



The Committee Secretary  
Senate Standing Committees on Economics  
Department of the Senate  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600 AUSTRALIA

24 March 2026

Dear Secretary

### **Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026 (the 'Bill')**

Thank you for the opportunity for us as leaders of the Deakin Business Value Creation Centre (DBVCC) to make a submission for the Committee's consideration of this Bill.

#### About DBVCC

The DBVCC, formerly Deakin University Integrated Reporting Centre, is an independent centre within the Deakin University Faculty of Business and Law providing leadership across three pillars: Engagement & Advocacy; Education and Employability; Research & Innovation. DBVCC has strong connections with business and academia which are drawn upon to promote its deep knowledge of reporting, accounting and assurance governance, frameworks, standard-setting and practice.

The DBVCC Executive includes representation from the Business, Accounting, Information Systems and Business Analytics, Finance and Legal disciplines, and collectively has many decades of experience relevant to this consultation which will be brought to bear in any support that DBVCC can provide to Treasury as it reforms the Australian Financial Reporting System.

This proposed legislation is core to the purpose of the DBVCC to drive better governance, business and reporting in the Australian economy. As an illustration, the DBVCC's micro-credentials for executive education already anticipate the introduction of External Reporting Australia (ERA) to the Australian Financial Reporting System.

#### Overall

We strongly support the proposed legislation. We recommend that the Committee embrace the Bill, with amendments as recommended in this submission. The Bill recognises the intangibles-driven business environment of today, one in which investors need different information to make effective capital allocation decisions.

That information cannot be provided by current accounting standards, which focus on monies spent rather than value created by investments in intangibles. It also recognises that a broader range of stakeholders are interested in businesses and how they operate in the intangibles-driven environment, as recognised in the Bill. The introduction of a sustainability reporting standards board as one of ERA's boards is an important step in this regard.

This submission focuses on four areas where we believe that the Bill could be amended before it proceeds to its Third Reading, while still allowing the proposed timetable – ERA transitional date of 1 July 2026 and ERA Day One of 1 November 2026 - to be achieved.



Four Recommended Amendments for Committee’s Consideration

When we talk of ‘investors’, along with institutional investors and large corporates, we also include SMEs, their employees and contractors, and everyone with a superannuation account – all will have investments in businesses that rely on intangibles. We group lenders with investors as stakeholders who will be impacted by the activities of ERA. **So for the Committee, the potential impact of the Bill is immense.**

We particularly support the establishment of ERA as an appropriate response to the contemporary Australian business environment. We believe the following four recommendations:

- are in the interests of investors, Australian businesses including SMEs and the broader range of stakeholders; and
- will significantly strengthen the prospects of ERA being successful from its inception and into the long term, making it a critically important mechanisms for pursuing the core objectives of the Australian Financial Reporting System as set out in sections 224 and 225 of the ASIC Act.

The four matters were detailed in our submission to Treasury on the Consultation Draft of this Bill of November 2025 ([Positioning Australia’s financial reporting system for the future - draft legislation - Positioning Australia’s financial reporting system for the future – draft legislation - Consult hub](#) ). We cross-reference throughout to relevant parts of our November 2025 submission. This submission contains only key visuals and selected important points:

	Issue	For the Committee’s Consideration
1	Intangibles Reporting Gap	<p><b>Relevance</b> – Financial statements in accordance with accounting standards have lost a lot of their relevance as instruments for explaining value and value creation potential to investors. A significant intangibles reporting gap exists.</p> <p><i>We encourage the Committee to support amendments to the Bill such that ERA pursues approaches to resolving the intangibles reporting gap outside of accounting standard setting through ERA’s Accounting Standards Board - refer below recommendations on an External Reporting Board (ERB) and a Conceptual Framework for Corporate Reporting (CFCR) and further detail in the Appendix.</i></p>
2	Lack of Integration in Reporting and Integration in Thinking	<p><b>Clarity</b> – The continued fragmentation in reporting since 2001 has resulted in ever-increasing complexity, volume and cost of reporting. Anecdotal evidence is already indicating significant concerns about the cost of compliance with AASB S2 (climate-related disclosure) among the larger businesses affected to date.</p> <p>Investors need clarity on where they can easily find business-critical information on intangibles and other matters – in integrated reports or at least in sustainability reports prepared in accordance with the International Integrated Reporting Framework.</p> <p><i>We encourage the Committee to support amendments to the Bill such that ERA pursues approaches to achieving more integration</i></p>



