

Improving the Efficiency of Climate-Related Financial Disclosures

October 2026



The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade, and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

NFF Member Organisations



Table of Contents

About Us	2
NFF Member Organisations	2
Introduction	4
1. The Argument For An Immediate Correction.....	4
2. Scope 3 Reporting And Agricultural Supply Chains	6
3. Priority Outcomes	8
Proposal 1: Adjusting Assurance Settings.....	9
1. NFF Position	9
2. Keeping Assurance Providers Within Appropriate Guardrails	10
Proposal 3: Setting Clear Boundaries On Value-Chain Information Requests	10
1. NFF Position	10
2. Option 3B: Reducing Supply Chain Administrative Burdens Through Improving Developing Domestic Emissions Factors.....	10
1. Option 3A: Provide Additional Guidance On What Constitutes A Reasonable Request For Information From A Reporting Entity's Value Chain	11
Closing Remarks	11

Introduction

The *National Farmers' Federation* (NFF) welcomes the opportunity to provide a submission to the *Department of Treasury* (Treasury) *Improving the Efficiency of Climate-Related Financial Disclosures Consultation Paper* (Paper).

The Argument For An Immediate Correction

NFF welcomes the Commonwealth's focus on improving the efficiency of the *Climate-Related Financial Disclosure* (CRFD) regime and we reiterate the criticality of ensuring that reporting and assurance requirements remain proportionate to their intended purpose and reflect what is reasonably achievable for business. We understand that this process (public consultation) follows announcements made in the *2026-27 Federal Budget* and broader engagement with stakeholders.

The policy and legislation were poorly designed and poorly implemented. Further, it undermines the opportunity for market signals to value the information that is being sought. In a principle sense, if a farmer is able to deliver a carbon reduction outcome, then, having borne those costs, they should be entitled to see a market return for that attribute rather than being 'coerced' into providing the information for free to the information requestor. It is patently unfair and applies unrecoverable costs to producers.

At a high-level, it is our view that the foundation of the CRFD regime was poorly conceived for the Australian context. The scale of the reform itself should not be understated, with the *Australian Securities and Investments Commission* (ASIC) Chair having characterised the new climate reporting regime as "*the biggest change to corporate reporting in a generation*". This is not only reflected by the instigation of this consultation ahead of the legislated *2028-29 Review* process, but also in the options canvassed within the Paper itself. These include a Commonwealth role in establishing parameters to guide Scope 3 information requests and provision of reliable, publicly assessable secondary data, and reconsideration to the broader assurance framework (which is not immaterial). While we acknowledge that the international reporting framework was adapted in certain respects (see below), its underlying design (and language) still heavily mirrors that of the *International Sustainability Standards Board* (ISSB). Concerns regarding the suitability of this approach were also raised during the development of the Australian framework. For instance, in the dissenting view accompanying the finalisation of *Australian Accounting Standards Board Standard S2: Climate-Related Disclosures* (AASB S2), an AASB Board Member raised explicit concerns regarding the cost, usefulness, and auditability of the reporting requirements, particularly their application to smaller and not-for-profit entities, and concluded that the Standard did not meet the threshold for support as being in "*the best interests of the private and public sectors in the Australian economy*" at that time.¹

¹ September 2024, Australian Accounting Standards Board: [Australian Sustainability Reporting Standard S2: Climate-Related Disclosures](#)

The Australian adaptations include:

- A three-year modified liability framework, including modified Directors' Declarations and temporary limitations on certain private legal actions relating to specified climate disclosures;
- A one-year lag for Scope 3 disclosures, allowing reporting entities to use Scope 3 information from a reporting period that is up to one year earlier; and
- Provisions regarding 'undue cost or effort'.

