



Australian governments require public sector entities to disclose climate-related financial risks

NSW is first state to mandate climate disclosures for public sector entities, aligned with ASRS, effective from 2024-25

- On 29 October 2024, New South Wales (NSW) Treasury released the **TPG24-33 Reporting framework for first year climate-related financial disclosures** (NSW Climate Reporting Framework) for NSW Government agencies, businesses, and universities (NSW Entities) with immediate effect
- Climate disclosures will be broadly aligned to the Australian Sustainability Reporting Standards (ASRS) but include consideration of an expanded primary user group beyond investors
- There are 29 phase 1 NSW Entities required to report on their climate risks and opportunities in the 2024-25 financial year (FY25) or 2025 calendar year.
- In NSW, first year relief is available. Assurance requirements will be phased in, with no assurance required in the first year
- Some relief and discretion is provided regarding disclosure of quantitative information, with qualitative information the focus of first year disclosures. There is an expectation that disclosures will mature over time and incorporate more quantitative information
- The Commonwealth Government has also introduced a climate disclosure regime broadly aligned to the ASRS for Commonwealth entities and companies commencing FY25.

“Disclosure of public sector entities’ material climate-related risks and opportunities provides transparency and helps drive climate action.

These disclosures will also meet the increasing demand for this type of information from community members, investors, lenders, and other stakeholders.”

NSW Treasury – October 2024

Overview of the Australian public sector reporting landscape

Australian government policymakers have recognised the importance of the public sector providing climate-related financial disclosures similar to the private sector while addressing the unique challenges and opportunities faced by government agencies and entities.

New South Wales

The State of NSW and the Commonwealth are the first Australian jurisdictions to mandate climate disclosure for their public sector entities, broadly aligned to the ASRS.

On 29 October 2024, following the publication by the Australian Accounting Standards Board (AASB) of a mandatory climate disclosure standard: AASB S2 *Climate-related Disclosures* (AASB S2)¹, NSW Treasury released TPG24-33 *Reporting framework for first year climate-related financial disclosures* (TPG24-33). TPG24-33 is informed by AASB S2 and sets out minimum content requirements for the first year of mandatory climate-related financial disclosures by NSW Entities.



This NSW reporting obligation is being implemented in three 'Phases', starting from the **2024-25 financial year** (or the 2025 calendar year where applicable) for **Phase 1** NSW Entities.² Phase 1 entities must report climate-related financial disclosure requirements in their **statutory annual report**, or on a **standalone basis** alongside annual reports for the same annual reporting period. Confirmation of which NSW entities will be in Phase 2 and Phase 3 is expected by end of 2024.

Commonwealth Government

The Commonwealth Department of Finance announced the Commonwealth Climate Disclosure (CCD) policy in December 2023, with updates provided in November 2024. The CCD requires Commonwealth entities and companies to disclose their climate-related risks and opportunities under two 'Streams':

- Stream 1 entities report as Chapter 2M entities under the *Corporations Act 2001*. There are at least five commonwealth companies that are required to prepare a sustainability report under Section 292A of the *Corporations Act 2001*.
- Stream 2 entities report under the CCD requirements tailored for Commonwealth entities. Stream 2 entities are divided into three tranches, with Tranche 1 entities to report in FY25, and Tranche 2 and 3 entities in the following financial years i.e. FY26 and FY27 respectively.³

While the approach of the CCD regime is public, the specific CCD requirements are still under development.⁴

This marks a step change in climate and sustainability reporting expectations for government agencies and Government Business Enterprises and State-Owned Corporations in two of Australia's largest public sectors. With the sector neutral design of the ASRS, and limited additional provisions catering for not-for-profit and public sector entities, more Australian Governments may introduce similar climate disclosure regimes for their Government and Public Sector (GPS) entities.

¹ Other State and Territory Governments require their public sector entities to report on climate risks, including Victoria through the FRD24 *The Environmental Performance Cycle*. However, these reporting regimes are not ASRS-aligned.

² <https://www.treasury.nsw.gov.au/climate-related-financial-disclosures>

³ <https://www.finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-policy>

⁴ CCD Requirements for Year 1 reporting for Tranche 1 and Tranche 2 Commonwealth entities are to be released in Q4 2024 along with indicative criteria for the second and third reporting years.

