

The Treasury
Climate Reporting Consultation
Australian Government
Submitted via Treasury consultation portal

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Dear Treasury,

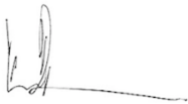
Subject: Improving the efficiency of climate-related financial disclosures

The Business Council for Sustainable Development Australia (BCSDA) supports the objective of reducing unnecessary implementation cost and duplication in Australia's climate-related financial disclosure regime while preserving decision-useful information, credible assurance and international interoperability.

BCSDA is the Australian partner of the World Business Council for Sustainable Development.

BCSDA's members include Australian and multinational businesses operating across complex domestic and global value chains. First-cycle experience points to a practical objective: remove duplicated reporting, repeated interpretation and repeated assurance of substantially the same information, while preserving the integrity and decision-usefulness of the regime. Efficiency should free business resources for better climate data, risk management, transition planning and resilience - not weaken reporting.

Yours sincerely,



Andrew Petersen
Chief Executive Officer
Business Council for Sustainable Development Australia
andrew.petersen@bcsda.org.au

Executive summary

Our response is informed by first-cycle reporting experience, business evidence, Treasury roundtables and current regulator and standard-setter material. It is guided by five principles:

- Reduce avoidable duplication and interpretation cost, not decision-useful information.
- Maintain close interoperability with AASB S2 and IFRS S2, and avoid Australia-specific fragmentation unless a clear net benefit is demonstrated.
- Calibrate assurance, data and implementation requirements to information maturity, materiality, controllability and user value.
- Prefer reuse, reconciliation and clearer implementation guidance before creating new parallel reporting processes.
- Measure efficiency as a net system outcome, including transition and rework costs, rather than as headline compliance-cost reduction alone.

On that basis, BCSDA recommends that Treasury:

- maintain limited assurance as the mandatory baseline, preserve voluntary reasonable assurance, and use a formal evidence review rather than an automatic date-based uplift;
- prioritise targeted, cross-agency implementation guidance in high-judgement areas rather than create additional layers of prescriptive rules;
- reduce value-chain burden through clearer proportionality expectations, better secondary data and interoperable data practices, while avoiding a mandatory universal supplier questionnaire;
- enable greater reuse of National Greenhouse and Energy Reporting (NGER) data and assurance work where differences in period, boundary and purpose are transparently reconciled;
- strengthen sustainability-assurance capability through competency-based workforce measures and targeted recognition of relevant experience, without lowering professional accountability; and
- pursue safeguarded multinational/subsidiary relief, digital interoperability and stronger institutional coordination where these measures preserve Australian entity-specific information and international comparability.

Responses to Treasury consultation questions

The questions below reproduce Treasury's consultation wording. BCSDA responds to each question in sequence, with additional safeguards or alternatives identified where they materially change the policy choice.

Proposal 1 — Adjusting assurance settings

Q1. Which of the options outlined above would help to achieve the four key principles underpinning this reform process (see Box 1)? Please explain any impacts on compliance costs, international alignment, disclosure quality, investor information needs and implementation certainty. Why is this your preferred option?

BCSDA recommends Option 1a as the immediate reform: retain limited assurance as the mandatory baseline, keep reasonable assurance available voluntarily, and require a formal evidence-based review after several reporting cycles. This provides the clearest near-term implementation certainty, is better aligned with current market and data maturity, and avoids forcing businesses and assurance providers toward a higher-cost setting before its incremental user value is demonstrated.

Option 1b defers the mandatory uplift to 2035 but does not itself establish readiness criteria for whether and when reasonable assurance is justified. Option 1c is conceptually attractive, but it risks classification disputes and confusing mixed-assurance reports if 'maturity' is defined by static metric labels rather than observable readiness criteria.^{[1][2][9]}

Alternative if Treasury retains a mandatory pathway to reasonable assurance: BCSDA would prefer an evidence-triggered version of Option 1c, based on observable readiness criteria and formal review, rather than a fixed 2035 date or a static list of 'mature' metrics.