Table 1: Auditing and Assurance Standards Board (AUASB) phasing of assurance for mandatory reporting.²

Years commencing	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Group 1	1/1/25 to 30/6/26	1/7/26 to 30/6/27	1/7/27 to 30/6/28	1/7/28 to 30/6/29	1/7/29 to 30/6/30	1/7/30 to 30/6/31
Group 2	1/7/26 to 30/6/27	1/7/27 to 30/6/28	1/7/28 to 30/6/29	1/7/29 to 30/6/30	1/7/30 to 30/6/31	1/7/31 to 30/6/32
Group 3	1/7/27 to 30/6/28	1/7/28 to 30/6/29	1/7/29 to 30/6/30	1/7/30 to 30/6/31	1/7/31 to 30/6/32	1/7/32 to 30/6/33
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy - Risks and opportunities (AASB S2 subparagraphs 9(a), 10(a) and 10(b))	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy – Risks and opportunities (other)	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate resilience assessments / Scenario analysis	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Transition plans	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Risk management	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 1 and 2 emissions	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 3 emissions	N/A	Limited	Limited	Reasonable	Reasonable	Reasonable
Other climate-related metrics and targets	None	Limited	Limited	Reasonable	Reasonable	Reasonable

Notes:

- For the purposes of ASSA 5010:
 - Group 1 entities include entities that voluntarily report under the *Corporations Act 2001* (the Act) from years commencing 1/1/25 to 30/6/26.
 - Group 2 entities include:
 - Entities that voluntarily report under the Act from years commencing 1/7/26 to 30/6/27; and
 - Entities that voluntarily reported under the Act for one year but did not report under the Act for the following year that commenced before 1 July 2027.
 - Group 3 entities include:
 - Entities that voluntarily report under the Act from years commencing 1/7/27 to 31/12/27; and
 - Entities that reported voluntarily under the Act for a year but did not report under the Act for a following year that commenced before 1/1/28, other than entities that meet the definition of a Group 2 entity under ASSA 5010.
- Group 1 entities with years commencing 1/1 to 30/6 will be subject to the Year 1 provisions twice (e.g. years commencing 1/1/25 and 1/1/26). Reporting of Scope 3 emissions is required for years commencing on or after 1/1/26 for Group 1 entities.
- For years commencing on or after from 1/7/30 the Act requires reasonable assurance for all mandatory climate disclosures.
- The phasing for assurance on statements that there are no material climate-related risks and opportunities is the same as for 'Strategy – Risks and Opportunities (AASB S2 subparagraphs 9(a), 10(a) and 10(b))'.
- Where the entity does not intend to disclose a transition plan or target, assurance work in the first instance concerns whether the entity has a transition plan or target to be disclosed.
- Where an entity first meets the criteria as a Group 1, 2 or 3 entity for the second or third year of reporting for the group (Year 2 or 3) and does not make disclosures on Scope 3 emissions using the exemption in AASB S2 for the first year of reporting, the auditor is not required to give limited assurance on those disclosures for that year.

For NFF, the shortcomings are particularly evident in its failure to adequately account for the consequential impacts of mandatory Scope 3 disclosures both on reporting entities and on businesses operating outside the Group category thresholds. The potential for these requirements to generate significant additional information requests and compliance costs throughout agricultural supply chains was foreseeable and repeatedly raised by NFF during the development of the framework. These concerns were not sufficiently addressed

² August 2026, Auditing and Assurance Standards Board: [Sustainability Assurance](#)

at the outset, and the early implementation of the regime has begun to demonstrate the very consequences we repeatedly warned of despite Scope 3 not formally kicking-in yet.

NFF has already identified instances where information requests and auditing practices have gone beyond the requirements enshrined in legislation, placing unnecessary (and potentially coercive pressure) on producers to collect and disclose information at their own cost, despite having no corresponding statutory reporting obligation to do so (Consultation Question 4). It is therefore both timely and prudent for the Commonwealth to examine opportunities to improve the regime's efficiency and address the indirect compliance burden being imposed on agricultural producers and the broader supply chain.

We acknowledge that the *Department of Agriculture, Fisheries, and Forestry (DAFF)* has published guidance for agricultural producers explicitly clarifying that they are NOT required to comply with requests for Scope 3 emissions information (see excerpt below).³

While this is an excellent first step, the guidance does have a target audience, and it remains unclear whether this message has been sufficiently communicated and/or understood by those across the supply chain including reporting entities and more importantly (from our perspective) the auditing fraternity as demonstrated by the early experience of producers.

- ***“Am I obligated to provide farm-level data?”***

No. There is no legislative or regulatory requirement to provide farm-level data to another entity that does meet the reporting thresholds. The other entity is able to use secondary data (such as publicly available industry-level estimates) to comply with the Australian Sustainability Reporting Standards”.

