



MINUTES

DATE: Tuesday 19 March 2024
TIME: 9:30am – 1:40pm
LOCATION: Treasury’s Sydney Office and Microsoft Teams

| ITEM | AGENDA ITEM | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | PUBLIC SESSION | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1./1.A | Introduction | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>The Chair began with an acknowledgement of country and welcomed all attendees to the meeting.</p> <p>The Chair also acknowledged Tracey Carroll’s final meeting with the FRC and thanked Tracey for her significant contributions to the FRC as the Deputy Chair, PSAG Chair and representative of the public sector.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.B | ATTENDEES AND APOLOGIES | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Members in attendance:</th> <th>Observers:</th> </tr> </thead> <tbody> <tr> <td>Andrew Mills (Chair)</td> <td>Zoe Irwin (Treasury)</td> </tr> <tr> <td>Dr Keith Kendall (AASB Chair)</td> <td>Jesse Chen (Treasury)</td> </tr> <tr> <td>Suzanne Bell</td> <td>Abed Ayyash (Treasury)</td> </tr> <tr> <td>Rachel Grimes</td> <td>Cooper Tym (Treasury)</td> </tr> <tr> <td>Michele Embling (XRB Chair) - virtual from 11:30am</td> <td>Kim De Marte (Treasury)</td> </tr> <tr> <td>Tracey Carroll</td> <td>Anne Waters (AUASB)</td> </tr> <tr> <td>Pru Bennett</td> <td>Matthew Zappulla (AUASB)</td> </tr> <tr> <td>Doug Niven (AUASB Chair)</td> <td>Thea Eszenyi (ASIC)</td> </tr> <tr> <th>Apologies:</th> <td>John Ngiam (CA ANZ)</td> </tr> <tr> <td>Emma Herd</td> <td>Tiffany Tan (CPA)</td> </tr> <tr> <th>Guests:</th> <td></td> </tr> <tr> <td>April Mackenzie (XRB) - virtual</td> <td></td> </tr> <tr> <td>Justin Williams (AASB/AUASB)</td> <td></td> </tr> </tbody> </table> | Members in attendance: | Observers: | Andrew Mills (Chair) | Zoe Irwin (Treasury) | Dr Keith Kendall (AASB Chair) | Jesse Chen (Treasury) | Suzanne Bell | Abed Ayyash (Treasury) | Rachel Grimes | Cooper Tym (Treasury) | Michele Embling (XRB Chair) - virtual from 11:30am | Kim De Marte (Treasury) | Tracey Carroll | Anne Waters (AUASB) | Pru Bennett | Matthew Zappulla (AUASB) | Doug Niven (AUASB Chair) | Thea Eszenyi (ASIC) | Apologies: | John Ngiam (CA ANZ) | Emma Herd | Tiffany Tan (CPA) | Guests: | | April Mackenzie (XRB) - virtual | | Justin Williams (AASB/AUASB) | |
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| Justin Williams (AASB/AUASB) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.C | Declarations of Interest | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | n/a | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| 2. | MATTERS FOR NOTING / ACTION |
| 2.A | Minutes of previous meeting – 28 November 2023 |
| | Members noted the minutes from the FRC meeting on 28 November 2023 which had been approved out-of-session. |
| 2.B | Matters Arising |
| | <p>Members reviewed the Matters Arising list and confirmed items that had been actioned and noted those for discussion at the meeting and in progress.</p> <p>The FRC Chair noted a letter the FRC intends to send to Jobs and Skills Australia on Friday 22 March regarding current accountant and auditor shortages in Australia.</p> <p>Action item</p> <ul style="list-style-type: none"> • FRC Secretariat to update the Matters Arising document. • FRC Secretariat to circulate the JSA letter to FRC members for comment by COB 21 March. |
| 3. | ENVIRONMENTAL SCAN |
| 3.A | Members Reflections |
| | <p>Members commented on contemporary matters in the financial sector including the recent Senate Inquiries being a prevalent issue in the sector.</p> <p>The FRC also discussed the FRC’s role in governance, the changes with PwC and the newly appointed state Auditors-General.</p> |
| 3.B | Stakeholder Reports |
| | <p>Members noted the reports submitted by stakeholders and discussed the key themes including sustainability reporting and the challenges it presents for professionals, internationalisation of the 77 SASB standards, and talent attraction and retention.</p> <p>Action Item</p> <ul style="list-style-type: none"> • The FRC Secretariat to circulate the PwC Stakeholder Report with members once it has been received. |
| 4. | OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING) |
| 4.A | AASB Report |
| | <p>Keith Kendall provided a verbal update of the AASB’s sustainability reporting, stakeholder consultation processes and strategic focus.</p> <ul style="list-style-type: none"> • Currently reviewing 120 written submissions and over 200 survey responses to the sustainability consultations. |