Q2. For reporting entities: Please provide information on the financial and administrative costs associated with obtaining assurance over your sustainability report. Where possible, please provide detailed information to quantify this impact.

Assurance cost should be analysed as a combination of external fees and internal business effort, with one-off establishment costs separated from recurring costs. Evidence from Treasury stakeholder roundtables attended by BCSDA identified duplicated assurance across parent, subsidiary and joint-venture structures, rework caused by differing interpretations, and additional effort where substantially the same emissions information is tested under different periods or frameworks.[9][10]

At Treasury's 3 September roundtable, one participant estimated that reasonable assurance over qualitative disclosures could potentially double or triple costs; BCSDA treats this as an indicative datapoint, not a representative market estimate.[9]

IKEA Australia has separately reported significant first-year investment across external consulting, assurance, governance, scenario analysis, financial-impact modelling and evidence gathering, despite established global sustainability systems.[12]

Treasury should focus reform on the avoidable portion of cost - duplicated work, repeated interpretation and unnecessary evidence collection - rather than assume all first-year expenditure is structural. Treasury should also accept quantified confidential business evidence where public disclosure would be commercially sensitive.

Q3. For assurance providers: How would changes to assurance requirements affect your firm's costs, investment decisions, workforce capability development and service offerings? Where possible, please provide quantitative estimates. Where possible, please provide detailed information to quantify this impact.

Assurance settings are an important demand signal for provider investment. A stable limited-assurance baseline could reduce near-term capacity pressure while providing greater certainty about the skills and systems required for the mandatory market; voluntary reasonable assurance could preserve demand where investor, lender, parent-group or customer requirements justify it. A simple delay to 2035 could postpone rather than solve the capability question. A mixed-assurance model, in which different levels of assurance apply to different information according to maturity and readiness, could support deeper specialist capability for mature information, but would also increase engagement-design and reporting complexity.

Treasury should therefore pair any change to the mandatory pathway with a transparent review timetable and direct provider evidence on workforce investment, pricing and service capacity.[2][9]

Q4. For reporting entities: To what extent are investors, lenders, shareholders or other stakeholders seeking reasonable assurance over sustainability disclosures? Have any stakeholders indicated that the level of assurance influences their decision-making or confidence in reported information?

In the evidence reviewed for this submission, BCSDA has not identified evidence of uniform market demand for reasonable assurance across all climate-related financial disclosure information. The regime remains too new to support a firm conclusion about longer-term user demand. User value is likely to be differentiated: mature quantitative information may support a stronger case for higher assurance than scenario analysis, resilience narratives or other forward-looking estimates. Treasury should not treat reasonable assurance as an automatic proxy for credibility; it should test whether users change capital allocation, lending terms or confidence because of the assurance level.

Where a company has a specific market need, voluntary reasonable assurance should remain available.[1][9]

Q5. For users of sustainability reports: What impacts, if any, would permanently maintaining limited assurance (option 1a) have on investor confidence, access to capital, international comparability or market credibility?

Limited assurance can provide credible independent assurance where the applicable standard, practitioner independence and scope are clear. It is also more consistent with the current maturity of much climate-related information and with the present use of limited assurance in comparable markets.[1][2]

Its longer-term effect on investor confidence, access to capital and market credibility should be tested as reporting practice matures.

BCSDA does not support treating limited assurance as permanently optimal for every disclosure regardless of how the market evolves. The better architecture is a limited-assurance baseline with voluntary uplift, and a scheduled evidence review that can consider whether selected information has become sufficiently mature, decision-useful and cost-effective to justify reasonable assurance.

Q6. For assurance providers: What would a “defined baseline standard” look like for data availability and maturity for option 1c to be viable?

