



Staff Paper

Project:	Public Sector Climate Reporting	Meeting:	AASB November 2025 (M216)
Topic:	Preliminary findings and next steps	Agenda Item:	9.1
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		Decision-Making:	Low
		Project Status:	Research update and decide on next steps

Objective

- 1 The objective of this paper is for the Board to:
 - (a) **consider** the key findings of the public sector climate research project to date; and
 - (b) **decide** on the next steps.
- 2 Specifically, this paper provides the Board with:
 - (a) an overview of the current climate-related reporting regimes applicable to Australian Commonwealth, State and Territory not-for-profit (NFP) public sector entities;
 - (b) a summary of stakeholder feedback on the users and user needs of climate-related disclosures by NFP public sector entities;
 - (c) the proposed next steps for finalising the research and preparing a Research Report for publication in the first quarter of 2026; and
 - (d) staff preliminary views of the research findings and matters to consult with stakeholders during the forthcoming Agenda Consultation.

Structure of this paper

- 3 The paper is structured as follows:
 - (a) [Key findings](#)

- (b) [Next steps for finalising the research phase of the project](#)
- (c) [Staff preliminary views of the research findings and matters to consult with stakeholders](#)
- (d) [Appendix](#): User and user-needs analysis

At a glance

- **Stakeholders identified bondholders, investors and credit rating agencies as the most significant users**, alongside the public, parliaments (including Parliamentary Budget Offices) and regulators.
- The **greatest perceived user need is at the Whole-of-Economy and Whole-of-Government levels**, reflecting the macro-level focus of most users.
- Users seek greater transparency on **government climate-related policies and programs**, including their costs and effects on the economy, and on **natural-capital dependencies**.
- **All Australian jurisdictions publish some form of climate-related information, however, at different levels of maturity.** Climate-related information at the Whole-of-Economy and Whole-of-Government levels are published outside of the governments' annual reports and are typically published every few years. A few jurisdictions require agency-level climate-related information to be disclosed as part of an agency's annual report. However, no jurisdiction has yet mandated full AASB S2-aligned reporting for any public sector entities that are not incorporated under the Corporations Act.
- **Reporting is fragmented**, with climate-related information often spread across multiple reporting documents (e.g. annual reports, sustainability or environmental reports, and budget papers) and produced by different agencies within the same jurisdiction, reducing comparability and consistency both across and within jurisdictions.
- Stakeholders emphasised the **need for guidance on AASB S2** for NFP public sector entities, particularly in relation to **Scope 3 greenhouse gas (GHG) emissions, materiality, proportionality for smaller entities, financed emissions, and treatment of policies and programs**. Scope 3 GHG emissions are currently only reported to a very limited extent.
- Jurisdictions are **starting to require independent assurance of climate-related information**. The Commonwealth Government is developing a verification and assurance framework in consultation with the Australian National Audit Office, while New South Wales is phasing in assurance requirements from financial year 2025-26. Assurance coverage is expected to expand over time as jurisdictions' reporting frameworks mature.

Staff will prepare a Research Report (in H1 2026) consolidating these findings to inform the Board's future consideration of whether public-sector-specific guidance or educational materials should be developed.

Staff consider that additional information is needed before forming staff recommendations on the scope of any standard-setting work. Staff recommend seeking further stakeholder input during the forthcoming Agenda Consultation.

Key findings

- 4 The key findings noted in this paper are underpinned by the analysis of data, which is further detailed in:
 - (a) the [Appendix](#) to this paper: User and user needs analysis; and
 - (b) a set of staff-compiled supporting tables in Agenda Paper 9.2 regarding the current climate-related disclosure regime. These tables consolidate evidence from desktop review and jurisdictional consultations, and were developed as internal analysis tools to compare frameworks and practices across the Commonwealth, States and Territories.

