



AGENDA – 107TH FRC MEETING

Date: 6 September 2023

Time: 9.30am – 4.00pm

Location: Level 16 530 Collins Street Melbourne, Melbourne Treasury Office

Members of the public are advised that members of the Financial Reporting Council (FRC) will attend the meeting in person or via a Microsoft Teams videoconference. Members of the public may attend the meeting via Microsoft Teams although public attendance is via registration only. Members of the public should register their interest in attending the public sessions no later than 24 hours in advance of the meeting by emailing secretariat@frc.gov.au detailing:

- Name
- Affiliation
- Contact details

Registered attendees will be emailed Microsoft Teams meeting details by no later than 5 September 2023.

Item	Report by	Time
PUBLIC SESSION		
1. Introduction		9.30am
A. Attendees and apologies	Chair	
B. Declarations of interest	Chair	
C. New Acting Member	Chair	
2. Matters for noting / action		9.45am
A. Minutes of previous meeting – 5 July 2023	Chair	
B. Matters arising	Chair/Secretariat	
3. Environmental Scan		10.00am
A. Member Reflections	Chair	
B. Nominations for International Bodies	Chair	
4. Oversight of Australian Standards (Accounting and Auditing) per s225(1) to (2A)		10.30am
A. Australian Accounting Standards Board	Keith Kendall	
1. Sustainability Report		
B. Auditing and Assurance Standards Board	Doug Niven	
Morning Tea		11.00am
5. Monitoring and influencing international developments per 225(2)(e) to (2)(f) and s225(2A)(f) to (2A)(g)		11.15am

Item	Report by	Time
A. XRB Update – <i>verbal</i>	Michele Embling	
B. International developments (including recent media releases)	FRC	
6. Financial Reporting Framework Objects - Indicators per s225(1)(g)	Chair	11.30am
7. Public Sector Advisory Group per s225(2)(g), (2)(h)(i) and s225(2A)(g) and (2A)(h)(i)	Tracey Carroll	11.45am
8. Emerging issues and FRC priorities per s225(1)(a) to (d), (1)(g), (2B) and (2C)(e)	Chair	12.00pm
9. Annual Report 2022-23 Update	Chair	12.30pm
Lunch		1.00pm
10. PJC Recommendations	Chair	1.30pm
11. Other business		2.00pm
A. Nominations Committee [per s225(2)(a) and s225(2A)(a)]	FRC Nominations Committee Chair	
B. Correspondence received and sent	Chair	
C. Key Action Items Summary	FRC Secretariat	
12. Next meeting	Chair	2.25pm
Tuesday 28 November 2023 - Sydney		
NON-PUBLIC SESSION		
13. Matters for non-public session*		2.30pm
Meeting Close		4.00pm

* Agenda item 13 will be held in private. The order of agenda items may be changed during a meeting.



ATTENDEES AND APOLOGIES

DESCRIPTION

Attached are the attendees and apologies for this meeting.

ACTION

- For noting.

Participant – FRC Members	Organisation
Andrew Mills	Chair
Keith Kendall	AASB Chair
Doug Niven	Acting AUASB Chair
Suzanne Bell	KPMG
Michele Embling (Virtual)	External Reporting Board NZ (XRB) Chair
Emma Herd	EY
Tracey Carroll	Department of Finance
Rachel Grimes	Digital Finance CRC
Pru Bennet	Brunswick Group

Observers	Organisation
Tom Dickson	Treasury
Zoe Irwin	Treasury
Jodic Chan	Treasury
Athanasios Kallos	Treasury

Guests	Organisation
Luci Tucker	ASIC
Shane Barbetti	ASIC
Anne Waters	Office of the AUASB

Apologies	Organisation



DECLARATIONS OF INTEREST

DESCRIPTION

Attached are members' Declarations of Interest.

ACTION

It is recommended that the FRC:

- declare any interest that may be relevant (having regard to the meeting agenda and functions of the FRC)
- confirm the accuracy of the attached Declarations of Interest.

FINANCIAL REPORTING COUNCIL – REGISTER OF INTERESTS

as at 31 August 2023

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Mr Andrew Mills	Member, External Reporting Board (NZ) Member, Tax and Transfer Policy Institute Advisory Board Graduate Member, Australian Institute of Company Directors Chartered Tax Advisor, The Tax Institute Fellow, Australian Institute of Governance Executive Committee Member, International Fiscal Association Australia Branch	Chair, Cemeteries and Crematoria NSW Principal Fellow/Associate Professor, University of Melbourne Law School Commissioner of the Independent Planning Commission of NSW Chair, Risk & Compliance Committee, Independent Planning Commission of NSW Chair, Public Rulings Advisory Panel, Queensland Revenue Office	Director and Secretary, Ajay Investments Pty Ltd Member of Ajay Superannuation Fund (SMSF) that holds interests in listed securities and PE partnerships Son is Director, KPMG Tax & Legal Services
Dr Keith Kendall	Member, New Zealand Accounting Standards Board Fellow, CPA Australia Graduate, Australian Institute of Company Directors Member, The Tax Institute Member, Chartered Accountants Australia and New Zealand Member, Law Institute of Victoria	Chair and CEO, Australian Accounting Standards Board Treasurer, Samuel Griffith Society Member, Investment Committee, Royal Historical Society of Victoria President, Abbotsford Anglers Cricket Club	Director / shareholder / beneficiary: Cuffe Walk Pty Ltd Kendall Control Pty Ltd The Kendall Control Trust The Keith Kendall Family Trust
Mr Doug Niven	Fellow, Chartered Accountants Australia and New Zealand Observer, New Zealand Auditing and Assurance Standards Board	Acting Chair of the Auditing and Assurance Standards Board	

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Ms Suzanne Bell	Member, Chartered Accountants Australia and New Zealand	Audit Partner, KPMG Registered Company Auditor Advisor to the Audit and Risk Board Committee, St Vincent Health Australia	Domestic partner is the KPMG Chair as of 1 September 2023 for an initial term of three years.
Ms Tracey Carroll	Fellow, Chartered Accountants Australia and New Zealand (CA ANZ) Member, Public Sector Panel of the ACT Regional Council, CA ANZ	First Assistant Secretary, Shared Services Transformation Program Office, Department of Finance	
Ms Michele Embling	Chair, New Zealand External Reporting Board (XRB) Fellow, Chartered Accountants Australia and New Zealand (CAANZ) Member, Nominations and Governance Committee Member, CAANZ	Board Member, Toitū Tahua: Centre for Sustainable Finance Independent Director, Transpower New Zealand Limited Independent Director and Chair of Risk Reinsurance Limited	
Ms Emma Herd	Member, Victorian Government Independent Expert Panel on Interim Targets Member, Australian Sustainable Finance Institute (ASFI) Technical Advisory Group Member, Queensland Land Restoration Fund Investment Panel Member, Green Building Council of Australia (GBCA) Green Star Advisory Committee	Director, EMLH Pty Ltd Partner, Climate Change and Sustainability Services, Ernst and Young Oceania	Former CEO of Investor Group on Climate Change Former Environment Commissioner with the Greater Cities Commission Former Head of Sustainability and Executive Director at Westpac Institutional Bank Former Board Member, Carbon Market Institute

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Ms Pru Bennett	<p>Fellow Institute of Chartered Accountants</p> <p>Graduate Member Australian Institute of Company Directors</p> <p>Chair National Foundation for Australia China Relations</p> <p>Director UN Global Compact Network Australia</p> <p>Council Member Asian Corporate Governance Association</p> <p>Member Singapore Institute of Company Directors</p> <p>Member of the Monetary Authority of Singapore's Corporate Governance Advisory Council</p> <p>Member of Deakin University Integrated Reporting Centre Advisory Board</p> <p>Board member Asian Investor Group on Climate Change</p>	<p>Partner Brunswick Group</p> <p>Member of the Advisory Council for Oasis Capital Hong Kong</p> <p>Member of the Sustainability Advisory Council for Link REIT</p>	<p>Director of Bened Pty Limited</p> <p>Director of Milliam Pty Limited</p> <p>Director of Brunswick Advisory Pty Limited</p>

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Ms Rachel Grimes AM	Graduate, Australian Institute of Company Directors Fellow, Chartered Accountants Australia and New Zealand (CAANZ), Fellow, Certified Practising Accountant Australia (CPAA) Fellow, Institute of Practising Accountant (IPA)	Director Hub24 Limited Director Australian Payments Plus Limited Director of the Accounting Professional Standards and Ethics Board (APESB) Director and Deputy Chair of Digital Finance Co-operative Research Centre (DFCRC) Director of Loreto Ministries Limited Chair of Surfing Australia Finance and Risk Committee	Director of 1972 Investments Limited (Holds one property and some Australian ASX listed shares by family) Trustee of P Grimes Employee Provident Fund (Family SMSF owns Aust and International managed funds and listed shares)



ITEM 1C

6 SEPTEMBER 2023

NEW FRC APPOINTMENT

DESCRIPTION

The FRC welcomes the announcement that Doug Niven has been appointed as the acting AUASB Chair and acting member of the FRC.



Doug was previously Chief Accountant of the Australian Securities and Investments Commission (ASIC) where he was responsible for strategy and policy on financial reporting and audit, and complex and technical accounting and audit matters and issues, and external stakeholder liaison. He also had operational responsibility for ASIC's financial reporting surveillances and audit firm inspections from 2008 to 2021 and continued to have a key role in those programs.

Doug was a member of Committee 1 of the International Organisation of Securities Commissions on Accounting, Audit and Disclosure (IOSCO C1), the IOSCO Sustainability Technical Review Coordination Group, the IOSCO Sustainability Assurance Working Group, the IOSCO ISSB Protocols Working Group and the International Forum of Independent Audit Regulators (IFIAR).

He was a member of the IFIAR Global Audit Quality Working Group which met with the largest six firms globally to discuss initiatives to improve audit quality. He was also a member of the IOSCO Auditing and Accounting Subcommittees, the IFIAR Board, the IFIAR Global Audit Quality Working Group, the IFIAR Standards Coordination Working Group and the IFIAR Enforcement Working Group, the IFIAR Inspection Survey Task Force and the IFIAR Sustainability Task Force. He represented IOSCO Committee 1 at the Monitoring Group during the development of the reforms of the international auditing and ethical standard setting arrangements.

Doug was a past Chair of the IOSCO Auditing Subcommittee, the IOSCO IFRS Information Sharing Subcommittee and the IFIAR International Cooperation Working Group.

Doug has more than 40 years of experience in financial reporting and audit. He joined ASIC in 1998 and was at Deloitte Touche Tohmatsu from 1983 where he audited companies in the financial services sector and other industries.



MINUTES OF PREVIOUS MEETING

DESCRIPTION

Attached are the minutes from the FRC meeting held on Wednesday 5 July 2023, which were approved out of session and have been published on the FRC website.

Action items are summarised in item 3C.

ACTION

- For noting.

