



MINUTES

DATE: Wednesday 5 July 2023
TIME: 9:30am – 1:30pm
LOCATION: Treasury’s Melbourne Office and Microsoft Teams

ITEM	AGENDA ITEM	
	PUBLIC SESSION	
1.	Introduction	
	The Chair welcomed all attendees and introduced the FRC’s two new members, Pru Bennett and Rachel Grimes.	
1.A	ATTENDEES AND APOLOGIES	
	Members in attendance:	Observers:
	Andrew Mills (Chair)	Zoe Irwin (Treasury)
	Dr Keith Kendall (AASB Chair)	Jodic Chan (Treasury)
	Suzanne Bell	Cooper Tym (Treasury)
	Rachel Grimes	Athanasios Kallos (Treasury)
	Emma Herd	Lachlan Alvey (Treasury)
	Michele Embling (XRB Chair)	
	Tracey Carroll	
	Pru Bennett	
	Apologies:	Guests:
		Sam Hurley (Treasury)
		Bill Edge (Former AUASB Chair)
		Doug Niven (ASIC)
		Greg Yanco (ASIC)
		Thea Eszenyi (ASIC)
		Anne Waters (AUASB)
		Justin Williams (AASB/AUASB)
		April McKenzie (XRB)
1.B	Declarations of Interest	

	<p>The XRB and FRC Chairs informed the members of recent changes to their interests including the FRC Chair’s formal appointment to the XRB. Members confirmed the agenda items for this meeting did not give rise to a conflict of interest for any member.</p> <p>Action Item</p> <ul style="list-style-type: none"> • FRC Secretariat to update the Declarations of Interest document.
2.	MATTERS FOR NOTING / ACTION
2.A	Minutes of previous meeting – 10 March 2023
	Members noted the minutes from the FRC meeting on 10 March 2023 which had been approved out-of-session.
2.B	Minutes of out-of-session meetings – 16 May 2023
	Members noted the approved minutes for the 16 May 2023 out-of-session meeting.
2.C	Matters Arising
	<p>Members reviewed the Matters Arising list and confirmed items that had been actioned and noted those for discussion at the meeting and in progress.</p> <p>Action item</p> <ul style="list-style-type: none"> • FRC Secretariat to update the Matters Arising document.
3.	ENVIRONMENTAL SCAN
3.A	Members Reflections
	<p>Tracey Carroll provided an update from the public sector on ethical conduct.</p> <p>Greg Yanco provided the FRC with ASIC’s structural changes in efforts to make enforcement matters more efficient.</p> <p>Doug Niven also announced his departure from ASIC as the chief accountant. The FRC Chair thanked Doug for his significant contributions to the FRC’s work, time taken to attend FRC meetings and wished him the best in his future endeavours.</p> <p>Andrew Mills informed the board about the UK FRC's role in influencing changes to the UK’s audit firms regulation systems.</p> <p>The FRC discussed the developments of digital reporting and the importance of Australia’s adoption of digital reporting to save capital. Members noted the upcoming Deloitte event on the 25th of July that will be discussing digital reporting.</p> <p>Action item</p> <ul style="list-style-type: none"> • The FRC to write a letter to the Treasurer on digital reporting recommending that it should be mandated.

3.B	Stakeholder Reports
	<p>The FRC noted the stakeholder reports received and discussed sustainability standards (S1 and S2) released by the International Sustainability Standards Board (ISSB), integrated reporting, and engagement with stakeholders regarding their updates and frequency of responses to the FRC.</p> <p>Action item</p> <ul style="list-style-type: none"> • The FRC Secretariat to add the Australian Sustainable Finance Institute (ASFI) and the Financial Services Council (FSC) to the FRC’s stakeholder list. • Pru Bennett to contact Association of Superannuation Funds of Australia (ASFA) about responding to the FRC’s stakeholder report requests.
4.	OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING)
4.A	AASB Report
	<p>Keith Kendall provided a verbal update of the AASB’s resource management, progression and focus on sustainability.</p> <p>Highlights:</p> <ul style="list-style-type: none"> - Focus on sustainability including the launch of the standards at the IFRS Conference. - AASB has repositioned its work allocation in efforts to appropriately use resources to focus on the ISSB standards. - Smaller projects are being finished. Those resources have now been freed up to focus on sustainability. <p>Members discussed the standards of the Sustainability Accounting Standards Board (SASB) and their future application in Australia. Emma Herd explained the current complex nature of sustainability data sets and the need for efficiency. Members noted that a consistent sustainability framework in Australia is essential to prevent standards arbitrage.</p> <p>The AASB Chair confirmed the successful nomination as Vice Chair of the Asian-Oceanian Standard-Setters Group (AOSSG) and that Australia had been asked to host the 2023 Annual Meeting of AOSSG in Brisbane in November 2023.</p>
4.B	AUASB Report
	<p>Bill Edge and Anne Waters provided a verbal update of the AUASB’s finalised matters, projects and the prioritisation of sustainability.</p> <p>Highlights:</p> <ul style="list-style-type: none"> - The IAASB approved a draft on sustainability assurance released in late July, early August. - The AUASB is examining the climate change effect on financial statements and the materiality of climate-related disclosures.

