Australian Government
The Treasury

Commonwealth Climate Disclosure

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In the spirit of reconciliation, the Treasury acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

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Commonwealth Climate Disclosure Report

Commonwealth Climate Disclosure is the policy for Commonwealth entities to publicly disclose their exposure to climate risks and opportunities, as well as their actions to manage them. This disclosure addresses year 2 reporting provisions for tranche one entities, including Commonwealth departments of state. Treasury recognises in its Corporate Plan that climate change and the net zero transition will have a bearing on our future economic and fiscal performance. Treasury is progressively integrating climate-related risk and opportunity management into its overall risk management process.

The Delivery Oversight Committee[1], the independent Audit and Risk Committee and the Executive Board provide the Secretary with assurance that climate-related risks are being appropriately managed. Part 3 of Treasury's 2025-26 Annual Report provides an overview of Treasury's risk management and governance arrangements.

Climate risk

Treasury conducted its annual climate risk and opportunity assessment in line with the Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024–26 as well as the Commonwealth Risk Management Policy. In accordance with Commonwealth Climate Year 2 Disclosure requirements, we have utilised all reasonable and supportable information available without undue cost or effort to assess our climate-related risks and opportunities. Treasury has adopted the methodology and process detailed in the Climate Risk and Opportunity Management Program (CROMP). This includes consideration of physical and transition risk and opportunity. Physical risk relates to direct impacts of rising aggregate global temperatures. Physical risks are characterised as acute or chronic.

- Acute – risks from changes in the frequency and severity of extreme events, such as increased incidence of heat stress during heatwaves, and bushfires that may threaten infrastructure and physical and psychological safety.
- Chronic – risks from longer-term, more gradual changes in climate, such as changes in average rainfall contributing to water scarcity.

Transition risks result from the extensive policy, legal, technology and market changes arising from mitigation and adaptation to climate change and the transition to a low-carbon economy. Climate change will also generate physical and transition opportunities. For example, global market opportunities will emerge for Australian goods such as agricultural commodities and critical minerals.

In 2025-26, Treasury reviewed outcomes of its 2024–25 scenario analysis and updated the outcomes as part of its business-as-usual risk management practices. This represented a change from workshops convened by Treasury's climate risk and opportunity assessment team with relevant Treasury areas in 2024-25 to Group level coordinators reviewing and progressing updates for Group Executive clearance in 2025-26. The original scenario analysis canvassed current, short-term (2030) and medium-term (2050) future states of the environment. It addressed climate-related risks and opportunities across the department that may impact our ability to deliver our purpose and priorities. Internal data sources, such as our enterprise risk management framework and insurance claims, were reviewed as part of the assessment. Treasury used the State of the Climate reports, the Intergovernmental Panel

1 The Delivery Oversight Committee commenced in March 2026, prior to that the Performance and Risk Committee performed this role with respect to climate risk.

on Climate Change (IPCC) 6th assessment report and the climate scenario and transition summaries in the CROMP Organisation Application Guides to obtain climate information for Treasury's metropolitan areas of operation.

While Treasury maintains an overseas presence through a small number of posted and seconded personnel, it does not manage any offices overseas. Given this, the assessment focused on the department's domestic operations. It focused on the most relevant business units with respect to climate risk and opportunities within each of Treasury's Groups.

Treasury managed uncertainties in climate projections by reviewing data from reputable Australian and international climate science organisations. It also managed uncertainties in how risk profiles will change in the future under different climate scenarios by assessing risks across 3 distinct emission scenarios. The 3 scenarios were low (1.5 degrees warming from pre-industrial baseline), medium (2 to 3 degrees warming) and high (over 3 degrees warming) emissions. The scenarios align with CROMP guidance and the National Climate Risk Assessment and helped Treasury compare projected changes and understand the range of plausible outcomes. Assumptions drawn from CROMP Technical Guidance are provided in Table 1. Assumptions around weather patterns in Treasury office locations were drawn from the State of the Climate reports, the IPCC 6th assessment report and the climate scenario and transition summaries in the CROMP Organisation Application Guides. Key assumptions are that changes in weather patterns will occur in line with climate science (e.g. for Canberra, a hotter, drier and more extreme climate), and will strengthen over time in all scenarios but more so in higher emission scenarios.

