Australian Industry Greenhouse Network

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Productivity Commission

businessreporting@pc.gov.au

Feedback in inquiry: Improving non-financial business reporting requirements

The Australian Industry Greenhouse Network (AIGN) welcomes the opportunity to comment on the Productivity Commission's inquiry into improving non-financial business reporting requirements.

About AIGN

AIGN is a network of industry associations and businesses representing a broad cross-section of the Australian economy, including major energy producers, energy users, manufacturers, resources companies and exporters. Many AIGN members are subject to an extensive suite of Commonwealth and state-based climate, emissions, environmental and corporate reporting requirements.

AIGN supports reporting frameworks that provide useful, credible and decision-relevant information with streamlined, efficient and effective administrative, reporting and compliance arrangements, nationally coordinated policy, and stable and predictable regulation.

This submission focuses primarily on sustainability and environmental reporting and the cumulative impacts of multiple reporting requirements. We encourage the Commission to take a broad view of the reporting ecosystem. The burden on businesses arises not only from recurring statutory reports, but also from regulatory and departmental information requests, notices and other ad hoc or event-based requirements. This is consistent with the Commission's recognition that non-financial reporting includes both recurring and event-triggered obligations and that the cumulative burden may exceed the sum of individual requirements considered separately.

In our members' experience, inefficiency often arises not only from individual obligations, but from the interaction between otherwise legitimate requirements. Duplication, inconsistent definitions and thresholds, different reporting boundaries, misaligned reporting periods and overlapping regulatory changes can create substantial cumulative costs.

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Sustainability and environmental reporting

AIGN supports, in principle, mandatory climate-related financial disclosures where they fulfil their core purpose of providing useful information about how reporting entities identify, assess and manage material climate-related financial risks and opportunities.

However, the quality of a reporting framework should not be measured by the volume of information collected or the number of separate compliance processes imposed. Additional requirements should provide genuine informational value and address an identified need. AIGN supports a 'use existing information first' approach: where credible information is already collected, verified and assured under another regulatory framework, governments should seek to use that information. Entities should not be required to reproduce, reconcile or re-assure substantially the same data. AIGN members note that such duplication increases administrative burden and diverts resources from potential decarbonisation activities.

In particular, the National Greenhouse and Energy Reporting Scheme (NGERS) should be the default framework for relevant Australian emissions reporting where practicable. Requiring entities to reconcile established NGERS information with alternative emissions accounting methodologies can impose additional cost and create apparent inconsistencies without necessarily improving the usefulness of the information.

The same principle should apply to assurance: where information is already subject to appropriate independent assurance, duplicate assurance should be avoided unless it serves a demonstrable and defensible additional purpose.

In addition to using existing credible data and avoiding duplicate assurance, governments should also seek to harmonise definitions and methodologies where appropriate, preserve international operability, and ensure all reporting requirements are proportionate and have the flexibility to reflect differences in entity structure, risk profile, data availability and capability.

Some AIGN corporate members report that demand for entity-level sustainability information is extremely minimal. Primary users of this data (i.e. investors, lenders and other creditors) are chiefly interested in consolidated, portfolio-level financial reporting and broader sustainability disclosures (both mandatory and voluntary). As the disclosure framework is intended to provide decision-useful information, reporting requirements should be focused on disclosures that support capital allocation decisions and address genuine information needs. Requiring separate sustainability reports from subsidiaries increases administrative and compliance burden without materially improving the information required by investors and creditors. AIGN supports a broad subsidiary exemption for climate-related financial reporting, including intermediate holding companies, where the parent entity reports under an equivalent framework.

Furthermore, efficiency reforms should minimise disruption. Businesses have invested in systems, governance, staff capability and assurance arrangements to meet existing requirements. Targeted continuous improvement may be able to address reporting inefficiencies, and is often preferable to systemic redesign.

