EXPOSURE DRAFT

Inserts for

Treasury Laws Amendment Bill 2025: Financial Reporting System Reform

Commencement information

Column 1	Column 2	Column 3
Provisions	**Commencement**	**Date/Details**
1. Schedule [#], Part 1	The first day of the first calendar month to occur after the end of the period of 4 months beginning on the day this Act receives the Royal Assent.	
2. Schedule [#], Part 2	The day after this Act receives the Royal Assent.	

Schedule [#]—Financial Reporting System Reform

Part 1—Main amendments

Australian Securities and Investments Commission Act 2001

1 Paragraph 1(d)

Omit “a Financial Reporting Council, an Australian Accounting Standards Board, an Auditing and Assurance Standards Board”, substitute “External Reporting Australia”.

2 Subsection 5(1)

Insert:

board member means a member of a standard-setting board (including the Chair and the Deputy Chair of the board).

Council Chair means the Chair of the Governing Council.

Council Deputy Chair means the Deputy Chair of the Governing Council.

Council member means a member of the Governing Council (including the Council Chair and Council Deputy Chair).

Governing Council means the Governing Council of External Reporting Australia.

paid work means work for financial gain or reward (whether as an employee, a self-employed person or otherwise).

standard-setting board means a standard-setting board of External Reporting Australia established under section 229.

3 Subsection 5(1)

Repeal the following definitions:

(a) definition of ***AASB***;
(b) definition of ***AUASB***;
(c) definition of ***FRC***.

4 Subsection 5(1) (paragraph (a) of the definition of *member*)

Omit ", the FRC, the AASB".

5 Subsection 5(1) (paragraphs (e), (ea) and (eb) of the definition of *member*)

Repeal the paragraphs.

6 Subsection 5(1)

Repeal the following definitions:

(a) definition of ***Office of the AASB***;

(b) definition of ***Office of the AUASB***.

7 Paragraph 127(4)(a)

Omit "the FRC", substitute "External Reporting Australia".

8 Paragraph 213(2)(aa)

Omit "the FRC", substitute "External Reporting Australia".

9 After paragraph 224(aa)

Insert:

(ab) to facilitate the development of other kinds of standards and guidance materials to support markets, investors, businesses, consumers and other participants in the Australian economy and community; and

10 Divisions 1 to 3 of Part 12

Repeal the Divisions, substitute:

Division 1—External Reporting Australia

225 External Reporting Australia

(1) The body known immediately before the commencement of this section as the Office of the Australian Accounting Standards Board is continued in existence with the new name, External Reporting Australia.

Note: See also section 25B of the *Acts Interpretation Act 1901*.

(2) External Reporting Australia consists of:

(a) the Governing Council; and

(b) each standard-setting board; and
(c) the staff referred to in section 231.

(3) For the purposes of the finance law (within the meaning of the *Public Governance, Performance and Accountability Act 2013*):
(a) External Reporting Australia is a listed entity; and
(b) the Governing Council is the accountable authority; and
(c) the following persons are officials of External Reporting Australia:
(i) the Council members;
(ii) the board members;
(iii) the staff referred to in section 231;
(iv) persons whose services are made available to External Reporting Australia under section 231B; and
(d) the purposes of External Reporting Australia include:
(i) the functions of External Reporting Australia referred to in section 225A; and
(ii) the functions of the Governing Council referred to in section 226A.

225A Functions and powers of External Reporting Australia

(1) External Reporting Australia has the following functions:
(a) to do the following:
(i) make accounting standards under section 334 of the Corporations Act for the purposes of the corporations legislation (other than the excluded provisions);
(ii) make auditing standards under section 336 of the Corporations Act for the purposes of the corporations legislation;
(iii) make sustainability standards under section 336A of the Corporations Act for the purposes of the corporations legislation (other than the excluded provisions);
(b) to formulate accounting standards, auditing and assurance standards or sustainability standards:
(i) for publication on the internet; or
(ii) in respect of activities, matters or things (including engagements, reports, audits and reviews) in a Territory; or
(iii) for other purposes;

(c) to formulate guidance relating to standards mentioned in paragraph (a) or (b);

(d) to develop conceptual frameworks, not having the force of standards, for the purposes of evaluating:

(i) proposed accounting standards and international accounting standards; or

(ii) proposed sustainability standards and international sustainability standards;

(e) to participate in and contribute to the development of a single set of accounting standards, a single set of auditing standards and a single set of sustainability standards for world-wide use with appropriate regard to international developments;

(f) to monitor the development of, and amendments to, international accounting standards, international auditing standards and international sustainability standards;

(g) to monitor the development of accounting standards, auditing standards and sustainability standards as they apply in major international financial centres;

(h) to give strategic policy advice to the Minister in relation to its functions and powers under this Act;

(i) any other functions that are specified in an instrument under subsection (2);

(j) to do anything incidental to, or conducive to, the performance of any of the above functions.

Note: The standards mentioned in paragraph (a) are made and have legal effect under the Corporations Act. The standards mentioned in paragraph (b) do not have legal effect under the Corporations Act but may be applied or adopted by some other authority.

(2) The Minister may, by legislative instrument:

(a) specify functions for the purposes of paragraph (1)(i); or

(b) specify procedural requirements that apply in relation to the performance of functions specified under paragraph (a).

(3) Without limiting subsection (2), functions specified under that subsection may relate to standards of any kind, whether or not they are accounting, auditing and assurance, or sustainability standards.

(4) External Reporting Australia has the power:

(a) to establish committees and consultative groups and monitor the effectiveness of these consultative arrangements; and

(b) to do anything that is necessary or convenient to be done for or in connection with the performance of its functions.

Manner of performing its functions

(5) External Reporting Australia must, so far as is practicable, perform its functions:

(a) in a manner that promotes the objects of this Part; and

(b) in a manner that promotes the continued adoption of international best practice accounting standards, auditing standards and sustainability standards in the Australian standard-setting processes, if doing so would be in the best interests of both the private and public sectors in the Australian economy; and

(c) with regard to the interests of Australian corporations which raise or propose to raise capital in major international financial centres.

