

Corporations Branch
Market Conduct Division
Treasury
Parkes ACT 2600
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17 February 2023

Dear Corporations Branch,

RE: Submission to the Climate-related financial disclosure consultation

The Australian Land Conservation Alliance (ALCA) welcomes the opportunity to provide a submission to the Treasury's consultation on climate-related financial disclosure.

Please note that ALCA is happy for this submission to be published in full.

About the Australian Land Conservation Alliance

The Australian Land Conservation Alliance is the peak national body representing organisations that work to conserve, manage, and restore nature on privately managed land. We represent our members and supporters to grow the impact, capacity, and influence of private land conservation to achieve a healthy and resilient Australia. Our eleven members are:

- Australian Wildlife Conservancy
- Biodiversity Conservation Trust NSW
- Bush Heritage Australia
- Greening Australia
- Landcare Australia
- Nature Foundation
- Queensland Trust for Nature
- South Endeavour Trust
- Tasmanian Land Conservancy
- The Nature Conservancy Australia
- Trust for Nature (Victoria)

ALCA member land conservation efforts have influenced over 3 million square kilometres with more than 4,000 landholders. We have over 70,000 supporters and our combined annual turnover exceeds \$260 million. Together ALCA and its members address some of the most pressing conservation issues across the country, including restoring endangered ecosystems, building the protected area estate, tackling invasive species, expanding private conservation finance, and funding and using nature-based solutions to tackle climate change.

Through their active land management, ALCA member organisations are deeply embedded in rural communities and economies, providing jobs, securing significant regional investment, and safeguarding remaining native habitat, with its many positive spill-over effects for community, wellbeing, and food security. We seek to demonstrate the role and value of private land conservation as a cornerstone of the Australian economy.

Some ALCA members are statutory entities; the views expressed in this submission do not necessarily represent the views of the Government administering those statutory entities.

Summary

Alongside climate-related financial risks, nature-related financial risks are also rapid escalating for Australia's economy, society, and businesses.

Whilst the escalating impacts of the climate crisis have taken hold within the Australian public consciousness, the parallel crisis facing our natural world is less widely known. And yet, the World Economic Forum has already declared nature loss “a *planetary emergency*”¹ with four of the top eight most severe risks on a global scale over the next ten years identified as environmental risks²:

“Humanity has already wiped out 83% of wild mammals and half of all plants and severely altered three-quarters of ice-free land and two-thirds of marine environments. One million species are at risk of extinction in the coming decades – a rate tens to hundreds of times higher than the average over the past 10 million years....

Human societies and economies rely on biodiversity in fundamental ways. ...over half the world's total GDP – is moderately or highly dependent on nature and its services.”³

Using the same methodology, **approximately half of Australia's GDP has also been demonstrated as having a moderate to very high dependence on nature**⁴.

The United Nations System of Environmental Economic Accounting (SEEA) details which sectors' supply chains are most critically dependent upon nature. They include⁵:

- Cropping
- Grazing
- Forestry
- Wild fisheries
- Water supply
- Global climate regulation services (e.g. carbon sequestration)
- Local climate regulation services (e.g. urban cooling and agricultural cooling effects)
- Air filtration
- Soil and sediment retention services
- Solid waste remediation
- Water purification services
- Water flow regulation services
- Coastal protection services
- River flood mitigation services
- Pollination services
- Nursery population and habitat services
- Recreation-related services (including tourism)
- Visual amenity services
- Education, scientific and research services
- Mental health services⁶

¹ See: World Economic Forum, January 2020; <https://www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy>

² See: World Economic Forum, *Global Risks Report 2022*; https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2022.pdf; the risks are climate action failure (1st); extreme weather (2nd); biodiversity loss (3rd); human environmental damage (7th); natural resource crises (8th).

³ See: World Economic Forum, *Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy*, January 2020; <https://www.weforum.org/reports/the-global-risks-report-2020>

⁴ See: Australian Conservation Foundation, *The nature-based economy: How Australia's prosperity depends on nature*, September 2022; <https://www.acf.org.au/how-australias-prosperity-depends-on-nature>

⁵ Largely reproduced from: p154-157 (Annex 6.1), United Nations, SEEA, *Ecosystem Accounting*; https://seea.un.org/sites/seea.un.org/files/documents/EA/seea_ea_white_cover_final.pdf

⁶ This last item has been well-documented during the COVID-19 pandemic; for example: S.M. Labib et. al., *Nature's contributions in coping with a pandemic in the 21st century: A narrative review of evidence during COVID-19*, *Science of the Total Environment* (Journal), 10 August 2022;

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8983608/>; and University of Western Australia research: J.N. Sneddon et. al, *The impact of the COVID-19 pandemic on environmental values*, May 2022, *Sustainability Science* (Journal); <https://link.springer.com/article/10.1007/s11625-022-01151-w>

The scale and devastation that the unfolding nature crisis will have upon our collective wellbeing will dwarf all but the very biggest issues facing our nation – and will rival them in importance.

As per the British Government's Dasgupta Review:

*"We are facing a global crisis. We are totally dependent upon the natural world. It supplies us with every oxygen-laden breath we take and every mouthful of food we eat. But we are currently damaging it so profoundly that many of its natural systems are now on the verge of breakdown."*⁷

Indeed, in 2021, Australian scientists confirmed evidence that already 19 of Australia's ecosystems have either collapsed or are collapsing⁸.

In short, the economic – and thus financial – risks related to nature are escalating due to nature's accelerating decline and Australian business needs to be ready. This means transparent reporting for investment certainty, as well as a means to draw the attention of Australian business to those increasing risks.

Recommendations

Note, while ALCA may have broader views and perspectives on climate-related financial disclosure standards, for the purposes of this submission we have focused our recommendations predominantly upon standards related to nature-related financial disclosures.

Questions 2 and 3:

1. The risks from climate change – financial and otherwise – are rapidly accelerating. It is thus not in Australia's interest to delay implementation of standards for climate-related financial risk disclosures.
2. Regulators should consider whether certain entity types, or entities operating in certain sectors of the economy, are particularly exposed to climate change-related financial risks and should thus be targeted for earlier adoption; or as exceptions to the suggested thresholds above (i.e. have lower thresholds applied); or both.

Question 17:

3. The Australian Government should incorporate flexibility into the proposed legislation that allows for the implementation of standards for potential future sustainability-related financial risk disclosures.
4. The legislation should be specifically designed to allow for future standards relating to nature-related financial risk disclosures, with The Taskforce for Nature-related Financial Disclosures (TNFD) process providing early guidance on those standards and their implementation.
5. Further to Recommendation 4, assuming that the standards themselves will be contained within a legislative instrument rather than the head legislation, there should be a specific power to issue a legislative instrument that sets out standards (and relevant rules for their implementation) for nature-related financial risk disclosures.

Thank you again for the opportunity to contribute to the Treasury's consultation on climate-related financial disclosure.

Australian Land Conservation Alliance

⁷ See: p1, Dasgupta, P. *The Economics of Biodiversity: The Dasgupta Review*, HM Treasury, Government of the United Kingdom; <https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review>

⁸ See: Bergstrom et. al, 'Combating ecosystem collapse from the tropics to the Antarctic', *Global Change Biology*, 2021; <https://onlinelibrary.wiley.com/doi/10.1111/gcb.15539>