spent $1Bn since Paris on narrative capture and lobbying on climate' October 2019
[9] Intergovernmental Panel on Climate Change, 'Sixth Assessment Report', 4 April 2022, Chapter 13, page 35
[10] Crikey, "No basis whatsoever': Is News Corp's sponsored pro-gas coverage full of hot air?', 3 December 2024
[11] Mikler, J. & Ryan, I. (2024), 'Gaslighting Australia: The Instrumental Power of Australia's Mining and Energy Industries,' Australian Journal of Politics & History, vol. 70, iss. 4, pp. 720-740
[12] InfluenceMap, 'Australian Corporate Climate Advocacy Trends: Post-2025 Election,' July 2025

		was the Cormack Foundation, the Liberal Party's primary funding vehicle.[13]
Coordinated Disinformation	Fossil fuel disinformation does not only emerge from the companies themselves, often it is published through coordinated initiatives from aligned actors including industry bodies and think tanks.	• Fossil-fuel founded and funded think tanks, like Centre for Independent Studies and Institute of Public Affairs, regularly promote industry disinformation in the media and research reports.[14]

Amongst the fossil fuel sector, the Australian gas industry in particular has become increasingly powerful and adept at using disinformation tactics to manipulate policy and public discourse. The industry's use of disinformation tactics are well documented – from well-resourced greenwashing campaigns,[15] to using 'astroturfing' community groups to deceive the Australian public[16, 17, 18], through to manipulative corporate sponsorships of news media and popular television programs.[19, 20]

However, the gas industry's deployment of disinformation extends well beyond the cultural sphere, to an even more sophisticated strategy known as "data-washing". Data-washing involves leveraging trusted management and policy consultancy firms to produce 'authoritative' reports built on flawed modelling, selective framing, or undisclosed assumptions – all designed to provide a veil of credibility and evidence to support fossil fuel expansion and industry social license. Often these firms are simultaneously contracted by Australian governments to advise on climate and energy policy, creating risks of conflicts of interest, and of elevating inaccurate information in policy deliberation over independent scientific input.[21]

By accepting commissions for these 'independent' reports that selectively use data, downplay climate risks, and align with industry interests, these consultancies provide a veneer of legitimacy to policies that contradict climate science, entrench fossil fuel dependence, and delay the transition to a clean energy future. This submission explores three case studies of management consultancy firms using flawed or inaccurate modelling to influence Australian policymakers, the media and the public.

Greenwashing to Data-washing: How Consultancies use Disinformation as Cover for the Fossil Fuel Industry

A fundamental objective with the fossil fuel industry's disinformation strategy is to undermine climate science while generating new 'research' to confuse and distort the industry's contribution to climate change. One means of achieving this is the engagement of management consultancy firms, where there is an observable pattern of entanglement with fossil fuel clients and their interests, to produce 'technical' and 'analytical' reports that serve to obscure, rather than clarify, the realities of climate science.

[13] The Klaxon, 'Liberal Party vehicle funding fossil fuels lies,' 17 February 2025
[14] The Saturday Paper, 'Rinehart's secret millions to the IPA,' 28 July 2018
[15] 'Australian consumer watchdog takes gas company to court alleging it misled consumers over renewables claim', The Guardian, 26 June 2025
[16] Sydney Morning Herald, "'Astroturfing': Experts say fracking website is fake grassroots campaign' (24 October 2021)
[17] ABC, 'Coalition pollster Freshwater Strategy working with 'astroturfing' pro-gas group' (4 April 2025)
[18] Climate Integrity, 'Analysis: Complaint filed with the ACCC to investigate potential misleading and deceptive conduct by Australians for Natural Gas,' April 2025
[19] Crikey, "'No basis whatsoever': Is News Corp's sponsored pro-gas coverage full of hot air?', 3 December 2024
[20] ABC, 'MasterChef Australia promoting hydrogen and biomethane as alternative to gas cooking,' 23 Apr 2024
[21] The Guardian, 'McKinsey paid $1.6m to 'guide' Australian climate policy despite working for fossil fuel companies' 5 December 2024

These reports are typically positioned as neutral or objective analyses, yet they frequently stand in stark contrast to the findings of authoritative bodies such as the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) – both of which have made it unequivocally clear that new fossil fuel development is incompatible with limiting global warming to 1.5°C or even 2°C.[22, 23] Such publications are regularly used to sow confusion, downplay the urgency of the climate crisis, and give the false impression that the industry is taking sufficient action to mitigate its impacts. In doing so, they become tools to delay meaningful climate policy and action.