Manner of making or formulating standards

(6) Without limiting subsection (1), External Reporting Australia may make or formulate:

(a) an accounting standard by issuing the text of an international accounting standard; and

(b) an auditing standard by issuing the text of an international auditing standard; and

(c) a sustainability standard by issuing the text of an international sustainability standard.

(7) The text of an international standard referred to in subsection (6) may be modified:

(a) to the extent necessary to take account of the Australian legal or institutional environment; and

(b) in particular, to ensure that any disclosure and transparency provisions in the standard are appropriate to the Australian legal or institutional environment.

Manner of participating in the development of international standards

(8) Without limiting paragraph (1)(e), External Reporting Australia may distribute for consultation the text of any of the following (whether or not modified to take account of the Australian legal or institutional environment):

(a) a draft international accounting standard;

(b) a draft international auditing standard;

(c) a draft international sustainability standard.

225B Minister may give directions about the role of international standards

(1) The Minister may, by legislative instrument, give written directions to External Reporting Australia about the role of international standards in the making, formulating or development of standards or other materials by External Reporting Australia.

(2) External Reporting Australia must comply with a direction under subsection (1).

(3) Despite regulations made for the purposes of paragraph 44(2)(b) of the *Legislation Act 2003*, section 42 (disallowance) of that Act applies to a direction given under subsection (1) of this section.

Division 2—The Governing Council of External Reporting Australia

Subdivision A—Establishment and functions of the Governing Council

226 Establishment

The Governing Council of External Reporting Australia is established by this section.

226A Functions and powers of the Governing Council

(1) The functions of the Governing Council are:

(a) to ensure the proper, efficient and effective performance of External Reporting Australia's functions; and

(b) any other functions conferred on the Governing Council by this Act.

(2) The Governing Council may perform any of the functions and exercise any of the powers of External Reporting Australia.

(3) The Governing Council has power to do anything that is necessary or convenient to be done for, or in connection with, the performance of its functions.

(4) Anything done in the name of, or on behalf of, External Reporting Australia by the Governing Council, or with the authority of the Governing Council, is taken to have been done by External Reporting Australia.

(5) If a function or power of External Reporting Australia is dependent on the opinion, belief or state of mind of External Reporting Australia in relation to a matter, the function or power may be exercised upon the opinion, belief or state of mind of a person or body acting as mentioned in subsection (4) in relation to that matter.

(6) Subsections (2) and (3) have effect subject to section 232D (Governing Council involvement in standard setting).

Subdivision B—Governing Council members

227 Membership

The Governing Council consists of the following members:

(a) the Chair of the Governing Council;

(b) not fewer than 4, and not more than 8, other members.

227A Appointment

(1) The Council members are to be appointed by the Minister by written instrument.

Note: A Council member may be reappointed: see section 33AA of the *Acts Interpretation Act 1901*.

(2) The Council Chair may be appointed on a full-time basis or on a part-time basis.

(3) Other Council members are to be appointed on a part-time basis.

(4) A person is not eligible for appointment as a Council member unless the Minister is satisfied that the person has experience in, or knowledge of, at least one of the following fields:

(a) governance;

(b) business;

(c) financial markets;

(d) law;

(e) government;

(f) accounting;

(g) auditing;

(h) sustainability or climate change;

(i) science;

(j) any other field the Minister considers appropriate having regard to a function of External Reporting Australia under paragraph 225A(1)(i).

(5) Before appointing a person as a Council member, the Minister must have regard to the principle that the Governing Council should contain an appropriate level of representation of persons who are, and are seen to be, independent from Australian auditors.

227B Term of appointment

A Council member holds office for the period specified in the instrument of appointment. The period must not exceed 5 years.

Note: A Council member may be reappointed: see section 33AA of the *Acts Interpretation Act 1901*.

227C Deputy Chair

(1) The Governing Council may, in writing, appoint a Council member (other than the Council Chair) to be the Deputy Chair of the Governing Council.

(2) The Council Deputy Chair holds office until whichever first happens:

(a) the Council Deputy Chair's period of appointment (if any is specified) ends; or

(b) the Council Deputy Chair resigns the Council Deputy Chair's appointment in accordance with subsection 227K(3); or

(c) the Council Deputy Chair ceases to be a Council member; or

(d) the Governing Council terminates the appointment of the Council Deputy Chair.

Note: A person may cease to be the Deputy Chair of the Governing Council without ceasing to be a Council member.

227D Acting appointments

Acting Council Chair

(1) The Minister may, by written instrument, appoint a person to act as the Council Chair:

(a) during a vacancy in the office of the Council Chair (whether or not an appointment has previously been made to the office); or

(b) during any period, or during all periods, when the Council Chair:

(i) is absent from duty; or

(ii) is, for any reason, unable to perform the duties of the office.

Acting Council Deputy Chair

(2) The Governing Council may, by written instrument, appoint a Council member to act as the Council Deputy Chair:

(a) during a vacancy in the office of the Council Deputy Chair (whether or not an appointment has previously been made to the office); or

(b) during any period, or during all periods, when the Council Deputy Chair:

(i) is absent from duty; or

(ii) is, for any reason, unable to perform the duties of the office.

Acting appointments (other than the Council Chair)

(3) The Minister may, by written instrument, appoint a person to act as a Council member (other than the Council Chair):

(a) during a vacancy in the office of a Council member (other than the Council Chair), whether or not an appointment has previously been made to the office; or

(b) during any period, or during all periods, when such a Council member:

(i) is absent from duty or from Australia; or

(ii) is, for any reason, unable to perform the duties of the office.

Note: For rules that apply to acting appointments, see sections 33AB and 33A of the *Acts Interpretation Act 1901*.

Eligibility

(4) A person is not eligible for appointment under subsection (1) or (3) unless the Minister is satisfied that the person is eligible for appointment as a Council member.

(5) In appointing a person under subsection (1) or (3), the Minister must have regard to the principle mentioned in subsection 227A(5).

227E Terms and conditions—general

A Council member holds office on the terms and conditions (if any) in relation to matters not covered by this Act as the Minister determines in writing.

227F Remuneration

(1) A Council member is to be paid the remuneration that is determined by the Remuneration Tribunal. If no determination of that remuneration by the Tribunal is in operation, the member is to be paid the remuneration that is prescribed under subsection (4).