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																																						
	<table border="1"> <thead> <tr> <th>Members in attendance:</th> <th>Observers:</th> </tr> </thead> <tbody> <tr> <td>Andrew Mills (FRC Chair)</td> <td>Zoe Irwin (Treasury)</td> </tr> <tr> <td>Dr Keith Kendall (AASB Chair)</td> <td>Jodic Chan (Treasury)</td> </tr> <tr> <td>Bill Edge (AUASB Chair)</td> <td>Cooper Tym (Treasury)</td> </tr> <tr> <td>Suzanne Bell (KPMG)</td> <td>Athanasios Kallos (Treasury)</td> </tr> <tr> <td>Rachel Grimes (Digital Finance CRC)</td> <td>Lachlan Alvey (Treasury)</td> </tr> <tr> <td>Emma Herd (EY)</td> <td></td> </tr> <tr> <td>Michele Embling (XRB Chair)</td> <td></td> </tr> <tr> <td>Tracey Carroll (Department of Finance)</td> <td></td> </tr> <tr> <td>Pru Bennett (Brunswick Group)</td> <td></td> </tr> <tr> <th>Apologies:</th> <th>Guests:</th> </tr> <tr> <td></td> <td>Sam Hurley (Treasury)</td> </tr> <tr> <td></td> <td>Bill Edge (Former AUASB Chair)</td> </tr> <tr> <td></td> <td>Doug Niven (ASIC)</td> </tr> <tr> <td></td> <td>Greg Yanco (ASIC)</td> </tr> <tr> <td></td> <td>Thea Eszenyi (ASIC)</td> </tr> <tr> <td></td> <td>Anne Waters (AUASB)</td> </tr> <tr> <td></td> <td>Justin Williams (AASB/AUASB)</td> </tr> <tr> <td></td> <td>April McKenzie (XRB)</td> </tr> </tbody> </table>	Members in attendance:	Observers:	Andrew Mills (FRC Chair)	Zoe Irwin (Treasury)	Dr Keith Kendall (AASB Chair)	Jodic Chan (Treasury)	Bill Edge (AUASB Chair)	Cooper Tym (Treasury)	Suzanne Bell (KPMG)	Athanasios Kallos (Treasury)	Rachel Grimes (Digital Finance CRC)	Lachlan Alvey (Treasury)	Emma Herd (EY)		Michele Embling (XRB Chair)		Tracey Carroll (Department of Finance)		Pru Bennett (Brunswick Group)		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)
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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.</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 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 and whether 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 efforts to contact stakeholders.</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>

	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.
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 extensive stakeholder meetings in London with international board members 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 they satisfy themselves.</p> <p>Members discussed the activity of international standard setters on the subject of intangible assets.</p>
5.D	Asia Pacific Climate 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> <p>Tracey discussed capacity constraints in the audit profession and the value of implementing sustainability assurance.</p>
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 financial statements and parliament, 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 promised 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.

	<ul style="list-style-type: none"> 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 and whether 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
	<p>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.</p> <p>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.</p>
	Public Session closed at 2:20pm



ITEM 2B

6 SEPTEMBER 2023

MATTERS ARISING

DESCRIPTION

Attached are the matters arising from the FRC meeting held on Wednesday 5 July 2023.

As agreed at the 10 December 2021 meeting, the historical 'ongoing items' list has been removed. However, the FRC Secretariat will maintain a record of the items which were recorded under 'Public Sector Issues'.

Actions items have been separated between ongoing action items and action items with deadlines.

ACTION

For noting.

MATTERS ARISING – MASTER

5 JULY 2023 ACTION ITEMS

Number	ISSUE	Action required	Owners	Status
1.	OVERSIGHT OF AASB AND AUASB	The AASB and AUASB to draft initial/preliminary thought leadership documents about the scope of reporting and assurance requirements, including emerging issues and investor expectations.	AASB and AUASB	In progress – an update to be provided at the June 2024 quarterly meeting.
2.	DIGITAL REPORTING	The FRC to write a letter to the Treasurer on digital reporting and whether it should be mandated.	FRC Secretariat	In progress
3.	SUSTAINABILITY	Emma Herd to circulate a list of proposed sustainability stakeholders to FRC members.	Emma Herd	In progress – email has been sent to Emma
4.	NOMINATIONS COMMITTEE	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	Not yet commenced
5.		Rachel and Pru to be added to the Nominations Committee	FRC Secretariat	Complete – Members agreed to the appointments on 2 August 2023.
6.	IFRS	The FRC Secretariat to research whether carbon-intensive operators are having issues with access to capital, given observations by FRC members.	FRC Secretariat	Complete – Agenda item 6 of September quarterly meeting.

MATTERS ARISING – MASTER

Number	ISSUE	Action required	Owners	Status
7.		Siobhan to circulate IFRS S1 and IFRS S2 Effects Analysis prepared by the ISSB	Siobhan	Complete – Papers circulated to members on 12 July 2023
8.	STAKEHOLDER ENGAGEMENT	Add Australian Council of Superannuation Investors (ACSI) and the Financial Services Council (FSC) to the FRC’s stakeholder list.	Pru Bennett/FRC Secretariat	In progress

MATTERS ARISING – MASTER

ONGOING MATTERS

Number	Issue	Action required	Owners	Status
1.	STAKEHOLDER ENGAGEMENT	FRC members to use stakeholder engagement to identify people with skills to be a PIOB, AUASB and AASB candidate.	FRC	Ongoing
		The FRC to continue seeking targeted feedback on strategic issues through its Stakeholder Reports and one-on-one high level stakeholder engagement to monitor the matters referred to in the ASIC Act (such as professional ethics) on a periodic basis	FRC	Ongoing – FRC to continue sending out Stakeholder Report requests and the FRC Chair to continue meeting with stakeholders.

MATTERS ARISING – MASTER

Number	Issue	Action required	Owners	Status
2.	AUDIT QUALITY	<p>Anne Waters and the FRC Chair to continue the work on the Audit Quality Action Plan and the Audit Quality Management Review</p> <p>Updates suggested at the 10 March 2023 Quarterly Meeting to be made to the audit quality action plan</p>	FRC	Ongoing – FRC to be updated on the progress at each quarterly meeting.
4.	FRC STRATEGY AND FUNCTIONS	<p>The FRC to discuss the AASB and AUASB Annual Report each year to discuss any feedback on budget, staffing, business plans and priorities, and to assess the effectiveness of the Boards’ consultation processes.</p>	FRC	Ongoing – the FRC to consider the AASB and AUASB’s Annual Report each November at its quarterly meetings.
		<p>The AASB and AUASB to bring any changes to their due processes, in relation to the development accounting and auditing standards, before the FRC.</p>	FRC	Ongoing – AASB and AUASB to advise the FRC when appropriate.
5.	INTERNATIONAL STANDARDS SETTING	<p>The FRC to identify any sustainability matters not covered by the AASB, AUASB’s and any other Government consultations. Based on this assessment, the FRC to undertake stakeholder engagement to inform any guidance for the two Boards and to advise the Government, and to develop and educative piece.</p>	FRC	Ongoing

MATTERS ARISING – MASTER

Number	Issue	Action required	Owners	Status
6.	TALENT ATTRACTION AND RETENTION	The FRC to continue to monitor talent attraction and retention in the audit and accounting profession.	FRC	Ongoing
7.	OTHER	FRC Secretariat to circulate relevant media clippings about financial reporting and audit to all FRC members.	FRC Secretariat	Ongoing



ITEM 3A

6 SEPTEMBER 2023

MEMBER REFLECTIONS

DESCRIPTION

Members to update the FRC with contemporary and relevant matters from their fields of expertise including domestic and international events that may impact the Australian financial space.

ACTION

For discussion.



NOMINATIONS FOR INTERNATIONAL BODIES

DESCRIPTION

A strategic function of the FRC is to influence international accounting and auditing developments, particularly by promoting suitably qualified Australians and New Zealanders for appointment to key international boards. As such, the FRC has been monitoring opportunities to represent Australia and New Zealand on international boards. Currently, the representation is as follows:

- IASB – Ms Ann Tarca
- IAASB – Mr Bill Edge
- IAASB’s Sustainability Assurance and Fraud Task Force – Mr Bill Edge
- IESBA – Mr Channa Wijesinghe
- NSS Sustainability Forum established by the UK Endorsement Board – Ms Siobhan Hammond and Ms Nikole Gyles
- IFR4NPO Steering Group – Ms Kris Peach
- SME Implementation Group – Mr Fridrich Housa

Currently Advertised Roles

The IFRS Advisory Council and the Stakeholder Advisory Council (SAC) have recently advertised for candidates.

The IFRS Advisory Council is the formal strategic advisory body to the Trustees of the IFRS Foundation, the International Accounting Standards Board and the International Sustainability Standards Board. It consists of a wide range of representatives, comprising individuals and organisations with an interest in international financial reporting.

- The focus of the Advisory Council is to provide strategic support and advice to the IFRS Foundation. It meets in London at least twice a year for a period of two days.
- The Trustees are seeking nominations from organisations with knowledge and interest in international corporate reporting to support the IFRS Foundation’s work. These may include representatives from global, regional or local organisations and from developed and emerging and developing economies.

- It is expected that nominated individuals will be highly experienced persons in their organisation and be competent in advising on strategy and able to help shape the future of corporate reporting.
- *Please indicate interest by sending a covering letter, letter of support from the organisation that is to be represented and curriculum vitae by **29 September 2023** to Michel Madelain, Chair of the Nominating Committee, by email to jrobinson@ifrs.org. Further information can be found [here](#).*

The Stakeholder Advisory Council (SAC), a key element of recent governance reforms, will provide strategic advice to both the International Auditing and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA) in developing standards. It replaces the IAASB and IESBA Consultative Advisory Groups.

- The Invitation for Application (**Attachment A**) outlines the opportunity for experienced individuals from various relevant stakeholder perspectives and the expectations for SAC members.
- Applications are welcome until **September 30, 2023**.

ACTION

The FRC to suggest nominations to these bodies.



ITEM 4A

6 SEPTEMBER 2023

AASB CHAIR REPORT

DESCRIPTION

AASB Chair's Report will cover the key activities undertaken during June - September 2023.

ACTION

For noting.



ITEM 4A.1

6 SEPTEMBER 2023

AASB CHAIR REPORT – SUSTAINABILITY REPORTING UPDATE

DESCRIPTION

The AASB Chair's Sustainability Report will cover the key sustainability activities undertaken during June - September 2023.

ACTION

For noting.



ITEM 4B

6 SEPTEMBER 2023

AUASB CHAIR REPORT

DESCRIPTION

The AUASB Chair's Report will cover the key activities undertaken during July – September 2023.

ACTION

- For noting.



ITEM 5A
6 SEPTEMBER 2023

XRB UPDATE

DESCRIPTION

Report by Chair of the XRB, Michele Embling.

Attachment A provided by the XRB (for internal viewing only).

ACTION

- To note



INTERNATIONAL DEVELOPMENTS

DESCRIPTION

Attachment A provides a summary of key recent media releases by international financial reporting bodies and other stakeholders.

