



Senate Standing Committees on Economics
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27 March 2026

Dear Committee Chair,

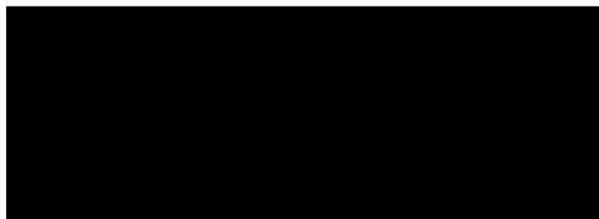
Subject: Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026

The Business Council for Sustainable Development Australia (BCSDA) welcomes the opportunity to provide this submission to the Senate Economics Legislation Committee's inquiry into the *Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026*.

BCSDA is a business-led organisation focused on advancing sustainable development through practical, market-relevant policy and business leadership. Our members are strongly invested in the development of reporting and assurance frameworks that are robust, internationally credible and capable of practical implementation.

BCSDA consents to this submission being made public. In preparing this submission, artificial intelligence-assisted tools were used in a limited and supportive capacity. All analysis, factual content and final drafting have been reviewed and verified by BCSDA to ensure their accuracy and to confirm that the submission reflects BCSDA's considered views.

Yours



Andrew Petersen
CEO | Business Council for *Sustainable Development* Australia



Introduction

The Business Council for Sustainable Development Australia (BCSDA) welcomes the opportunity to provide this submission to the Senate Economics Legislation Committee on the **Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026**.^[1]

BCSDA supports the objective of modernising Australia's financial reporting standard-setting architecture and embedding sustainability standard-setting within the core external reporting system. We support the Bill's consolidation of existing statutory arrangements into **External Reporting Australia (ERA)** and the preservation of specialist technical boards, including a dedicated sustainability standards board.^{[2][3]}

BCSDA approaches this reform from the perspective of a business-led organisation focused on sustainable development and practical policy implementation.

Our members support globally credible and decision-useful sustainability reporting, but they also need standards, assurance settings and implementation pathways that are workable in practice, proportionate in cost, and capable of being embedded into real-world governance, data and control systems.

From BCSDA's perspective, the significance of the Bill lies less in imposing immediate new reporting obligations and more in redesigning the institutional machinery that will set, maintain and adapt the standards that businesses must apply over time. Those institutional settings will directly shape implementation burden, reporting quality, assurance readiness, market confidence and Australia's long-term alignment with global reporting practice.^{[3][4]}

BCSDA therefore supports the Bill's overall direction, but submits that the legislation should be strengthened in several targeted respects before passage. In particular, the Committee should ensure that the new framework preserves technical independence, delivers disciplined due process, supports orderly implementation, and gives business and capital markets confidence that flexibility will not come at the expense of predictability or trust.

Executive summary

BCSDA supports the Bill's broad policy direction and the creation of a more coherent institutional framework for external reporting in Australia. However, the Committee should not treat structural consolidation as sufficient. The value of the reform will depend on whether ERA is governed and operated in a way that produces technically robust, internationally credible and practically implementable standards.^{[2][4][5]}

At the same time, the Bill will succeed only if the new framework is trusted by market participants and capable of delivering standards that are both high quality and implementable. In BCSDA's view, five issues should be prioritised.

For BCSDA members, the central issue is not whether sustainability standard-setting belongs within Australia's core reporting architecture; it does. The real issue is whether the new architecture will produce standards and guidance with enough independence, transparency and implementation discipline to avoid unnecessary system redesign, duplicated compliance effort, assurance bottlenecks and late-stage regulatory uncertainty.

First, the governance arrangements should more clearly protect technical independence and ensure balanced expertise across accounting, auditing and assurance, sustainability reporting, capital markets, preparers, users and implementation capability. Ministerial appointments and other flexibility mechanisms should be accompanied by clear safeguards that preserve confidence in the integrity of standard-setting.^{[4][6]}

Second, due process should be strengthened beyond public meeting requirements alone. Major standards should be developed through predictable consultation windows, transparent publication of implementation materials, and proportionate assessment of implementation impacts.^{[5][6]}

Third, transition arrangements will matter. The new body must maintain continuity of standard-setting and guidance while mandatory climate reporting continues to scale. Early resourcing of the sustainability board and implementation support functions will be essential.[2][4][6]

Fourth, powers to confer future functions on ERA, or to direct the role of international standards, should be accompanied by consultation, transparency and a statutory non-interference safeguard on the face of the legislation, so they cannot be used in a way that undermines technical credibility or creates avoidable implementation uncertainty.[4][7]

Fifth, the Parliament should build in a post-implementation review to assess whether the new model is delivering on its objectives of flexibility, preserving technical strengths and strengthened accountability, including whether the Governing Council's composition and operation are in practice supporting balanced expertise, effective oversight and public confidence.[5][6]

BCSDA's recommended position is therefore to support the Bill with targeted amendments that improve independence, due process, transition discipline and accountability.