This publication focuses on NSW Treasury's TPG24-33 as the first publicly released and finalised mandatory disclosure framework issued by an Australian government.

Although TPG24-33 closely aligns with the private sector mandatory climate disclosure standard AASB S2, a key difference is the expansion of who may rely on the disclosures and the decisions those users may make. Under TPG24-33, it is expected that NSW Entities will consider a broader audience such as community members, parliamentarians and donors when preparing disclosures, which is distinct from the primarily investor focused approach of AASB S2.

What's happened in NSW?

TPG24-33 guides NSW Entities in preparing for their first year of climate-related financial disclosures. Under this reform, NSW Entities are required to include information relating to the following matters in their annual reports:

- **Governance:** Disclosures are required to enable users to **understand the processes, controls, and procedures** in place for oversight of climate-related risks and opportunities
- **Strategy:** Entities need to report information on their **strategy** for **managing** climate-related risks and opportunities
- **Risk management:** Entities must disclose information about **the processes used to identify, assess prioritise, and monitor** climate-related risks and opportunities
- **Metrics and targets:** Disclosures required to understand the entity's performance in relation to **climate-related risks and opportunities, including progress towards targets**

NSW Entities are already required to include a mandatory **sustainability content heading** in their annual reports in accordance with the **NSW Treasury TPG23-10 Annual Reporting Guidelines** (Annual Reporting Guidelines) issued in August 2023 (see Box 1: Annual Reporting Guidelines). The additional requirement under TPG24-33 to incorporate climate-related financial disclosures reflects an increased expectation on NSW Entities to identify, address and report on material climate-related issues as part of their reporting processes.

Who is captured by TPG24-33?

The list of NSW Entities that are captured in Phase 1 requiring them to make a climate-related financial disclosure in FY25 (or on calendar year 2025 for universities in Phase 1) can be found in the **Appendix**. It is anticipated that all remaining NSW Entities will be included in Phase 2 and 3 of the rollout over the next financial years 2025-26 and 2026-27 (or calendar years 2026 and 2027 for the Phase 2 and 3 universities).

Box 1: Annual Reporting Guidelines

Mandatory content heading on sustainability, to include:

- ❖ Disability Inclusion Action Plans
- ❖ Modern Slavery Act 2018 reporting
- ❖ Work Health and Safety
- ❖ Workforce Diversity

Additional suggested content to include under the mandatory sustainability heading:

- ❖ How the agency's pursuit of its objectives and outcomes impact economic, social, environmental, and other sustainability matters
- ❖ Key sustainability risks and opportunities
- ❖ The agency's overall sustainability performance.

What must be reported under TPG24-33?

TPG24-33 sets out the minimum content requirements for the **first year** of mandatory climate-related financial disclosures for NSW Entities and there is an expectation that disclosures will become increasingly sophisticated as maturity and capability in climate-related disclosures develop over time.

This framework is primarily built on the requirements of AASB S2. Following consultation with NSW Entities, the TPG24-33 framework was designed to meet the circumstances of NSW Entities, including relevant legislative and policy decisions impacting the NSW Government and Public Sector (GPS) and maturity considerations of NSW Entities to deliver evidence-based disclosures⁵. There is no expectation that NSW Entities will comply with AASB S2. NSW Entities may make voluntary disclosures in line with the TPG24-33 framework before they are mandatory. A summary of the core content requirements and example disclosures under TPG24-33 is outlined in the table below:

Governance	Strategy	Risk management	Metrics and targets
<p>Governance body(s) or individual(s) responsible for oversight and how the body is informed about climate-related risks and opportunities (CRROs)</p> <p>How the body(s) determines whether appropriate skills and competencies are available or will be developed</p> <p>How the body(s) considers CRROs when overseeing strategy, decisions on major transactions and risk management processes/policies</p> <p>How the body(s) oversees setting of targets and monitors progress</p> <p>Management's role in governance processes, controls and procedures</p>	<p>Identification of CRROs, whether they are 'physical' or 'transition' risks, and time horizons used</p> <p>How CRROs affect entity's business model and where they are concentrated (e.g. geographical areas, facilities, supply chains, asset types)</p> <p>How entity has responded to, or plans to respond to CRROs, including how it plans to achieve any climate-related targets</p> <p>The effects of CRROs on entity's financial position, financial performance and cash flows (qualitative only).</p> <p>Qualitative assessment of resilience of strategy and business model to climate-related changes, developments and uncertainties</p>	<p>What processes and related policies entity uses to identify, assess, prioritise and monitor CRROs</p> <p>What inputs and parameters entity uses (e.g. data sources and scope of operations covered)</p> <p>How entity assesses the nature, likelihood and magnitude of the effects of risks</p> <p>How climate-related risk processes are integrated into and inform the overall risk management process</p>	<p>Scope 1 and 2 emissions, including measurement approach, inputs and assumptions</p> <p>Any metrics developed by the entity, including calculation methods</p> <p>Any climate-related targets set to monitor progress towards achieving strategic goals, including approach to target setting, reviewing and monitoring</p> <p>Information about performance against each climate-related target and analysis of trends or changes in the entity's performance</p> <p>The entity's planned use of carbon credits to offset GHG emissions</p>

How do requirements of TPG24-33 compare to the ASRS regime?

A list of the key modifications in TPG24-33 from AASB S2 and its enabling legislation is included in the comparison table below⁶:

	AASB S2 and enabling legislation	TPG24-33
First year of adoption	Financial reporting periods commencing on/after 1 January 2025 (for Group 1 entities)	FY25 (or calendar year 2025 if applicable) for Phase 1 entities
Quantitative/qualitative information	<p>Quantitative information is generally required across a range of disclosures unless criteria in the standards to <u>not</u> provide quantitative information are met</p> <p>Need to use all reasonable and supportable information that is available, where it does not result in undue cost and effort</p>	Qualitative information is the focus for first year disclosures with some relief and discretion provided for quantitative disclosures. There is an expectation that disclosures will mature over time and incorporate more quantitative information ⁷
Scenario analysis	<p>Scenario analysis should be used to assess climate resilience using an approach commensurate with the entity's circumstances, considering the entity's exposure to climate-related risks and opportunities and the skills, capabilities and resources available to the entity. Entities are required to use all reasonable and supportable information that is available without undue cost or effort.</p> <p>Amendments to the enabling legislation in the <i>Corporations Act 2001</i> mandate two climate scenarios must be disclosed:</p> <ul style="list-style-type: none"> • A low scenario of 1.5 degrees, and • High scenario that well exceeds 2 degrees⁸ 	<p>Scenario analysis is not required in the first year⁹</p> <p>DCCEEW is developing initial guidance on scenario use in relation to transition and physical risk assessments</p>
GHG emissions	Measure in accordance with the <i>Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard</i> (2004) unless the entity is required by a jurisdictional authority or an exchange on which it is listed to use a different method for measuring its greenhouse gas emissions (e.g. in Australia, entities required to report under the methodologies of the NGER Scheme legislation)	No requirement to measure in accordance with GHG Protocol as Department of Climate Change Energy Environment and Water (DCCEEW) is developing the NSW Government methodology for emissions accounting and reporting ¹⁰
Value chain considerations	Value chain disclosures are included throughout AASB S2. For example, consideration of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain and where in the business model and value chain CRRs are concentrated. Separate disclosure of Scope 3 emissions, considering the fifteen categories in line with the GHG Protocol	No requirement to consider value chain and Scope 3 GHG emissions in the first year ¹¹

⁶ See TPG24-33 at pp33-49 for a detailed list of all the modifications, exclusions and rationale relative to the AASB S2 requirements

⁷ Pages 14, 24-25 and 35-38 of TPG24-33

⁸ The enabling legislation notes that an increase in the global average temperature should be a temperature that "well exceeds" 2°C in line with the Climate Change Act 2022. The explanatory memorandum explains that a temperature that "well exceeds" 2°C is one that is 2.5°C or more