Attachment B provided by the XRB, is a detailed update on developments in the financial and climate reporting landscape (for internal viewing only).

Attachment C is the Global Regulatory Report July 2023 that summarises globally significant public policy and regulatory developments impacting the accounting and auditing profession (for internal viewing only).

ACTION

- For noting.

ATTACHMENT A

RECENT MEDIA RELEASES

Sustainability

[The International Auditing and Assurance Standards Board \(IAASB\) and sustainability reporting standards](#) - will serve as a comprehensive, stand-alone standard suitable for any sustainability assurance engagements.

[ISSB proposes digital taxonomy of sustainability info](#) – Press ‘F9’ to avoid the pay wall and read the full article.

[IFRS Sustainability Disclosure Standards endorsed by international securities regulators](#)

UK FRC

[UK FRC Consults on Strengthening Ethical Standards for Auditors](#)

Relative to the UK FRC News article:

[APESB spoke to legislating ethics standards - Public accountability and works committee meeting, NSW government's use and management of consulting services, page 36](#) -

CHANNA WIJESINGHE: Thank you, Nancy. The potential measures—and these are APESB's preliminary views of measures or actions that might be taken to address the issues that have arisen in the accounting profession, which need to be further researched and consulted upon. The first one is provide legislative backing for APESB's ethical standards by moving APESB under the oversight of the FRC consistent with the other Australian accounting and auditing standard setters. The APESB should develop a standard that focuses on large firm culture and governance in the Australian environment based on the UK FRC's audit firm governance code. APESB, in conjunction with IESBA, both work strengthening the global code on issues that impact firm culture and governance.

The Big 4

Accounting firm EY has called off its plan to [break up its auditing and consulting divisions](#)

[A decline in the big four's auditing quality stokes fears of an Enron-style corporate collapse](#) - data reveals that 97 per cent of the external audit work of the ASX 300 companies was done by the big four

[Why the big four could decide to sever their tax arms](#) - new \$780 million fine for tax adviser misconduct

PJC Inquiry

PJC Inquiry into audit regulation – [CAANZ urges government response](#)



FINANCIAL REPORTING FRAMEWORK OBJECTS-INDICATORS

DESCRIPTION

At previous quarterly meetings, the FRC has indicated an interest in understanding whether carbon-intensive operators are experiencing issues with access to capital. The FRC Secretariat has sourced some media commentary on this topic.

Based on the sources in Attachment A, it appears that there is evidence to suggest that while there are some restrictions on access to capital, it has not been significantly affected on the whole. As it pertains to access to capital for carbon-intensive operators, high prices and longer journeys from rerouted exports drove the increased working-capital needs of coal traders last year. Although finance for new projects is getting harder to attain, it is still available. A fundamental problem of relying on finance to limit fossil fuels is that it does not target the demand for them.

ACTION

- FRC to note the media summary at **Attachment A**.



ATTACHMENT A

Headline: Who is keeping coal alive?

Source: The Economist

Date: 04/06/2023

Link: <https://www.economist.com/finance-and-economics/2023/06/04/who-is-keeping-coal-alive>

- As the need to power cooling units rises in the summer, coal imports will accelerate. Traders expect global use to grow by another 3-4% this year.
- More than 200 of the world's largest financiers, including 87 banks, have announced policies restricting investments in coal-mining or coal-fired power plants. Lenders representing 41% of global banking assets have signed up to the Net-Zero Banking Alliance, pledging to align portfolios with net-zero emissions by 2050. At the COP26 summit in 2021, the UN predicted that this campaign would "consign coal to history".
- Even with a speedy Western exit from coal, Boston Consulting Group thinks thermal coal demand will fall by just 10-18% between now and 2030. The research suggests global coal market will continue to meet demand because there will be cash for three vital links in the supply chain: trading and shipping, more digging at existing mines, and new projects. Modelling suggests high prices, together with the longer journeys made by rerouted exports, buoyed the working-capital needs of coal traders in 2022.
- Commodity merchants retain access to generous sources of liquidity to finance coal purchases. One is corporate borrowing, via multi-year bank loans or bonds, which gives firms a lump sum they can use however they want. Traders can also draw on short-term, revolving credit facilities, provided by clubs of banks. Many such lines have been expanded since the start of 2022.
- Since 2018 many mining "majors" (large, diversified groups listed on public markets) have sold some or all of their coal assets. Yet rather than being decommissioned, disposed assets have been picked up by private miners, emerging-market rivals and private-equity firms. New owners have no qualms about making full use of mines.
- Miners have been printing money. Australia's three biggest pure-play coal producers went from posting net debt of \$1bn in 2021 to \$6bn in net cash last year. They have repaid most of their long-term borrowing, so have no big deadlines to meet soon.
- Coal-exclusion policies of financial firms are wildly inconsistent. Many do not kick in until 2025. Some cover only new clients. Others prohibit financing for projects, but not general corporate loans that miners may use to dig for coal. Some policies are vaguely worded to allow for exemptions.



- Although finance for new projects is getting harder to attain, it is still available. As Western banks retreat, other players are coming to the fore. The picture in Asia is different. Banks remain on the scene. Supply constraints will keep prices high.

Headline: The struggle to kill King Coal

Source: The Economist

Date: 08/06/2023

Link: <https://www.economist.com/leaders/2023/06/08/the-struggle-to-kill-king-coal>

- Another article about lenders signing up to the Net-Zero Banking Alliance, which pledges to align portfolios with achieving net-zero emissions by 2050.
- Many pledges do not come into force until later in the decade; others cover only new customers or new mines, or exclude miners deriving only a portion of their revenues from coal.
- As a result, 60 large banks helped channel \$13bn towards the world's largest coal producers last year.
- All this points to a fundamental problem of relying on finance to limit fossil fuels: it does not target the demand for them. Properly pricing carbon would reduce global demand for fossil fuels; a carefully designed carbon border tariff, which taxed imports that use dirtier forms of energy, could encourage manufacturers around the world to clean up production.

Headline: Financiers' move away from coal is accelerating, report says

Source: Reuters

Date: 04/05/2023

Link: [Financiers' move awa...~https://www.reuters.com/business/sustainable-business/financiers-move-away-coal-is-accelerating-report-2023-05-03/](https://www.reuters.com/business/sustainable-business/financiers-move-away-coal-is-accelerating-report-2023-05-03/)

- Institute for Energy Economics and Financial Analysis (IEEFA) reviewed the formal coal exit policies of financial institutions including commercial banks, global asset managers, insurance and reinsurance companies, pension funds, central banks, development lenders and others. The increase in restrictions comes amid record profits at coal miners over the past year, partly driven by the policies that have curbed available capital for new projects, increasing regulation, as well as by the war in Ukraine.



- Asia has shown a big increase in the number of financial institutions barring coal, climbing to 41 from 10 across 2013-2019. European lenders and insurers meanwhile are setting down stricter policies than those in other regions, IEEFA said.
- Most financial institutions restrict investments in coal-fired power plants and thermal coal mining, however increasingly tougher restrictions target all financial services and products.
- Tougher restrictions relate to corporate finance, project finance, underwriting and investment but also extend to wider coal activities such as coal gasification, super-critical coal power plants, and coal for rail and port infrastructure, IEEFA said.

Headline: Why do some countries receive more international financing for coal-fired power plants than renewables? Influencing factors in 23 countries

Authors: *Achmed Edianto, Gregory Trencher, Kazuyo Matsubae.*

Date: February 2022

Link: <https://www.sciencedirect.com/science/article/pii/S0973082621001484>

- This article analysed the factors that encourage international financing toward either coal or renewables in countries receiving international financial support for power generation sectors. The results indicate that countries characterised by the combined absence of strong policies supporting renewables and carbon price adoption are most likely to receive more financing for coal power. Two other factors—the presence of bilateral agreements promoting coal-industry development, and the absence of carbon price adoption—can also explain why some countries receive greater public financing from foreign institutions toward coal than renewables.
- Rather than merely trying to curb the flow of international financing to coal power, recipient countries could focus efforts on improving their investment environment to be more friendly to renewable energy. Negotiating bilateral or multilateral agreements that affect infrastructure and energy resource development is a crucial instrument where commitments to decarbonized electricity generation need to occur.
- In parallel, the importance of carbon pricing regulation should be accounted for. As suggested by the prevalence of carbon pricing schemes in the sampled countries receiving more financing for renewables, the political and socio-economic feasibility to introduce such regulations in the many countries still building coal-fired power plants may be a crucial determinant of the carbon intensity of future financing in the power sector.



Headline: Shut off from conventional capital, US coal companies seek creative options

Source: S&P Global

Date: 02/06/2021

Link: [Shut off from conven...~https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/shut-off-from-conventional-capital-us-coal-companies-seek-creative-options-64515285](https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/shut-off-from-conventional-capital-us-coal-companies-seek-creative-options-64515285)

- Increased investor focus on environmental, social, and governance issues has been increasing the pressure on the U.S. coal sector, particularly for producers supplying coal to domestic electricity generators. While the COVID-19 pandemic weighed on the broader economy in 2020, companies in other industrial sectors were still able to tap into debt issuances such as unsecured bonds and secured term loans.
- A growing list of banks, insurance companies and other financial institutions around the world are making public pledges to exclude coal or other fossil fuels from investment portfolios and customer bases. Pressure to address ESG issues is limiting coal's access to capital more than decisions based on internal rates of return or other metrics.
- The alternative forms of financing coal companies have tapped into are generally more expensive than term debt. However, many coal companies already have expensive notes and are able to use the financings to pay down higher-rated debt.



ITEM 7

6 SEPTEMBER 2023

PUBLIC SECTOR ADVISORY GROUP

DESCRIPTION

Verbal update provided by Chair of the PSAG, Tracey Carroll.

ACTION

- FRC to note the PSAG information.

ATTACHMENT A



EMERGING ISSUES AND FRC PRIORITIES

TALENT RETENTION

DESCRIPTION

In March 2023, the Chair and Deputy Chair of the FRC met with Jobs and Skills Australia (JSA) and the Department of Home Affairs (Home Affairs) to discuss the data related to the accountant and auditor profession, namely the Australia Skills Priority List from JSA and the Skilled Migration Program (SMP) from Home Affairs. From the meetings, the FRC, JSA and Home Affairs agreed that the emergence of sustainability reporting will pose additional challenges for the companies that hire auditors and accountants in the near future. The Professional Accounting Bodies are already reporting a critical shortage of labour in the sector and as companies develop strategies to pre-empt mandatory sustainability reporting, the present audit workforce will need to grow, companies will need to advertise quickly, and it is unclear whether there is adequate supply to fill the labour shortage in a timely manner.

While the FRC continue to monitor the data released by JSA and Home Affairs, there are more fundamental and longer term challenges in the reasons for shortages. For example, the number of people who are enrolling in tertiary courses related to the profession has been steadily dropping. In correlation, the number of job vacancies in the profession have increased significantly with the average role taking three to six months to fill. A letter from Chartered Accountants Australia and New Zealand (CA ANZ) to the Australian Universities Accord Panel (**Attachment A**) provides high quality data on vacancy rates, domestic issues and university enrolment statistics that illustrates the need for action.

