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Climate Disclosure Unit  
Market Conduct and Digital Division  
Treasury  
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### **ARA Submission: Climate-related financial disclosure, Second consultation**

I write on behalf of the Australasian Railway Association (ARA) to provide the following submission on the proposed positions on the detail, implementation, and sequencing of standardised, internationally-aligned requirements for the disclosure of climate-related financial risks and opportunities in Australia. The ARA would like to thank The Treasury for the opportunity to make a submission.

As you may be aware, the ARA is the peak body for rail in Australia, representing over 200 heavy and light rail operators in passenger and freight, infrastructure owners and managers, manufacturers, and suppliers of rolling stock (trains), contractors who build the infrastructure and consultants. Our members include listed and private companies, government agencies and franchisees.

We commend the Government on its efforts to enhance transparency and manage both individual and systemic climate-related financial risk in Australia.

The ARA supports the intention to align the forthcoming Australian disclosure standards with those developed by the International Sustainability Standards Board (ISSB). Harmonising Australian standards with globally recognised benchmarks will not only enhance consistency but also contribute to the development of a standardised international approach towards climate-related financial disclosure. This alignment will provide a consistent and comparable framework for evaluating climate-related risks and opportunities across international markets.

The ARA supports mandating climate-related financial disclosures for entities meeting the prescribed size thresholds and that are required to lodge financial reports under Chapter 2M of the Corporations Act 2001 (Cth) (Corporations Act).

We note that some entities may face challenges in adopting these requirements, especially in respect to measuring and collating quantitative data and acquisition of appropriate subject matter expertise. Transitioning from limited assurance to reasonable assurances raises concerns regarding industry capability and the capacity to deliver an increased set of reporters. Emissions data will need to be collected, collated, analysed, assured and then reported in a 12-week period. Practical consideration of data availability and processing is required, particularly as disclosures expand to scope 3 emissions. A phased implementation approach proposed is therefore essential to provide organisations with appropriate time to meet these requirements.

The consultation paper makes clear that emissions data reported under the Climate-related financial disclosure should align with that reported under the NGER Act. We recommend further consideration of the misalignment of timeframes for reporting emissions data under the Corporations Act (end of September) and the NGER Act (end of October), given the potential for this discrepancy to affect the accuracy of the emissions data provided.

With regard to reporting metrics, the inclusion of Scope 3 data in the framework poses challenges for numerous organisations within the rail industry. Consequently, the ARA recommends that the Government make further developments in Scope 3 methodologies and calculators to effectively address this requirement. Additionally, consideration may be made to extending the transition period or introducing a phased implementation approach for scope 3 emissions based on the size thresholds.

While the ARA advocates on behalf of industry members, and many of our member organisations support the implementation of the proposed climate-related financial disclosure and associated framework and requirements, it should be noted that some ARA members may still hold opposing opinions on this matter.

If you have any questions or wish to discuss this submission further, please contact me via [REDACTED], Director Corporate Affairs and Sustainability [REDACTED].

Yours sincerely

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Chief Executive Officer  
Australasian Railway Association