If Treasury retains a maturity-based model, the 'defined baseline standard' should be principles-based rather than a permanent list of metrics. Relevant characteristics include data provenance and completeness; repeatability; internal-control maturity; methodology stability; measurement uncertainty; the proportion of estimates; dependence on third-party information; and whether the information can be reproduced and challenged consistently. The framework should also be capable of accommodating material changes in accepted climate science, scenario practice and related methodologies without hard-coding today's assumptions.

Scope 1 and Scope 2 may often score more strongly against these criteria than Scope 3, but that should be an example rather than a rule. AUASB guidance could use worked examples or rebuttable presumptions while preserving professional judgement.[1][2]

Q7. If a transition to reasonable assurance were retained over the longer-term, what conditions would need to be satisfied before implementation? For example, market capability, data quality, methodological maturity, assurance capacity, or other factors.

Before any mandatory transition to reasonable assurance, Government should demonstrate that: reporting methods are sufficiently stable; data and internal controls can support the higher level of testing; providers and specialists have adequate capacity and relevant knowledge; implementation guidance is materially consistent across the market; users can identify an incremental decision-making benefit; and the expected benefit justifies the additional cost. International alignment should be tested at the same time.

These conditions should be assessed through a formal review using published evidence, not treated as automatically satisfied by the passage of time.[1][2][5]

Proposal 2 — Improving consistency in the application of existing requirements

Q8. Would this option help achieve the guiding principles outlined in this paper? Please explain any expected impacts on compliance costs, international alignment, disclosure quality and implementation certainty.

Yes. Targeted implementation guidance is a comparatively low-disruption way to reduce cost because it addresses repeated interpretation and rework without rewriting the core AASB S2 architecture. The priority should be coordinated, authoritative guidance from the Australian agencies and standard setters responsible for the regime, focused on high-judgement application points and remaining consistent with relevant ISSB materials.

Guidance should explain how to exercise judgement and evidence decisions; it should not become a parallel set of mandatory rules. Done well, this approach should lower advisory and assurance friction while preserving AASB S2 / IFRS S2 interoperability and entity-specific judgement.[1][4][10]

Q9. For reporting entities: What specific practical challenges have you experienced, or do you expect to experience: (a) in applying the “undue cost and effort” principle? Please identify your reporting group and provide examples where possible. (b) In assessing whether your entity has “no material climate-related risks or opportunities”? Please identify your reporting group and provide examples of evidence, governance processes or judgement areas that would benefit from further guidance.

BCSDA sees two recurring implementation problems. For the 'undue cost and effort' principle, the challenge is applying and evidencing the boundary of a reasonable search in practice: what information was reasonably available, when estimates or secondary data were sufficient, and when further collection would be disproportionate. For a conclusion of 'no material climate-related risks or opportunities', the challenge is demonstrating a defensible governance and evidence trail, including the scope of analysis, scenarios

considered, sources used, materiality judgements, thresholds applied where relevant, and the review or approval process.

Guidance should provide worked decision trails and examples rather than hard monetary thresholds or a materiality safe harbour that could weaken risk identification.[1][4][5][10]

Q10. For assurance providers: What guidance would assist you in providing assurance where an entity applies proportionality mechanisms or concludes that it has no material climate-related risks or opportunities?

Assurance guidance should be jointly developed or endorsed by the relevant standard-setting and regulatory bodies. Implementation support under existing standards, including ASSA 5000, should clarify the evidence expected when management applies proportionality mechanisms or concludes that no material climate-related risks or opportunities exist; distinguish management's responsibility for the judgement from the assurance practitioner's responsibility to test it; and provide examples of documentation that is persuasive without requiring the assurance provider to re-perform the entire management process. The objective should be greater consistency of assurance practice without narrowing professional judgement or allowing Treasury guidance to override AASB or AUASB requirements.[2][4][10]

Q11. What form of guidance would be most useful to support implementation (e.g. fact sheets, educational modules, detailed guidance materials, workshops, webinars, etc.)?

