



## AGENDA – 114<sup>TH</sup> FRC MEETING

**Date:** 6 June 2025

**Time:** 10:00 – 15:30

**Location:** Level 29, 201 Kent Street SYDNEY NSW 2000

Members of the public are advised that members of the Financial Reporting Council (FRC) will attend the meeting in person or via Microsoft Teams. 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](mailto:secretariat@frc.gov.au) detailing:

- Name
- Affiliation
- Contact details

Item	Report by	Time
<b>PUBLIC SESSION</b>		
<b>1. Introduction</b>		10:00
A. Acknowledgement of country B. Attendees and apologies C. Declarations of interest	Chair	
<b>2. Matters for noting / action</b>		10:05
A. Minutes of previous meeting – 5 March 2025 B. FRC Strategic Plan 2025-26 C. Action items	Chair Chair Chair/Secretariat	
<b>3. Environmental scan</b>		10:10
A. Member reflections B. Stakeholder reports	All Secretariat	
<b>4. Oversight of Australian accounting, auditing and sustainability standards</b> per ASIC Act s 225(1) to (2A)		10:40
A. Australian Accounting Standards Board 1. Financial reporting update 2. Sustainability reporting update B. Auditing and Assurance Standards Board 1. Financial auditing and assurance update 2. Sustainability assurance update	AASB Chair  AUASB Chair	
<b>Morning tea</b>		11:20

Item	Report by	Time
<b>5. Monitoring and influencing international developments</b> per ASIC Act s 225(1A) and s 225(2C)(f)		11:40
A. XRB update	XRB Chair	
B. International developments (including recent media releases)	FRC	
<b>6. Public Sector Advisory Group (PSAG)</b> per ASIC Act s 225(1A)		12:10
A. PSAG update	Amy Fox	
B. Application of accounting standards to local government		
<b>7. Nominations Committee report</b> per ASIC Act s 225(2)(a) and s 225(2A)(a)		12:35
A. Nominations Committee update	Rachel Grimes	
B. Proposed amendments to Nominations Committee Charter	Justin Williams	
<b>8. Proposed amendments to AASB and AUASB Charter</b>	Justin Williams	12:50
<b>9. Other business</b>		13:10
A. Correspondence received and sent	Chair	
B. Key action items summary	Secretariat	
C. Next meeting: 17 September 2025, Melbourne	Chair	
<b>Lunch</b>		13:25
<b>PRIVATE SESSION</b>		
<b>10. Matters for private session</b>		14:00
<b>Meeting close</b>		15:30

## OUR PURPOSE

The FRC oversees the effectiveness of the financial reporting framework in Australia. Its key functions include:

- the oversight of the accounting and auditing standards setting processes for the public and private sectors;
- providing strategic advice in relation to the quality of audits conducted by Australian auditors; and
- advising the Minister on these and related matters to the extent that they affect the financial reporting framework in Australia.

The FRC also monitors the development of international accounting and auditing standards, furthers the development of a single set of accounting and auditing standards for worldwide use and promotes the adoption of these standards.



## ATTENDEES AND APOLOGIES

The attendees and apologies for this meeting are listed below.

### ACTION

- FRC to note.

Participant – FRC Members	Organisation
Andrew Mills	Chair
Keith Kendall	AASB Chair
Doug Niven	AUASB Chair
Rachel Grimes	Digital Finance CRC
Amy Fox	Department of Finance
Alison White	Deloitte
Emma Herd	EY

Guests	Organisation
Michele Embling	XRB
Wendy Venter	XRB
Thea Eszenyi	ASIC
Claire LaBouchardiere	ASIC
Luci Tucker	ASIC
Shane Barbetti	ASIC
Stephen Taylor	AASB
Anne Waters	Office of the AUASB
Justin Williams	AASB

Observers	Organisation
Christie Yang	Treasury
Rebecca Waldron	Treasury
Ben Mills	Treasury

Apologies	Organisation
Pru Bennett	Brunswick Group



**ITEM 1C**  
**6 JUNE 2025**

## **DECLARATIONS OF INTEREST**

Attached are members' Declarations of Interest.

### **ACTION**

FRC members to:

- 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 28 May 2025

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Mr Andrew Mills	Member, Tax and Transfer Policy Institute Advisory Board Graduate member, Australian Institute of Company Directors Chartered Tax Advisor, The Tax Institute Fellow, CPA Australia 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 Chair, NSW Independent Planning Commission Chair, Public Rulings Advisory Panel, Queensland Revenue Office Member, The Board of Taxation Member, External Reporting Board (NZ)	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, EY QANTAS Chairmans Lounge
Dr Keith Kendall	Member, New Zealand Accounting Standards Board Fellow, CPA Australia Graduate, Australian Institute of Company Directors Chartered Tax Advisor, 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 Treasurer, Abbotsford Anglers Cricket Club Finance Director, Rugby Victoria	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	Chair and CEO, Auditing and Assurance Standards Board	

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
	Member, New Zealand Auditing and Assurance Standards Board	Member, IAASB and IESBA Stakeholder Advisory Council	
Ms Emma Herd	<p>Member, Queensland Land Restoration Fund Investment Panel</p> <p>Member, Green Building Council of Australia (GBCA) Green Star Advisory Committee</p> <p>Co-Chair, Australian Sustainable Finance Institute Taxonomy Technical Expert Group (ASFI TTEG)</p>	<p>Director, EMLH Pty Ltd</p> <p>Partner, Climate Change and Sustainability Services, Ernst and Young Oceania</p>	<p>Former CEO of Investor Group on Climate Change</p> <p>Former Environment Commissioner with the Greater Cities Commission</p> <p>Former Head of Sustainability and Executive Director at Westpac Institutional Bank</p> <p>Former Board Member, Carbon Market Institute</p>
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>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>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
	Board member Asian Investor Group on Climate Change		
Ms Rachel Grimes AM	<p>Graduate, Australian Institute of Company Directors</p> <p>Fellow, Chartered Accountants Australia and New Zealand (CAANZ),</p> <p>Fellow, Certified Practising Accountant Australia (CPAA)</p> <p>Fellow, Institute of Practising Accountant (IPA)</p> <p>Member of the Board of Platinum Asset Management Limited.</p> <p>Member of the Board of DigiCo Infrastructure REIT.</p>	<p>Director, Hub24 Limited</p> <p>Director, Australian Payments Plus Limited</p> <p>Director of the Accounting Professional Standards and Ethics Board (APESB)</p> <p>Director, Loreto Ministries Limited</p> <p>Chair of Surfing Australia Finance and Risk Committee</p> <p>Director, Angus Knight Pty Ltd</p> <p>Director of Platinum Asset Management Limited.</p>	<p>Director of 1972 Investments Limited (Holds one property and some Australian ASX listed shares by family)</p> <p>Trustee of P Grimes Employee Provident Fund (Family SMSF owns Aust and International managed funds and listed shares)</p>

<b>FRC Member</b>	<b>Stakeholder / Professional / Organisational Affiliations</b>	<b>Employment / Other Positions Held</b>	<b>Other Interests</b>
Ms Michele Embling	Chair, New Zealand External Reporting Board (XRB) Fellow, Chartered Accountants Australia and New Zealand (CAANZ)	Board Member, Toitū Tahua: Centre for Sustainable Finance Independent Director, Transpower New Zealand Limited Independent Director and Chair of Risk Reinsurance Limited Director of IAG New Zealand Limited Director of IAG (NZ) Holdings Limited Independent Director, AIA New Zealand Limited	Nil
Ms Amy Fox	Fellow, CPA Australia, Fellow, Chartered Accountants Australia New Zealand, Graduate, Australian Institute of Company Directors	Department of Finance, Australian Government	Nil

<b>FRC Member</b>	<b>Stakeholder / Professional / Organisational Affiliations</b>	<b>Employment / Other Positions Held</b>	<b>Other Interests</b>
Ms Alison White	Deloitte	Partner, Assurance & Advisory; National Leader: Accounting & Corporate Reporting	Member, Property Council of Australia National Roundtable Member, Board of Advice of The University of Sydney – Discipline of Accounting, Governance and Regulation



## MINUTES OF PREVIOUS MEETING

Attached are the minutes from the FRC meeting held on 5 March 2025, which have been published on the FRC website.

### **ACTION**

- FRC to note.



**ATTACHMENT A**

**MINUTES**

**DATE:** 5 March 2025  
**TIME:** 09:00 – 15:00  
**LOCATION:** Level 16, 530 Collins Street, Melbourne VIC 3000 & Microsoft Teams

ITEM	AGENDA ITEM	
<b>PUBLIC SESSION</b>		
<b>1</b>	<b>INTRODUCTION</b>	
<b>1A</b>	The Chair began with an acknowledgement of country and welcomed all attendees to the meeting.	
<b>1B</b>	<b>ATTENDEES AND APOLOGIES</b>	
	<b>Members in attendance:</b>	<b>Observers:</b>
	Andrew Mills (Chair)	Jesse Chen (Treasury)
	Dr Keith Kendall (AASB Chair)	Christie Yang (Treasury)
	Doug Niven (AUASB Chair)	Ben Mills (Treasury)
	Michele Embling (XRB Chair)	
	Rachel Grimes	
	Emma Herd	
	Pru Bennett	
	Amy Fox	
	Alison White	
	<b>Guests:</b>	<b>Apologies:</b>
	Luci Tucker (ASIC)	Emma Herd
	Anne Waters (AUASB)	
	Justin Williams (AASB)	
	<b>Members of the public:</b>	
John Ngiam (CA ANZ) - virtual		

	Mogendhri Mueller (Department of Finance) - virtual	
<b>1C</b>	<b>DECLARATIONS OF INTEREST</b>	
	No new declarations of interest were noted.	
<b>2</b>	<b>MATTERS FOR NOTING/ACTION</b>	
<b>2A</b>	<b>MINUTES OF PREVIOUS MEETING – 4 DECEMBER 2024</b>	
	The minutes of the 4 December 2024 meeting were circulated prior to the meeting and were noted by members.	
<b>2B</b>	<b>ACTION ITEMS</b>	
	Members noted that no action items from the December 2024 meeting.	
<b>3</b>	<b>ENVIRONMENTAL SCAN</b>	
	<b>MEMBER REFLECTIONS &amp; STAKEHOLDER REPORTS</b>	
	<p>Members reviewed stakeholder reports and discussed key developments in financial reporting, including on how environmental, social, and governance (ESG) policies are evolving globally, particularly in the United States, Europe, and Asia.</p> <p>Some members noted that climate-related disclosures and DEI (Diversity, Equity, and Inclusion) policies have faced increasing scrutiny in the United States, with some companies revising their policies in response to political and legal pressures. However, others pointed out that businesses with strong ESG commitments, such as Costco, view these policies as essential to maintaining long-term shareholder value.</p> <p>Members also noted that the United Kingdom, European Union, and Asia continue to advance sustainability reporting requirements, although that the European Union was considering modifying its requirements.</p> <p>Members discussed the need for more guidance by small businesses in Australia on new climate disclosure requirements, with some companies reportedly unaware of how climate risks impact their operations. Members agreed that education and outreach efforts should be expanded to ensure that small businesses understand the financial implications of sustainability reporting and the necessity of disclosing material climate risks.</p> <p>A key issue discussed was the quality of sustainability reports produced by major corporations, with some members noting that reports are often lengthy and lack clarity on material risks. Members took the view that companies should focus on concise, high-quality reporting that provides clear, actionable insights rather than overly broad sustainability statements. Members also noted stakeholder reports suggested reduced concerns about resourcing pressures in the auditing profession as compared to previous reports.</p> <p>The FRC Secretariat will work with the Chair to explore ways to increase dialogue with stakeholders on how the FRC is responding to stakeholder feedback.</p>	

<b>4</b>	<b>OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING) PER ASIC ACT S 225(1) TO (2A)</b>
<b>4A</b>	<b>AASB REPORT</b>
	<p>Keith Kendall provided a verbal update on the AASB's work:</p> <ul style="list-style-type: none"> <li>• The first AASB board meeting of the year is scheduled for 6 March 2025.</li> <li>• Sustainability reporting has become mandatory for Group 1 entities from 1 January 2025, with a focus on implementation guidance.</li> <li>• The AASB is progressing the drafting of new standards for non-profit entities within Tier 3.</li> <li>• The AASB continues to work on the Service Performance Reporting project, focusing on how to measure success in non-profit and public sector entities.</li> <li>• The AASB is attending the IFRS Foundation's Integrated Thinking and Reporting Annual Conference in Tokyo.</li> </ul>
<b>4B</b>	<b>AUASB REPORT</b>
	<p>Doug Niven provided a verbal update of the AUASB's developments in financial auditing, assurance, and sustainability:</p> <ul style="list-style-type: none"> <li>• The AUASB approved the adoption of international standard ISSA 5000 <i>General Requirements for Sustainability Assurance Engagements</i> in Australia. Positive feedback has been received from international standard-setting bodies.</li> <li>• The AUASB is currently focused on implementation, education, and guidance. Work is ongoing to address frequently asked questions (FAQs) related to the new standard.</li> <li>• Recruitment efforts are underway to support sustainability assurance implementation.</li> </ul>
<b>5</b>	<b>MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS PER ASIC ACT S 225(2)(E) TO (2)(F) AND S 225(2A)(F) TO (2A)(G)</b>
<b>5A</b>	<b>XRB UPDATE</b>
	<p>Michele Embling provided verbal updates:</p> <ul style="list-style-type: none"> <li>• XRB continues to strengthen relationships with international bodies, including the International Public Sector Accounting Standards Board (IPSASB) and IFRS Foundation, to align New Zealand's reporting standards with global standards while being domestically relevant.</li> <li>• Michele shared the XRB's approach to board and subcommittee composition to ensure that it maintains a good balance of technical skills and broader experience. It was noted that fewer than 50% of current NZAuASB board members are licensed auditors.</li> </ul>

