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**Submission from the Tax Justice Network Australia to the  
*Positioning Australia's financial reporting system for the future.  
Designing a single, flexible standard setting body* Consultation  
Paper  
21 February 2025**

The Tax Justice Network Australia (TJN-Aus) welcomes the opportunity to make a submission to the *Positioning Australia's financial reporting system for the future. Designing a single, flexible standard setting body* Consultation Paper.

**1. Structure of the new body – Do you agree with the proposed structure for the new body? Are there any changes to the proposed structure that will better meet the design principles?**

The TJN-Aus has supported consolidating the financial reporting architecture and regulatory system governing financial service practitioners. We see the proposed consolidation of the Financial Reporting Council, the Australian Accounting Standards Board and the Auditing and Assurance Standards Board as a positive step forward. We support the proposed structure, with additions. The new body should have an arm that monitors the implementation of the standards. That body should have the ability to enforce them and to point out areas where they are deficient or not acting in the public interest. Monitoring of the implementation of the standards should not be left to the professional associations.

We believe the make-up of the standards committees should be such to ensure they act in the public interest (not in the interests of the professions over the public interest) and promote high standards.

We believe that the structure should include an ethics committee to advise the Board and the technical standards setting committees on ethical considerations and measures and to uphold a broader public interest in the standards that are set.

**2. Issuing standards – Do you agree with the proposed model for issuing technical standards? Are there any alternative mechanisms that could be adopted that better meet the design principles?**

While we support the proposed model for the issuing of technical standards, we believe it is vital that a requirement of the technical standards to be in the public interest must be part of the Statement of Expectations. There is a need to chip away at a culture where financial

service professionals believe their only obligations are to act in the interests of their clients, even when that would involve not acting in the public interest through unethical activities or looking the other way when clients are involved in illegal activities.

**3. Transparency measures – Are the proposed transparency measures relating to the respective roles of the Board and committees adequate? If not, what additional measure would you suggest?**

We support the proposed transparency measures. However, transparency can be insufficient if there is no mechanism by which a poor decision or inappropriate interference can be challenged in substance. Transparency is most effective when there are corrective mechanisms that will have material impact to back up the transparency.

**4. Board and committee appointment eligibility – Should requirements be imposed that candidates for membership of the new Board and/or its technical standard setting committees must demonstrate appropriate independence from industry (for example, not having worked in an accounting or auditing firm for a specified period and not having financial ties to a firm)? What should those particular requirements entail and how can those be balanced against the need for special expertise?**

We do not oppose to candidates for the Board and its technical standard setting committees having connection to the industry to bring current experience into these bodies. However, such people should be the minority of the Board and technical standard setting committees. They should not be able to dominate these bodies. There is a need to have representatives of consumer bodies on the Board and its technical standard setting committees. These measures are to minimise the risk that the Board and the technical standard setting committees become captured by those who have conflicts of interest and the risk of upholding undesirable existing sub-cultures within the industry. People working in the industry may unconsciously act to uphold existing cultures from the places they are working in, some of which are likely to be undesirable.

In addition, the Board and the technical standard setting committees should include members that have expertise in ethics.

**5. Strengthening institutional governance – Do you agree with the proposed changes to strengthen the governance and oversight? Are there any other gaps or opportunities to strengthen the governance arrangements of the new body?**

The TJN-Aus supports the proposed changes to strengthen the governance and oversight arrangements. In addition, we believe that there needs to be clear criteria that specify the circumstances in which the responsible Minister can formally terminate the appointment of Board members. We believe it is essential that industry bodies are unable to lobby the Minister for the removal of a Board member because the person is seeking cultural reform of the professions or seeking to address unethical behaviour in financial services professions, as the Minister will be prohibited from terminating a Board member in response to such lobbying.

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## **Background on the Tax Justice Network and Tax Justice Network Australia**

The Tax Justice Network (TJN) is an independent organisation launched in the British Houses of Parliament in March 2003. It is dedicated to high-level research, analysis and advocacy in the field of tax and regulation. TJN works to map, analyse and explain the role of taxation and the harmful impacts of tax evasion, tax avoidance, tax competition and tax havens. TJN's objective is to encourage reform at the global and national levels.

The Tax Justice Network believes our tax and financial systems are our most powerful tools for creating a just society that gives equal weight to the needs of everyone. But under pressure from corporate giants and the super-rich, our governments have programmed these systems to prioritise the wealthiest over everybody else, wiring financial secrecy and tax havens into the core of our global economy. This fuels inequality, fosters corruption and undermines democracy. We work to repair these injustices by inspiring and equipping people and governments to reprogram their tax and financial systems.

The Tax Justice Network Australia (TJN-Aus) is the Australian arm of TJN.

In Australia, the current members of TJN-Aus are:

- ActionAid Australia
- Aid/Watch
- Anglican Overseas Aid
- Australian Council for International Development (ACFID)
- Australian Council of Social Service (ACOSS)
- Australian Council of Trade Unions (ACTU)
- Australian Education Union (AEU)
- Australian Manufacturing Workers Union (AMWU)
- Australian Nursing & Midwifery Federation (ANMF)
- Australian Services Union (ASU)
- Australian Workers Union, Victorian Branch (AWU)
- Baptist World Aid
- Caritas Australia
- Centre for International Corporate Tax Accountability & Research (CICTAR)
- Community and Public Service Union (CPSU)
- Electrical Trades Union, Victorian Branch (ETU)
- Evatt Foundation
- Friends of the Earth (FoE)
- GetUp!
- Greenpeace Australia Pacific
- International Transport Workers Federation (ITF)
- Jubilee Australia
- Maritime Union of Australia (MUA)
- National Tertiary Education Union (NTEU)
- New South Wales Nurses and Midwives' Association (NSWMWA)
- Oaktree Foundation
- Oxfam Australia
- Publish What You Pay Australia
- Save Our Schools
- SEARCH Foundation
- SJ around the Bay
- TEAR Australia
- The Australia Institute
- Union Aid Abroad – APHEDA
- United Workers' Union (UWU)
- Uniting Church in Australia, Synod of Victoria and Tasmania
- UnitingWorld
- Victorian Trades Hall Council
- World Vision Australia