BCSDA's overall position

BCSDA supports reform that embeds sustainability reporting within Australia's core reporting system rather than treating it as an add-on or temporary adjunct. This is an important institutional signal. It reflects the reality that external reporting is evolving, and that sustainability-related information is increasingly relevant to governance, strategy, risk management, capital allocation and market confidence.[3][4]

BCSDA's perspective is distinct in that we are concerned not only with technical reporting quality, but with whether the standard-setting system supports a stable and investable transition to more sustainable business practice. That requires a framework that is globally aligned, trusted by capital markets, and sufficiently practical for companies to implement without avoidable disruption or wasted effort.

For BCSDA members, the central issue is not whether sustainability standard-setting belongs within Australia's core reporting architecture; it does. The real issue is whether the new architecture will produce standards and guidance with enough independence, transparency and implementation discipline to avoid unnecessary system redesign, duplicated compliance effort, assurance bottlenecks and late-stage regulatory uncertainty.

We also support the decision to retain specialist standard-setting capability within the new structure through dedicated technical boards. Preserving technical depth across accounting, assurance and sustainability is essential to maintaining the quality and legitimacy of Australian standards.[2][3][4]

BCSDA further supports measures in the Bill that are intended to improve transparency and integrity, including public discussion of the content of standards and strengthened conflict-of-interest arrangements.[5]

However, support for the overall architecture should be accompanied by practical refinements. The success of ERA will depend not only on the formal consolidation of institutions, but on whether its governance and processes give businesses, investors, practitioners and the wider community confidence that standards will be developed independently, transparently and with due regard to implementation realities.

Priority recommendations

BCSDA recommends that the Committee support the Bill subject to the following amendments or implementation commitments.

1. Strengthen independence and balanced expertise requirements

(relevant to proposed sections 227, 227A(1) and 227A(5))

The Bill should be amended to require that the Governing Council, taken as a whole, reflects a balanced mix of expertise and experience across accounting, auditing and assurance, sustainability reporting, capital markets,

preparers, users of reports, and implementation capability, including data, controls and assurance readiness.[4][6]

This requirement should not be left to implication or administrative practice. It should be supported by a transparent appointments process, a published skills matrix, and a requirement to publish a short statement explaining how appointments, collectively, support public confidence in the independence and capability of the framework. The skills matrix should be reviewed and republished at least annually, and following any material change in Governing Council composition. [6]

BCSDA considers this especially important because the Bill centralises accountability within the Governing Council while also giving the Minister substantial appointment influence. Flexibility in appointments may be useful, but without visible safeguards it risks weakening confidence in the independence of the standard-setting system.[2][4][6]

2. Preserve strong technical boards and capability

(relevant to proposed section 229 and Schedule 1, Part 2 transitional provisions)

BCSDA supports the preservation of specialist boards within ERA and considers this an essential feature of the reform. That specialist capability should be reinforced through minimum capability expectations for each board and sufficient resourcing from the outset.[2][3][6]

In particular, the sustainability board should be established early and resourced adequately to support continuity, interpretation and implementation as mandatory climate and sustainability reporting matures.[3][6]

For BCSDA members, this is a practical issue. The quality of standards alone is not enough; institutions also need the capacity to sequence changes sensibly, explain requirements clearly and respond to implementation questions in a timely way.

3. Codify stronger minimum due process for significant standards

(building on proposed section 232E and related procedural provisions in new Part 12)

Public meetings are a useful safeguard, but they are not, by themselves, a complete due process framework. If the Committee wishes the new model to be both flexible and credible, the legislation should establish minimum due process expectations for significant standards.[5][6]

At a minimum, the Committee should recommend that, for material standards, ERA be required to:

- publish exposure drafts.
- provide a minimum 45-day consultation period for material exposure drafts, except in clearly defined minor or urgent cases, where a shorter period of no less than 14 days may be used and the reason for doing so must be published. [8][9]
- publish basis-for-conclusions and implementation guidance materials.
- explain transition pathways and any relief arrangements; and
- publish a proportionate statement of likely implementation and assurance impacts.[5][6]

These requirements would not prevent timely standard-setting. They would reduce the risk of late-stage change, improve implementation planning and make the system more predictable for preparers, assurers and users alike.

