

Climate and Carbon



May Monthly Update



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Key Watchpoints

- Emissions reporting requirements will be expanded in coming years and could present a challenge to business.
- The incentives to consider methods to improve on-farm energy efficiency and productivity will continue to gain pace.
- Environmental regulations, whether at home or abroad are already having an impact on market access.

What does the federal election result mean for climate policy in agriculture?

The Labor government has been re-elected with a majority 81 seats in the House of Representatives. At time of writing Labor and the Greens hold a combined 39 Senate seats, which is enough to pass legislation supported by the Greens but opposed by Liberal and right wing-parties. In its previous term, Labor has struggled to progress policies having to rely upon support from a mix of the Greens, Coalition and/or the cross bench but that won't be the case for the next three years, so what will the implications be for agricultural businesses from a climate and carbon perspective?

Emissions & Reporting

- Expect the Labor government to proceed with laws requiring businesses to disclose their emissions.
- From 1 January 2025, larger companies (revenue greater than \$500m) are required to report emissions, with other in-scope entities being gradually phased in over the next two years.
- The Climate Change Authority (CCA) has set up sector pathways reviews, one of which being Agriculture and Land, but the CCA is yet to provide specific recommendations.
- The Australian Government is working on sectoral plans to guide emissions reductions aligned to Australia's net zero commitments in key areas like electricity, industry, resources, transport and agriculture.

Implications

- Many farm businesses are already being asked to provide emissions reporting by large buyers.
- Bendigo Bank and many industry bodies provide access to emissions calculators.

- Knowing your number is a good proactive step to take to stay ahead of any potential market access risk.
- Reporting requirements will become more prevalent, and we can see a scenario where market access could be restricted if a farmer cannot provide emissions reports





Water

- The current Murray-Darling Basin Plan will be reviewed in the coming year with recommendations provided to the new water minister.
- In the budget, Labor has signalled intent to spend \$600m from the Water for the Environment Special Account.
- At this stage it's unclear how much of that will be used for buying out irrigators in the Murray Darling Basin (MDB) versus investing in improving infrastructure and research.
- With water trading relatively low, there are doubts the government will be able to reach its 100GL target in 24/25.
- The Department of Climate Change, Energy, the Environment and Water has a target recovery of 100GL annually for the next three years, with 150GL in 2027/28.

Implications

- Licence holders and water market participants should be aware of the potential for reduced supply and possibly increased prices – which may also provide opportunities.
- While irrigators are calling for the MDB review to place more weight on improving ecology through pollution control, addressing invasive species etc, there is potential for an increase to the currently slated 450GL buybacks.



Renewable energy

- Labor's win is seen by some as a rebuke of the Coalition's nuclear energy proposal and Labor will likely see it as a green light to proceed.
- Labor has committed to deliver 82% of Australia's electricity to be provided through solar, wind and hydro sources by 2030, requiring an estimated 4,500km of new transmission lines to be built.
- Some in the agriculture community are refusing to allow transmission companies access to land to undertake planning and survey work. This has resulted in the Australian Energy Market Operator lodging an application to gain statutory powers to compulsorily access and potentially acquire properties.

Implications

- Electricity prices are set to rise further with estimated increased pricing to small businesses of between 3-8 per cent.
- The incentives to consider methods to improve on-farm energy efficiency and productivity will continue to gain pace.
- State government departments of agriculture and industry bodies provide a wealth of information for farmers on strategies to switch to renewable energy aimed at both increasing productivity and lowering costs.

Environmental reforms

- Labor's attempt to establish a federal environmental protection agency in the past have been stymied by opposition from the Coalition, Greens and members of the crossbench.
- A Labor spokesperson said the government intends to continue to reform national environmental laws and establish a federal EPA.
- While there isn't much detail on exactly what reforms will consist of, the CCA sector pathways review does highlight topics of interest:
 - Feed supplements
 - Slow-release or nitrification inhibiting coated fertilisers
 - Improved herd and pasture management
 - Manure management
 - Vehicles and machinery powered by renewable fuel sources or electricity
 - Reforestation

Implications

- While we await further detail it's difficult to assess potential impacts. But we're already seeing the impacts of regulations in other regions affecting Australian producers.
- The European Union (EU) has long required canola producers to meet International Sustainability and Carbon Certification requirements (ISCC).
- As of 1 January 2026, newly implemented EU Deforestation Regulations mean cattle and beef producers will be required to meet requirements, including providing geolocation details.
- At present environmental regulations are not as strict in Australia as in the EU, but it's not difficult to envisage a situation whereby Australia adopts approaches seen in more progressive regions.

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