<b>5B</b>	<b>INTERNATIONAL DEVELOPMENTS</b>
	Members noted the information attached in the meeting pack.
<b>6</b>	<b>PUBLIC SECTOR ADVISORY GROUP</b>
	<p>Amy Fox discussed key themes raised in the recent PSAG meeting held on 17 February 2025, including:</p> <ul style="list-style-type: none"> <li>• Ongoing challenges in recruitment and retention of qualified professionals particularly into specific regions. Members noted continued declines in turnover and an increasing inability to fill positions, with the impact being more pronounced in the ACT than in other jurisdictions.</li> <li>• The shortage of qualified professionals requires targeted strategies to attract and retain talent in public sector auditing and accounting roles.</li> <li>• Implications and impact of renewed focus of AASB on standard setting projects, which will need to be carefully considered and consulted on with the public sector.</li> </ul>
<b>7</b>	<b>FRC STRATEGIC PLAN 2025-26</b>
	<p>The discussion on the FRC Strategic Plan emphasised the need to align with evolving global trends and financial reporting standards, particularly in sustainability. Members suggested refining and revising wording to reflect the continued evolution of sustainability reporting.</p> <p>Members agreed on the need to track progress against the plan by bringing it back for review, comparing stated objectives with actual outcomes. Members agreed for the FRC Secretariat to refine the strategic plan accordingly and recirculate an updated draft for further input.</p>
<b>8</b>	<b>FUNDING INTERNATIONAL BODIES</b>
	All FRC members agreed for the FRC Secretariat to work with the Chair on a recommendation to the Australian Government that it provides a further contribution to the IFRS Foundation in 2025-26.
<b>9</b>	<b>OTHER BUSINESS</b>
<b>9A</b>	<b>NOMINATIONS COMMITTEE [PER S 225(2)(A) AND S 225(2A)(A)]</b>
	<p>Rachel Grimes AM noted that the FRC reappointed the following members to the AASB and AUASB who commenced on 22 February 2025:</p> <ul style="list-style-type: none"> <li>- AASB: Sean Osborn</li> <li>- AUASB: Merylyn Gwan</li> </ul>
<b>9B</b>	<b>CORRESPONDENCE RECEIVED AND SENT</b>
	Members noted the correspondence sent.
<b>9C</b>	<b>FRC WEBSITE UPDATE</b>

	Members agreed for the FRC Secretariat to update members' biographies on the FRC website with input received from members.
<b>9D</b>	<b>KEY ACTION ITEMS SUMMARY</b>
	<ul style="list-style-type: none"> <li>• FRC Secretariat to work with Chair to consider options to increase dialogue with stakeholders (e.g., stakeholder roundtables).</li> <li>• FRC Secretariat to incorporate members' comments on the FRC 2025-26 Strategic Plan and circulate to members an updated Strategic Plan for further input.</li> <li>• FRC Secretariat to work with the Chair on a recommendation to the Australian Government that it provides a further contribution to the IFRS Foundation in 2025-26.</li> <li>• FRC Secretariat to update members' biographies on the FRC website with input received from members.</li> </ul>
<b>10</b>	<b>NEXT MEETING</b>
	Next meeting will be held on 6 June 2025 at the Sydney Treasury office.



## FRC STRATEGIC PLAN 2025-26

**Attachment A** provides a Strategic Plan which covers the FRC's priorities for 2025 and 2026.

Secretariat has incorporated comments provided by members at the March 2025 FRC meeting and out of session.

### **ACTION**

- FRC to note.

## FRC Strategic Plan 2025-26

The Financial Reporting Council (FRC) oversees the effectiveness of Australia's financial reporting framework, standard setting processes for accounting and auditing standards and audit quality. It also supports alignment with international standards and regulatory developments to promote trust and transparency in financial reporting.

This strategic plan is intended to cover the FRC's priorities for 2025 and 2026, recognising the Government's intention to combine the FRC, the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB) into one body that it has proposed to be operational on or after 1 July 2026.

### Purpose and Objectives

The FRC operates under Part 12 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). The FRC's functions and powers are set out in section 225 of the ASIC Act. Broadly, the FRC is responsible for:

- Providing oversight of the accounting and auditing standard-setting processes in Australia.
- Monitoring and promoting audit quality to maintain confidence in financial reporting.
- Advising the government on matters relating to accounting standards.
- Advising the government on matters relating to auditing and accounting standards.
- Supporting the effective implementation of Australian-specific sustainability standards and international alignment.
- Engaging with stakeholders, including regulators and standard setters, to enhance governance and accountability.
- Encouraging continuous improvement in financial reporting to meet the need of evolving domestic and international markets, and regulatory expectations.

### Environmental Analysis

Global	Australia
There is a focus on mandating sustainability reporting.	<ul style="list-style-type: none"> <li>• The adoption of global sustainability standards will play a key role in shaping corporate accountability and investor confidence.</li> </ul>

- The global economy remains influenced by inflationary pressures, geopolitical uncertainties, and evolving investor expectations.
- Regulatory reforms, including the proposed merger of oversight financial reporting bodies, require careful stakeholder engagement and implementation strategies.
- Advancements in artificial intelligence (AI), blockchain, and data analytics are transforming financial reporting and auditing practices.
- Australia is adapting to shifts in regulatory changes and advancements in AI and digital reporting.
- International standard-setting bodies continue to refine and enhance financial reporting and audit requirements to promote transparency and trust.
- Australian standard setters must proactively engage in international forums to ensure that global standards reflect domestic needs and regulatory objectives.

## Strategic Priorities

The FRC's strategic priorities for 2025-26 focus on strengthening financial reporting, responding to regulatory and market developments, and enhancing international collaboration.

Strategic Priority	Key Actions
<b>Accounting, Auditing and Assurance Standards</b>	<ul style="list-style-type: none"> <li>• Overseeing the development and implementation of Australian-specific standards: <ul style="list-style-type: none"> <li>- Monitor the AASB and the AUASB to develop guidance and implement educational initiatives designed to enhance robustness and effectiveness in financial and sustainability reporting and assurance frameworks.</li> </ul> </li> <li>• Encouraging and supporting continuous improvement in financial and sustainability</li> </ul>

	<p>reporting by promoting transparency and accountability:</p> <ul style="list-style-type: none"> <li>- Support the adoption of digital reporting.</li> <li>• Promoting alignment with IFRS<sup>1</sup>, IAASB<sup>2</sup>, IASB<sup>3</sup>, ISSB<sup>4</sup> and other international standard setters to enhance consistency and comparability across jurisdictions: <ul style="list-style-type: none"> <li>- Influence key international standard setters by demonstrating leadership in Australian financial and sustainability reporting frameworks and enhancing international relationships.</li> </ul> </li> </ul>
<b>Strengthening Audit Quality</b>	<ul style="list-style-type: none"> <li>• Supporting the AUASB to develop and implement guidance to enhance transparency and audit quality.</li> <li>• Promoting continuous improvements in audit quality.</li> </ul>
<b>Sustainability Standards</b>	<ul style="list-style-type: none"> <li>• Supporting the adoption and integration of sustainability reporting standards.</li> <li>• Promoting international alignment to ensure comparability and consistency.</li> </ul>
<b>Regulatory Developments</b>	<ul style="list-style-type: none"> <li>• Assisting in the facilitation of the proposed merger of financial reporting bodies in Australia, ensuring continued stakeholder engagement and a smooth transition to the new body.</li> </ul>

<sup>1</sup> International Financial Reporting Standards

<sup>2</sup> International Accounting and Assurance Standards Board

<sup>3</sup> International Accounting Standards Board

<sup>4</sup> International Sustainability Standards Board

	<ul style="list-style-type: none"> <li>• Monitoring and responding to broader parliamentary inquiries impacting the audit and accounting professions, including evolving expectations on audit and assurance.</li> </ul>
<p><b>Stakeholder Engagement</b></p>	<ul style="list-style-type: none"> <li>• Engaging with stakeholders, including regulators, organisations, and standard setters in Australia to discuss and obtain insights on current challenges, objectives and possible improvements in relation to the financial and sustainability reporting frameworks.</li> <li>• Influencing international standards and guidance by enhancing relationships with key international standard setters: <ul style="list-style-type: none"> <li>- Support the nomination of suitable Australian candidates for key international positions.</li> <li>- Encourage alignment between Australian-specific and international financial and sustainability reporting and assurance standards.</li> </ul> </li> </ul>

The FRC remains committed to upholding trust in financial reporting and audit quality while supporting government policy and responding to emerging challenges in the accounting and auditing professions. The FRC continues to promote confidence and best practices in financial governance in Australia through strategic oversight and proactive engagement with stakeholders.



**ITEM 2C**  
**6 JUNE 2025**

**ACTION ITEMS**

Attached are the action items from the FRC meeting held on 5 March 2025.

**ACTION**

- FRC to note.

## ACTION ITEMS

### 5 MARCH 2025 ACTION ITEMS

	Action item	Owner	Status
1	Secretariat to work with Chair on options to increase two-way dialogue with stakeholders (eg, stakeholder roundtables)	Secretariat & Chair	In progress
2	Secretariat to update stakeholder reports in the meeting paper after FRC meeting to reflect late reports received after the due date.	Secretariat	Complete
3	AASB to include its research and workplans as part of its reports to the FRC.	AASB	In progress
4	Secretariat to incorporate members' comments on FRC 2025-26 Strategic Plan and circulate to members an updated Strategic Plan for further input.	Secretariat & FRC	Complete
5	Secretariat to work with Chair on a recommendation to Government that it provides a further \$1 million contribution to IFRS Foundation in 2025-26.	Secretariat & Chair	Complete
6	Secretariat to update members' biographies on FRC website.	Secretariat	Complete

## ACTION ITEMS

### ONGOING MATTERS

	Action item	Owner	Status
1	FRC members to use stakeholder engagement to identify people with appropriate skills to be AUASB/AASB candidates.	FRC	In progress
2	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	In progress
3	Explore whether identified candidates for international roles should be put forward for nomination.	Secretariat	In progress
4	Secretariat to circulate relevant media clippings about financial reporting and audit to all FRC members.	Secretariat	In progress



**ITEM 3A**  
**6 JUNE 2025**

**MEMBER REFLECTIONS**

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**

- FRC to note contemporary and relevant matters.



## **STAKEHOLDER REPORTS**

On 28 April 2025, the FRC Secretariat sent a stakeholder report request (**Attachment A**) to all stakeholders.

Out of requests to 26 stakeholders, the FRC received 13 stakeholder reports and a response from 1 confirming nil update.

A summary of key themes in stakeholder meetings can be found at **Attachment B**.

Stakeholder responses can be found at **Attachment C**.

### **Stakeholder meetings**

As part of the FRC's engagement with the financial reporting sector, the FRC Chair has annual one-on-one meetings with stakeholders to discuss current objectives, challenges, and possible improvements.

The FRC also trialed two stakeholder roundtable meetings in Canberra on 9 May 2025, one with public sector entities and the other with private sector entities. The roundtable agenda resembled that of the one-on-one meetings, but bringing multiple stakeholders together in a single session enabled stakeholders to hear from each other and facilitated an exchange of ideas.

### **ACTION**

- FRC to discuss the stakeholder reports.
- FRC Chair to provide a verbal update of stakeholder meetings.

## STAKEHOLDER ENGAGEMENT

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### 1. Engagement Preferences

- What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)
- For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?
- For roundtable discussions, would you prefer:
  - cross-sector forums
  - engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?

### 2. Themes and Content

- What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)
- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?

### 3. Frequency and Timing

- How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?
- Are there particular periods in the year when engagement would be most convenient or impactful?

### 4. Suggestions for Improvement

- Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach?

