

23 February 2023

**Climate Disclosure Unit**

Market Conduct Division

The Treasury

Langton Crescent

PARKES ACT 2600

Via email: [climatereportingconsultation@treasury.gov.au](mailto:climatereportingconsultation@treasury.gov.au)

CC: The Hon Dr Jim Chalmers MP, The Hon Chris Bowen MP

Dear Climate Disclosure Unit,

**RE: Property Council Submission to the Climate-related Financial Disclosure Consultation Paper**

The Property Council of Australia welcomes the opportunity to provide comments on the *Climate-related Financial Disclosure Consultation Paper*.

**About us**

The Property Council of Australia is the leading advocate for Australia's largest industry – property. Our industry represents 13% of Australia's GDP, employs 1.4 million Australians (more than mining and manufacturing combined) and generates \$72 billion in tax revenues. Property Council members invest in, design, build and manage places that matter to Australians across all major built environment asset classes.

Australia's property industry leaders are world leaders in sustainability. They have a demonstrated commitment to ESG, topping indices like the Global Real Estate Sustainability Benchmark and the Dow Jones Sustainability Index for twelve consecutive years. Most of our leading members have net zero goals by 2030 or before, with several having reached it already at a fund level. Our members have a long-term stake in ensuring our capital and regional cities thrive and want to see decisive action on climate mitigation and adaptation to avoid the worst projected impacts of climate change.

The Australian property industry has also shown global leadership on social sustainability initiatives, including gender diversity through the Property Champions of Change and the establishment of world first industry-wide online platforms to tackle modern slavery risks in supply chains and measure social impact in the sector.

**General comments**

The Property Council supports a global approach to the development and local implementation of sustainability disclosure standards. We note that Treasury has adopted six principles in guiding the

climate-related financial disclosure reforms and the final design of the new requirements. Our responses align broadly with these principles.

Pending the release of the final IFRS S1 and S2 standards, the overarching goal should be Australia's alignment with globally consistent, comparable, reliable, and assurable corporate reporting systems to provide all stakeholders with a clear and accurate picture of an organisation's ability to create sustainable value over time. It will provide businesses with the necessary framework to accurately and consistently report how they are responding to climate change and supporting the decarbonisation of our economy, as well as unlock the opportunities of the global momentum in sustainable finance.

### **Key priorities**

We have included a detailed submission addressing the Treasury's targeted questions at **Attachment A** for your reference.

The Property Council's key priorities in relation to the implementation of Climate-related Financial Disclosure are the following:

1. **A broad application supported by staged implementation.** The Government should take a measured approach to applying the requirement to disclose climate related financial information. We recommend initially targeting all entities (listed and unlisted) with a minimum annual consolidated revenue of \$100 million. These entities have sophisticated reporting abilities and may benefit from access to international capital through their disclosures. We further recommend that a legislated schedule be put in place to reduce this threshold over time and broaden the application to all reporting entities.
2. **Implementation timeframes should be tailored to industry readiness.** The Consultation Paper refers to the possibility of the mandatory regime applying from the 2024-25 financial year (FY24-25). We understand the desire to establish a mandatory reporting regime as soon as practicable, however, we consider this timeframe unrealistic given the ISSB S1 and S2 are due to come into effect in early 2024. Following the publication of ISSB S1 and S2, we would expect a robust consultation process to be undertaken in Australia to develop Australian equivalents to S1 and S2.

Once the standards are finalised, organisations will need time to understand the reporting requirements, set up systems to collect and report the required information, and engage experts to provide assurance of the relevant data as required. The nascent nature of climate-related financial disclosures means there is currently a lack of agreed methodologies and systems in place to collect and report the required data, and there is a limited pool of professionals who are available to provide expert assurance services.

