

SUBMISSION

Treasury - Positioning
Australia's financial
reporting system for the
future – draft legislation

27 November 2025

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Ms Lynn Kelly
First Assistant Secretary
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600
AUSTRALIA
Via email: lynn.kelly@treasury.gov.au

27 November 2025

Dear First Assistant Secretary Kelly,

Treasury - Positioning Australia's financial reporting system for the future – draft legislation

The Association of Superannuation Funds of Australia (ASFA) is pleased to provide this submission to the Treasury in relation to Treasury's consultation on the Exposure Draft Legislation on *Positioning Australia's financial reporting system for the future*.¹

About ASFA

ASFA, the voice of super, has been operating since 1962 and is the peak policy, research and advocacy body for Australia's superannuation industry. ASFA represents the APRA regulated superannuation industry with over 100 organisations as members from corporate, industry, retail and public sector funds, and service providers. We develop policy through collaboration with our diverse membership base and use our deep technical expertise and research capabilities to assist in advancing outcomes for Australians.

We unite the superannuation community, supporting our members with research, advocacy, education and collaboration to help Australians enjoy a dignified retirement. We promote effective practice and advocate for efficiency, sustainability and trust in our world-class retirement income system.

ASFA's Opening Comments

Subject to the recommendations and comments outlined below, ASFA strongly supporting the combining of the following organisations into External Reporting Australia (ERA):

1. The Australian Accounting Standards Board
2. The Auditing and Assurance Standards Board
3. The Financial Reporting Council.

We agree with the Minister for Financial Services and Assistant Treasurer, the Hon. Daniel Mulino MP, that these reforms are important to help:

[M]aintain Australia's position as an attractive destination for international investment, it is essential that our institutional framework for standard setting remain aligned with global developments and is responsive to emerging challenges.

¹ Treasury, Positioning Australia's financial reporting system for the future – draft legislation ([30 October 2025](#))

We look forward to continuing to work with the Government on these matters as they progress.

If you have any questions on our recommendation or would like to discuss them further, please feel free to reach out to ASFA Policy Director, Sebastian Reinehr via 0474 704 992 or sreinehr@superannuation.asn.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'JKoval', written in a cursive style.

James Koval
Chief Policy and Advocacy Officer

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Attachment A – ASFA’s Detailed Recommendations and Comments

Overview

ASFA supports the proposed reforms to Australia’s financial reporting system.

The recommendations and comments cover the following topics outlined below are structured as follows, to reflect the structure of the draft legislation:

1. The establishment of *External Reporting Australia* (ERA);²
2. The Governing Council of ERA;³
3. The role of standard-setting boards;⁴
4. ERA staff;⁵
5. Standards to be issued by ERA in Division 5;⁶
6. The miscellaneous amendments in Division 6;⁷
7. The transitional provisions in Part 2.

1. Recommendations on the establishment of ERA

Recommendation 1 – Subject to the other recommendations outlined in this submission, ASFA supports the establishment of the ERA, as proposed by the Government.

Recommendation 2 – As a general recommendation, ASFA would welcome the appointment of individuals with significant expertise in superannuation specifically, because they will have a deeper understanding of some of the specific and complex challenges facing our sector.

Recommendation 3 – ASFA recommends that strict and public processes for disclosure of outside interests, and recusal where necessary, be in place to ensure robust accountability and prevent conflicts of interest, real or perceived.⁸

Recommendation 4 – ASFA recommends that clauses 225A(2) and 225B be removed, to ensure that the ERA is an independent body whose functions are defined in legislation, not Ministerial regulation.

Recommendation 5 – ASFA recommends that all standards or other instruments issued by the Governing Council or the standards-setting board be subject to the usual provisions for parliamentary disallowance pursuant to section 42 of the *Legislation Act 2003* (Cth) (the Legislation Act).

2. Recommendations on the Governing Council of the ERA

Recommendation 6 – ASFA recommends that clause 227L be amended:

- The Minister should not have power to remove duly appointed members of the Governing Council.
- To increase the independence of the body, the entirety of the power should be contained within a new clause, which allows for a member of the Governing Council to be removed at the initiation of the Chair of the Governing Council, and subject to a majority vote of the Council supporting their removal.
- The Chair should be able to be removed under this new clause at the written initiation of three members of the Governing Council and thereafter subject to a majority vote of the Council to remove the Chair.

² Part 1, Division 1. See also the Draft Explanatory Memorandum of the Treasury Laws Amendment Bill 2025: Financial Reporting at [1.15] to [1.39].

³ Part 1, Division 2. See also the Draft Explanatory Memorandum of the Treasury Laws Amendment Bill 2025: Financial Reporting at [1.40] to [1.91].

⁴ Part 1, Division 3 at [1.124] to [1.184].

⁵ Part 1, Division 4. See also the Draft Explanatory Memorandum of the Treasury Laws Amendment Bill 2025: Financial Reporting at [1.174] to [1.184].

⁶ Part 1, Division 5. See also the Draft Explanatory Memorandum of the Treasury Laws Amendment Bill 2025: Financial Reporting at [1.159] to [1.173].