## ATTACHMENT B

**General topics covered at stakeholder meetings include:**

### **Current objectives / developments**

1. What activities are being undertaken in relation to recent developments in sustainability reporting and assurance?
  - Resourcing for sustainability reporting and assurance
2. Views on the proposed merger of the FRC, AASB and AUASB?
3. What is necessary to ensure the uptake of digital reporting?
  - Will digital reporting benefit investors, businesses and others?

### **Engagement / collaboration with government**

1. How has your engagement / collaboration with government agencies been (including AASB and AUASB)?
  - Any suggestions for improvement?

### **Current challenges**

1. Possible improvements for financial reporting and auditing
2. Training and professional development in the auditing profession

### **Key themes**

- **Most stakeholders accept the proposed merger of the FRC / AASB / AUASB , but important considerations must be made**
  - Since the merger is integrating boards with different skills such as accountants and standard setters, this presents a risk to integrity that must be addressed
  - A consideration should be made on what boards / individuals should be included in the merged body such as a single disciplinary body or investors
  - The proposed model should be adequately resourced and place emphasis on practitioners having expertise
  - While it is positive that the proposed merger is modelled after the UK's merged body, Australia faces challenges due to its smaller talent pool for filling these roles
- **Sustainability reporting is progressing, despite the various challenges organisations are encountering**
  - To meet the growing demand for sustainability reporting, many organisations require more climate subject matter experts, accountants, and auditors
  - Australia has progressed sustainability reporting faster than many other countries
- **There is limited uptake of digital reporting despite the benefits that may arise**
  - Digital reporting will not be widely adopted unless it is mandated by the government

- The costs of producing digital reports for certain user groups may outweigh the benefits, so there should be flexibility in such cases
- Digital reporting needs to be better “sold” as a value proposition
- **There is a declining pipeline of auditors / accountants, despite increasing demand for their services**
  - The number of individuals with commerce-related degrees and qualifications is declining
  - As reporting requirements continue to develop, organisations are increasing their demand for accountants and auditors, who often have limited time to undertake the work
  - Peak industry bodies and advocacy groups are attempting to boost supply in the accounting / auditing profession
- **Australia needs stronger international representation in financial reporting policy**
  - Australia needs more individuals on international boards to better contribute to discussions taking place

Stakeholder(s)	Date	Attendees
PwC	6 March 2025	Sam Garland (Australian Accounting and Assurance Public Policy Committee & Banking and Capital Markets Leader)  Andrew Mills (FRC Chair)  Jesse Chen (FRC Secretariat)
PwC	18 March 2025	Jan McCahey (Chief Risk and Ethics Leader)  Sue Horlin (Managing Partner, Assurance)  Joey Moore (Head of Strategy and Operations, Risk and Ethics)  Andrew Mills (FRC Chair)  Jesse Chen (FRC Secretariat)  Ben Mills (FRC Secretariat)
<b>Stakeholder Roundtable - ACT Audit Office, ANAO, Department of Finance and ACT Government</b>	9 May 2025	Ajay Sharma (Assistant Auditor General, ACT Audit Office)  Amelia Pomery (Principal, ANAO)  Alastair Higham (Senior Director, ANAO)

		<p>Amy Fox (First Assistant Secretary, Department of Finance)</p> <p>Lasantha Samaranayake (Assistant Secretary, Department of Finance)</p> <p>Louise Starr (Assistant Secretary, Department of Finance)</p> <p>Mogendhri Mueller (Assistant Director, Department of Finance)</p> <p>Nick Dent (Department of Finance)</p> <p>Sally Druhan (Chief Finance Officer, ACT Government)</p> <p>Natasha Bourke (Executive Branch Manager, ACT Government)</p> <p>Andrew Mills (FRC Chair)</p> <p>Jesse Chen (FRC Secretariat)</p> <p>Rebecca Waldron (FRC Secretariat)</p> <p>Ben Mills (FRC Secretariat)</p>
<b>Stakeholder Roundtable – RSM, BellchambersBarrett and ASFI)</b>	9 May 2025	<p>Ged Stenhouse (Audit and Assurance Partner, RSM)</p> <p>Kathleen Buckley (Audit and Consulting Partner, BellchambersBarrett)</p> <p>Alex St John (Policy Manager, ASFI)</p> <p>Andrew Mills (FRC Chair)</p> <p>Ben Mills (FRC Secretariat)</p>
<b>CPA Australia</b>	16 May 2025	<p>Elinor Kasapidis (Chief Policy, Standards &amp; External Affairs)</p> <p>Andrew Mills (FRC Chair)</p> <p>Jesse Chen (FRC Secretariat)</p>
<b>ACSI</b>	16 May 2025	<p>Louise Davidson (Chief Executive Officer)</p> <p>Andrew Mills (FRC Chair)</p> <p>Jesse Chen (FRC Secretariat)</p>

<b>IPA</b>	16 May 2025	Andrew Conway (Group Chief Executive Officer) Andrew Mills (FRC Chair) Jesse Chen (FRC Secretariat)
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### STAKEHOLDER ENGAGEMENT - ACAG

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

#### 1. Engagement Preferences

- What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)

Written submissions are usually the preferred method for ACAG so that views can be developed and consolidated across members offices before a final submission lodged.

We would welcome roundtable discussions on a more regular basis. We currently have the AASB and AuASB attend ACAG sub-committee meetings 1-2 times a year and we find this time with board staff informative and useful.

Providing a range of engagement options however will maximise the opportunity to provide timely and considered feedback.

Also, ACAG members may welcome FRC to speak at ACAG Business Meetings (a collective face-to-face meeting of Auditors-General held twice a year) or ACAG Sub-Committee Meetings held more regularly (membership includes ACAG Assistant Auditors-General responsible for reporting, quality and standards). These forums would enable a two-way dialogue on key issues and developments.

For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?

Our default preference is in-person, but we recognise that it not always achievable and therefore are comfortable with a hybrid format. In-person discussions generally facilitate more engaging dialogue amongst participants. In many instances hybrid formats are sufficient. It is a more cost effective means to allow people across Australia to collaborate quickly. If budget allows, face-to-face meetings in each capital city can also be effective.

- cross-sector forums

- engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?

Both can work depending on the topic and session objective(s), but our preference would be to have sessions that are tailored to specific categories. For example, if there was a cross-sector roundtable discussion on sustainability reporting in the coming month, the discussion in the room would probably be dominated by phase 1 / phase 2 corporations act entities. AI is an emerging topic that

impacts both public and private sector. Sometimes the environment may not be conducive to airing the challenges/opportunities/issues specific to the public sector.

Even in the context of the public sector, there may be times where it is appropriate to hold separate roundtable discussions for preparers vs auditors, though more often than not having both preparers and auditors in the room at the same time can help.

Public sector should continue to be a focus for the FRC, so forums specifically for public sector auditors can enable that.

## **2. Themes and Content**

- What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)

The examples provided are all valuable and topical. We support the continued focus on them. Sustainability assurance should be added to the list. There is a potential expectation gap between users of audit reports and auditors; and there are significant risks to audit quality over the phasing in period.

Obtaining skilled resources continues to be a pressure point for primarily for auditors, and secondarily for preparers. This is exacerbated with the introduction of sustainability reporting. For quality to be maintained a longer-term focus on attracting people into the industry needs to be a focus.

Other key topics of interest:

- Progress against Strategic Plan
- Key trends/insights the FRC is seeing from its oversight of standard setting, and its insights/concerns around audit quality
- Initiatives aimed at improving public sector financial reporting
- Significant upcoming regulatory reform, standard changes
- How to better engage/make the most of the Public Sector Working Group
  
- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?
  
- Understanding the program of works aimed at improving public sector financial reporting – many stakeholders would like to see more useful, less complex financial reporting in the public sector
  
- The audit profession's readiness for sustainability assurance
- Applying auditing standard requirements in a digital audit environment including data analytics and AI
- We are discussing the impact of artificial intelligence on how entities manage their business, and the flow through to revenue, expense and asset management. Equally we are working to understand how to use AI to provide more efficient (and hopefully effective) audits without compromising our professional scepticism or breaching client confidentiality. The FRC, and the future merged body, is uniquely placed to provide guidance to preparers of financial statements and auditors.

### **3. Frequency and Timing**

- How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?

Twice a year (six monthly) would be good. We currently interact with AASB/AuASB staff through ACAG committees about twice a year and that seems to work well.

This would enable a focus on the pertinent emerging issues and an opportunity for the FRC to respond to matters raised and/or have further discussion with stakeholders.

ACAG would appreciate the FRC providing targeted briefings the ACAG business meeting, attended by all Australian jurisdictional auditors-general, and selected auditors-general from the pacific islands.

- Are there particular periods in the year when engagement would be most convenient or impactful?

The majority of our clients are 30 June reporters, therefore engagement that needs to result in change is more impactful when we have sufficient time to prepare. However, we are happy to engage throughout the year.

March/April or October/November are better periods. Timing also needs to align with FRC annual planning or planned released of consultation processes.

### **4. Suggestions for Improvement**

- Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach?

We support the continuation of the FRC's public sector advisory group as a key means of engagement with our sector.

We recommend the new merged body undertake a similar consultation on engagement to ensure that the effectiveness of engagement through the former bodies is not compromised.

The one-on-one stakeholder meetings the Chair arranged early in 2025 with ACAG (and ACAG member, Mr Andrew Greaves, Auditor-General of Victoria) was a highly valuable opportunity to raise matters of importance to ACAG members.

## STAKEHOLDER ENGAGEMENT - APRA

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### 1. Engagement Preferences

- What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions) It depends on the issue being discussed/deliberated and the timing we are working to.
- For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats? Again, it depends on the issue but it is always helpful for engagements to have the option of virtual meetings.
- For roundtable discussions, would you prefer:
  - cross-sector forums
  - engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)? Again, it depends on the issue and the role we are being asked to play. Cross-sector forums can be useful and informative where there are a broad range of stakeholders.

### 2. Themes and Content

- What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes) It depends on the issue of the day and what we are being asked to do. At any one time, each of the above could be the most relevant or important.
- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC? There are no issues at this point that we feel we need to engage directly with the FCR on

### 3. Frequency and Timing

- How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)? We provide a quarterly report for FRC meetings. Outside of that, it is probably useful to have an annual engagement.
- Are there particular periods in the year when engagement would be most convenient or impactful? APRA is flexible on when we meet. There is no preferred time.

### 4. Suggestions for Improvement

- Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach? Not at this point.

## STAKEHOLDER ENGAGEMENT - ACNC

- The ACNC recommends that you tailor your stakeholder engagement approach based on the type of stakeholder (i.e. government vs peak bodies). Many of the questions we are asked are not relevant to government but are relevant to peak bodies. For example, many questions in this survey do not apply to the ACNC.
- If required, the ACNC would prefer a yearly virtual catch-up (if urgent issues arise, we can meet separately).
- The ACNC currently completes quarterly updates – these should be six-monthly or annual. We are unsure if the FRC sees any value in the reporting provided by the ACNC. It may be more efficient to organise for online surveys to be sent (rather than completing a word document).
- We recommend that the FRC consider a specific not-for-profit stakeholder group with representatives from across government as well relevant peak bodies. This would allow FRC to hear directly about the issues specific to the NFP sector, particularly in relation to Tier 3 or potential future service reporting.

## STAKEHOLDER ENGAGEMENT – CA ANZ

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### 1. Engagement Preferences

- **What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)**

The choice between formats of engagement depends on the specific goals and context of the interaction, for example:

- For personalised feedback, sensitive topics, or relationship building, we find one-on-one meetings are generally more effective.
- For brainstorming, collaborative problem-solving, or information dissemination, we find roundtable discussions are often more suitable.
- **For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?**

Virtual formats are more accessible for people in different geographic locations, and could be used for more regular forums, with at least one in-person meeting per year.

In our experience hybrid formats come with several downsides. One of the key challenges is that virtual participants may feel less engaged or find it harder to contribute compared to those physically present. This can lead to an imbalance in participation. Managing a hybrid meeting requires more effort to ensure that both in-person and virtual participants are equally involved. Facilitators need to be adept at handling both groups simultaneously.

- **For roundtable discussions, would you prefer:**
  - **cross-sector forums**
  - **engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?**

Again, the choice between stakeholder audience should be based on the specific objectives of the roundtable discussion, for example:

- For addressing broad, systemic issues or fostering innovation through diverse perspectives, we find cross-sector forums are often more suitable.
- For tackling specific challenges, developing targeted solutions, or engaging deeply with particular stakeholder groups, we find tailored engagement sessions are generally more effective.

## 2. Themes and Content

- **What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)**

All of the above.