The present consultation provides a critical opportunity to bring these issues to light and make necessary corrections before Scope 3 disclosure requirements commence and problematic information requests and assurance practices become entrenched. While the legislated 2028-29 Review provides an important mechanism for examining systemic issues, it should not be relied upon to address foreseeable problems that can and should be prevented now. Waiting until then would risk allowing avoidable compliance costs to accumulate and poor practices to become normalised as accepted industry practice. Once entrenched, these practices will be more difficult to correct, and subsequent intervention may be perceived as inconsistent or selective.

Scope 3 Reporting And Agricultural Supply Chains

NFF has been an active stakeholder in the design and implementation of the CRFD regime for several years. Our concerns and views have been consistently raised through at least the following formal public consultation processes:

- *Treasury in July 2023 and February 2024;*
- *Australian Accounting Standards Board (AASB) in March 2024; and*
- *Treasury's proposed Climate-Related Transition Planning Guidance in October 2025.*

³ January 2026, Department of Agriculture, Forestry, and Fisheries: [Climate-Related Financial Disclosures: What Does It Mean for Farm Businesses?](#)

Despite escaping formal capture, agricultural producers are nevertheless affected by the regime through information requests from reporting entities (whether that be major food processors, retailers, financial institution, etc.). For small- and medium-sized farm businesses enterprises (i.e., SMEs) the process of quantifying and disclosing emissions data requires resources and technical capabilities that are not readily available and often involves considerable uncertainty and cost. These realities are recognised in the Paper (Page 14), and we note that the regime provides flexibility by allowing reporting entities to use primary and/or secondary data (including estimates) to satisfy their Scope 3 disclosure obligations. However, despite this flexibility and fact that producers have no statutory obligation to comply with information requests, early experience has shown that reporting and assurance pressures are being passed down the supply chain and in some instances being overstepped. There is also a risk that these requirements may create a commercial preference for sourcing from larger businesses where data is more readily available, inadvertently disadvantaging smaller suppliers and the rural and regional communities that rely on them for economic activity.

From our perspective, this gives rise to two principal concerns:

1. *The potential for unconscionable conduct to emerge in commercial relationships including perhaps where information requests are framed in a potentially misleading or deceptive manner; and*
2. *The risk of auditor overreach in relation to the application of established agricultural Greenhouse Gas (GHG) accounting tools.*

On the first point, agricultural supply chains are highly fragmented and localised, leaving individual producers susceptible to commercial pressure exerted by larger entities captured under the reporting regime. Similar pressures may arise in producers' relationships with financial institutions where access to finance is critical. As NFF has reiterated for several years, when reporting entities turn to their supply chains for emissions data, the asymmetry in bargaining power coupled with the formal nature of these requests can create a disproportionate sense of compulsion to comply, despite producers having no statutory obligation to do so. Where producers depend on these commercial and financial relationships, they may feel they have little to no alternative but to comply to mitigate risk, commercial friction, and/or disruption.

It is therefore encouraging that Treasury has recognised these concerns in the Paper (Page 14). While this recognition has come later than we would have preferred, there remains an opportunity to address these risks before Scope 3 disclosure requirements commence and problematic practices become entrenched. Our comments on the relevant measures are provided below under Proposal 3.

On the second point, given the inherent complexity of quantifying agricultural emissions (in the supply chain), the prospect of assurance providers imposing their own methodological expectations on Scope 3 disclosures which are themselves subject to more flexible reporting requirements is unacceptable. This complexity is recognised by the Commonwealth through its significant and ongoing investment in agricultural emissions quantification tools and on-farm support to assist producers in measuring and understanding their emissions. This concern is particularly pertinent given that the regime remains in its limited assurance phase and allows reporting entities to use both primary and secondary data (including estimates) to satisfy Scope 3 obligations. Against this backdrop, assurance providers imposing their own methodological requirements and

interpretations risk undermining established accounting tools and the Commonwealth's investment in their uptake. We also note that the Paper itself recognises the challenges associated with assuring climate-related financial information (Page 9).

