

Climate-related Financial Disclosure: Second Consultation

Treasury Consultation Paper

Submitted by: The Health, Environment & Waste Branch, Logan City Council

Should you have any questions in regards to the comments and feedback provided in this consultation paper, please direct them to [REDACTED], Senior Environmental Planning Officer [REDACTED]

Available: [Climate-related financial disclosure - consultation paper \(treasury.gov.au\)](https://treasury.gov.au/consultation/papers/Climate-related-financial-disclosure-consultation-paper)

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Logan City Council would thank Treasury for extending its consultation in a second round to further refine the design and implementation of standardised, internationally-aligned requirements for disclosure of climate-related financial risks and opportunities.

Council provided feedback after round 1 of consultation and we happy to see that some of our issues have been encapsulated in this second round of consultation.

Logan City Council has an endorsed 10 year [Climate Change Resilience Strategy](#), that supports our commitment to carbon neutrality for our business, as well as the vision to be resilient to the impacts of a changing climate for our city's environment, community and economy. Logan City Council is one of two Councils in Queensland and 17 Council's Australia wide to be certified as carbon neutral.

By Treasury developing the reporting requirements on disclosures regarding governance, strategy, risk management, targets and metrics – including greenhouse gases, this will provide large businesses, financial institutions, the public and investors greater transparency and accountability. We anticipate that this will further assist tracking and meeting emission reduction targets set out by the Commonwealth, State and local governments.

Logan City Council understands that reporting obligations proposed only apply to large listed and unlisted entities that are required to report under the NGER (National Greenhouse and Energy Reporting) requirements. Notwithstanding, Logan City Council does have an interest in these reforms, having developed a Climate Change Resilience Strategy and are now focussing on emission reduction and adaptation activities. One of which is to prepare annual climate change financial disclosure statements. includes setting an emission reduction target, monitoring and reporting on scope 1, 2 and 3 emission sources.

Pg 6. Reporting Entities

Proposal: That all entities that meet prescribed size thresholds and that are required to lodge financial reports under Chapter 2M of the Corporations Act 2001 (Cth) (Corporations Act) would be required to make climate-related financial disclosures

With the staged roll out of Groups 1, 2 and 3 would the period of time for transition to compliance with each of the proposals, start at a staged period?

Pg 11. Reporting Content - Materiality

Proposal: Principles of financial materiality would apply

It is agreed that alignment with ISSB (the International Sustainability Standards Board) is preferred but localised to the Australian context.

Pg 12. Reporting Content - Governance

Proposal: From commencement, companies would be required to disclose information about governance processes, controls and procedures used to monitor and manage climate-related financial risks and opportunities

An example for each industry sector of what would meet the minimum compliance would be helpful.

Pg 13. Reporting Content – Strategy: Scenario analysis

Proposal: From commencement, reporting entities would be required to use qualitative scenario analysis to inform their disclosures, moving to quantitative scenario analysis by end state

What would a qualitative scenario analysis look like for the Australian context?

Pg 13. Reporting Content – Strategy: Scenario analysis

Proposal: From commencement, reporting entities would be required to disclose climate resilience assessments against at least two possible future states, one of which must be consistent with the global temperature goal set out in the *Climate Change Act 2022*

Guidance is requested on not only the scenarios, but also the percentile range in the scenarios of 1, 2 or 3 standard deviations from the mean. This will help capture and drive consistency on data, assumptions and the approach for disclosure.

Pg 14. Reporting Content – Transition planning and climate-related targets

Proposal: From commencement, transition plans would need to be disclosed, including information about offsets, target setting and mitigation strategies

Why do the transition plans not have to align with the Paris Agreement?

The focus should be on transparency, rather than prescribing certain transition planning activities, or a level of ambition.

Pg 14. Reporting Content – Transition planning and climate-related targets

Proposal: From commencement, all entities would be required to disclose information about any climate-related targets (if they have them) and progress towards these targets.

As an option, we would recommend that the transition plans be required to include targets over time.

Pg 15. Reporting Content – Risks and Opportunities

Proposal: From commencement, entities would be required to disclose information about material climate-related risks and opportunities to their business, as well as how the entity identifies, assesses and manages risk and opportunities

When greater specificity of information is detailed in forthcoming Australian Standards, only then do we feel feedback could be provided.

More for the Federal Government to consider in future, the quantification of climate related risks on infrastructure require significant work and lead time for a Council organisation to determine. The process would involve risk assessment, quantifying, cost – risk impact for example from floods on roads, bridges and other infrastructure. A priority focus on critical infrastructure resilience would be preferred, as per the Department of Home Affairs definition.

Pg 16. Reporting Content – Metrics & Targets: Greenhouse gas emissions

Proposal: From commencement, scope 1 and 2 emissions for the reporting period would be required to be disclosed

The end state should be a decision between location or market for scope 2 electricity emissions. If emission factors are set to change, then this should be communicated earlier.

Pg 16. Reporting Content – Metrics & Targets: Greenhouse gas emissions

Proposal: Disclosure of material scope 3 emissions would be required for all reporting entities from their second reporting year onwards. Scope 3 emissions disclosures made could be in relation to any one year period that ended up to 12 months prior to the current reporting period

More guidance on how far upstream and downstream scope 3 needs to consider. More emission factors need to be provided to enable scope 3 to be better estimated.

Would scope 3 for example, include embodied carbon emissions of building materials? Will some standard metrics be used as a guide, given the scale and variability of materials? Would there also be a set embodied energy factor to help guide as a basis?

Pg 17. Reporting Content – Industry-based metrics

Proposal: By end state, reporting entities would be required to have regard to disclosing industry-based metrics, where there are well-established and understood metrics available for the reporting entity.

Over time, this sounds appropriate.

Pg 19-26. Reporting Framework & Assurance

Reporting location, frequency and timing – Open feedback

No comment.

Pg 27. Liability & Enforcement – Modified liability approach

Proposal: Climate-related financial disclosure requirements would be drafted as civil penalty provisions in the Corporations Act. The application of misleading and deceptive conduct provisions to scope 3 emissions and forward-looking statements would be limited to regulatory-only actions for a fixed period of three years

Depending upon which stage roll out your/the entity is in, does the 3 years start at the start of each stage?

Anything – specific or further to add comment on hereunder

1. Has the Federal government undertaken a risk analysis of data gaps in terms of a climate audit?
 - a. Or undertaken projections of future water availability?
 - b. Considered and/or tried to understand how behaviours can affect climate risk?
2. Has there been any consideration within the Waste sector of national and/or international reports to help guide the transition risk from these activities?
 - a. Or will this consideration be included in a future stage once the foundations are established?