- **Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?**
  - Positioning Australia's financial reporting system for the future
  - Regulation of accounting, auditing and consulting firms in Australia
  - ASIC's supervision of auditors; ensuring its inspection programme is adequately funded, and expanding the scope of its mandate to regulate audit firms
  - Mandating digital reporting for listed entities

- Removing the requirement for assurance for group 3 entities that have no material climate-related risks/opportunities
- Increasing the understanding of audit, and why it should be valued by the market
- Addressing the skills shortage, and increasing the pipeline of accountants/auditors
- Improving the accountability of financial/sustainability report preparers

### 3. Frequency and Timing

- **How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?**

Our preference would be to engage with the FRC half-yearly and, if urgent issues arise, meetings be called quarterly or as needed.

- **Are there particular periods in the year when engagement would be most convenient or impactful?**

Engagement before reporting season would be useful to identify and discuss any emerging issues.

### 4. Suggestions for Improvement

- **Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach?**

From our various interactions, it is clear that some of the FRC's stakeholders do not understand the FRC's role/purpose, or what activities it undertakes to fulfill these.

There is a very valuable role that the FRC can perform; providing expert input and advising government on proposed legislative change in relation to certain issues, which is sometimes missed.

## STAKEHOLDER ENGAGEMENT - CPA

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As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### 1. Engagement Preferences

- **What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)**
- **For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?**
- **For roundtable discussions, would you prefer:**

**- cross-sector forums**

**- engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?**

A range of formats are necessary to ensure optimal engagement with stakeholders and the choice of format(s) will need to be tailored to both the circumstances and requirements.

Current formats of engagements employed by the AASB and AUASB work well in general and should continue going forward. These include both formal and informal methods of engagement.

Our engagement with the FRC is currently limited to providing feedback through information requests (including statutory information sharing obligations under the ASIC Act) in advance of FRC meetings, information requested for the FRC Annual Report and other limited ad-hoc engagements. Regarding information we provide to the FRC (and its successor), we would welcome feedback including any actions that may result from such information.

Some common forms of engagement that work well include:

- CEO/Executive level engagements to discuss matters of strategic importance.
- Workshops & roundtables are useful in linking standard setters to members of the accounting profession, technical experts and broader stakeholders with discussions that can lead to mutually beneficial outcomes.
- Public consultations and submissions are a well-established channel to obtain formal feedback and provide stakeholders visibility on a range of views.
- Formal and informal engagement with standard-setter staff and Board members, including joint engagements with other professional bodies including Chartered Accountants Australia and New Zealand.
- Confidential engagements and direct interactions with standard setters can provide preliminary input to projects, often as a precursor to public consultations.

The focus of all engagements, regardless of format, should be on accessibility, inclusivity and transparency to ensure there is clarity in project purpose, development, outputs and outcomes.

A diverse range of stakeholders need to be engaged, including specific categories as noted in the questions above. In particular, there should be alignment between the work of the standard-setters who come under the FRC (and its successor) and the Accounting Professional & Ethical Standards Board (APESB) to ensure there is coherence across standards. As a broad principle, there should be engagement with stakeholders that are impacted by or have public interest in standard setting/audit quality/reporting quality issues.

## **2. Themes and Content**

- **What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)**
- **Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?**

In addition to the observations we have made in response to the questions under 1. above, we believe all of the matters noted above are relevant topics for engagement sessions. Some additional considerations for engagement could include:

- Engagement on strategy setting activities of the FRC (and its successor)
- An environmental scan of other activities relevant to the work of the FRC (and its successor). This could for example include ongoing and concluded Parliamentary enquiries, the regulatory oversight function of the Australian Securities and Investments Commission (ASIC) including review and analysis of findings
- Transparency around the work plan of the FRC (and its successor).

### **3. Frequency and Timing**

- **How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?**
- **Are there particular periods in the year when engagement would be most convenient or impactful?**

The frequency of engagement will depend on the nature of the activity, and we foresee both periodic/regular engagement and ad-hoc engagements as necessary.

It may be beneficial if a strategic liaison or engagement group is set up (similar to the Australian Taxation Office's National Tax Liaison Group) for both oversight and engagement with the community and key stakeholders.

### **4. Suggestions for Improvement**

- **Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach?**

CPA Australia's above responses to questions raised on the FRC's engagement approach are also premised on the upcoming new structure that will replace the FRC, the AASB and the AUASB. As noted in our submission to the Treasury Consultation Paper "Positioning Australia's financial reporting system for the future", we recommend that the proposals lead to a structure that is efficient and flexible. The new body should play a strategic role in fostering efficient and effective corporate reporting in Australia. In this context, we expect CPA Australia's engagement with the new structure to remain focused on the key touch points of financial reporting, sustainability reporting, audit & assurance and reporting & audit quality.

We see the new Body's role as one of strategy and co-design, facilitating the co-ordination and alignment of standard-setting activity across both the standard-setters and relevant

stakeholder groups. We see the Body's role as being one that builds public trust and confidence in the Australian financial reporting framework through its activities, including strategic direction and oversight, collaboration and enduring relationships.

## **STAKEHOLDER ENGAGEMENT - BRLF**

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As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### **1. Engagement Preferences**

- We have found it convenient to produce the quarterly reports plus irregular 1:1's with Andrew Mills. The gap has been that we usually get no feedback on our quarterly reports including actions arising from them.
- 1. As to roundtables, a good idea – maybe two per year. Round table that are across 'the reporting chain' (ie investors, regulators/standard setters/ auditors and companies) would also be useful, and involve international input. Try and get balance in proposed requirements).

### **2. Themes and Content**

- The FRC is in a similar position to the IFRS Foundation Trustees – monitoring national and international trends, driving system, system governance, as well as overseeing standard setting.
- We have suggested to the Trustees that they need to be more strategic (eg vision for corporate reporting system, focused on all corporate reports) and less focused on standard setting, for which there are two standard setting bodies. This would enable the FRC to do similar things with international alignment, particularly in relation to integrated Reporting.
- Focus on strategic issues - how to we reduce volume / red tape but still get relevant / quality / compliant information to the market. ‘Top down’- what is needed, rather than only what is currently required, and then focus on proper application of materiality to achieve conciseness and still being comprehensive.
- FRC consultation should be on issues which cut across all standard setting boards, with the standard setting boards continuing to consult on issues specific to their portfolio. The main issue cutting across the three boards is connectivity, and that brings in integrated reporting. The other issue is the global pullback on sustainability and climate-related reporting and expectations in Australia. Audit and assurance quality is also a key issue, especially with a large number of firms having to step up into assuring climate- and other sustainability-related reporting
- Re issues, we aim for our reports keep the FRC up to date on international developments (integrated reporting and integrated thinking) which are outside the standard setting process.

### 3. Frequency and Timing

- Quarterly up dates are appropriate.

### 4. Suggestions for Improvement

## STAKEHOLDER ENGAGEMENT - BCA

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As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### \*\*1. Engagement Preferences\*\*

- What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)

**Written submissions.**

- For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?

**Hybrids.**

- For roundtable discussions, would you prefer:

- cross-sector forums

- engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?

**Both.**

**\*\*2. Themes and Content\*\***

- What topics or themes would you find most valuable for FRC engagement sessions?

(eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)

**Regulatory changes.**

- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?

**Regulatory burden.**

**\*\*3. Frequency and Timing\*\***

- How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?

**Half-yearly.**

- Are there particular periods in the year when engagement would be most convenient or impactful?

No.

**\*\*4. Suggestions for Improvement\*\***

- Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach

## STAKEHOLDER ENGAGEMENT - EY

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### 1. Engagement Preferences

- What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)

All three formats are effective forms of engagement depending on the topic(s) and the level of detail required. It may be appropriate to utilise a combination of different formats to achieve the desired outcome, e.g. roundtable discussion followed by written submissions.

- For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?

For roundtable discussions, a virtual format allows more and equitable participation from all stakeholders.

For one-on-one discussions, in-person is most effective however the locations of the attendees will need to be considered.

- For roundtable discussions, would you prefer:

- cross-sector forums

- engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?

Engagement sessions tailored to specific stakeholder categories would be preferable. It may be beneficial to combine firms with professional bodies (CAANZ and CPA Australia).

### 2. Themes and Content

- What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)

All of the topics proposed are valuable for FRC engagement sessions. For the next 12 months, the most valuable topics would be sustainability reporting, regulatory reforms and attractiveness of the profession.

- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?

Availability of skilled resources and the shortage of individuals wanting to enter the profession has been an issue we have focused on recently.

### 3. Frequency and Timing

- How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?

For roundtable discussions, half-yearly would likely be sufficient and this could be complemented with additional ad-hoc engagements as needed.

- Are there particular periods in the year when engagement would be most convenient or impactful?

It would be preferred that these half-yearly engagements avoid peak audit periods (i.e. July to September, and January to March), around May and November would generally work well for the firms.

### 4. Suggestions for Improvement

- Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach?

We suggest the engagement approach is revisited after the FRC, AuASB and AASB have been consolidated into a single entity, which as the Government announced is expected to be around mid-2026.

## STAKEHOLDER ENGAGEMENT - IPA

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### 1. Engagement Preferences

- What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)

**IPA thinks there is value in periodic roundtable discussions with one-on-one meetings to supplement the roundtable discussions where appropriate.**

- For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?

**IPA prefers a mix of hybrid and virtual meetings once a year to enable both the FRC and its stakeholders to engage in person. The meeting would provide an opportunity to improve the collaboration and strengthen the relationships not only with the FRC and its stakeholders but also among the stakeholders.**

- For roundtable discussions, would you prefer:
  - cross-sector forums
  - engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?

**IPA prefers cross-section forums, as it permits the stakeholders to hear the issues from stakeholders beyond its own sector, and foster the exchange and pooling of views and ideas.**

## 2. Themes and Content

- What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)

**IPA thinks the:**

- **present standing topic/themes of:**
  - **sustainability reporting, assurance and ethics and**
  - **feedback from FRC**
- **updates on Treasury’s standard-setting reform and**
- **the remaining areas of audit quality, sustainability reporting, standard-setting developments, regulatory changes, where relevant.**

- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?

**IPA has no pressing issues that we would like to explore further with the FRC.**

### **3. Frequency and Timing**

- How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?

**IPA thinks as a minimum annual engagement meeting (as per comments above) but ideally every 3 or 6 months following the collection of the FRC's current quarterly "Stakeholder Report".**

- Are there particular periods in the year when engagement would be most convenient or impactful?

### **4. Suggestions for Improvement**

- Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach?

**Currently, IPA along with other stakeholders provides the FRC with a quarterly "Stakeholder Report". It would be useful if the FRC provides feedback to the stakeholders on how the FRC used the information and how useful the information was.**

## STAKEHOLDER ENGAGEMENT - PWC

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### 1. Engagement Preferences

- What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)

We value the interaction with a range of stakeholders. For this reason, roundtables are our preferred form of engagement.

- For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?

For roundtable discussions, in-person is always our first preference. We find virtual works better than hybrid meetings for larger groups. One-on-one meetings are effective in either a face to face or virtual setting.

- For roundtable discussions, would you prefer:

- cross-sector forums

- engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?

The participants in a roundtable discussion are best curated for each topic. In some circumstances specific stakeholder categories are of value, but there are many circumstances where we value hearing the perspectives of others outside of our sector.

### 2. Themes and Content

- What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)
  - The Australian Accounting and Auditing Public Policy Committee ('AAAPPC') and its sub-committees provide a valuable forum to engage in a discussion around a variety of topics. It would be useful to find topics that complement the work of AAAPPC rather than duplicate it.
  - We would expect audit quality to be a topic that continues to be considered in engagement sessions. *Engaging in discussions around modern ways to measure audit quality; the role of AI in the audit and providing confidence to a broader range of stakeholders are topics that are currently relevant.*

- Following the approval by the Auditing and Assurance Standards Board (AUASB) of International Standard ISSA 5000 *General Requirements for Sustainability Assurance Engagements in Australia* and the AUASB's approval of ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports* under the Corporations Act 2001, it is our view that sustainability remains an important topic for a variety of stakeholders and there is significant discussion to take place on this matter either through the AAAPPC or FRC..
- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?

None to note.

### **3. Frequency and Timing**

- How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?

We recognise the benefit and opportunity to get together with our counterparts on a half-yearly basis (noting the comment above about duplication). An annual one-on-one with the FRC would also be welcomed.

- Are there particular periods in the year when engagement would be most convenient or impactful?

The second and fourth quarters of the financial year ending June would be most convenient, as this is outside of the traditional reporting seasons of Australia's large listed clients.

### **4. Suggestions for Improvement**

- Do you have any other suggestions for the FRC to enhance the effectiveness of it's stakeholder engagement approach?

As highlighted above, the AAAPPC and its sub-committee structure could possibly be leveraged to engage in an effective manner with key stakeholders in those areas relevant to corporate reporting: audit quality, independence, ESG, talent.

## **Stakeholder Engagement - HoTARAC**

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### **1. Engagement Preferences**

- What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)

### **Background**

The FRC invites HoTARAC to prepare a stakeholder report that is distributed with the FRC meeting papers. Separately, HoTARAC representatives are members of the FRC Public Sector Working Group.