As such, we recommend the standards apply no earlier than reporting periods commencing 24 months *following the establishment of a local regulatory implementation framework and governance mechanisms to oversee local implementation.*

3. **A tiered level of independent assurance should be the favoured approach.** Independent assurance will support disclosure efforts with enhanced credibility and accuracy. This will be essential in supporting the credibility of reporting material:
  - a full level of assurance should be required for any disclosures that speak to the effects of significant climate-related and sustainability-related risks and opportunities on a company's financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term. Ideally this would be an extension of the financial statement audit being performed, and

- limited assurance should be required for additional metrics disclosed that fall under traditional ESG reporting or TCFD reporting (i.e. scope 1, 2 and 3 emissions, SASB based industry metrics, etc).
- 4. **A robust and well-resourced governance framework.** The Property Council recommends that the Australian governance framework mirror the international arrangements. We recommend the Government establish a separate body alongside AASB with specific responsibility for the adoption of sustainability related standards. This governance model should be reinforced with oversight from the Financial Reporting Council (FRC), which would continue to provide direction of the processes for setting accounting and auditing standards in Australia, as well as serving this role in relation to an Australian Sustainability Standards Board (ASSB).
- 5. **A flexible approach to disclosing Scope 3 emissions.** While there is broad support to measure and disclose Scope 3 emissions in the property sector, data is not readily available across the range of Scope 3 emission sources. A combination of technical and legislative barriers stands in the way of full disclosure.

The consistent and robust measurement of scope 3 emissions is an enormous challenge across the economy, not just in the property sector. While we expect data availability and calculation methodologies of Scope 3 emissions to improve over time, a flexible approach will be needed while industry builds its reporting capabilities.

For instance, there is currently no established and commonly accepted methodology to measure embodied carbon in building development projects, and lifecycle analyses can produce significantly divergent outcomes. Tenancy and data privacy laws do not currently enable building owners to access and report on tenancy energy usage and associated emissions unless tenants explicitly allow for this in lease arrangements, which is not standard practice. As part of the Government's program of work on climate related financial disclosure, immediate action should be taken to enacting legislative change to enable owners to access tenant data for the purpose of compliance with the proposed reporting requirements for scope 3 emissions. Further measures which would assist better transparency of tenant energy usage include expanding the Commercial Building Disclosure program to include office tenancies.

The Property Council looks forward to further engagement on this important issue to ensure the sustainability achievements and competitiveness of our property market is recognised on a global scale. Please reach out to [REDACTED], Policy Manager, Capital Markets at [REDACTED] or [REDACTED], National Policy Manager – Sustainability and Regulatory Affairs at [REDACTED] should you wish to discuss this submission in further detail.

Sincerely,

[REDACTED]

[REDACTED]

**Chief Executive**

**Property Council of Australia**

## Attachment A - Climate Related Financial Disclosure

### Property Council detailed submission

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| <p><b>Question 1:</b> What are the costs and benefits of Australia aligning with international practice on climate-related financial risk disclosure (including mandatory reporting for certain entities)? In particular:</p> <p>1.1 What are the costs and benefits of meeting existing climate reporting expectations?</p> <p>1.2 What are the costs and benefits of Australia not aligning with international practice and in particular global baseline standards for climate reporting?</p> | <ul style="list-style-type: none"> <li>● Leading Australian property organisations have a track record of proactive, voluntary climate reporting. Responding to the standards is a costly but necessary exercise. Industry recognises the importance of disclosing climate related financial risks to better inform investors and policy makers during our transition to a net zero economy.</li> <li>● Estimates from property organisations on the costs of aligning to international practices and climate reporting varied significantly. Key influencing factors included whether or not the organisation was already reporting against other frameworks such as TCFD which could be leveraged for the purposes of other climate-related financial disclosures, and the scale and geographic spread of the organisation. We estimate that a standard reporting entity would need at least one full time equivalent internally, pay consultants to measure and verify and then pay auditors to verify and assure.</li> <li>● There will be efficiencies in having international alignment for multijurisdictional entities. They will be able to streamline their reporting across the jurisdictions in which they operate.</li> <li>● If Australia fails to align with international climate reporting practices, we risk being overlooked by global investors who rely on transparent and comparable disclosure statements to make informed choices. While it is difficult to provide a quantitative estimate, we expect this impact to be significant to our sector and the economy more broadly.</li> </ul> |
| <p><b>Question 2:</b> Should Australia adopt a phased approach to climate disclosure, with the first report for initially covered entities being financial year 2024-25?</p> <p>2.1 What considerations should apply to determining the cohorts covered in subsequent phases of</p>  | <ul style="list-style-type: none"> <li>● Many comparable international jurisdictions are planning to introduce climate related financial disclosure in a staged approach that first targets larger entities. We recommend that Australia take a similar approach.</li> <li>● We do not support the mandating of the regime from 2024-25 financial year. This start date is not</li> </ul>   |

