

AFAANZ ESG Special Interest Group (SIG)

Submission to the Productivity Commission Inquiry into Business Reporting Requirements

**Sustainability and environmental reporting:
reducing avoidable burden while preserving information value**

AFAANZ ESG SIG Working Group (members listed alphabetically)

Zitong Fu, The Australian National University

Le Luo, Macquarie University

Tracy Wang, The Australian National University (Chair, AFAANZ ESG SIG)

Shan Zhou, The University of Sydney

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Executive summary

This draft focuses on the Productivity Commission's Information Requests 2, 5 and 6 concerning sustainability and environmental reporting, interactions among reporting requirements, and ways of reducing avoidable burden. The inquiry frames the policy problem as a balance between the value of transparency and the costs of producing, assuring and reproducing information. The evidence reviewed here suggests that these objectives need not be treated as opposites: well-designed reforms can reduce duplication and processing costs while preserving or improving the usefulness of reported information.

Five observations provide the organising framework for the submission:

- Sustainability and environmental information can have economic and decision-making value. Research on broader CSR and sustainability reporting links non-financial disclosure to analyst forecasting, monitoring and valuation, while climate-specific survey and market evidence shows that climate information is used by capital-market participants. Together, these studies provide complementary evidence on the information value of sustainability and environmental reporting.
- Implementation costs are material and are likely to be uneven. The most developed current Australian evidence concerns mandatory climate reporting, where preparedness studies identify data availability, systems, skills, preparation and assurance resources as recurring challenges. This evidence provides useful insights into the implementation burden of sustainability reporting, while costs may differ across other environmental reporting regimes.
- Assurance can improve the credibility and quality of sustainability information, but it also creates direct fees and capability costs. Its scope and phasing should therefore reflect both information benefits and implementation costs.
- A major efficiency opportunity lies in reducing duplication and incompatibility across sustainability and environmental reporting channels. The Commission's proposed "tell us once" approach, common definitions and data sharing are especially relevant where the same underlying information is repeatedly collected or reformatted for different requirements.
- Digital structured reporting offers a potential medium-term route to lower data extraction costs, improve comparability and facilitate reuse across regulators and users. Experience with voluntary digital financial reporting in Australia indicates that adoption may be constrained by coordination problems, so implementation design and timing matter.

Based on the evidence reviewed, we recommend:

1. Preserve decision-useful information while targeting duplication and repeated processing.
2. Harmonise overlapping definitions, reporting boundaries and data standards, and enable regulator-to-regulator data reuse through a "tell us once" approach.
3. Maintain proportionality and regulatory stability during transition.
4. Adopt a phased and proportionate assurance approach and require separate disclosure of sustainability-assurance fees to improve cost transparency.
5. Develop a staged digital sustainability-reporting pathway.
6. Evaluate the effectiveness of Australia's existing transitional liability protections as implementation evidence accumulates.

1. Scope and approach

The Productivity Commission has been asked to identify opportunities to improve the efficiency and value of non-financial business reporting. Its call for submissions identifies sustainability and environmental reporting as a key area of focus and asks about implementation and ongoing costs, overlapping requirements, opportunities to reduce duplication, and the extent to which reported information is used by stakeholders. It also asks for evidence on interactions among reporting requirements and on possible data-sharing or common-platform solutions (Productivity Commission 2026).

This submission concentrates on sustainability and environmental reporting. It does not attempt to address payment-times or workplace-gender-equality reporting. Consistent with the Commission's call, we treat climate-related financial disclosure, emissions reporting and other environmental reporting as related but distinct parts of the broader reporting landscape. Our objective is to contribute evidence on three linked questions: (1) what benefits sustainability and environmental reporting can provide; (2) where implementation, assurance and duplication generate material costs; and (3) which forms of coordination could reduce avoidable burden without removing useful information. Australia's new mandatory climate-reporting regime is used as the principal current case study because it provides the most developed evidence on implementation and early reporting practice.

Productivity Commission questions addressed

Information request	Focus of this draft
2. Sustainability and environmental reporting	Information benefits and efficacy; implementation and assurance costs; duplication; proportionality.
5. Significant interactions between requirements	Overlapping information, inconsistent definitions, reporting boundaries, duplicated processes and step changes in burden.
6. Ameliorating negative interactions	Data reuse, common definitions, regulatory coordination and digital reporting.

