



27 March 2026

Senator Lisa Darmanin
Chair
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Darmanin,

Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026

About ACSI

Established in 2001, ACSI exists to provide a strong voice on financially material sustainability and corporate governance risks and opportunities. Our members include Australian and international asset owners and institutional investors with more than \$1.9 trillion in funds under management.

Through our company engagement, policy advocacy, research and education, ACSI supports members in exercising active ownership, which enhances the long-term value of the retirement savings entrusted to them to manage.

ACSI members can achieve value for their beneficiaries through genuine and permanent improvements to the environmental, social and governance practices of the companies in which they invest.

Summary of ACSI's position

ACSI welcomes the introduction of the *Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026*. Merging the Australian Accounting Standards Board (AASB), the Auditing and Assurance Standards Board (AUASB), and the Financial Reporting Council (FRC), into External Reporting Australia (ERA) is an opportunity to:

- take a pragmatic approach to supporting efficiency across the standard setting bodies
- establish an appropriate level of sustainability expertise and experience on the proposed Sustainability Standards Board, and
- support fit-for-purpose standard setting and guidance development.

Supporting the appropriate mix of knowledge and experience in Council and boards

ACSI supports the provisions establishing a Governing Council and specialist boards that possess an appropriate mix of knowledge and experience (sections 227A(4), 231(4) and 231(6)).

ACSI broadly supports the list of knowledge and experience outlined in the draft legislation, which includes financial markets, sustainability or climate change, and/or science. The inclusion of sustainability, climate change, and science should seek to support a pragmatic approach to standard setting that balances the provision of useful information to investors with the practical challenges of reporting.

ACSI supports the requirement that the "composition of a standards-setting board reflects an appropriate mix of persons with the qualifications, skills and experience that reflect both...the users of the kinds of standards determined for that board and...the users of materials prepared in accordance with those standards" (section 231 (6)). As the Explanatory Memorandum (1.198) confirms, the users of material prepared in accordance with those standards includes investors. We consider that this section seeks to recognise the importance of investors in the market¹, and the value of their experience and knowledge for a standards-setting board.

Nuanced application of the standards

ACSI strongly supports the draft legislation's statement (section 233A) that a "standard made or formulated by External Reporting Australia may...be of general or limited application (including a limitation to specified bodies or undertakings); and... differ according to differences in time, place or circumstance." We further strongly support the requirement in the draft legislation (section 233B(3)) for ERA to "have regard to the suitability of a proposed standard for different types of entities," and that ERA "may apply different sustainability requirements to different types of entities." The Bill supports better consideration of fit-for-purpose standards design that recognises and reflects the different types of entities that have reporting obligations, which should support efficiency in reporting.

Institutional governance

We support the draft legislation's approach to balancing access to relevant and recent experience with preserving the independence of the Governing Council and boards. ACSI supports the Bill's requirement that the Minister, when making appointments to the Governing Council, to consider the principles of, "an appropriate level of representation of persons who are, and are seen to be, independent from Australian auditors...[and] an appropriate balance of expertise or experience in fields relevant to External Reporting Australia's functions," (section 227A(5)(a) and (b)). We consider that these principles, in combination with the disclosure of interests requirements, adequately balance independence and relevant expertise. ACSI encourages the public disclosure of material personal interests. This will support a transparent process for balancing the inclusion of recent experience and preserving Council and board independence.

I trust our comments are of assistance. Please contact me or Kate Griffiths (kgriffiths@acsi.org.au) should you require further information.

Yours sincerely,



Louise Davidson AM
Chief Executive Officer
Australian Council of Superannuation Investors

¹The importance of investors to the market is also noted in section 225A(5)(d), which states that, "External Reporting Australia must, as far as practicable, perform its functions...with regard to the public interest in the accessibility of appropriate and reliable financial and other related information about private sector entities and public sector entities to stakeholders of those entities, particularly investors and creditors."