	<b>Issue</b>	<b>For the Committee's Consideration</b>
		<i>in reporting and thinking - refer below recommendations on an ERB and a CFCR.</i>
3	No Conceptual Framework for Corporate Reporting (CFCR)	<p><b>Conceptual Framework</b> – It will not be possible to fix the <i>relevance</i> and <i>clarity</i> issues without a CFCR. The International Integrated Reporting Framework (IRF) provides an immediate starting point as it has an embedded conceptual framework, which is fit-for-purpose. It addresses intangibles as well as drives concise yet comprehensive reporting in designated and readily identifiable integrated reports which are suitable criteria for independent assurance.</p> <p><i>We encourage the Committee to support amendments to the Bill such that ERA is specifically responsible for developing a CFCR using the IRF as a starting point.</i></p>
4	No Accountable Authority	<p><b>Accountability</b> – To date, no single authority has been accountable for matters such as <b>relevance, clarity</b> and a <b>conceptual framework</b> for corporate reporting, all matters of critical importance to investors. The Bill makes provision for the formation of a board such as an ERB. Among the key recommendations in our 2025 Treasury submission was to equip ERA for success by commissioning expert research and advice in areas such as <i>relevance, clarity</i> and <i>conceptual framework</i>.</p> <p><i>We encourage the Committee to support amendments to the Bill such that an ERB, accountable for the relevance, clarity and conceptual framework matters referred to above, is among the suite of ERA Boards from Day One.</i></p>

The attached appendix provides more detail on these four matters for the Committee's consideration.

Thank you for the opportunity to make this submission. For any clarification of the contents therein, please contact: Michael Bray, [REDACTED]