⁹ Page 38 of TPG24-33

¹⁰ Page 28 of TPG24-33

¹¹ Pages 34, and 44-45 of TPG24-33

	AASB S2 and enabling legislation	TPG24-33
Materiality	<p>An entity is expected to disclose material information about the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects</p> <p>Information is material if omitting, misstating or obscuring this information would influence the decisions of primary users (see below)</p> <p>Consideration must be given to both the entity's circumstances and the characteristics of the primary user</p>	<p>Climate-related information is material if it can be reasonably expected to affect the entity's prospects including:</p> <ul style="list-style-type: none"> • affect its financial outlook • its ability to achieve its objectives • its ability to provide goods and services to the community¹² <p>Consideration of materiality on the entity's ability to provide goods and services to the community should be read in conjunction with the additional examples of 'primary user' (see below). This may result in a wider pool of 'primary users' than entities complying with AASB S2 given the need to consider the broader public interest</p>
Examples of 'primary users'	<p>Primary users are existing and potential investors, lenders and other creditors</p>	<p>For NSW Entities primary users include 'community members, investors, lenders, ministers and other members of Parliament'¹³</p> <p>Assessment of materiality for NSW Entities should therefore consider carefully the broader public interest in considering an entity's prospects¹⁴</p>
Climate-related Transition Plan	<p>An entity should disclose any climate-related transition plan the entity has, including key assumptions and dependencies used in developing its plan to transition to a lower-carbon economy. This includes actions and resources allocated to the transition including actions such as reducing GHG emissions. If an entity has no climate-related transition plan to transition to a lower-carbon economy, including no actions or allocated resources, then this should be disclosed</p>	<p>NSW Entities shall disclose information on its planned response to the expected transition to a lower-carbon economy.¹⁵ If an entity has not set its own climate-related targets, then it should disclose its efforts in contributing to NSW Government's net zero emissions target under the <i>Climate Change (Net Zero Future) Act 2023</i> and other relevant government policies and commitments¹⁶</p> <p>Unlike the AASB S2, there does not appear to be an option to disclose that no efforts have been made to contribute to the NSW Government's net zero emissions target</p>
Climate-related targets	<p>An entity shall disclose information on how it plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. This includes any quantitative or qualitative climate-related targets set and whether they are an absolute or intensity target</p> <p>If no qualitative or quantitative climate-related targets have been set, then this should be disclosed</p>	<p>NSW Entities disclose information on how the NSW Entity has plans to achieve any climate-related targets it has set and any targets it is required to meet by law, regulation or government policy¹⁷</p> <p>This differs slightly from the obligations in AASB S2 as all NSW Entities are required to comply with government policy and therefore will have to make disclosures on their climate-related targets, or plans to set targets, as opposed to theoretically having the ability to disclose that they have no targets or plan to make a target</p>

¹² Page 11 of TPG24-33

¹³ Page 17 of TPG24-33

¹⁴ Page 11 of TPG24-33

¹⁵ Page 23 of TPG24-33

¹⁶ Page 29 of TPG24-33

¹⁷ Pages 27 and 42 of TPG24-33

Assurance	ED02-2024 ASSA 5010 (Exposure Draft closed for comment on 16 November 2024)	TPG24-33
Assurance in first year	The AUASB Exposure Draft currently proposes to require limited assurance on governance, risks and opportunities (under strategy) and scope 1, 2 GHG emissions in the first year of reporting ¹⁸	No assurance required in first year of reporting. NSW Treasury is developing an assurance program for future years with the Audit Office of NSW. If an entity would like to seek assurance on its disclosures prior to commencement of the mandatory assurance process, they should contact NSW Treasury



What NSW public sector entities can do to prepare

1. Establish **project governance** including providing clarity on who is responsible for driving and overseeing how climate-related risks and opportunities are embedded into strategy, risk management and ultimately financial disclosures. Use the project structure to support an assessment of any additional resourcing required
2. Undertake a **gap assessment** and **roadmap** that prioritises actions required prior to beginning of first reporting period and prior to first disclosure
3. Review your entity's key **climate and sustainability-related risks, opportunities** and impacts, and consider **materiality** of information to support disclosure on climate-related risks and opportunities
4. **Data** collection and gap analysis for scope 1 and 2 GHG emissions
5. Assess or **refresh** assessment of climate-related risks and opportunities
6. Undertake a **high-level financial impact assessment** of climate-related risks and opportunities on financial statements before NSW Treasury early Budget close (May 2025). Dry run with quantitative data.

