ARA SUBMISSION TO TREASURY REGARDING CLIMATE-RELATED FINANCIAL DISCLOSURE

The Australian Retailers Association (ARA) welcomes the opportunity to comment on proposed reforms to climate-related financial disclosure requirements.

The ARA is the oldest, largest and most diverse national retail body, representing a $400 billion sector that employs 1.3 million Australians – making retail the largest private sector employer in the country. As Australia’s peak retail body, representing more than 120,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community.

We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate in all states and territories, and across all categories - from food to fashion, hairdressing to hardware, and everything in between.

The ARA and our members have a strong commitment to Australia’s transition to net-zero emissions as evidenced by our Net-zero Roadmap, Climate Action Plan and recently launched resources to support retailers in implementing and accelerating their own transition to net-zero.

The ARA broadly supports the reform principles outlined in the consultation paper released by Treasury in December 2022. We also broadly support the proposed disclosure framework as it will provide the requisite flexibility for retailers to expand into the rapidly evolving state of natural capital disclosure and will support transparent public disclosure of all value chain emissions.

The ARA makes the following observations and recommendations in relation to the proposed changes to financial disclosure requirements.

- We believe that government and regulators must take an active role in upskilling and supporting all impacted businesses prepare for any future changes in disclosure requirements. This could be done in partnership with industry associations, such as the ARA and we would welcome further engagement on this.

- We believe that alignment with relevant international standards is highly desirable but that the Australian standards need to be fit for purpose for our local needs and requirements.

- We believe that recommendations made by the Taskforce for Climate related Financial Disclosure (TCFD) must be taken into account in the development of future requirements.

- We believe that small and medium sized businesses (with revenues up to $100 million) should be exempt from these climate-related financial disclosure requirements.

- We agree with an annual reporting obligation, which will be less burdensome than more frequent reporting and aligns with other annual financial reporting requirements.
• We believe that industry must be engaged in developing a reporting framework and guidelines based on consistent metrics that avoids duplication of requirements.

• We believe that any future compliance framework should adopt an approach based on education and improvement first, to encourage best efforts and not punish unintentional non-compliance. The ARA would welcome the opportunity to be involved in government-led education and awareness campaigns.

Thank you again for the opportunity to provide a submission to the Treasury. We look forward to further engagement as the proposed reforms are implemented.

Any queries in relation to this submission can be directed to our policy team at [insert contact information].

Yours sincerely,

[Name]

Chief Executive Officer