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| <p>mandatory disclosure, and the timing of future phases?</p>  | <p>realistic given the ISSB S1 and S2 are still being finalised and aren't due to come into effect until early 2024. Further, we would expect a robust consultation to occur in Australia to develop the Australian equivalent of S1 and S2 prior to their implementation.</p> <ul style="list-style-type: none"> <li>● We recommend the standards apply no earlier than reporting periods commencing 24 months <b><i>following the establishment of a local regulatory implementation framework and governance mechanisms to oversee local implementation.</i></b></li> <li>● This is necessary to provide the local jurisdiction governing bodies and other professional bodies time to roll out education and awareness programs, including guidance materials for reporting entities and assurance service providers once the rules are bedded down.</li> <li>● Reporting entities will also need to understand the reporting requirements, set up systems to collect and report the required information, and engage experts to provide assurance of the relevant data as required.</li> <li>● The nascent nature of climate-related financial disclosures means there is currently a lack of agreed methodologies and systems in place to collect and report the required data, and there is a limited pool of professionals who are available to provide expert assurance services.</li> <li>● We note that there should be the option to report voluntarily prior to the mandatory reporting deadline for entities that are prepared ahead of the deadline.</li> </ul> |
| <p><b>Question 3:</b> To which entities should mandatory climate disclosures apply initially?</p> <p>3.1 What size thresholds would be appropriate to determine a large, listed entity and a large financial institution, respectively?</p> <p>3.2 Are there any other types of entities (that is, apart from large, listed entities and financial</p> | <ul style="list-style-type: none"> <li>● Initial focus should be on listed and unlisted disclosing entities over a \$100M income threshold - this would take a similar approach to the requirements of the Modern Slavery Act 2018. The end-state of captured entities should include the broadest relevant range of listed and unlisted entities. Learnings should be carried across from the implementation of reporting under the Modern Slavery Act 2018 to identify liable entities. This is particularly relevant to global entities that exceed</li> </ul>  |