Treasury has assumed that policies in the jurisdictions in which it operates will not have a significant impact on it, beyond Commonwealth requirements. Treasury used high-level qualitative scenarios and assessed the nature, likelihood and magnitude of effects of climate-related risks using the matrix in Treasury's enterprise risk management framework.

Table 1. Qualitative scenario assumptions drawn from CROMP Technical Guidance

	Low emissions	Moderate emissions	High emissions
Macroeconomic trends			
GDP growth per capita	High	Medium, uneven	Uneven
Globalisation	Connected markets	Semi-open global economy	Barriers to trade
Technology development	Rapid	Medium, uneven	Slow
Energy technology change	Away from fossil fuels	Some investment in renewables	Continued use of fossil fuels

Risks to our organisation, including climate-related risks, are prioritised based on their residual risk, in accordance with Treasury's Risk Management Policy and Framework. Actions to manage climate-related risks were also informed by our Risk Management Framework. The Executive Board, through the Delivery Oversight Committee, monitors and oversees Treasury's climate-related risks in accordance with our standard risk management practices.

Under section 12 of the PGPA Act, the Secretary is the accountable authority for Treasury. Under section 16, the Secretary is responsible for establishing and maintaining systems of internal control and risk oversight. This responsibility encompasses climate-related risks and related disclosures. Treasury's roles and responsibilities for oversight and administration of governance processes, controls and procedures of climate-related risks and opportunities are outlined in Table 2. Climate risk management is a specialist risk category under Treasury's Risk Management Framework.

Table 2: Treasury's governance roles for climate-related risks

Role	Risk Responsibility
Secretary	Accountable authority with responsibility for having systems of risk management in place – this includes determining risk appetite, tolerance and a positive risk culture. Deputises climate risk and opportunity management oversight to the Executive Board, which the Secretary chairs. This includes the establishment and oversight of climate-related risk assessment processes and performance targets, such as (but not limited to) the development of emissions reduction targets for inclusion in the department's Emissions Reduction Plan.
Executive Board	Principal assignee responsible for overseeing climate-related risk and opportunity management. Approves the department's climate-related strategies, targets, policies, activities and performance. Receives an annual briefing about climate-related risks and opportunities.
Delivery Oversight Committee	Responsible for supporting the Executive Board to implement climate risk and opportunity management, including identification and prioritisation of these risks and opportunities. Meets every two months and can escalate risks, including climate-related risks, to the Executive Board (including Secretary). Reports to Executive Board (including the Secretary) on the progress of climate risk management implementation at least once a year, and as required, to bring urgent and/or critical risks to the attention of the Secretary.
Audit and Risk Committee	Responsible for providing independent advice to the Secretary on the appropriateness of the department's key governance arrangements, including system of risk oversight and management, and the system of internal control. This encompasses climate risk and opportunity monitoring and disclosures.
Chief Risk Officer (CRO)	Deputy Secretary responsible for overseeing the risk management framework and governance as well as advising the Secretary and Executive Board.
Enterprise Risk and Program Advisory, Governance Branch	Responsible for maintaining the risk management policy and risk management framework, and underlying toolsets, and for leading on climate risk and opportunity work.
Property Services and Logistics, Chief Finance Officer Branch	Responsible for emissions reporting, the Emissions Reduction Plan and its operational implementation.

As required under the Commonwealth Risk Management Policy, Treasury maintains an appropriate level of capability to administer its risk management framework and manage its risks. To improve capability to manage climate-related risks, Treasury encouraged relevant staff to complete the Climate Risk and Opportunity Management Program (CROMP) training modules and the Foundations of Net Zero in Government Operations training module. Treasury assesses capability and requirements through its annual climate risk and opportunity assessment review.

