



Climate Disclosure Unit
Market Conduct Division
The Treasury
Langton Crescent
PARKES ACT 2600

Submission of the Synod of Victoria and Tasmania, Uniting Church in Australia to the 'Climate-related financial disclosure. Consultation paper'. 17 February 2023

The Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes the opportunity to provide a submission on the 'Climate-related financial disclosure. Consultation Paper.'

The Uniting Church in Australia has had a long-standing concern for living in harmony with our natural environment and, more recently, taking action to address climate change. The relevant resolutions of the Uniting Church representative bodies are outlined in the Appendix.

The Synod strongly supports the aim of the Paris Agreement to strengthen the global response to climate change, including setting a collective goal to keep the global temperature increase to well below 2°C and pursue efforts to keep warming below 1.5°C above pre-industrial levels.

Question 1: What are the costs and benefits of Australia aligning with international practice on climate-related financial risk disclosure (including mandatory reporting for certain entities)?

In particular:

1.1 What are the costs and benefits of meeting existing climate reporting expectations?

1.2 What are the costs and benefits of Australia not aligning with international practice and, in particular global baseline standards for climate reporting?

Climate change represents a substantive threat to the well-being of hundreds of millions of people, has negative impacts on large parts of the natural environment and has a significant effect on economies which in turn impacts the well-being of people.

Climate-related financial risk disclosure allows corporations and other entities with significant emissions to be held accountable for their emissions and provides transparency on their actions to address climate change. The Australian Government aligning its mandatory reporting requirements with those of other jurisdictions will reduce the regulatory burden on entities caught under multiple mandatory climate-related financial risk disclosure regimes. However, alignment with the disclosure requirements of other jurisdictions should not be at the cost of the quality of the disclosure. The Commonwealth Government should not align its mandatory climate-related financial risk disclosure with another jurisdiction where the requirements of that other jurisdiction are inadequate and not fit for purpose.

As noted by the Investor Group on Climate Change, a mandatory climate disclosure regime will:

- Support efficient investment in companies and projects aligned with net zero emissions;
- Help Australian corporations stay attractive in global capital markets;



- Help investors, regulators and other stakeholders form a comprehensive, reliable understanding of the economy's overall climate risks and opportunities;
- Reduce the reporting burden for companies that need to disclose into multiple jurisdictions; and,
- Help protect against greenwashing.

Having Australian requirements for climate-related financial risk disclosure aligned with international practice makes it easier for investors to compare disclosures, allowing them to be better informed when making investment decisions.

The UK Government has made the case that:¹

Disclosures of material climate-related financial information can help support investment decisions as we move towards a low-carbon economy. Investors will be better equipped to incorporate these risks into their investment and business decisions as it becomes easier to compare companies' exposures to climate-related risks and opportunities. This also provides greater information to other stakeholders for relevant decisions. In addition, the preparation by businesses of disclosures on what the changing climate will mean for them, its impacts, risks, and opportunities may help them gauge what they need to do to address these for their organisation, operations, and people.

We note that the New Zealand Government is conducting its own consultation on amendments to its climate-related disclosures scheme. Under its existing legislation, large financial market participants are required to disclose information about their climate-related risks and opportunities. Disclosures regarding greenhouse gas emissions must be independently assured.²

The New Zealand Government has stated that the goal of mandatory climate-related disclosures is to:

- Ensure that the effects of climate change are routinely considered in business, investment, lending and insurance underwriting decisions;
- Help climate reporting entities better demonstrate responsibility and foresight in their consideration of climate issues; and,
- Lead to the more efficient allocation of capital, and help smooth the transition to a more sustainable, low-emissions economy.

The New Zealand Government has also stated that mandatory climate-related disclosures will help New Zealand meet its international obligations and achieve its target of net zero carbon by 2050. Further, they expressed the view that by improving transparency and revealing climate-related information within financial markets, their financial system will become more resilient. In addition, climate change risks in their National Climate Change Risk Assessment will be addressed.

Question 2: Should Australia adopt a phased approach to climate disclosure, with the first report for initially covered entities beginning the financial year 2024-25?