2. Benefits and efficacy of sustainability and environmental reporting

The Commission asks not only what reporting costs, but also whether sustainability and environmental information is used and what effects its availability has on decisions, activities and outcomes. The evidence base spans several forms of non-financial reporting. We therefore distinguish broad sustainability/CSR evidence from climate-specific evidence and avoid treating findings from one setting as direct evidence about another.

2.1 Evidence that sustainability information enters decision processes

A substantial academic literature examines broader CSR and sustainability reporting rather than Australia's current statutory climate-reporting regime. These studies are relevant to the Commission's broader question because they shed light on whether non-financial information is used by capital-market participants and whether it can affect monitoring and forecasting. They should not be interpreted as estimates of the compliance costs or causal effects of AASB S2.

Dhaliwal et al. (2012) find that standalone CSR reporting is associated with greater analyst forecast accuracy, particularly where CSR performance is more likely to have financial consequences and conventional financial

disclosure is more opaque. Muslu et al. (2019) show that richer CSR-report narratives, including numerical and forward-looking content, are associated with more accurate analyst forecasts. These studies provide direct evidence that sustainability information can enter analysts' information sets rather than serving only a compliance or reputational function.

2.2 Climate-specific evidence

Climate-related disclosure provides the most directly relevant current Australian application because the new mandatory sustainability-reporting regime is presently centred on climate-related financial disclosure. A 2022 TCFD survey of 42 investors and other users found that 90% of respondents incorporated climate-related financial disclosures into financial decision-making, and among those respondents, 66% reported that the disclosures factored into their pricing of financial assets (TCFD 2022, p. 11). These survey responses provide evidence that climate information enters these respondents' decision processes.

Australian market evidence is consistent with climate information having economic relevance. Choi et al. (2021) find that direct carbon emissions are negatively associated with the market value of Australian-listed companies, with the relation varying around the carbon-pricing regime. Qian et al. (2020) document that the relation between carbon performance and market returns varies across Australian climate-policy changes. Complementary U.S. evidence from Ben-Amar et al. (2024) shows that financially material climate-risk disclosure is associated with lower analyst forecast error and dispersion. These studies indicate that climate information can be relevant to valuation and forecasting decisions.

2.3 How reporting becomes useful: intermediation, monitoring and credibility

Broader sustainability-reporting research also helps explain how non-financial information becomes decision-useful. Tsang et al. (2024), using 3,991 firms across 56 countries, find that financial analysts strengthen the positive association between voluntary CSR reporting and firm value. This evidence identifies information intermediation as one channel through which sustainability information can be incorporated into capital-market outcomes. Lu et al. (2017) find that standalone CSR reporting increases the marginal value of cash holdings, particularly where information environments are less transparent or external monitoring is weaker, consistent with disclosure facilitating monitoring.

Credibility is another part of usefulness. Xiao and Shailer (2022) show that stakeholders place substantial weight on assurance and accountability, materiality and completeness, as well as management trustworthiness and track record, when assessing the credibility of sustainability reports. Taken together, these studies suggest that the efficacy of sustainability and environmental reporting depends not simply on the volume of information disclosed, but also on whether information is interpretable, credible and capable of entering users' decision processes.

2.4 Broader effects and the limits of voluntary reporting

The evidence also indicates why the policy question cannot be reduced to a choice between voluntary and mandatory disclosure. Ryou et al. (2022) find that stronger product-market competition reduces firms' voluntary CSR reporting, including externally assured and GRI-based reporting, consistent with proprietary costs constraining voluntary non-financial disclosure. This suggests that private disclosure incentives may not produce the amount or form of information valued by users.

Reporting reforms can also have effects beyond information production. Sun et al. (2026), using a global dataset of CSR reporting reforms and a stacked difference-in-differences design, document a decline in firm value alongside reductions in carbon emissions and improvements in CSR ratings following reform. The study illustrates why evaluation of sustainability-reporting regulation may need to consider private costs borne by reporting firms together with capital-market and broader social outcomes. It also shows that regulatory design

matters: reform effects vary with features including greenhouse-gas disclosure requirements, safe-harbour provisions, prescribed reporting frameworks and external assurance.

3. Costs and uneven incidence of sustainability-reporting obligations

The Commission asks about both upfront implementation costs and ongoing compliance costs. The most developed current Australian evidence concerns the mandatory climate-related financial disclosure regime, which is being phased in. That evidence is directly relevant to the systems, skills, assurance and transition costs associated with sustainability reporting, while evidence on other environmental reporting requirements remains more limited.