Currently, the Professional Accounting Bodies have levels of membership that entail extensive requirements to obtain full membership status. As the requirements can take several years and can be considered challenging to some it is important to support the growth of the profession by looking at alternative pathways to encourage participation in the accounting and auditing sector. Changes to these requirements could be considered to encourage membership. For example, CA ANZ offer a range of pathways to increase opportunity to study the CA Program including:

- Complete CA Program subjects while not in employment.
- Start CA Program subjects while completing your final bridging units.
- Use Flexible Pathways to access the CA Program without an accredited degree.

Further, to gather additional insights into the attraction and retention of staff, the Association of Chartered Certified Accountants (ACCA) and CA ANZ are working on a survey to develop recommendations to successfully recruit and retain professionals. The survey will assess the views of university students, CA Program candidates, and CA ANZ members as well as students and members from other IFAC member bodies.



The objective of this paper is to facilitate a discussion about what relevant data and overseas examples might assist in provided an informed recommendations to Government that would support the accounting and auditing profession and implement measures to help the profession grow.

ACTION

- Members to discuss the information required to advise government of the skill shortages in the accounting and auditing profession and recommend the assistance of growth for the profession.

Monday, 19 December 2022

Australian Universities Accord Panel
Chair, Professor Mary O'Kane
c/o Department of Education

Lodged online

Dear Professor O'Kane

Priorities for the Australian Universities Accord

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to provide initial comments on our priorities for the review of Australia's higher education system to be led by the Australian Universities Accord Panel.

Our comments are informed by the terms of reference and focus on:

1. Meeting Australia's knowledge and skills needs, now and in the future;
2. Access and opportunity, including improving access to higher education and increasing access and participation of students from underrepresented backgrounds;
3. Investment and affordability, with a focus on review of the Job-ready Graduates Package; and
4. The connection between the vocational education and training and higher education systems, including exploring possible opportunities to support greater engagement and alignment.

CA ANZ represents more than 135,000 accounting and finance professionals. CA ANZ is also a professional accrediting body and a TEQSA registered provider of higher education in the category of Institute of Higher Education. We make this submission on behalf of our members and in the public interest.

Appendix A provides our detailed views and Appendix B provides more information about CA ANZ.

CA ANZ also welcomes participation in the panel's further in-depth consultations during 2023.

Should you have any questions about our submission or wish to discuss it with us, please contact CA ANZ Australian Government Affairs Leader Sarah Davidson at sarah.davidson@charteredaccountantsanz.com or phone +61 2 9290 5639.

Sincerely,

Simon Grant FCA FCCA GAICD
Group Executive, Advocacy and International

Simon Hann
Group Executive, Education

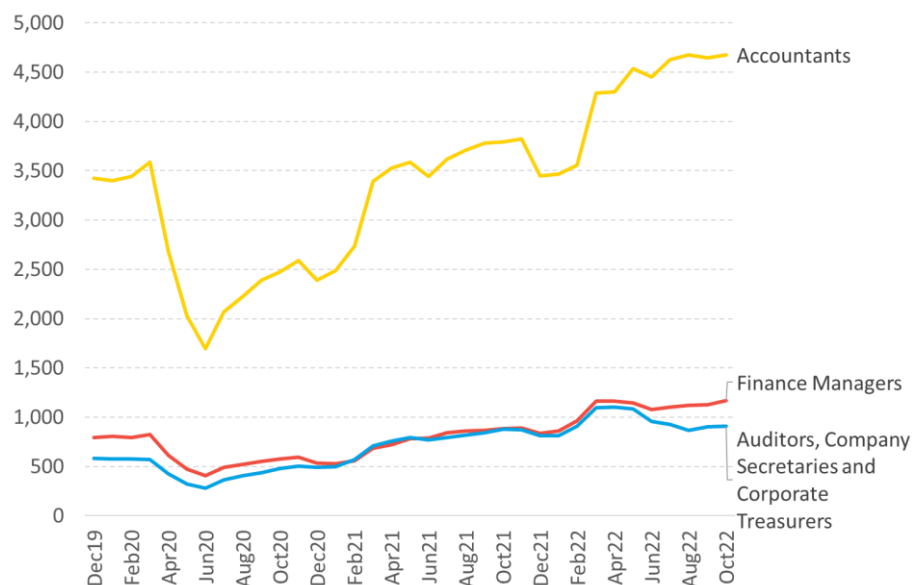
Appendix A

Meeting Australia's knowledge and skills needs now and in the future

The National Skills Commission's Skills Priority List released in September 2022 revealed the vast extent of Australia's skills shortage. The number of occupations looking for skilled workers has almost doubled in 2022, rising to 286 from 153 in 2021.¹

The skills shortage was nominated as the number one issue by Australia's top 100 accounting firms for two years running.² As Australia rebounds from the pandemic, vacancies in accounting and finance roles are running high. The latest Jobs and Skills Australia data on the number of advertised job vacancies for Accountants (October 2022) is three times the level recorded during the peak of lockdowns in June 2020 (refer to **Figure 1**).

Figure 1 Vacancies for accounting and finance professionals are running high
Three month moving average level of advertised vacancies



Source: Jobs and Skills Australia (October 2022) Internet Vacancy Index IVI Detailed Occupation Data, published in November.³

In CA ANZ's recruitment and skills survey of 378 Australian member organisations, conducted in December 2022, respondents identified current skills shortages across each of the following ANZSCO occupations – Finance Managers, Accountant (General), Management Accountants, Taxation Accountants, Corporate Treasurers, External Auditors and Internal Auditors. The highest number of job vacancies were for External Auditors, Management Accountants, Taxation Accountants and General Accountants.

In an earlier survey in July this year, CA ANZ also separately captured the experiences of 18 Australian professional services and audit firms, both large and small. The survey found that there were close to

¹ National Skills Commission [2022 Skills Priority List](#).

² Wootton, H (2022) [The No. 1 problem for accountants \(for the second year in a row\)](#), Australian Financial Review, 14 November.

³ Jobs and Skills Australia, [Internet Vacancy Index IVI Detailed Occupation Data \(October 2022\)](#), published in November.

1,000 audit job vacancies, up from 888 in 2021, and almost 2,000 non-audit / consulting vacancies across all firms surveyed. The roles were mostly for junior and intermediate level professionals, and on average the roles were taking three to six months to fill.⁴

Tight labour market conditions are manifesting in employers offering higher remuneration packages to attract and retain talent. CA ANZ's latest remuneration survey, completed by more than 7,700 members and released earlier this month, calculates that median total remuneration grew by an astounding 11 percent in both Australia and New Zealand.⁵ A FY22/23 Hays survey of Australian employers found that 91 percent are experiencing a skills shortage, 77 percent in accounting and finance have offered higher salaries than planned, and almost four out of five (78 percent) expect that skill shortages will impact their operations or growth.⁶ This echoes what we are hearing from the profession.

Another area of pressing skills shortages, which is highly relevant to accounting, is for data and digital skills. Demand is outstripping the supply of skills in automation, AI, data analytics and cyber security. If Australia can better meet the demand for these skills, it opens up new opportunities, as data and digital skills are amongst the fastest growing emerging skills⁷, they are transferrable across a range of occupations and sectors and are core to solving some of our biggest problems.

Skilled professionals are also needed to enable organisations to respond to increasing stakeholder demand for sustainability-related disclosures, as well as the assurance of these disclosures. And accounting, audit and finance professionals have a significant role to play in supporting climate change mitigation and adaptation efforts. As this area is continually evolving, so too is the skillset needed to be able to respond to stakeholder demand. In Australia, individuals and organisations are working to develop these capabilities. However, domestic capability will take time to develop.

Currently, there is an ongoing and critical shortage of these professionals in Australia, and also globally. Skilled migration may be able to provide an immediate solution to this shortage, particularly while domestic talent develops, acknowledging however that Australia will be competing with other jurisdictions for these skillsets.

The changing future of work

Jobs are not a constant. They come, they change, and they go as global engagement shifts, consumer preferences evolve, technology advances, employers adopt new and innovative ways of doing business, regulatory requirements change, public expectations surrounding environmental, social and governance (ESG) increase, and workers alter their work habits.

Using the jobs filled by accounting and finance professionals as a case study for the purpose of illustration, some jobs that these professionals traditionally filled are being phased out as technological advances and new ways of working displace routine, highly repeatable tasks. Research commissioned by CA ANZ calculates that over the decade to 2028, 27 percent of traditional accounting jobs will disappear from the labour market or be significantly reshaped.⁸

⁴ Source: [CA ANZ Survey on recruitment challenges and visa delays](#), July 2022.

⁵ [CA ANZ Member Remuneration Survey](#), December 2022.

⁶ FY22/23 [Hays Salary Guide](#).

⁷ National Skills Commission, [The State of Australia's skills 2021: now and into the future](#).

⁸ Hann, S and Bowles, M (2020) What was really happening pre-COVID19? Presentation to AFAANZ Conference, July. Note that accounting jobs are more narrowly defined in this research finding than elsewhere in this presentation. Included are Accountants, Auditors, Company Secretaries and Corporate Treasurers Finance Managers are not included.

Other accounting and finance jobs are changing. CA ANZ research predicts nearly half (48 percent)⁹ will require reskilling. While titles may remain unchanged, expectations regarding tasks performed will not. For instance, higher emphasis on cognitive abilities and data skills have become a critical element of new and reshaped accounting roles. Indeed, to be more 'future-proof' both the accounting workforce and individuals need to augment their technical skills with the ability to be flexible, innovative, and adaptive to maintain resilience in the face of significant turbulence.¹⁰

Importantly, with new technology, many new accounting and finance jobs are emerging. CA ANZ research foresees that 22 percent of roles filled by accounting professionals over the decade will be new.¹¹ This includes roles such as data scientists, cybersecurity architects, service delivery analysts, agile project managers, financial analysts and systems accountants.¹² What sets these jobs apart is that they encompass tasks that previously did not exist or, if they did, were not considered the domain of accounting and finance professionals.

Accounting and finance skills will continue to provide a strong foundation for these new emerging jobs that sit outside traditional accounting and finance roles. Change is a constant which will need to be accommodated in the development of Australia's skills and education system, and a complementary migration system that is agile enough to meet the evolving needs of the future.

Failure to address shortages in accounting, finance, data, digital and the hundreds of other areas needed to build Australia's productive capacity increases the risk of a deeper economic slowdown than the one currently forecast. GDP growth has been revised down to 1.5 percent in 2023-24.¹³

Immediate recommendations

Make digital, financial and sustainability capability an integrated endeavour of programs of learning. CA ANZ has recently launched a new suite of data education products. CA ANZ has also added new subjects to the Chartered Accountants (CA) Program pathway to the Chartered Accountant (CA) designation recognising the changing landscape of the profession including Sustainability, Risk, Data Analytics and Insights.