⁷ Part 1, Division 6. See also the Draft Explanatory Memorandum of the Treasury Laws Amendment Bill 2025: Financial Reporting at [2.1] to [2.48].

⁸ Accordingly, clauses 227A, 227D and 230 should be amended to articulate processes for disclosure and accountability.

Recommendation 7 – ASFA recommends that a new clause 227M be inserted to make clear that all members of the Governing Council, including the Chair, are subject to mandatory annual performance reviews.

Recommendation 8 – ASFA recommends that clause 227A(4)(j) be removed because it inappropriately broadens the nature of appointments under clause 225A(1)(i).

Recommendation 9 – ASFA recommends that clause 227B be amended to make clear that a Governing Council member cannot serve for more than two terms.

Recommendation 10 – ASFA recommends that clause 227C be amended to make clear that the Deputy Chair of the Governing Council must be appointed by a majority vote of the members of that body.

Recommendation 11 – ASFA recommends that clause 227D be replaced with a clause that makes clear the Chair of the Governing Council is appointed by majority vote of the members of that body.

Recommendation 12 – ASFA recommends that clause 227H be amended so that approval must be sought from the Chair, in the case of ordinary members, or the Minister in the case of the Chair.

Recommendation 13 – ASFA recommends that clause 228 be amended so that meetings must be convened with a minimum of 14 calendar days of notice to all Governing Council members.

Recommendation 14 – ASFA recommends clause 228B(3) be amended to make clear that appointments of the temporary Chair at a meeting, in the absence of the Chair and the Deputy Chair, must be by majority vote of the other Governing Council members.

Recommendation 15 – ASFA recommends that all decisions taken at normal meetings be formally recorded in the Minutes under clause 228D. ASFA further recommends that other amendments be made to ensure all decisions made are written and subject to public scrutiny and transparency.

- Decisions made outside of the formal Minutes pursuant to Clause 229F should not be made until all Governing Council Members have had at least seven business days to review the relevant decision to be made and raise objections.
- All decisions made, either by the Governing Council or by a standards-setting board, under any clause of the draft legislation, should be published on the ERA’s website within 10 calendar days of the decision having been made.

3. Recommendations on standard-setting boards

Recommendation 16 – ASFA recommends that the draft legislation be amended to make expressly clear that all standards issued by the standards-setting boards can be overridden or amended by either:

- A two-thirds vote of the Governing Council or
- Parliamentary disallowance in accordance with the Legislation Act.

Recommendation 17 – ASFA recommends that clause 230 in relation to the appointment of members of standard-setting boards be amended in the following ways:

- It should be made clear that the decision by the Governing Council to appoint someone to a given board is by majority vote, under clause 230(1).
- Clause 230(3) should be amended to make clear that a member of a board cannot serve for more than two five-year terms.
- Clause 230(4)(i) should be removed, in accordance with our recommendation regarding clause 225A(1)(i), to ensure the expertise of those appointed is relevant.
- Clause 230(5) should be amended so that a member of the Governing Council cannot be appointed at all as a member of a standards-setting board. This will ensure a diversity of perspectives.
- Parliamentary disallowance in accordance with the Legislation Act.

Recommendation 18 – ASFA recommends that clauses 230A-B be amended to make clear that the Chair of a standards-setting board is appointed by a majority vote of that board.

Recommendation 19 – ASFA recommends that clause 230J be amended to make clear that, where the Governing Council seeks to remove a member of a standard-setting Board, the process must be initiated by a majority vote of the Governing Council.

4. Recommendations on ERA staff

Recommendation 20 – ASFA recommends that the employment of external consultant be subject to the following constraints:

- That the ERA does not otherwise have the internal capacity or expertise to undertake the relevant work.
- That the ERA has undertaken a public cost-benefit analysis of the project to ensure value for money is received.

5. Standards issued by ERA

Recommendation 21 – ASFA recommends that clause 232 be amended to make clear that nothing in a standard can be inconsistent with any other existing regulations or legislation and, where such an inconsistency occurs, the standard is of no effect to the extent of the inconsistency.

Recommendation 22 – ASFA recommends that the cost-benefit analysis required to be undertaken under clause 232C be published on ERA’s website, and that there be a mandatory public comment period of at least 60 days before any standard takes effect.

- There should also be a requirement for the ERA to consider any public submissions made to them in relation to the cost benefit analysis and a first draft standard, before any standard becomes final.
- Clause 232C(5) should be removed to maintain the independence of the ERA and because it will be redundant if the other elements of this recommendation are adopted.

6. Recommendations on the miscellaneous amendments in Division 6;

Recommendation 23 – ASFA supports the capacity of the Governing Council to delegate elements of its functions, as outlined in clause 233.

7. Recommendations on the transitional provisions in Part 2.

Recommendation 24 – ASFA seeks greater clarity in relation to the ongoing role of the Council of Financial Regulators (CFR) in this context, after the establishment of ERA, under clause 349.

Recommendation 25 – ASFA recommends that the Minister’s power to make transitional rules in relation to clause 362 be subject to a mandatory requirement for public consultation and consideration of written submissions.