

26 February 2025

Director
Financial Reporting System Reform Unit
Market Conduct Division
The Treasury
Langton Crescent
PARKES ACT 2600

Submitted: Online via FRSReform@treasury.gov.au

Australian Shareholders' Association – Positioning Australia's financial reporting system for the future

Dear Madam/Sir,

This year, the Australian Shareholders' Association (ASA) celebrates 65 years of advocating for retail shareholders and promoting good governance in Australia. As the largest not-for-profit association of its kind, ASA continues to champion the interests and rights of more than seven million retail shareholders, providing essential educational resources, expert webinars, and a supportive investor community while promoting good governance.

Thank you for the opportunity to comment on the proposal to combine Australian Accounting Standards Board, Auditing and Assurance Standards Board and Financial Reporting Council into one body. ASA has expressed our views on the importance of external auditors and the audit of financial accounts as part of a chain of assurance which supports the quality and maintenance of investor confidence in the information presented in financial reports in this submission: [20191028 ASA Audit Submission.pdf](#)

We also see an independent standard setting body as crucial to support of the quality and maintenance of investor confidence in the information presented in financial reports.

The legislation establishing this body should mandate and include:

- The names and roles of the three initial technical committees:
 - an accounting standards committee;
 - a sustainability reporting standards committee; and
 - an auditing and assurance standards committee.
- The expected powers of the technical committee to support independent decision making based on the expertise present in the committees;
- A periodic review including a robust assessment of the ongoing funding of technical and staff resources to ensure the new body and governance structure operates as intended for the foreseeable future;

- A transparent definition of the roles and powers of the new Board and the standard setting committees to preserve market confidence and certainty.
- A transition period to ensure the momentum of the current standard setting processes continues.

We agree that the board by majority of appointees should demonstrate independence from the accounting and assurance industry (no financial ties, and a period of 2 to 3 years subsequent to employment at a firm). We also recognise that current practical experience, and the ability to interact at a technical level with international standard setting bodies, is required in order to set effective standards.

We support the proposed transparency provisions.

We are unable to comment on whether the proposal will deliver on the intention that the FRC's existing function of giving strategic policy advice and reports relating to audit quality will be assumed by the new body, in principle, given that matters such as the best fit and appropriate scope of this function are yet to be defined in the face of Treasury's ongoing review.

Adequate time to consider legislative and regulatory change

Legislative and regulatory consultations should have a minimum exposure period of six weeks to allow considered responses and engagement, notwithstanding the raising of the topic at some earlier date. As with many contributors in the policy and regulation arena, we have a small team and high workload. Short response periods reduce the likelihood of engagement with stakeholders in preparation of the submission, and at times removes the ability to make any response at all. The 4.5 weeks consultation period commencing in January and including the Australian Day Public Holiday, was too short.

In summary, it is essential that the legislation establishes a standard-setting body which contributes to the delivery of effective and high-quality financial reports, ensuring investor confidence in the information presented.

We appreciate your consideration of this submission. Please feel free to contact me, ceo@asa.asn.au, with any questions or for further discussion.

Yours sincerely

Rachel Waterhouse
Chief Executive Officer
Australian Shareholders' Association