(2) A Council member is to be paid the allowances that are prescribed under subsection (4).

(3) This section has effect subject to the *Remuneration Tribunal Act 1973*.

(4) The Minister may, by legislative instrument, prescribe:

(a) remuneration for the purposes of subsection (1); and

(b) allowances for the purposes of subsection (2).

227G Leave of absence

(1) If the Council Chair is appointed on a full-time basis:

(a) the Council Chair has the recreation leave entitlements that are determined by the Remuneration Tribunal; and

(b) the Minister may grant the Council Chair a leave of absence, other than recreation leave, on such terms and conditions as to remuneration or otherwise as the Minister determines.

(2) The Minister may grant leave of absence to any part-time Council member on the terms and conditions that the Minister determines.

227H Other paid work

If the Council Chair is appointed on a full-time basis, the Council Chair must not engage in paid work outside the duties of the Council Chair's office without the Minister's approval.

227J Disclosure of interests

(1) A disclosure by a Council member (the ***relevant member***) under section 29 of the *Public Governance, Performance and Accountability Act 2013* (which deals with the duty to disclose interests) must be made to the other Council members as soon as practicable after the relevant member becomes aware of the interest, regardless of when the next meeting of the Governing Council is to be held.

(2) The Council member presiding at the first meeting of the Governing Council following the making of the disclosure must:

(a) table the disclosure at that meeting; and

(b) ensure that the interest disclosed is recorded in the minutes of that meeting.

(3) Subsection (1) applies in addition to any rules made for the purposes of that section.

(4) For the purposes of this Act and the *Public Governance, Performance and Accountability Act 2013*, the Council member is taken not to have complied with section 29 of that Act if the Council member does not comply with subsection (1) of this section.

227K Resignation of appointment

(1) A Council member may resign the member's appointment by giving the Minister a written resignation.

(2) The resignation of a Council member under subsection (1) takes effect on the day it is received by the Minister or, if a later day is specified in the resignation, on that later day.

(3) A Council member may resign an appointment as Council Deputy Chair by giving the Governing Council a written notice of resignation. The resignation does not affect the person's appointment as a Council member.

(4) The resignation of the Council Deputy Chair under subsection (3) takes effect on the day it is received by the Governing Council or, if a later day is specified in the resignation, on that later day.

227L Termination of appointment

(1) The Minister may terminate the appointment of a Council member:

(a) for misbehaviour; or

(b) if the member is unable to perform the duties of the member's office because of physical or mental incapacity; or

(c) if the member makes a disclosure of information that is inconsistent with External Reporting Australia's obligation under section 233B (confidentiality).

(2) The Minister must terminate the appointment of a Council member if the Council member:

(a) becomes bankrupt; or

(b) applies to take the benefit of any law for the relief of bankrupt or insolvent debtors; or

(c) compounds with the member's creditors; or

(d) makes an assignment of the member's remuneration for the benefit of the member's creditors.

(3) The Minister may terminate the appointment of a Council member if:

(a) the Council member is absent, except on leave of absence, from 3 consecutive meetings of the Governing Council; or

(b) for a Council Chair—the Council Chair is absent, except on leave of absence, for 14 consecutive days or for 28 days in any 12 months; or

(c) for a Council Chair appointed on a full-time basis—the Council Chair engages, except with the Minister's approval, in paid work outside the duties of the Chair's office (see section 227H); or

(d) the Council member fails, without reasonable excuse, to comply with section 29 of the *Public Governance, Performance and Accountability Act 2013* (which deals with the duty to disclose interests) or rules made for the purposes of that section.

Subdivision C—Procedures of the Governing Council

228 Convening meetings

(1) The Governing Council must hold such meetings as are necessary for the efficient performance of its functions.

(2) The Council Chair:

(a) may convene a meeting at any time; and

(b) must convene at least 4 meetings each calendar year; and

(c) must convene a meeting within 30 days after receiving a written request to do so from another Council member.

228A Quorum

(1) At a meeting of the Governing Council, a quorum is constituted by

(a) if there are not more than 7 Council members—4 Council members; or

(b) if there are more than 7 Council members—5 Council members.

(2) However, if:

(a) a Council member is required by rules made for the purposes of section 29 of the *Public Governance, Performance and Accountability Act 2013* not to be present during the deliberations, or to take part in any decision, of the Governing Council with respect to a particular matter; and

(b) when the Council member leaves the meeting concerned there is no longer a quorum present;

the remaining Council members at the meeting constitute a quorum for the purpose of any deliberation or decision at that meeting with respect to that matter.

228B Presiding at meetings

(1) The Council Chair must preside at all meetings of the Governing Council at which the Council Chair is present.

(2) If the Council Chair is not present at a meeting of the Governing Council, the Council Deputy Chair, if present, must preside at the meeting.

(3) If neither the Council Chair nor the Council Deputy Chair is present at a meeting of the Governing Council, the other Council members present must appoint one of themselves to preside.

228C Voting at meetings

(1) Subject to subsection 232D(4), a question arising at a meeting of the Governing Council is to be determined by a majority of the votes of the Governing Council members present and voting.

(2) The person presiding at the meeting of the Governing Council has a deliberative vote and, if the votes are equal, a casting vote.

228D Minutes

The Governing Council must keep minutes of its meetings.

228E Conduct of meetings

The Governing Council may, subject to this Part, regulate proceedings at its meetings as it considers appropriate.

Note 1: Meetings of the Governing Council relating to certain standards are required to be held in public: see section 232E.

Note 2: Section 33B of the *Acts Interpretation Act 1901* contains further information about the ways in which Governing Council members may participate in meetings.

228F Decisions without meetings

(1) The Governing Council is taken to have made a decision at a meeting if:

(a) without meeting, a majority of the Council members entitled to vote on the proposed decision indicate agreement with the decision; and

(b) that agreement is indicated in accordance with the method determined by the Governing Council under subsection (2); and

(c) all the Council members were informed of the proposed decision, or reasonable efforts were made to inform all the Governing Council members of the proposed decision.

(2) Subsection (1) applies only if the Governing Council:

(a) has determined that it may make decisions of that kind without meeting; and

(b) has determined the method by which Council members are to indicate agreement with proposed decisions.

