

The Treasury
Via online portal

2 October 2026

Re: Improving the efficiency of climate-related financial disclosures

Thank you for the opportunity to provide a submission in response to the *Improving the efficiency of climate-related financial disclosures* consultation paper.

The Energy Efficiency Council (EEC) is the peak membership association for organisations that are unlocking the power of efficiency, electrification and energy flexibility to deliver a prosperous, net zero Australia. Our members include technology suppliers, energy service providers, major energy users, governments, education providers and NGOs.

Introduction

The EEC supports the Government's objective of reducing unnecessary compliance costs while maintaining the quality and usefulness of climate-related financial disclosures. As the framework remains at an early stage of implementation, we consider the focus should be on improving how the regime operates in practice, including through guidance, assurance settings and implementation support, rather than making significant changes to the underlying framework.

Many entities are yet to complete reporting cycles, and the market has limited experience with both reporting and assurance processes. Significant changes at this stage risk creating further uncertainty and increasing implementation costs.

Through engagement with our members, we have heard that the resource demands of climate-related financial disclosures are limiting organisations' capacity to pursue emissions reduction initiatives. We are told that organisations are spending significant time preparing reports and obtaining assurance, and budgets that could otherwise support decarbonisation projects are being directed towards reporting costs.

Recent international developments, including efforts in other jurisdictions to make sustainability reporting requirements more targeted and cost-effective, reinforce the importance of maintaining a proportionate framework that remains internationally aligned while avoiding unnecessary burdens on reporting entities.

Proposal 1: Adjusting assurance settings

The EEC supports retaining limited assurance for the foreseeable future and does not support a mandatory transition to reasonable assurance in 2030 at this stage.

Australia's climate-related financial disclosure regime is in its infancy and many reporting entities are continuing to build underlying data systems, methodologies and internal capabilities. It is therefore premature to require a higher level of assurance before the operation of the existing arrangements can be properly evaluated. Retaining limited assurance

would substantially reduce compliance costs while still providing a level of confidence in reported information.

The case for reasonable assurance should be assessed through future statutory reviews once there is greater experience across all reporting cohorts and a more mature evidence base regarding the costs and benefits of different assurance models.

Proposal 2: Improving consistency in the application of existing requirements

The EEC strongly supports additional guidance to improve consistency in the application of climate-related financial disclosure requirements.

Stakeholders continue to identify uncertainty regarding concepts such as materiality, undue cost or effort and in relation to value-chain disclosures. Greater guidance in these areas would help improve consistency and reduce implementation costs without requiring amendments to the underlying framework.

In developing further guidance, Treasury, ASIC, the AASB and AUASB should place greater emphasis on practical examples and worked case studies. Guidance should illustrate the types of approaches, assumptions and external data sources that may be considered reasonable or compliant in particular circumstances.

Importantly, examples should be framed as illustrative rather than prescriptive. Practical examples can provide confidence and consistency while avoiding the risk that guidance is interpreted as mandating a single methodology. Reporting entities should continue to be able to adopt approaches that best reflect their business operations, risk profiles and available information.

Refocusing disclosures on investor needs

As guidance evolves, regulators should remain focused on the primary objective of climate-related financial disclosures: providing decision-useful information for investors.

The EEC is concerned that implementation discussions have increasingly focused on satisfying assurance and compliance processes rather than improving the quality and usefulness of information available to users of disclosures. The objective should not be to maximise the volume of information reported, but rather to improve understanding of the climate-related risks and opportunities that are most material to individual entities.

There is a risk that complexity and compliance burden encourage entities to focus on qualitative disclosures where quantitative information may be difficult to produce due to data gaps, emerging methodologies or uncertainty in underlying datasets. Future guidance should therefore place greater emphasis on helping reporting entities identify and communicate their most material risks and opportunities, rather than encouraging increasingly detailed compliance-oriented reporting.

Proposal 3: Value-chain disclosures

The EEC supports efforts to improve clarity regarding value-chain information requirements, particularly where reporting entities face genuine challenges obtaining information from suppliers, customers or other third parties.

However, consistent with our broader view on the consultation paper, we consider the primary challenge at this stage is implementation rather than the underlying settings. Before introducing substantial changes to value-chain disclosure requirements, priority should be given to improving guidance on how existing requirements should be applied in practice.

In particular, additional guidance could provide clearer examples of:

- what constitutes a reasonable effort to obtain value-chain information;
- how materiality should be assessed in the context of value-chain disclosures;
- how reporting entities should address data gaps, uncertainty and incomplete information; and
- how "undue cost or effort" considerations should be applied.

The EEC also considers there is a role for government in improving access to reliable secondary emissions data. Government-developed or government-curated emissions factors could provide a credible and consistent alternative where primary data is unavailable, reducing compliance costs while maintaining the usefulness of reported information. This approach may be particularly valuable during the early years of implementation, as data availability and reporting capabilities continue to mature.

Importantly, these factors should operate as an optional resource rather than a mandated methodology, allowing entities to use more specific primary data where it is available and material. The EEC therefore supports options 3a and 3b being developed together.

Aligning climate reporting frameworks

The EEC supports continued efforts to improve consistency between climate-related financial disclosure requirements and other Australian reporting frameworks, including the National Greenhouse and Energy Reporting Scheme (NGERS).

Where practical, greater alignment can help reduce reporting burden, minimise duplication and improve data consistency. However, alignment should not come at the expense of the underlying objectives of climate-related financial disclosures or lead to unnecessary rigidity in reporting approaches.

Any alignment work should remain principles-based and should recognise that different frameworks may serve different purposes. The priority should be improving interoperability and reducing duplication rather than pursuing complete harmonisation.

Conclusion

The EEC supports Treasury's focus on improving the efficiency of Australia's climate-related financial disclosure framework. Given the regime remains at an early stage of implementation, priority should be given to regulatory certainty, proportionality and practical implementation support rather than substantive redesign of the framework.

Key priorities should include:

- retaining limited assurance and deferring consideration of reasonable assurance until the framework is more mature;



- providing significantly more practical guidance on materiality, undue cost or effort, value-chain disclosures and reasonable data sources;
- ensuring guidance remains illustrative rather than prescriptive;
- maintaining a clear focus on investor decision-usefulness rather than compliance alone;
- improving consistency across related reporting frameworks, including NGERs; and
- preserving international alignment while reducing unnecessary compliance costs.

These measures would improve the efficiency of the framework while maintaining the transparency, comparability and decision-usefulness that climate-related financial disclosures are intended to provide.

If you would like to discuss the matters raised in this submission, please email me at Jeremy.Sung@eec.org.au.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeremy Sung", is positioned above the typed name.

Jeremy Sung
Head of Policy
Energy Efficiency Council