

Climate risk disclosure should be ‘economy-wide’

- *CPD recommends one clear set of climate disclosure rules covering listed and private companies, financial institutions and government entities*
- *Disclosures should be in line with global standards and evolve to reflect best practice*
- *A phased roll-out should begin with select public authorities, large listed companies and other climate-exposed entities*

Monday 13 March 2023 – Government authorities and large privately-held businesses should ultimately disclose climate risks alongside publicly traded companies to support a swift, just and orderly transition to net zero, a leading independent policy institute says.

The Centre for Policy Development submission to Treasury on climate-related financial disclosures says the government should hold itself to the same standard it applies to banks, superannuation funds and large listed companies in the initial rollout.

The submission says listed companies will be forced into guesswork unless large private companies in their supply chains make their own disclosures. It warns that investors may seek to take climate-exposed businesses private to avoid oversight under a two-tiered system.

It notes that supply chain reporting regimes for Modern Slavery already apply to both private companies and public authorities alongside listed entities.

It recommends disclosures conform to internationally recognised frameworks such as those developed by the Taskforce on Climate-related Financial Disclosures, and the International Sustainability Standards Board.

The Centre for Policy Development has been at the forefront of research on interactions between climate change, business and the economy for nearly a decade.

The organisation commissioned the [Hutley Opinions](#) (which first examined the duties of company directors on climate risks and opportunities in Australia), produced [leading research](#) on [climate risk governance](#) in [public authorities](#), and has hosted landmark speeches on climate change and the economy by leaders from the [Reserve Bank](#), [APRA](#), [Treasury](#) and [ASIC](#).

Centre for Policy Development sustainable economy director Toby Phillips said an orderly transition relies on a nuanced picture of climate-related risks and opportunities across the whole economy.

“To manage risks and convert opportunities at a national and sectoral level, policymakers and business leaders alike need clear and consistent information,” Mr Phillips said.

“Listed companies required to disclose scope three emissions in their supply chain should not be



forced into guesswork because a privately-held supplier can choose not to report its own emissions.”

“Nobody wants a situation where the emissions of competing airlines are governed by different disclosure regimes. When companies are reporting on their supply chains, a shipment of iron ore or a load of cement from one supplier could have a firm number on it, but the same product from a competitor would not. That won’t lead to a well-functioning market”.

“At a national level, we need government entities playing by the same rules as everyone else. Government spending and investment is 25 percent of the economy. Large entities like Australia Post, the Future Fund, or Defence Housing Australia play significant roles in the economy, and they should be setting the standard, not lagging behind”.

“Global capital markets will be pricing sovereign climate risk just as they will be pricing institutional risk, and one clear set of rules will build the confidence needed for a swift, just and orderly transition within Australia and internationally.”

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About the Centre for Policy Development

The [Centre for Policy Development](#) is one of Australia’s leading independent policy institutes. Our core model is threefold: to create, connect, and convince. We create ideas from rigorous, evidence-based, cross-disciplinary research at home and abroad. We connect experts and stakeholders to develop these ideas into practical policy proposals. We then work to convince governments, businesses and communities to implement these proposals.