Yours sincerely

Michael Bray  
Executive Director  
Deakin Business Value Creation Centre

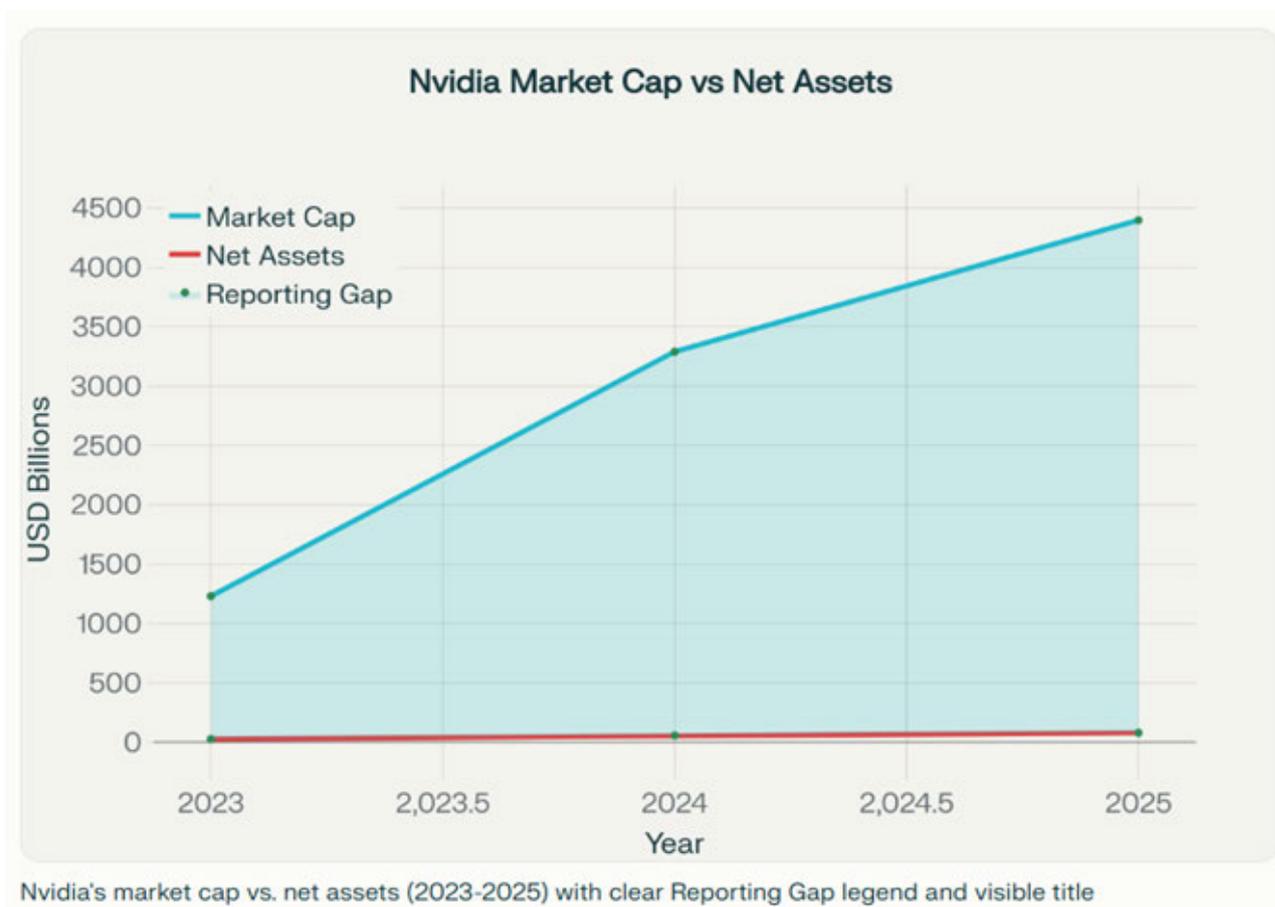


**APPENDIX – ERA OPPORTUNITIES**

**ERA Opportunity 1 – Closing the Intangibles Reporting Gap**

*This matter is addressed in detail in our November 2025 submission to Treasury, in particular on page 2 and in Appendix 1 (pages 11-12).*

The following diagrams illustrate why establishing ERA through the Bill is a necessary, timely, and proportionate reform. The business environment has shifted from a tangible, asset-based value creation environment to one dominated by intangibles. This contrasts sharply with conditions when Australia’s financial reporting system was formalised under the ASIC Act in 2021, an era when accounting standards and tangible assets largely defined corporate reporting:

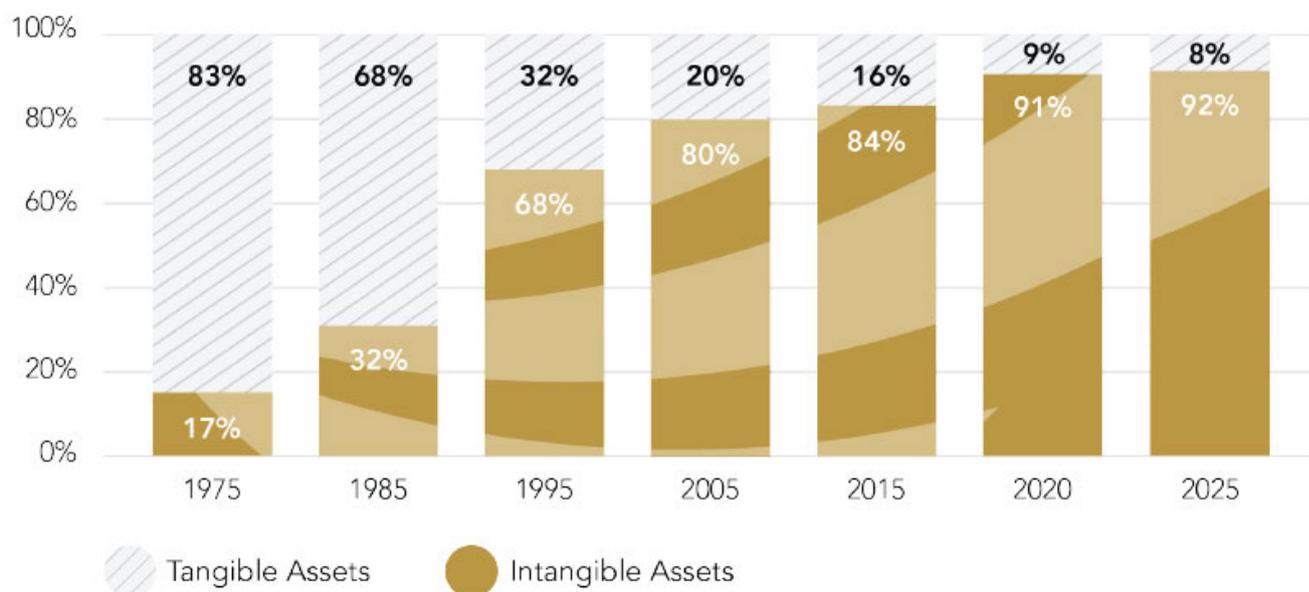


Example - Nvidia:

- Market capitalisation rose from US\$1.2 trillion in 2023 to over US\$4.2 trillion in 2025, while audited net assets increased only from US\$26 billion to US\$79 billion - around 6% of market value.
- The near-flat line of net assets versus the steep trajectory of market value highlights the intangibles reporting gap.



## COMPONENTS *of* S&P 500 MARKET VALUE



SOURCE: OCEAN TOMO, A PART OF J.S. HELD, INTANGIBLE ASSET MARKET VALUE STUDY, 2025

Transformation in S&P 500 value composition:

- In 1975, tangible assets represented 83% of corporate market value; by 2025, they accounted for only 8%, with intangibles now 92%.
- This 75-point inversion marks a profound shift - from what can be *touched* to what can be *thought*.

Relevance for Australia:

- Ocean Tomo's forthcoming Australian study is expected to show intangibles represent 60–70% of market value, moderated by the nation's resource-based sectors.
- Comparable cases to Nvidia exist locally, though typically less extreme.
- Australian standards mirror US GAAP on intangibles, meaning most internally generated intangibles must be expensed.
- New AASB S2 and other expected topic-specific sustainability disclosure standards may narrow - but not close - the reporting gap, as they do not fully address how organisations create value through intangible resources and relationships.

As a result, financial statements have lost much of their relevance in explaining value creation and prospects to investors. Bridging this intangibles reporting gap should be central to the purpose of ERA.

### ERA Opportunity 2 – More Integration in Reporting, More Integration in Thinking

*This matter is expanded on throughout our November 2025 submission to Treasury, in particular on pages 3-5 and Appendices 2-4 (pages 13-22).*

To illustrate the **clarity issue**, we draw Committee Members’ attention to current annual reports, which typically include **six separate, disconnected reports**. Several contain **duplicated or even inconsistent information**, as shown in the diagram below. The **red areas** mark a ‘critical zone’ - where overlapping disclosures create duplication, confusion, and inconsistency, making reports harder for investors to interpret. Further detail is provided following the diagram:

Current Annual Reports - 6 Reports (not to mention G100 90+), Need 3 (linked to another 2 online)		Potential for Duplication and Inconsistency					
		FR	DR	RR	SR	OFR	CGS
1. Audited Financial Report (FR)	Legislated		L	L	L	M	L
2. Directors Report (DR)	Legislated	L		L	M	L	M
3. Audited Remuneration Report (RR)	Legislated - Part of Directors Report	L	L		M	L	L
4. Audited Sustainability Report (SR)	Legislated	M	M	H		H	H
5. Unaudited Operating & Financial Review (OFR)	Recommended - Part of Directors Report - often taken in practice to be mandatory	M	L	L	H		L
6. Unaudited Corporate Governance Statement (CGS)	ASX CG Principles and Recommendations - mandatory for listed entities (if not, why not?)	L	M	L	M	M	
<b>KEY</b>	<b>L – Low - Natural amount, good connectivity</b>	<b>M – Moderate – Should Be Addressed to Enhance Investor Decision-Making</b>			<b>H – High - Threat to Investor Decision-Making – Must be Addressed Now</b>		

The **red** areas highlight a *critical zone* where fragmentation in reporting undermines investor decision-making. Integration is always better than fragmentation, and AI in the context of integrated reporting and integrated thinking now provides a catalyst to achieve it. Left unchecked, fragmentation will persist - across systems, reporting regimes, and policy frameworks - concealing value, weakening accountability, and constraining productivity. For that reason, the issues raised in this Bill are relevant to the Productivity Commission as well as Treasury.

The way forward is clear: adopt the IR Framework as the unifying framework connecting financial,

sustainability, and performance information, and aligning traditional and emerging forms of sustainability data. Integrated reporting is more than disclosure reform - it drives integrated thinking within organisations, aligning purpose, strategy, process, and outcomes. When supported by AI, it turns data into insight and reporting into decision-useful intelligence.

Integrated thinking and reporting together advance the objectives of Australia's financial reporting system under *section 224 of the ASIC Act* - enhancing productivity, strengthening market confidence, and improving international competitiveness. In short, if fragmentation drains momentum, integrated reporting - responsibly powered by AI - creates coherence, foresight, and a national advantage in an economy now defined by intangibles.

As an immediate step, annual reports should comprise three core reports - not six: the *financial report*, *directors' report*, and *sustainability report*, the latter prepared in accordance with the International Integrated Reporting Framework (IIRF).

While the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* was an important precursor to this Bill, it added yet another fragmented report, the Sustainability Report - a sixth mandatory report - for Groups One, Two and Three entities. Our submission on that Act ([Climate-related financial disclosure: exposure draft legislation | Treasury.gov.au](#)) recommended replacing fragmentation with integrated reports under the IIRF, and repealing ASIC's regulatory guidance on Operating and Financial Reviews (RG 247), noting that clarity improvements could be achieved without legislative change.

Our case rested on three points:

- the proven effectiveness and global recognition of the IRF;
- successful jurisdictional examples of integrated reporting adoption, notably Japan and Brazil; and
- evidence from organisations globally that integrated reporting adoption fosters integrated thinking and so drives better business performance.

Although those recommendations were not adopted and standalone sustainability reports were mandated for disclosures under the Australian Sustainability Reporting Standards (including AASB S2 on climate risks and opportunities), effective change is still possible. This Bill provides the opportunity to build on the 2024 reforms by requiring or recommending that sustainability reports be prepared in accordance with the IR Framework, and subject to independent assurance - as occurs in Brazil.

Finally, detailed Remuneration Reports and Corporate Governance Statements should be placed online, while investor-relevant governance and remuneration information is incorporated within the sustainability (integrated) report, consistent with the approach required by the IR Framework.

*This matter is expanded on throughout our November 2025 submission to Treasury, in particular on pages 5-6 and Appendices 2 and 4 (pages 13-15 and 19-22).*

Reports rated as **moderate** for duplication and potential inconsistency require resolution, although at this stage can be left until ERA is operational. **Low** rated areas are a good thing, as it can tend to indicate connectivity between related information, which in general will assist investors.