The highest-value formats are worked examples, model decision trails, concise fact sheets, decision trees and a consolidated authoritative portal that brings existing material together. Generic awareness webinars have diminishing value if they do not resolve a defined implementation problem.

Sector examples and workshops remain useful where the underlying facts genuinely differ, but the test should be whether the material replaces repeated interpretation effort and produces more consistent outcomes across preparers, advisers and assurance providers.[1][10]

Q12. Are there any additional areas of guidance that should be considered? Please explain why and how this would improve the efficiency of the sustainability reporting framework.

BCSDA recommends that additional guidance first prioritise anticipated financial effects and value-chain boundaries / Scope 3 estimation, where judgement is both costly and consequential; followed by scenario analysis and physical-risk judgements, materiality and proportionality documentation, evidence expectations for assurance, connectivity between climate information and financial reporting, and reporting by unlisted, subsidiary and multinational entities. Director-facing guidance would also help clarify the governance evidence expected around material judgements.

As External Reporting Australia commences, there is an opportunity to consolidate fragmented implementation material into a clearer, version-controlled pathway with explicit agency ownership. Guidance should remain problem-led: each new resource should identify the implementation friction it is intended to remove and should avoid creating a new checklist or shadow standard.[1][4][5][7][10]

Proposal 3 — Setting clearer boundaries on value-chain information requests

Q13. For entities in the supply chain of reporting entities: What has been your experience receiving climate-related financial disclosure information requests, including requests made directly by reporting entities or by third-party data collection providers? Please describe the nature, frequency and administrative impact of these requests.

Value-chain requests should be proportionate, risk-tiered and materially connected to the reporting entity's disclosure needs. Scope 3 emissions disclosures become mandatory from a reporting entity's second reporting year; Treasury's Scope 3 roundtable identified concern about duplicated requests, third-party data portals and capability burdens for smaller suppliers.[1][11]

Reporting entities should not be encouraged to seek primary data simply because it is technically possible to request it. Guidance should support reuse of credible information, prioritisation of material suppliers or categories, and use of estimates or secondary data where AASB S2 permits them. Government should also monitor supplier burden as Scope 3 reporting scales, including the number and frequency of requests and the administrative impact on small and medium-sized enterprises (SMEs).[1][4][11]

Q14. For reporting entities: What has been your experience engaging your value chain partners to gather data for reporting climate-related information so far? Please identify key challenges, including data availability, supplier capability, cost, consistency and use of third-party data providers.

BCSDA recommends a progressive data-quality hierarchy. Primary supplier data should be prioritised where the category is material, operational differences materially affect the result, or the information is reasonably available and decision useful. One Member reports anecdotally that supplier capability and cost are already emerging as practical constraints in the first reporting tranche, reinforcing the need for proportionate request practices and reusable information.

Credible secondary factors, estimates and industry averages should remain acceptable where primary collection would be disproportionate or add little decision value. Third-party platforms can improve collection efficiency, but reporting entities still need visibility over methodology, provenance, controls and changes in estimation approach. The objective should be better information for risk and transition decisions, not maximum data collection for its own sake.[4][11][14]

Q15. For investors and other users of climate disclosures: What information relating to value-chain climate risks, opportunities and emissions is most important for decision-making? Please identify any information that you consider particularly valuable when assessing an entity's climate-related risks and opportunities.

The most useful value-chain information is information that changes the assessment of material climate-related risks, opportunities or transition exposure. This may include concentration in material Scope 3 categories, exposure to high-risk suppliers or customers, trends over time, significant transition actions, material financial effects associated with supplier, customer or transition exposures, and transparent explanation of data quality and estimation methods.

More granularity is not automatically more decision useful. Treasury should preserve the investor-usefulness discipline in AASB S2 and avoid driving collection of supplier-level information that does not change the user's assessment of the entity's prospects.[1][4]

Q16. For investors and other users of climate disclosures: Are there specific circumstances where entity-specific primary data is important for decision-making? Conversely, are there circumstances where emissions factors, industry averages or other secondary data sources are sufficient for these purposes?