	<p>Members discussed sustainability mandates, how firms are taking fundamentally different approaches to sustainability reporting, and the importance of upskilling financial auditors.</p> <p>Michele Embling and April McKenzie discussed the mandatory assurance of the NZ Greenhouse Gas emission disclosures. While there are currently gaps the XRB will continue to provide updates of its evolution over time alongside the climate reporting standards.</p>
5.	MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS
5.A	XRB Update
	<p>Michele Embling provided a verbal update of the XRB’s climate reporting standards, research and re-allocation of resources to sustainability.</p> <p>Highlights:</p> <ul style="list-style-type: none"> - The XRB released its climate reporting standards and staff are working to enable the standards to be consistent and to enable comparability across sectors. - Multi-year research on policy intent for climate in order to support NZ transition to a carbon neutral economy. - XRB be comparing its standards with the ISSB’s standards. - The XRB noted that there was a position open as the XRB’s Director of Accounting.
5.B	IFRS Conference
	<p>Members noted the information that was supplied in the meeting pack and the information sourced from the IFRS Conference by Andrew.</p> <p>Keith reported the insights of the ISSB as well as the value of face-to-face conversations with international board members.</p> <p>Andrew provided an update about his various stakeholder meetings in London with international and corresponding bodies including the IASB, ISSB, IFRS and the UK FRC.</p>
5.C	International Developments
	<p>Members noted the information attached in the meeting pack.</p> <p>Anne Waters discussed the UK FRC’s consultation for corporate governance code for entities and how it is about requiring more detailed reporting on controls, effectiveness and how entities satisfy themselves.</p> <p>Members discussed the activity of international standard setters on the subject of intangible assets.</p>
5.D	Asia-Pacific Climate Reporting Summit
	<p>Tracey and Justin Williams provided a verbal update about the climate summit they attended in New Zealand on the 1st and 2nd of May 2023.</p>

	Tracey discussed capacity constraints in the audit profession and the value of implementing sustainability assurance.
6.	FINANCIAL REPORTING FRAMEWORK OBJECTS - INDICATORS
	<p>Members noted the research on costs of capital supplied by the FRC Secretariat which indicated the benefit of adopting IFRS standards.</p> <p>Members noted that Australia is meeting its objectives of keeping the cost of capital low, ensuring international competitiveness, and promoting investor confidence.</p> <p>Siobhan Hammond mentioned that the ISSB recently prepared a report <i>IFRS S1 and IFRS S2 Effects Analysis</i>.</p> <p>Action Items</p> <ul style="list-style-type: none"> • Siobhan to circulate IFRS S1 and IFRS S2 Effects Analysis paper (Completed) • The FRC Secretariat to research whether carbon-intensive operators are having issues with access to capital, given observations by FRC members.
7.	Public Sector Advisory Group
	Tracey Carroll provided a verbal update of information collected from the public sector in Australia including the OECD Working Group meeting. Tracey discussed the main users of public sector financial statements, standard setting updates, digital reporting, and the challenges of talent retention.
8.	EMERGING ISSUES AND FRC PRIORITIES
	<p>The Chair and Deputy Chair spoke to the paper included in the meeting pack which members noted. Emma spoke to the sustainability aspects including the promotion of opportunities for sustainability assurance - looking at multi-disciplinary skill requirements.</p> <p>Rachel Grimes added the importance of sustainability in the financial space as it has created more work and jobs in the sector - particularly women are getting involved.</p> <p>Action Items</p> <ul style="list-style-type: none"> • The FRC to continue to monitor talent attraction and retention in the audit and accounting profession.
9.	Other Business
9.A	Nominations Committee
	<p>Suzanne Bell, Chair of the Nominations Committee, provided a verbal update on the status of AASB and AUASB members.</p> <p>The Nominations Committee can keep track of individuals that the FRC may wish to put forward on international boards to represent Australia.</p>

	<p>Rachel was previously the Chair of the Nominations Committee at IFAC and Pru can be a representative for investor members and the two new FRC members offered to add their expertise to the Nominations Committee.</p> <p>Action Item</p> <ul style="list-style-type: none"> • FRC Secretariat to work with Suzanne and source criteria (skills) for different committees from websites of international bodies for skills matrix, gaps, future advertisements. • FRC Secretariat to add Rachel and Pru to the Nominations Committee.
9.B	Correspondence received and sent
	Members noted the correspondence sent to the Treasurer.
9.C	Key Action Items Summary
	<p>Action Items</p> <ul style="list-style-type: none"> • The FRC to write a letter to the Treasurer on digital reporting recommending that it should be mandated. • Add Australian Sustainable Finance Institute (ASFI) and the Financial Services Council (FSC) to the FRC’s stakeholder list. • Pru Bennett to contact ASFA about responding to the FRC’s stakeholder report requests. • The FRC Secretariat to research whether carbon-intensive operators are having issues with access to capital, given observations by FRC members. • Siobhan to circulate IFRS S1 and IFRS S2 Effects Analysis prepared by the ISSB (Completed) • The FRC to continue to monitor talent attraction and retention in the audit and accounting profession. • FRC Secretariat to work with Suzanne and source criteria (skills) for different committees from websites of international bodies for skills matrix, gaps, future advertisements. • Rachel and Pru to be added to the Nominations Committee
10.	Next Meeting
	Members agreed with the proposed dates for the upcoming quarterly meetings provided the 2024 dates were amended to the correct day.
	Bill Edge
	The Chair and members thanked Bill Edge for his enormous contribution to the FRC and the AUASB. Bill was the Chair of the Financial Reporting Council (FRC) from 29 April 2016 to 31 December 2020, having been a member of the FRC since 29 July 2014. Bill was appointed Chair of the Auditing and Assurance Standards Board (AUASB) on 1 July 2021, having acted in the role since 1 January 2021. He was also previously Chair of the AUASB from 2002 to 2004.

	Bill was consistently a facilitator of discussion and provided valuable information to the FRC during his time. Bill also established mechanisms at the FRC that are still in use today. The FRC wishes Bill all the best with his future successes.
	Public Session closed at 2:20pm