Commit ongoing funding to review and maintain the Australian and New Zealand Standard Classification of Occupations (ANZSCO). Given the constancy of change indicated above, CA ANZ was pleased to note the recent release of the [ANZSCO Maintenance Strategy](#). This is essential for the continued relevance of an occupational classification. Particularly given that it is not just used for statistical collection purposes. Importantly it is the current basis for Australia's approach to skilled migration. We understand that implementation of the ANZSCO Maintenance Strategy is contingent on the lead time required for field testing and the resources required to support implementation. We encourage government to allocate appropriate resources in the Australian Bureau of Statistics (ABS's) baseline funding.

⁹ Hann and Bowles (2020) *op cit*.

¹⁰ Bowles, M, Ghosh, S, and Thomas, L (2020) Future-proofing accounting professionals. *Journal of Teaching and Learning for Graduate Employability*, 11(1), 2–23.

¹¹ Hann and Bowles (2020) *op cit*.

¹² *Ibid*.

¹³ Commonwealth of Australia (2022) [Budget Strategy and Outlook, Budget Paper No 1](#), Budget October 2022-23, p 6.

Medium to longer term recommendations

Support life-wide¹⁴ and lifelong learning.

Make the Australian Skills Classification (ASC) a living open skills taxonomy that is continuously updated. Skills are the current and future currency of jobs. Developing a common language that can be used by all, including employers, education and training providers, assessors and others, enables changes in the skills demanded to be met by changes in skills supplied. However, to enable this to happen requires continuous updating, drawing on both artificial intelligence, such as machine learning, and the intelligence of official data sources (such as the Census), key intermediaries and third-party sources. Key intermediaries are employer representatives including professional bodies, education and training providers and assessors. Recommended third party sources are [Lightcast's datasets](#) as they capture employer demands, and LinkedIn's Talent Insights for candidate capabilities.

Bring the processes for reviewing and updating ANZSCO and ASC together: This will facilitate consistency and enable all relevant data sources to be taken into account, along with the insights of all relevant parties.

Access and opportunity

Medium to longer-term recommendations

More needs to be done to dismantle the barriers for Australia's First Nations Peoples, encourage and support their pathways into business-relevant fields of work and study, and to enhance the credentials of those already in business by investing in their business capabilities, including accounting and finance skills. Three indications of the enormity of this opportunity are that: (1) First Nations Australians own or have rights or interests to a massive 42% of Australia's land mass under various forms of title and legislation, and in the future could conceivably own more than half¹⁵; (2) Public sector demand to procure goods and services from First Nations businesses is at record levels due to the procurement policies of Commonwealth and State Governments; and (3) so too is private sector demand.¹⁶ While the opportunity is significant, there is a risk that First Nations Australians and businesses do not take advantage of it. As an indicator, in 2020 a mere 1.2% of domestic students enrolled in higher education programs of Management of Commerce were of Aboriginal or Torres Strait Islander descent. This compares poorly against the 2% share for all fields of education and sits well below population parity.

Reintroduce participation targets for disadvantaged groups, not only for higher education but also for all post-secondary education. While CA ANZ acknowledges the good intent of quarantining the increased places in our universities in particular fields for these groups, we recommend against such selectivity as: (1) it constrains choices regarding both fields and pathways; and (2) as the point above indicates, breaking the cycle of disadvantage requires the growth of business capabilities, yet business is not one of the fields targeted.

¹⁴ Life-wide learning includes all types of learning and personal development – learning and development in formal educational environments which is directed or self-managed and learning and development in informal (non-educational) settings: <https://www.lifewideeducation.uk/lifewide-learning.html>

¹⁵ National Native Title Tribunal.

¹⁶ [Business Council of Australia \(2020\) Indigenous Engagement Survey 2019 Summary Report and Highlights from the Past Decade.](#)

Investment and affordability

Enrolments in university degrees that typically lead to careers in the accounting profession in Australia and New Zealand are in decline. This macrotrend is happening in the face of increasing demand for accounting and auditing professionals and the well-documented skills shortages.

Most people seeking to enter the accounting profession as members of CA ANZ are graduates of Management and Commerce qualifications from higher education institutions in Australia and New Zealand.

CA ANZ has taken a number of steps to address this issue, including opening new pathways through the introduction of a non-degree pathway as an additional academic-entry pathway to the CA program to commence in Q2 2023, applying to the Australian Government to become an approved provider of the Australian Government FEE-HELP contingent loan scheme, and looking at ways to attract new talent to the profession.

Domestic issues

In Australia, commencements in both undergraduate and postgraduate Accounting higher education programs have been declining for domestic students since 2012, and undergraduate enrolments in Management and Commerce degrees have been declining for domestic and international students since 2016.

Since 2021, the Australian Government's Job-ready Graduates Package has helped to reduce the personal cost of pursuing higher education in disciplines deemed as 'national priorities' such as nursing and science. However, Norton's research¹⁷ found that fields of study with decreased Commonwealth funding had the opposite impact. There were corresponding declines in undergraduate enrolments for those with reduced Commonwealth support, and Management and Commerce had the largest decline.

Funding changes, though, are unlikely to be the sole cause of declining enrolments, as the trend was already underway prior to 2021. Regardless of the underlying cause, declines in undergraduate enrolments in Management and Commerce in 2021 will flow on to reduced numbers of graduates eligible to enter the profession by 2024. Please refer to **Case Study 1**.

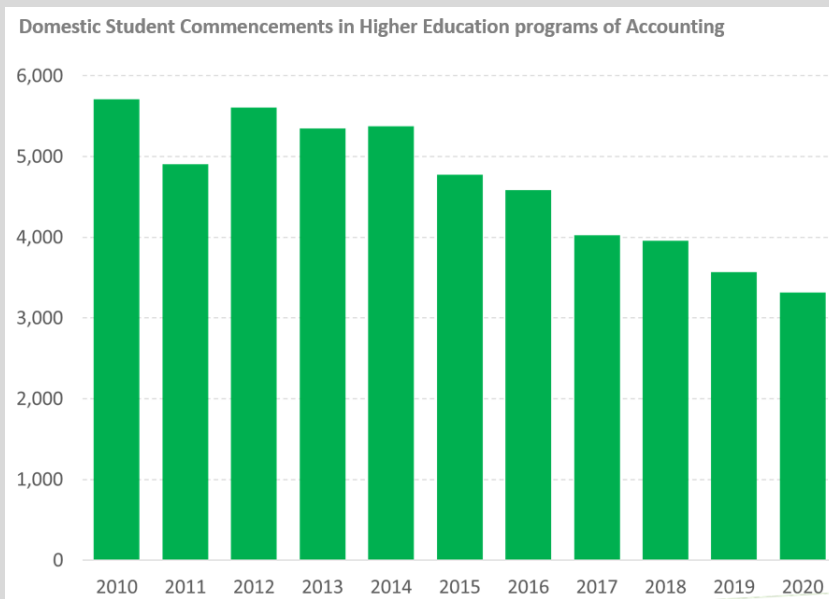
Case Study 1: The impact of Government university funding policies on student enrolments

Overall, the number of students entering Management and Commerce qualifications from higher education institutions in Australia and New Zealand has been declining for several years and will continue to do so over the next three to five years. Reasons for this decline include:

- reduced net migration rates in Australia and New Zealand;
- reduced international student enrolments; and
- Government policies which preference fields of study other than Commerce and Accounting.

In Australia, commencements in both undergraduate and postgraduate Accounting higher education programs have been declining for domestic students since 2012 (see the graph below).

¹⁷ Norton, A. (2021) [The first Job-ready Graduates university applications data](#).



Graph data source: The Australian Government Department of Education and Department of Employment and Workplace Relations 2022 DESE special data request.

Undergraduate enrolments in Management and Commerce degrees have been declining for domestic and international students since 2016 (see Figure 1¹⁸ below).

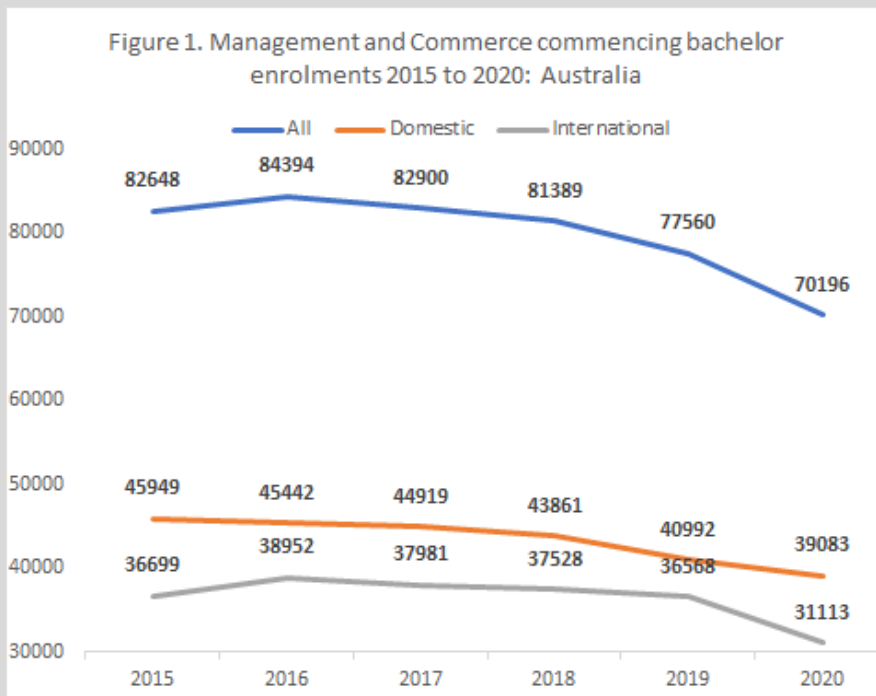


Figure 1 data source: The Australian Government Department of Education and Department of Employment and Workplace Relations 2020 DESE student data. Enrolments time series.

¹⁸ Data in Figure 1 is from the Australian Government Department of Education and Department of Employment and Workplace Relations 2020 DESE student data Enrolments time series.

For overall enrolments, the pattern is the same, but the impact of commencing student enrolments is evident later with declines from 2017 for domestic students and 2018 for international students. See Figure 2¹⁹ below.