The preferred format of engagement depends on the topic. Roundtable discussions are useful where the topic applies to all sectors, as it enables understanding from a broad range of organisation. One-to-one meetings would be useful where the topic is specific to the public sector.

- For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?

Hybrid allows more stakeholders to access, while providing an in-person option.

- For roundtable discussions, would you prefer:

- cross-sector forums

- engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?

Refer comments above.

### **2. Themes and Content**

- What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)

Currently, standard-setting developments and sustainability reporting.

- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?

Public sector and not-for-profit standard setting, including climate reporting.

### **3. Frequency and Timing**

- How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?

Current meetings of the FRC Public Sector Working Group are adequate in terms of timing.

- Are there particular periods in the year when engagement would be most convenient or impactful?

The period immediately before the publication of Commonwealth, state and territory budgets is generally extremely busy. The precise timing varies by jurisdiction, but in many cases budgets are published around May and June.

### **4. Suggestions for Improvement**

- Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach?

Potentially engaging more directly on public sector specific matters, where this is appropriate to the relationship of the FRC and the AASB.

### **Additional Information**

#### **Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)**

- Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) is an intergovernmental committee that advises Australian Heads of Treasuries (HoTs) on accounting and reporting issues. The Committee comprises the senior accounting policy representatives from all Australian States, Territories and the Australian Government.
- An important role of HoTARAC is to contribute to the development of accounting standards for the public sector. Such standards are independently set and have the potential to change the calculation of budget aggregates, including budget deficits. They may also introduce new disclosure requirements for public sector financial reports.

- HoTARAC makes formal submissions to standard setters on proposals that would have a significant impact on the public sector, noting that the AASB is limiting the accounting projects on its work plan due to the commitment to issue climate-reporting standards.

## STAKEHOLDER ENGAGEMENT - GRANT THORNTON

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### 1. Engagement Preferences

- What formats of engagement do you find most effective and accessible? (eg, roundtable discussions, one-on-one meetings, written submissions)

To foster stronger relationships within the industry and encourage cross pollination of ideas we would prefer to move back to both roundtables and one-on-one meetings. Connectivity between the industry has shifted since COVID and it would be beneficial to the industry as a whole to continue to foster relationships with the fast pace changes in legislation and industry bodies.

Written submissions are an effective way to collate ideas on certain proposed topics however they lack the ability for industry bodies and regulators to understand why certain decisions would not work in practice and to understand the thought processes behind the ideas.

- For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?

A move back to face to face is preferred. However virtual is also a meaningful way to convene across states. We have found that hybrid meetings are not conducive to allow all parties to follow the meeting and participate.

- For roundtable discussions, would you prefer:

- cross-sector forums

- engagement sessions tailored to specific stakeholder categories (eg, investors, professional bodies, firms, governance bodies, public sector)?

This would depend on the topic, however move back to face to face is preferred. However virtual is also a meaningful way to convene across states. We have found that hybrid meetings are not conducive to allow all parties to follow the meeting and participate.

## 2. Themes and Content

- What topics or themes would you find most valuable for FRC engagement sessions? (eg, audit quality, sustainability reporting, standard-setting developments, regulatory changes)

With the expanded remit of the FRC, the themes should focus on the regulatory environment, including sustainability, regulatory changes, audit quality, implications from the ASIC current review concerning conflicts of interest and non audit services and any considerations on implications from the Parliamentary Joint Committee November 2024. We would also encourage discussion on the importance of attracting talent and capability in an ever changing industry.

- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?

Consistency of approach with the sustainability standards, particularly non audit services and pre assurance work. Currently there are varying degrees of approach across the industry.

## 3. Frequency and Timing

- How often would you like to engage with the FRC (eg, annually, half-yearly, quarterly)?

Quarterly one on one discussions would be beneficial in the current market.

- Are there particular periods in the year when engagement would be most convenient or impactful?

Outside of the deadlines associated with the reporting seasons.

## 4. Suggestions for Improvement

- Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach?

None

## STAKEHOLDER REPORT BACKGROUND

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard-setting processes and audit quality. The FRC's statutory objectives also include advancing and promoting the main objects of Part 12 of the ASIC Act, including:

- facilitating the development of relevant, reliable and readily understandable accounting standards that facilitate comparability
- facilitating the development of relevant auditing and assurance standards, which require the preparation of reliable and readily understandable auditors' reports
- facilitating the economy by reducing the cost of capital, enabling Australian entities to compete effectively overseas, and having clearly stated and easy to understand accounting and auditing standards
- maintaining investor confidence in the Australian economy.

The FRC collects information to discharge these functions by seeking input via these Stakeholder Reports. Stakeholders are asked to complete the reports ahead of each FRC meeting by bringing to the attention the FRC matters the stakeholder believes are relevant to the FRC objectives or of critical importance to stakeholders. Accordingly, this Stakeholder Report template below includes both general and targeted questions. Stakeholders are asked to complete all questions in the template before returning it to the FRC at [secretariat@frc.gov.au](mailto:secretariat@frc.gov.au).

# STAKEHOLDER REPORT: APESB

## KEY ISSUES/DEVELOPMENTS

*In this section, please insert the key issues and external developments currently impacting your organisation.*

- **Ethics and Independence Standards on Sustainability**

In January 2025, the IESBA issued the final pronouncements on Sustainability: the [IESBA](#) and [Using the Work of an External Expert](#). The pronouncements will be effective globally from 15 December 2026, except for sustainability assurance provisions applicable to value chain components, which will be effective from 1 July 2028. Early adoption is permitted and encouraged.

In Australia, mandatory climate-related financial disclosures and sustainability reports are required for annual reports commencing for Group 1 Entities from 1 January 2025. Therefore, it is imperative for APESB to provide the ethical and independence standards component for the Australian mandatory climate-related reporting and assurance requirements and maintain timely alignment with the IESBA's International Code.

APESB commenced working on the Sustainability project in 2024. The APESB Sustainability Taskforce was convened in the second half of 2024, to provide insights on Sustainability reporting and assurance requirements in Australian and to provide input to the development of the sustainability-related ethical and independence standards. The Taskforce meeting minutes are available on the APESB's [website](#).

On 25 March 2025, APESB released two exposure drafts (EDs) for its Australian sustainability ethics and independence standards: Sustainability Reporting and Assurance ([ED 01/25](#)) and Using the Work of an External Expert ([ED 02/25](#)).

The comment period for both exposure drafts closed on 12 May 2025. The respondents' submissions to the EDs are available [here](#).

The APESB Board will consider the outcome of the due process for the EDs at its next Meeting on 17 June 2025. The agenda papers will be made available on the APESB's [website](#).

- **IESBA's Firm Culture and Governance**

APESB CEO and IESBA Vice Chair, Mr Channa Wijesinghe, has been appointed as the Lead Board Advisor for the IESBA's Firm Culture and Governance project, which commenced work at the beginning of 2025.

The project aims to develop a culture and governance framework for accounting firms that promotes, supports and reinforces a high standard of ethical behavior across all their professional services.

In March and April 2025, the IESBA conducted a series of six global roundtables to gather views from a broad range of global stakeholders. From an Australian perspective, we were fortunate that the IESBA determined to have one of the in-person global roundtables in Melbourne on 20 March 2025, co-hosted by CPA Australia and the APESB. Mr Wijesinghe, IESBA Board Member Mr Rich Huesken and IESBA Director Mr Geoff Kwan facilitated and moderated the discussions.

The Melbourne roundtable was attended by the FRC Chairman Mr Andrew Mills, the AUASB Chairman Mr Doug Niven, the AASB Chairman Mr Keith Kendall and APESB Chair Ms Nancy Milne OAM, and senior representatives from a range of stakeholders, including accounting firms, professional accountants in business, professional accounting bodies, national standard setters, regulators, academics, the public sector, investors and the business community.

- **Financial Planning Services**

Since APES 230 *Financial Planning Services* (APES 230) was first issued, the financial planning industry has undergone continuous legislative and regulatory changes.

In 2024, the Government announced the Delivering Better Financial Outcomes (DBFO) package, which proposed reforming the delivery of financial planning services to make them more efficient and cost-effective. The Government has implemented [Tranche 1](#) of the reforms and announced the reforms to be taken in [Tranche 2](#).

In March 2025, the Government released the draft *Treasury Laws Amendments Bill 2025: Delivering better financial outcomes*, which implements the first components of [Tranche 2](#) legislation. The consultation closed on 2 May 2025.

APESB has been monitoring the legislative and regulatory environment in financial planning, including the Australian Law Reform Commission's (ALRC) review of the legislative framework for corporations and financial services regulation, the Government's legislation of Tranche 2's DBFO reforms and the review of FASEA Code. All of these reforms are still in progress.

Once these reforms and legislative changes are finalised, APESB will consider potential revisions to APES 230.

APESB Technical Staff will provide an update to the APESB Board at its June 2025 meeting.

## **KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES**

*Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.*

- **Technical Activities of APESB**

In the last quarter, the key technical activities for APESB were as follows:

- Issued two exposure drafts for Sustainability-related ethical standards in March 2025:
  - *Proposed Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting* ([ED 01/25](#)); and
  - *Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert* ([ED 02/25](#)).

As noted above, APESB Technical Staff will present the outcome of the exposure draft due process at the APESB June 2025 Board Meeting.

- Made a national [submission](#) to the AUASB's exposure draft Proposed amendments to ASSA 5000 *General Requirements for Sustainability Assurance Engagements* and ASA 102

*Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* on 4 May 2025.

- In the process of developing an international submission to the IESBA's [consultation paper](#) on auditor independence for audits of Collective Investment Vehicles (CIVs) and Pension Funds. APESB Technical Staff are currently engaging with key stakeholders, including professional accounting bodies and large firms in Australia, to gather insights and feedback on issues or concerns in relation to the consultation paper.

- **APESB's involvement in the International Standard Setting Process**

Since January 2022, APESB CEO Channa Wijesinghe has been a public interest board member of IESBA, Mr Wijesinghe completed his first term in December 2024 and has been reappointed for a second three-year term. As previously advised, Mr Wijesinghe has also commenced as the Vice Chair of the IESBA for a two-year period from January 2025.

In his capacity as the Vice Chair of the IESBA, Mr Wijesinghe attended the bi-annual IESBA and IAASB [Stakeholder Advisory Council](#) Meeting and the annual Jurisdictional Standards Setters Meetings held in early May in New York. The SAC discussed the rapid development and impact of technology, including AI, on the profession, the status of the Sustainability standards, global fragmentation and the deregulation pressures in certain jurisdictions. The highlights of the SAC meeting are available [here](#).

In May 2025, APESB Director Mr Damien Moore and APESB Technical Director Jacinta Hanrahan represented APESB at the IESBA Jurisdictional Standards Setters (JSS) meeting held in New York. Key topics covered at the meeting included the adoption and implementation of Sustainability and the External Expert Standards, updates on the IESBA's work on Tax Planning, Technology, Accounting Firm Culture and Governance (FCG), and Private Equity Investments in Accounting Firms, and a presentation on mitigating financial crime risks and vulnerabilities in the Accounting Profession.

## **OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES**

*Insert 2 - 3 bullet points of any other activities not covered above that are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period*

- **CPA Australia's Reporting Centre of Excellence**

On 2 May 2025, APESB CEO Channa Wijesinghe delivered a Professional Standards Update at CPA Australia's Reporting Centre of Excellence. The presentation covered the IESBA Code, APESB's engagement with the IESBA, APESB's current project on Sustainability Ethics and Independence Standards, the IESBA's Firm Culture and Governance project and the IESBA's consultation paper on CIVs and Pension Funds. The presentation slides are available on APESB's [website](#).

- **CA ANZ Audit Conference 2025**

On 21 May 2025, APESB CEO Channa Wijesinghe presented at the CA ANZ Audit Conference 2025 on *Ethics and Independence Updates from the Standard Setters*. Mr Wijesinghe's presentation focused on the new Sustainability Ethics and Independence Standards, covering its scope and characteristics, sustainability assurance engagements for groups and value chain components, related non-assurance services provisions, and using the work of an external expert. The presentation slides are available on APESB's [website](#).

- **CA ANZ Accounting Conference 2025**

On 22 May 2025, APESB Technical Director Jacinta Hanrahan presented at the CA ANZ Accounting Conference 2025 on *Ethics Update – Recent Key Changes in the Code of Ethics*. The presentation covered the Code of Ethics, the Tax Planning and Technology-related revisions to the Code, as well as updates on the IESBA’s ethical standards for Sustainability Reporting. The presentation slides are available on APESB’s [website](#).

## STAKEHOLDER ENGAGEMENT - KPMG

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality.

As the FRC continues to refine its engagement approach, we are seeking your input on how we can better engage with stakeholders and support more meaningful dialogue. Your feedback will help us design engagement activities that are valuable, inclusive, and aligned with your needs.