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| <p>institutions) that should be included in the initial phase?</p>  | <p>the \$100 million threshold, with smaller local footprints in Australia.</p> <ul style="list-style-type: none"> <li>• A legislated schedule should be put in place to reduce the threshold over time to capture smaller entities. This staggered approach is necessary to educate the market on how to do these disclosures and how to audit the disclosures.</li> <li>• While we understand that government bodies are to excluded from reporting due to the fact that the primary objective of this framework is targeted at direct investment, it would nonetheless be useful to have greater transparency from the federal government on how they are assessing climate-related risks to the Australian economy and how they plan to manage/mitigate those risks and opportunities.</li> </ul>  |
| <p><b>Question 4:</b> Should Australia seek to align our climate reporting requirements with the global baseline envisaged by the International Sustainability Boards?</p> <p>4.1 Are there particular considerations that should apply in the Australian context regarding the ISSB implementation of disclosures relating to: governance, strategy, risk management and/or metrics and targets?</p> <p>4.2 Are the climate disclosure standards being issued by the ISSB the most appropriate for entities in Australia, or should alternative standards be considered?</p> | <ul style="list-style-type: none"> <li>• While we await the final iteration of IFRS S1 and S2, in principle we support Australia’s alignment with the global baseline envisaged by the ISSB. There has been strong uptake in TCFD, SASB and other forms of reporting across the Australian built environment. There is however a need to bring these together to provide a single, accepted global baseline to ensure comparability across entities worldwide. This is the stated objective of the ISSB standards and Australia should support it.</li> <li>• While there is yet to be information released on several of the ISSB standards, there is an emerging consensus in the industry that ISSB Standards are the most appropriate standards to apply to climate reporting in Australia. IFRS has a strong track record of delivering widely supported accounting standards through a robust governance process. We hope to see this success replicated by the ISSB.</li> </ul> |
| <p><b>Question 5:</b> What are the key considerations that should inform the design of a new regulatory framework, in particular when setting overarching climate disclosure obligations (strategy, governance, risk management and targets)?</p>   | <ul style="list-style-type: none"> <li>• The Property Council supports building on existing requirements to disclose any material risks as part of an operating and financial review, with overarching obligations for climate disclosures set through regulatory guidance or standards. Given the variety of existing disclosure frameworks globally, it is important that a global baseline is developed and agreed on. We believe the overarching framework design in Australia needs to</li> </ul>   |

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|   | <p>be sector neutral, while the standards set by the board need to be technical and sector specific.</p> <ul style="list-style-type: none"> <li>● The Property Council recommends that the Australian governance framework mirror the international arrangements. We recommend the Government establish the ASSB as a separate body alongside AASB with specific responsibility for the adoption of sustainability related standards. This governance model should be reinforced with oversight from the FRC. The expertise required to oversee the adoption of climate disclosure standards is different to the AASB, and sector specialists would need to be considered for inclusion in the ASSB.</li> <li>● The Government should ensure that there is flexibility within the regulatory framework to incorporate other environmental, social and governance related reporting in the future. With initiatives like TNFD on the horizon, preparations should be made for their integration into the same framework. This will avoid multiple reports and encourage integration.</li> </ul> |
| <p><b>Question 6:</b> Where should new climate reporting requirements be situated in relation to other periodic reporting requirements? For instance, should they continue to be included in an operating and financial review, or in an alternative separate report included as part of the annual report?</p> | <ul style="list-style-type: none"> <li>● There may be resourcing issues within smaller reporting entities seeking to deliver general purpose financial reporting and sustainability related financial reporting at the same time. It would be appropriate to incorporate some flexibility on the delivery of these reporting requirements to avoid overloading smaller reporting teams. The framework should encourage, but not mandate, an integrated approach across financial and sustainability related reporting wherever possible.</li> <li>● Some flexibility should also be included to account for the availability of key sustainability data that doesn't always align with reporting cycles.</li> </ul>  |
| <p><b>Question 7:</b> What considerations should apply to materiality judgements when undertaking climate reporting, and what should be the reference point for materiality (for instance, should it align with ISSB guidance on materiality and is enterprise value a useful consideration)?</p>               | <ul style="list-style-type: none"> <li>● The definition used for materiality should mirror international approaches. Should a different approach to the definition of materiality be used, it can fundamentally impact the comparability of reports across jurisdictions. The ISSB announced that it would align its definition of materiality with IFRS to ensure global comparability remains.</li> </ul>  |