2.1 What considerations should apply to determining the cohorts covered in subsequent phases of mandatory disclosure, and the timing of future phases?

Question 3: To which entities should mandatory climate disclosures apply initially?

3.1 What size thresholds would be appropriate to determine a large, listed entity and a large financial institution, respectively?

¹ UK Department for Business, Energy & Industrial Strategy, "Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs. Non-binding guidance", February 2022, 5.

² <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/mandatory-climate-related-financial-disclosures/>



3.2 Are there any other types of entities (that is, apart from large, listed entities and financial institutions) that should be included in the initial phase?

The Synod supports a phased approach, provided the entities caught initially cover a significant proportion of Australia's greenhouse gas emissions that are connected to the corporate sector. Accordingly, we support that the first report covers the 2024 – 2025 financial year.

The UK mandatory TCFD-aligned reporting requirements are expected to capture approximately 1,300 entities, covering listed companies, banks or insurers with more than 500 employees.³ Also captured are Limited Liability Partnerships (LLPs) and non-listed corporations with 500 or more employees and a turnover of more than £500 million. The employee count includes employees located overseas.

The New Zealand model aims to capture about 200 entities, with thresholds set at:⁴

- All registered banks, credit unions and building societies with total assets of more than NZ\$1 billion;
- All managers of registered investment schemes (other than restricted schemes) with greater than NZ\$1 billion in total assets under management;
- All licensed insurers with greater than NZ\$1 billion in total assets or annual premium income greater than NZ\$250 million;
- Listed issuers of quoted equity securities with a combined market price exceeding NZ\$60 million; and
- Listed issuers of quoted debt securities with a combined face value of quoted debt exceeding \$60 million.

Crown Financial Institutions with greater than \$1 billion in total assets under management are additionally required to produce climate-related disclosures.

The need for a rapid increase in Australia's emission reduction should be the primary consideration in determining the cohorts of entities covered in subsequent phases of mandatory disclosure and the timing of those phases. It would make sense to include entities that are already required to report their emissions under the *National Greenhouse and Energy Reporting Act 2007* to have to make mandatory climate-related financial risk disclosures, as the reporting obligation under the Act is based on the emission levels of these entities. These entities should be able to expand their reporting more easily than other entities and, by definition, represent the entities with the most significant emissions levels in Australia. However, consideration may need to be given if the current threshold in the *National Greenhouse and Energy Reporting Act 2007* is too low, meaning the obligation will fall on smaller entities that are not well-equipped to meet the additional reporting requirements of climate-related financial risk disclosures. If such an assessment is made, then an emissions threshold could be separately set initially, such as 100,000 tonnes of CO₂ equivalent emissions per annual.

In addition, emission thresholds alone are not adequate, as it is necessary also to capture those corporations that facilitate the emissions of other entities, such as financial institutions. Using the ATO large corporation definition⁵, a large financial institution should include banks, superannuation funds and managed funds with a combined turnover of over \$250 million. Given that the turnover will not be finalised until the end of a financial year, the need to make disclosure would need to be calculated on the previous year's turnover. It would also make sense for the

³ Sarah George, "TCFD mandate: Everything you need to know about the UK's new climate disclosure requirements", *edie*, 5 April 2022, <https://www.edie.net/tcfd-mandate-everything-you-need-to-know-about-the-uks-new-climate-disclosure-requirements/>

⁴ <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/mandatory-climate-related-financial-disclosures>

⁵ <https://www.ato.gov.au/business/large-business/>



ATO to be responsible for ensuring that entities make mandatory disclosures when thresholds are based on turnover, as such data will often only be known to the ATO.

There is a need to include unlisted entities to reduce the risk that corporations will not need to report despite being large and having high levels of greenhouse gas emissions.

Question 4: Should Australia seek to align our climate reporting requirements with the global baseline envisaged by the International Sustainability Board?

4.1 Are there particular considerations that should apply in the Australian context regarding the ISSB implementation of disclosures relating to: governance, strategy, risk management and/or metrics and targets?

4.2 Are the climate disclosure standards being issued by the ISSB the most appropriate for entities in Australia, or should alternative standards be considered?

