



MINUTES

DATE: Tuesday 25 June 2024
TIME: 09:30 – 13:15
LOCATION: Level 8, 697 Collins Street, Docklands – Melbourne Productivity Commission office and Microsoft Teams

ITEM	AGENDA ITEM	
PUBLIC SESSION		
1	INTRODUCTION	
1A	The Chair began with an acknowledgement of country and welcomed all attendees to the meeting.	
1B	ATTENDEES AND APOLOGIES	
	Members in attendance:	Observers:
	Andrew Mills (Chair)	Zoe Irwin (Treasury) - virtual
	Dr Keith Kendall (AASB Chair)	Jesse Chen (Treasury)
	Doug Niven (AUASB Chair)	Abed Ayyash (Treasury)
	Rachel Grimes	Christie Yang (Treasury)
	Emma Herd	
	Pru Bennett	
	Guests:	Apologies:
	Amy Fox (Department of Finance)	April Mackenzie (XRB)
	Alison White (Deloitte) – virtual – attended for agenda items 1-3	Clair LaBouchardiere (ASIC)
	Tom Dickson (Treasury) - virtual	Shane Barbetti (ASIC)
	Deepti Paton (Treasury) - virtual	Michelle Zhang (Treasury)
	Kim De Marte (Treasury)	
	Bart Hoyle (Treasury) - virtual	
	Michele Embling (XRB Chair) - virtual	
	Thea Eszenyi (ASIC) - virtual	
	Justin Williams (AASB)	
	Anne Waters (AUASB)	
	Luci Tucker (ASIC)	

	John Ngiam (CA ANZ) - virtual	
	Tiffany Tan (CPA) - virtual	
1C	DECLARATIONS OF INTEREST	
	Members declared no conflicts of interest.	
2	MATTERS FOR NOTING / ACTION	
2A	MINUTES OF PREVIOUS MEETING – 19 MARCH 2023	
	Minutes from the previous meeting were reviewed and approved by members without any further comments.	
2B	ACTION ITEMS	
	<p>Members reviewed the Action Items list and confirmed items that had been actioned and noted those for discussion at the meeting and in progress.</p> <p>Members noted that an action item for the AASB and AUASB to draft thought leadership documents on the scope of reporting and assurance requirements will be placed on hold as the boards are focusing resources on developing and delivering new sustainability standards for Australia.</p> <p>Members also noted that the Professional Accounting Bodies (PABs) are leading research on talent attraction and retention in the accounting and auditing professions.</p>	
3	ENVIRONMENTAL SCAN	
3A	MEMBERS REFLECTIONS	
	<p>Members commented on contemporary matters including the transition plans for financial reporting obligations and disclosures. Concerns were raised about the additional reporting burdens and the need for harmonisation with international standards.</p> <p>The FRC Chair also discussed the FRC’s role in governance of firms in supporting quality in audit. It was noted that, for example, PwC has implemented significant governance changes, including proposing to appoint three independent directors. Other firms have or are moving in a similar direction.</p>	
3B	STAKEHOLDER REPORTS	
	Members noted the stakeholder reports submitted by stakeholders and the Chair’s report of stakeholder engagement. Members discussed the key themes including sustainability reporting, particularly on the need for appropriate timeframes for implementation, controls, and assurance. Other themes included consistency with international standards, cultural challenges within the auditing and accounting professions, and talent retention and attraction issues around sustainability and audit quality.	
4	OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING)	
4A	AASB REPORT	

