

## Overview of 1st two months of the Labor Government (2025-2028)



### Department of Climate Change & Energy

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Australia's Labor government, following its re-election victory in May 2025, entered its new term with an ambitious climate and energy agenda. This report evaluates the government's progress on key climate and energy commitments during the initial 60 days post-election, examining both delivered initiatives and outstanding promises. The assessment covers policy implementation, infrastructure development, regulatory frameworks, and environmental protection measures that formed the cornerstone of Labor's climate and energy platform.

#### Key actions undertaken

##### Successfully implemented initiatives

The government has demonstrated tangible progress on several flagship climate policies. The household battery subsidy program, representing Labor's central climate campaign promise, has commenced operations with a 30% subsidy available to households and small businesses installing battery storage systems. This initiative directly addresses household energy costs while supporting distributed energy infrastructure.

Vehicle emissions standards have taken effect as scheduled, with the New Vehicle Efficiency Standards (NVES) now actively regulating fleet-average emissions limits for new vehicles. Originally legislated in May 2024, these standards include enforcement mechanisms and penalties for non-compliance, marking a significant shift in Australia's automotive emissions landscape.

Infrastructure development has advanced through the Rewiring the Nation program, with initial funding steps underway for electricity transmission upgrades. This capacity-investment initiative addresses critical grid infrastructure needs to support renewable energy integration and represents substantial progress on Labor's energy transition commitments.

The Future Made in Australia initiative continues its trajectory, with preparatory measures advancing for green hydrogen, battery manufacturing, critical minerals processing, and renewable industries. While primary funding deployment begins in 2027, foundational work is establishing the framework for Australia's industrial transition.

##### Ongoing regulatory frameworks

The strengthened Safeguard Mechanism remains operational, continuing to regulate large emitters through declining emissions baselines established under prior legislation. This mechanism provides continuity in emissions regulation while the government develops additional policy measures.

## Major challenges and responses

The government faces significant implementation challenges in translating campaign commitments into legislative action. The delay in establishing a 2035 national emissions target reflects the complexity of setting ambitious yet achievable benchmarks while awaiting Climate Change Authority advice. This delay suggests a cautious approach to long-term target setting that prioritizes technical assessment over political timeline pressures.

Environmental protection agency establishment has encountered procedural hurdles, with the proposed federal EPA and Nature-Positive Bills under EPBC Act reform experiencing delays. Stage-two reforms were formally shelved before the election, indicating recognition of legislative complexity and potential political resistance.

Resource allocation challenges are evident in biodiversity protection initiatives. While the federal budget allocated A\$262 million over five years toward the "30x30" goal, program launch delays suggest implementation capacity constraints and coordination challenges between federal and state jurisdictions.

## Gaps and areas for improvement

Several critical policy areas remain unaddressed despite campaign commitments. The absence of a "climate trigger" for high-emission projects represents a significant gap in environmental assessment frameworks. This omission suggests potential tension between climate objectives and economic development priorities, particularly regarding fossil fuel project approvals.

The delayed federal EPA establishment creates regulatory uncertainty in environmental protection enforcement. Without this institutional framework, comprehensive environmental law reform remains incomplete, potentially undermining broader conservation objectives.

Limited progress on biodiversity and protected areas expansion beyond budget allocation indicates implementation gaps in translating financial commitments into operational conservation programs. The majority of allocated funds and concrete programs remain undeveloped, suggesting coordination challenges in conservation delivery.

## Analysis of impact

The government's selective progress pattern reveals strategic prioritization of achievable, high-visibility initiatives while deferring complex structural reforms. Successfully implemented policies like battery subsidies and vehicle standards provide immediate, tangible benefits to constituents while building momentum for broader climate action.

However, the delay in establishing foundational frameworks like the 2035 emissions target and federal EPA may constrain long-term climate policy effectiveness. These institutional

and target-setting delays could limit Australia's ability to align with international climate commitments and provide certainty for business investment decisions.

The continued operation of existing mechanisms like the Safeguard Mechanism provides regulatory continuity but may not deliver the acceleration in emissions reduction required to meet Australia's climate objectives. The gap between maintained existing policies and new transformative measures suggests potential shortfalls in overall climate ambition.

## Overall impact

The following summarize recommendations dated May 31, 2025, sent by IPAG Asia Pacific, Melbourne to Hon Chris Bowen, Minister for Climate Change & Energy for implementing in the 1st 100 days of the 2nd term of the Labor Government. It provides status of implementation and what needs to be done is to be on track for timely completion of the initiatives.

| IPAG Recommendations                            | Progress Made  | Implementation Status (✓/X) | Remarks  |
|---|--|-----------------------------|--|
| <b>2035 emissions reduction target</b>          | Target not announced; government awaiting Climate Change Authority input.    | X                           | No clear timeline: sector planning not yet announced.            |
| <b>Rewiring the nation grid transformation</b>  | Initial funding steps underway; community engagement process not yet scaled. | ✓ (Partially)               | Funding step good start; broader community buy-in still limited. |
| <b>Expand capacity investment scheme</b>        | No new bidding rounds announced; preparatory work underway.                  | ! (Limited progress)        | Prep work started but auction rounds must be accelerated.        |
| <b>Refine vehicle efficiency standard</b>       | Standards in force; no updates on loophole closure or ICE phaseout timeline. | ✓ (Partially)               | Loopholes and phaseout clarity still unresolved.                 |
| <b>Net zero sector pathway blueprint</b>        | No blueprints or roadmaps announced publicly yet.                            | X                           | No blueprints; leaves industries without clear guidance.         |
| <b>Hydrogen investment roundtable</b>           | No roundtable or hydrogen project announcements made yet.                    | X                           | No engagement risks missing early project momentum.              |
| <b>Legislate climate reporting for emitters</b> | Disclosure rules in place; no new legislation introduced.                    | ! (Limited progress)        | Disclosure rules help but stronger legislative backing needed.   |

| IPAG Recommendations                                    | Progress Made   | Implementation Status (✓/X) | Remarks   |
|---|---|-----------------------------|---|
| <b>Just Transition Strategy for fossil fuel workers</b> | No visible progress; no new transition strategy announced.        | X                           | No transition plan adds uncertainty for affected communities.     |
| <b>COP31 pacific vision announcement</b>                | Vision not yet announced; preparations underway.                  | X                           | Pacific leadership role unclear without a stated vision.          |
| <b>Climate risk–informed budgeting</b>                  | No policy or process change publicly announced in budget systems. | X                           | Budget decisions still not factoring climate risks transparently. |

### Moving forward.....

Australia's Labor government has demonstrated mixed progress on climate commitments during its first 60 days post-election. While successfully delivering on key campaign promises including battery subsidies, vehicle emissions standards, and transmission infrastructure funding, significant structural reforms remain pending.

The government's performance reflects a pragmatic approach prioritizing implementable initiatives over complex legislative reforms. This strategy provides early wins and maintains political momentum while allowing additional time for comprehensive policy development on challenging issues like emissions targets and environmental protection frameworks.

Moving forward, the government's climate agenda success will depend on its ability to translate delayed commitments into concrete legislative action while maintaining the implementation momentum established in these initial 60 days. The balance between immediate deliverables and long-term structural reform will determine whether Australia's climate policy framework can meet both domestic expectations and international climate obligations.