3.1 Implementation and recurring compliance costs

Implementing mandatory climate reporting extends well beyond drafting a sustainability report. Entities need governance processes, climate-risk assessment, data systems, controls, scenario analysis, skills, documentation and assurance-ready evidence. These investments create both initial and recurring costs.

Recent Australian evidence illustrates the resource demands associated with implementation. Simnett et al. (2026b) report that financial resources required to prepare and assure climate disclosures were among the top three challenges for 30% of Group 1 respondents and 31% of Group 2 and group 3 respondents (p. 20). The study also documents substantial expected reliance on external expertise, with more than half of Group 1 respondents planning to engage a professional accounting firm and more than half planning to engage a climate consultancy (p. 21). These findings indicate that implementation costs extend beyond preparation of the sustainability report itself to investments in data, systems, specialist skills and external advice. Interview evidence further suggests that some later-cohort entities are deferring parts of their preparation while balancing competing resource demands (p. 23), and that uncertainty about materiality can also encourage over-disclosure that raises cost without necessarily improving decision usefulness (p. 36); some entities also report reconsidering voluntary reporting or assurance expenditure as resources are redirected to mandatory compliance (p. 31).

3.2 Smaller and less-prepared entities

The cost implications are likely to be most material for entities with less developed sustainability-reporting infrastructure. Drawing on a survey of accounting practitioners in Ireland, O'Reilly et al. (2025) suggest that the upfront costs of developing and implementing environmental sustainability reporting are a major concern for small- and medium-sized enterprises (SMEs), with limited staff expertise and insufficient time presenting additional implementation barriers. Less-prepared entities may have fewer established systems, processes and internal capabilities for collecting climate data and preparing assurance-ready disclosures.

Public research indicates substantial variation in preparedness. The AASB, AUASB and CA ANZ research on 2023 and 2024 annual reports covers ASX-listed entities across the reporting groups and documents differing levels of preparedness for mandatory reporting and assurance (You et al. 2025). Simnett et al. (2026b) similarly find that preparedness has been increasing but remains uneven, with entities entering the regime earlier generally more prepared than later cohorts.

3.3 Transition costs and regulatory stability

Changes to established reporting requirements can themselves create transition costs where entities have already invested in systems, controls, contractual arrangements, training and external capability. The Productivity Commission expressly recognises that reforms should be mindful of these costs because systems and processes have already been developed to meet existing requirements (Productivity

Commission 2026). This issue is particularly relevant during the early years of a new reporting regime, when preparers and assurance providers are still investing in capability.

3.4 Policy implications and recommendations

We recommend that proportionality and transition design take account of entities' starting capabilities as well as nominal firm size. Simplification should also weigh the benefits of regulatory change against the cost of stranding or duplicating recent implementation investments.

4. Assurance: information-quality benefits and implementation costs

Assurance illustrates the central cost-benefit trade-off in sustainability reporting. It can strengthen the reliability and credibility of reported information, but it also requires fees, evidence, controls and provider capability. The available evidence supports treating both sides of that trade-off explicitly.

4.1 Evidence on assurance benefits

Gipper et al. (2026) develop measures of carbon accounting quality and find that external assurance is associated with higher quality, particularly where firms have weaker pre-existing carbon accounting systems and where assurance is more thorough. Related international evidence by Luo et al. (2023) shows that carbon assurance is associated with higher-quality carbon disclosure, with stronger effects as assurance coverage and assurance level increase. The benefits extend beyond reporting quality. For example, Datt et al. (2025) associate carbon assurance with a lower cost of equity, while Luo and Pan (2025) find greater investment efficiency, particularly through reduced underinvestment. Bentley-Goode et al. (2025) show that assurance-provider type is associated with sustainability-reporting quality and restatements. In an Australia and New Zealand setting, Peng et al. (2026) find that assurance engagements often address regulator-identified greenwashing concerns in historical and quantitative disclosures, while important gaps remain for forward-looking commitments. Wang et al. (2026) provide complementary evidence from voluntary Scope 3 emissions reporting in Australia and New Zealand: among firms that disclose Scope 3 emissions, third-party assurance is associated with more informative disclosures, including greater completeness and transparency about categories, methods and assumptions.

These findings are consistent with assurance adding information value, but they also caution against assuming that every assured subject matter delivers the same benefit. The relevance of the assured information, the level of assurance and the maturity of the underlying data system all matter.

