

EXPOSURE DRAFT

EXPOSURE DRAFT

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Inserts for
**Treasury Laws Amendment (Measures
for Consultation) Bill 2022: sustainability
standards**

Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1.		
2. Schedule #	The day after this Act receives the Royal Assent.	
3.		

EXPOSURE DRAFT

Schedule #—Sustainability standards

Australian Securities and Investments Commission Act 2001

1 Subsection 5(1)

Insert:

international sustainability standards means sustainability standards made by:

- (a) the International Sustainability Standards Board; or
- (b) another body specified by the regulations.

Note: These standards may relate to climate.

2 Paragraph 224(a)

After “accounting standards”, insert “, and sustainability standards.”.

3 Subparagraph 224(b)(iii)

Repeal the subparagraph, substitute:

- (iii) having accounting standards, auditing standards and sustainability standards that are clearly stated and easy to understand; and

4 At the end of section 224

Add:

Note: Sustainability standards may relate to climate.

5 Paragraphs 225(1)(a) and (b)

Repeal the paragraphs, substitute:

- (a) to provide broad oversight of the processes for setting in Australia:
 - (i) accounting standards; and
 - (ii) auditing standards; and
 - (iii) sustainability standards; and

6 Paragraph 225(1)(d)

Omit “paragraphs (a) and (b)”, substitute “paragraph (a)”.

7 Paragraph 225(1)(e)

Repeal the paragraph, substitute:

EXPOSURE DRAFT

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- 1 (e) the functions specified in the following subsections:
2 (i) subsection (1A) (standards functions);
3 (ii) subsection (2) (AASB governance functions);
4 (iii) subsection (2A) (AUASB governance functions);
5 (iv) subsection (2B) (auditor quality functions); and

6 **8 After subsection 225(1)**

7 Insert:

8 *Standards functions*

9 (1A) The FRC functions include:

- 10 (a) monitoring the development of international accounting
11 standards, international auditing standards and international
12 sustainability standards; and
13 (b) monitoring the development of the accounting standards,
14 auditing standards, and sustainability standards that apply in
15 major international financial centres; and
16 (c) furthering the development of a single set of each of the
17 following for world-wide use with appropriate regard to
18 international developments:
19 (i) accounting standards;
20 (ii) auditing standards;
21 (iii) sustainability standards; and
22 (d) promoting the continued adoption of international best
23 practice:
24 (i) accounting standards; and
25 (ii) auditing standards; and
26 (iii) sustainability standards;
27 in the Australian standard-setting processes if doing so would
28 be in the best interests of both the private and public sectors
29 in the Australian economy; and
30 (e) monitoring the operation of:
31 (i) accounting standards; and
32 (ii) auditing standards; and
33 (iii) sustainability standards;
34 to assess their continued relevance and their effectiveness in
35 achieving their objectives in respect of both the private and
36 public sectors of the Australian economy; and

EXPOSURE DRAFT

(f) monitoring the effectiveness of the consultative arrangements used by the AASB and the AUASB.

9 Subsection 225(2) (heading)

Repeal the heading, substitute:

AASB governance functions

10 Paragraph 225(2)(c)

Omit “direction; and”, substitute “direction.”.

11 Paragraphs 225(2)(e) to (h)

Repeal the paragraphs.

12 Subsection 225(2A) (heading)

Repeal the heading, substitute:

AUASB governance functions

13 Paragraph 225(2A)(c)

Omit “direction; and”, substitute “direction.”.

14 Paragraphs 225(2A)(e) to (h)

Repeal the paragraphs.

15 Paragraph 227(1)(a)

Repeal the paragraph, substitute:

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

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

(ii) proposed sustainability standards and international sustainability standards; and

16 After paragraph 227(1)(c)

Insert:

(ca) to formulate sustainability standards; and

17 Paragraph 227(1)(d)

Repeal the paragraph, substitute:

EXPOSURE DRAFT

1 (d) to participate in and contribute to the development of each of
2 the following for world-wide use:

- 3 (i) a single set of accounting standards;
4 (ii) a single set of sustainability standards; and

5 **18 Subsection 227(1) (note 3)**

6 Repeal the note, substitute:

7 Note 3: The standards formulated under paragraph (ca) do not have legal
8 effect but may be applied or adopted by some other authority.

9 Note 4: For the framework within which the AASB is to formulate and make
10 these standards, see section 224 and Division 2.

11 **19 Subsections 227(4) and (5)**

12 Repeal the subsections, substitute:

13 *Manner of making or formulating standards*

14 (4) Without limiting subsection (1), the AASB:

- 15 (a) may make or formulate an accounting standard by issuing the
16 text of an international accounting standard; and
17 (b) may formulate a sustainability standard by issuing the text of
18 an international sustainability standard.

19 (5) The text of an international standard referred to in subsection (4)
20 may be modified:

- 21 (a) to the extent necessary to take account of the Australian legal
22 or institutional environment; and
23 (b) in particular, to ensure that any disclosure and transparency
24 provisions in the standard are appropriate to the Australian
25 legal or institutional environment.

26 *Manner of participating in the development of international
27 standards*

28 (6) Without limiting paragraph (1)(d), the AASB may distribute for
29 consultation the text of:

- 30 (a) a draft international accounting standard; or
31 (b) a draft international sustainability standard;

32 (whether or not modified to take account of the Australian legal or
33 institutional environment).

EXPOSURE DRAFT

20 Paragraph 227B(1)(b)

Repeal the paragraph, substitute:

- (b) to formulate auditing and assurance standards for sustainability purposes; and

21 Division 2 of Part 12 (heading)

Repeal the heading, substitute:

Division 2—Accounting standards and sustainability standards

22 Before section 228

Insert:

227C Scope of this Division

This Division applies to the following standards (the *applicable standards*):

- (a) accounting standards;
(b) sustainability standards.

23 Subsections 228(1) and (2)

Omit “an accounting standard”, substitute “an applicable standard”.

24 Subsection 229(1)

Omit “Accounting standards”, substitute “Applicable standards”.

25 At the end of section 229

Add:

- (3) In formulating sustainability standards, the AASB:
(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.

26 Subsection 231(1)

Omit “a proposed accounting standard”, substitute “a proposed applicable standard”.

EXPOSURE DRAFT

27 Subsection 231(2)

Omit “a proposed international accounting standard”, substitute “a proposed international applicable standard”.

28 Section 234

Repeal the section, substitute:

234 Validity of standards

A failure to comply with this Division in relation to the making or formulating of an applicable standard does not affect the validity of the standard.

29 Subsection 236A(2)

Repeal the subsection, substitute:

(2) A meeting of the AASB, or a part of one of its meetings, must be held in public if the meeting or that part of it concerns the contents of any of the following:

- (a) accounting standards or international accounting standards;
- (b) sustainability standards or international sustainability standards.

30 Subsection 236B(3)

Omit “or government”, substitute “, government, science, sustainability or climate change”.

31 Subsection 236F(4)

Omit “or government”, substitute “, government, science, sustainability or climate change”.

32 Paragraph 237(2)(c)

Omit “or international auditing standards”, substitute “, international auditing standards or international sustainability standards”.