Information requests and notices

AIGN encourages the Commission to look beyond formal annual or periodic reporting regimes when mapping the burden on business. Our members also experience significant demands through regulator and departmental information requests and notices, including security-related and other regulatory notices. For example, the Australian Energy Regulator, Australian Energy Market Operator, Australian Competition and Consumer Commission, Department of Climate Change, Energy, the Environment and Water, and multiple state government agencies, all separately mandated regular surveys in the last six months relating to fuel stocks. These require substantial internal coordination, legal review, data extraction and reformatting.

In some cases, agencies request information in a prescribed form without first establishing whether the information is already publicly available, has previously been supplied to another government body (or, indeed, to the agency in question), or can be obtained through an existing government dataset. AIGN supports applying a 'use existing information first' approach across governments to ease the reporting burden. Agencies should also consider whether a prescribed alternative format is genuinely necessary for the agency's purpose. This should apply to recurring reporting as well as ad hoc information requests, subject to appropriate confidentiality, legal and security provisions.

Cumulative impacts of reporting requirements

AIGN particularly welcomes the Commission's intention to examine the reporting system as a whole. The terms of reference recognise that requirements have evolved through different laws, regulatory instruments and agencies and that the cumulative cost of those obligations warrants examination.

For large businesses, cumulative burden goes beyond the sum of separate reporting forms. The same personnel, governance systems, emissions databases, legal and finance teams and assurance providers are often required to respond to several frameworks at once. Different entity boundaries, methodologies, definitions, reporting periods and assurance expectations can require additional reconciliation and governance even with the same, or similar, underlying information.

This issue is particularly relevant to AIGN members, many of which are simultaneously managing NGERS reporting, Safeguard Mechanism compliance, climate-related financial disclosures, environmental and approvals requirements, international and/or voluntary sustainability reporting, and state-based obligations. This is sometimes compounded by additional information requests (see above).

Additionally, consultation processes related to sustainability, climate and industrial policy are frequently scheduled during reporting season (this is occurring at present). These processes draw on the same relatively small pool of specialist personnel responsible for discharging reporting obligations, resulting in additional pressures which risk compromising the quality and diversity of engagement with consultations.

The Commission's proposed mapping of the broader reporting landscape has the potential to identify both exact duplication, and reporting requirements that are substantially duplicative – beginning with the same underlying information but imposing different classifications, reporting boundaries, methodologies, sign-off or assurance arrangements. This could encourage coordination between regulators to identify where information can appropriately serve multiple regulatory purposes, retaining suitable protections for commercially sensitive information. This work should be undertaken as part of a targeted continuous improvement approach that removes avoidable costs and uncertainty while maintaining effective, high-integrity reporting frameworks.

Benefits of reform

This inquiry provides an opportunity to establish a more systematic approach to non-financial reporting across governments. Each reporting requirement should have a clearly defined purpose and the information collected should be demonstrably useful for that purpose. Before establishing a new requirement, policymakers should determine whether credible information is already available through another regulatory framework.

Where duplication is identified, the lead agency responsible for data collection should address inefficiencies, with a focus on interoperability, common definitions, reuse of verified data and recognition of existing assurance. New common data standards or systems should build on established business and regulatory infrastructure rather than create another layer of reporting architecture.

Importantly, simplification should not weaken the integrity or usefulness of sustainability and environmental reporting. AIGN considers these objectives complementary. Reducing unnecessary administrative processes allows businesses and regulators to focus resources on information that is material, decision-useful and relevant to environmental and climate outcomes. Ensuring efficient allocation of resources for reporting also frees up resources for these entities to plan and undertake decarbonisation projects.

Conclusion

AIGN supports the focus of this inquiry on improving the efficiency of non-financial business reporting requirements. Reporting frameworks should be optimised to provide practical, credible and decision-useful information within a streamlined administrative

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framework, ensuring high integrity reporting and assurance while avoiding unnecessary duplication, costs and resourcing burden on reporting entities.

AIGN looks forward to continuing to engage constructively with the Productivity Commission as the inquiry progresses.

Kind regards,

Catherine Ellis | Chief Executive