4.2 Evidence on assurance costs

Recent Australian research documents substantial capability investment by sustainability-assurance providers as the mandatory reporting regime is implemented. Simnett et al. (2026a) identify cost, skills and systems constraints among assurance providers, including significant investment in tools, software and specialist capability. Treasury's Policy Impact Analysis (Treasury 2023) similarly anticipated material additional costs from sustainability assurance, estimating initial limited-assurance costs of approximately A\$33,000–A\$66,000 for a median ASX300 company with a market capitalisation of A\$2.4 billion. Treasury cautioned that these estimates were likely to understate actual costs because emissions and other climate information were expected to be more complex to assure, particularly during initial implementation (Treasury 2023, p. 22).

Early evidence from the first wave of mandatory reporters indicates that sustainability assurance fees are not commonly disclosed as a separate line item: only 16% of entities separately disclosed such fees (Purpose Bureau and Monash Business School 2026). Among those that do disclose, the median disclosed fee was \$89,000 (Purpose Bureau and Monash Business School 2026). Interview evidence from providers and

preparers suggests that fees for assurance engagements under ASSA 5000 may be around 20–40% of financial-statement audit fees (Simnett et al. 2026b, p. 46). These indicative estimates vary with the characteristics of the reporting entity. Provider interviews also indicate that preparation and advisory work can represent a substantial additional cost beyond assurance, reinforcing that assurance fees capture only one component of total implementation cost (Simnett et al. 2026a).

These costs are unlikely to be proportionate across reporting entities. Assurance engagements contain fixed elements, so the relative burden may be greater for smaller entities. The transition from limited to reasonable assurance may also increase costs where disclosures depend heavily on estimates, assumptions and forward-looking information rather than established historical metrics.

4.3 Improving transparency of sustainability-assurance costs

Under AASB 1054, entities currently disclose fees to each auditor or reviewer separately for the audit or review of the financial statements and for all other services, with the nature of those other services described. Sustainability-assurance fees are not required to be identified as a separate category. The AUASB has similarly noted that expanded fee disclosure could separately identify fees for the audit or review of sustainability reports (AUASB 2026).

Separate disclosure would improve the observability of an important component of the cost of Australia's mandatory sustainability-reporting regime. It would enable policymakers and other users to distinguish assurance costs from expenditure on report preparation, systems, consulting and other implementation activities; track how assurance costs evolve as the regime matures and assurance requirements increase; and assess whether those costs differ systematically by entity size, reporting complexity and assurance level. A consistent fee series would also strengthen the evidence available for future evaluation of the regime.

The incremental reporting burden should be relatively modest because the relevant fees are already known to reporting entities and their assurance providers. Separate identification would therefore provide a relatively low-cost means of improving transparency over the costs of the regime and enabling more evidence-based assessment of the balance between assurance costs and credibility benefits.

4.4 Policy implications and recommendations

The evidence indicates that assurance can improve the credibility and decision usefulness of sustainability information, but that its benefits and costs vary with the nature of the information, the maturity of underlying reporting systems, entity characteristics and the level of assurance. These considerations support a phased and proportionate approach as Australia's mandatory sustainability-reporting regime develops. At the same time, better disclosure of sustainability-assurance fees would strengthen the evidence available to assess how the costs of the regime evolve over time.

We recommend that:

- (1) assurance requirements be phased and proportionate, with scope and level calibrated to the decision usefulness and maturity of the underlying information, the characteristics of reporting entities, and the costs of producing assurance-ready information; and
- (2) fees for the assurance of mandatory sustainability reports be separately disclosed.

5. Overlap, duplication and cumulative burden

The Commission identifies duplicated information, near-duplicated information, inconsistent definitions, different reporting entities within corporate groups, misaligned periods and simultaneous regulatory changes as potential sources of cumulative burden. Sustainability and environmental reporting is a useful setting in which to examine these interactions because Australian entities may simultaneously face climate-related

financial disclosure, NGER emissions reporting, pollution and other environmental reporting, ASX corporate-governance disclosure, lender and investor requests, and voluntary or international frameworks such as GRI and CDP. These requirements do not necessarily serve the same objective, so overlap should be analysed rather than assumed.