- 5 Each table in Agenda Paper 9.2 serves a distinct analytical purpose:
 - (a) **Table A1 – Legislative and Reporting Frameworks by Jurisdiction** provides the legislative and policy scaffolding for each jurisdiction (what instruments exist and whether obligations are legislated or administrative).
 - (b) **Table A2 – Reporting Levels** shows which disclosures occur at Whole of Economy, Whole of Government and agency/department levels.
 - (c) **Table A3 – Greenhouse Gas (GHG) Scope Coverage** sets out GHG scope coverage (Scopes 1/2/3), frequency, level and basis.
 - (d) **Table A4 – Green/ESG Bonds** summarises green/ESG bond reporting by financing authorities and associated external reviews.
 - (e) **Table A5 – Assurance/Verification** summarises assurance and verification arrangements (in place or planned).
- 6 The information noted in Agenda Paper 9.2 is **preliminary and further verification will be conducted** before finalising the Research Report.

Key finding 1: Users and their information needs [see [Appendix](#)]

- 7 The research showed that the users listed in AASB S2, which requires NFP entities to also consider the “primary users of general purpose financial reports” described in the *Framework for the Preparation and Presentation of Financial Statements*, are important and relevant. The research identified specific users as the likely ‘main’ users of public sector climate-related information:
 - (a) bondholders and investors;
 - (b) national and international stakeholders, including credit rating agencies, insurers, businesses, organisations, groups and individuals interested in/researching climate information; and
 - (c) the general public, either directly or through Ministers or Parliament.
- 8 The finding is largely consistent with the users and user needs identified by the eleven studies staff reviewed as part of the literature view (see Appendix C of Agenda Paper 9.0).

Users’ information needs

- 9 Users are interested in both the government’s own operation (such as the ability of the government to service bonds, investments and other financial obligations), and in the governments’ climate-related policies and programs and their effect on jurisdictions.
- 10 Respondents overwhelmingly indicated that the most decision-useful information for users—especially investors and credit rating agencies—exists at the Whole of Economy (WoE) level rather than at an agency level.
- 11 For the purposes of this paper, **WoE level information** includes the private sector and the broader community in addition to the assets and operations controlled by the public sector. Information at this level provides a systemic view of climate-related risks and opportunities for a jurisdiction and is better suited for assessing aggregate fiscal exposure to climate-related risks.
- 12 Users evaluate the climate actions of governments, fiscal sustainability, climate-related risk exposure, infrastructure resilience and climate-related policy effectiveness rather than investment returns per se.

- 13 **Agency-level** disclosures were considered less relevant to external users but such information is needed to facilitate reporting at the whole-of-government (WoG) or WoE level. Most interviewees commented that there does not appear to be much demand from users for agency-level climate-related information. They also commented that there are:
- (a) practical challenges in establishing reporting boundaries when reporting at an agency level, such as dealing with shared responsibilities between departments, joint ventures or changes in administrative arrangements; and
 - (b) concerned with the costs of applying AASB S2 at the agency level – there are resourcing and capability constraints in understanding and applying AASB S2, and the costs and effort are likely to outweigh the benefits since there does not appear to be much demand for agency-level climate-related information. Additionally, some stakeholders commented that agency-level information need not be included in external reporting, such information could be provided internally to facilitate WoG consolidation.
- 14 While user needs align with the four disclosure pillars of AASB S2—Governance, Strategy, Risk Management, and Metrics and Targets—respondents consistently identified key information **gaps**:
- (a) The most significant relates to **government climate-related policies and programs**, including their objectives, costs, outcomes and evaluations.
 - (b) Stakeholders also highlighted a lack of disclosure about **natural-capital dependencies**, such as water management, land use and waste and pollution, which are important aspects of public sector climate-related activities.

Key finding 2: Variation in reporting maturity across jurisdictions [Agenda Paper 9.2, Tables 1-4]

- 15 Research across all nine Australian jurisdictions (Commonwealth, six States and two Territories) shows that all governments publish some climate-related information, but the maturity and focus of reporting vary widely.
- 16 Legislative and governance frameworks are increasingly being used to embed climate-related reporting requirements.
- 17 All but two jurisdictions (Northern Territory and Western Australia¹) have established mandatory frameworks that require reporting of climate-related information to some extent.
- 18 The scope and frequency of reporting differ significantly across jurisdictions, reflecting variations in policy priorities, data systems and institutional arrangements.
- 19 Based on staff observations of current practices, all nine jurisdictions publish some form of climate-related information at the WoE level outside of the governments' annual report. Additionally, four jurisdictions have established mandatory requirements for certain NFP public sector entities to disclose climate-related information within their annual reports.

