

Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Friday 31 March 2023

[Via inquiry website](#)

Dear Committee Secretariat,

Inquiry into the *Treasury Laws Amendment (2023 Measures No.1) Bill 2023*

Thank you for the opportunity to comment on the *Treasury Laws Amendment (2023 Measures No.1) Bill 2023 (the Bill)*.

The AICD's mission is to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. The AICD's membership of 50,000 reflects the diversity of Australia's director community, comprised of directors and leaders of not-for-profits, large and small businesses and the government sector.

The AICD strongly supports the goal of implementing high quality, easy to understand, and comparable sustainability reporting aligned with the developing global baseline of the International Sustainability Standards Board (ISSB). We have made a [submission](#) to Treasury's consultation on the issues set out in Schedule 2 of the Bill, and have also made a detailed [submission](#) to Treasury on its recent consultation into proposed mandatory climate reporting in Australia (**Treasury Climate Consultation**).

In short, we support the proposed Schedule 2 of the Bill which amends the ASIC Act to provide an explicit mandate to: the Australian Accounting Standards Board (**AASB**) to formulate, initially non-binding, sustainability standards; the Auditing and Assurance Standards Board (**AUASB**) to develop auditing and assurance standards for sustainability purposes; and the Financial Reporting Council (**FRC**) to oversight the respective sustainability standard development processes of both the AASB and AUASB.

In our view, the proposed amendments are a necessary precursor to any future Government decision on whether to mandate climate and/or broader sustainability reporting.

Given the AASB, AUASB and FRC's collective experience with implementing global financial reporting standards into Australia, we consider that, at least as an interim step, these organisations should have the legal power to undertake the same process in respect of sustainability standards.

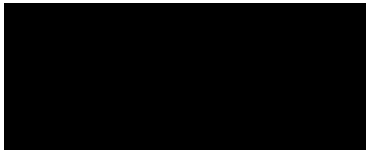
Whether these entities are best placed to have permanent responsibility for sustainability standards remains an open question, and was raised as part of the Treasury Climate Consultation. However, in the interests of ensuring that there is an immediate and effective procedure to enable the adoption and implementation of ISSB standards (when finalised) into Australia, we support the changes to the ASIC Act set out in Schedule 2 of the Bill. A review of the efficacy of these governance arrangements may be desirable after a suitable post implementation period of say three years.

To ensure these new sustainability functions are embedded effectively, we emphasise the need for the AASB, AUASB and FRC to have sufficient sustainability expertise within teams and senior leaders. As such, we welcome the amendments proposed to sections 236B(3), 236F(4) and 237(2)(c) of the ASIC Act to update the qualifications required of AASB and AUASB members to include science, sustainability or climate change.

Next steps

We hope our submission will be of assistance to the Committee. If you would like to discuss any issues raised in this letter, please contact Anna Gudkov, Senior Policy Adviser at [REDACTED].

Yours sincerely,



Christian Gergis

Head of Policy