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| | <ul style="list-style-type: none"> – Comprehensive report of stakeholder feedback in June. – Aim is 1 July adoption. [Since the meeting, the Government has announced a new proposed start date of 1 January 2025] • The AASB has received comments about the perceived departure from the international standards and has been addressing the feedback. • Renewed funding has allowed for additional resources and more prioritisation on different topics such as the public sector. <ul style="list-style-type: none"> – Recently hired a new sustainability staff member. |
| 4.B | AUASB Report |
| | <p>Doug Niven provided a verbal update of the AUASB’s work on less-complex entities (LCE), sustainability consultations and timelines for implementation and education.</p> <ul style="list-style-type: none"> • AUASB received strong feedback regarding the LCE international standards and decided not to adopt the international standard in Australia. • Fraud exposure draft was released in February. • Consultation paper on sustainability assurance will be issued shortly. Timeline: <ul style="list-style-type: none"> – Comments due by 3 May 2024. – Exposure draft to be issued in July/August 2024. – ISSA 5000 is not expected to be released until September 2024. |
| 5. | MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS |
| 5.A | XRB Update |
| | <p>April Mackenzie provided a verbal update of the XRB’s current priorities including sustainability, alignment with international standards and transition planning.</p> <ul style="list-style-type: none"> • The New Zealand XRB intends to adopt the LCE international standards after receiving positive feedback from stakeholders. • The XRB is in the process of finalising the recruitment process for the Chair of the Sustainability Reporting Board. • The XRB is continuing to issue guidance on sustainability reporting. <ul style="list-style-type: none"> – Several reports have been filed, including mandatory climate reporting statements. • A multi-year evaluation of the climate standards is underway which will be a three-year project. |

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| | <ul style="list-style-type: none"> • Material is being developed in New Zealand on transitional planning. <ul style="list-style-type: none"> – Waiting for the UK to issue documentation on the matter. The next announcement about the Transition Planning Taskforce is set to be 9 April 2024. |
| 5.B | International Developments |
| | <p>Members noted the information attached in the meeting pack.</p> <ul style="list-style-type: none"> • Members discussed changes in corporate behaviour in response to emerging sustainability reporting standards and Scope 3 targets aligned with a net zero emissions goal by 2050. • April Mackenzie (XRB) discussed transitional planning in relation to emerging sustainability reporting requirements, and New Zealand is developing material to support the transition. <ul style="list-style-type: none"> – New Zealand is awaiting documentation from the UK Transitional Planning Taskforce before it issues guidance material. |
| 6. | Public Sector Advisory Group |
| | <p>The PSAG Chair, Tracey Carroll, provided a verbal update of information collected from the public sector in Australia including:</p> <ul style="list-style-type: none"> • Australasian Council of Auditors-General (ACAG) and Heads of Treasury Accounting and Reporting Advisory Committee (HoTARAC) stakeholder reports. • Review of the government statistical framework by the ABS is anticipated from 2027 onwards. • IFRS 18 and the presentation of financial statements. • Importance of public sector reporting. <p>The PSAG Chair thanked the FRC members and the Secretariat for their work within the public sector group and wished them all the best for ongoing and future objectives.</p> |
| 7. | Funding International Bodies |
| | <p>The FRC discussed the current funding arrangements, the changes and impact of sustainability, and considered the approach to future funding to international bodies.</p> <ul style="list-style-type: none"> • Treasury explained the due process for funding international bodies including budget cycles and a review of the quantum of funding. • The FRC considered Australia’s position at the forefront of mandatory reporting of S1 and S2 and the potential for an increase in future funding due to the nature of sustainability reporting and the work IFRS and the ISSB are doing with standards. • The FRC agreed to recommend funding IFRS \$1 million for the coming year. • The FRC agreed to write to IFRS and the Australian Government regarding future funding. |

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| | <p>Action Items</p> <ul style="list-style-type: none"> FRC to write letters to IFRS and the Government regarding future funding. |
| 8. | Other Business |
| 8.A | Nominations Committee |
| | The Chair congratulated Rachel Grimes AM on her appointment as Chair of the Nominations Committee. |
| 8.B | Correspondence received and sent |
| | Members noted the correspondence sent to the Treasurer, including the letter on the PJC recommendations. |
| 8.C | Key Action Items Summary |
| | <p>Action Items</p> <ul style="list-style-type: none"> The FRC Secretariat to circulate the PwC Stakeholder Report with members once it has been received. FRC to write letters to IFRS and the Government regarding future funding. |
| 10. | Next Meeting |
| | Next meeting will be held on 25 June at the Melbourne Treasury Office. |
| | Public Session closed at 1:40pm |