



# Counting Numbers

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Sustainable Finance Unit Climate and Energy Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

## Submission to Treasury re Sustainable Finance Strategy (SFS)

### *About The Author - Jennifer Le Savéant (nee Burns)*

Jennifer is a founding partner of Counting Numbers, a Certified Practising Accountant (CPA), BAS Agent & MAICD, who holds a Harvard Certificate in Sustainable Business Strategy, a Master's Degree in Professional Accounting and a Bachelor's Degree in Marketing. She has over 25 years' experience in high profile Accounting, Tax, Board Director & Committee roles, and is now managing projects for Counting Numbers, participating in Sustainability Projects and raising Impact Funding.

### *Counting Numbers*

Jennifer started her public practice in 2011 focusing on BAS Agent & Management Accounting services for privately-owned entities. As part of her practice she also prioritised the provision of some consistent, longer-term volunteer and pro-bono services, in order to improve access to quality advice for many in the social/first nations enterprise and social services sectors in Qld and to improve her own learnings.

### *Summary*

As a practising CPA and sustainability advocate, I am making this submission to confirm that access and interest in a Sustainable Finance Strategy should not be limited to those entities in the upcoming mandatory climate reporting landscape.

A broadly accessible, understandable and national Sustainable Finance Strategy is urgently needed by every enterprise in Australia. Doing so can accelerate our acute need to move along the pathway to net zero and reduce barriers to investment in sustainable activities for as many as possible in private enterprise, in addition to other applicable sustainability issues facing our world.

In my submission, I have chosen to highlight feedback on the smaller end of the for-profit business economy, in addition to the social/first nations enterprise sector. I have chosen not to focus on not-for-profit enterprises, as I believe this sector needs a dedicated approach and hope that someone else will take up that challenge in this submission process. I have also used a Q&A format in the following pages to address key priorities 1, 2 & 3 under Pillar 1 only, as I see these as most relevant to the target enterprises I have selected. Thus the answers provided in the pages that follow are particularly in response to my experience with small business enterprises in the for-profit and social/first nations enterprise space, in addition to my interest in sustainability. They summarise my ideas and learnings and focus on accelerating to net zero.

Ensuring that these enterprises find ways to finance their own transitions can allow them to take advantage of new opportunities that can arise, enable them to identify risks and ultimately to survive the transition to the 'real cost of doing business' into the future. In addition to allowing larger enterprises with upcoming mandatory climate reporting to gain maximum leverage, particularly in downward Scope 3 emission chains.

## **Pillar 1 - Improve transparency on climate and sustainability**

**Access to credible, accurate and actionable information on climate and sustainability is critical for the efficient operation of markets and effective allocation of capital. These proposals will help provide more credible and comprehensive information about sustainability opportunities, risks and impacts.**

By including those doing business in the smaller end of the economy, more credible, accurate and actionable information on climate and sustainability could be gathered and increased transparency and action on Scope 3 emissions could occur. These entities could include:

- a small business entity (SBE) - recognised by the Australian Taxation Office (ATO) as having an aggregated turnover of less than \$10M
- a social/first nations enterprise (SFE) - doesn't have an ATO outline but deserves one, to recognise the accelerated pathway that many of these entities are on in terms of their net zero transitions

The following ideas and answers to the first three priorities of Pillar 1 are made in relation to enterprises that consider themselves in either categories above. I also see the role of the ATO as key for this group by providing the required level of legislative authority, information and incentives to drive change swiftly.

### **Priority 1: Establish a framework for sustainability-related financial disclosures - For feedback**

**• What are the opportunities for Government, regulators and industry to support companies to develop the required skills, resources and capabilities to make climate disclosures under the proposed new obligations?**

- a) Provide regulatory opportunities and/or certification for SBE's & SFE's to service the value chains of those who are entering the mandatory climate disclosure scheme. Also provide education and information to this group on the intricacies of all Scope emissions and dangers of Greenwashing.
- b) Recognise the unique nature of SFE's and give them the capability to be classified according to that uniqueness and their ability to leverage their skills and services to mandatory reporters.

**• How should the Government, regulators and industry prepare for global developments in sustainability-related financial disclosure frameworks and standards, including the TNFD?**

- c) Include options for SBE's & SFE's early adoption in policy decisions on these matters and decide which elements of global developments could be part of such an early adoption process.

### **Priority 2: Develop a Sustainable Finance Taxonomy - For feedback**

**• What are the most important policy priorities and use cases for an Australian sustainable finance taxonomy? What are the key insights from international experience to date?**

- d) To create certainty about valuable first mover advantages and net zero classifications to incentivise rapid change, create enforcement and penalties to discourage non action and green washing.
- e) To study the Australian Impact Investment environment which already has provided some important and financially viable examples of investment in sustainability projects run by SBE's and SFE's.

- f) To look at the many international Impact investment initiatives being run by smaller business and first nations entities and see how they can provide descriptions of best practice and other learnings.
- g) My key insights to date would be the lack of an internationally-based set of standards, prior to the issuing of IFRS S1 and IFRS S2 in June 2023. In addition to a past culture of short-term incentivisation of business leaders and enterprises without proper concern for environmental, social and corporate governance (ESG) and lack of belief in the available climate science.

**• What are priorities for expanding taxonomy coverage after the initial focus on climate mitigation objectives in key sectors?**

- h) Expand such a taxonomy to take account of a circular economy model, including SBE's & SFE's.

**• What are appropriate long-term governance arrangements to ensure that the taxonomy is effectively embedded in Australia's financial and regulatory architecture?**

- i) Review the Australian Crowd-sourced Funding regulations and any other SBE & SFE capital raising rules to embed applicable and appropriate taxonomy related to the final SFS policy.

**Priority 3: Support credible net zero transition planning - For feedback**

**• What are key gaps in Australian capability and practice, including relative to 'gold standard' approaches to transition planning developed through the TPT and other frameworks?**

- j) The certification requirements that accountants, auditors and financial advisors can be expected to achieve in order to support SBE & SFE clients.
- k) Lack of cost effective transition planning software and technology for SBE & SFE entities and their advisors to utilise.
- l) Lack of goods and services currently available to meet SBE & SFE client's transition planning goals and the unknown costs of compiling and meeting such a plan.

**• To what extent will ISSB-aligned corporate disclosure requirements improve the transparency and credibility of corporate transition planning? What additional transition disclosure requirements or guidance would be most useful in the medium-term?**

- m) Due to ISSB's mantra of 'climate first, but not climate only', there is now hope that transition planning can expand to nature and biodiversity and onwards to a circular economy model for all.
- n) Australian-based industry sector guidance at the SBE & SFE entity level would also be very helpful.

**• Are there related priorities and opportunities for supporting enhanced target setting and transition planning for nature and other sustainability issues?**

- o) Provide extensive income tax incentives and grants to enable SBE's & SFE's to access low emission equipment, goods and services to lower emissions for mandatory reporter's value chains.
- p) Improve ability for solar energy assets to be added to commercial rental premises of SBE's & SFE's.
- q) Improve soft plastics and other recycling or re-use options for SBE's and SFE's waste products.