Firms like EY, PwC, KPMG, Deloitte and McKinsey publicly commit to climate leadership, but continue to provide services to companies that profit from fossil fuel expansion. Their direct emissions may be limited to some office computers and lights, but the real impact lies in what they enable – modelling, branding, and lobbying that shape government decisions and public narratives in favour of client interests. These downstream impacts are called serviced emissions – the indirect but powerful climate consequences of professional services. In a similar way that Scope 3 emissions track the end-use of products, serviced emissions reflect the real-world harm caused by advice and influence.

CASE STUDY 1

EY's Flawed Modelling Provides Cover for AEP's Influence of the Future Gas Strategy

In short:

An EY report, commissioned by AEP - *The Future Role of Natural Gas in Australia and the Region* - was promoted as an "independent" contribution to the Future Gas Strategy. In reality, it:

- Relied on **selective and unverifiable data**
- Included **non-existent scenarios** to inflate future gas demand
- Presented **three gas expansion pathways** as Paris-aligned – all of which exceed IPCC benchmarks for 1.5°C
- Claimed CCS had a "very high" emissions reduction potential – **contradicting global experience**

This misuse of modelling wasn't accidental. It provided political cover for AEP to claim that **"new gas supply is needed in all net zero pathways"** – a statement that EY's own data could not credibly support.

In 2023, Australian Energy Producers commissioned EY to provide an 'independent' assessment of the future role of natural gas in Australia and the region to inform Australia's Future Gas Strategy. In the subsequent report, *'The Future Role of Natural Gas in Australia and the Region'*,[24] EY claimed to have examined 350 global net zero pathway scenarios and recommended Australia should prepare for multiple gas production scenarios due to the uncertainty of the transition. However, the report is composed of numerous inaccuracies, selective data and unsubstantiated claims. These falsehoods are used to support the report's overarching narrative that Australia needs greater investment in gas production, which is inconsistent with IPCC science, that makes clear that developing new oil and gas fields is incompatible with Australia's commitment under the Paris Agreement to pursue efforts to limit warming to 1.5°C.

AEP used the report's findings as the basis for their submissions to the public consultation on Australia's Future Gas Strategy in late 2023 - including the report as supplementary materials with its submission. AEP issued a media release on the report,[25] receiving mainstream media coverage carrying AEP's deceptive key messaging – like Sky News Australia's reporting: *'Gas has 'important' and*

[22] Intergovernmental Panel on Climate Change, 'AR6 Synthesis Report: Climate Change,' 20 March 2023
[23] International Energy Agency, 'Net Zero by 2050,' May 2021
[24] Australian Energy Producers, 'The Future Role of Natural Gas in Australia and the Region' November 2023
[25] Australian Energy Producers, 'Media Release: New gas supply needed in all net zero pathways: EY report' (27 November 2023)

'long-term role' in economy's net zero transformation'.[26] It was also widely published across industry media outlets, [27] [28] [29] [30] where it continued to be referenced for months following. [31] [32]

Since publishing the Future Gas Strategy in May 2024, the Federal Government has approved 12 major coal and gas projects, and issued 9 offshore exploration permits for gas supply, with projected lifetime emissions in the billions of tonnes of CO2 equivalent.

While the gas industry's deceptive and misleading narratives have become commonplace, the report also raises important questions about EY's principles and credibility, and significantly undermines the positive climate representations the company makes to its staff and clients.

About Australian Energy Producers

Australian Energy Producers (AEP), formerly known as APPEA, is the peak body for oil and gas producers in Australia. It represents 52 full members who account for 95% of national petroleum production. The Board of AEP consists of representatives from its largest members, and the leadership team is composed of individuals bringing experience from the gas industry and government. AEP's membership also includes over 100 'associate members', including major consultancies like EY, PwC, and KPMG.[33]

AEP has played a central lobbying role in shaping the Future Gas Strategy – a policy now widely criticised for locking in fossil fuel use beyond 2050. And in early 2023, AEP commissioned Industrial Australia to develop and launch their "Natural Gas - Keeping the Country Running" campaign,[34] which launched in June 2023 just months prior to the Future Gas Strategy consultation.