4. Constrain the use of ministerial flexibility powers

(relevant to proposed sections 225A(3), 225B and 225C)

BCSDA recognises the policy case for preserving flexibility so the framework can evolve over time. However, powers to direct the role of international standards or to confer future functions on ERA should be framed in a way that preserves technical credibility and avoids avoidable implementation uncertainty.[4][7]

These powers should not be capable of directing the technical content of a particular standard. At a minimum, their exercise should be accompanied by:

- public consultation.
- a published statement of purpose and implementation impact.

- parliamentary scrutiny through disallowable instruments where appropriate; and
- a statutory non-interference principle, on the face of the legislation, preserving technical standard-setting independence.[4][7]

In BCSDA's view, this strikes the appropriate balance between adaptability and independence: Ministers may shape the perimeter and strategic direction of the framework, but not the technical content of individual standards.

5. Require a post-implementation review

(new statutory review provision to be inserted in Part 12)

The Committee should recommend a formal independent post-implementation review within two years of the main commencement of the reforms.[5][6]

That review should assess whether the new model is:

- preserving technical quality and independence.
- ensuring the Governing Council's composition, skills mix and operation are supporting balanced expertise, effective oversight and public confidence.
- providing effective transparency and consultation.
- supporting timely and practical implementation.
- maintaining international credibility and alignment; and
- managing implementation burden proportionately.

A review mechanism would align with good regulatory practice and provide an evidence base for any further refinements.[8][9]

Detailed comments

Governance and accountability

BCSDA supports the objective of creating a single accountable authority for the external reporting system. A consolidated framework can improve clarity, reduce fragmentation and position Australia to respond more effectively to evolving reporting demands.[2][4]

At the same time, consolidation increases the importance of governance design. The new model places considerable weight on the composition and conduct of the Governing Council. For that reason, the legislation should do more than establish the institution; it should also more clearly define the features that will maintain market confidence in its independence and competence.[2][4][6]

In practice, confidence will depend on whether the framework is seen to balance expertise appropriately, protect technical decision-making from undue influence, and operate with high levels of procedural integrity.

Flexibility should be preserved, but disciplined

BCSDA recognises that one of the principal objectives of the Bill is to create a more flexible and adaptable institutional model. We support that objective. Australia's external reporting system does need to be capable of responding to changes in international practice and to the continuing evolution of sustainability-related disclosure and assurance.[3][4][5]

However, flexibility is only valuable if it is exercised within a framework that preserves trust, technical integrity and implementation discipline.

In BCSDA's view, the amendments proposed in this submission do not cut across the Bill's objectives. They are designed to make those objectives operationally credible. Minimum due process, transparent appointments, and safeguards around ministerial powers are not barriers to responsiveness; they are the conditions under which responsive standard-setting can retain market legitimacy. That is why BCSDA's proposed amendments focus on three practical disciplines: transparent and capability-based appointments, minimum due process for significant standards, and clear limits on the use of ministerial flexibility powers.

Due process and implementation practicality

For reporting entities, assurance providers and users of reports, the practical quality of standard-setting is closely tied to process. Even technically sound standards can create avoidable cost and disruption if consultation is compressed, implementation guidance is delayed, or transition pathways are unclear.[5][6]

In practical terms, weak process design creates real cost. Where consultation windows are compressed, guidance is delayed, or transition expectations shift late, businesses may need to rework reporting methodologies, data collection processes, internal controls and assurance plans more than once. That is not simply an administrative inconvenience; it increases implementation cost, reduces confidence in reporting timetables and can undermine the quality of disclosures in the early years of a regime.

BCSDA therefore encourages the Committee to view due process as a core design feature of the reform, not a secondary administrative matter. Predictable consultation windows, transparent publication of supporting materials and disciplined consideration of implementation impacts will help ensure the new framework works in practice.

This is particularly important for sustainability-related reporting, where data systems, controls, governance arrangements and assurance capability often require substantial lead time to build.

Transition and continuity

BCSDA notes the staged commencement structure in the Bill and the importance of continuity during transition from the current bodies to ERA.[2][4]

In principle, businesses should not experience institutional uncertainty, delayed guidance or avoidable disruption as the machinery of government changes. For reporting entities, transition risk is not abstract. If institutional change results in delayed guidance, uncertain work programs or compressed implementation windows, companies may incur real costs through duplicated project planning, adviser re-engagement, internal resourcing shifts and reduced assurance readiness. Continuity should therefore be treated as a practical implementation issue, not merely an administrative one.

