

Dear Sustainability Finance Unit,

Having been actively corresponding to multiple departments and Ministers over the past 14 months and being assured I am being put on notification email lists – I am awfully disappointed to discover I was not on any notification networks for the Sustainable Finance Consultation. Please consider this late submission, which I believe will contain useful insights from a socio-economic perspective.

Weathering Change is an independent social-economic micro-consultancy. Our background is in water reform and local economic transformation. I (Dr Imogen Fullagar) have been working in this space since 1999.

Feedback on Priority 1: Framework for sustainability-related financial disclosure.

- Until recently, 'sustainability' has meant living with local means (ie think global, act local). This traditional meaning assumes local ownership of local climatic opportunities and risk. Evolution of the term into global markets coincides with a change from practical sustainability to accounted sustainability: i.e. ensuring big businesses (often multinational) own enough sustainability credits to balance their activities. Market development of climate opportunities will drive separation of ownership of climate assets/opportunities (which big business has the capital for) from the risks of climate (which locals will be left shouldering). This will further centralise global wealth away from on-ground communities, and make local sustainability increasingly hard to achieve. The domestic economy sits between global and local; government needs to find a way to level competition between scales of economy.

RECOMMENDATION: the Australian Government's framework for sustainability-related financial disclosure aim to balance the sustainability risks inherent to scale of economy by developing the framework for sustainability-related financial disclosure with on-going input of a committee set up to explicitly prioritise and advise on 'early transitional investment' for local economies. This could be established via the ASBFEO.

Feedback on Priority 2: Develop sustainable finance taxonomy.

- As the meaning of 'sustainability' shifts from living locally to balancing accounts of multi-national corporations, clarity of taxonomy is hugely important for ensuring SMEs, regional and domestic companies can protect their IP and data from value-chain demands for access to information about commercial opportunities.

RECOMMENDATION: the Australian Government's framework for sustainability-related financial disclosure aim to balance the sustainability risk inherent to scale of economy by prioritizing the access of SME, local, regional and domestic entities to information about sustainable finance taxonomy AND creating clear mechanisms on how smaller scales of economy can protect their commercial interests and opportunities from remote competition. This should include a right to refuse to disclose information that isn't explicitly required by government regulation, and a requirement for value-chains to reference whichever explicit domestic regulation requires their seeking particular data from SMEs/value-chains.

Feedback on Priority 3: Credible Net Zero Transitioning

- Well resourced multi-nationals are best positioned to quickly develop and deliver significant Net Zero projects. Foreign-owned or funded projects will result in a separation of local climate opportunities from local ownership. This carries a significant risk of transition on paper that does not represent transition within the Australian economy (or communities).

RECOMMENDATION: To limit separation of future ownership of climatic opportunity from those who shoulder climatic risk, the Australian Government look to prioritise capacity of locally-owned companies to transition into renewable energy development. Priority should be given to regional planning that brings together and leverages local economies to invest in local climatic opportunities. The mechanisms to do this should focus on partnerships between local councils and local chambers of commerce. Weathering Change has particular expertise in how to design this space and is willing to provide further advice on request.

Feedback on Priority 6: Systemic financial risks

- The systemic financial risk of market-based market transformation is the use of mechanisms designed to centralise wealth. Creation of global markets based on climatic assets are highly likely to result in a separation of who owns local climatic opportunities (the wealthy) and who is left shouldering the local climate risks (locals – local economies and councils). Those on the fringe of economic accounting are most likely to be where costs get pushed to. Although indigenous communities, the homeless, mothers and children seem a long way removed from climate-related financial disclosure, these groups are increasingly recognized as critical indicators of how well economic reforms are working, particularly in circular economies. Looking at how the companies that were involved in writing the rules fare will only reveal how those entities are being influenced. If we are after economic reform, we have to look at how the separation of wealth is impacted.
- RECOMMENDATION: The Australian Government develop and use lateral indicators to help benchmark the domestic impact of sustainability-related financial disclosure.

Thank you for opportunity to submit.

My apologies for missing the cut-off ... I would not make a late submission but for thinking this input may be of public value.