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To whom it concerns,

## **CLIMATE-RELATED FINANCIAL DISCLOSURE: EXPOSURE DRAFT LEGISLATION**

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in Western Australia. CME is funded by member companies responsible for 41 per cent of Australia's corporate income tax receipts by value in 2021-22.<sup>1</sup> In 2022-23, the WA resources sector accounted for 65 per cent of Australia's resources exports,<sup>2</sup> half of Australia's resources capital expenditure<sup>3</sup> and 53 per cent of Australian resources employment.<sup>4</sup>

The opportunity to provide input to Treasury's consultation on exposure draft legislation for disclosing climate-related financial risks and opportunities in Australia is welcome.

CME recognises it is important to maintain the investment attractiveness of Australian resource projects and understands that a regime of climate-related financial disclosure is a potential pathway to achieving such an end. CME supports the Government's efforts to consult with stakeholders regarding the proposed reform, and the release of a Policy Impact Analysis to inform the development of exposure draft legislation. While the Policy Impact Analysis has resulted in some improvements to the proposed reform for group 3 entities, such as flexible levels of assurance to 2029-30 and mandatory reporting for material disclosures only, we note that several of the issues and concerns raised in CME's earlier submission have not been addressed.<sup>5</sup> We strongly recommend that these issues and recommendations to address them, outlined in detail in the referenced submission, be revisited in consultation with industry prior to the legislation progressing.

Specifically, CME reiterates the recommendations previously made, namely to:

- Raise the reporting threshold for group 3 entities from \$50 million in annual revenue to \$1 billion.
- Delay commencement of reporting for group 3 entities by 12 months to 2028/29.
- Ensure alignment to International Financial Reporting Standards (IFRS) General Requirements for Disclosure of Sustainability-related Financial Information (S1) and Climate-related Disclosures (S2) to reduce regulatory burden for multinational entities making reports in other jurisdictions.
- Enable referencing to previous years' reports where there are no changes and/or reports made in other jurisdictions to reduce the risk of duplicative reporting.
- Utilise energy and emissions information prepared as a requirement of the National Greenhouse and Energy Reporting Act (NGER Act).
- Permit disclaimers on forward-looking statements within disclosures to reflect inherent uncertainty.

In addition to the above recommendations, CME provides the following alternative solutions to reduce regulatory duplication and burden for reporting entities, namely:

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<sup>1</sup> Australia-wide operations of companies with direct, equity joint venture or subsidiary interests in WA-based member projects. Commonwealth of Australia, [2021-22 Report of Entity Tax Information](#), Australian Taxation Office, 9 November 2023.

<sup>2</sup> Government of Western Australia, [2022-23 Economic Indicators Resource Data File](#), Department of Energy, Mines, Industry Regulation and Safety (DEMIRS), 9 January 2024. Australian Bureau of Statistics (ABS), [5368 International Trade in Goods](#), Table 32a.

<sup>3</sup> Investment refers to capital expenditure as measured by gross fixed capital formation, current prices. ABS, [5220 Australian National Accounts: State Accounts](#), Table 25. ABS, [5206 Australian National Accounts: National Income, Expenditure and Product](#), Table 34.

<sup>4</sup> ABS, [6291 Labour Force, Australia, Detailed](#), Table 5.

<sup>5</sup> CME submission dated 21 July 2023, published online at [Climate-related financial disclosure: Second consultation](#) in the folder titled 'NON-CONFIDENTIAL SUBMISSIONS (B-M)'.

- Aggregation of reporting obligations for entities that make NGER reports under a 'controlling corporation', as defined by the NGER Act. The NGER Act makes provisions for a parent company ('controlling corporation') to report the emission of subsidiary companies ('group members') based on the exceedance of energy and emissions thresholds. CME recommends applying the same reporting rules to climate-related financial disclosures proposed by Treasury; that is both NGER reports and climate-related financial disclosures are reported by the 'controlling corporation' where criteria in the NGER Act are met. CME makes this recommendation as to reduce the risk of duplicative reporting.
- Defer limited assurance requirements for scope 1 and 2 emissions of group 1 entities by 12 months. In recognising that the proposed climate-related financial disclosures require an increased level of assurance compared to NGER reporting requirements, CME recommends that the limited assurance requirements are deferred to enable businesses to prepare data management processes that underpin a limited assurance audit process.

While CME supports the introduction of a standardised regime for climate-related financial disclosures to assist investor decision-making, the proposed legislation will create significant regulatory burden on a large group of organisations in Australia, a significant portion of which are located in Western Australia. CME considers it imperative that adjustments are made to the proposed legislation that reduce the burden whilst maintaining value for investors.

Should you require further information regarding this submission, please contact Ms Anita Logiudice, Manager, Resource Development & Sustainability, on 0448 468 632 or at [A.Logiudice@cmewa.com](mailto:A.Logiudice@cmewa.com).

Yours sincerely,



**Adrienne LaBombard**  
Director of Policy and Advocacy