	<p>Keith Kendall provided a verbal update of the AASB’s sustainability reporting, feedback from stakeholder consultations and strategic focus.</p> <ul style="list-style-type: none"> • The AASB is finalising sustainability reporting standards, with an aspirational target for August 2024. There is a focus on developing Tier 3 Not-for-Profit Standards. • Feedback from stakeholder consultations indicated the need for alignment with International Sustainability Standards Board (ISSB) standards. • Australia is the first country to adopt ISSB standards, while Japan and Korean are still in Exposure Draft phase. • There remain specific concerns about measurements beyond financial reports and the integration of renewable energy. <p>Action Item</p> <ul style="list-style-type: none"> • AASB to report back on its comment letters to the ISSB regarding renewable energy reporting standards.
4B	AUASB REPORT
	<p>Doug Niven provided a verbal update of the AUASB’s work on financial auditing, assurance, and sustainability consultations.</p> <ul style="list-style-type: none"> • AUASB received supportive feedback from consultation paper on sustainability assurance. <ul style="list-style-type: none"> - The consultation process ended on 3 May and the AUASB received 29 submissions. - The AUASB agreed on a proposed phased introduction model for an exposure draft. - The AUASB will discuss the development of an Exposure Draft of a local pronouncement to supplement the international standard in its July meeting. - The proposed International Standard on Sustainability Assurance (ISSA 5000) is expected to be released in September 2024. -
5	MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS
5A	XRB UPDATE
	<p>The Chair of the New Zealand External Reporting Board (XRB), Michele Embling, provided a verbal update of the XRB’s current priorities including sustainability reporting strategy.</p> <ul style="list-style-type: none"> • Noted that a growing demand for sustainability reporting and the XRB is planning to consult on sustainability reporting strategy next year. • The XRB has established a separate Sustainability Standards Board and has appointed the first three members, including the Chair. Further members will be appointed over the coming months including an Australian member.

	<ul style="list-style-type: none"> Michele announced that April Mackenzie will retire by the end of 2024.
5B	INTERNATIONAL DEVELOPMENTS
	<p>Members noted the information attached in the meeting pack.</p> <ul style="list-style-type: none"> FRC Chair thanked Bill Edge, an Australian member of the IAASB, for his written update on the activities of the IAASB.
6	PUBLIC SECTOR ADVISORY GROUP
	<ul style="list-style-type: none"> FRC Chair introduced Amy Fox as the new Public Sector Advisory Group (PSAG) Chair. Amy noted the recent PSAG meeting held on 11 June and discussed the key themes of the PSAG meeting: <ul style="list-style-type: none"> Internal governance arrangements to adopt sustainability reporting and assurance standards. Gaps in expertise and skills around sustainability reporting. Challenges in talent attraction in accounting profession, especially with entry-level jobs and high school leavers.
7	TREASURY CONSULTATIONS/GOVERNMENT PROCESSES
	<p>A. Regulation of accounting, auditing and consulting firms in Australia</p> <p>Members noted the consultation paper released by Treasury on 3 May 2024 in relation to the regulation of accounting, auditing and consulting firms in Australia.</p> <p>Deepti Paton, as a representative of Treasury, provided a verbal update on the status of the consultation process.</p> <p>B. Tax Regulator Information Gathering Powers Review</p> <p>Members noted the consultation paper released by Treasury on 3 May 2024 in relation to the tax regulator information gathering powers. Bart Hoyle, as a representative of Treasury, provided a verbal update on the status of the consultation process.</p> <p>C. Update on future institutional arrangements for standard-setting (combination of FRC, AASB and AUASB)</p> <p>Kim Demarte, as a representative of Treasury, provided a verbal update on future institutional arrangements for standard-setting following the merger of the FRC, AASB and AUASB.</p> <p>D. Senate report on <i>Management and assurance of integrity by consulting services</i></p> <p>Members noted the Senate report without any further comments.</p>
8	OTHER BUSINESS
8A	NOMINATIONS COMMITTEE

	<p>Rachel Grimes AM, as Chair of the Nominations Committee, noted that there have been many calls for nominations to international boards and there needs to be support for appropriate candidates to get ongoing roles on boards.</p> <p>The AASB Chair, Keith Kendall, provided two draft letters for members approval:</p> <ul style="list-style-type: none"> - Endorsement letter for the nomination of Ms Merran Kelsall AO as Chair of the IFRS Advisory Council. - Endorsement letter for Dr Keith Kendall as Australian representative on the Accounting Standards Advisory Forum (ASAF). <p>Members supported the draft letters.</p>
8B	CORRESPONDENCE RECEIVED AND SENT
	Members noted the correspondence sent.
8C	KEY ACTION ITEMS SUMMARY
	<p>Action Items</p> <ul style="list-style-type: none"> • AASB to report back on its comment letters to the IASB regarding renewable energy reporting standards. • Nomination Committee to consider the scope of the Nominations Committee Charter to include international nominations. • FRC Secretariat to work with the FRC Chair to finalise a letter endorsing the nomination of Ms Merran Kelsall AO as Chair of the IFRS Advisory Council and another letter endorsing Dr Keith Kendall as an Australian representative on the ASAF.
9	NEXT MEETING
	Next meeting will be held on 19 September at the Melbourne Treasury Office.
	Public session closed at 13:15.