(3) For the purposes of paragraph (1)(a), a Council member is not entitled to vote on a proposed decision if the Governing Council member would not have been entitled to vote on that proposal if the matter had been considered at a meeting of the Governing Council.

(4) The Governing Council must keep a record of decisions made in accordance with this section.

228G Annual report

The annual report prepared by the Governing Council and given to the Minister under section 46 of the *Public Governance, Performance and Accountability Act 2013* for a period must include:

(a) information describing any directions given by the Governing Council under subsection 232D(1) during that period; and

(b) for each of those directions—information setting out the reason for giving the direction.

Note: Section 232D deals with directions given by the Governing Council to a standard-setting board in relation to a particular standard.

Division 3—Standard-setting boards

Subdivision A—Establishment and functions of standard-setting boards

229 Establishment of standard-setting boards

Establishment, functions and powers

(1) The Governing Council may, by legislative instrument, determine:
- (a) that a standard-setting board of a specified name is established; and
- (b) the kinds of standards in relation to which the board is to perform functions; and
- (c) any functions of External Reporting Australia for the purposes of subparagraph 229B(1)(a)(v) (additional functions that may be performed by the standard-setting board); and
- (d) any powers of External Reporting Australia under paragraph 225A(4)(a) for the purposes of subparagraph 229B(1)(b)(i) (establishing committees and consultative groups etc.).

Note: For paragraph (b), see subsection 229A(1).

Operation of the board

(2) Subject to section 232E, the determination may also provide for:
- (a) matters relating to the operation of the board, including:
  - (i) procedures for convening meetings of the board; and
  - (ii) procedures for determining who is to preside at a meeting of the board; and
  - (iii) determining who may attend a meeting of the board; and
  - (iv) the constitution of a quorum for a meeting of the board; and
  - (v) procedures relating to a member's interest in matters being dealt with by the board; and
  - (vi) the way in which matters are to be resolved by the board; and
- (b) the manner in which the board is to perform functions or exercise powers (such as consultation or other procedural requirements); and

(c) the broad strategic direction of the board; and

(d) reporting requirements for the board.

Note 1: Section 232E requires meetings of a standard-setting board relating to the contents of certain standards to be held in public.

Note 2: Any procedures included in the determination under subparagraph (2)(a)(v) are in addition to the member's obligations under section 230G (disclosure of interests).

Note 3: The Governing Council's ability to determine the broad strategic direction of a standard-setting board is in addition to its power to give specific directions relating to standard setting (see section 232D).

(3) The determination may allow the board to determine a matter relating to the operation of the board for which the determination may provide.

(4) If the determination does not provide for a matter mentioned in paragraph (2)(a), the board may operate in the way it determines in relation to that matter.

229A Allocation of functions across boards

(1) The kinds of standards determined for a standard-setting board under paragraph 229(1)(b) must not extend beyond a single category of standards mentioned in subsection (3) of this section, except to the extent that standards relate to a function conferred on External Reporting Australia under paragraph 225A(1)(i).

(2) The Governing Council must ensure at all times that, for each category of standards mentioned in subsection (3) of this section, there is at least one standard-setting board authorised to perform functions and exercise powers in relation to standards in the category.

(3) The categories of standards are as follows:

(a) accounting standards;

(b) auditing and assurance standards;

(c) sustainability standards.

229B Role of standard-setting board

(1) A determination under section 229 has effect as an authorisation by the Governing Council for the standard-setting board to do the following on behalf of External Reporting Australia:

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(a) perform the following functions of External Reporting Australia in relation to the kinds of standards specified in the determination (to the extent they are relevant):

(i) the function under paragraph 225A(1)(a) (making standards under the Corporations Act);

(ii) the function under paragraph 225A(1)(b) (formulating other standards);

(iii) the function under paragraph 225A(1)(c) (formulating guidance);

(iv) the function under paragraph 225A(1)(d) (developing conceptual frameworks);

(v) any other functions of External Reporting Australia specified in the determination under paragraph 229(1)(c);

(b) exercise the following powers:

(i) any powers of External Reporting Australia specified in the determination under paragraph 229(1)(d) as they relate to those functions;

(ii) any powers of External Reporting Australia (other than under paragraph 225A(4)(a)) as necessary or convenient to perform those functions.

Note: Anything done on behalf of External Reporting Australia with the authority of the Governing Council is taken to have been done by External Reporting Australia: see subsection 226A(4).

(2) Two or more standard-setting boards may act jointly in the performance of functions or exercise of powers.

(3) A standard-setting board must perform any functions and exercise any powers having regard to the duties of the Governing Council as the accountable authority of External Reporting Australia for the purposes of the *Public Governance, Performance and Accountability Act 2013*.

Subdivision B—Standard-setting board members

230 Appointments to standard-setting board

(1) A board member is to be appointed by the Governing Council by written instrument.

Note: The board member may be reappointed: see section 33AA of the *Acts Interpretation Act 1901*.

(2) The board member is to be appointed on a part-time basis.

(3) The board member holds office for the period specified in the instrument of appointment. The period must not exceed 5 years.

(4) A person is not eligible for appointment as a board member unless the Governing Council is satisfied that the person has experience in, or knowledge of, at least one of the following fields:

(a) business;

(b) financial markets;

(c) law;

(d) government;

(e) accounting;

(f) auditing;

(g) sustainability or climate change;

(h) science;

(i) any other field the Governing Council considers appropriate having regard to any function of External Reporting Australia under paragraph 225A(1)(i) that may be performed by the board.

(5) A person appointed as a Council member must not be appointed as a board member unless the Minister agrees in writing to the appointment.

(6) The Governing Council, in appointing a board member, must ensure, to the extent practicable, that the composition of a standard-setting board reflects an appropriate mix of persons with the qualifications, skills and experience that reflect both:

(a) the users of the kinds of standards determined for that board; and

(b) the users of materials prepared in accordance with those standards.

230A Chair of a standard-setting board

(1) For each standard-setting board, the Governing Council must appoint, in writing, one of the board members of that board to be the Chair of that board. The appointment may be made at the same time as the appointment of that person as a board member, or at a later time.

(2) The Chair holds office for the period specified in the instrument of appointment.