### **KPMG comment:**

The large number of bodies tasked with setting and overseeing financial reporting-related standards has led to complexity and inefficiency. KPMG supports the Government's plan to combine the Australian Accounting Standards Board (AASB), the Auditing and Assurance Standards Board (AUASB) and the Financial Reporting Council (FRC) into a single entity. In addition, KPMG supports the ongoing Treasury review in relation to the best fit and appropriate scope of the FRC.

We have responded to Treasury's *Review into regulation of accounting, auditing and consulting firms in Australia* outlining potential regulatory change, however, in the context of this broader review, it is challenging to comment on the FRC's engagement approach as other regulatory options are under review. Whilst we have responded to your questions below, we look forward to responding to Treasury's next consultation paper that will more clearly set out options for reform.

### **1. Engagement Preferences**

- What formats of engagement do you find most effective and accessible (e.g. roundtable discussions, one-on-one meetings, written submissions)?
  - **KPMG response:** In general, we consider roundtable discussions to be most effective and accessible. These provide industry members a forum to share concerns / insights as it relates to the profession. There is also the potential to use existing forums through the AAAPPC or CAANZ.  
  
However, if engagement is in regard to a specific issue of concern, we find written submissions or one-on-one meetings to be more beneficial.
- For roundtable discussions or one-on-one meetings, would you prefer in-person, virtual, or hybrid formats?
  - **KPMG response:** Given the National focus on industry members, especially across AAAPPC member firms, virtual or hybrid formats are preferred.
- For roundtable discussions, would you prefer:
  - cross-sector forums; or
  - engagement sessions tailored to specific stakeholder categories (e.g. investors, professional bodies, firms, governance bodies, public sector)?
    - **KPMG response:** The topics being discussed would dictate which forums were more suitable. Cross-sector forums would generally be beneficial, however, where a specific issue is being considered that impacted a specific stakeholder category, then engagement sessions specific to that stakeholder would be preferred.

## 2. Themes and Content

- What topics or themes would you find most valuable for FRC engagement sessions (e.g. audit quality, sustainability reporting, standard-setting developments, regulatory changes)?
  - **KPMG response:** Whilst we would find all examples provided valuable for FRC engagement sessions, the timing and benefit of this would be dependent on Firm priorities. For example, a session that relates to sustainability reporting is timely, however Firms are also discussing this matter through existing AAAPPC, CAANZ / CPAA and IPA processes as well as directly with ASIC and the Standard setters.
- Are there particular issues that your organisation is currently focused on and would like to explore further with the FRC?
  - **KPMG response:** Issues that are currently in focus include:
    - Merger of standard setters and FRC including next steps;
    - General requirements for sustainability assurance engagements and compliance with ethical requirements;
    - ASIC review into the conflict management processes of audit firms; and
    - Attractiveness of the profession, including access to skilled migration and international students and regulatory options for addressing peak periods in the profession (i.e. staged listed company reporting as occurs in the UK).

## 3. Frequency and Timing

- How often would you like to engage with the FRC (e.g. annually, half-yearly, quarterly)?
  - **KPMG response:** This would ultimately be dependent on the format (i.e. written submissions or roundtable discussions). Half-yearly would be appropriate for roundtable discussions.
- Are there particular periods in the year when engagement would be most convenient or impactful?
  - **KPMG response:** Whilst we welcome engagement with the FRC, given significant demand on the audit profession, avoiding peak reporting periods, where possible, would be more convenient.

## 4. Suggestions for Improvement

- Do you have any other suggestions for the FRC to enhance the effectiveness of its stakeholder engagement approach?
  - **KPMG response:** It would be beneficial to facilitate sharing of information / industry insights rather than written submissions. We are also keen to obtain further clarification around the standard setter / FRC merger process and next steps.



**ITEM 4A**  
**6 JUNE 2025**

**AASB CHAIR REPORT**

The AASB Chair provided a report covering the key activities undertaken by the AASB from March 2025 – May 2025.

**ACTION**

- FRC to note.



## ITEM 4B

6 JUNE 2025

### AUASB CHAIR REPORT

The AUASB Chair provided a report covering the key activities undertaken by the AUASB from March 2025 – May 2025.

#### **ACTION**

- FRC to note.



**ITEM 5A**  
**6 JUNE 2025**

**XRB UPDATE**

Update provided by Chair of the XRB, Michele Embling.

**ACTION**

- FRC to note.



**ITEM 5B**  
**6 JUNE 2025**

**INTERNATIONAL DEVELOPMENTS**

**Attachment A** provides a summary of recent key media releases from professional accounting bodies and the Big 4 firms.

**ACTION**

- FRC to note.

### RECENT MEDIA RELEASES

#### Digital Reporting

- The Productivity Commission has identified 15 priority areas for further exploration and consultation, as part of the five productivity inquiries commissioned by the Government. These priority areas include how digital financial reporting can enhance reporting efficiency, transparency and accuracy. This aligns with CA ANZ's previous advocacy, including its Pre-Budget Submission and policy recommendations ahead of the federal election, which highlighted the need for a mandate on digital financial reporting.

#### Artificial Intelligence

- CPA Australia's 2024 Asia-Pacific Small Business Survey indicates that small businesses in Mainland China experienced significant growth, reaching their highest performance levels since 2019. Key drivers include the adoption of artificial intelligence (42% of businesses invested in AI), enterprise resource planning (ERP) software, and a proactive approach to cybersecurity, with 64% of businesses reviewing their IT systems within the past six months.
- A recent global study led by the University of Melbourne and KPMG reveals that while 50% of Australians use artificial intelligence (AI) regularly, only 36% trust it, and just 30% believe its benefits outweigh the risks—the lowest figures among 47 countries surveyed. The study highlights concerns such as misinformation, privacy loss, and job displacement, with 78% of Australians expressing apprehension about AI's negative consequences.

#### The Big 4

- PwC Australia has reported progress in its governance and culture reforms, marking one year since the launch of its "One Firm" strategy. This includes appointing a fourth independent, non-executive to the Governance Board, the release of *Independent Monitor Webb Henderson's Report* and plans to continue its culture shifts. Senator Barbara Pocock criticised the reforms, citing a lack of meaningful consequences despite a two-year investigation from the government and called for systemic reforms, including stricter separation of audit and consulting services. Further, Senator Deborah O'Neill was unconvinced that PwC was capable of accurately assessing its culture to meet public confidence in their integrity standards.



**ITEM 6A**  
**6 JUNE 2025**

**PUBLIC SECTOR ADVISORY GROUP**

**DESCRIPTION**

Chair of the PSAG, Amy Fox, to provide a verbal update about the PSAG meeting on 2 May 2025.

**ACTION**

- FRC to note.



## APPLICATION OF ACCOUNTING STANDARDS TO LOCAL GOVERNMENT

### Background

In February 2025, the Standing Committee on Regional Development, Infrastructure and Transport published its *Interim report into local government sustainability* which highlighted local government concerns that the existing depreciation rules in the Australian accounting standards do not appropriately account for differences in their operating environment. Unlike other levels of government or private sector, local governments are likely to manage significant physical assets such as roads, water infrastructure, bridges and other buildings with long lifespans and variations in their value over time. Some local government assets may also be funded by grants rather than earned revenue.

Several local governments state these depreciation rules require them to set aside funds to maintain infrastructure, which are accounted for separately from funds set aside to cover depreciation expenses. This leads to an overstatement of expenses which adversely affects their financial performance and financial sustainability forecasts (excerpt from Interim report at **Attachment A**).

Some local governments are of the view that the above impacts of depreciation rules disproportionately affect local government compared to other levels of government. The Local Government Association of Queensland has estimated that 20 per cent of local government expenditure is spent on maintaining depreciating assets, versus less than six per cent for state governments and less than two per cent for the federal government.<sup>1</sup>

### Application of accounting standards to local government

State and territory governments and relevant regulators require local government entities to comply with nationally-consistent accounting standards set independently by the Australian Accounting Standards Board (**AASB**).<sup>2</sup> AASB standards align with international accounting standards, including the International Public Sector Accounting Standards.

Local governments are required to depreciate their physical assets consistent with the depreciation requirements of Australian Accounting Standard AASB 116 *Property, Plant and Equipment* (AASB 116).

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<sup>1</sup> *Interim report into local government sustainability*, para 1.68

<sup>2</sup> This is generally given effect to through state and territory legislation. See, for example, section 413(3) of *Local Government Act 1993* (NSW). The NSW Office of Local Government also publishes a Code of Accounting Practice and Financial Reporting that requires NSW councils to comply with the Australian Accounting Standards.



Before 1 July 2008, AAS 27 *Financial Reporting by Local Governments*, AAS 29 *Financial Reporting by Government Departments* and AAS 31 *Financial Reporting by Governments* prescribed financial reporting requirements for local governments.<sup>3</sup>

In 2008, these were replaced with paragraphs in relevant AASB standards in line with the AASB's 'transaction neutrality' policy – ie, like transactions and events are treated in a like manner between the private or public sectors, unless there is a sound reason to be different.<sup>4</sup>

### **Public Sector Advisory Group views**

The Public Sector Advisory Group (PSAG) met on 2 May 2025 and discussed the concerns raised by local government on asset depreciation and its impact on financial statements. The discussion explored various aspects of depreciation and asset valuation in the public sector. It was emphasised that depreciation is an allocation of cost rather than a valuation and is widely accepted globally. While local governments may report deficits due to depreciation, this does not impact cash flow. The need for better education on depreciation was highlighted, alongside considerations of different funding arrangements for assets. The conversation also covered asset ownership and financial performance ratios, underscoring the importance of identifying the controlling party and how these ratios influence future state-level funding decisions. Additionally, there was discussion on the necessity of revaluing assets to prevent inflated balance sheets, recognising the interconnected challenges of funding and depreciation. The consensus was that the concerns raised by local government are not so much about the accounting standards, and instead lie beyond depreciation, such as funding arrangements.

### **ACTION**

- FRC to discuss.

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<sup>3</sup> [https://www.aasb.gov.au/admin/file/content102/c3/Public\\_Sector\\_Policy\\_Paper\\_Feb-2008.pdf](https://www.aasb.gov.au/admin/file/content102/c3/Public_Sector_Policy_Paper_Feb-2008.pdf) 1.

<sup>4</sup> <https://www.aasb.gov.au/admin/file/content13/c6/Annual%20report%202007-08.pdf> 31.

maintenance are not felt for some time.<sup>71</sup> In 2006 there was a national local government infrastructure backlog ranging between \$12.0 billion and \$15.3 billion, with an annual shortfall in expenditure on existing local infrastructure renewal of between \$0.9 billion to \$1.2 billion.<sup>72</sup>

## Maintaining depreciating assets

- 1.66 Councils manage significant physical assets such as infrastructure (roads, water, sewerage, storm water drains, bridges) and buildings. Many of these assets have long lifespans and are prone to substantial variations in value throughout the duration of council ownership, usually to reflect wear and tear. Initially these assets are measured and presented at their fair value. Over time, 'assets are re-measured periodically to reflect changes in their current value, with the resulting change, generally, being reflected in an asset revaluation reserve'.<sup>73</sup>
- 1.67 Submitters defined depreciation as:
- Depreciation is a planned, gradual reduction in the recorded value of an asset over its useful life by charging it to expense. The use of depreciation is intended to spread expense recognition over the period of time when a business expects to earn revenue from the use of the asset.<sup>74</sup>
- 1.68 The Local Government Association of Queensland estimated that 'around 20 per cent of local government expenditure is spent on maintaining depreciating assets, compared with less than [six] per cent for the States and less than [two] per cent for the Federal Government'.<sup>75</sup>
- 1.69 Local Government Finance Professionals Queensland were of the view that the current depreciation accounting standard compliance resulted 'in an overstatement of the expense and negatively impacts on a councils operating performance and financial sustainability forecasts'.<sup>76</sup>
- 1.70 The Country Mayors Association of NSW also commented that depreciation was adversely impacting councils' financial sustainability:
- Local Councils are required to set funds aside for infrastructure maintenance / renewal, contributing significantly to the expenses column in their financials, while also being required to include depreciation for road and plant assets as an expense. This means that costs associated with maintaining capital items are

<sup>71</sup> Grattan Institute, *Submission 74*, p. 13.

<sup>72</sup> Emeritus Professor Brian Dollery, *Submission 68*, p. 5.

<sup>73</sup> CPA Australia, *A guide to understanding the financial reports of local governments*.

<sup>74</sup> Central NSW Joint Organisation, *Submission 109*, p. 5; Kiama Municipal Council, *Submission 75*, p. 5; Country Mayors Association of NSW, *Submission 188*, p. 11; Murry River Council, *Submission 14*, p. 6.

<sup>75</sup> Local Government Association of Queensland, *Submission 257*, p. 37.

