



PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

Media Release

Release of inquiry report: *Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry*

The Parliamentary Joint Committee on Corporations and Financial Services has today presented the final report of its inquiry into *Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry*.

The inquiry was launched in 2023 in response to the revelation of misconduct within the sector, including the misuse of confidential Australian Government information by partners and employees of the multidisciplinary firm PwC Australia.

The report makes 40 recommendations, some of which are subject to additional comments from Coalition and Greens members of the committee. A number of the recommendations have been identified by the committee as being priority recommendations. Among the key findings are:

- Firms structured as partnerships should be limited to a maximum of 400 partners, a reduction from the current limit of 1,000 and in line with the existing limit on partnership numbers for law firms (subject to reservations expressed by Coalition members);
- Multi-disciplinary professional services should be required to ensure operational separation of their audit function; and that clients using those audit services should not be able to access other services from the firm;
- Accountability measures for the consulting industry, which could include a public register of consultants, the establishment of a consultancy code and the formation of a compliance body for the sector.

In addition, the committee recommends the firm PwC not be permitted to tender for government work until all pending investigations by law enforcement and regulatory agencies are concluded.

The committee expresses its sincere gratitude to witnesses and those who have made submissions to the inquiry. The generosity demonstrated by the inquiry participants in sharing their knowledge and expertise has been integral to the committee's consideration of the issue.

The committee looks forward to receiving the government's response to its report.

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Quotes attributable to Committee Chair, Senator Deborah O'Neill:

"This report is the legacy of the PwC tax leaks scandal, and the sector-wide misconduct that was uncovered in the aftermath. With our recommendations, we are charting a path forward for the sector, towards a more accountable, transparent and just financial sector."

"The proper function of this sector matters to every Australian. We all have superannuation, and we all rely on audit companies to ensure the security of financial markets."

"This report marks the end of impunity for a sector which has thrived in darkness for far too long."

"No-one is beyond accountability. The recommendations we make in this report deliver transparency and accountability to a malign sector, and deliver justice for Australians who have seen these firms seek to profit at their expense from unethical and unsustainable corporate practices."

Quotes attributable to Committee member, Senator Barbara Pocock:

"The recommendations of this Inquiry are an important step towards positive change, building on the powerful evidence this inquiry has heard."

"Reprehensible behaviour in the consulting sector has thrived in the gaps in our regulatory framework and bent the cultures of some of our largest private entities."

"We need comprehensive legislative, cultural and structural change to fix these organisational failures. There is a strong case for change. Shared outrage is not enough, it is essential to see action."