Green Building Council Australia

Building a sustainable future

9 October 2026

Climate Disclosure Unit
Market Conduct Division
The Treasury

Via email: climatereportingconsultation@treasury.gov.au

Dear Climate Disclosure Unit

RE: Improving the efficiency of climate-related financial disclosures

The Green Building Council of Australia (GBCA) welcomes the opportunity to provide input to The Treasury's consultation on improving the efficiency of climate-related financial disclosures. GBCA believes climate-related financial disclosures are a vital tool for directing capital towards lower-emissions, more climate-resilient assets and enabling investors to assess climate-related risks and opportunities more consistently. Greater transparency and accountability across the economy will support informed decision-making and accelerate collective progress towards Australia's net zero commitment. In 2021, Zali Steggall MP launched the GBCA's report, Resilience in the built environment. The report provided clear guidance for the growing number of organisations wanting to align their property assets and reporting with Taskforce on Climate-related Climate Disclosures (TCFD) risk guidelines and recommendations.

About GBCA
GBCA's purpose is to lead the sustainable transformation of the built environment. We do this primarily through our core functions:

- We advocate policies and programs that support our vision and purpose.
- We rate the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star.
- We educate industry, government practitioners and decision-makers, and promote green building programs, technologies, design practices and operations.
- We collaborate with our members and other stakeholders to achieve our mission and strategic objectives.

Green Star is Australia's most widely used sustainability rating system for the design, construction and performance of buildings – including social infrastructure – fitouts and communities. Green Star aims to transform the built environment by:

- reducing the impact of climate change
- enhancing our health and quality of life
- restoring and protecting our planet's biodiversity and ecosystems
- driving resilient outcomes for buildings, fitouts, and communities
- supporting and rewarding the development and use of sustainable products and materials
- contributing to market transformation and a sustainable economy.

While GBCA is not a reporting entity or an assurer, we own and operate the certification trademark, Green Star, Australia's most widely used sustainability rating system for buildings, fitouts and communities. Green Star certification provides a structured and independently verified evidence base which can help to inform reporting entities' climate-related disclosures, particularly around building performance, embodied carbon, operational energy, electrification, resilience, health, circularity and other sustainability outcomes. The Submission Guidelines for Green Star Buildings rating tool references AASB S1 - General Requirements for Disclosure of Sustainability-related Financial Information and AASB S2 - Climate-related Disclosures as supporting resources for the Climate Resilience credit, encouraging alignment with these standards.

GBCA also has a membership of over 650 organisations, who are committed to driving the green building movement forward in Australia. This includes designers, developers, builders, product manufacturers, professional services and financial institutions. Some of our members are reporting entities who are not only leaders in sustainable property development, financing and materials production, but also in sustainability and climate-related reporting.

GBCA makes the following comments in relation to the proposed reforms. We also note that the Property Council of Australia's submission to this consultation is aligned with our own on most issues and has been informed by members of its National Sustainability Roundtable, most of whom are also GBCA members.

Principles underpinning proposed reforms

The consultation paper notes that the proposals for reform are intended to achieve four core principles:

1. Improve the efficiency of the sustainability reporting framework by reducing compliance costs
2. Maintain international alignment between AASB S2 and its global counterpart, IFRS S2
3. Minimise disruption for reporting entities
4. Ensure the 2028-29 Review is used to examine more systemic issues.

GBCA supports the four principles underpinning the proposed reforms as a sound framework for improving Australia's climate-related financial disclosure regime. Reforms should reduce unnecessary compliance costs while preserving the integrity and decision-usefulness of disclosures, particularly as entities establish the systems and capability needed to report.

GBCA strongly supports continued alignment between AASB S2 and IFRS S2 to promote consistent, comparable and credible disclosures. Australia should seek to preserve alignment with international standards wherever possible and only depart from international standards where there is a compelling case and clear efficiency benefit.