Disinformation and data-washing

EY's report outlines three "potential pathways" for Australian gas production – Capture, Blended, and Electrify – and asserts that all are "consistent with the Paris Agreement's goal of limiting climate change to well below 2°C," "aligned with Australia's net zero by 2050 target," and "moderate" when compared to international scenarios. However, analysis conducted by the Institute for Sustainable Futures at UTS, commissioned by Climate Integrity, found that EY's claim of Paris alignment was inaccurate, with the modelled gas scenarios instead consistent with 2–3 °C of warming. The analysis also found the modelling relies on inflated claims about CCS's "very high" potential despite repeated global underperformance. Further analysis by Climate Integrity found that EY had used unverifiable scenarios – including 134 non-existent "IPCC" pathways – that inflated future gas demand, and unfairly assumed Australia could carve out a bigger share of a shrinking fossil fuel export market, leaving others to cut deeper.

How AEP Leveraged the Modelling to Influence Policy

Despite EY's inaccurate, flawed modelling, the report was used by AEP in its public lobbying, promoted as "independent analysis," and widely cited in the media, as fact. AEP has amplified the most misleading claims, claiming in their Future Gas Strategy submission that "independent analysis confirms new gas supply is needed in all net zero pathways," omitting caveats and uncertainty ranges, presenting the modelling as definitive fact, and used the report to push for new gas fields, pipelines, and long-term LNG export contracts. It is impossible for the public or civil society to discern the level of scrutiny the government applied to EY's modelling and AEP's submission,

[26] Sky News, 'Gas has 'important' and 'long-term role' in economy's net zero transformation', (27November 2023)
[27] Offshore Energy, 'Australia needs more gas as 'safety net' for all energy transition roads', (27 November 2023)
[28] PESA, 'New Gas Supply Needed in all Net Zero Pathways: EY Report', (27 November 2023)
[29] Offshore Engineer, 'Report: New Gas Supply Needed in All Australian Net Zero Pathways', (26 November 2023)
[30] Marine Link, 'Report: New Gas Supply Needed in All Australian Net Zero Pathways', (26 November 2023)
[31] Mirage, 'Government's PRRT Deal With Greens: Oil and Gas Industry Responds', (16 May 2024)
[32] Petroleum Australia, 'Latest data shows Australia's LNG export earnings will decline', (28 March 2024)
[33] Australian Energy Producers, 'Our Members', accessed 12 September 2025
[34] Australian Energy Producers, 'Natural Gas - Keeping the Country Running' campaign website

however the Future Gas Strategy now backs gas through 2050 and beyond – aligned with AEP's claims and in direct contradiction with the IEA's Net Zero by 2050 pathway.

The issues identified in this report go beyond poor modelling. They illuminate a deliberate disinformation and data-washing strategy to influence policymakers, elevate gas in our national climate strategy, and delay the energy transition – all under the guise of credible analysis.

No Isolated Incident: EY's History of Flawed Modelling & Climate Misconduct

This case study is not an isolated incident, neither for the management consultancy industry (as following case studies example) nor for EY, which has a history of using and defending misleading and flawed modelling to serve its clients.

2019

EY acquires management consultancy Cadence. Prior to the acquisition, Cadence produced an economic assessment for Gloucester Resources' Rocky Hill open-cut coal mine which was subsequently slammed by a NSW Land and Environment Court judge as incorrect, lacking "evidentiary foundation", and at odds with government guidelines.[35]

2021

EY's team - including former Cadence personnel - used the same discredited modelling for SIMEC Group's proposed expansion of the Tahmoor Coking Coal Mine. EY's economic assessment of the mine inflated the mine's economic benefit by hundreds of millions, and its use of the discredited modelling ignored the prior court findings that such techniques were not aligned with assessment guidelines.[36] EY doubled down to defend the work.