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|   | <ul style="list-style-type: none"> <li>● As it relates to "current" (i.e. less than 1) year a general principle that aligns with accepted practice is appropriate. If applied to projections it will have to be qualitative and at the discretion of the reporting entity because the basis of estimates is insufficiently advanced at this stage. In order to avoid disjointed approaches and excessive costs, reporting entities should not have to write a rule book about what they have said and why, it should be discursive, and the market will decide. Auditors can form a fairness opinion based on what they know/see in the market.</li> </ul>  |
| <p><b>Question 8:</b> What level of assurance should be required for climate disclosures, who should provide assurance (for instance, auditor of the financial report or other expert), and should assurance providers be subject to independence and quality management standards?</p> | <ul style="list-style-type: none"> <li>● The Property Council supports a tiered approach to assurance. This will be essential in supporting the credibility of reporting material.</li> <li>● A full level of assurance be required for any disclosures that speak to the effects of significant climate-related and sustainability-related risks and opportunities on a company's financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term. Ideally this would be an extension of the financial statement audit being performed.</li> <li>● Limited assurance be required for additional metrics disclosed that fall under traditional ESG reporting or TCFD reporting (i.e. scope 1, 2 and 3 emissions, SASB based industry metrics, etc.)</li> <li>● There may be some initial issues created by a lack of resources in assurance companies to deal with heightened demand. It will take some time for professional firms of all sizes to develop expertise in this space. This is why a 2023-24 start date would not be realistic, and why a staged implementation is the preferred approach. The Government should take steps to grow and improve skills to undertake assurance activities to meet the growing demand over coming years.</li> </ul> |
| <p><b>Question 9:</b> What considerations should apply to requirements to report emissions (Scope 1, 2 and 3) including use of any relevant Australian emissions reporting frameworks?</p>  | <ul style="list-style-type: none"> <li>● The Greenhouse Gas Protocol should provide the foundational frameworks for reporting on all scopes of emissions.</li> <li>● The reporting of emissions for scopes 1 and 2 should align with existing frameworks in Australia.</li> </ul>   |



For property organisations, the National Australian Built Environment Rating System (NABERS) should be the primary source of information but reporting should also include the National Greenhouse & Energy Reporting framework (NGER), the Climate Active suite of standards and potentially the Corporate Emission Reduction Transparency initiative (CERT).

- Scope 3 emissions reporting should be aligned to the Greenhouse Gas Protocol *Corporate Value Chain (Scope 3) Standard*. It should be noted that this pool of emissions comes with some complexity, regulatory barriers and a divergence of approaches amongst Australian stakeholders.
- While there is broad support to measure and disclose Scope 3 emissions in the property sector, data is not readily available across the range of Scope 3 emission sources. A combination of technical and legislative barriers stands in the way of full disclosure.
- The consistent and robust measurement of scope 3 emissions is an enormous challenge across the economy, not just in the property sector. While we expect data availability and calculation methodologies of Scope 3 emissions to improve over time, a flexible approach will be needed while industry builds its reporting capabilities.
- Tenancy and data privacy laws do not currently enable building owners to access and report on tenancy energy usage and associated emissions unless tenants explicitly allow for this in lease arrangements, which is not standard practice. As part of the Government's program of work on climate related financial disclosure, immediate action should be taken to enacting legislative change to enable owners to access tenant data for the purpose of compliance with the proposed reporting requirements for scope 3 emissions. Further measures which would assist better transparency of tenant energy usage include expanding the Commercial Building Disclosure program to include office tenancies.