<sup>76</sup> Local Government Finance Professionals Queensland, *Submission 244*, p. 11.

being counted twice and this impacts on perceived performance and borrowing capacity of a council.<sup>77</sup>

- 1.71 Kiama Municipal Council, the Central NSW Joint Organisation, Canberra Region Joint Organisation, Tablelands Regional Council, and Yass Valley Council were all of the view that depreciation provided no taxation offset or benefit for councils:

It is also accepted that in the commercial environment depreciation expenses are integral in determining the profit distribution through dividends, this however is not afforded to councils as there is no taxation offset or benefit.<sup>78</sup>

- 1.72 Local Government Finance Professionals Queensland recommended that Commonwealth and state governments consider adjustments to depreciation reporting requirements for local government:

...to allow depreciation expenses currently required to be recognised for grant funded and contributed assets to be excluded, should councils produce appropriate evidence that they do not plan on replacing those assets in the future.

This change would require discussion between the relevant stakeholders (state governments, Australian Accounting Standards Board, Audit Offices and state local government finance professional bodies to work towards an agreed approach).<sup>79</sup>

## Housing supplies

- 1.73 Housing supply is a significant challenge for LGAs nationally. Councils play an essential role in the long-term planning that underpins new housing developments to ensure community liveability and access to basic services.<sup>80</sup> Evidence received has focused on resourcing, planning and approval time frames.
- 1.74 Housing is in the top three issues faced by every regional LGA in WA; where there is little appetite from the private sector to get involved in the housing market in challenging locations.<sup>81</sup> In the NT, an increasing number of properties owned or managed by community housing providers is increasing pressure on local governments due to rate exemptions.<sup>82</sup> Whilst in SA, the 75 per cent rebate for community housing has become a burden for councils because the State Government has transferred a significant number of its properties to the not-for-profit

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<sup>77</sup> Country Mayors Association of NSW, *Submission 188*, p. 10.

<sup>78</sup> Kiama Municipal Council, *Submission 75*, p. 6; Central NSW Joint Organisation, *Submission 109*, p. 5; Canberra Region Joint Organisation, *Submission 258*, p. 3; Tablelands Regional Council, *Submission 235*, p. 2; Yass Valley Council, *Submission 164*, p. 3

<sup>79</sup> Local Government Finance Professionals Queensland, *Submission 244*, p. 11.

<sup>80</sup> Australian Local Government Association, *Submission 181*, p. 13.

<sup>81</sup> Mr Jamie Criddle, Chief Executive Officer, Shire of Chapman Valley, *Committee Hansard*, 28 August 2024, p. 19.

<sup>82</sup> City of Palmerston, *Submission 71*, p. 2.



## NOMINATIONS COMMITTEE

On 31 December 2025, the current terms of 5 members from the AUASB and 4 members from the AASB will end. Currently, under the *FRC Nominations Committee Charter*, members may be reappointed for a second and third term without a further interview if the peer review results and Chair feedback are satisfactory.

The Managing Director of the AASB/AUASB, Justin Williams, has proposed amendments at **Attachment A** to the Nominations Committee Charter to allow AUASB and AASB members whose terms are expiring on 31 December 2025 to be extended until the commencement date of the merged financial reporting body. The proposed amendments would also enable a member's term to be extended even if they have served a maximum number of terms. This would reduce the risk of the boards having insufficient members and avoid the challenge of recruiting new members for 6 months from 31 December 2025 until the proposed merger date of 1 July 2025.

The Nominations Committee will need to meet by the end of July to agree on which members would be reappointed, and whether an external recruitment process would be necessary. An external recruitment process would need to commence by August to secure any new members by 31 December 2025.

Marjory Russ' term on the New Zealand Auditing and Assurance Standards Board and the Australian AUASB is scheduled to end on 30 June 2025.

### AASB

- David Holland – 2<sup>nd</sup> term
- Stephen Taylor – 3<sup>rd</sup> term
- Adrian King – 1<sup>st</sup> term
- Liza Maimone – 1<sup>st</sup> term
- Matthew Nelson – 1<sup>st</sup> term

### AUASB

- Andrew Porter – 2<sup>nd</sup> term
- Chi Woo – 1<sup>st</sup> term
- Terence Jeyaretnam – 1<sup>st</sup> term
- Jason Thorne – 1<sup>st</sup> term

**ACTION**

- Nominations Committee Chair, Rachel Grimes, to provide a verbal update.
- Managing Director of AASB/AUASB, Justin Williams, to present proposed amendments to the Nominations Committee Charter.
- FRC members to vote on the proposed amendments to the Nominations Committee Charter.

# FRC Nominations Committee Charter

Charter (Reviewed November 2022)

## 1. This Charter

This Charter sets out the functions and responsibilities of the FRC Nominations Committee (Committee).

## 2. Functions

The functions of the Committee are:

- to review annually the composition of, and criteria for appointment to, the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB);
- to make recommendations annually to the Financial Reporting Council (FRC) for the appointment of members to the AASB and AUASB;
- to review, periodically, the succession needs of the AASB and AUASB in discussion with the Chair of the AASB and AUASB respectively; and
- to consider and report, at least annually, to the FRC on the performance review of the AASB and AUASB Members.

## 3. Responsibilities

The Committee will:

- establish and periodically review Guidelines concerning the framework for appointments to the AASB and AUASB and publish them on the FRC website.
- make a recommendation, annually, to the FRC on the desired size and composition of the Boards including skill and mix and the eligibility criteria for appointment.
- advertise periodically to seek applications from persons interested in being considered for appointment to the AASB and/or AUASB as a member, other than the Chair;
- maintain a schedule of eligible nominees who meet the eligibility criteria established by the FRC on the recommendation of the Committee for AASB and AUASB members, including the Chair;
- for appointments to the AASB and AUASB, other than the Chair, interview and evaluate candidates on the basis of merit and make recommendations to the FRC for its consideration;
- recommend appointments to the AASB and/or AUASB for a term of 3 years with the possibility of extension for a further 2 terms. Once a member has served 3 terms, to be reappointed they must re-apply through an open interview process. Appointment for a second and third term may occur without a further interview, provided the peer review results and Chair feedback are satisfactory.
- However, given the potential restructure of the FRC, the AASB and the AUASB from 1 July 2026 (Press release 23 January 2025, Treasurer and Assistant Treasurer), the Nominations Committee may recommend to the FRC that all appointments due to expire at 31 December 2025 for reasons of having served a maximum number of terms, can be extended until either the

restructure is effective or until the planned restructure is delayed, whichever is soonerthe shorter duration. This will minimise the risk that the AASB and AUASB will have insufficient Board members and also the risk of finding suitable members for a 6 month appointment.

- consider casual vacancies as appropriate, when advised by the Chair of the AASB or AUASB, as a result of mid-term resignations or extended leave of absences permitted under the ASIC Act Sections 236D and 236H;
- recommend termination of the appointment of a member of the AASB or AUASB (other than the Chairs), if the member becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with their creditors, makes an assignment of their remuneration or property for the benefit of their creditors, or contravenes S237 Confidentiality requirements (ASIC Act S236C, S236G). The Committee may recommend termination of the appointment of a member of the AASB or AUASB (other than the Chair) for misbehaviour or physical or mental incapacity or breach of the terms and conditions of the member's appointment after taking due legal advice and providing all interested parties are afforded hearing of their views (ASIC Act S236B, 236G);
- oversee the process by which Members of the AASB and AUASB are expected, as part of their duties, to complete and provide feedback on the annual peer review for the AASB and AUASB. The review will be analysed by the Committee and feedback given to the respective Chair and the FRC on Board Member performance. In the event a peer review is not completed, the relevant Chair will be advised to follow up on the matter. The relevant Chair is responsible for providing feedback to the individual Board member. Committee feedback on the AASB and AUASB Chairs is provided as part of the FRC member peer review process; and
- as part of the recruitment of AASB and AUASB members, consider upcoming appointments to key relevant international bodies requiring financial reporting, assurance, external reporting or educational responsibilities in these areas, where it is important that Australia has influence, and where appropriate identify suitable candidates to promote for appointment.

#### **4. Membership of the Committee and Quorum**

Members of the Committee are appointed by the FRC.

The Committee comprises a member of the FRC as Chair, at least one other FRC Member and the Chairs of the AASB and AUASB. The FRC Chair is a Member ex-officio.

A quorum is any three Committee Members.

Members will advise the Committee of any potential or actual conflicts of interest at the commencement of any meeting. If a Member becomes aware outside a meeting of a potential or actual conflict that may give rise to questions being asked over a Member's role/involvement on the Committee, the Member will raise the matter with the Committee Chair and/or the FRC Chair. Where the Committee Chair has a potential or actual conflict of interest, the matter is to be raised with the FRC Chair for their consideration.

As appropriate, the Committee may invite other relevant persons to attend meetings and provide input as necessary, including as an observer only.

## **5. Meetings**

The Committee will meet at least semi-annually, and more frequently as required. Minutes of the meetings of the Committee will be drafted and confirmed at the following meeting and should ordinarily be included in the papers for the next full FRC meeting.

## **6. Reporting**

The key matters discussed at each Committee meeting are to be reported by the Committee Chair to the FRC at the next scheduled FRC meeting. The report will include all matters that are relevant to the function and responsibilities of the Committee.

## **7. Other matters**

The Committee shall also perform any other activities consistent with this Charter that the Committee or the FRC deem appropriate.

## **8. Review**

The Committee will review its Charter on a regular basis, at least every two years.



ITEM 08  
6 JUNE 2025

## DESCRIPTION

The Managing Director of the AASB/AUASB, Justin Williams, has proposed amendments at **Attachment A** to the AASB and AUASB Charter.

## ACTION

- Managing Director of AASB/AUASB, Justin Williams, to present proposed amendments to the AASB and AUASB Charter.



# AASB and AUASB Board Charter

~~August 2022~~ April 2025



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## 1 Purpose

- 1.1 This Charter outlines the main corporate governance principles that apply to the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB) (together, the Boards).
- 1.2 The Charter will be reviewed annually by the AASB and the AUASB to ensure it remains consistent with the Boards' objectives, responsibilities and relevant standards of corporate governance.

## 2 Objectives

- 2.1 The Boards operate within a framework set out in Part 12 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). The ASIC Act sets out core objectives for accounting and auditing and assurance standard setting in Australia.
- 2.2 Under section 224 of the ASIC Act, the main objects of Part 12 are that:
  - (a) accounting and sustainability standards should require the provision of financial information that:
    - (i) allows users to make and evaluate decisions about allocating scarce resources;
    - (ii) assists directors to discharge their obligations in relation to financial reporting;
    - (iii) is relevant to assessing performance, financial position, financing and investment;
    - (iv) is relevant and reliable;
    - (v) facilitates comparability;
    - (vi) is readily understandable;
  - (b) auditing and assurance standards should require the provision of information that:
    - (i) provide Australian auditors with relevant and comprehensive guidance in forming an opinion about, and reporting on, whether financial reports comply with the requirements of the *Corporations Act 2001* (Corporations Act);
    - (ii) require the preparation of auditors' reports that are reliable and readily understandable by the users of the financial reports to which they relate; and



- (c) the Australian financial reporting system should:
  - (i) facilitate the Australian economy by reducing the cost of capital and enabling Australian entities to compete effectively overseas;
  - (ii) facilitate the Australian economy by having accounting and auditing and assurance standards that are clearly stated and easy to understand;
  - (iii) maintain investor confidence in the Australian economy, including its capital markets.

### 3 Board Functions

3.1 Under section 227 of the ASIC Act, the AASB's functions are to:

- (a) develop a conceptual framework, not having the force of an accounting standard, for the purpose of evaluating proposed accounting standards and international standards;
- (b) make accounting and sustainability standards under section 334 of the Corporations Act for the purposes of the corporations legislation;
- (c) formulate accounting and sustainability standards for other purposes;
- (d) participate in and contribute to the development of a single set of accounting standards for world-wide use; and
- (e) advance and promote the main objects of Part 12 of the ASIC Act.

3.2 In carrying out its functions the AASB must:

- (a) have regard to the interests of Australian corporations which raise or propose to raise capital in major international financial centres;
- (b) have regard to the suitability of a proposed standard for different types of entities;
- (c) ensure that there are appropriate accounting standards for each type of entity that must comply with accounting standards but may apply different accounting requirements to different types of entities;
- (d) in the case of domestic standards – carry out a cost/benefit analysis of the impact of a proposed accounting standard before making or formulating the standard; and
- (e) in the case of international standards – carry out a cost/benefit analysis of the impact of a proposed international accounting standard before providing comments on a draft of the standard or proposing the standard for adoption as an international standard.