(3) If the Chair ceases to be a board member of that board, then the board member also ceases to be the Chair of that board.

Note: A person may cease to be the Chair of a standard-setting board without ceasing to be a board member.

230B Deputy Chair of a standard-setting board

(1) For each standard-setting board, the Governing Council may appoint, in writing, one of the board members of that board to be the Deputy Chair of that board. The appointment may be made at the same time as the appointment of that person as a board member, or at a later time.

(2) The Deputy Chair holds office for the period specified in the instrument of appointment.

(3) If the Deputy Chair ceases to be a board member of that board, then the board member also ceases to be the Deputy Chair of that board.

Note: A person may cease to be the Deputy Chair of a standard-setting board without ceasing to be a board member.

230C Acting appointments

Acting Chair

(1) The Governing Council may, by written instrument, appoint a board member of a standard-setting board to act as the Chair of that board:

- (a) during a vacancy in the office of the Chair of that board (whether or not an appointment has previously been made to the office); or
- (b) during any period, or during all periods, when the Chair of that board:
  - (i) is absent from duty; or
  - (ii) is, for any reason, unable to perform the duties of the office.

Acting Deputy Chair

(2) The Governing Council may, by written instrument, appoint a board member of a standard-setting board to act as the Deputy Chair of that board:

(a) during a vacancy in the office of the Deputy Chair of that board (whether or not an appointment has previously been made to the office); or

(b) during any period, or during all periods, when the Deputy Chair of that board:

(i) is absent from duty; or

(ii) is, for any reason, unable to perform the duties of the office.

Acting appointments for a board member

(3) The Governing Council may, by written instrument, appoint a person to act as a board member of a standard-setting board:

(a) during a vacancy in the office of a board member of the board (whether or not an appointment has previously been made to the office); or

(b) during any period, or during all periods, when a board member of the board:

(i) is absent from duty; or

(ii) is, for any reason, unable to perform the duties of the office.

Note: For rules that apply to acting appointments, see sections 33AB and 33A of the *Acts Interpretation Act 1901*.

Eligibility

(4) A person is not eligible for appointment as a board member under subsection (3) unless the Governing Council is satisfied that the person is eligible for appointment as a member of a standard-setting board.

230D Terms and conditions—general

A board member holds office on the terms and conditions (if any) in relation to matters not covered by this Act as the Governing Council determines in writing.

230E Remuneration

(1) A board member is to be paid the remuneration that is determined by the Remuneration Tribunal. If no determination of that remuneration by the Tribunal is in operation, the board member is to be paid the remuneration that is prescribed under subsection (4).

(2) The board member is to be paid the allowances that are prescribed under subsection (4).

(3) This section has effect subject to the *Remuneration Tribunal Act 1973*.

(4) The Governing Council may, by legislative instrument, prescribe:

(a) remuneration for the purposes of subsection (1); and

(b) allowances for the purposes of subsection (2).

230F Leave of absence

The Governing Council may grant leave of absence to any board member on the terms and conditions that the Governing Council determines.

230G Disclosure of interests

(1) A disclosure by a board member (the ***relevant member***) under section 29 of the *Public Governance, Performance and Accountability Act 2013* (which deals with the duty to disclose interests) must be made to the other board members of that standard-setting board as soon as practicable after the relevant member becomes aware of the interest, regardless of when the next meeting of that board is to be held.

(2) The board member presiding at the first meeting of that board following the making of the disclosure must:

(a) table the disclosure at that meeting; and

(b) ensure that the interest disclosed is recorded in the minutes of that meeting.

(3) Subsection (1) applies in addition to any rules made for the purposes of that section.

(4) For the purposes of this Act and the *Public Governance, Performance and Accountability Act 2013*, the board member is

taken not to have complied with section 29 of that Act if the board member does not comply with subsection (1) of this section.

230H Resignation of appointment

(1) A board member may resign the member's appointment by giving the Governing Council a written resignation.

(2) A Chair of a standard-setting board may resign the person's appointment as the Chair of that board by giving the Governing Council a written resignation. The resignation does not affect the person's appointment as a board member.

(3) A Deputy Chair of a standard-setting board may resign the person's appointment as the Deputy Chair of that board by giving the Governing Council a written resignation. The resignation does not affect the person's appointment as a board member.

(4) A resignation given under this section takes effect on the day it is received by the Governing Council or, if a later day is specified in the resignation, on that later day.

230J Termination of appointment

(1) The Governing Council may terminate the appointment of a board member:

- (a) for misbehaviour; or
- (b) if the member is unable to perform the duties of the member's office because of physical or mental incapacity; or
- (c) if the member makes a disclosure of information that is inconsistent with External Reporting Australia's obligation under section 233B (confidentiality).

(2) The Governing Council must terminate the appointment of a board member of a standard-setting board if the member:

- (a) becomes bankrupt; or
- (b) applies to take the benefit of any law for the relief of bankrupt or insolvent debtors; or
- (c) compounds with the member's creditors; or
- (d) makes an assignment of the member's remuneration for the benefit of the member's creditors.

(3) The Governing Council may terminate the appointment of a board member of a standard-setting board if:

(a) the member is absent, except on leave of absence, from 3 consecutive meetings of the standard-setting board; or

(b) the member fails, without reasonable excuse, to comply with section 29 of the *Public Governance, Performance and Accountability Act 2013* (which deals with the duty to disclose interests) or rules made for the purposes of that section.

Division 4—Staff etc. of External Reporting Australia

231 Staff

(1) The staff of External Reporting Australia comprises:

(a) persons engaged under the *Public Service Act 1999* for the purposes of External Reporting Australia; and

(b) such other persons (if any) as External Reporting Australia thinks necessary to employ to assist External Reporting Australia in the performance of its functions and the exercise of its powers.

(2) For the purposes of the *Public Service Act 1999*:

(a) the Council Chair and the APS employees assisting the Council Chair together constitute a Statutory Agency; and

(b) the Council Chair is the Head of that Statutory Agency.

(3) A person employed under paragraph (1)(b) is to be employed on the terms and conditions that External Reporting Australia determines in writing.

231A Consultants

External Reporting Australia may, on behalf of the Commonwealth, engage consultants to assist in the performance of External Reporting Australia's functions.