Entity-specific primary data is most important where the category is material, the supplier or asset has distinctive emissions or risk characteristics, the information is used to manage performance or contractual decisions, or primary data are already reasonably available. Secondary data can be sufficient for screening, early-stage estimation and categories where supplier-specific information would not materially alter the result.

BCSDA supports a progressive hierarchy in which data quality improves over time in proportion to materiality and decision value, rather than a blanket expectation of primary data across the value chain.[4][14]

Q17. Would greater availability of standardised domestic emissions factors or other secondary data sources reduce the need for, or the burden created by, value-chain information requests? What types of emissions factors, sectors or data sources would be most useful for sustainability reporting purposes?

Yes, better secondary data can reduce unnecessary supplier requests, particularly in fragmented sectors and for SMEs, but it should be treated as enabling infrastructure rather than a substitute for material entity-specific information. Government should prioritise curation and version control of reputable existing factors, make methodologies transparent, improve consistency between national and state sources, and fill demonstrated sector gaps. The value of new factor infrastructure should be tested by whether it reduces repeated requests or improves comparability, not by the volume of new datasets created.[1][12][13]

Q18. Would standardising data requests for supply chain entities constrain the ability of reporting entities to obtain the data they need to fulfill their reporting obligations?

BCSDA does not support a mandatory universal supplier questionnaire. Standardising definitions, units and a small common core of reusable data fields can reduce reformatting and repeated requests; standardising the

obligation to collect information can instead normalise unnecessary requests and constrain entity-specific risk assessment. A better model is an optional interoperable core, with additional information sought only where it is material and justified. This would give suppliers a reusable base while preserving the flexibility reporting entities need to meet AASB S2.[1][11]

Q19. Are there any examples where industry-led standards or common practices are emerging to help standardise the information that is being requested by reporting entities of their value chain partners?

Government should build on existing international accounting architecture where it demonstrably reduces rework, including the GHG Protocol's established Scope 3 framework.[14]

Government should separately assess sector methods and data-exchange tools where they demonstrably reduce duplicated requests and remain interoperable with AASB S2 and international practice. The policy objective should be common definitions and reusable interfaces, not a new Australia-only taxonomy. Any industry-led approach should provide adequate transparency over methodology and data quality.

Other potential avenue — Improved alignment between domestic frameworks and AASB S2 requirements

Q20. For entities subject to both sustainability reporting and NGER reporting requirements: what practical challenges arise when different reporting periods apply? (a) Please provide examples or evidence of the administrative and assurance effort or compliance costs associated with differences between NGER and sustainability reporting periods. (b) To what extent do the existing flexibilities within AASB S2 assist in managing differences between reporting periods?

BCSDA supports greater reuse of NGER information where it avoids genuinely duplicated preparation and assurance. For Scope 1 and Scope 2, an entity should be able to use NGER-period data, controls and relevant assurance work where the organisational boundary and measurement basis are compatible, provided it supplies a clear bridge to the sustainability reporting date and discloses material changes in the gap period.

Reuse should be optional, not mandatory: entities whose financial-year information is already efficient or materially different should retain the ability to report on that basis. The reform should reduce duplication without weakening connectivity between climate information and financial performance.[1][13]

Q21. For assurance providers: How can the delivery of assurance engagements help to manage differences in NGER reporting and financial reporting periods? How does this affect assurance scope, resourcing and cost?

The assurance framework should facilitate use of existing NGER-related work where the scope, criteria and evidence are sufficiently compatible. AUASB guidance could clarify what constitutes sufficient compatibility of scope, criteria and evidence; when an assurance practitioner may rely on or use prior work; what additional procedures are required for a gap period; and when differences in boundaries, objectives or standards mean re-performance is necessary.