EY worked for Santos while advising the NSW Government on Narrabri gas policy. EY received a $67,375 NSW government contract to help shape the official "Future of Gas" statement – which endorsed Santos's Narrabri gas development – *without disclosing* that it was simultaneously providing assurance services to Santos.[37]

2022

EY used flawed modelling for Glencore's Glendell Continued Operations Project in NSW. The NSW Independent Planning Commission's review - conducted by the Department's independent economic expert - produced an assessment showing the project would have less than one-fifth of the value to the NSW economy than EY's valuation. The Department's expert refuted EY's assessment of the values attributed to coal price, company and payroll tax, worker and supplier benefits, and greenhouse gas emissions.[38]

EY fuels disinformation during the 2022 Federal Election. EY used discredited modelling to serve the political interests of its client, Master Builders Australia. The report grossly exaggerated the economic cost of Labor's plan to disband the Australian Building and Construction Commission.[39] EY's analysis was widely criticised, including by Senators and the University of Sydney economist, with numerous faults that rendered it "effectively anecdotal, empirically empty, and useless".[40] [41]

[35] Land and Environment Court NSW, 'Orders: Gloucester Resources Limited v Minister for Planning,' 8 February 2019
[36] Australian Broadcasting Corporation, 'Ernst and Young rejects allegations it overvalued Tahmoor coal mine project by hundreds of millions,' 3 March 2021
[37] The Guardian, 'Consulting firm EY worked for gas giant Santos while advising NSW on gas policy,' 8 August 2023
[38] The Australia Institute, 'Glendell Continued Operations Project - Submission to NSW Independent Planning Commission,' 29 March 2022
[39] Master Builders Australia, 'Media Release: New modelling shows that abolishing the ABCC could cost the Australian economy $47 billion by 2030' (30 April 2022)
[40] Australian Financial Review, 'Senators slam EY's 'very unusual' economic modelling,' (16 November 2022)
[41] Australian Financial Review, 'EY economist-for-hire cherry-picked numbers. Again' (5 September 2022)

This pattern of using flawed modelling to further the commercial and political interests of clients demonstrates the lack of accountability mechanisms in place to protect Australia's policy development processes from disinformation and data-washing.

EY's flawed and misleading report was positioned as an independent technical assessment, and has been received by policymakers and media as a credible, independent contribution to national energy policy. This sits uncomfortably with EY's global branding and positioning as a leader in climate and sustainability. The firm has made extensive public commitments, including:

- SBTi-approved 1.5°C-aligned emissions reductions target (Scopes 1–3);
- Ongoing support for TCFD and future adoption of TNFD recommendations;
- Public statements linking its professional work to "accelerating the transition" to net zero.

Yet this report actively supports the expansion of fossil gas through 2050 and beyond – a future explicitly ruled out by the IEA's *Net Zero by 2050* scenario. The disconnect between this report and EY's stated climate commitments raises serious questions about the integrity of its commitment to sustainability. In this context, EY's report appears to have played a strategic role in reinforcing industry narratives, shaping the national gas strategy, and influencing public and political discourse. These impacts warrant further public and regulatory scrutiny.

CASE STUDY 2

KPMG Turned Flawed Accounting into Gas Industry Spin

One of the most common misleading claims by the gas industry is that gas is essential to the Australian economy. This is a pervasive myth, amplified through paid advertising campaigns, news media, and by elected representatives. The repetition of this narrative is designed to mislead and instill the impression that the gas industry is 'too big to lose'.

At the Energy Exchange Australia conference, the Executive Vice President and COO of our largest fossil fuel company, Woodside Energy, made the following claim in a speech:

"Analysis by accounting firm KPMG for Australian Energy Producers found that our industry contributes $105 billion annually to Australia's GDP and supports 215,000 jobs."[42]

This is another example of the big consultancy firms using flawed modelling, sold as 'objective analysis' to falsely inflate the economic benefits of gas. In its 2023 report, ' Economic contribution of the gas industry' – commissioned by Australian Energy Producers – KPMG overstated job creation and downplayed its environmental risks.[43] The report's "findings" have been used extensively across social media, news sites, billboards, astroturfing websites, and government submissions used to influence policy. [44] [45] [46]

The analysis used flawed and misleading modelling to distort the data and outputs in order to serve the clients interests. Climate Integrity's analysis identified the following data-washing examples in the report:

[42] Market Screener, 'Woodside Energy: EVP & COO Australia speech to Energy Exchange Australia,' 10 March 2025
[43] Australian Energy Producers, 'Economic contribution of the gas industry', 18 December 2024
[44] Australian Energy Producers LinkedIn, posted April 2025
[45] The National Tribute, 'Australian gas industry's $105 billion boost to the economy', 21 February 2025
[46] Australian Energy Producers, 'Keeping the Country Running' Campaign Website, accessed 13 September 2025

KPMG's Data-Washing	Reality
Manufacturing an impossible and extreme shutdown scenario: KPMG used an implausible hypothetical of Australia ceasing gas production overnight, and all gas users shifting to imported gas at domestic prices. It then assesses the economic impact of this impossible scenario on our GDP in 2021-22. (pg. 31)	A repeated tactic of data-washing is the creation of complex scenarios that hold no possibility in reality (straw man fallacy). An actual shutdown of the gas industry would occur over decades, providing businesses time to switch fuels or retrofit equipment. Gradual change causes much smaller impacts to GDP.
Inflated and misrepresented job losses: In this flawed scenario, the report claims that '215,000' jobs would be lost, and relies on unsubstantiated assumptions on wages. It adds a disingenuous qualifier that 'to minimise the negative impact on the economy, high value adding economic activities will need to emerge to absorb the resources directly and indirectly freed up by the gas industry' (pg. 33)	Over a realistic time period and phase out of gas, net jobs lost would be far fewer because 'high value adding economic activities' are inevitable over time, many workers would flow into growing sectors like renewables and energy efficiency, and wages are not static.
Modeled unrealistic gas import costs - KPMG relied on an unrealistic assumption that imported gas would seamlessly replace domestic supply at the same price, with no disruption. (pg. 31-32)	LNG imports would likely cost 20–30% more. Treating them as price-neutral ignores fuel-switching and efficiency responses - so losses appear purely from lost supply, inflating the shock.
Assumed a static economy and ignored economic transformation - Only short-term losses were modelled by KPMG, assuming the economy never adapts.	A planned move away from gas would drive fresh investment in new industries and technologies, creating new growth and jobs over the long term.
Omitted external costs - KPMG factored only the industry's gains and skipped the downsides.	True net benefit must deduct health bills from pollution, biodiversity loss, and the social cost of carbon — reducing the headline GDP contribution.

A Sharp Contradiction: Sustainability Branding, but Climate Delay in the Balance Sheet

KPMG consistently claims that it is committed to net zero in its operations,[47] actions which make a negligible impact while the firm is simultaneously generating flawed modelling that support the firm's fossil fuel clients lobbying for expansion. It is a sharp contradiction: sustainability in their branding, but climate delay in their balance sheet. And KPMG is not alone – as this submission outlines, this is part of a broader pattern of major consultancy firms distorting the image of polluting industries under the guise of "independent analysis".

[47] KPMG, 'Our Impact Plan 2025', July 2024

CASE STUDY 3

McKinsey Strengthens the Fossil Fuel Industry's Capture of the BCA

In September this year, while the Government's advisory body, the Climate Change Authority, was preparing its final recommendations on 2035 emissions reduction targets under the Paris Agreement, the Business Council of Australia (BCA) released its report prepared by McKinsey & Company, examining investment needs for different 2035 emission reduction targets (–50%, –60%, and –70% from 2005 levels). While intended to inform Australia's 2035 Nationally Determined Contribution, the report suffers from serious methodological and analytical flaws. Key issues include the exclusion of any benefits from cutting emissions, lack of transparency about its modeling methods, misrepresentation of Australia's starting point, and an apparent neglect of least-cost abatement pathways.

Exclusion of Climate Benefits and Avoided Costs

One of the most glaring omissions is that the BCA/McKinsey modeling accounts only for the costs of emission reduction investments and ignores the benefits – both the avoided damages from climate change and the economic co-benefits of clean technology. The report itself acknowledges it *"does not capture the longer-term costs of climate inaction or economic benefits of new investment"*. In other words, it presents a one-sided ledger. This runs contrary to standard economic appraisal guidelines for public policy, which demand consideration of both costs and benefits (e.g. avoided disaster costs, health improvements, energy savings). By focusing solely on capital expenditure, the analysis paints an overly pessimistic picture of climate action.