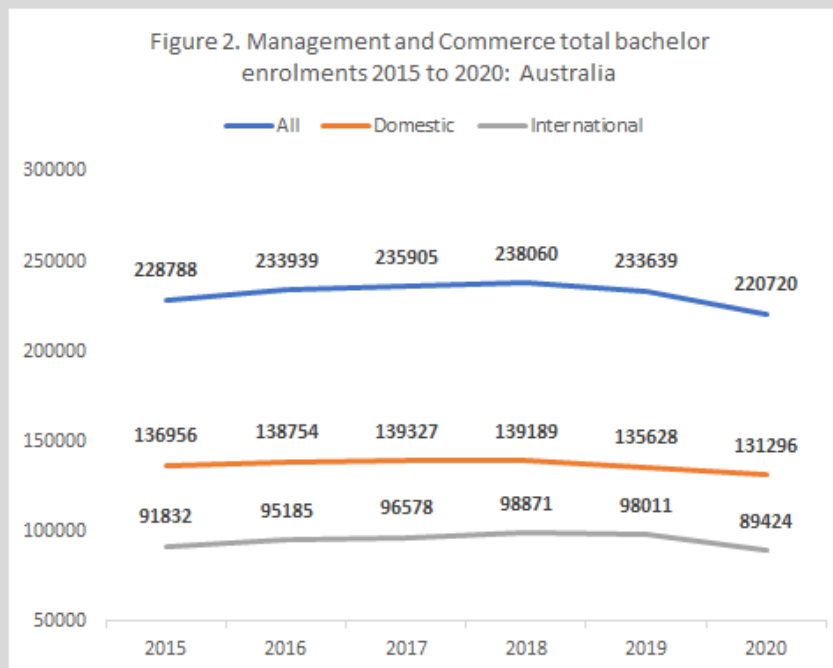


Figure 2 data source: The Australian Government Department of Education and Department of Employment and Workplace Relations 2020 DESE student data Enrolments time series.

In Australia, the [Higher Education Support Amendment \(Job-Ready Graduates and Supporting Regional and Remote Students\) Act 2020](#) has altered the funding of new higher education places since 2021, with the annual Commonwealth contribution to places in Cluster 1 (Law, Accounting, Administration, Economics or Commerce) reduced while the annual Commonwealth contribution to places in identified priority areas, such as nursing, increased.

In 2021, Funding cluster 1 (Law, Accounting, Administration, Economics, Commerce, Communications, and Society and Culture) not only had a reduced Commonwealth contribution but the maximum student contribution increased from \$11,155 in 2020 to \$14,500 in 2021 compared to Funding cluster 3 (Nursing, Indigenous and Foreign Languages, Engineering, Surveying, Environmental Studies, Science) where the 2021 Commonwealth contribution was \$16,250 up from \$10,821 in 2020 and the maximum student contribution was \$3,950 down from \$6,684 in 2020 (see Figure 3²⁰).

While a public benefit was the claimed rationale behind how courses were allocated to student contribution bands, little detail was provided in support of this at the time the changes were made. Recent analysis by Norton (2022) variously finds that neither course completion rates nor employment outcomes consistently explain the allocations.²¹

¹⁹ Data in Figure 2 is from the Australian Government Department of Education and Department of Employment and Workplace Relations 2020 DESE student data Enrolments time series

²⁰ Data in Figure 3 is from Ferguson, H. (2021). A guide to Australian Government funding for higher education learning and teaching, 23 April 2021 and the 2020 Allocation of units of study to funding clusters. https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp2021/GovernmentFundingHigherEducation#_Toc70073557 and <https://www.dese.gov.au/help-and-other-information/resources/2020-allocation-units-study-funding-clusters>

²¹ Norton, A (2022) From public to private benefit: The shifting rationales for setting student contributions, Melbourne Centre for the Study of Higher Education.

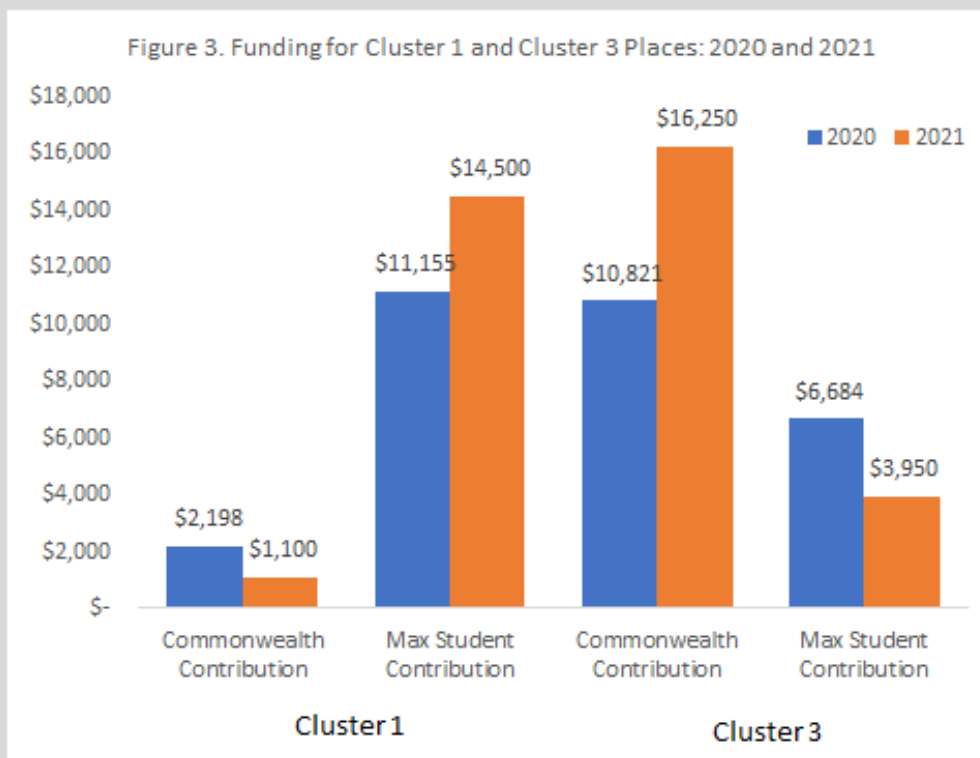


Figure 3 data source: Ferguson, H. (2021). A guide to Australian Government funding for higher education learning and teaching, 23 April 2021.

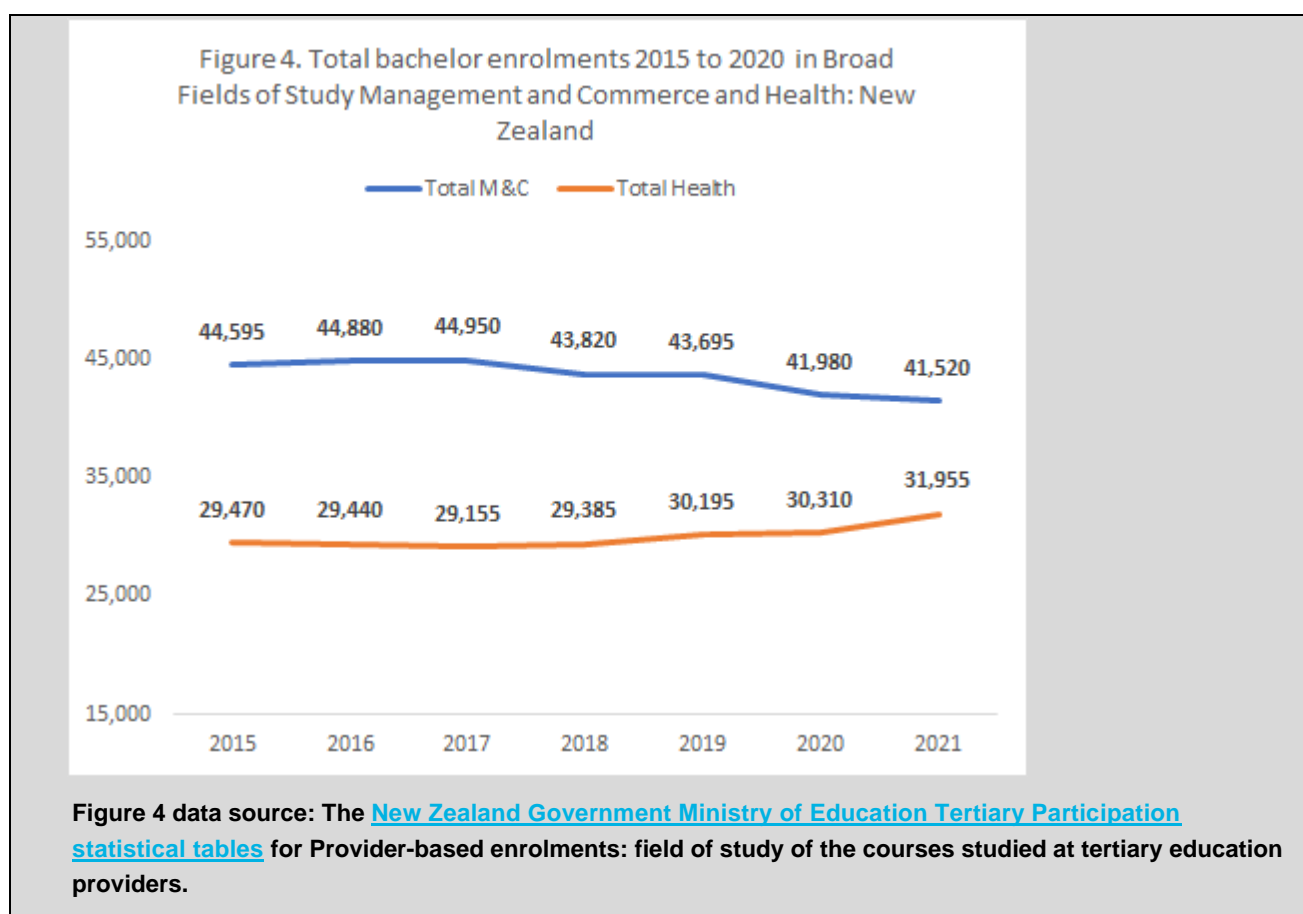
A year earlier, Norton (2021)²² examined the 2021 university enrolment applications by field of study following the October 2020 legislation and reported that university applications by field of study showed that changes to enrolment applications by field of study appeared to be consistent with the changes to Commonwealth funding so that fields of study with decreased Commonwealth funding showed declines in applications, and Management and Commerce had the largest decline.

The impact of the funding changes associated with the [Higher Education Support Amendment \(Job-Ready Graduates and Supporting Regional and Remote Students\) Act 2020](#) are in the context of longer term trends of declines in commencing and overall student numbers in the field of Management and Commerce occurring in Australia (see Figures 1 and 2), where the legislation is in place.

Similar trends in enrolments have been occurring in New Zealand without the funding changes introduced in Australia in 2020. Figure 4²³ shows aggregated enrolment data from New Zealand for bachelor degrees in broad fields of study Management and Commerce and Health 2015 to 2021. Management and Commerce enrolments have been decreasing since 2017 while Health enrolments have been increasing over the same period.

²² Norton, A. (2021). *The first Job-ready Graduates university applications data*. Posted 25 October 2021. The post references data obtained from the Australian Government Department of Education and Department of Employment and Workplace Relations [Undergraduate Applications Offers and Acceptances Publications](#)

²³ Data in Figure 4 is from the [New Zealand Government Ministry of Education Tertiary Participation statistical tables](#) for Provider-based enrolments: field of study of the courses studied at tertiary education providers.



Immediate recommendations

Review the higher education funding arrangements in the Job-Ready Graduates Package.

CA ANZ supports the panel's proposal to explore higher education funding and contribution arrangements that deliver equity, access, quality and longer-term investments to meet priorities in teaching, research, workforce and infrastructure, particularly the intent to review the Job-ready Graduates Package.