231B Persons assisting External Reporting Australia

External Reporting Australia may also be assisted by officers and employees of Agencies (within the meaning of the *Public Service Act 1999*), and of authorities of the Commonwealth, whose services are made available to External Reporting Australia in connection with the performance or exercise of any of its functions or powers.

Division 5—Standards issued by External Reporting Australia

232 Interpretation of standards

Objects of this Part

(1) In interpreting a standard made or formulated by External Reporting Australia, a construction that would promote the objects of this Part is to be preferred to a construction that would not promote those objects.

Purposes or objects of particular standard

(2) In interpreting a standard made or formulated by External Reporting Australia, a construction that would promote a purpose or object of the standard (to the extent to which it is not inconsistent with the objects of this Part) is to be preferred to a construction that would not promote that purpose or object. This is so even if the purpose or object is not expressly stated in the standard.

Other matters relating to interpretation

(3) The Minister may, by legislative instrument, determine matters relating to the interpretation of standards of a specified kind that are made or formulated in the performance of a function under paragraph 225A(1)(i). The determination has effect accordingly.

232A Generic and specific standards

A standard made or formulated by External Reporting Australia may:

(a) in relation to accounting standards or sustainability standards—be of general or limited application (including a limitation to specified bodies or undertakings); and

(b) in relation to auditing standards—be of general or limited application (including a limitation to different types of audit and specified industries, bodies or undertakings); and

(c) in relation to a standard of any other kind—be of general or limited application (including a limitation to different types of specified industries, bodies or undertakings); and

(d) differ according to differences in time, place or circumstance.

232B Additional considerations

(1) In making or formulating accounting standards, External Reporting Australia:

(a) must have regard to the suitability of a proposed standard for different types of entities; and

(b) may apply different accounting requirements to different types of entities; and

(c) must ensure that there are appropriate accounting standards for each type of entity that must comply with accounting standards.

(2) The accounting standards may require, for the preparation of financial reports for a period, the inclusion of comparative amounts for earlier periods.

(3) In making or formulating sustainability standards, External Reporting Australia:

(a) must have regard to the suitability of a proposed standard for different types of entities; and

(b) may apply different sustainability requirements to different types of entities.

232C Cost/benefit analysis

(1) External Reporting Australia must carry out a cost/benefit analysis of the impact of a proposed accounting standard or proposed sustainability standard before making or formulating the standard.

(2) Subsection (1) does not apply if the standard is being made or formulated by issuing the text of an international standard (whether or not modified to take account of the Australian legal or institutional environment).

Note: Subsection 225A(6) allows External Reporting Australia to make or formulate a standard by issuing the text of an international standard. Under subsection (3) of this section, External Reporting Australia will have done a cost/benefit analysis of the international standard used in that way.

(3) External Reporting Australia must carry out a cost/benefit analysis of the impact of a proposed international accounting standard or international sustainability standard before:

(a) providing comments on a draft of the standard; or

(b) proposing the standard for adoption as an international standard.

(4) External Reporting Australia has to comply with subsections (1) and (3) only to the extent to which it is reasonably practicable to do so in the circumstances.

(5) The Minister may, by notifiable instrument, give a written direction to External Reporting Australia to give the Minister details of a cost/benefit analysis carried out under this section. External Reporting Australia must comply with the direction.

232D Governing Council involvement in standard setting

(1) The Governing Council may, by notifiable instrument, give written directions to a standard-setting board in relation to a particular standard (including a proposed standard) if subsection (4) is satisfied.

(2) A standard-setting board must comply with a direction given to it under subsection (1).

(3) Unless subsection (4) is satisfied, the Governing Council must not make, formulate, vary or revoke a particular standard in the performance of External Reporting Australia's functions if doing so would be directly inconsistent with a decision of a standard-setting board.

(4) In addition to any requirements applying under Subdivision C of Division 2, the following requirements apply in relation to a decision by the Governing Council to give a direction mentioned in subsection (1), or to do an act mentioned in subsection (3):

(a) the decision is made at a meeting of the Governing Council (disregarding the effect of subsection 228F(1));

(b) the membership of the Governing Council complies with section 227 when the decision is made;

(c) one or more of the following apply:

(i) the decision is made with the agreement of at least 75 percent of Council members present at the meeting, with the number of members agreeing representing a majority of all Council members entitled to vote on the proposed decision (regardless of who is present at that meeting);

(ii) the Governing Council considers that the decision is required because the standard-setting board has failed to comply with any applicable requirements of a determination under section 229;

(iii) the Governing Council considers that the decision is required to comply with its obligations as accountable authority of External Reporting Australia for the purposes of the finance law (within the meaning of the *Public Governance, Performance and Accountability Act 2013*).

232E Meetings relating to contents of certain standards to be held in public

A meeting of the Governing Council or a standard-setting board, or a part of one of its meetings, must be held in public if the meeting or that part of it relates to the contents of:

(a) accounting standards; or

(b) auditing and assurance standards; or

(c) sustainability standards.

Note: For standards relating to functions specified in an instrument made by the Minister under subsection225A(2), the instrument may specify procedural requirements, for example, dealing with whether a meeting of the Governing Council or a standard-setting board relating to those standards is to be held in public.

232F Validity of standards

A failure to comply with this Division, or procedural requirements specified under subsection 225A(2), in relation to the making, or formulating, varying or revoking of a standard does not affect the validity of the standard or, in the case of varying or revoking, the variation or revocation.

Division 6—Miscellaneous

233 Delegation

(1) Subject to subsection (2), the Governing Council may, in writing, delegate all or any of External Reporting Australia's functions or powers to any of the following persons:

(a) a Council member;

(b) a board member;

(c) a member of the staff referred to in section 231 who:

(i) is an SES employee or acting SES employee; or

(ii) holds, or is acting in a position that is equivalent to, or higher than, a position occupied by an SES employee.

(2) The Governing Council must not delegate under subsection (1) any of External Reporting Australia's functions or powers under subsection 225A(1).

(3) A delegation under subsection (1) continues in force despite a change in the membership of the Governing Council.

(4) The delegation may be varied or revoked by the Governing Council (whether or not there has been a change in the membership of the Governing Council).