While climate-related financial disclosures are a vital element in the transition to a net zero economy, we note that they form just a part of the significant reporting expectations, both financial and non-financial, on reporting entities (and many other organisations). Reporting serves a range of legitimate purposes and important objectives, but we agree that regular evaluation of reporting requirements, and the cumulative impacts of an increasingly complex reporting landscape, is critical. GBCA supports careful consideration of reforms that ease reporting burdens, duplication, complexities and costs wherever possible, while maintaining robust processes and outcomes. GBCA notes that the phased implementation of the reporting regime to broaden participation is a critical pathway in Australia's transition to a net zero economy. Periodic consideration of reforms to support efficient and effective reporting will be critical as Groups 2 and 3 and Scope 3 reporting timings are phased in.

Proposals for reform

Proposal 1: Adjusting assurance settings

GBCA supports maintaining limited assurance and does not support a transition to reasonable assurance.

Option 1A: Maintain the limited assurance requirement best aligns with the consultation's objectives of reducing unnecessary compliance burden while maintaining disclosure quality, international alignment and implementation certainty. Maintaining limited assurance would remain consistent with international practice. IFRS S1 and IFRS S2 Sustainability Disclosure Standards do not require reasonable assurance, and no comparable international jurisdiction currently mandates it.

We also note concerns from industry regarding the practicality of applying reasonable assurance to forward-looking disclosures such as scenario analysis, resilience assessments and climate-related strategy disclosures, where inherent uncertainty cannot be eliminated through additional assurance activity.

GBCA understands that measuring, reporting and verifying achievements and progress towards decarbonisation is vital. However, we note that reporting requirements should support, rather than displace, climate action. We urge caution in setting requirements for reporting, assurance and documentation so that these demands do not divert sustainability capability away from decarbonisation, adaptation and the management of material climate-related risks and opportunities.

We believe that limited assurance provides an appropriate level of scrutiny while allowing entities to focus resources on improving disclosure quality, building organisational capability and managing material climate-related risks and opportunities. Entities should remain free to obtain reasonable assurance voluntarily where there is an identified investor, lender or commercial need.

Proposal 2: Improving consistency in the application of existing requirements

GBCA supports Treasury's proposal to provide additional implementation guidance, but we do not believe that Treasury should prescribe or introduce Australian-specific definitions of proportionality concepts already embedded in AASB S2.

We note that additional guidance materials to support the resources already available will be welcomed by industry where it is prepared jointly for both report preparers and assurance providers. Guidance directed only to reporting entities will not deliver consistent outcomes if assurers apply different evidentiary expectations or interpretations.

This could include practical worked examples demonstrating how reporting entities can apply screening, prioritisation, estimation and judgement when preparing GHG inventories and value-chain disclosures. These examples should support proportionate data collection and reduce unnecessary information requests across supply chains. GBCA welcomes the opportunity to work with The Treasury to co-develop specific built environment worked examples.

Members of the Property Council's National Sustainability Roundtable have indicated that they do not consider the principal implementation challenge to be the definition of proportionality concepts. While challenges with reporting do exist, it is not likely to be because the underlying standards are deficient. Challenges may arise because reporting entities, advisors and assurance providers are reaching different conclusions on how the standards should be applied in practice. In large part, we consider many of these issues are likely to resolve over time as reporting practices mature.

A solution to prescribe detailed or Australian-specific definitions of concepts could reduce necessary flexibility, create a de facto set of reporting rules and place Australia out of step with international practice. Given the diversity of reporting entities, business models and value chains, we believe comparability will be achieved through the consistent application of principles, not uniform methodologies.

Proposal 3: Setting clearer boundaries on value chain information requests

GBCA supports expanding the availability of credible emissions factors, default values, worked examples and standardised request formats to support proportionate value-chain reporting while preserving flexibility for reporting entities to use the most decision-useful information available.

GBCA has long supported credible, practical and independently verifiable approaches to sustainability performance. Green Star is Australia's most widely used sustainability rating system for buildings, fitouts and communities. It has been developed in close consultation with industry and government and continues to evolve to support climate action, resource efficiency, health and wellbeing, nature and circularity. This practical experience reinforces the importance of reporting settings that improve data quality over time while avoiding unnecessary duplication, inconsistent information requests or disproportionate administrative burden.