### ERA Opportunity 3 – Conceptual Framework for Corporate Reporting

Integrated reporting ([IFRS - framework](#)) offers an immediate path to improve the *relevance* and *clarity* of corporate reporting, while providing an interim *conceptual framework* for reform.

External Reporting Australia (ERA) can readily adopt



the International Integrated Reporting Framework (IR Framework) as a foundational resource.

*The attributes and use case for the Framework are expanded on - pages 5 and 6 and Appendix 2 (pages 13-15) of our November 2025 submission to Treasury.*

In short, the IIRF is a 'one-stop shop' incorporating three key features:

1. Embedded conceptual framework

- Grounded in *integrated thinking* - the process that underpins integrated reporting. Unlike Operating and Financial Reviews (OFRs), it drives business improvement through integration rather than compliance.
- Based on three fundamental concepts: Value Creation, The Capitals (resources and relationships), and the Value Creation Process (the business model as input-output system).
- Together, these explain how a company uses its resources and relationships to implement strategy and achieve its purpose more effectively than competitors through its business model as the 'engine-room' of value creation.

2. Quasi-standards for report preparation

- The IR Framework sets Guiding Principles and Content Elements that underpin the preparation of an integrated report, informing its content and how information is presented - features neither sustainability reports nor OFRs currently have.
- Sustainability reports incorporating AASB S2 disclosures lack both an underlying conceptual foundation and integration with OFRs, leading to duplication and inconsistencies.

3. Mandatory elements enabling assurance and accountability

- An identifiable, designated report, clarifying where the integrated report begins and ends within an annual report that also contains a directors report and a financial report.
- A Basis of Preparation and Presentation explaining how the business description connects to the frameworks and standards (such as AASB S2) used in disclosures.
- A Director Responsibility Statement in prescribed form, giving investors confidence in the integrity of the report and its portrayal of the business.

The IIRF is also future-proof - flexible, principle-based, and adaptable as business models, reporting needs, and new sustainability standards (e.g. on biodiversity or human capital) emerge.

We consider this embedded conceptual framework fit-for-purpose now as the Conceptual Framework for Corporate Reporting. It can immediately enhance relevance and clarity, serve as the conceptual basis for sustainability reporting, and is aligned with the Conceptual Framework for Financial Reporting.

**We encourage the Committee to support this view.**

## **ERA Opportunity 4 – Accountability - A Fourth ERA Board on Inception**

*In addition to our November submission to Treasury, we also draw upon our submission to the AASB on its 2027-31 agenda consultation (refer attached). Specific references are set out below.*



Our November 2025 submission to Treasury made recommendations as set out below, including the formation of an Australian External Reporting Board (ERB) as a fourth board of ERA:

Key Recommended Actions	
Phase	Recommended Actions
Possible Now in Advance of ERA	<input type="checkbox"/> Refresh FRC Integrated Reporting Task Force <input type="checkbox"/> Prepare sustainability reports using integrated reporting concepts and reduce number of reports <input type="checkbox"/> ASIC to withdraw RG 247
Equip ERA for Success	<input type="checkbox"/> Commission expert research and advice under proposed sections 231A and 235A(4)
Australian External Reporting Board, 4 <sup>th</sup> Board of ERA	<input type="checkbox"/> Form Australian External Board (ERB) under sections 224(ab) and 235A(2) and (3) <input type="checkbox"/> ERB to develop conceptual framework for corporate reporting and 'if not, why not?' report guidance under sections 225A(2) and (3)
ERA Accountability Model: Objectives and KPIs	

***These recommendations are expanded on throughout our November 2025 submission to Treasury, in particular on pages 7-10 and Appendix 5 (pages 23-24).***

Through this submission, we invite the Committee to support our recommendations on *relevance, clarity, and a conceptual framework* for the future of Australian corporate reporting.