5.1 Distinguishing three forms of overlap

Not all overlap between sustainability and environmental reporting requirements creates the same policy problem. A useful distinction is among three forms of overlap: duplicate data with common definitions; similar concepts with different definitions or boundaries; and distinct information serving different policy objectives. Each implies a different response.

(3) Duplicate data with common definitions.

The same underlying data may be requested more than once using substantially the same definition, reporting boundary and period. Examples could include emissions or other environmental metrics that are collected for one regulatory purpose and then requested again through another reporting channel. This is the clearest case for data reuse, regulator-to-regulator sharing, or a “tell us once” mechanism. Where the information is already available in a compatible form, requiring entities to reproduce it creates process cost without generating additional information value.

(4) Similar concepts with different definitions or boundaries.

Different reporting regimes may request information about the same underlying concept but apply different organisational boundaries, measurement rules, materiality thresholds, classifications or reporting periods. In these cases, the burden arises not simply from duplicate collection but from reconciliation and transformation. Harmonisation may reduce these costs where differences are historical or administrative rather than substantively necessary. However, differences should be retained where they reflect distinct policy objectives, user needs or legal responsibilities. The relevant task is therefore to identify which differences are essential and which can be aligned. A practical example is the interaction between NGER and sustainability reporting periods. Treasury (2026) notes that differences between these periods may create unnecessary burden for entities subject to both frameworks, especially where the financial year does not end on 30 June. This illustrates how related emissions information may require additional reconciliation and assurance work because the reporting periods differ.

(5) Distinct information serving different policy objectives.

Some apparent overlap reflects genuinely different information needs. Investor-oriented climate-related financial disclosure, emissions reporting for regulatory purposes, and pollution reporting may draw on related underlying data but serve different users and policy objectives. In such cases, consolidation may reduce useful differentiation or omit information that is material for a particular regulatory purpose. The objective should therefore not be uniformity for its own sake, but consistency and interoperability where appropriate while preserving information that serves distinct functions.

5.2 Cross-border and corporate-group interactions

This framework is especially relevant to multinational groups. Simnett et al. (2026b) report examples of Australian inbound subsidiaries repeating entity-level risk assessment, materiality and scenario work even where related work has already been undertaken for European parent reporting (pp. 25, 37–38, 42). Local reporting can provide information specific to the Australian reporting entity, but the Commission could examine which elements are genuinely entity-specific and which could be recognised or reused across jurisdictions when definitions, reporting boundaries and assurance are equivalent.

5.3 Harmonisation, data reuse and "tell us once"

A more informative evaluation should distinguish the cost of producing new information from the additional cost of collecting, reconciling, reformatting or assuring substantially the same information for multiple reporting purposes. The clearest efficiency opportunities arise where information already exists in a compatible form and serves the same substantive objective.

5.4 Policy implications and recommendations

Taken together, these considerations suggest that the policy objective should be to reduce avoidable duplication and reconciliation costs without eliminating information that serves distinct regulatory or user needs. The greatest efficiency gains are likely to arise from improving interoperability across reporting regimes, enabling reuse of information where definitions and objectives align, and reducing unnecessary differences in reporting boundaries, periods and data requirements.

We recommend that the Commission evaluate interoperability rather than disclosure reduction alone, including through:

- (1) common data definitions where reporting objectives align;
- (2) consistent identifiers, reporting boundaries and, where feasible, reporting periods;
- (3) regulator-to-regulator data sharing where legally permissible; and
- (4) clearer rules for when information already prepared under another regime can be incorporated, recognised or reused.

6. Implementation architecture: proportionality, liability and digital reporting

Some sources of burden arise from the architecture around reporting rather than from the substantive information requirement itself. Three design issues are particularly relevant to the current Australian transition: proportional implementation, liability settings for highly uncertain disclosures, and digital reporting infrastructure.

6.1 Proportional implementation and regulatory stability

Differences in reporting preparedness suggest that implementation costs may not be scaled proportionately with firm size. Fixed systems, skills and assurance costs can be relatively more significant for less-prepared entities. A proportionality assessment can therefore consider both formal size thresholds and the existing reporting capability of affected entities. At the same time, frequent rule changes can strand investments already made, so burden-reduction initiatives should also account for transition costs created by changing established arrangements.

6.2 Liability settings and transitional protection for uncertain disclosures

Australia has already adopted targeted transitional protection rather than a general permanent safe harbour. Section 1707D of the Corporations Act provides limited immunity from private actions for specified protected statements in new sustainability reporting. For financial years commencing during the first three years of the regime, the protection covers statements about Scope 3 greenhouse-gas emissions, scenario analysis and transition plans. For the first 12 months, it also covers climate-related forward-looking statements. The immunity does not apply to criminal proceedings or actions brought by ASIC.