WoE — national or jurisdiction-wide reports (e.g. State of the Environment Reports)

- 20 All jurisdictions contribute to the Australian National Greenhouse Gas Inventory, which is a reporting requirement under the Paris Agreement to demonstrate Australia's commitment to net zero emissions by 2050. Information about State and Territory greenhouse gas inventories is [published](#) by the Australian Government Department of Climate Change, Energy, the Environment and Water. State and Territory governments also publish information regarding their policies and programs addressing

1 Despite the absence of mandatory requirements, WA is trialling climate-related reporting at entity level through a pilot group and is planning to report climate-related information at the WoG level (Response to AASB Questionnaire, Agenda Paper 9.3)

climate change. This information is not published within the governments' annual reports and is not subject to assurance.

- 21 Some jurisdictions also publish 'State of the Environment' reports and 'green and sustainability bond reports' for sovereign and sub-sovereign investors. However, these reports are not typically published annually.
- 22 WoE level climate-related information is currently dispersed across multiple reporting channels and agencies. For instance:
 - (a) Environment or climate departments publish the policy targets and adaptation measures, which may be reported separately from the jurisdictions' greenhouse gas inventory.
 - (b) Treasury and Finance departments disclose fiscal risks and resilience measures in budget papers.
- 23 This decentralised approach results in overlapping coverage, inconsistent boundaries and duplicated reporting effort, potentially making it difficult for users—particularly investors and credit rating agencies—to obtain a coherent view of a government's management on climate-related risks and opportunities. Notwithstanding this:
 - (a) when prompted by staff during interviews, stakeholders commented that the current published WoE level information appears to be meeting users' information needs – they have not received feedback that the current information is inadequate, nor received requests for further information from users;
 - (b) although current reporting is fragmented, the various reports published by a jurisdiction collectively present many aspects of the AASB S2 reporting requirements, including scenario analysis, the government's progress and plans to achieve net zero.

WoG —consolidated reporting of entities controlled by a government

- 24 The Commonwealth, New South Wales and Western Australia are considering whether to apply AASB S2 at the **WoG** level.
- 25 The Australian Capital Territory and Victoria publish WoG-level emissions data and selected climate-related program information.

Agency level — *requirements applying to government departments or individual entities.*

- 26 The Commonwealth, New South Wales, Victoria and the Australian Capital Territory require agency-level climate-related disclosures to be disclosed within an agency's annual report.
 - (a) The Commonwealth and New South Wales have developed frameworks based on AASB S2 with modifications, including reliefs of certain requirements, and are rolling them out in phases.
 - (b) Victoria requires disclosure of information regarding Scope 1 and Scope 2 GHG emissions as well as Scope 3 GHG emissions associated with commercial air travel and waste disposal, and information relevant to understanding and improving the sustainability of the entities' operations.
 - (c) The Australian Capital Territory requires disclosure of information regarding Scope 1 and 2 GHG emissions.
- 27 Other jurisdictions — Queensland, South Australia, Tasmania, Western Australia and the Northern Territory — are at exploratory or developmental stages. Representations in those jurisdictions commented that they are monitoring the progress of the Board's work on developing public-sector-specific modifications or guidance on AASB S2 before considering application to public sector entities in their jurisdictions.

Key finding 3: Nascent assurance practices [Agenda Paper 9.2, Table 5]

28 Assurance practices are developing:

- (a) The Commonwealth is developing a verification and assurance framework in consultation with the Australian National Audit Office.
- (b) New South Wales commenced pilot audits with a small number of entities and plans to phase in mandatory assurance from the second year of reporting.²
- (c) Other jurisdictions have not yet announced assurance frameworks.

Key finding 4: Areas for potential guidance or research regarding the application of AASB S2

29 Treasury representatives of most jurisdictions commented that it is unclear how certain AASB S2 principles or requirements should be applied in the NFP public sector context and the extent of disclosures needed to comply with AASB S2. They commented that clarification is needed before they could consider the suitability of AASB S2 for their NFP public sector entities.