If adopted, responsibility for these matters should be formally assigned to an Australian External Reporting Board (ERB) - a proposed *fourth board of ERA* (illustrated on page 9 of our November 2025 submission to Treasury).

The ERB would work with the Productivity Commission and require a distinct skill set from those of ERA's Accounting, Sustainability, and Auditing Boards, as well as from its executive and Governing Council. Its members should bring expertise in:

- the intangibles-driven business environment and resulting intangibles reporting gap;
- integrated reporting and integrated thinking as mechanisms for closing that gap; and
- strategies for making reporting more relevant, clear, and decision-useful.

Traditional standard-setting skills are not central to the ERB's role. While the Board may draw on accounting standard-setters for input, its focus would be on conceptual integration and reporting coherence, not on developing technical reporting standards under the Conceptual Framework for Financial Reporting.

The ERB concept, as is also set out in our submission to the AASB, fits comfortably within the Bill and is legally feasible under the proposed governance structure as an 'External Reporting Board'.

In advancing the clarity agenda, the ERB would also lead work on overcoming fragmentation in current reporting - addressing the resulting complexity, duplication, and cost - and promote greater integration in both reporting and thinking, drawing on proven integrated reporting approaches.

Our Treasury submission put forward the following as possibilities in advance of the inception of ERA:

- refreshing the presently dormant FRC Integrated Reporting Task Force
- preparing sustainability reports using integrated reporting concepts and reducing the number of reports, and



- working with ASIC to withdraw RG 247

*These possibilities are expanded on in Appendix 3 (pages 16-17) of our November 2025 submission to Treasury.*

We earlier focused on duplication and potential inconsistencies between sustainability reports and OFRs. Our submission to Treasury highlighted the following as possible strategies to reduce the risk of such duplications and inconsistencies:

Audited Sustainability Report	Unaudited Operating & Financial Review
<p>If prepared in accordance with Integrated Reporting Framework:</p> <ul style="list-style-type: none"> <li>• Designated and identifiable, comprehensive yet concise</li> <li>• Inclusion of material disclosures from other reports, for example, material accounting metrics such as profit, cash flow, debt and net assets; material governance disclosures about whether the board has met its objectives as a board; and how all-in remuneration aligns with the strategic objectives</li> <li>• Independent assurance of whole report</li> </ul>	<ul style="list-style-type: none"> <li>• Material OFR financial disclosures in Sustainability Report</li> <li>• More detailed disclosures OFR online</li> <li>• Preferable to that would be ASIC withdrawing RG 247, with FRC and later ERA issuing guidance on preparing integrated reporting-based sustainability reports while simultaneously reducing the number of reports</li> </ul>

Equipping ERA for Success

Among the most important matters which we would like to draw the Committee’s attention is the matter of **research**.

*Appendix 5 of our submission to Treasury* summarises the research ideas that we put forward, which were first referenced on page 8 of the body of our submission, where we stated

“Relevant research is required to properly equip ERA for success. The DBVCC would very much like to work with Treasury in an advisory and / or consultative capacity under proposed sections 231A and section 225A(4) of the ASIC Act before the Act is passed as we move towards what is possible now and afterwards through implementation of the proposed legislation. Potential research topics and associated benefits are listed in Appendix 5.

DBVCC, CPA Australia and the Group of 100 are aligned in their thinking about what is possible and needed now. These organisations have demonstrated their commitment to the ‘future of reporting’ agenda including more integration in reporting and with it integrated thinking both individually and collectively over an extended period through their annual ‘future of reporting’ events. CPA Australia and the Group of 100 have both expressed interest in DBVCC’s research idea and contributing to any research undertaken.

DBVCC remains committed to an integrated reporting end game which we believe will contribute significantly to advancing to the core objects of an enhanced Australian financial reporting system.”

We re-iterate the importance of this important research and encourage the Committee’s consideration of our recommendation.

We also put forward a potential accountability model for ERA which the Committee may like to consider (*pages 8-10 of our November submission*).