The centrepiece of the Job-Ready Graduates Package is a recalibration of the contributions of the Government and students to meet the costs of studying towards higher education qualifications. For some disciplines deemed as 'national priorities', such as health, student contributions have declined. In others, such as accounting, the increased burden on students has been large, despite the shortage of accountants, strong future demand, and the importance of accounting to the health of businesses and the economy.

We urge that this review also consider the supply-side impacts of changes, as any net funding decrease constitutes less of an incentive for providers to offer places. More significantly, given the ever-changing future of jobs, the current focus on 'job-ready' makes little sense. More important is to support 'work-readiness' - readiness for multiple jobs and careers. This suggests that the focus should be on transferrable skills that add value across many current and future jobs.

An outcome of the Job-ready Graduates Package review should be reduced student contributions and increased Commonwealth contributions to the cost of degrees in Management and Commerce degrees including Accounting.

Student contributions for these degrees already ranked amongst the highest prior to the introduction of this Package by the previous government. The reforms increased student contributions for these degrees even further. The research shows that fields of study with decreased Commonwealth funding showed declines in enrolments, and Management and Commerce degrees had the largest decline. Demand, on the other hand, has been increasing. The majority of respondents to CA ANZ's recruitment and skills survey of 382 Australian members in December 2022 found increased demand for workers expected over the next five years in the occupation categories of External Auditors, Taxation Accountants, Management Accountants, Accountant (General) and Internal Auditors.

Accounting professionals were one of the few occupations which experienced a surge in demand as pandemic restrictions impacted the health of businesses. Accounting professionals continue to be in high demand, helping businesses take best advantage of growth opportunities. Yet the mismatch with declining local supply has resulted in a skills and labour shortage that is likely to persist in the absence of concerted action. The public benefit arising from the services provided by accounting professionals is being undermined. There is an urgent need, and strong case for, increasing the Commonwealth's contribution to tuition costs and substantially reducing the share of that cost borne by domestic students.

Extend funding support to all TEQSA registered higher education providers, whether university or non-university. Funding support should be extended to all TEQSA registered higher education providers for courses in areas of shortage such as accounting, financial capability, digital and sustainability skills. Regional non-university providers could be a good transitional step. This will help improve access and affordability, particularly for underrepresented students including First Nations Australians, those from low socio-economic backgrounds, people with disability, and those in regional and rural Australians, who should not be disadvantaged due to their choice of provider.

International issues

During 2020 and 2021, both Australia and New Zealand lost market share of international students to countries such as the US, the UK and Canada which had less restrictive borders during the COVID-19 pandemic. It is unlikely that international student numbers will return to pre-pandemic levels in the near future, reducing the pool of potential CA Program candidates until at least 2025.

International students comprise a significant proportion of postgraduate enrolments in Management and Commerce qualifications. As postgraduate degrees are shorter on average than undergraduate qualifications, we will see the impacts of reduced numbers in these courses sooner than 2025.

A report commissioned by the Tertiary Education Quality and Standards Agency (TEQSA)²⁴ suggests that the impact of decreased international enrolments following COVID-19 border closures in Australia will continue to 2025.

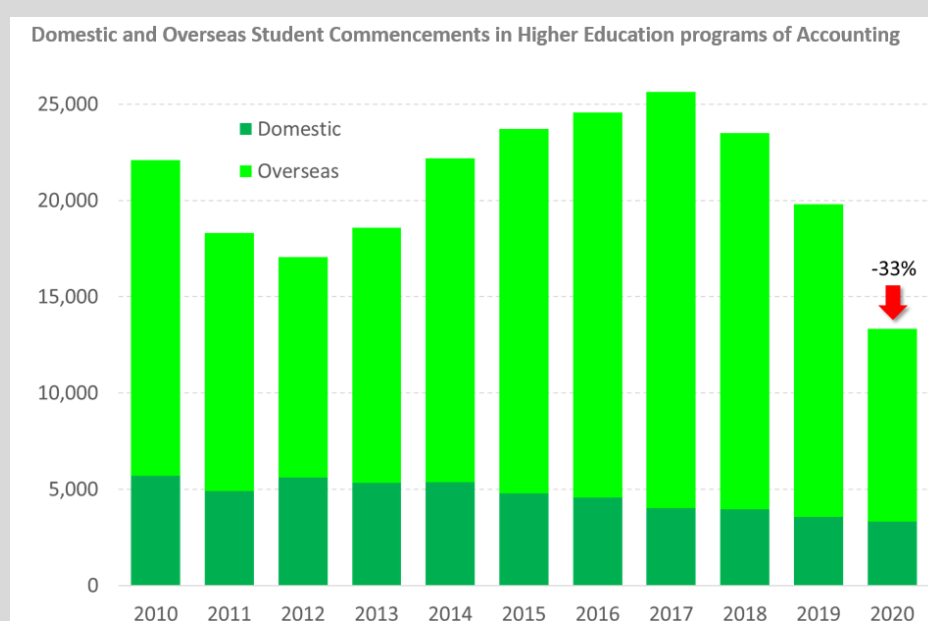
²⁴ Wells Advisory. (2021) [Forward impact of COVID-19 on Australian higher education](#). Report commissioned by TEQSA.

Fields of education with a heavy reliance on international student enrolments, such as Management and Commerce, will be most affected. Recent regional instability may also slow the return of international students from China.

Commencing and total postgraduate enrolments in Management and Commerce degrees increased from 2015 to 2019 for international students, with a sharp decline in 2020 due to COVID-19 border closures. It is expected that when the 2021 data is available it will show a continuing pattern of decreased international postgraduate enrolments. Please refer to **Case Study 2**.

Case Study 2: Declining international student enrolment numbers

Overseas student commencements in undergraduate and postgraduate higher education programs of accounting in Australia have been declining since 2017. See graph below.



Data source: The Australian Government Department of Education and Department of Employment and Workplace Relations 2022 DESE special data request.

Arthur (2022)²⁵ presents data showing that while overall international student numbers steadily declined in Australia and New Zealand during 2020 and the first half of 2021, by 2021 international student numbers were at or above pre-pandemic (2019) levels in the UK, US and Canada and notes that countries like Australia and New Zealand are likely to have lost market share to countries that offer comparable, high quality educational opportunities already.

Wells Advisory (2021) prepared a commissioned report for the Tertiary Education Quality and Standards Agency (TEQSA)²⁶ concerning the forward impact of COVID-19 on Australian higher education that suggests that the impact of decreased enrolments will be significant in 2020, 2021 and potentially 2022, with declines continuing to 2025. Fields of education with a heavy reliance on international student enrolments, such as Management and Commerce, will be most affected. Recent regional instability may also slow the return of international students from China, who comprise almost 40% of international onshore higher education students in Australia.

²⁵ Arthur, N. (2022). [COVID halved international student numbers in Australia. The risk now is we lose future skilled workers and citizens](#). *The Conversation*, 01 February 2022.

²⁶ Wells Advisory (2021). Forward impact of COVID-19 on Australian higher education. Report commissioned by TEQSA. <https://www.teqsa.gov.au/sites/default/files/forward-impact-of-covid-19-on-australian-higher-education-report.pdf?v=1635905249>

In Australia, higher education degrees in Management and Commerce have been particularly reliant on international student enrolments (see Figure 5²⁷).

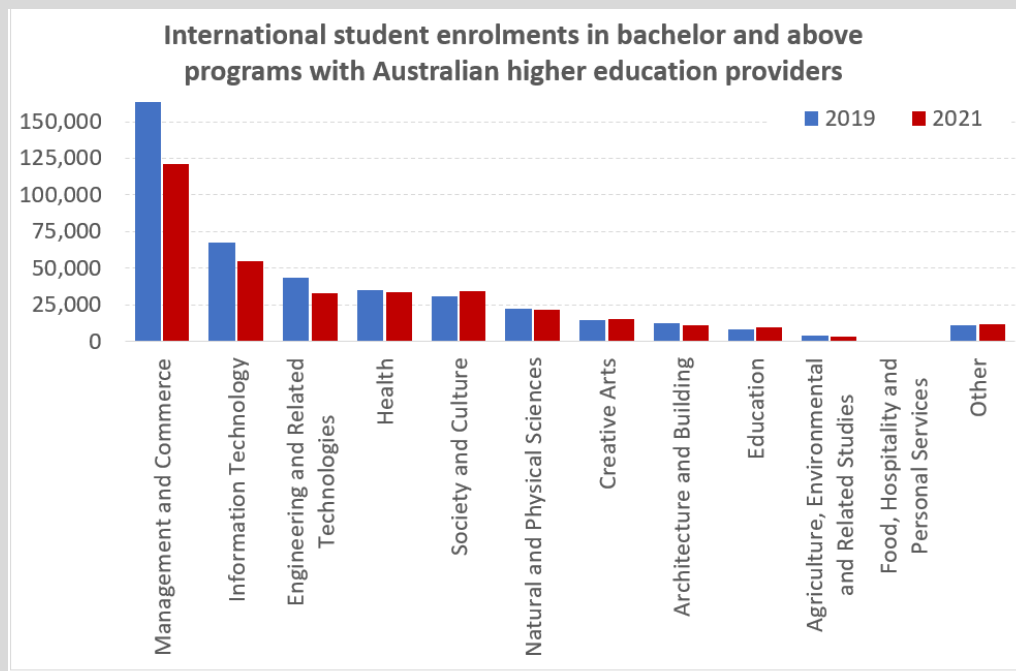


Figure 5 data source: Australian Trade and Investment Commission Market Information Package

Commencing and total postgraduate enrolments in Management and Commerce degrees increased from 2015 to 2019 for international students, with a sharp decline in 2020 due to COVID-19 border closures. It is expected that when the 2021 data is available it will show a continuing pattern of decreased international postgraduate enrolments.

The Wells Advisory (2021) projections for international student enrolments are for declines continuing to 2025. By far the largest proportion of international students in Australia come from China, and this long-term trend has continued into 2022.

In 2020, 38.4% of all higher education overseas student enrolments in Australia were from China, with the next most frequent country of origin (India) at 19%²⁸. The Federal Government has been actively pursuing a [diversification strategy](#) to reduce risk associated with a concentration of international students in a small number of countries.

While geopolitical tensions and COVID restrictions on mobility within China are likely to cause enrolments to remain depressed for some years yet, it would be a mistake to too hastily discount China as a major source of international students. Recent analysis by Palmer and Lui (2022) finds that the sheer size of the Chinese population, a growing middle class, and the value placed on education will see a return to growth.²⁹ The [Asia Society of Australia's assessment](#) is even more bullish, predicting a strong rebound. It further suggests that with China's traditionally favoured destination, the United States, out of favour, there is an opportunity for other destinations, like Australia and New Zealand, to grow. This is why we encourage that the push for diversification in Australia's international education strategy be interpreted as towards other markets and not away from traditional markets that have served Australia well.

²⁷ Data in Figure 5 is from the Australian Government Department of Education and Department of Employment and Workplace Relations Higher Education Statistics 2020 Section 7 Overseas students.7 Overseas students.

