



**1 March 2024**

Australian Government  
Australian Accounting Standards Board

**Re: Draft Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information - ED SR1**

The water sector is broadly supportive of efforts by the Australian Accounting Standards Board (AASB) to standardise and align disclosures for climate-related financial information presented in ED SR1. This approach provides consistency and certainty on reporting requirements for our sector. While most water utilities are not directly captured under Chapter 2M of the *Corporations Act 2001*, many report under National Greenhouse and Energy Reporting (NGER), and are subject to reporting requirements for public sector organisations as determined by their respective States and Territories.

The [Water Services Association of Australia \(WSAA\)](#) is the peak body representing the urban water sector. Our members provide water and sewerage services to over 24 million customers in Australia and New Zealand and many of Australia's largest industrial and commercial enterprises. The water sector in Australia, collectively owns \$200 billion in water and wastewater assets, with total revenue of \$20 billion and total capital spend of nearly \$7 billion in 2022-23.

Water utilities are vulnerable to climate change due to their reliance on long-term fixed assets and heavy dependence on rainfall for service provision. As government-owned entities, water utilities make a significant contribution to governments' carbon emissions - primarily from wastewater management. Water utilities must also consider the materiality of climate impacts in terms of costs passed onto the customers and communities they provide their services to now and in future. In response, many utilities are at the forefront of achieving Net Zero carbon emissions by being more efficient with resources, investing in renewable energy, minimising emissions, and developing innovative ways of harnessing the potential resource production of assets through products such as biochar.

WSAA facilitates collaboration, knowledge sharing, networking, and cooperation within the urban water sector. We have worked with our members, leading sector-wide advances to address climate risks and seize opportunities as we transition toward a low carbon economy. The sector is propelling forward in its ambitions toward net zero emissions, supported by WSAA publications [Climate Change - Accelerating to Net Zero](#), [Circular Economy Action Plan](#)

and [Towards Resilience: Climate Change and the urban water industry in Australia and New Zealand](#). WSAA also collaborates internationally, and previously partnered with Water UK in 'Race to Zero', a United Nations-backed global campaign at the United Nations COP26 Climate Change Conference in Glasgow. Further, we are currently compiling a Guide to Management of Scope 3 Emissions for the Water sector, which we would be happy to share following its publication in May 2024.

Our key comments to the Australian Sustainability Reporting Standards – Disclosure of Climate-Related Financial Information ED SR1 are outlined below:

- 1. Water sector specific metrics and risks:** Under the ED SR1 an entity would be required to have regard to disclosing industry-based metrics, where there are well established and understood metrics available for the reporting entity. The AASB decided not to publish the industry-based guidance accompanying the IFRS S2 or include references to Sustainability Accounting Standards Board (SASB) Standards at this time. This gap (without industry-based metrics), leaves water utilities captured by the Corporations Act left to make their own interpretations, which will lead to inefficiencies and inconsistencies across the sector. WSAA has a proven track record for developing industry standards that support alignment and consistency across the sector and is well placed to develop metrics or guidelines to support the sector to address the disclosure requirements consistently across different jurisdictions. Furthermore, WSAA works on best practice standards domestically and internationally, and can implement processes to manage risk of self-regulation in the industry standard development process.
- 2. Emissions accounting for emerging areas not currently covered by NGER:** WSAA is staying informed regarding emerging areas for emissions accounting and international best practices, ensuring the sector is prepared, and well placed to report with accuracy on emerging requirements. This is evident in the development of the Water Sector Guideline for Scope 3 Emissions Management (Scope 3 emissions are currently not covered by NGER). Another area of interest to the sector, is the direction the Australian Government may take on emissions from flooded land (dams and weirs) as described in the [GHG Protocol's Land Sector and Removals Guidance](#) – due for release in 2024.
- 3. Common reporting for the water sector:** WSAA works closely with the Bureau of Meteorology in consolidation of water sector data prepared for the National Water Initiative (NWI), under the Urban Water Utilities National Performance Reporting Framework. WSAA has a proven record in working with the urban water sector to

reduce unnecessary duplication and ensure the practical application of indicators to effectively track performance across the sector. This relationship can support continual integration and consistency in reporting across bulk water suppliers, water and wastewater utilities, and councils across the sector. A preliminary gap analysis of reporting metrics outlined in the ISSB B39 Guideline indicates strong alignment to many of the reporting indicators provided by the NWI. WSAA is well positioned to develop relevant metrics in consideration of the existing baseline indicators of the NWI and international best practices across the sector.

4. **Flexibility in the output for issuing financial-related disclosures:** WSAA supports the AASB proposal for an either/or publication model for climate-related financial disclosure reporting, allowing for disclosures to be presented within the corporate report of an entity or as a separate disclosure document. This is due to different levels of control and state-based requirements that influence water utility reporting. For example, some water utilities can prepare disclosure information as a separate report, while for other state-owned utilities corporate reporting requirements are set by the State and they can not prepare a separate report.

WSAA appreciates the opportunity to contribute to the ED SR 1 consultation and welcomes opportunities to work with the AASB and the Australian Government, particularly with regards to the development of effective and consistent water sector metrics and/or guidelines.

WSAA is best placed to lead and develop industry specific metrics in a timely fashion, that are fit-for-purpose and to further gain broad acceptance and alignment across different jurisdictional boundaries of the urban water sector. This will ensure Australian climate-related financial disclosures can continue to support consistently applied principles and metrics to help manage climate risks and inform opportunities across the sector now and into the future.

To discuss our submission in more detail please contact Meg Humphrys, Liveable Communities Advisor at 0418 406 307 and [meg.humphrys@wsaa.asn.au](mailto:meg.humphrys@wsaa.asn.au)

Yours sincerely,

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