Treasury will make decisions about resource allocation in line with its climate risk profile, operating environment and government funding. This includes considering the trade-offs between climate-related risks and other government policy constraints. This information feeds into Executive Board and the Secretary's decisions on broader risk management and strategy. For example, putting in place appropriate checks and balances to ensure any new property management activities align with the emissions reduction aims articulated in the department's Emissions Reduction Plan, which was approved by the Secretary.

Climate strategy

Treasury anticipates climate-related risks and opportunities will have impacts across its operating model and delivery of public policy. Delivery of public policy in this context includes development, implementation and enforcement of public policy. For example, delivery of policy advice, services, legislation, programs, grants and procurements and expenditures. Effectively managing operational and public policy delivery risks over time will help maintain Treasury's reputation and influence as a central policy agency.

Table 3 sets out material risks and opportunities for Treasury and our approach to addressing these. Treasury considered the effects of material climate-related risks and opportunities against current, short (2030) and medium (2050) time horizons as outlined in CROMP's Organisation Application Guide.

Table 3: Treasury material risks and opportunities

Material risks and opportunities	Current effects 2025-26 reporting period	Anticipated effects Short (2030) and medium-term (2050) time horizons	Strategy & decision making Actions planned or undertaken to manage effects
Risk 1: Extreme weather events impact staff health and wellbeing. **Time horizon:** Assessment considered current, 2030 and 2050 horizons. **Concentration:** All Treasury office locations (Canberra, Sydney, Melbourne and Perth). **Risk type:** Physical.	**Operational model:** Very limited impacts were observed during the reporting period. **Public policy delivery:** As above.	**Operational model** Increased frequency and severity of extreme weather events are expected to increase impacts in the medium to long-term (i.e. greater impacts are anticipated, with the extent of this contingent on global emissions). This may negatively affect Treasury's operating model including disruptions to business continuity. The risk may also affect the department's ability to support staff affected by physical climate-related weather events. **Public policy delivery** In the event of a disaster affecting locations where our staff are based, this risk may, for a short period, affect the department's capacity and resources may be diverted away from other priorities.	**Actions undertaken:** embedding climate-related risk and opportunity management into our governance and business continuity arrangements. This includes our capability to prioritise key activities in the event of a disaster. **Actions planned:** as part of ongoing review of people related initiatives and policy, relevant considerations will be incorporated into people policies, guidance and standard operating procedures.
Risk 2: Extreme weather events impact the use of departmental assets and infrastructure. **Time horizon:** Assessment considered current, 2030 and 2050 horizons. **Concentration:** All Treasury office locations (Canberra, Sydney, Melbourne and Perth). **Risk type:** Physical.	**Operational model:** Very limited impacts were observed during the reporting period. **Public policy delivery:** As above.	**Operational model** Increased frequency and severity of extreme weather events in the medium and long term may increase impacts on the department's resilience of information technology assets and infrastructure, causing operational disruption and business continuity impacts. **Public policy delivery** In the event of a disaster affecting Canberra where the majority of our ICT assets are based, this risk may impede the department's capacity and capability – in the short-term.	**Actions undertaken:** embedding climate-related risk and opportunity management into our governance, procurement and business continuity arrangements. **Actions undertaken:** ICT infrastructure and supply chain resilience is embedded within Treasury's ongoing ICT investment.
Risk 3: Climate-related physical and transition risks may increase uncertainty around economic conditions and structural change, making it more difficult	**Operational delivery:** Very limited impacts were observed during the reporting period.	**Operational model** Increased frequency and severity of extreme weather events, unpredictable global policy responses and other transitional changes to markets may require Treasury to produce economic modelling and forecasts more	**Actions undertaken:** encouraged staff to participate in climate related forums and utilise readily available training to ensure staff are adequately skilled to