30 In particular, they identified:

- **Materiality:** Jurisdictions expressed uncertainty about how to determine materiality in a non-commercial context. For example, how should climate impacts on public policy delivery, rather than financial performance, be assessed for disclosure?
- **Proportionality and reduced disclosures:** Respondents sought proportionality guidance or exemptions from disclosures, in particular for smaller entities. In addition, the Commonwealth has recently issued [Commonwealth Climate Disclosures Simplified Requirements](#) for its Tranche 3 entities.
- **Scope 3 GHG emissions:** Stakeholders are concerned about data availability for Scope 3 GHG emissions. They also noted that it would be crucial to define the boundary of the value chain for the purposes of Scope 3 GHG emissions, ensuring a consistent approach across jurisdictions. Some stakeholders commented that it would be beneficial to exempt reporting of Scope 3 GHG emissions from intra-government transactions for cost-benefit reasons and to avoid duplication in agency-level reporting.
- (a) **Cross-agency programs:** Governments often implement climate programs spanning multiple departments. Clarification is needed on whether and how such programs should be reported, especially when outcomes extend beyond a single entity's boundary. Most stakeholders commented that information about climate policies and programs and their outcome is important, but should be reported at the program level or at the WoG level, rather than at an agency level.³
- **"Entity's prospects"** terminology: Respondents sought clarification on how AASB S2's references to an entity's prospects should be applied when an entity's objective is service delivery rather than profit generation.
- **Financed emissions and insurance:** Public sector financing and insurance functions (e.g. disaster recovery funds) raise complex questions about treatment under AASB S2's risk and metrics requirements.

² See, for example, Auditor Office of New South Wales, Audit Work Program 2025-2028 - [Auditor-General's introduction](#).

³ The IPSASB published an Exposure Draft ED SRS ED 1 *Climate-related Disclosures* on 31 October 2024. That Exposure Draft proposed to require all NFP public sector entities that are responsible for climate-related public policy programs to also make specific disclosures relating to those programs. Many stakeholders disagreed with that proposal. The IPSASB has decided to address comments relating to reporting of climate-related public policy programs at a later stage, after it has finalised its inaugural public sector sustainability reporting standard that would align with IFRS S2 *Climate-related Disclosures*.

Next steps for finalising the research phase of the project

- 31 In the next few months, staff will complete the remaining scheduled interviews with stakeholders and verify and confirm the information collated.
- 32 Staff will prepare a research report summarising the findings of the research work, with publication planned for H1 2026. The report will consolidate evidence on:
- (a) current climate-related reporting practices of Australian NFP public sector entities;
 - (b) users and user needs of climate-related information; and
 - (c) potential implications for the future application of AASB S2 in the public sector.

Staff preliminary views of the research findings and matters to consult with stakeholders

- 33 Staff consider that additional information is needed before forming staff recommendations on the scope of any standard-setting work regarding developing any modifications on AASB S2 or additional reporting requirements relating to reporting of public sector climate-related information. Staff recommend seeking further stakeholder input during the forthcoming Agenda Consultation.
- 34 The following table includes staff preliminary views of the research findings, and staff views on the matters to consult with stakeholders in the forthcoming Agenda Consultation.

Research findings	Seek input from stakeholders on the following matters
<i>WoE-level information</i>	
Users of public sector climate-related information are likely to be most interested in WoE-level information, rather than information at the individual government entity level. Current evidence suggests that sufficient WoE information has been published, although it is not published annually. While stakeholders expressed a preference for standardised or uniform presentation of WoE information, the costs required to improve current reporting formats need to be considered.	1 Would WoE-level information alone be sufficient to meet user needs or is agency-level reporting also necessary? 2 What are the costs and benefits of requiring both WoE-level reporting and agency-level reporting? 3 Is there any WoE-level information that users require but is not currently published? Which aspects of current reports require improvement, and how urgent are these improvements compared with other AASB projects? 4 Could some AASB S2 disclosures, if applied at the WoE level or at the WoG level, be provided less frequently than annually to address cost-benefit concerns?
<i>Application of AASB S2</i>	
The IPSASB is expected to approve its inaugural public sector sustainability reporting standard in December 2025, focusing on the disclosure of climate-related risks and opportunities to a public sector entity's day-to-day activities. This Standard will be based on IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial</i>	1 How urgent is public-sector-specific modification to AASB S2 compared with other AASB projects? 2 Other than the list noted in paragraph 30, are there additional aspects of AASB S2 that require urgent guidance?

