



Our Ref: 4853-012

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Dear Director

EXPOSURE DRAFT OF TREASURY LAWS AMENDMENT BILL 2024: CLIMATE-RELATED FINANCIAL DISCLOSURE

The Office of the Auditor General for Western Australia (OAG) welcomes the opportunity to provide comments on the Exposure Draft of Treasury Laws Amendment Bill 2024: Climate-related Financial Disclosure (the ED legislation).

The OAG appreciates and supports the efforts of Commonwealth Treasury in introducing new climate-related financial reporting requirements for entities reporting under Chapter 2M of the *Corporations Act 2001* (Corporations Act) in Australia.

However, we would like to bring to your attention an issue that we have noted.

Materiality exemption not consistent with fundamental principles

The materiality exemption currently drafted in Section 296B of the proposed Corporations Act amendments would mean that all Group 1 and Group 2 entities would be required to report on climate-related risks and opportunities, irrespective of materiality. This exemption undermines the fundamental principle in general purpose financial reports (GPFR) of all entities being required to apply materiality judgements.

Any such ambiguity could cause concern for the public sector for public entities reporting under the Corporations Act, and more broadly given various jurisdictions may seek to align public sector reporting and assurance with private sector requirements where relevant.

If you have any questions regarding our submission, please do not hesitate to contact me or Derek Tsang – Director Financial Reporting Advisory (Derek.Tsang@audit.wa.gov.au).

Yours faithfully

Wian Oosthuizen
Assistant Auditor General – Technical and Audit Support
9 February 2024