Material risks and opportunities	Current effects 2025-26 reporting period	Anticipated effects Short (2030) and medium-term (2050) time horizons	Strategy & decision making Actions planned or undertaken to manage effects
to assess policy trade-offs and their implications. As acute weather events and longer-term structural pressures become more significant, the consequences of policy decisions increase, elevating the risks associated with Treasury's economic modelling, forecasting and policy advice. **Time horizon:** Assessment considered current, 2030 and 2050 horizons. **Concentration:** Canberra office where most staff are based. **Risk type:** Transition.	**Public policy delivery:** Limited impacts were observed during the reporting period. .	frequently and quickly, and with new, broader data input requirements. **Public policy delivery** Climate change's impact on long-term drivers of growth may not be fully considered or understood. This may affect the accuracy of policy advice given to the Government, which could impact budget allocations and economic growth. It may also impact the delivery of public policies. The risk may affect the department's capacity and resources may be diverted away from other priorities.	respond to climate impacts on policy development. **Actions undertaken:** coordinated advice to internal areas to plan for and manage the response to policy development and modelling activities affected by climate change. **Actions planned:** utilise existing data governance networks to support the identification of barriers and opportunities to internal data sharing arrangements. **Actions planned:** strengthen existing communication channels with government departments, advisory bodies, regulators and peak bodies to ensure climate impacts are discussed and considered in policy development.
Risk 4: The risk of litigation associated with perceived climate inaction. **Time horizon:** Assessment considered current, 2030 and 2050 time horizons. **Concentration:** All Treasury office locations (Canberra, Sydney, Melbourne and Perth). **Risk type**: Transition.	**Operational delivery:** Very limited impacts were observed during the reporting period. **Public policy delivery**: As above.	**Public policy delivery** Climate change litigation could impact Treasury's legislation program and legal advice as well as payments made under key funding agreements including to states and territories, exposing Treasury to constitutional issues and/or further litigation. This risk may increase over time with increasing climate change impacts, subject to perceptions of the effectiveness of the Australian Government's actions.	**Actions planned:** Incorporate relevant lessons learnt from prior litigation when providing legal services to Treasury officials.

Opportunity 1: Treasury to support the Government to address the challenges and uncertainties associated with climate change and the broader economic transformation. **Time horizon:** Assessment considered current, 2030 and 2050 time horizons. **Concentration:** All Treasury office locations (Canberra, Sydney, Melbourne and Perth). **Opportunity type:** Transition.	**Operational model:** Not applicable. **Public policy delivery:** Treasury contributes to policy development to support the Government's climate and energy priorities.	**Public Policy Delivery** Australia's economic and fiscal performance will depend on harnessing the opportunities that arise from the net zero and digital transformations, managing associated challenges and lifting productivity. As outlined in our Corporate Plan 2025-26, this includes helping the Government address the challenges and uncertainties associated with climate change and the net zero transformation, and their interaction with other structural economic changes and the geopolitical environment.	**Actions undertaken:** Treasury released modelling and analysis for Australia's net zero transformation in September 2025, identifying economic opportunities from different pathways and providing, in conjunction with Australia's net zero plan, more certainty and clarity to investors. Treasury also informed the analysis contained in the National Climate Risk Assessment, which built off Treasury's climate analysis in the 2023 Intergenerational Report. To address climate risks and opportunities, Treasury has developed a climate action plan and has communicated climate risk and opportunity resources to staff, and established relevant internal working groups to support incorporation of climate change risks and opportunities into policy advice on Treasury portfolio and relevant whole of government policy processes.