<i>Information</i> and IFRS S2 and include modifications and mandatory application guidance for NFP public sector entities. Paragraph 30 above summarises the main aspects of AASB S2 where clarifications or guidance are sought by stakeholders. Additionally, stakeholders commented on the lack of disclosure regarding natural capital dependencies, such as water management, land use, and waste and pollution, which are important aspects of public sector climate-related activities. Staff consider that the IPSASB's forthcoming Standard may assist in determining whether (and how) public-sector-specific modifications or guidance to AASB S2 would be needed.	3 Is there a need to provide specific guidance on disclosures about natural-capital dependencies, such as water management, land use and waste and pollution? 4 Could some AASB S2 disclosures, if applied at the agency level, be provided less frequently than annually to address cost-benefit concerns? 5 Should modifications to AASB S2 be added as Aus paragraphs within AASB S2 or developed as a separate bespoke standard for NFP public sector entities?
<i>Climate policies and programs</i>	
There appears to be a demand for governments to disclose information about climate-related policy programs and their effects on the economy. Some stakeholders argue that public sector entities, rather than the AASB, are best placed to prescribe the reporting requirements for such programs. However, guidance from the AASB on the likely types of information to be disclosed would assist public sector entities in deciding the reporting requirements. Some stakeholders commented that reporting about climate-related policy programs should be prepared at the program level or the WoG level, rather than at the agency level, since the execution of programs involves multiple agencies. Some stakeholders also commented that a closer linkage between climate, financial and budget information would be useful to some users. The IPSASB, in Phase 2 of its Sustainability – Climate-Related Disclosures project, will develop a Standard on reporting climate-related public policy programs and their outcomes. The Standard is expected to be approved in December 2026.	1 Given that each jurisdiction has its own way of reporting performance of its policy programs, is there a need for the AASB to prescribe reporting requirements on climate-related policy programs? If so, how urgent is this work compared with other AASB projects? 2 Should reporting on climate-related policy programs be prepared at the program level or at the WoG level, instead of the agency level? 3 Currently, performance reporting of policy programs is not part of a government's annual report. The IPSASB's current thinking is that reporting of climate-related policy programs should be disclosed as part of an entity's annual report. Should performance reporting of policy programs be part of a government's annual report? Could this information be reported less frequently than annually? 4 What specific information should be disclosed in annual reports that could improve the linkage between climate, financial and budget information?

Questions to Board members

Q1: Do Board members have any comments on the research?

Q2: Do Board members have any comments on the next steps for finalising the research phase of the project as presented in paragraphs 31 and 32? If so, are there any Board members who would like to review the Research Report?

Q3: Do Board members agree with the staff recommendation in paragraph 33 to seek further input from stakeholders in the forthcoming Agenda Consultation? If so, do Board members have any comments on the matters for consultation with stakeholders noted in the table in paragraph 34?

Appendix: User and user-needs analysis

Purpose and scope

- 1 This Appendix documents stakeholder perspectives gathered through the Public Sector Climate Reporting Research Project, focusing on the users and user needs of climate-related information prepared by NFP public-sector entities across Australian jurisdictions.
- 2 The objective of this work is to help the Board understand:
 - (a) who uses public-sector climate-related information;
 - (b) what information they rely on; and
 - (c) where gaps exist relative to the disclosure principles in AASB S2.
- 3 Insights in this Appendix were obtained through a mixed-methods approach combining structured questionnaires, semi-structured interviews and document analysis.
- 4 They form part of the broader evidence base underpinning staff's cross-jurisdictional findings and will inform the forthcoming AASB Research Report – *Climate-Related Reporting by the Australian Public Sector* (H1 2026).