A prominent example brought to NFF's attention involves the scrutiny of the *University of Melbourne's Greenhouse Accounting Framework* (GAF) tools in the course of a general corporate audit separate from the CRFD regime. This raises concerns about the prospect of similar practices extending into Scope 3 assurance, with broader consequences for agricultural producers and their ability to rely on established industry tools. Where legitimate concerns arise, these should be addressed through a transparent and coordinated process (such as whitelabeling) rather than through individual assurance engagements. We are also aware that an auditing entity has sought to reach through a client audit and review Bloomberg.

Taken together, these concerns underscore the need for greater clarity regarding the respective roles and responsibilities of reporting entities and assurance providers. This need was reinforced during *Treasury's September 2026 CRFD Reform Roundtables*, which highlighted concerns about inconsistent interpretations, repeated information requests to suppliers (i.e., a need for standardisation), and clearer guidance on proportionately and appropriate use of secondary data and estimation techniques (i.e., a public resource option).

Priority Outcomes

In light of the above, NFF raises the following high-level priorities and recommendations. Our rationale and broader thinking are discussed below:

- *Scope 3 emissions disclosures be exempt from mandatory assurance requirements. If this is not supported, limited assurance is retained permanently and the automatic progression commencing 1 July 2030 is repealed.*
- *Recognise as a key principle the importance of maintaining confidence in established agricultural emissions accounting methodologies and tools and ensure there are clear safeguards put in place to prohibit auditor adventurism beyond what is necessary to assess compliance with the applicable reporting and assurance Standards (this could be addressed by establishing key parameters for the assurance sector under Proposal 2).*
- *The need for the Commonwealth to play a greater role in helping businesses navigate its new regulatory regime, including through the development of consistent, credible, and publicly accessible geographic emissions factors that reflect Australian agricultural production systems. This would improve reporting efficiencies and reduce the compliance burden including for the supply chain.*
- *Clear recognition and communication that businesses operating outside the regime are not legally required to comply with information requests, supported by clear regulatory oversight and appropriate intervention where reporting entities or assurance providers overstep their obligations.*
- *The importance of ensuring that reporting entities remain responsible for meeting and funding their own disclosure obligations, and that the collection of supply chain*

information is undertaken through appropriate commercial arrangements that recognise the value of producers' information and the costs associated with its collection and provision.

Proposal 1: Adjusting Assurance Settings

NFF Position

It is our view that Scope 3 emissions disclosures be abolished entirely in line with precedent set by the *United States Securities Exchange Commission*. If this is not supported, limited assurance must then be retained permanently (i.e., Option 1A) and the automatic progression to reasonable assurance commencing 1 July 2030 repealed.

As outlined in the *Introduction Section*, while a majority of primary producers are not formally captured under the reporting requirements of the regime, they are exposed indirectly through their relationships with reporting entities in the context of Scope 3.

NFF considers that the assurance framework must recognise the inherent uncertainty associated with agricultural emissions estimation and not impose requirements that are disproportionate to the maturity and availability of underlying information. Mandatory assurance over Scope 3 disclosures risks encouraging reporting entities to seek additional farm-level information and verification from producers who are not themselves required to report. These pressures may intensify as assurance requirements become more stringent (which the current settings will realise (Table 1)), with reporting entities seeking to mitigate their own compliance risks by either:

- *Exerting greater pressure on producers to provide increasingly detailed primary emissions information;*
- *Meet additional verification requirements; or*
- *Adopt particular emissions accounting tools and methodologies to satisfy more expansive assurance expectations.*

For these reasons, it is our view that exempting Scope 3 disclosures from mandatory assurance would provide a clearer and more proportionate framework, while reducing the risk of unnecessary compliance costs being transferred to agricultural supply chains.

If exemption from mandatory Scope 3 assurance is not supported, Scope 3 disclosures must remain subject to limited assurance on a permanent basis on contemplated in the Paper. This could be achieved under Option 1C with other more mature emissions metrics progressing to reasonable assurance, or under Option 1A with limited assurance retained more broadly. We remain agnostic on the latter component as the core concern is about ensuring the inherent complexities of Scope 3 are formally recognised through a permanent adjustment of the assurance threshold.

From this perspective, NFF agrees with the rationale behind Option 1A that *“limited assurance would provide a core safeguard by requiring independent review of climate-related financial disclosures while recognising the practical challenges associated with assuring climate-related information”*.

