



24 September 2025

Green Bonds and Transition Guidance Unit
Climate and Energy Division
The Treasury
By email: sustainablefinanceconsultation@treasury.gov.au

Dear Colleague

CLIMATE-RELATED TRANSITION PLANNING GUIDANCE CONSULTATION

The Australian Finance Industry Association (AFIA) is the only peak body representing the entire finance industry in Australia.¹ We appreciate the opportunity to respond to Treasury's consultation on the draft Transition Planning Guidance, a core element of the Government's Sustainable Finance Roadmap. We represent over 150 members, including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.

Thank you for the opportunity to provide comment on this consultation. AFIA is supportive of the Treasury's Transition Planning draft guidance which is intended to aid effective climate transition planning. Our responses to the consultation questions are presented in the annexure. We would be pleased to engage further with Treasury on its Sustainable Finance Roadmap.

Yours sincerely

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¹ [Australian Finance Industry Association \(afia.asn.au\)](https://afia.asn.au).

ANNEXURE

PART 1 CONSULTATION QUESTIONS PROPOSED APPROACH FOR THE TRANSITION PLANNING GUIDANCE

Questions	Responses
1. Do you support transition plan preparers being the target audience for using the guidance?	Yes, alignment in the way in which preparers publish their transition plans will enable comparability across and within sectors to support user's understanding.
2. Do you have feedback on the proposed design principles that underpin the draft guidance? a) Internationally aligned b) Supports domestic decarbonisation and adaptation c) Balances ambition and flexibility d) Climate first but not only	AFIA supports the principles as reasonable and relevant. Some comments in respect to the specific principles: a) Internationally aligned AFIA strongly supports alignment with the International Financial Reporting Standards Foundation's Transition Planning Taskforce Disclosure Framework. This enables Australian reporting entities to leverage the significant work done internationally and supports consistency in transition planning and disclosure. It also facilitates the efficient preparation and review of transition plans by global organisations, which will promote cross-border capital flows. c) Balances ambition and flexibility Support the proposed principle particularly given the sector-neutral approach to the guidance. Opportunity to define 'ambition' by reference to alignment with the Paris Agreement goals as the ultimate goal, while recognising that entities may take time to achieve Paris alignment. Integration with company strategy feels a little light weight in the draft guidance. Perhaps the third principle could include, for example, 'credibility' to better account for this. The market -

	and ASIC - will take issue with ambition that isn't credible / achievable. And this is (in part) navigated by proper integration into broader org strategy. Credibility is also a theme throughout the guidance so inclusion as a principle isn't a leap. Consideration could be given to acknowledging that for organisations climate transition investment and priorities need to be balanced against maintaining appropriate cost levels and profitability. d) Climate first but not only Support the proposed principle given the alignment with the Australian Sustainability Reporting Standards (ASRS) AASB S1. The guidance incorporates information relating to other sustainability objectives (where relevant) which users can choose to apply for a holistic approach to sustainability based on their ambition and capacity to do so.
3. Are there other principles or considerations the guidance should prioritise and why?	Treasury could consider an additional principle acknowledging the present limitations relating to data availability and data quality. Robust Transitional Plans are contingent on accessible, quality data.
4. If you are an end user of transition plan disclosures, are there additional considerations you would like to see included?	Further guidance on the use of carbon credits in a transition plan to promote credibility would be useful. For example, including prioritisation of direct emissions reductions, and use of carbon credits only when direct reductions are not possible or to support further emissions reductions; the need to ensure any credits purchased are credible; and emphasise the emissions reduction mitigation hierarchy.

5. Do you intend to use the International Financial Reporting Standards Foundation's Transition Plan Taskforce (IFRS TPT) disclosure framework to either develop your organisation's transition planning or for investment and lending decisions? What other alternative frameworks do you intend to use?	The IFRS TPT disclosure framework will be lens through which transition planning will be considered, especially if the Australian Government's guidance is based on this framework.
6. Are there areas where you think the guidance should be more prescriptive and/or are there areas where you think it should be more flexible and why?	Overall the content is helpful and sufficiently articulated. Alignment with global recognised frameworks is key which has been done throughout the document. Areas of the document that include guidance on criteria beyond the focus of a credible climate transition plan should be made clear to be optional and only applicable where relevant to the organisation. In particular, the section titled 'Other strategic ambitions, including 'just transition' and nature' and 'Implications for other objectives'.
7. Do you see a need for further sector-specific guidance? If so, what additional advice would you consider beneficial and where do you see a role for government?	We don't see a current need for sector-specific guidance in the Australian context, noting the TPT's existing Sector Guidance document. This should be a sufficient resource for the time being as more Australian companies gain experience in developing and disclosing transition plans. This need should be monitored during this phase-in. Providing links and references to additional materials as has been done in the document is sufficient. Although Treasury may consider including a 'dynamic' section to the guide which references Transition Plan examples (ideally from financial services)
8. Please provide any additional feedback from a transition plan preparer, user or broader stakeholder perspective on the direction and design of the guidance.	The guidance is content and word heavy. Suggest embedding visuals to summarise key sections and the end-to-end process throughout the document.

	These visuals will also be helpful to facilitate discussions at senior stakeholder meetings. As a preparer, the guidance could better emphasise and illustrate the link with the AASB S2 mandatory climate reporting throughout • to ensure the reader appreciates the complimentary nature of transition planning • to provide encouragement that companies are likely to already have certain aspects of a transition plan in place, even if they haven't called it as such (e.g. emissions reporting / targets, some form of governance and oversight) • to more clearly link where transition plan guidance equates to, or builds on, the AASB S2 requirements The introductory content could: • include more clearly articulate the business case for transition planning, and the increasing expectations on boards and executives to ensure that businesses are proactively managing climate risk and opportunity. • more explicitly acknowledge that transition planning necessarily involves engaging with uncertainty • include a statement addressing the tensions with liability for forward-looking statements would also be welcome.
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PART 2: SPECIFIC FEEDBACK ON THE DRAFT GUIDANCE

Question (9) When providing feedback on the draft guidance, please consider:

a) Are there areas that could be improved to make the guidance more useful?

We would suggest that the guidance includes a recommendation that companies not only set out their capex plans, but also how they will fund their transition (e.g. equity, grant, private capital). This could be included in Section 2.3 (Financial planning), which currently talks about cash flow. The guidance could include background on how government policy and public finance will interact to mobilise private finance at scale.

b) Is the level of proposed detail sufficient? If not, what additional advice or detail would you like to see provided in the guidance and in which sections and why?

See comments in part 1 Q8 response

c) Would further use of case studies or examples be of assistance in the guidance? If so, feedback is welcomed on potential case studies or examples

AFIA supports the use of case studies and examples – perhaps as a dynamic section of- or separate to the Guidance that can be regularly updated.

d) Are you aware of other relevant material that should be included in Appendix A and why?

No comment.