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| <p><b>Question 10:</b> Should a common baseline of metrics be defined so that there is a degree of consistency between disclosures, including industry-specific metrics?</p>  | <ul style="list-style-type: none"> <li>● We supported the establishment by ISSB of a global baseline for disclosure (noting some small regional variations may be necessary in some jurisdictions).</li> <li>● We consider this to be critical for consistent and comparable disclosures and a failure if this cannot be achieved.</li> <li>● While we support disclosure of industry specific metrics and a common global baseline, we are concerned with the volume of SASB industry metrics within ISSB S2 and therefore consider this could be prohibitive to adoption within jurisdictions, particularly as more standards are developed.</li> <li>● We recommend that industry metrics are encouraged rather than specified, with SASB metrics suggested as a source of industry metrics.</li> </ul>   |
| <p><b>Question 11:</b> What considerations should apply to ensure covered entities provide transparent information about how they are managing climate related risks, including what transition plans they have in place and any use of greenhouse gas emissions offsets to meet their published targets?</p> | <ul style="list-style-type: none"> <li>● The Property Council supports the inclusion of requirements for transition planning, including anticipated changes to business models for adaptation and mitigation purposes.</li> <li>● The carbon offsetting requirements should be subject to third party verification that includes an understanding of the qualitative aspects of carbon offsets. These should align to the Oxford Principles and include consideration of an offset's permanence (how long carbon stays out of the atmosphere), additionality (assurance that the emissions reduction would not have occurred in the absence of the credit being generated), and leakage. Verification should go beyond just existing frameworks such as Verra, Gold Standard or ACCUs as there is some flux in the market currently and many inhouse projects demonstrate high levels of integrity.</li> <li>● These criteria should take precedence over disclosing the removal method (e.g. nature-based vs technological).</li> </ul> |
| <p><b>Question 12:</b> Should particular disclosure requirements and/or assurance of those requirements commence in different phases, and why?</p>  | <ul style="list-style-type: none"> <li>● Historic and one year forward quantitative could go first. Forecast quantification could be later once the methods and resources are more available.</li> </ul>   |

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| <p><b>Question 13:</b> Are there any specific capability or data challenges in the Australian context that should be considered when implementing new requirements?</p> <p>13.1 How and by whom might any data gaps be addressed?</p> <p>13.2 Are there any specific initiatives in comparable jurisdictions that may assist users and preparers of this information in addressing these challenges?</p> | <ul style="list-style-type: none"> <li>● In Australia, building owners do not have the right to access tenant electricity/emissions data. This makes a significant portion of Scope 3 emissions not readily available. Should the ISSB provisions for the disclosure of Scope 3 emissions be enacted as they are in the IFRS S2 Exposure Draft, Australian property companies will not be able to accurately include emissions from tenancies. It will however create an imperative to enable access to this information for the purpose of disclosures.</li> <li>● Embodied emissions that result from the manufacturing of building materials and construction activities also present a significant volume of scope 3 emissions for our members. Work is underway to develop a robust framework to measure and reduce them over time. It is however possible this will not be ready by the first reporting period. Once it is established it will significantly improve the quality and comparability of embodied emissions reporting.</li> <li>● There is an opportunity for the Government to play a role in aggregation and making public databases with agreed assumptions for private sector organisations to use.</li> </ul> |
| <p><b>Question 14:</b> Regarding any supporting information necessary to meet required disclosures (for instance, climate scenarios), is there a case for a particular entity or entities to provide that information and the governance of such information?</p>  | <ul style="list-style-type: none"> <li>● The Property Council supports the provisions of agreed climate scenarios. These could be provided by the Australian Climate Service in collaboration with CSIRO, but should align to any international information available (e.g. IPCC) that can reliably be applied to Australia.</li> <li>● These will be important for assessing climate related risk and for mitigation by incorporating it into building regulation such as the National Construction Code.</li> </ul>   |
| <p><b>Question 15:</b> How suitable are the 'reasonable grounds' requirements and disclosures of uncertainties or assumptions in the context of climate reporting? Are there other tests or measures that could be considered to ensure liability is proportionate to inherent uncertainty within some required climate disclosures?</p>   | <ul style="list-style-type: none"> <li>● The Property Council supports high quality reporting of climate related financial information but is apprehensive about the possibility of litigation stemming from historic reports. Our understanding is that there remains significant uncertainty amongst legal experts on what justifies 'reasonable grounds' when it comes to the existing rules on forward looking statements. These concerns and risks are heightened in the context of</li> </ul>   |