The Synod supports the alignment of Australia's mandatory climate-related financial risk disclosure with the International Sustainability Standards Board (ISSB) standards as the emerging minimum global reporting framework. The ISSB consolidates the Climate Disclosure Standards Board (Climate Disclosure Project) and Value Reporting Foundation (Sustainability Accounting Standards Board and International Integrated Reporting Council) and is influenced by the Task Force on Climate-Related Financial Disclosures. However, the ISSB standards do not yet align with the Global Reporting Initiative (GRI) framework or the Taskforce on Nature-related Financial Disclosures framework. Thus, while not perfect, we believe the ISSB standards will give the most significant international alignment, while still being adequate in what is required to be disclosed.

Question 5: What are the key considerations that should inform the design of a new regulatory framework, in particular when setting overarching climate disclosure obligations (strategy, governance, risk management and targets)?

The key considerations that should inform the design of a new regulatory framework are:

- Effective, in that, they will ensure that what is important will be disclosed;
- Mandatory so that the reporting will be consistent;
- Enforceable, to ensure that the obligation to report is fulfilled and is consistent;
- Flexible to adaption and reform so that they can be adapted as international disclosure standards develop further or to address any deficiencies in the initial design; and,
- Adequate levels of support back them in terms of both written guidance and a regulatory body resourced to assist entities to be able to comply.

The Synod prefers that the climate-related financial risk disclosure regime is backed by legislation, with the finer details in standards and guidance.

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Appendix: Uniting Church in Australia resolutions relevant to climate change

In 2003 the meeting of church representatives from across Australia, at our National Assembly, resolved:

03.18.01 The Assembly resolved:

- (a)*
 - (i) to call on the Australian government to immediately sign and ratify the Kyoto Protocols in relation to global warming, especially because this has affected the nation of Tuvalu and other Pacific countries;*
 - (ii) to call on the Australian government to offer the guarantee of special immigration status to the people of Tuvalu, for immigration to Australia when their nation loses its viability for human habitation;*
- (b) to express our solidarity with the Christian Church of Tuvalu in this predicament and to call on our people to remember the people and church of Tuvalu in their prayers*

The 2006 meeting of the National Assembly resolved:

06.21.04 The Assembly resolved:

- (a) to reaffirm the decision of the Tenth Assembly (Minute 03.18.01) which called on the Australian Government to ratify the Kyoto Protocols in relation to global warming because of the impact of rising sea levels on the nations of the Pacific; and*
- (b) to call upon the people of the Uniting Church to adopt lifestyles which have a minimal impact on global warming.*

At the 2007 meeting of Uniting Church representatives across Victoria and Tasmania, the Synod meeting, resolved:

07.4.37.4 The Synod resolved:

- (a) To call on the Australian Federal Government to honour its obligations under the United Nations Framework Convention on Climate Change by:
 - (i) Taking a lead in targets to reduce greenhouse gas emissions, as a developed country, agreeing to an emission reduction target of at least 30% by 2020, based on 1990 emission levels, if other developed countries agree to make similar commitments;*
 - (ii) Assisting developing countries to adapt to climate change, providing additional funding to achieve this outcome rather than using existing overseas aid;*
 - (iii) Providing technical and financial assistance to developing countries to adopt technologies to assist them in reducing their greenhouse gas emissions without reducing their ability to meet the necessary development needs of their people; and*
 - (iv) Continuing to assist developing countries in addressing deforestation with the promotion of sustainable forest management and the need to reward developing countries that preserve existing forest estates.**
- (b) To call on the Federal, Victorian and Tasmanian Governments to work collaboratively:
 - (i) To commit to binding greenhouse gas emissions reductions of 20% by 2020 and at least 60% by 2050, based on 1990 emission levels;*
 - (ii) To set a target to stabilise and then reduce residential, industrial and government per capita electricity consumption with supporting legislation and programs, with the inclusion of measures to ensure that low-income people will still have access to affordable electricity;*
 - (iii) to increase the Renewable Energy Target to 10% by 2010;*
 - (iv) To provide financial incentives for households to take up renewable energy;**



- (v) To mandate the requirement for new building stock to have gasboosted solar hot water systems wherever possible and appropriate in Australia; and*
- (vi) To implement programs to rapidly increase the uptake of gasboosted solar hot water systems in existing building stock;*

(c) To write to the Australian Prime Minister, the Federal Minister for the Environment, Minister for Foreign Affairs, Leader of the Opposition, Shadow Minister for the Environment, the Premiers and Ministers for the Environment in Victoria and Tasmania to inform them of this resolution; and

(d) To request that all congregations and bodies associated with the Uniting Church take immediate steps to comply with past Synod resolutions regarding reducing energy usage and energy efficiency and take all reasonable further steps to minimise their own greenhouse gas emissions.