To address material and non-material climate risks and opportunities, Treasury has developed a climate action plan and has communicated climate risk and opportunity resources to staff, established relevant internal working groups to support incorporation of climate change into policy, published its Emissions Reduction Plan (ERP), and updated its business continuity suite to reduce its vulnerability to weather related disruptions. Various other actions across Treasury, as well as progress against our ERP, are being monitored by relevant governance committees on an annual basis. In line with our ERP our two fleet cars are both electric. Treasury has no plans to redeploy, repurpose, upgrade or decommission existing assets. It will look for opportunities, with building owners, to find energy efficiencies in its tenancies.

To achieve Treasury's purpose in providing advice to government and delivering policies and programs that attain strong and sustainable economic and fiscal outcomes for Australians, we must be alive to Australia's changing economy and environment. As stipulated in our Corporate Plan 2025-26, this includes helping the government address the challenges and uncertainties associated with climate change and the net zero transformation, and their interaction with other structural economic changes and the geopolitical environment. Australia's economic and fiscal performance will depend on harnessing the opportunities that arise from the net zero and digital transformations, managing associated challenges and lifting productivity.

Climate-related metrics

Treasury's operations are relatively simple, its capital expenditure fairly limited, and it has limited climate and emissions exposures.

Emissions are required to be calculated in line with the APS Net Zero Emissions Reporting Framework provided by Department of Finance, consistent with the whole-of-government approach as part of the APS Net Zero by 2030 policy.

Table 4 presents the greenhouse gas emissions inventory for the period 2025–26. For the emissions calculation method, please see the Department of Finance Metrics and Targets Guidance Fact Sheet (Year 2). Treasury has not deviated from this methodology.

Figures for 2025–26 include the addition of the following emission categories as required by expansion 2 of the APS Net Zero Emissions Reporting Framework:

- refrigerants (reported as scope 1)
- solid waste disposal and treatment (reported as scope 3)
- employee domestic business travel (hire car and accommodation) (reported as scope 3).

The inventory presents carbon dioxide equivalent (CO_2-e) emissions based on the best available data at the time of reporting. Amendments to data may be required in future reports.

Table 4: Treasury's greenhouse gas emissions inventory 2025–26

Emission source	Scope 1 t CO_2-e	Scope 2 t CO_2-e	Scope 3 t CO_2-e	Total t CO_2-e
Electricity (location-based approach)	n/a	263.29	16.22	**279.51**
Natural gas	0.00	n/a	0.00	**0.00**
Solid waste[(a)(b)]	37.04	n/a	0.00	**37.04**
Refrigerants	0.00	n/a	n/a	**0.00**
Fleet and other vehicles[(c) (d)]	0.00	n/a	0.00	**0.00**
Domestic commercial flights	n/a	n/a	354.17	**354.17**
Domestic hire car[(e)]	n/a	n/a	2.36	**2.36**
Domestic travel accommodation[(e)]	n/a	n/a	114.98	**114.98**
Other energy	2.88	n/a	0.71	**3.59**
Total t CO2-e	**39.92**	**263.29**	**488.44**	**791.65**

Note: The table above presents emissions related to electricity usage using the location-based accounting method. CO_2-e = carbon dioxide equivalent.

(a) A portion of the National Capital Authority's electricity and solid waste data might be included in the emissions reporting of the Treasury. Treasury will work with the National Capital Authority to report the emissions separately in future years.

(b) A portion of electricity and solid waste data was unable to be sourced and has not been included.

(c) Emissions associated with electricity consumption from public charging stations has not been reported for 2025–26.

(d) Emissions from hire cars for 2025–26 is incomplete due to a lack of robust data. The quality of data is expected to improve over time as emissions reporting matures.

(e) Australian Reinsurance Pool Corporation and Inspector-General of Taxation domestic travel arrangements are managed through the Department of Treasury under a shared services agreement. It was not possible to separate flights, hire car and accommodation specific to Australian Reinsurance Pool Corporation or Inspector-General of Taxation for emissions reporting.

Table 5 shows the total emissions for electricity applying the market-based method. This accounts for factors such as GreenPower usage, purchased large-scale generation certificates, power purchasing agreements, the renewable power percentage and the jurisdictional renewable power percentage.

