

Climate and Carbon



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Bendigo Bank
Agribusiness



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Key Watchpoints

- Australia's new climate targets have been released mapping out how Australia will transition to net zero greenhouse gas emissions by 2050.
- An Agriculture and Land sector plan has also been released which identifies the key emission targets for the ag sector and the pathway for how these will be achieved.
- The targets have been broadly welcomed by the industry, though many have highlighted that these ambitions must be developed with food security at front of mind.

Australia has set its new climate targets. So, what does this mean for the agricultural sector?

Australia has set its new carbon emission reduction targets under the Paris Agreement for 2035 with a targeted reduction of between 62 and 70 per cent below 2005 levels with the aim of being Net Zero by 2050. **The Agriculture and Land Sector Plan** has been released alongside these targets to detail how the Aussie agricultural sector will support this transition to Net Zero.

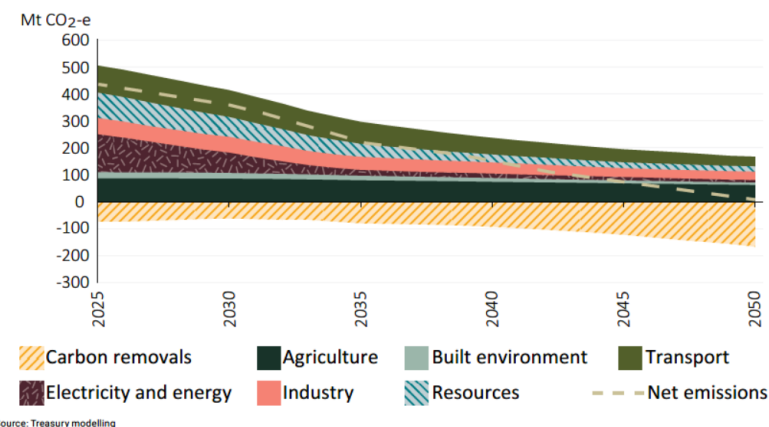
The full plan can be found [here](#)

In the Baseline Scenario modelled by the Treasury, agricultural sector emissions are projected to reduce by 28 per cent and the carbon sink in the land is expected to increase by 126 per cent through to 2050.

The plan identifies 4 areas to guide both effort and investment that will aid in reducing agricultural emissions in-line with this baseline scenario.

- ❖ Improved understanding of business and sector emissions
- ❖ Supporting innovation to increase the availability of commercially viable abatement options for producers
- ❖ Strengthening on-ground action
- ❖ Enhancing the role of land in a net zero economy.

Figure 6 Projected emissions under the Baseline Scenario, by Sector



How will expanding agricultural production and reduced emissions intensity co-exist?

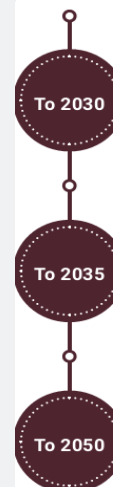
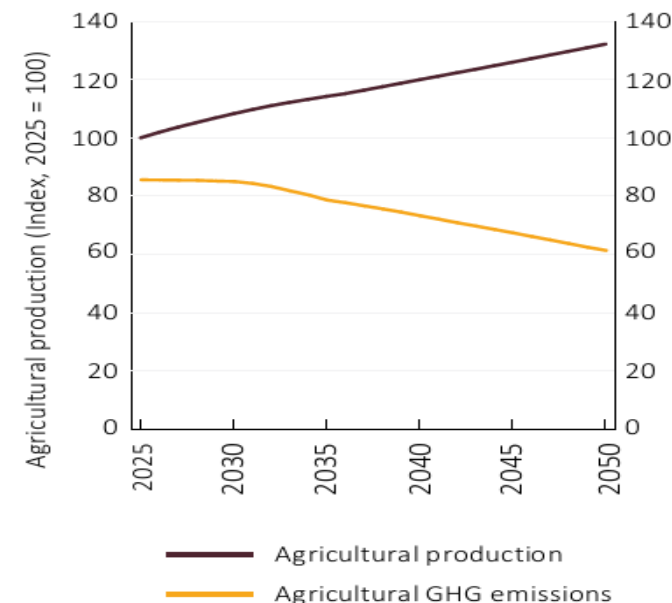
The report also highlights 3 key objectives that must be kept at the forefront when developing policy to ensure the goal of reducing GHG emissions does not come at the expense of the productivity of the agricultural sector, a key concern for many within the industry.

1. Action on climate change cannot come at the expense of food security. Therefore, continued efficiency gains and improvements to the emissions intensity of production will be necessary to meet growing demand while contributing to emissions reduction goals.
2. We must support diverse landscapes that balance agricultural production, carbon storage and nature repair with growing the carbon sequestration of land particularly critical.
3. Decarbonisation of agriculture must deliver real benefits for regional communities, producers and land managers, to enable a fair and orderly transition for regional, rural and remote communities.

The adoption of technologies and practices, such as feed additives and genetics, are projected to contribute sizeable emissions reductions in ruminant livestock to 2050. While for cropping reductions in nitrous oxide emissions will be driven by increased adoption of slow-release fertilisers, crop rotation, nitrification inhibitors and precision agriculture.

However, current projections indicate that this will result in agriculture emissions reducing by only by 28 per cent by 2050 with barriers to larger reductions such as implementation costs are projected to remain a key challenge. As a result, agriculture is forecast to have significant residual emissions in 2050 according to the baseline scenario. The residual emissions are equivalent to 37% of economy-wide emissions. So how will the agricultural sector reduce these residual emissions which cannot be removed through the adoption of new technology or practices?

The report stresses that land-based carbon sequestration will play a crucial role in balancing these residual emissions. The majority of the land-based carbon removal expected to be achieved via increased reforestation, which is typically the most cost-effective and scalable method of sequestration.



- Agriculture and land emissions are largely stable.
- Investments in technology solutions are reducing agriculture emissions longer-term.
- Investments in systems, knowledge and capacity are supporting on-ground action, with incremental electrification underway.

- Emissions intensity of agriculture is declining through herd and pasture management, more efficient use of inputs, such as fertiliser, and energy performance improvements.
- Reforestation practices are increasing with incentives supporting wider uptake.

- Technologies for agriculture emissions reductions are commercially viable and taken up at scale.
- Market signals, including demand for low emissions intensity products and financial returns for carbon storage and nature repair, are stimulating on-ground action.
- The transition is benefitting local communities, supporting First Nations participation, increasing agricultural productivity, protecting and enhancing our biodiversity and contributing to food security.
- Agriculture and land are appropriately contributing to Australia's net zero goal.

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