The aim should be to avoid testing substantially the same data twice while preserving the lead practitioner's responsibility for the sustainability assurance conclusion.[2][9]

Q22. For investors and other users of climate-related financial disclosures: Would allowing alignment of reporting periods for scope 1 and 2 with NGER reporting periods for these emissions affect the value of the reported data for investors and what risks or unintended consequences should Government consider?

Using NGER-period Scope 1 and Scope 2 information may preserve user value where emissions are stable and a transparent bridge identifies significant changes before the financial reporting date. The risk arises where acquisitions, divestments, closures, major energy changes or other events make the earlier period unrepresentative.

BCSDA therefore supports alignment only with a material-change bridge and clear explanation of the relationship between the NGER period and the entity's financial reporting period. This approach can improve efficiency without assuming that temporal mismatch is immaterial in every case.[1][13]

Q23. For investors and other users of climate-related financial disclosures: Would differences between emissions reporting periods and financial reporting periods affect the usefulness of climate-related disclosures for decision-making purposes? Why or why not?

Differences between emissions and financial reporting periods can reduce usefulness where material events occur in the gap or where users need direct same-period connectivity with financial performance. They need not do so where the emissions profile is stable, and the company transparently reconciles the periods.

BCSDA therefore favours a materiality-based reconciliation model rather than either compulsory same-period reporting or unconditional substitution of NGER-period data. The test should be whether the user can understand what changed and whether that change matters to the assessment of the entity.[1][4]

Other potential avenue — Registered Company Auditor practical experience requirements

Q24. For assurance providers: Do the current RCA eligibility requirements create any challenges in developing sustainability assurance capability (for example due to disincentives for individuals working towards RCA registration from taking on sustainability assurance work)?

Registered company auditor (RCA) eligibility settings may contribute to capability constraints, but they should not be treated as the sole or necessarily principal cause. Treasury's own roundtables point to a broader market-development challenge involving specialist scarcity, integration of climate expertise into assurance teams, training, demand uncertainty and the maturity of reporting systems.[9][10]

BCSDA supports reviewing whether relevant supervised sustainability-assurance experience receives appropriate recognition within the RCA pathway, while retaining the professional accountability, ethics, independence and core assurance competencies expected of a statutory auditor.

Q25. For assurance providers: To what extent are any challenges arising from the current RCA framework creating immediate impacts on the availability, cost, capability or quality of sustainability assurance services?

Immediate availability, cost and quality in sustainability assurance are likely to reflect several interacting factors: rapid demand growth, specialist scarcity, first-cycle learning, technology and data maturity, and the career incentives created by professional pathways.

RCA settings may be one contributor, but changing them alone should not be expected to solve the market. Government should track practical indicators - tender participation, lead times, pricing, staff mix, specialist use and quality findings - and target reform at the constraint that the evidence shows is material.[1][9]

Q26. For reporting entities and assurance providers: What role have internal and external sustainability experts played in sustainability assurance engagements to date?

Internal and external sustainability experts should be a normal part of multidisciplinary assurance teams where the subject matter requires them.

Relevant expertise includes greenhouse-gas accounting, finance, organisational risk, climate science, scenario analysis, physical-risk modelling, sector methods and sustainability data systems. Their role is to strengthen the technical basis of the engagement, not to displace the assurance practitioner's responsibility for evidence, professional judgement, ethics, independence and the final assurance conclusion.[2][9]

Q27. For reporting entities and assurance providers: Do current arrangements appropriately recognise sustainability expertise within assurance engagements?

Current assurance standards allow specialists to contribute. Treasury should test whether current career, credential and experience-recognition arrangements create practical barriers to building multidisciplinary capability.

BCSDA supports clearer competency mapping and career pathways that recognise substantive sustainability expertise while preserving the distinction between subject-matter expertise and assurance competence. Professional bodies and regulators should make it easier to understand how specialist experience contributes to team competence and professional development, without creating a separate lower-accountability class of assurance provider.[2]

Q28. For reporting entities: Have you experienced any challenges in obtaining sustainability assurance services with appropriate climate-related expertise? If so, please describe the nature and extent of those challenges.

