

# Australian Constructors Association Review of the Climate-Related Financial Disclosures Consultation Paper - June 2023 - The Treasury

July 2023

The Australian Constructors Association (ACA) welcomes the opportunity to make a submission on the Climate-related Financial Disclosure: second consultation paper.

## About us

Established in 1994, ACA is a trusted voice for the construction industry. We are the only representative body covering the three key sectors of the industry—vertical, horizontal and services. Collectively, our members construct and service over 90 per cent of the value of major infrastructure projects built in Australia.

## Introduction

ACA is supportive of the key aspects of the proposed legislation to require reporting entities to lodge reports that cover their climate-related financial disclosures in line with a globally recognised standard.

As a group, we are well aware of the dominance of Scope 3 emissions as a proportion of our GHG emissions profile and are therefore supportive of a federally mandated and harmonised requirement to consistently report on Scope 3 emissions. It is only through a nationally consistent approach that we can take better steps to charting the course to a national net zero emissions achievement.

The proposed legislation will drive the changes needed to account for and fully understand and disclose the full scope of emissions and chart abatement commitments and outcomes. The transparency this reporting seeks to provide will also create a level playing field for the construction sector to better collaborate in pursuit of emissions reductions actions.

We also support the disclosure of full Scope 1-3 emissions from the first reporting year, with the legislation setting clear boundaries on which elements of Scope 3 emissions are deemed to be included to drive consistency in data acquisition and reporting. We believe this is crucial to create the impacts required to drive down carbon emissions across the country.

## Issues

1. Flexibility in annual reporting periods: Some ACA members already report internationally against frameworks such as TCFD and CDP which have different reporting periods. In order to simplify accounting and reporting for entities which already report on different timelines, e.g. Apr-Apr or Calendar Year, we request consideration for the legislation to provide flexibility in annual reporting periods so

that this legislation does not impose additional accounting burden where the information is already being collected and reported.

2. Expanding the net: In FY22, only 417 entities reported to NGERS. It may be prudent to extend to entities beyond those that trigger the NGERS reporting threshold. For example, it might be more appropriate for the legislation to remove the 'Entities required to report under Chapter 2M of the Corporations Act that are a 'controlling corporation' under the NGERS Act and meet the NGER publication threshold' and simply base the requirement to report solely on meeting two of the three thresholds: (e.g. for Group 1)
  - Has over 500 employees;
  - The value of consolidated gross assets at the end of the financial year of the company and any entities it controls is \$1 billion or more;
  - The consolidated revenue for the financial year of the company and any entities it controls is \$500 million or more.
3. ACA requests that NGERS reporting requirements are incorporated into this new legislation in order to streamline reporting and avoid duplicate reporting.
4. ACA supports the use of a science-based targets framework (e.g. keeping warming to under 1.5C max) for industry-based targets and metrics as a way of ensuring that the data gathered and reported is sufficiently broad to capture the full scope and drive the emissions reductions needed to avoid catastrophic climate change.

Thank you for considering ACA's feedback in the development of this new legislation. We look forward to continuing to work with Government on this important priority.

## CONTACT



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