Keeping Assurance Providers Within Appropriate Guardrails

With respect to Consultation Question 3, we consider it important to emphasise that the CRFD regime was not designed for the assurance sector (yet it was allowed to be designed by them). Its purpose is to require businesses captured under the regime to disclose climate-related financial information for use by investors and other users of those disclosures. The assurance sector has a supporting role in providing confidence in that information, rather than being the intended target of the regime. **Accordingly, assurance settings should not be determined by the preferences or commercial interests of assurance providers.** The focus of this Review must remain on improving the efficiency and workability of the regime for reporting entities and, by extension, their supply chains. This requires ensuring that assurance requirements and associated information requests remain proportionate and appropriately scoped, with a clear focus on reducing the regulatory burden on reporting entities and the indirect compliance costs imposed on SMEs operating outside of the regime.

Proposal 3: Setting Clearer Boundaries On Value-Chain Information Requests

NFF Position

NFF supports Option 3B and considers that the Commonwealth must play a greater role in developing and making publicly accessible and credible geographically relevant emissions factors to support disclosure obligations and minimise the regulatory burden. As the Paper states on Page 15, *“by providing reliable secondary data, the government can reduce the need for reporting entities to issue complex data requests to resource-constrained SMEs”*.

We also support the intent of Option 3A, provided it is accompanied by clear communication in the form of a written requirement that businesses operating outside the mandatory thresholds are not legally required to comply with information requests.

As outlined in the *Introduction Section*, the original design of the regime did not adequately account for the consequential impacts of Scope 3 disclosures on supply chain entities. Where the Commonwealth introduces a regulatory framework that affects the operating environment for business, it must also ensure that they have access to the tools, information, and guidance needed to navigate that new environment in an efficient manner. NFF has raised the need for appropriate emissions estimation resources for several years now. It is therefore encouraging that Treasury now recognises the opportunity for a Commonwealth role in improving access to secondary data and reducing the burden of supply-chain information requests.

Option 3B: Reducing Supply Chain Administrative Burdens Through Developing Domestic Emissions Factors

As noted above, for many SMEs, responding to information requests requires resources and technical capabilities that are not readily available and can involve considerable uncertainty and cost. The development of credible, publicly accessible geographic emissions factors provides an opportunity to improve regime efficiency while reducing unnecessary information requests on the supply chain. In doing so, the Commonwealth

should build on and coordinate existing work rather than establish duplicative approaches. This includes the *National Voluntary Emissions Estimation and Reporting Guidance* for agriculture, fisheries, and forestry and work being undertaken through the *Zero Net Emissions Agriculture Cooperative Research Centre*.

Emissions factors must be geographically relevant and reflect Australian agricultural production systems. Agricultural emissions are variable across the Australian landscape which is in itself diverse, and we note that broad national averages or factors developed for overseas systems do not adequately reflect these differences. Geographic relevance is also important for comparability. At the same time, the use of different regional or production-system factors must be clearly documented so that differences in reported emissions are not incorrectly attributed to differences in the performance of individual producers.

Option 3A: Provide Additional Guidance On What Constitutes A Reasonable Request For Information From A Reporting Entity's Value Chain

In relation to Option 3A, clearer parameters for information requests must explicitly state that businesses operating outside the mandatory reporting thresholds are not legally required to comply. As highlighted during *Treasury's September 2026 Scope 3 and Supply Chains Roundtable*, broad and inconsistent information requests are imposing costs on farmers and SMEs, despite AASB S2 not requiring reporting entities to obtain information directly from every supplier. We also support standardising requests wherever practicable, allowing producers who choose to provide information to prepare it once for use across multiple commercial relationships. This must not, however, create an expectation that producers establish individual emissions accounting systems or respond to every request received.

Closing Remarks

NFF looks forward to further engagement with Treasury, including opportunities to contribute to the development of any proposed Exposure Draft legislation arising from this process. In the interim, please do not hesitate to contact Warwick Ragg, General Manager, Natural Resource Management, via e-mail: WRagg@nff.org.au in the first instance to progress this discussion.



National
Farmers
Federation

Leading
Australian
Agriculture

NFF House
14-16 Brisbane Avenue
Barton ACT 2600

Locked Bag 9
Kingston ACT 2604

(02) 6269 5666
reception@nff.org.au
nff.org.au