

Climate Disclosure Unit
Market Conduct and Digital Division
Treasury
Parkes, ACT 2600
By email: climatereportingconsultation@treasury.gov.au



21 July 2023

Dear Corporations Branch,

RE: Submission to the second climate-related financial disclosure consultation

The Australian Land Conservation Alliance (ALCA) welcomes the opportunity to provide a submission to the Treasury's second consultation on climate-related financial disclosure.

Please note that ALCA is happy for this submission to be published in full.

Summary

Alongside climate-related financial risks, nature-related financial risks are also rapidly escalating for Australia's economy, society, and businesses.

Whilst the escalating impacts of the climate crisis have taken hold within the Australian public consciousness, the parallel crisis facing our natural world is less widely known. And yet, the World Economic Forum has already declared nature loss "a planetary emergency"¹ with four of the top eight most severe risks on a global scale over the next ten years identified as environmental risks²:

"Humanity has already wiped out 83% of wild mammals and half of all plants and severely altered three-quarters of ice-free land and two-thirds of marine environments. One million species are at risk of extinction in the coming decades – a rate tens to hundreds of times higher than the average over the past 10 million years...."

Human societies and economies rely on biodiversity in fundamental ways. ...over half the world's total GDP – is moderately or highly dependent on nature and its services.³

Using the same methodology, **approximately half of Australia's GDP has also been demonstrated as having a moderate to very high dependence on nature**⁴.

The key findings of the Federal Government's 2021 State of Environment Report highlight the seriousness of the nature crisis as specific to Australia:

"Overall, the state and trend of the environment of Australia are poor and deteriorating as a result of increasing pressures from climate change, habitat loss, invasive species, pollution and resource extraction. Changing environmental conditions mean that many species and ecosystems are increasingly threatened. Multiple pressures create cumulative impacts that amplify threats to our environment, and abrupt changes in ecological systems have been recorded in the past 5 years.

¹ See: World Economic Forum, January 2020; <https://www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy>

² See: World Economic Forum, *Global Risks Report 2022*; https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2022.pdf; the risks are climate action failure (1st); extreme weather (2nd); biodiversity loss (3rd); human environmental damage (7th); natural resource crises (8th).

³ See: World Economic Forum, *Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy*, January 2020; <https://www.weforum.org/reports/the-global-risks-report-2020>

⁴ See: Australian Conservation Foundation, *The nature-based economy: How Australia's prosperity depends on nature*, September 2022; <https://www.acf.org.au/how-australias-prosperity-depends-on-nature>

...Our inability to adequately manage pressures will continue to result in species extinctions and deteriorating ecosystem condition, which are reducing the environmental capital on which current and future economies depend. Social, environmental and economic impacts are already apparent.⁵

Indeed in 2021, Australian scientists confirmed evidence that already 19 of Australia's ecosystems have either collapsed or are collapsing⁶.

Yet, despite this clear trajectory towards social, economic and environmental decline, it is noted that the proposed response to sustainability-related risk does not incorporate any future-proofing for nature-related risk disclosure, nor for any other sustainability-related risks other than climate change. The absence of nature-related risk disclosure or signals to this in the context of the TCFD framework would present a missed opportunity to begin to mobilise Australia's private sector to respond to nature-related risks.

Whilst we recognise that work of the Taskforce on Nature Related Financial Disclosures (TNFD) is still to be finalised, the seriousness and urgency of rapidly escalating nature-related risks to Australia's businesses and economy commands urgent action. If legislative options are not able to be included at this time, then the Government should use existing policy levers to provide early guidance for business on nature-related financial disclosures.

Recommendations

1. That the Treasurer should write to the ASIC Chair and Commissioner to urge ASIC to develop and provide early public guidance on nature-related risk disclosures.
2. That the Treasury and other Government economic and financial agencies consider how to use the existing policy levers available to develop and provide early guidance for business on nature-related financial disclosures.

Thank you again for the opportunity to contribute to the Treasury's second consultation on climate-related financial disclosure.

If you have questions regarding the submission, please do not hesitate to contact ALCA [REDACTED], Policy Lead).

Yours sincerely,

[REDACTED]

[REDACTED]

**Chief Executive Officer
Australian Land Conservation Alliance**

⁵ See: 2021 State of Environment Report; <https://soe.dcccew.gov.au/overview/key-findings>

⁶ See: Bergstrom et. al, 'Combating ecosystem collapse from the tropics to the Antarctic', *Global Change Biology*, 2021; <https://onlinelibrary.wiley.com/doi/10.1111/gcb.15539>

About the Australian Land Conservation Alliance

The Australian Land Conservation Alliance is the peak national body representing organisations that work to conserve, manage, and restore nature on privately managed land. We represent our members and supporters to grow the impact, capacity, and influence of private land conservation to achieve a healthy and resilient Australia. Our sixteen members are:

- Arid Recovery
- Australian Wildlife Conservancy
- Biodiversity Conservation Trust NSW
- Bush Heritage Australia
- EcoGipps
- GreenCollar
- Greening Australia
- Landcare Australia
- Nature Foundation
- Odonata
- Queensland Trust for Nature
- South Endeavour Trust
- Tasmanian Land Conservancy
- The Nature Conservancy Australia
- Trust for Nature (Victoria)
- World Wildlife Fund - Australia

ALCA member land conservation efforts have influenced over 3 million square kilometres with more than 4,000 landholders. We have over 70,000 supporters and our combined annual turnover exceeds \$280 million. Together ALCA and its members address some of the most pressing conservation issues across the country, including restoring endangered ecosystems, building the protected area estate, tackling invasive species, expanding private conservation finance, and funding and using nature-based solutions to tackle climate change.

Through their active land management, ALCA member organisations are deeply embedded in rural communities and economies, providing jobs, securing significant regional investment, and safeguarding remaining native habitat, with its many positive spill-over effects for community, wellbeing, and food security. We seek to demonstrate the role and value of private land conservation as a cornerstone of the Australian economy.

Some ALCA members are statutory entities; the views expressed in this submission do not necessarily represent the views of the Government administering those statutory entities.