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|  | <p>the proposed new climate reporting regime which requires much longer dated forecasts and is still an emerging sector where methodologies and data is evolving quickly. We support a balance between ensuring investors are provided with robust climate disclosures while not inadvertently opening up directors and reporting entities to frivolous class actions especially in the early years of the reporting framework.</p> <ul style="list-style-type: none"> <li>● To address this issue, we support the following policies: <ul style="list-style-type: none"> <li>○ An initial “Armistice period” whereby respondents would be sheltered from class actions for an initial time frame (suggested 2 years). During this period regulators could still take actions if deemed necessary.</li> <li>○ Clear <b>and regularly updated</b> guidance from Government or the established climate disclosures board (e.g. ASSB) on what constitutes “reasonable grounds” in the context of climate related financial disclosure for the property sector.</li> </ul> </li> </ul> |
| <p><b>Question 16:</b> Are there particular considerations for how other reporting obligations (including continuous disclosure and fundraising documents) would interact with new climate reporting requirements, and how should these interactions be addressed?</p> | <ul style="list-style-type: none"> <li>● At present, the ISSB has not included categories for reporting that encompass other elements beyond the “E” of the ESG remit. Consideration should be taken to how this may be extended to include a broad range of skillsets in the future to expand environmental coverage and include social impact and governance aspects.</li> <li>● The Government should ensure that there is flexibility within reporting arrangements to incorporate other sustainability related reporting in the future. With initiatives like TNFD on the horizon, preparations should be made for their integration into the same framework. This will avoid multiple reports and encourage integration.</li> </ul>  |
| <p><b>Question 17:</b> While the focus of this reform is on climate reporting, how much should flexibility to incorporate the growth of other sustainability reporting be considered in the practical design of these reforms?</p>                                     | <ul style="list-style-type: none"> <li>● Given the ISSB has flagged future focus areas beyond climate reporting, some degree of flexibility must be considered.</li> </ul>   |

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| <p><b>Question 18:</b> Should digital reporting be mandated for sustainability risk reporting? What are the barriers and costs for implementing digital reporting?</p>   | <ul style="list-style-type: none"> <li>● The Property Council supports the concept of digital reporting, but considers that sustainability reporting in a digital way should not be Australia's first foray into this. First consideration should be given to rolling out digital reporting for financial reporting purposes, given that major jurisdictions around the world already have these requirements for the listed community, and then sustainability digital reporting could be considered as a subsequent step.</li> <li>● Until a mandatory timetable is put in place for digital reporting for at least listed companies, technology providers will be unlikely to put the technology in place. However, an appropriate lead time will be necessary to give our technology providers in Australia time to catch up with the rest of the world.</li> <li>● Treasury undertook a consultation several years ago on putting in place digital reporting for financial reporting purposes, which did not eventuate. This should be reinvigorated with sustainability considerations added into this and implemented separately to the climate reporting regime.</li> </ul> |
| <p><b>Question 19:</b> Which of the potential structures presented (or any other) would best improve the effectiveness and efficiency of the financial reporting system, including to support introduction of climate related risk reporting? Why?</p> | <ul style="list-style-type: none"> <li>● N/a.</li> </ul>  |
| <p><b>Additional Comments</b></p>  | <ul style="list-style-type: none"> <li>● The Property Council supports a standardised framework. Some additional key principles we recommend including are:             <ol style="list-style-type: none"> <li>1. Rather than a “negative assurance” approach where entities are required to prove what they do not do or what is not material - they should be given the ability to determine and disclose the items that are material to them. This will divert resourcing away from reporting and towards action on sustainable outcomes.</li> <li>2. Integrated approach to reporting is better so that issues can be discussed in context.</li> </ol> </li> </ul>  |

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|  | <p>In the forward looking statements, entities can make statements about future impacts and strategies. If they are material items that require quantification and disclosure they can be added there and if appropriate included in the notes to the financial statements (eg commitments / contingent liabilities). Auditors can form a view on the fairness and accordance with the standards on that basis. How an entity gets to the fairness opinion will depend on its own circumstances.</p> <p>3. Guidance on equity share or 100% reporting is required for investment managers / co-ownership arrangements. Suggest that the equity share is the requirement but 100% can be voluntary (same proportionate consolidation).</p> |
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