Evidence from Treasury roundtables attended by BCSDA indicates uneven access to, and integration of, climate-related expertise. Participants described cases where reporting teams had to explain climate concepts to financial auditors, and concerns that some mid-tier providers were still building specialist capacity.[9][10]

The relevant capability question is therefore not simply whether a provider is available, but whether the engagement team combines sufficient assurance skill and climate expertise to test the information efficiently. Government and professional bodies should monitor provider capacity and support transparent competency expectations as the market scales.

Q29. For assurance providers: What changes to the RCA framework would you suggest to address any identified challenges?

BCSDA supports a targeted review of the RCA experience pathway. If Government decides to recognise supervised sustainability-assurance engagements toward RCA practical-experience requirements, this will require a change to the current experience-recognition framework identified by Treasury.[1]

Relevant experience should count only to the extent that it demonstrates transferable assurance competencies, with appropriate weighting and safeguards. Any reform should retain core requirements relating to audit methodology, evidence, professional judgement, ethics and independence.

BCSDA does not support solving a capability problem by lowering the accountability floor; the objective is to recognise and build relevant experience more intelligently within a high-quality professional framework.[1][2]

Q30. For assurance providers: If sustainability assurance was to be recognised as relevant experience for the purposes of auditing sustainability reports under the Corporations Act, what sustainability assurance qualifications, skills or experience may be appropriate to consider and why?

If sustainability assurance experience is recognised, the competency framework should cover supervised assurance engagement experience; planning and risk assessment; evidence and controls; assurance methodology; ethics and independence; greenhouse-gas and climate-related technical knowledge; use and evaluation of specialists; and connectivity between sustainability and financial reporting.

Qualification titles alone should not determine eligibility. The relevant question is whether the practitioner can demonstrate the combination of assurance judgement and sustainability competence required to support a statutory conclusion.[2]

Q31. Are there alternative approaches that could support the development of sustainability assurance capability while maintaining confidence in the quality and independence of assurance engagements? Please provide examples where possible.

RCA reform should be only one element of capability development. Other useful measures include targeted continuing professional development (CPD), structured supervised-experience pathways, specialist accreditation that sits alongside - not instead of - assurance accountability, multidisciplinary team competency frameworks, sector-focused training and clearer guidance on using internal and external experts.

Government should use a portfolio of measures because the market constraint may differ by provider, sector and disclosure type. A single credential change is unlikely to address every capability bottleneck.[2][9]

Q32. For investors and other users of sustainability disclosures: How important is specialist sustainability expertise in providing confidence in sustainability assurance engagements?

Specialist sustainability expertise is important to engagement quality where the information is technically complex, particularly emissions, scenario analysis, physical risk and climate-related estimates. It is not a substitute for the quality and independence of the assurance engagement.

Whether users attach incremental confidence to visible specialist involvement should be tested directly with investors and other report users.

BCSDA considers the strongest model to be one in which the lead practitioner remains clearly accountable, specialist competence is demonstrable and appropriately integrated, and the assurance report gives users a clear understanding of the scope and level of assurance provided.[2]

Interaction of proposals and other ideas to be considered

Q33. Which proposal or combination of proposals would deliver the greatest improvement in efficiency relative to implementation effort? Please explain your reasoning.

BCSDA recommends a sequenced package rather than a single reform.

First, implement Proposal 2 through targeted authoritative guidance and Proposal 3 through proportionate value-chain boundaries and better secondary data - both can reduce friction without redesigning the core standard.

Second, recalibrate assurance by adopting a limited-assurance baseline with voluntary uplift and a formal evidence review.

Third, enable greater reuse of NGER data and existing assurance work and develop safeguarded multinational/subsidiary relief.