This targeted approach recognises that some required disclosures rely heavily on estimates, third-party information and long-horizon assumptions. International evidence also suggests that liability settings can influence the effects of reporting mandates. Sun et al. (2026) find that the effects of CSR-reporting reforms are stronger in jurisdictions without safe-harbour provisions, indicating that liability protection can shape the consequences of reporting reform.

6.3 Digital reporting and data infrastructure

Digital reporting offers a potential means of reducing a different category of reporting burden: the repeated extraction, re-entry, reconciliation and transformation of information after it has been prepared. The Productivity Commission's 2025 inquiry into data and digital technology found that no digital financial reports had been submitted in Australia despite voluntary digital lodgement having been available since 2010. It concluded that voluntary adoption was unlikely to generate widespread uptake because preparers bear upfront implementation costs while many benefits arise only when sufficiently broad adoption enables users to extract, compare and analyse reports efficiently. The Commission recommended mandatory digital financial reporting for disclosing entities (Productivity Commission 2025).

These considerations are increasingly relevant to sustainability reporting. The IFRS Foundation issued the IFRS Sustainability Disclosure Taxonomy in 2024 for disclosures prepared under IFRS S1 and IFRS S2 (IFRS Foundation 2024). The taxonomy makes sustainability-related financial information machine-readable and is designed to facilitate its extraction, comparison and analysis by investors and other users. It can also support regulators implementing digital sustainability-reporting systems and has been designed to operate alongside other digital reporting taxonomies. European Financial Reporting Advisory Group (EFRAG) has similarly developed an XBRL taxonomy for the European Sustainability Reporting Standards, providing further international experience in the digitalisation of sustainability information (EFRAG 2024).

Recent Australian preparedness evidence also indicates that climate-data systems remain highly manual. Simnett et al. (2026b) report widespread reliance on spreadsheets and limited integration of climate data into core financial systems. This suggests that digital reporting should be treated as a data-infrastructure issue, not simply a tagging exercise.

A coordinated approach has several potential benefits. Machine-readable sustainability information could reduce repeated extraction and transformation by investors, regulators and other users; improve comparability across entities; facilitate reuse of information across regulatory systems; and reduce reliance on bespoke information requests. These benefits are particularly relevant to the Commission's broader objective of moving toward a "tell us once" reporting architecture. Digital reporting could also improve the capacity of regulators and researchers to evaluate the costs, quality and effects of sustainability-reporting requirements over time.

Digitalisation nevertheless entails transition costs for preparers, including systems development, tagging and quality-control costs. International taxonomy availability reduces some implementation barriers but does not eliminate the need to design Australian filing, validation, assurance and governance arrangements. A staged roadmap would therefore allow the benefits of coordinated adoption to be realised while avoiding an immediate additional compliance requirement during the early implementation of mandatory sustainability reporting.

6.4 Policy implications and recommendations

We recommend that Australia develop a staged roadmap toward digital sustainability reporting, coordinated with the implementation of digital financial reporting. The immediate priority should be to establish interoperable taxonomy, filing and regulatory infrastructure using international standards where practicable, rather than developing a separate Australian architecture from first principles. A subsequent mandatory tagging requirement could then be introduced once that infrastructure is sufficiently mature and preparers have had adequate time to adapt their systems and processes.

7. Climate reporting as an early Australian case study

7.1 Early evidence from mandatory climate reporting

Australia's first year of mandatory climate reporting provides an early opportunity to distinguish different ways in which reporting requirements can change the information environment. ASIC's Report 839 draws on a review of 40 sustainability reports lodged for the financial year ending 31 December 2025 and identifies improvements in the quality, quantity and consistency of climate-related financial information compared with previous voluntary disclosures. It also identifies areas for improvement, including forward-looking disclosures, cross-referencing and the disclosure of judgements, assumptions and measurement uncertainty (ASIC 2026, pp. 3–4). KPMG's analysis of first-wave reporters similarly documents substantial variation across governance, strategy, climate-related risks and opportunities, emissions, targets and assurance (KPMG 2026).

