

Climate and Carbon



August Monthly Update



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Key Watchpoints

- Australia's Nationally Determined Contributions (NDCs) for 2035 as part of the Paris Climate Agreement are due by the end of the year.
- What downstream effects will these NDCs have on agribusiness?

Carbon emission targets and the Paris Climate Agreement: Key points to know

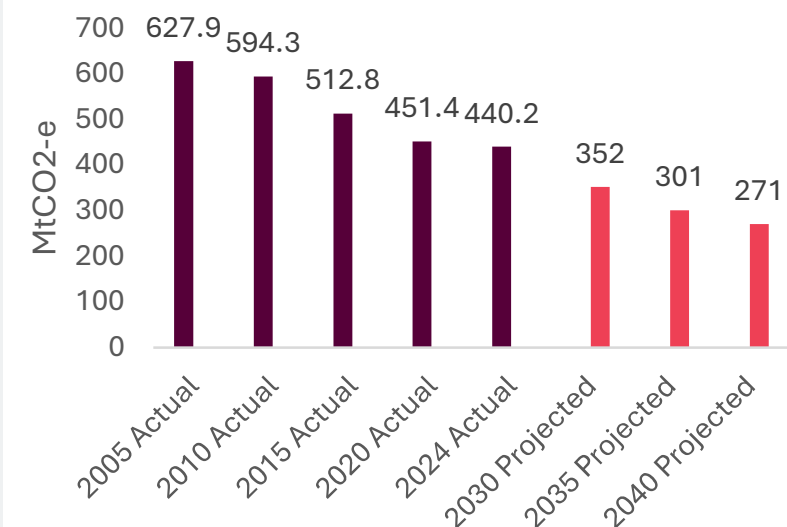
Australia is moving towards setting its new carbon emission reduction targets for 2035 under the Paris Agreement. The target of a 43 per cent reduction of 2005 emission levels by 2030 is on track with the data for 2024 placing emissions, at 28.2 per cent below 2005.

The Climate Change Authority (CCA) is due to make a recommendation to the Australian government in the coming weeks for a proposed emission reduction target for 2035. Based on a 2024 report the CCA produced, it's likely this recommended target will be a 65-75 per cent reduction from 2005 emission levels. Although this is not yet confirmed, it would be prudent to keep abreast of developments and consider what impacts such targets could have on your business.

As outlined in the Paris Climate Agreement the aim of the emission reductions is to limit global warming by reducing the global average temperature rise compared to the pre-industrial average temperature. As the global average temperature rises, there are greater risks for people and natural systems via increased extreme weather events, from flooding to drought, and increased bushfire risk.

Currently the global temperature average is around 1.3°C above the pre-industrial average and the Paris Climate Agreement goal is to keep the global average temperature to 1.5°C above the pre-industrial average.

Australia's actual and projected greenhouse gas emissions (2005-2040)



Data from ABS and DCCEEW, projected values assumes continued interventions via additional measures

What other headlines do I need to be aware of?

European Union’s proposed amendment to reintroduce international carbon credits: The EU is looking at the reintroduction of international carbon credits and trading, in attempts to meet its 2040 carbon emission targets. The proposal would see the EU aim to reduce net greenhouse gas emission by 90 per cent of 1990 levels by 2040. This amendment would relate to the Carbon Removal and Carbon Farming Regulation.

There has been an increase to the Capacity Investment Scheme (CIS): The Australian government has announced an increase in capacity of the CIS to 40 GW as of 29 July 2025. This includes increasing renewable generation capacity from 23 GW to 26 GW and dispatchable capacity (e.g. battery storage) from 9 GW to 14 GW. There is the expectation that there will be \$52 billion invested in solar and wind technology from this increase. This is part of a plan to have Australia utilising 82 per cent renewable energy by 2030.

Could Australia reintroduce a carbon price? With the increase to the CIS there has been discussion regarding the reintroduction of a carbon price in Australia. The investment at CIS does have a budget risk, however a carbon price could see a return of one per cent of Australia’s GDP to the budget (approximately \$25 billion). While neither political party has indicated a return, neither have ruled it out; and economist Ross Garnaut has been advocating for its return. It will likely be discussed this month at the federal government Economic Reform Roundtable.

Internation Court of Justice (ICJ) declaration: The ICJ have made a declaration that under international law, nations have an obligation to prevent climate change, specifically from greenhouse gas emissions. While the decision is non-binding, it certainly creates an additional layer of social licence complexity for many large carbon emitters.

How is Bendigo Bank managing climate and carbon responsibilities?



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