Omitting benefits is not just a technical oversight – it fundamentally skews the results. Avoided climate damages (reduced extreme weather losses, agricultural impacts, etc.) and domestic economic gains (like cheaper energy and new industries) can be very large. Because none of the benefits of cutting pollution are counted, the reported net costs are exaggerated and out of step with more balanced analyses. This approach also contradicts Australian government guidance,[48] which require considering the full net impact of policies, not just upfront costs. By not weighing avoided climate damages or co-benefits, the BCA modeling fails to meet basic standards of policy analysis.

Lack of Methodological Transparency

The BCA report provides insufficient information about its modeling assumptions and methods, making it impossible to independently validate the results. Key parameters – such as technology cost trajectories, discount rates, assumed policy measures (e.g. carbon pricing or global trade impacts), and how abatement options were selected – are not disclosed in the published report.

Transparent modeling is industry best-practice – especially for an analysis meant to guide national policy. Yet the BCA report omits even basic methodological details (for example, how it determined the mix of technologies to reach each target). This secrecy means stakeholders cannot scrutinize whether the model, for instance, assumed reasonable cost declines for renewables, or arbitrarily inflated the expense of certain solutions. Without this information, the BCA's cost estimates hold little credibility. Policymakers are essentially being asked to accept multi-hundred-billion-dollar investment projections *"on faith,"* with no ability to discern if the modeling was objective or slanted. Such an opaque approach calls into question the report's value in informing the 2035 target decision.

[48] For example, the Department of Prime Minister & Cabinet's cost-benefit analysis guidelines

Misrepresenting the Baseline and Progress to Date

The BCA analysis artificially inflates the cost of higher targets by misrepresenting Australia's starting point. The modelling begins in 2022 and counts the already-legislated 2030 target (43% below 2005) as if it were a "new" effort, rather than the baseline. In reality, Australia is already projected to reach around a 51% cut by 2035 under existing policies. Those investments are locked in and should not be treated as extra costs.

By bundling the cost of achieving the 43–50% range together with the cost of going beyond 50%, the report's headline figures for a 60% or 70% cut double count "no-regrets" investments already underway. This inflates the apparent cost of stronger targets by hundreds of billions of dollars. On top of this, the model includes investments from 2023–2025, adding almost 20% to the totals for a decision that will only apply after 2025. The effect is clear: to overstate the challenge and frame higher ambition as prohibitively expensive. Rather than clarifying the incremental cost of stronger targets, the report uses a flawed baseline to support a scare campaign against ambition.

Neglect of Least-Cost Options (Cherry-Picked High-Cost Measures)

Although the BCA engaged McKinsey for a "bottom-up" analysis, the choices of abatement measures in each scenario appear misaligned with least-cost pathways, and instead skewed toward options favourable to certain industries. The report does not explicitly explain how it selected technologies, but several outcomes suggest a non-optimal mix: for example, the modeling leans heavily on carbon capture and storage (CCS) retrofits and partial fuel-switching to gas in industry, and even assumes costly steps like electrifying portions of LNG export facilities by 2035. The report itself notes that CCS is "effective but high cost" for industrial emissions. Yet in the scenarios, all ammonia production in Western Australia is assumed to add CCS by 2035 (to create "blue ammonia") rather than transitioning to green hydrogen feedstock – despite green ammonia expected to be cost-competitive by 2030 with growing renewables and hydrogen deployment. Similarly, the electrification of LNG liquefaction trains is included, even though retrofitting LNG plants with electric drives is prohibitively expensive and was not contemplated in government projections for meeting a ~50% cut. In fact, Australia's 51%-by-2035 trajectory is achieved *"without any electrification of LNG plants,"* according to the Climate Change Authority and official models. Embracing such high-cost interventions in the BCA's lower-ambition case suggests the model may have intentionally inflated the cost baseline by picking expensive options (benefitting fossil fuel assets) over cheaper, already-viable solutions.