For policy evaluation, an increase in disclosure should not be treated as a single outcome. Mandatory reporting may generate information that was not previously available, standardise information that was previously difficult to compare, consolidate information that was dispersed across reporting channels, or require firms to reproduce or reformat substantially the same information. The first three can generate information benefits; the fourth primarily adds compliance cost.

7.2 A framework for evaluating information benefits and reporting burden

Distinguishing among information that is newly produced, standardised, consolidated, and merely duplicated or reformatted provides a useful framework for evaluating the Australian regime as it matures. The relevant question is not simply whether reporting requirements increase or decrease the volume of disclosure, but whether they generate new decision-useful information, improve comparability or accessibility, or instead require repeated processing of substantially the same underlying information. Where different reporting requirements draw on the same or closely related underlying information, the evaluation should also consider whether greater alignment of definitions, reporting boundaries and data standards could reduce compliance costs without sacrificing information value.

7.3 Policy implications and recommendations

We recommend that future evaluation of Australia's sustainability-reporting regime distinguish among information that is newly produced, standardised, consolidated and duplicated or reformatted. Burden-reduction reforms should prioritise the last category while preserving the information benefits associated with genuinely new disclosure, greater comparability and improved accessibility.

As part of that evaluation, government and standard setters should map common data elements across sustainability and environmental reporting requirements to identify where information can be reused without undermining distinct regulatory objectives.

8. Recommendations

The table below consolidates the recommendations developed in Sections 3–7 and maps them to the Commission's Information Requests 2, 5 and 6.

Recommendation	Expected benefit	Implementation considerations
PC Information Request 2: Sustainability and environmental reporting		
Maintain a proportionate and stable transition path	Recognises uneven preparedness and protects investments in systems and capability.	Consider entity size, existing reporting capability and user needs; avoid unnecessary rule changes that strand recent investment.
Adopt a phased and proportionate assurance approach	Preserves credibility benefits while managing assurance and preparation costs.	Calibrate assurance scope and level to subject matter, information maturity and entity circumstances.
Require separate disclosure of sustainability-assurance fees	Improves transparency over an important component of compliance cost and strengthens future evaluation of the regime.	Define the fee category consistently and keep the incremental disclosure burden modest.
Evaluate existing transitional liability protections	Allows assessment of whether limited immunity appropriately supports uncertain disclosures during transition.	Consider disclosure incentives, accountability, information quality and enforcement experience.
PC Information Request 5: Significant interactions between requirements		
Evaluate reporting requirements by distinguishing information that is newly produced, standardised, consolidated, and duplicated or reformatted; Target burden reduction toward duplication and repeated processing	Focuses burden reduction on activities that add processing cost without commensurate information value, while preserving genuinely new information, comparability and accessibility.	Assess whether requirements generate new decision-useful information, improve comparability or accessibility, or require repeated processing of substantially the same underlying information.
Harmonise overlapping definitions, reporting boundaries and data standards	Reduces reconciliation and repeated collection where the same underlying information serves multiple requirements.	Must preserve differences that reflect genuinely different policy objectives, reporting boundaries or materiality concepts.
PC Information Request 6: Ameliorating negative interactions		
Enable data reuse and "tell us once" infrastructure	Can reduce repeated submissions and improve consistency.	Requires legal authority, data governance, common identifiers and interoperable systems.
Develop a staged digital sustainability-reporting pathway	Can reduce extraction and processing costs, improve comparability and facilitate reuse across regulators and users.	Taxonomy, filing infrastructure, assurance and implementation timing should be coordinated with digital financial reporting.

9. Conclusion

The Productivity Commission's inquiry concerns the cumulative costs and efficacy of sustainability and environmental reporting and how new requirements interact with existing reporting. The evidence reviewed in this submission shows that sustainability information can contribute to forecasting, monitoring, valuation and other decision processes, while the emerging Australian climate-reporting regime provides direct evidence on implementation costs and reporting practice.

The central policy objective should be to preserve these information benefits while reducing avoidable reporting costs. This requires distinguishing the cost of producing useful new information from costs arising through duplication, reconciliation, reformatting and repeated assurance; identifying opportunities to harmonise overlapping definitions, reporting boundaries and data standards; and recognising differences in firms' preparedness and reporting capacity. Assurance, liability settings and digital reporting should be designed to support information credibility and usability without creating unnecessary implementation burden.

More efficient reporting therefore does not necessarily mean less reporting. It means reducing duplication and process costs while preserving information that is decision-useful, comparable and accessible.

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