Next steps

Phase 1 NSW Entities are already in the financial reporting period for FY25. Resources are available to help NSW businesses, agencies and universities, understand, assess and disclose climate-related risks and opportunities and support disclosures on the NSW Department of Climate Change, Energy, the Environment and Water (NSW DCCEEW) Climate Risk Ready NSW Hub (accessible to NSW Government entities only). A Treasurer's Direction will, formalise the requirement to report for Phase 1 entities, with details for Phases 2 and 3 to be confirmed over coming months.

Across Australia, all GPS entities should consider their obligations under both the ASRS, and any equivalent reporting frameworks issued by the Commonwealth and State and Territory Governments. In some cases, entities are captured by both the private sector and public sector obligations which requires careful navigating from a governance, strategy, financial impact and assurance perspective.

¹⁸ On 17 September 2024, the AUASB released an Exposure Draft *Assurance over Climate and Other Sustainability Information* which includes the proposed phasing in of assurance requirements for AASB S2.

Key resources



Deloitte thought leadership

- [The CFOs Guide to Sustainability Reporting](#)
 - [A Director's Guide to Mandatory Climate Reporting](#) (September 2024)
 - [ISSB and Financial implications of Climate Change](#)
-



Clarity in corporate reporting publications

- [Release of Treasury's final consultation on climate-related disclosures](#) (February 2024)
 - [A new era of sustainability reporting](#) (September 2024)
-



Australian Sustainability Reporting Standards

- [AASB S1](#) *General Requirements for Disclosure of Sustainability-related Financial Information*
 - [AASB S2](#) *Climate-related Disclosures*
-



Public sector climate disclosure frameworks

- [NSW TPG24-33: Reporting Framework for First Year Climate-related Financial Disclosures](#)
 - [Commonwealth Climate Disclosure Policy](#)
-



Private sector sustainability reporting legislation

[Treasury Laws Amendment \(Financial Market Infrastructure and Other Measures\) Act 2024](#)



IFRS® Sustainability Disclosure Standards

- [IFRS S1](#) *General Requirements for Disclosure of Sustainability-related Financial Information*
 - [IFRS S2](#) *Climate-related Disclosures*
-

Appendix: List of NSW Entities covered by Phase 1 of the NSW Treasury Climate Reporting Framework¹⁹

Government Agency, Statutory Body, Listed Agency	State Owned Corporations (SOC)	Universities
<ul style="list-style-type: none"> Department of Climate Change, Energy, the Environment and Water Department of Communities and Justice Department of Creative Industries, Tourism, Hospitality and Sport Department of Customer Service Department of Education Department of Planning, Housing and Infrastructure Department of Primary Industries and Regional Development Ministry of Health Environment Protection Authority (EPA) Icare NSW Land and Housing Corporation NSW Police Force NSW Treasury Corporation (TCorp) Premier's Department Sydney Metro Sydney Trains The Cabinet Office Transport for NSW Treasury 	<ul style="list-style-type: none"> Essential Energy Forestry Corporation of New South Wales Hunter Water Corporation Landcom Newcastle Port Corporation (Port Authority of NSW) Sydney Water Corporation Transport Asset Holding Entity (TAHE) Water NSW 	<ul style="list-style-type: none"> University of New South Wales University of Sydney

¹⁹ NSW Entities in the Phase 1 list are classified in the above Table using the NSW GSF Agency List classification, current at May 2024: <https://www.treasury.nsw.gov.au/sites/default/files/2024-06/GSF-Agency-List-May-2024-updated-ver.pdf>

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 400,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Deloitte Australia

The Australian partnership of Deloitte Touche Tohmatsu is a member of Deloitte Asia Pacific Limited and the Deloitte organisation. As one of Australia’s leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, risk advisory, and financial advisory services through approximately 14,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at <https://www2.deloitte.com/au/en.html>.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

This publication contains general information only.

© 2024 Deloitte Touche Tohmatsu.

Authors

Angela Cummine
Rebekah Cheney
Jonathan Streng

Contacts

Angela Cummine
Principal
acummine@deloitte.com.au

Rebekah Cheney
Director
rcheney@deloitte.com.au

Jonathan Streng
Director
jstreng@deloitte.com.au

Russell Coleman
Partner
rcoleman@deloitte.com.au

Sarah Kinsela
Partner
skinsela@deloitte.com.au

Jacquie Fegent-McGeachie
Partner
jfegent-mcgeachie@deloitte.com.au

Alison White
Partner
aliswhite@deloitte.com.au