GBCA urges The Treasury to consider the following points in relation to Proposal 3:

- Reporting entities should be able to use professional judgement, screening methodologies, sector knowledge and materiality assessments to determine where detailed value-chain data collection is likely to improve disclosure outcomes.
- Entity-specific primary data may be appropriate where it is reasonably expected to alter the assessment of material climate-related risks and opportunities or materially improve disclosure quality. We note that secondary data is acceptable where it supports robust conclusions, but primary data should remain the goal as supply chains mature.
- Emissions factors, industry benchmarks, default values and other credible secondary data sources can provide a reasonable and proportionate basis for assessment where they support robust conclusions about category relevance, significance and materiality. Data from Green Star certified projects is an example of independently verified data that entities and assurers can rely on. This includes information about an asset's operational energy, upfront carbon and electrification status.
- Greater standardisation of value-chain information requests would help reduce duplication and administrative burden, provided sufficient flexibility remains to account for the capability and maturity of responding entities.
- Treasury should clarify that reporting entities may use the most recent reasonably available Scope 3 information, including data from a preceding reporting period, where current information is not available at the time of reporting.

GBCA also considers that measures to reduce reporting burden should complement, rather than replace, the progressive expansion of climate reporting across the economy. Broader participation remains important to improving the quality and availability of climate-related information throughout value chains.

Resolving additional issues

We note that while this consultation appropriately focuses on assurance, implementation guidance, value-chain reporting and reporting alignment, there are additional issues that warrant further consideration as reporting practices mature. Several key issues are noted below:

- Consolidated reporting and complex group structures: Entities with complex ownership structures, managed assets, joint ventures and multiple reporting entities would benefit from greater clarity regarding consolidated reporting approaches and organisational boundaries. Additional guidance provided by The Treasury would be useful.

- Inherent versus residual risk: Additional guidance may be beneficial regarding the role of inherent and residual risk in climate-related risk assessments. In practice, a risk may be material on an inherent basis but become immaterial after considering management responses, controls and mitigation measures. The Green Star Design & As Built rating tool includes the Climate Resilience credit which encourages project teams to undertake a thorough climate-risk assessment of the project. Additional points are awarded for addressing the assessment and taking appropriate adaptation actions, with initial and residual risks to be signed off by the project owner. GBCA has a rich dataset from certified projects which addressed this credit. We would be pleased to offer The Treasury a briefing to illustrate how this process is working in the market. This credit is now a minimum requirement in the Green Star Buildings rating tool (which has now superseded Green Star Design & As Built).
- Vulnerability assessments: Industry has identified vulnerability assessments as an emerging implementation challenge that is not directly addressed by the proposals in this consultation. Please see points made above for how vulnerability, inherent and residual risk are addressed by projects using Green Star. GBCA suggests The Treasury consider working with assurers to develop guidance on minimum expectations for vulnerability assessments.
- Financial quantification of climate-related impacts and opportunities: In practice, it can be difficult to isolate climate-related expenditure, costs and financial impacts from broader business activities, while many estimates are subject to significant uncertainty and reliance on assumptions. As a result, substantial analytical effort does not always translate into decision-useful or assurance-ready disclosures. Additional guidance and examples may assist reporting entities and assurance providers in navigating this issue.
- Mandatory 1.5°C scenario analysis: GBCA suggests that as the Corporations Act 2001 (Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024) requires a high-warming scenario alongside a 1.5°C scenario, additional guidance could be developed for how each scenario analysis should be used. We note that the Green Star Climate Resilience credit uses RCP 8.5 or SSP3-7.0 for physical risk, rather than 1.5°C.

GBCA welcomes the opportunity to provide further input. To arrange further discussion, or for additional clarification of the points made above, please do not hesitate to contact Katy Dean, Senior Policy Adviser, via email at katy.dean@gbca.org.au.

Yours sincerely



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