233A Code of conduct

(1) The Council Chair must determine, in writing, the External Reporting Australia Code of Conduct.

Note: Subsection 33(3) of the *Acts Interpretation Act 1901* provides for the repeal, variation etc. of instruments.

(2) The External Reporting Australia Code of Conduct applies to:

(a) Council members; and

(b) board members; and

(c) staff engaged under section 231; and

(d) persons whose services are made available to External Reporting Australia under section 231B.

233B Confidentiality

(1) External Reporting Australia must take all reasonable measures to protect, from unauthorised use or disclosure, information given to it in confidence.

(2) For the purposes of subsection (1), the disclosure of information is taken to be authorised if the disclosure:

(a) is required or permitted by a law of the Commonwealth or a prescribed law of a State or Territory; or

(b) is made in order to enable an authority or person in a country outside Australia and the external Territories to perform or exercise a function or power that corresponds, or is analogous, to any of External Reporting Australia's functions or powers; or

(c) is made to bodies that set international accounting standards, international auditing standards or international sustainability standards; or

(d) is made to the Minister; or

(e) is made to the Secretary of the Department for the purpose of advising the Minister, or an officer authorised for that purpose; or

(f) is made to ASIC for the purposes of its performance of its functions under the corporations legislation (other than the excluded provisions); or

(g) is made to APRA for the purposes of its performance of its functions; or

(h) is made to any other agency within the meaning of the *Freedom of Information Act 1982*, for the purposes of the performance or exercise of any of the agency's functions or powers; or

(i) is made to a member of a committee convened under Part 2 of Schedule 2 to the Corporations Act for the purposes of the performance of the committee's functions under the corporations legislation; or

(j) is made to the Disciplinary Board for the purposes of its performance of its functions under the corporations legislation; or

(k) is in accordance with the consent of the person who gave the information; or

(l) is in accordance with the consent of the person to whom the information relates.

11 Paragraphs 246(1)(i) and (j)

Repeal the paragraphs, substitute:

(i) a person who is:

(i) a member of staff of External Reporting Australia engaged under section 231; or

(ii) a consultant to External Reporting Australia engaged under section 231A; or

(iii) a person whose services are made available to External Reporting Australia under 231B.

12 Paragraph 246(1)(k)

Omit “the FRC”, substitute “External Reporting Australia”.

13 Paragraph 246(1)(l)

Omit “the FRC”, substitute “External Reporting Australia”.

14 Paragraphs 246(2)(b), (c) and (d)

Repeal the paragraphs, substitute:

(b) a Council member or member of a committee or consultative group established by External Reporting Australia; or

(c) a board member.

Part 2—Transitional provisions

Australian Securities and Investments Commission Act 2001

15 In the appropriate position

Insert:

Part 43—Transitional provisions relating to Schedule [#] to the Treasury Laws Amendment Act 2025

Division 1—Preliminary

348 Definitions

In this Part:

amended Act means this Act as in force immediately after the start of the External Reporting Australia start day.

External Reporting Australia start day means the day on which Part 1 of the Schedule [#] to the *Treasury Laws Amendment Act 2025* commences.

old Act means this Act as in force immediately before the External Reporting Australia start day.

rules means the rules made under subsection 362(1).

transition period means the period:

(a) starting on the day this Part commences; and

(b) ending on the day before the External Reporting Australia start day.

Division 2—Matters relating to the transition period

349 Exercise of certain powers by the Financial Reporting Council during the transition period

(1) This section applies to the following powers:

(a) a power to make an instrument that will be conferred on the Governing Council of External Reporting Australia under the following provisions of the amended Act:

(i) section 229 (establishment of standard-setting board);

(ii) section 230 (appointments to standard-setting board);

(iii) section 230A (Chair of a standard-setting board);

(iv) section 230B (Deputy Chair of a standard-setting board);

(b) any power to vary or revoke an instrument mentioned in paragraph (a) as a result of the operation of subsection 33(3) of the *Acts Interpretation Act 1901*.

(2) For the purposes of the application of section 4 of the *Acts Interpretation Act 1901* to the exercise of a power mentioned in subsection (1) during the transition period, the power may be exercised by the Financial Reporting Council as if it were a power conferred on the Financial Reporting Council by this Act.

(3) An instrument made by the Financial Reporting Council in reliance on this section and section 4 of the *Acts Interpretation Act 1901* is, after the end of the transition period, taken to have been (and may be dealt with as if it had been) made by the Governing Council of External Reporting Australia.

350 Ensuring appropriate standard-setting boards are established etc.

(1) The Financial Reporting Council must take all reasonable steps to ensure that, through the exercise of powers mentioned in section 349, standard-setting boards are to be established on the External Reporting Australia start day in a manner consistent with External Reporting Australia's duty under subsection 229A(2) of the amended Act.

(2) The Financial Reporting Council has the functions of establishing standard-setting boards as mentioned in section 229 of the

amended Act, and making appointments in relation to those boards, in addition to its other functions under this Act.

351 Extension of appointment—members of the Australian Accounting Standards Board and Auditing and Assurance Standards Board

If, apart from this section, the appointment of a member of the Australian Accounting Standards Board or the appointment of a member of the Auditing and Assurance Standards Board would cease to have effect (other than under section 236C or 236G) at any time in the transition period, that appointment is extended until the earliest of the following:

(a) the end of the transition period;

(b) in relation to a member of the Australian Accounting Standards Board:

  (i) if the member gives a resignation under subsection 236C—the time when that resignation takes effect;

  (ii) if the extended appointment is terminated under that section—the time when that termination takes effect;

(c) in relation to a member of the Auditing and Assurance Standards Board:

  (i) if the member gives a resignation under subsection 236G—the time when that resignation takes effect;

  (ii) if the extended appointment is terminated under that section—the time when that termination takes effect.

Division 3—Administrative matters relating to External Reporting Australia

352 Staff

(1) This section applies to a person who, immediately before the External Reporting Australia start day:

(a) was a member of the staff of the Office of the Australian Accounting Standards Board under section 235E of the old Act; or

(b) was a member of the staff of the Office of the Auditing and Assurance Standards Board under 236DC of the old Act.