The difference in carbon dioxide equivalent in location versus market-based emissions is due to the Department of the Treasury having most of its operations within the ACT, which has a jurisdictional renewable power percentage.

Table 5: Treasury's electricity greenhouse gas emissions 2025–26

Emission source	Scope 2 t CO_2-e	Scope 3 t CO_2-e	Total t CO_2-e	Electricity kWh
Location-based electricity emissions	263.29	16.22	279.51	401315.73
Market-based electricity emissions (residual emissions)	141.9	19.27	161.17	175183.81
Total renewable electricity consumed	**n/a**	**n/a**	**n/a**	**226131.92**
Renewable Power Percentage[a]	0.00	0.00	0.00	69387.49
Jurisdictional Renewable Power Percentage[b] [c]	0.00	0.00	0.00	156744.43
GreenPower[b]	n/a	n/a	n/a	n/a
Large-scale generation certificates[b]	n/a	n/a	n/a	n/a
Behind the meter solar[d]	n/a	n/a	n/a	n/a
Total renewable electricity produced	**n/a**	**n/a**	**n/a**	**n/a**
Large-scale generation certificates[b]	n/a	n/a	n/a	n/a
Behind the meter solar[d]	n/a	n/a	n/a	n/a

Note: The table above presents emissions related to electricity usage using both the location-based and the market-based accounting methods.

CO_2-e = carbon dioxide equivalent.

Electricity usage is measured in kilowatt hours (kWh).

(a) Listed as Mandatory renewables in 2025–26 Annual Reports. The renewable power percentage accounts for the portion of electricity used, from the grid, that falls within the Renewable Energy Target.

(b) Listed as Voluntary renewables in 2025–26 Annual Reports.

(c) The Australian Capital Territory is currently the only state/ territory with a jurisdictional renewable power percentage.

(d) Reporting behind the meter solar consumption and/or production is optional. The quality of data is expected to improve over time as emissions reporting matures.

Climate-related targets

The department is following the APS Net Zero by 2030 target, as per the Net Zero in Government Operations Strategy. The APS Net Zero 2030 Target Factsheet has more details about the 2030 target.

Treasury published its first Emissions Reduction Plan in August 2024. The Emissions Reduction Plan sets out Treasury's approach and commitment to reduce emissions to net zero by 2030 and includes planned and new emissions-reduction initiatives. The Executive Board signs off initiatives within the Emissions Reduction Plan.

Table 6 shows Treasury's progress towards the target between 2022–23 and 2025–26.

As Treasury fleet transitioned to electric vehicles, emissions from fleet and other vehicles reduced by 100 per cent.

Electricity emissions, which represent the largest emissions source, have fallen by 29.15% since the 2022-23 baseline, indicating ongoing benefits from electricity procurement strategies, efficiency initiatives, and operational optimisation.

Table 6: Treasury's progress towards the APS Net Zero 2030 target

APS Net Zero 2030 target emission sources	2022–23[(a)] t CO2-e	2025–26[(a)] t CO2-e	Percentage change since 2022–23
Total Scope 1			
Natural gas	0.000	0.000	n/a
Fleet and other vehicles	2.194	0.000	-100%
Refrigerants	n/a	0.000	n/a
Other energy	0.000	3.59	n/a
Total Scope 2			
Electricity (market based)	227.465	161.17	-29.15%
Total Scope 1 and Scope 2	**229.659**	**164.76**	**-28.26%**

Note: The table above presents emissions related to electricity usage using the market-based accounting method. CO_2-e = carbon dioxide equivalent.

(a) Emissions reported may differ from previously published emissions due to reconciliation of natural gas and electricity data or updates to emission factors and calculation methods. See 2025–26 Net Zero in Government Operations Annual Progress Report for details regarding emission factors and calculation methods updates.