The 2008 meeting of the Synod in Victoria and Tasmania resolved:

08.5.16.4.4 The Synod resolved (by agreement):

(a) To call on the Australian Federal Government to take a leadership role in the development of a global solution to climate change to limit global warming to no more than 2°C above pre-industrial levels and in particular to:

(i) Honour their commitment under Article 4.2(a) of the United Nations Framework Convention on Climate Change (UNFCCC) which calls upon developed countries to take a lead in reducing greenhouse gas emissions and recognises the different capacities of various countries in their ability to achieve this outcome; and

(ii) Commit to greenhouse gas reduction targets as part of the UNFCCC process that are at least of comparable effort to those of developed countries that are already showing leadership in the levels of greenhouse gas emission reduction to which they are willing to commit; and

(b) To write to the Prime Minister, Minister for Climate Change and Water, the Leader of the Opposition and the Shadow Minister for Climate Change, Environment and Urban Water to inform them of this resolution.

The 2018 National Assembly resolved:

18.12.01 For the Whole Creation

18.12.01.01 to acknowledge the Church's past and continuing commitment to addressing climate change (Appendix E);

18.12.01.02 to request the Assembly Resourcing Unit to develop the contents of proposal 19 as brought to the 15th Assembly as a discussion paper that contributes to this ongoing commitment;

18.12.01.03 to acknowledge with thanks the long history of advocacy and practical action on climate change carried out by the Uniting Church, including its synods, presbyteries, congregations, agencies, schools and members;

18.12.01.04 to work with First Peoples in Australia and our church partners in the Pacific, Africa and Asia and other faiths to together understand the impacts of climate change on traditional, spiritual and contemporary ways of life;

18.12.01.05 to encourage Uniting Church members, synods, presbyteries, congregations, agencies and schools to:

(a) continue to inform themselves and their communities about the causes and consequences of climate change and appropriate responses;

(b) advocate for government policies and political action to address climate change;



- (c) listen to and learn from the voices of vulnerable people across the world who are experiencing firsthand the impact of climate change;*
- (d) consider ways we can reduce our contribution to climate change, individually and in our communities, set meaningful targets and be transparent with our efforts and outcomes; and*
- (e) tell stories of best practice across remote, rural and urban areas;*

18.12.01.06 to request the Standing Committee to consider specific actions, resourcing and ways of connecting practically with other councils to address issues related to climate change.

At the meeting of representatives of the congregations across Victoria and Tasmania in February 2021, the following resolution was extensively discussed and adopted:

- (a) To acknowledge that God calls us to live in harmony with our natural environment and to seek justice and well-being for all creation.*
- (b) To affirm the covenanting relationship between the Uniting Church in Australia and the UAICC, and our relationships with our partner churches in the Pacific as these groups are significantly impacted by climate change.*
- (c) To acknowledge that the World Council of Churches Executive Committee has declared a climate emergency “which demands an urgent and unprecedented response by everyone everywhere”.*
- (d) To acknowledge the need for immediate and substantial action by governments, businesses and communities, including the councils and institutions of the church in this Synod, to mitigate climate change caused by human activity and the threat it poses to God’s good creation.*
- (e) To undertake urgent action on climate change based on the overwhelming scientific evidence and the Synod Vision and Mission Principles that guide the Synod to “care for creation” and “live justly and seek justice for all”.*
- (f) Encourage members of the church to join the Synod Climate Action Task Force to identify and facilitate actions for the councils and institutions of the church in this Synod to reduce their greenhouse gas emissions.*
- (g) To request congregations to inform their presbyteries what actions they are already taking to address climate change, and for the presbyteries to provide that information to the Synod Climate Action Task Force, and report back to Synod 2022 with an update.*
- (h) To thank the Commonwealth Government for its efforts to promote greater recycling and reduction in waste generation in Australia.*
- (i) To call on the Commonwealth Government to commit to:*
 - Showing leadership in taking actions to limit global average temperature rise to 1.5°C above pre-industrial levels;*
 - Net-zero greenhouse gas emissions by 2050 at the latest;*
 - meaningful engagement and support for communities currently dependent on coal mines or coal-fired power stations to allow for a just transition away from financial dependence on fossil fuel production and consumption;*
 - not providing financial support to new natural gas developments; assisting businesses to reduce or eliminate any dependence on natural gas, and Australia’s natural gas requirements being met by reserving a portion of existing production, as is already the case in Western Australia; and*
 - no financial or other support for new coal-fired power stations;*
 - no approval for new coal mines and coal mine expansions of existing mines; and*
 - continued support for the uptake of renewable energy sources*
- (j) To commend the Victorian Government for the passage of the Climate Change Act 2017 that sets a target of net-zero greenhouse gas emissions by 2050.*



- (k) *To commend the Tasmanian Government for:*
- *establishing an aspirational emissions reduction target of net-zero emissions by 2050;*
 - *having 90 per cent of its electricity generated from renewable sources;*
 - *having set a target of 200 per cent renewable energy generation by 2040; and*
 - *having reduced its greenhouse gas emissions by 95 per cent on 1990 levels.*
- (l) *To call on the Tasmanian Government to legislate the net-zero greenhouse gas emissions target by 2050, including a credible mechanism to progressively achieve the target.*
- (m) *To write to the Prime Minister, the Minister for Energy and Emissions Reduction, the Leader of the Opposition, the Shadow Minister for Climate Change and Energy, the Leader of the Greens, the Premier of Victoria, the Victorian Minister for Energy, Environment and Climate Change, and the Premier of Tasmania informing them of this resolution*

The National Assembly meeting of hundreds of representatives of Uniting Church congregations and bodies across Australia in May 2022 passed the following resolution:

That the Assembly resolved to:

1. *Acknowledge that since time immemorial, the Creator gifted First Peoples to be the timeless caretakers of country and the natural environment.*
2. *Confess that as Second Peoples, we have heard the wisdom of First Peoples, the call of our Partner Churches, and stories of communities already affected by climate change, but we have not listened. We have failed to act as a whole Church with the level of urgency needed and have not made the fundamental behavioural changes needed to care for creation. We confess that while effort has been made to change from ways that destroy the Creator's good creation, carbon pollution continues as a direct result of our activities individually and as a Church, and global carbon pollution is now causing irreversible harm.*
3. *Commit anew to listen to First Peoples' wisdom and knowledge and to take practical climate action, including changing our own behaviour.*
4. *Call on all Councils of the church, agencies and schools who have not already done so to join with the Assembly in committing to net zero emissions by 2040 at the latest so that together we can become a zero emissions Church. We further urge all Councils to make use of the resources, stories and carbon accounting tools made available online.*
5. *Request the Standards for Ministry Committee to identify the most appropriate way to embed learning from the wisdom of First Peoples, care of creation, climate justice and the spiritual and theological basis for a zero emissions church into formation, education and training for the specified ministries of the Uniting Church and report back to the November 2022 meeting of the Assembly Standing Committee.*
6. *Request the Assembly Circles, Advocates and Panels to include learning from the wisdom of First Peoples, care of creation, climate justice and the spiritual and theological basis for a zero emissions church into their work for the remainder of this triennium.*
7. *Request the Assembly Standing Committee to:*
 - i. *gather data on commitments to greenhouse gas emission reduction made across the life of the church, and progress towards those commitments*



- ii. share stories, expertise and learnings on effective strategies and resources to reduce emissions, prioritising the wisdom of First Peoples*
 - iii. consider how the whole of the church can move together to net zero emissions by 2040; and*
- (b) bring a report on findings and recommended next steps to the 17th Assembly.*