Methodology

- 5 Between March and September 2025, staff conducted targeted outreach to capture both preparer and user perspectives:
 - (a) Questionnaire survey (Agenda Paper 9.3)– HoTARAC members:
 - Distributed to all nine jurisdictions (Commonwealth, six States, two Territories).
 - Questions covered existing and proposed climate-related reporting requirements, examples of current disclosures, and identification of key user groups and their purposes.
 - All jurisdictions responded either in writing, verbally or both.
 - (b) Semi-structured interviews as outlined in Table A1:

Table A1: Interviews

Interviewees		Individual interviews	Group interviews	Total No of individuals
Preparers	Accounting/Policy units within Departments of Treasury or Finance	2	3	21
	Treasury Corporation/ Financing authorities ⁴	1	2	5
	Departments of Climate or equivalent	3	1	6
Users	Parliamentary Budget Officers/ Independent fiscal institution	3	0	3

⁴ Treasury Corporations, albeit for-profit entities, have been included because participants suggested that investors and bondholders are primary users of public sector NFP climate-related disclosures.

Interviewees		Individual interviews	Group interviews	Total No of individuals
	Holders of sovereign bonds	0	1	5
	Audit	1	0	1
Other	Consultants involved with public sector climate-related disclosures	1	1	4
	Total	11	8	45

(c) Document review and triangulation:

- Reviewed annual reports, budget statements, sustainability and State-of-Environment reports, green-bond disclosures, and guidance issued by Treasuries or audit offices.
- Cross-checked interview insights with these documents to confirm consistency of interpretation.

6 Findings are indicative. While all jurisdictions participated, coverage and emphasis varied, and not every jurisdiction has verified its contribution. Nevertheless, the breadth of inputs provides the most comprehensive cross-government evidence base available to date.

Key Findings

Key Finding 1: *Profile of identified users*

- 7 Respondents agreed with the users identified in AASB S2 and highlighted **bondholders, investors and credit rating agencies** as the most important users.
- 8 Respondents also identified additional users of climate-related disclosures of NFP public sector entities:
- (a) the public (and not necessarily taxpayers, donors or recipients of goods and services), national and international, such as Environmental enthusiasts, subject matter experts, researchers, business and industry, lobby groups, those interested in tracking political parties' emissions reduction progress, export destination countries (e.g. through trade agreements) and the media;
 - (b) credit rating agencies;
 - (c) insurers, including insurers of government assets, but also governments as insurers of last resort;
 - (d) other government users or users within government, such as independent fiscal institutions, regulators, climate councils and Audit Offices. It was highlighted that these organisations may be able to request information but may not always be able to receive it.
- 9 Table A2 groups user categories and their information objectives.

Table A2 – Overview of users

User Category	Users	Information Objectives / Use Cases
Financial / Capital-market users	• Bondholders • Institutional investors • credit-rating agencies	• Assess fiscal sustainability and climate-related exposure of sovereign and sub-sovereign issuers • Integrate climate-risk factors into credit models
Public-policy and fiscal users	• Departments of Treasuries, Finance and Climate • Ministries	• Evaluate climate policy effectiveness • Long-term fiscal risks • Infrastructure resilience and adaptation costs

	Independent fiscal institutions (e.g. Parliamentary Budget Offices)	
Accountability and transparency users	Parliament, civil-society organisations, NGOs, media and citizens	- Scrutinise performance against national and jurisdictional climate targets - Monitor government stewardship of public resources
Specialist and technical users	- Auditors-General - Assurance providers - Academics - Consultants and insurers	- Examine data quality comparability and methodological integrity - Design verification frameworks.

Key Finding 2: Key information needs

10 Across all user categories, information needs generally map to the four pillars of AASB S2. Table A3 illustrates the types of information sought.

Table A3 – User Information Needs Mapped to the Four Pillars

AASB S2 Pillar	Examples of Public-Sector Information Needs
Governance	- Clarity on ministerial or departmental accountability - Integration of climate-risk oversight within Cabinet, Treasury or audit structures - Roles of statutory officers (e.g. Commissioners for Sustainability)
Strategy	- Government-wide decarbonisation and adaptation strategies - Program costings - Alignment between fiscal plans and emission-reduction pathways
Risk Management	- Quantitative assessments of physical and transition risks to public assets, infrastructure and service delivery - Treatment of shared responsibilities across portfolios
Metrics and Targets	- Consistent GHG-emission metrics (Scopes 1–3) - Adaptation indicators - Natural-capital and resilience metrics - Explanation of methods differing from private-sector reporting.

