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Subject: Submission on CS 54: Proposed consolidation of financial reporting and auditing instruments
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I welcome the opportunity to make this submission in response to ASIC's proposal to consolidate 17 financial reporting and auditing relief instruments into two instruments.

I support reduced complexity in regulation. In fact, I believe simpler regulation can benefit everyone: consumers, investors, directors, auditors, regulators and honest businesses.

Complex rules often favour those with the money to navigate them. Banks, audit firms, lawyers and large institutions can afford teams of advisers. Consumers, small businesses, farmers, retirees and victims of misconduct usually cannot.

That is why regulatory simplification should not be seen as a gift to industry. Done properly, it can be a public interest reform. It can improve **Clarity**, support **Respect** for ordinary people, strengthen **Accountability**, protect **Integrity** and improve **Governance**.

My perspective is not that of a large institution, professional adviser or industry peak body. I write as a long-term consumer advocate, Co-founder of Bank Warriors, and as someone who has spent many years engaging with banks, regulators, parliamentary inquiries, public company AGMs and hundreds of victims of financial malfeasance.

A perennial problem in consultations like this is industry is far better resourced than consumers. ASIC should not simply count submissions. It should weigh whose interests are being advanced, who is missing from the process, and who bears the consequences when reporting, audit, governance or enforcement fails.

1. Simplification must not become dilution

I support consolidating instruments if it makes the framework easier to understand, easier to supervise and harder to weaponise.

ASIC should proceed only if it can clearly state that the consolidation does not weaken:

1. director accountability.
2. auditor independence.
3. transparency to investors, consumers, creditors and affected stakeholders.

4. ASIC's ability to supervise and enforce compliance.
5. the public's ability to know when relief is being used.

The test should be simple: does this improve Clarity without weakening Accountability?

2. Relief should be visible

Where an entity relies on ASIC relief from ordinary financial reporting or auditing obligations, that reliance should be disclosed in plain English.

ASIC should require or strongly encourage disclosure of:

1. what relief was relied upon.
2. why relief was required.
3. who approved it.
4. what practical effect it has.
5. whether auditor independence, related party or conflict issues were considered.

Relief should not sit quietly in the background where the practical effect is to reduce transparency.

This is especially important for banks, financial services firms, credit providers, superannuation entities, managed investment schemes and large proprietary companies. Poor reporting and poor audit harm real people.

3. Audit integrity is now a public confidence issue

The proposed consolidation includes auditing relief instruments. That makes auditor independence central.

Recent reporting by Edmund Tadros in the Australian Financial Review, together with Chair Senator Deborah O'Neill, Senator Barbara Pocock, Senator Paul Scarr, Senator Tania Lawrence and others questioning through Parliamentary Joint Committee inquiries, has elevated serious concerns about audit firms, conflicts, whistleblowers, culture, public sector work and accountability.

This wider context matters.

Audit should be a line of defence, not a box-ticking exercise. It should not become a narrow technical process where firms can say they complied while the public is left wondering whether independence, integrity and professional scepticism were really present.

ASIC should make clear that this consolidation does not weaken auditor independence directly or indirectly.

4. Accountability maps should apply to material relief

APRA regulated entities are now familiar with accountability maps under the Financial Accountability Regime.

ASIC should invoke a similar principle here.

Where an entity relies on material financial reporting or audit relief, there should be a clear internal record showing:

1. the relief relied upon.
2. the accountable person.
3. board or committee approval.
4. the reason for relying on relief.
5. the effect on users of the report.
6. whether the auditor was consulted.
7. whether conflict or independence issues were considered.

This would combat the familiar problem where an organisation makes an important decision, but no individual can be held responsible.

5. Model Litigant Principles should inform the spirit of relief

Model Litigant Principles already apply to government bodies. They reflect a basic community expectation that powerful institutions should act fairly, honestly and not take unfair advantage of weaker parties.

Through previous advocacy, I encouraged major and second-tier banks to adopt and publish Model Litigant Principles on their websites. Most did so. Macquarie declined.

That reform mattered because it recognised a simple point: powerful financial institutions and their agents, including lawyers and advisers, should not use complexity as a weapon.

ASIC should ensure relief can never become a shield against scrutiny or become a technical device to avoid the substance of reporting and audit obligations.

6. Transparency should be built in

ASIC should publish a plain-English comparison table showing:

1. each existing instrument.
2. where it appears in the new instrument.
3. whether the substance has changed.
4. whether any condition has been removed.
5. ASIC's reason for any change.

ASIC should also publish periodic data on how financial reporting and auditing relief is being used.

Without this, only lawyers, accountants and industry compliance teams will understand the full effect of the proposal.

Consumers should not need a legal team to know whether accountability has been preserved.

7. Digital systems need human safeguards

Digital lodgement can improve efficiency, but digital systems can also fail, overload, confuse users or become unavailable.

ASIC should ensure there are plain-English instructions, accessible support, fallback options and protection from penalty where ASIC systems fail.

Regulatory simplification should not assume every digital system works or that every person can navigate it.

8. A 12-month review must include consumers

ASIC should conduct a review 12 months after the new instruments commence.

That review should not be limited to industry, audit firms, accounting bodies, lawyers and peak body consumer groups. It should include individual consumers and people with lived experience of financial misconduct.

People like me may not speak with the polish of large institutions, but we often see the consequences of weak governance more clearly than those who benefit from the system.

The review should ask whether the consolidation has delivered:

Clarity without confusion.

Respect for consumers and smaller stakeholders.

Accountability for directors, auditors and decision-makers.

Integrity in reporting, audit and relief.

Governance that serves the public interest.

RECOMMENDATIONS

I recommend that ASIC:

1. proceed only if no accountability, transparency or audit independence standard is weakened.
2. publish a plain-English comparison table.
3. require disclosure where material relief is relied upon.
4. require accountability records for material relief decisions.
5. ensure auditor independence is not weakened directly or indirectly.
6. apply the spirit of Model Litigant Principles so relief is not used unfairly, defensively or as litigation warfare.
7. conduct a 12-month review that includes individual consumers and people with lived experience of financial misconduct.

Conclusion

I support reduced complexity because clear regulation helps everyone.

But the public interest is not served if fewer instruments make it easier for entities, directors, auditors or advisers to avoid scrutiny.

I am happy for this submission to be published in full and to appear as a witness if it assists.

I would be grateful if you could confirm receipt of this email submission and that it will be published.

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Co-founder, Bank Warriors

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