

Friday, 31 March 2023

Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

To whom it may concern,

Treasury Laws Amendment (2023 Measure No.1) Bill 2023 - Schedule 2: Sustainability standards

Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia welcome the opportunity to provide feedback on Treasury Laws Amendment (2023 Measure No.1) Bill 2023– Schedule 2: Sustainability standards (Schedule 2 of the Bill).

We welcome the momentum behind the Bill, building on previous work of Treasury, in particular its recent consultations “*Empowering the AASB to deliver sustainability standards*” and “*Climate-related financial disclosures*”. As we noted in our joint submission on [Empowering the AASB to deliver sustainability standards](#), it is our opinion that sustainability standards, in due course, will hold the equivalent standing as accounting and auditing standards.

We support Schedule 2 of the Bill, and in particular again affirm that, as it relates to climate-related disclosure in the first instance and broader sustainability in the future, it is important that Australia should align the disclosure framework with international developments, in particular the International Sustainability Standards Board’s global baseline.

We support the amendments that vests sustainability-related reporting and assurance with the AASB and AUASB and an increased oversight and governance responsibility being afforded to the FRC

We consider Schedule 2 of the Bill as an important milestone in Australia’s progress to align with international advancements in high-quality, consistent sustainability reporting more broadly. Moreover, the Bill would enable legislative backing to the continuing drive for sustainability-related reporting.

Timely passing of the Bill is fundamental to enabling the Australian Accounting Standards Board to progress its work to meet domestic expectations for the introduction of mandatory climate-related disclosures and supporting Australia’s progress to keep pace with international developments. It is also critical that the AASB receives appropriate funding and resources to ensure it can undertake this expanded remit.

As noted in our previous submissions to the Treasury, we support the AASB taking the initial mandate for the formation of sustainability standards. However, in the medium to longer-term we recommend that the Financial Reporting Council (FRC) considers mirroring the international structure adopted by the IFRS Foundation and establish a separate Australian Sustainability Standards Board.

With this position in mind, we make the observation that the changes to the ASIC Act, as contemplated in Schedule 2 of the Bill, do not indicate any future intention to review the mandate of

the AASB. While the proposed wording will empower the AASB to formulate sustainability standards, it will lock in a structure that may require a future change to the ASIC Act to reflect and adequately resource a standalone Australian Sustainability Standards Board.

If you have any questions about our submission, please contact Karen McWilliams (CA ANZ) at karen.mcwilliams@charteredaccountantsanz.com or Patrick Viljoen (CPA Australia) at patrick.viljoen@cpaaustralia.com.au.

Sincerely,

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