²⁸ Ferguson, H & Spinks, H. (2021). [Overseas students in Australian higher education: a quick guide](#). Parliament of Australia, 22 April 2021.

²⁹ Palmer, G and Lui, W (2022) [Decline in Chinese student mobility: It's only temporary](#), World University News, 12 November.

Medium to longer-term recommendations

Facilitate more flexible pathways for entry of international students into Australian university degrees in areas of high demand including accounting, management and commerce.

Clarify the intent of diversification in the [Australian Strategy for International Education](#). The focus on diversification is to encourage the growth of markets and fields of study that have traditionally attracted few international students, and not the diminution of markets and fields of study that have served Australia well. For instance, China remains a large and important market with considerable untapped potential. **Case Study 2** above, shares the findings of recent analyses which are suggestive of this potential and Australia's and New Zealand's opportunity to tap it. Similarly, accounting programs, which have ranked amongst the most attractive programs to international students, should remain a focus of marketing and other student attraction initiatives.

Improving the connection between the vocational education training and higher education systems and employment pathways

Immediate recommendations

Review the [National Microcredentials Framework and extend its coverage](#). This Framework was launched in 2021 as guidance to higher education providers to support the quality and recognition of microcredentials and the workings of a microcredential marketplace. Whilst CA ANZ is already included in the Framework, as we are a professional accrediting body and a TEQSA registered provider of higher education in the category of Institute of Higher Education, there is an opportunity to provide clarity on expanded utility to all providers, including to Vocation Education and Training (VET) and to reputable non-traditional providers (such as other professional bodies), and to better enable the assessment and recognition of learning that has occurred in workplaces or informally.

Make the Microcredentials Marketplace more widely available. If the Microcredentials Framework applies to VET and reputable non-traditional providers, in addition to higher education providers, then the Marketplace has the potential to provide a nationally consistent platform that gives learners agency over their lifelong learning journeys. They may follow pathways within higher education. Alternatively, they may choose pathways that move between the offerings of VET, higher education and other providers. CA ANZ is currently in the process of registering some of our CA Program subjects on the Marketplace (Ethics, Data Analytics and Sustainability).

Plan for a more ambitious rollout of the Microcredentials pilot. CA ANZ commends the government's initiative to rollout a Microcredentials pilot. This pilot aims to assist higher education providers to design and deliver microcredentials in fields of national priority, in partnership with industry. This is a great idea. However, Round 1 of the rollout is restricted to self-accrediting universities eligible to receive Commonwealth funding support. Subsequent rounds will progressively include other higher education providers at which point CA ANZ should be eligible to participate. CA ANZ encourages the government to also plan for further rounds that include VET and other reputable non-traditional providers.

Recognise microcredentials and prior learning through independent assessment. Under the guidance of an enhanced National Microcredentials Framework, and the *Joint Statement of Principles for Australian Professions' Micro-Credentialing* which is being developed by the Australian Council of Professionals (ACoPs), assessors including professional bodies are well placed to independently assess

the Australian Qualifications Framework (AQF) level equivalency of micro-credentials and of prior learning. The ACoPs principles intend to provide a professional/ industry/ employability lens on the emerging field of micro-credentials, with a focus on how micro-credentials can be used in reskilling, upskilling and skill recognition. There is a significant opportunity for accounting bodies to set the standard in this space around accounting and finance capability and skill.

Encourage the adoption of the ASC to facilitate a common language between employers, education providers, assessors and others in the skills ecosystem. CA ANZ notes that employers are being encouraged to adopt the ASC for job design, workforce planning, recruitment and promotion purposes. And that some have proposed that education and training providers use it as a critical input into the design and refinement of their offerings.³⁰ If it is also used for assessment purposes and embedded within occupation classifications used for official collections (notably ANZSCO) it could facilitate a common language between all. We acknowledge that transitioning towards these ends will take time but recommend it as a worthy endeavour.

Provide funding support to alleviate the cost of micro-credentials and short courses. Currently fees are required to be paid upfront and are not tax deductible. We support the intent of the *Education Legislation Amendment (2022 Measures No. 1) Bill 2022* to allow students to use FEE-HELP for select 'microcredential courses' offered by higher education providers under the Microcredentials Pilot discussed above. We encourage this to be the first step towards a more expansive reform. Three further steps we recommend should follow the initial pilot are to: (1) broaden the scope to short courses and microcredentials in areas where there are skills shortages in Australia, including audit and accounting; (2) roll out this initiative to the reputable offerings of other higher education providers, VET and reputable non-traditional suppliers, such as employers and other professional bodies; and (3) extend this initiative beyond supporting the credentialing of learnings from short courses, to the verification of prior learning in work and other contexts outside of the lecture theatre. This will make it easier for people to have their skills recognised, reskill and upskill, including mid-career professionals, women returning to the workforce and mature aged workers.

Provide funding for better education of university career guidance counsellors on the demand for accounting and audit skills, the attractiveness of a career in accounting and the broad range of careers it can lead to. This will assist in addressing nationwide skills shortages.

Medium to longer-term recommendations

Extend the AQF to recognise and reward shorter form, sometimes microcredentials, offered by both traditional and non-traditional providers, alongside traditional formal qualifications. This is the next logical evolution beyond the guidance of the Microcredentials Framework. It catches Australia up with other countries, such as New Zealand, who already recognise microcredentials within their national qualification frameworks. It resolves issues of equivalency, thereby, facilitating learning pathways and recognition. However, to do this well requires a reimagined national credentials regulation and quality assurance framework.

A perverse outcome of failing to recognise microcredentials within the AQF is that it is constraining change in other important areas. For instance, while the majority of submissions received in connection with the ANZSCO Review supported recognising microcredentials within the classification system, it was the concerns of the minority that held sway. Specifically, that microcredentials are not recognised within the AQF.³¹ The consequences are significant as ANZSCO forms the basis of many government policies and initiatives.

³⁰ Bean, M and Dawkins, P (2021) Review of University-Industry Collaboration in Teaching and Learning, supported by DESE.

³¹ [Micro-credentials stay in the stats cold, for now, Campus Morning Mail, 24 November 2022.](#)

Provide lifelong learning entitlements that learners can draw upon over their lifetimes to fund their continuous learning and credentialing approved with an expanded AQF. This may include the credentials, both long and short, of traditional VET and higher education providers, or the approved offerings of non-traditional providers, such as employers and professional bodies.

Appendix B

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents over 135,000 financial professionals, supporting them to make a difference to the businesses, organisations and communities in which they work and live. Chartered Accountants are known as Difference Makers. The depth and breadth of their expertise helps them to see the big picture and chart the best course of action.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

CA ANZ is also a professional accrediting body and a TEQSA registered provider of higher education in the category of Institute of Higher Education.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with mentored practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard setters on behalf of members and the profession to advocate boldly in the public good. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations. We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 15 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.

We employ more than 500 talented people across Australia, New Zealand, Singapore, Malaysia, Hong Kong and the United Kingdom.



ITEM 9

6 SEPTEMBER 2023

FRC ANNUAL REPORT 2022-23 UPDATE

DESCRIPTION

Members have received the FRC Annual Report 2022-23 draft with the meeting pack. The Annual Report will be approved out-of-session however members are to discuss the content and provide comments during the meeting.

The Chair to provide an update on the progress of the Annual Report.

Final comments on the Annual Report will be due by **COB 13 September**.

ACTION

- Members to discuss and provide feedback about the report.



PJC INQUIRY INTO REGULATION OF AUDITING IN AUSTRALIA

DESCRIPTION

On 1 August 2019 the Senate referred an [inquiry](#) into regulation of auditing in Australia to the Parliamentary Joint Committee on Corporations. The [interim report](#) was issued in February 2020 and the [final report](#) November 2020. To date the Government have not responded to the report.

In March 2020 the FRC formed a working group comprising representatives from ASIC, AUASB, AASB, APESB and ASX to commence preparatory work in advance of the final report and Government's response. The FRC have been updated periodically on the progress made and noted that some recommendations were relatively straight forward to adopt and there was no reason to wait for a Government response, however for some recommendations it was appropriate to wait.

At its June 2022 meeting the FRC discussed the status of the recommendations and that it was not clear and there were different views on, if the responsible parties should be implementing the recommendations or wait for a Government response. It was agreed that the FRC Chair would write to the Minister.

Action

- For the FRC to discuss if further action is required in relation to disclosure of audit remuneration and audit tenure.
- FRC to note the status of PJC recommendations that do not include FRC recommendations.



NOMINATIONS COMMITTEE

DESCRIPTION

On 2 August 2023, the FRC agreed to an out of session resolution paper that recommended the appointment of Pru Bennett and Rachel Grimes to the Nominations Committee. These appointments satisfy the Committee's Charter that provides at least one other FRC member should be on the Nominations Committee.

Following this, the Nominations Committee convened on 28 August 2023 to discuss the vacancy arising by the expiry of Alison White's second term at the end of 2023. The Committee resolved to proceed with an interview process, noting that the Committee's Charter provides for a third possible term. The Committee also discussed the expiry of other AASB and AUASB members' terms at the end of 2023. These were the following:

AASB

- Dean Hanlon-1st term
- Toby Langley-1st term
- Caroline Spencer-1st term

AUASB

- Julie Crisp-2nd term
- Noel Harding-2nd term
- Michelle Shafizadeh-1st term

The Nominations Committee Chair, Suzanne Bell, to provide a verbal update on the committee's decisions.

ACTION

- FRC Members to note the verbal report.



CORRESPONDENCE

DESCRIPTION

On 23 July 2023, IESBA, IAASB and PIOB wrote a joint letter to the FRC requesting financial support from the Australian Government. On 1 August 2023, the FRC Chair responded and expressed the FRC's support for Australia to provide funds to international standard setting bodies. These letters were circulated to members.

On 26 July 2023, the Treasurer responded to the FRC's recommendation to provide additional funding to international bodies. The response was circulated with members.

On 22 June 2023, the Parliamentary Joint Committee on Corporations and Financial Services resolved to commence an inquiry into recent allegations of and responses to misconduct in the Australian operations of the major accounting, audit, and consultancy firms (including but not exclusive to the 'Big Four'). On 31 August 2023, the FRC made a submission to the *Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry* inquiry. The draft was circulated with members for comment out-of-session.

On 24 August 2023, the FRC received legal advice that provided clarification on the FRC's information gathering powers. The advice was circulated with members out-of-session.

ACTION

- For noting.



ITEM 11C

6 SEPTEMBER 2023

KEY ACTION ITEMS SUMMARY

DESCRIPTION

FRC Chair and Secretariat to provide a brief summary of the action items arising from the 6 September 2023 meeting.

The FRC Secretariat will circulate an action items list to FRC members following the finalisation of the meeting minutes.

ACTION

- For the FRC to note.



ITEM 12

6 SEPTEMBER 2023

NEXT MEETING

DESCRIPTION

Next meeting date will be 28 November 2023 in Sydney - Level 29 201 Kent Street, SYDNEY NSW 2000.

ACTION

- For noting.