Key Finding 3: Observed information gaps

11 Despite growing disclosure activity, three cross-cutting gaps were identified:

- (a) **Policy-and-program performance data** – users struggle to assess whether climate-related policies achieve stated outcomes; program costings and evaluations are rarely disclosed.
- (b) **Natural-capital dependencies** – limited reporting on biodiversity, water and land-use impacts that underpin service delivery, infrastructure planning and regional resilience.
- (c) **Integration with fiscal and financial reporting** – weak linkage between climate risks and budgetary forecasts or financial statements, even where macro-level commitments exist.

12 Investors and rating agencies also noted difficulties reconciling information between environmental reports and fiscal statements. Several indicated that “*data on emissions is improving, but data on fiscal exposure is still opaque.*”

Key Finding 4: User-preferred reporting levels

13 Users expressed a clear hierarchy of information usefulness:

- (a) **Whole-of-Economy (WoE)** – most relevant for assessing progress toward national and jurisdictional targets and exposure to macroeconomic transition risks.
- (b) **Whole-of-Government (WoG)** – essential for evaluating aggregate fiscal risk, budgetary impacts and inter-agency coordination.
- (c) **Agency/Department Level** – valuable internally (for capability building and accountability) but less relevant to external investors and policy analysts.

14 As one investor summarised:

“We price sovereign risk, not departmental risk — we need a consolidated view.”

15 Respondents acknowledged that compiling WoG-level data is technically challenging because of overlapping portfolios, shared assets and changing administrative boundaries. Some jurisdictions have chosen to provide climate-related disclosures first at the individual agency level. In contrast, others plan to disclose climate-related information at the WoG level as a first step.

Key Finding 5: Feedback on Applying AASB S2 in the Public Sector

16 Stakeholders familiar with AASB S2 highlighted interpretation and implementation challenges requiring clarification or adaptation. These are summarised in Table A4.

Table A4 – Challenges in applying AASB S2

Challenge	Illustrative Stakeholder Comments
Materiality and Proportionality	Need guidance on determining materiality where objectives are service delivery, not-for-profit. One preparer noted: “We can’t benchmark against investor thresholds — our materiality is policy-impact driven”.
Scope 3 Emissions and Value-Chain Boundaries	Difficulty defining the government’s “value chain” where agencies rely on shared-service providers or third-party delivery partners.
Cross-Agency Programs	Unclear who should report multi-departmental initiatives (e.g. disaster recovery and renewable-energy zones).
‘Entity’s Prospects’ Terminology	Uncertainty on interpreting “prospects” for NFP entities — suggested reframing toward “service-delivery capacity” or “policy effectiveness”.
Financing and Insurance Functions	Calls for examples covering public-sector lending, guarantees and disaster-insurance schemes.

17 Several jurisdictions requested that AASB or IPSASB provide illustrative examples or an Implementation Guide once initial application experience is available.

18 More detailed requests for AASB considerations were provided by jurisdictions that are further advanced in their application process of AASB S2-based disclosure requirements (see, for example, submission from New South Wales Treasury in Agenda Paper 9.4)

Key Finding 6: Assurance and Data-Quality Considerations

- 19 Across all user groups, credibility of information was raised as an important aspect for usefulness:
- (a) Respondents stressed that independent verification was important, in particular for investors and rating agencies. There was, however, an acknowledgement that this was a developing area and respondents anticipate that assurance will be required in the future.
 - (b) Auditors noted a need for consistent boundaries and materiality frameworks before assurance standards can be applied.
 - (c) Preparers highlighted data-system limitations, particularly for Scope 3 emissions and climate-risk quantification.
- 20 The Commonwealth and New South Wales are currently developing or phasing in assurance approaches.

Staff Observations

- 21 Taken together, the evidence indicates that:
- (a) Users broadly support alignment with AASB S2's structure and principles, but there is a need for further standard-setting activity in areas addressed in AASB S2 that are specific to the public sector, as well as climate-related policy disclosures, which are unique to the public sector.
 - (b) Climate-related data is fragmented across policy, fiscal and environmental reporting channels, limiting its utility for decision making.
 - (c) Jurisdictional readiness varies, creating potential for inconsistent application of key concepts such as materiality, boundary definition and risk quantification.