



Every Queensland  
community deserves  
to be a liveable one

1 March 2024

Australian Accounting Standards Board  
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Melbourne VIC 8007

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To whom it may concern

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

The Local Government Association of Queensland (LGAQ), as the peak body for Queensland's 77 councils, welcomes the opportunity to provide feedback to the Australian Accounting Standards Board (AASB) on the *Exposure Draft Australian Sustainability Reporting Standards (ASRS) – Disclosure of Climate-related Financial Information* (ED SR1), released for public consultation 23 October 2023.

The LGAQ understands the development of the new Australian Sustainability Reporting Standards is designed to help meet the Federal Government's commitment to introduce internationally aligned mandatory climate-related financial reporting for large businesses and financial institutions, with the broad sustainable finance framework under development by the Federal Treasury.

The LGAQ recognises that the development of the ED SR1 reflects demand for the AASB to provide additional guidance or requirements to promote consistent and comparable reporting of climate-related financial information, given that entities are already required under Australian Accounting Standards to consider climate-related matters in their general purpose financial statements.

The LGAQ firmly welcomes and supports the Federal Government's intention that Queensland councils are not captured by the proposed mandatory climate-related financial disclosure framework, as they are not entities that are required to lodge financial reports under Chapter 2M of the *Corporations Act 2001*.

The State Government has indicated that it will ultimately determine whether climate-related financial disclosure requirements and sustainability reporting standards are to be mandatory for Queensland councils under the Queensland legislative framework, following the expected passage of Federal legislation. The LGAQ would not support any move by the State to depart from the Federal Government's position and mandate this accounting standard for councils.

The concerns of Queensland councils mirror the concerns captured in paragraph BC106 of ED SR1 particularly noting that *"public sector entities, including local governments, manage a high number of assets and have diverse services to the community; therefore, the cost of preparing climate-related financial disclosures would be high. The cost of preparing such disclosures needs to be balanced with the benefits of such disclosures, particularly when climate-related impact reporting rather than financial disclosures seems to be the main interest of users"*.

It is critical that any proposed requirements are appropriately tailored for the local government context and can be implemented in a cost effective and meaningful manner, developed through genuine consultation with the local government sector.

As captured by Resolution 129 passed by Queensland councils at the 2023 LGAQ Annual Conference, it is important to recognise the different nature of funding in local government as opposed to private sector entities, specifically considering: the need to ensure expenses are matched with revenue; local government idiosyncrasies, and depreciation and ongoing operating deficits.



Whilst mandatory requirements and modifications will be determined by the State Government and are beyond scope of the ED SR1, the LGAQ emphasises the need to ensure councils are not required to undertake an exhaustive search for information to identify climate-related risks and opportunities, if mandatory disclosure is proposed by the State Government for Queensland councils (consistent with the [draft] ASRS 1 proposal for not-for-profit entities (paragraph Aus6.1). Using information available to the entity at the reporting date without undue cost or effort in preparing material climate-related financial information, proposed under ED SR1 as a modification for not-for-profit entities, would be critical in ensuring that the local government sector is not adversely impacted by any mandatory disclosure requirements in the future.

The LGAQ has previously lodged two submissions to the Federal Treasury to inform the design and implementation of the Federal Government's commitment to standardised, internationally aligned requirements for disclosure of climate-related financial risks and opportunities in Australia.

Firstly, in February 2023, the LGAQ responded to the *Consultation Paper: Climate-related Financial Disclosure* (December 2022) outlining broad support for greater transparency and accountability to support Australian businesses to meet reduction targets set by all levels of government, through introducing requirements for large businesses and financial to make climate-related financial disclosures regarding governance, strategy, risk management, metrics, and targets.

Feedback from councils, and the LGAQ, also strongly supported not subjecting local governments to the proposed mandatory climate disclosure reforms, citing the varying stages of climate risk management, setting of emission reduction targets, and reporting activities across the Queensland local government sector as well as resourcing constraints. Further, councils emphasised the critical need to ensure training, advice, templates and guidance for councils as well as for Queensland businesses, particularly suppliers to government, prior to the implementation of any changes<sup>1</sup>.

This was reiterated in the LGAQ's response to the second *Consultation Paper: Climate-related Financial Disclosure* (June 2023) in July 2023<sup>2</sup>, also seeking further clarification and consultation in relation to the intended application of the proposed climate-related financial disclosure reforms on not-for-profit organisations, including the LGAQ itself, to ensure there are no unintended consequences or adverse resourcing impacts on these organisations.

The LGAQ appreciates the AASB engaging with local governments on the ED SR1 through a virtual information session held on Thursday 29 February 2024 and encourages the AASB to refer to any individual local government responses made in response to the ED SR1, as well as the matters raised during the virtual session, particularly regarding the cost burden and critical need for funding and capacity building should these requirements be mandated in Queensland.

Given the potential for mandatory reporting requirements to apply to local government in the future, the LGAQ would welcome further engagement, including a meeting with the AASB, Treasury, and State Government representatives, to better understand the outcomes of this current consultation and the anticipated impost on councils of the planned approach, at all levels of government.

Please do not hesitate to contact Jacqui Hurwood, Policy Officer – Environment & Building ([jacqui\\_hurwood@lgaq.asn.au](mailto:jacqui_hurwood@lgaq.asn.au)) or Crystal Baker, Manager - Strategic Policy ([crystal\\_baker@lgaq.asn.au](mailto:crystal_baker@lgaq.asn.au)) or phone 1300 542 700 should you wish to discuss any aspect of this submission, including to arrange a meeting to discuss further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alison Smith', written in a cursive style.

Alison Smith  
Chief Executive Officer

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<sup>1</sup> LGAQ submission (February 2023), including council officer feedback, available on [Treasury website](#)

<sup>2</sup> LGAQ submission (July 2023) available on [Treasury website](#)