(2) If the person was a member of staff engaged under the *Public Service Act 1999*, the person is taken, on and after the External Reporting Australia start day, to be engaged as a member of the staff of External Reporting Australia under paragraph 231(1)(a) of the amended Act on the same terms and conditions.

(3) Otherwise, the person is taken, on and after the External Reporting Australia start day, to be employed as a member of the staff of External Reporting Australia under paragraph 231(1)(b) of the amended Act on the same terms and conditions.

(4) The repeal of sections 235E and 236DC of the old Act does not affect the continuity of employment of the person.

353 Consultants

(1) This section applies to a person who, immediately before the External Reporting Australia start day, was:

(a) engaged to perform services for the Office of the Australian Accounting Standards Board under subsection 235F(1) of the old Act; or

(b) engaged to perform services for the Office of the Auditing and Assurance Standards Board under subsection 236DD(1) of the old Act.

(2) The person is taken, on and after that day, to be engaged by External Reporting Australia under section 231A of the amended Act on the same terms and conditions.

354 Persons assisting

(1) A person whose services were available to the Office of the Australian Accounting Standards Board under subsection 235F(3) of the old Act, immediately before the External Reporting Australia start day is taken on and after that day to be a person whose services are made available to External Reporting Australia under section 231B of the amended Act on the same terms and conditions.

(2) A person whose services were available to the Office of the Auditing and Assurance Standards Board under subsection 236DD(3) of the old Act, immediately before the External Reporting Australia start day is taken on and after that day to be a person whose services are made available to External Reporting Australia under section 231B of the amended Act on the same terms and conditions.

355 Transfer of records

(1) This section applies to any records or documents that were in the possession of the following before the External Reporting Australia start day:

(a) the Financial Reporting Council;

(b) the Australian Accounting Standards Board;

(c) the Office of the Auditing and Assurance Standards Board;

(d) the Auditing and Assurance Standards Board.

Note: The Office of the Australian Accounting Standards Board is continued in existence as External Reporting Australia by subsection 225(1) of the amended Act.

(2) The records and documents are to be transferred to External Reporting Australia on or after the External Reporting Australia start day.

Note: Any records and documents transferred are Commonwealth records for the purposes of the *Archives Act 1983*.

356 Application provision—disclosure of information

Section 233B of the amended Act applies in relation to the disclosure of information on or after the External Reporting Australia start day, whether the information was given (or is taken to have been given) to External Reporting Australia before, on or after that day.

Division 4—Certain instruments and standards, and things done by bodies, etc.

357 Transitional—references to bodies in instruments

(1) This section applies to an instrument if:

(a) the instrument was in force immediately before the External Reporting Australia start day; and

(b) the instrument contains a reference to:

(i) the Financial Reporting Council; or

(ii) the Australian Accounting Standards Board; or

(iii) the Auditing and Assurance Standards Board; or

(iv) the Office of the Auditing and Assurance Standards Board.

Note: See section 25B of the *Acts Interpretation Act 1901* in relation to references to the Office of the Australian Accounting Standards Board.

(2) The instrument has effect, on and after the External Reporting Australia start day, as if the reference were a reference to External Reporting Australia.

(3) The rules may provide that subsection (2) does not apply in relation to a specified instrument.

(4) This section does not prevent the instrument from being amended or repealed on or after the External Reporting Australia start day.

358 Things done by, or in relation to, bodies

(1) If, before the External Reporting Australia start day, a thing was done by, or in relation to, a body mentioned in subsection (2), then the thing has effect, on and after that day, as if it had been done by, or in relation to, External Reporting Australia.

(2) The bodies are the following:

(a) the Financial Reporting Council;

(b) the Australian Accounting Standards Board;

(c) the Auditing and Assurance Standards Board;

(d) the Office of the Auditing and Assurance Standards Board.

(3) Subsection (1) does not apply to the making of an instrument under section 349.

(4) The rules may provide that subsection (1) does not apply in relation to a specified thing done by, or in relation to, a specified body.

359 Continuation of certain standards formulated by the Australian Accounting Standards Board and the Auditing and Assurance Standards Board

A standard in effect immediately before the External Reporting Australia start day under a provision of the old Act mentioned in column 1 of an item of the following table continues in effect (and may be dealt with) on and after that day as if it were a standard formulated by External Reporting Australia under the provision of the amended Act mentioned in column 2 of that item.

Continuation of certain standards

Item	Column 1 Provision of the old Act	Column 2 Provision of the amended Act
1	paragraph 227(1)(c)	subparagraph 225A(1)(b)(iii)
2	paragraph 227(1)(ca)	subparagraph 225A(1)(b)(iii)
3	paragraph 227B(1)(b)	subparagraph 225A(1)(b)(iii)

Division 5—Miscellaneous

360 Saving provision—qualified privilege

Subsections 225A(3) and (4) of the old Act, as in force immediately before the External Reporting Australia start day, continue to apply on and after that day in relation to a disclosure made in response to a notice given under subsection 225A(1) of the old Act before that day.

361 Saving provision—liability for damages

Despite the amendments made by Part 1 of Schedule [#] to the *Treasury Laws Amendment Act 2025*, section 246 of the old Act continues to apply on and after the External Reporting Australia start day in relation to an act done or omitted before that day.

362 Transitional rules

(1) The Minister may, by legislative instrument, make rules prescribing matters:

(a) required or permitted by this Part to be prescribed by the rules; or

(b) necessary or convenient to be prescribed for carrying out or giving effect to this Part.

(2) Without limiting subsection (1), the rules may prescribe matters of a transitional nature (including prescribing any saving or application provisions) relating to the amendments or repeals made by Part 1 of the Schedule [#] to the *Treasury Laws Amendment Act 2025*.

(3) To avoid doubt, the rules may not do the following:

(a) create an offence or civil penalty;

(b) provide powers of:

(i) arrest or detention; or

(ii) entry, search or seizure;

(c) impose a tax;

(d) set an amount to be appropriated from the Consolidated Revenue Fund under an appropriation in this Act;

(e) directly amend the text of this Act.

(4) This Part (other than subsection (3)) does not limit the rules that may be made for the purposes of subsection (1).

EXPOSURE DRAFT