These choices raise concerns that the scenario design was cherry-picked to favour fossil-fuel-aligned technologies. A neutral, least-cost optimization would likely emphasise maximising renewable electricity, electrification of transport and heating, green hydrogen for industry, and so on *before* resorting to more expensive measures. By contrast, the BCA pathways seem to deploy an atypical mix of abatement. This not only exaggerates the total investment figures, but also aligns with the vested interests of some BCA members in oil and gas. In the highest scenario (70%+ cut), the report even posits *reducing export volumes* of coal and LNG ahead of global demand – incurring an annual $100–$150 billion loss in export value – on the assumption this would cut domestic emissions but *"have no…impact on global emissions due to carbon leakage".* This extreme assumption (effectively a worst-case of economic sacrifice with no climate benefit) is not grounded in policy plans – it appears designed to inflate the perceived downsides of a 70% target. There is no evidence presented that such drastic curtailment of exports is actually required to meet a 70% cut, especially if cleaner technologies are deployed at scale. Moreover, the blanket assertion of full carbon leakage is unsubstantiated – global emission impact would depend on international climate policies and could in fact be positive if Australia's leadership drives down fossil fuel demand. In sum, the modeling does not reflect a true least-cost pathway, but rather a selective (and arguably pessimistic) set of measures that bias the analysis toward higher costs.

Capturing the BCA

The BCA report, as it stands, provides a partial and biased outlook. By omitting benefits, lacking methodological transparency, overstating the additional effort (through baseline confusion), and inflating costs via suboptimal abatement choices, the analysis falls short of acceptable standards for policy modeling. These deficiencies run *"against standard industry practice"* and even the Federal Government's own guidance for regulatory impact analysis, as experts have observed.

The misleading assertions also conflict with a previous BCA report in 2021 – which was not commissioned by a consultancy firm – which outlined how net zero would reap an economic dividend of $890bn and 195,000 jobs over the next 50 years".[49] This u-turn was clear and intentional, McKinsey's flawed modelling underpinned a shift in the organisation's position, and resulted in uncritical and unquestioning news media coverage using the $530bn figure.[50] [51] [52]

Recommendations

This submission has outlined the ways in which the fossil fuel industry engages consultancy firms to produce research reports using flawed modelling in order to provide cover for the industry's political lobbying. This 'data-washing' is intended to, and likely successful in, influencing the development and deliberation of Australia's energy and climate policy.

Alongside and in support of the decarbonisation of our economy, mitigating climate change must include action to prevent the continued use of all forms of disinformation by the fossil fuel industry. While there is a need for greater regulation and accountability across many areas – including social media and news media – our recommendations are specifically targeted at addressing data-washing, though we acknowledge that their implementation would also support curbing climate disinformation in other areas.

Recommendation 1: Criminalise fossil fuel disinformation

The continued acceptance and lack of accountability of the fossil fuel industry's disinformation campaigns is no longer tenable with a safe climate future for Australians. Earlier this year, the UN's special rapporteur on human rights and climate change, published a report outlining a series of recommended actions for states to take to 'defossilise our economies' (see supporting materials).[53] The report's recommendations are expansive and all deserving of consideration, none more so than the criminalisation of 'misinformation and misrepresentation (greenwashing) by the fossil fuel industry'. Such action would incentivise more rigour and accountability by consultancy firms to present factual, non-misleading modelling for fossil fuel clients.

Recommendation 2: Prohibit fossil fuel lobbying

With ample evidence illustrating the impact of the fossil fuel industry's influence on undermining the effective and urgent policy required to mitigate climate change, the Australian Government should take necessary steps to limit the industry's lobbying activities on climate and energy policy. This recommendation was also made in the UN report mentioned above, and could include criminalising non-compliance.

---

[49] Business Council of Australia, 'Achieving a Net Zero Economy Paper,' 13 October 2021
[50] The Australian, 'Business issues $530bn warning to Labor on 2035 emissions target' 4 September 2025
[51] Daily Telegraph, 'BCA report reveals massive price tag for Australia's emissions goal' 4 September 2025
[52] Australian Financial Review, '$400b: McKinsey reveals high price of ambitious climate action' 4 September 2025
[53] United Nations General Assembly, 'The Imperative of Defossilizing our Economies', Human Rights Council fifty-ninth session, 15 May 2025

Recommendation 3: Publish guidance for professional services to measure and disclose their serviced emissions

While professional service providers may not emit large quantities of greenhouse gases themselves, their advice can significantly influence their clients' actions – with the potential to significantly amplify or reduce emissions across the real economy.

Best practice guidance from the Government would support professional service providers (PSPs) to measure and disclose emissions that arise indirectly from the services provided. increasing transparency and awareness of this important area of emissions reduction potential across the economy.