In practice, that means transition planning should prioritise continuity of standard-setting work programs, continuity of stakeholder engagement and continuity of implementation support.

The sustainability board warrants particular attention. Australia's climate reporting regime is already underway for large entities (**through a phased Group 1, Group 2 and Group 3 commencement structure**), and broader sustainability reporting expectations will continue to evolve. It is therefore important that the sustainability board is not merely created in formal terms but enabled to operate credibly and effectively from an early stage.[4] [10]

International alignment

BCSDA supports international alignment in standard-setting, including alignment with global sustainability reporting baselines where appropriate. International comparability is important for investors, preparers and the competitiveness of Australian companies in global capital markets.[3][4][7]

That objective should remain central to the new framework. However, any departures from international baselines should be carefully justified, transparently consulted on and assessed for implementation impact. Predictable alignment is generally preferable to frequent or unexplained jurisdiction-specific variation.

Recommended Committee conclusions

BCSDA suggests the Committee recommend that the Parliament pass the Bill subject to targeted amendments and implementation expectations that strengthen the framework in five respects.

First, the Bill should be amended to require balanced expertise and transparent appointment discipline for the Governing Council, particularly in relation to proposed sections 227, 227A(1) and 227A(5).

Second, the legislation or accompanying implementation framework should ensure that the sustainability board is established and adequately resourced early enough to support continuity, interpretation and market readiness, including through the board-establishment power in proposed section 229 and the transitional machinery in Schedule 1, Part 2.

Third, the Bill should include minimum due process requirements for significant standards, building on the public-meeting safeguard in proposed section 232E and related provisions in new Part 12, including a default minimum 45-day exposure draft period for material standards and a narrower exception for clearly defined minor or urgent matters.

Fourth, ministerial powers relating to future functions and the role of international standards should be subject to consultation, transparency and a statutory non-interference safeguard on the face of the legislation, with particular attention to proposed sections 225A(3), 225B and 225C.

Fifth, the Parliament should require an independent post-implementation review within two years of the main commencement of the reforms, by inserting a review mechanism into new Part 12, including review of Governing Council composition, capability mix and effectiveness in practice.

Taken together, these changes would not alter the direction of the Bill. They would improve the likelihood that the new architecture delivers high-quality standards in a manner that is trusted, practical and durable.

Conclusion

BCSDA supports the policy direction of the **Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026** and the Government's objective of establishing a more coherent and future-facing framework for external reporting in Australia.^{[2][3]}

However, because this Bill redesigns the machinery that will shape accounting, assurance and sustainability standard-setting over time, its governance and due process settings matter greatly. The question for the Committee is not simply whether consolidation is desirable. It is whether the new model is sufficiently independent, transparent and implementation-focused to justify confidence from business, investors and the wider market.

BCSDA's proposed amendments are modest but important. They are intended to preserve the Bill's objectives while improving its practical operation: stronger independence safeguards, clearer capability expectations, better due process, more disciplined use of flexibility powers, and review after implementation. With those refinements, the Bill would be better placed to deliver a reporting architecture that is credible, workable in practice and aligned with Australia's long-term sustainable development and capital market interests.

Endnotes

1. Senate Economics Legislation Committee, **Inquiry into the Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026** inquiry page; and Senate invitation email to BCSDA dated 16 March 2026.
2. Parliament of Australia, **Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026** bill home page; Parliamentary Library, **Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026 [Preliminary Digest]**, 25 February 2026.
3. Treasury Ministers, **Legislation introduced to strengthen Australia's financial reporting system**, media release, 12 February 2026.
4. Parliamentary Library, **Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026 [Preliminary Digest]**, 25 February 2026.
5. House of Representatives, second reading materials and speech on the **Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026**, March 2026.

6. CPA Australia and Chartered Accountants Australia and New Zealand, **Submission on the Treasury Laws Amendment Bill 2025 – Financial Reporting System Reform (the Draft Bill)**, 27 November 2025.
7. Treasury, **Positioning Australia’s financial reporting system for the future**, consultation materials, January 2025; and Explanatory Memorandum to the Treasury Laws Amendment (Financial Reporting System Reform) Bill 2026.
8. OECD, **Regulatory Policy, Practice & Performance Framework**.
9. OECD, **Strengthening National Evidence-Informed Policymaking Ecosystems**.
10. Australian Treasury, *Sustainable finance* (noting that new climate reporting rules started in Australia on 1 January 2025 and are being introduced in three stages); AASB, *AASB S2 Climate-related Disclosures* (operative for annual reporting periods beginning on or after 1 January 2025).