Fourth, pursue targeted RCA experience reform alongside broader capability measures. This sequence offers the strongest prospect of net efficiency while minimising transition rework from too many simultaneous system changes.[1][9][10][11]

Q34. Are there any significant risks or unintended consequences that may arise from implementing one or more proposals outlined in this paper? If so, how could those risks be mitigated?

The principal risks are:

- fragmentation from Australia-specific rules;
- loss of decision-useful information in the name of simplification;
- transition costs from repeated system redesign;
- guidance becoming shadow regulation;
- mixed assurance that users find difficult to understand; supplier standardisation that increases rather than reduces requests; and

misalignment with other jurisdictions implementing IFRS-aligned sustainability reporting;

- multinational relief that removes material Australian entity-specific information.

Each reform should therefore pass an interoperability and information-integrity test, have clear agency ownership, include proportionate transition arrangements and be reviewed against evidence of actual cost reduction and user value. Simplification should remove duplication, not weaken the core purpose of climate-related financial disclosure.[1][4][5]

Q35. Are there any additional efficiency-enhancing policy proposals that Government should consider which are consistent with the objectives and scope of this consultation process? Please explain how any proposed reform would improve efficiency while maintaining disclosure quality, international alignment and implementation certainty.

BCSDA recommends four additional efficiency measures.

First, create a safeguarded multinational/subsidiary pathway that allows appropriate reliance on an equivalent parent sustainability report, with an Australian addendum for material local risks, opportunities, governance and other entity-specific information. ASIC's relief register shows that equivalent parent reporting can already be relevant in case-specific relief decisions; clearer eligibility criteria could reduce duplication while preserving local accountability.[6]

Second, adopt a 'collect and control once, reuse where fit for purpose' principle across NGER, climate-related financial reporting, group reporting and assurance, supported by reconciliation where periods, boundaries or criteria differ.

Third, establish a staged roadmap for machine-readable climate-related financial data and reusable structured reporting, aligned with the IFRS Sustainability Disclosure Taxonomy, so digital interoperability reduces future reporting and data-handling cost rather than creating a new short-term compliance exercise.[8]

Fourth, use External Reporting Australia as a coordination anchor for standard-setting and assurance, working with ASIC and Treasury under explicit agency responsibilities to make the implementation pathway clearer across standards, assurance and guidance.[7]

These reforms should preserve AASB S2 / IFRS S2 interoperability and should not expand the substantive scope of mandatory climate disclosure beyond this consultation.[1][4]

Implementation and evidence controls

Implementation design is part of the efficiency test. Each adopted reform should identify the responsible agency or standard setter, transition rule, commencement timing, interaction with existing guidance and standards, and the evidence that will be used to test whether the reform is delivering net efficiency without weakening disclosure quality or comparability. Where a long-term setting depends on market maturity, user demand or capability, Government should specify the review point and the decision criteria in advance.

Treasury should also establish a practical evaluation baseline for the reforms, including preparer time and external cost, duplicated assurance activity, supplier-request burden, frequency of interpretation disputes, provider capacity and selected indicators of user value. That will allow future simplification to distinguish genuine structural burden from normal first-cycle learning and will make the next review evidence-led rather than anecdotal.

Conclusion

Australia can improve the efficiency of climate-related financial disclosure without reversing progress toward consistent, credible and internationally comparable reporting. BCSDA recommends a package that maintains limited assurance as the mandatory baseline with an evidence review; targets high-cost implementation uncertainty through authoritative guidance; makes value-chain requests more proportionate; reuses NGER and assurance work where fit for purpose; builds multidisciplinary assurance capability; and reduces duplication for multinational groups while preserving Australian entity-specific information.

This is not a case for weakening climate disclosure. It is a case for maturing the architecture so that business effort is concentrated on the quality of climate data, governance, risk management, transition planning and resilience rather than duplicated process. The enduring test for reform should be whether it improves decision-useful information and business implementation at lower net system cost while maintaining confidence and international interoperability.

References

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