- 3.3 Under section 227B of the ASIC Act, the AUASB's functions are to:
- (a) make auditing standards under section 336 of the Corporations Act for the purposes of the corporations legislation;
  - (b) formulate auditing and assurance standards for other purposes;
  - (c) formulate guidance on auditing and assurance matters;
  - (d) participate in and contribute to the development of a single set of auditing standards for world-wide use; and
  - (e) advance and promote the main objects of Part 12 of the ASIC Act.
- 3.4 Final pronouncements have legal status if required for the purposes of the Corporations Act. Other applications of accounting, [sustainability](#) and auditing and assurance standards are dependent upon relevant industry regulators. The Boards do not have enforcement powers, but will consult with regulators in relation to implementation issues where appropriate.
- 3.5 The Boards perform a technical function and contribute to Board strategy. The Boards do not have supervisory powers in respect of the functions and administration of the Offices of the AASB and the AUASB, which are the responsibility of the respective Chairs (see Role of Chair below).

## 4 Accountability and Reporting

- 4.1 The Financial Reporting Council (FRC) has a broad oversight role in relation to the accounting, [sustainability](#) and auditing and assurance standards setting processes in Australia, and is responsible for giving the Minister (i.e. the Treasurer) reports and advice about those processes.
- 4.2 The FRC determines the AASB's and the AUASB's broad strategic direction and provides advice or feedback on the Boards' priorities, business plans, procedures, budgets and staffing arrangements.
- 4.3 The Boards are responsible for setting strategy in line with the FRC's broad directions. The Managing Director is responsible for preparing a corporate plan to implement the strategy and reports periodically to the Boards, the FRC and the Commonwealth on how strategy is being implemented and achieved.
- 4.4 The AASB and the AUASB maintain ongoing communication with the FRC, principally through the Board Chairs who are members of the FRC. The Chairs report on the respective activities of the Boards to meetings of the FRC and also liaise regularly with the FRC Chair and Secretariat outside of FRC meetings.
- 4.5 The FRC conducts an annual performance review of the Board against achievement of stated objectives, strategies and key performance indicators. The FRC provides feedback to Chairs regarding their performance and Chairs provide feedback to members.



- 4.6 The Boards must comply with any direction given by the Minister (on the advice of the FRC) about the role of international accounting or auditing and assurance standards in the Australian accounting or auditing and assurance standard setting system.
- 4.7 To ensure the independence of the standard-setting bodies, the FRC does not have the power to:
- (a) direct the AASB or the AUASB in relation to the development, or making, of a particular accounting or auditing or assurance standard; or
  - (b) veto a standard made, formulated or recommended by the AASB or the AUASB.

## 5 Membership

### *Composition*

- 5.1 The Boards shall comprise a maximum of 14 members each, including the Chairs. The number of members of each Board may change from time to time but must ensure the sufficient representation of the various stakeholder groups affected by their standards, including preparers, practitioners and users.

### *Role of Chair*

- 5.2 The Chairs are responsible for managing the Offices of their respective Boards. In particular, the Chair of each Board:
- (a) is responsible for approving the Board's priorities, business plans, procedures, and the Office's budgets and staffing arrangements;
  - (b) may employ such staff as the Chair thinks necessary to assist the Office in the performance of its functions and the exercise of its powers;
  - (c) must determine, in writing, a Code of Conduct applicable to the Chair and staff employed by the Chair (this code should be based on the APS Code of Conduct);
  - (d) may engage consultants to perform services for the Office in connection with the performance of the Office's functions; and
  - (e) may seek legal advice in accordance with the Legal Service Directions 2017, where clarification is required as to the Board's mandate or regarding the potential legislative impacts of standards.

The Chairs have agreed to run the Offices for their respective Boards as one office supporting both Boards wherever possible, and have delegated administrative responsibilities to the Managing Director to the maximum extent possible.



- 5.3 The Chairs of the Boards consult with the FRC prior to taking action that is inconsistent with advice the FRC has given. Where FRC advice is not followed, the Chair must make a written record of the reasons for not following the advice and give a copy of the advice and reasons to the FRC and the Minister. A copy of the advice and reasons must also be included in the annual report prepared by the Chair under section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- 5.4 The Chairs are not subject to direction by the Boards in relation to the Chairs' performance of functions, or exercise of powers, under the PGPA Act or the *Public Service Act 1999* in relation to the Offices of the Boards.

#### *Remuneration*

- 5.5 Board members are paid remuneration and allowances in accordance with the AASB and AUASB Policy on Board Member Remuneration, which is developed in compliance with guidance issued by the Commonwealth Remuneration Tribunal.

#### *Appointment*

- 5.6 The Chair of each Board is appointed by the Minister and the other members are appointed by the FRC.
- 5.7 The Chairs will identify a Deputy Chair for consideration by the respective Board. Appointment as Deputy Chair requires approval by a majority of Board members.
- 5.8 To be eligible for appointment, a person must have appropriate knowledge of, or experience in, business, accounting, auditing or assurance, law, government, or sustainability. Appointments to the respective Boards are aimed at achieving balance between members with private sector and public sector expertise, and will generally include representatives from industry, academia and professional practice.
- 5.9 The Minister determines the term of appointment for the Chairs, and the FRC determines the term of appointment for other Board members. The term of appointment must not exceed 5 years and members are eligible for reappointment. Terms of appointment are scheduled to avoid significant numbers of new members starting together.

#### *Acting appointments*

- 5.10 The Minister may appoint a person to act as Chair of either Board during a vacancy in the office of Chair of that Board, or during any period when the Chair is absent from duty or from Australia, or is for any reason unable to perform the duties of the office.
- 5.11 The AASB and the AUASB may appoint one of their members to act as Deputy Chair, where the Deputy Chair of that Board is unavailable, under the same conditions as that applied by the Minister in respect of the Chairs.

#### *Leave of absence*



- 5.12 A request for a formal leave of absence is distinct from an apology. An apology is when a member is unable to attend a **meeting** and notifies the Chair, Managing Director or Technical Director as soon as possible before the meeting. The apology will be recorded in the minutes. A leave of absence relates to an extended period of time where the member is not available to participate in Board meetings.
- 5.13 The Minister has the power to grant a Board member with a leave of absence. The Chair may request that the Minister consider a request to grant a leave of absence. The request should be in writing and identify the circumstances in support of the request.
- 5.14 The FRC may appoint a person to act as a member of either Board (other than the Chair) when a member is not available, or has been granted a leave of absence by the Minister. Any appointment will be made under the same conditions as that applied by the Minister in respect of the Chairs. The FRC has resolved such appointments may be made when a member is unable to attend two consecutive meetings.
- 5.15 Where a Board Member has missed two consecutive meetings without recording an apology or being granted a formal leave of absence, the Chair of that Board may notify the Chair of the FRC and request that the FRC appoint a person to act as a Board member. The decision to appoint a person to act as a Board member is the responsibility of the FRC.
- 5.16 Board Members of the AASB and the AUASB are personal appointments and the use of alternate Members is not permitted.

#### *Resignation*

- 5.17 The Chair of either Board may resign their appointment by giving a written resignation to the Minister. Other members may resign by giving a written resignation to the Chair of the FRC.

#### *Termination*

- 5.18 The Minister may terminate the appointment of the Chair of either Board for misbehaviour, physical or mental incapacity, or breach of the terms and conditions of their appointment.
- 5.19 The Minister must terminate the appointment of the Chair of either Board if the Chair becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with their creditors, makes an assignment of their remuneration or property for the benefit of their creditors, or breaches their confidentiality obligations under section 237 of the ASIC Act.
- 5.20 The termination of other Board members is dealt with by the FRC, using the same criteria as that applied by the Minister in respect of the Chairs.



## 6 Meeting Procedures

- 6.1 The AASB and the AUASB have adopted the following operating procedures to ensure the efficient and effective fulfilment of their functions, as permitted by the ASIC Act.
- 6.2 The Boards must take into account any advice or feedback provided by the FRC about their procedures.

### *Meetings*

- 6.3 Meetings will be held as frequently as necessary in order for the Boards to discharge their responsibilities. A schedule of meetings is arranged annually and publicly communicated. Additional meetings may be arranged upon the agreement of the majority of members of the relevant Board.
- 6.4 Members may attend a meeting in person or by teleconference, videoconference or other similar means.
- 6.5 A quorum at any meeting shall be a majority of members of the relevant Board.
- 6.6 Meetings will be chaired by the relevant Chair or, where the Chair is absent, by the Deputy Chair. Where both the Chair and the Deputy Chair are absent, the members present shall elect one of their number to chair the meeting.
- 6.7 All discussions at Board meetings pertaining to technical accounting, [sustainability](#) or auditing or assurance matters are open to the public.
- 6.8 Minutes will be prepared for all Board meetings to record attendance and all key decisions of the Boards. The minutes are circulated to members after the meeting and subject to approval at or prior to the next Board meeting. Minutes are then made publicly available on the relevant Board's website.
- 6.9 The agenda and supporting staff technical papers for AASB or AUASB meetings are provided to members on a timely basis and the meeting agenda and non-confidential agenda papers are placed on the relevant Board's website.
- 6.10 The Chair of the respective Board may declare part of the meeting to be "confidential" or "in camera". Minutes will reflect that part of the meeting was held "in camera", however no details of that part of the meeting will be made public, subject to paragraph 6.12.
- 6.11 Separate minutes of the "in camera" section of the meeting must be made and retained for the required record-retention period.
- 6.12 Where a matter that relates to technical accounting, [sustainability](#), auditing or assurance issues is discussed "in camera", the Chair will as soon as practicable after the opening of the meeting to the public, summarise the discussion and outline any decisions made during the "in camera" session. This summary, including any decisions made, will be recorded in the public Minutes.



### *Observers*

- 6.13 Representatives of various organisations with an interest in the setting of accounting, [sustainability](#) and / or auditing and assurance standards may be invited (or have standing invitations) to attend AASB or AUASB meetings as official observers. Such individuals may, at the Chair's discretion, also be invited to address the Board on specific matters. Attendance of official observers is recorded in the minutes.
- 6.14 The general public are also able to attend all public sessions of the meetings. Attendance of general public observers is recorded, but not referred to in the minutes. Attendance can be facilitated by electronic means.
- 6.15 No observers at Board meetings have voting rights.

### *Voting*

- 6.16 When voting on pronouncements as described in paragraphs 6.18 and 6.19 below, each member, including the Chair, has one vote which can be exercised only by the appointed member.
- 6.17 Members shall vote according to their own beliefs, experience and judgment, and in the public interest – not according to the views of any firm, organisation or constituency with which they are associated.
- 6.18 ***For the AASB only*** – The affirmative vote of at least two-thirds of all AASB members (not just members present) is required to issue a Standard, Interpretation, or other mandatory pronouncements. Further details regarding pronouncements of the AASB can be found in the *AASB Due Process Framework for Setting Standards*.
- 6.19 ***For the AUASB only*** – The affirmative vote of at least two-thirds of all AUASB members (not just members present) is required to issue an Exposure Draft, Standard or Guidance Statement. Further details regarding pronouncements of the AUASB can be found in the [AUASB Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications](#).
- 6.20 All other decisions relating to the issuing of other Board pronouncements require a simple majority of those in attendance at the meeting, or of the members when voting out of session. The Boards may delegate decisions that require a simple majority vote to the Chairs.
- 6.21 A member not attending a meeting cannot vote on a matter voted on at that meeting.
- 6.22 Voting for the approval of pronouncements may be through out-of-session voting, by providing ballot papers to all Board members. Members must be advised of the results of such out-of-session voting no later than the next Board meeting.
- 6.23 All votes taken in meetings shall be documented in the minutes. The minutes shall constitute proper evidence of the decisions of the relevant Board.



## 7 Advisory Committees

- 7.1 The Boards have power to establish and disestablish committees, advisory panels and consultative groups as they deem necessary in carrying out their responsibilities. The Boards cannot delegate decision-making authority and, therefore, may create such groups with a mandate **only** to provide advice.
- 7.2 Staff provide support to advisory committees. The convening Board shall adopt terms of reference setting out matters relevant to the authority, functions, duration, membership, operations and responsibilities of advisory committees, and other matters that the Board may consider appropriate. Relevant advice from advisory committees shall be summarised and provided to its convening Board.
- 7.3 The performance of standing advisory committees shall be reviewed regularly by the Boards.

## 8 Conduct of Members

### *Conflicts of interest*

- 8.1 All direct or indirect pecuniary interests that conflict or could conflict with the proper performance of a Board member's functions must be disclosed in writing to the Chair of the relevant Board (or the Minister, if the member is the Chair).
- 8.2 A Board member who has a direct or indirect pecuniary interest in a matter that is being considered, or is about to be considered, by the AASB or the AUASB must disclose the nature and extent of the interest at a meeting of the relevant Board.
- 8.3 The disclosure must be made as soon as possible after the relevant facts have come to the member's knowledge and must be recorded in the minutes of the meeting. Where possible, such conflicts should be discussed in advance with the Chair.
- 8.4 Unless the Chair (or the Minister, if the member is the Chair) otherwise determines, the member:
- (a) must not be present during any deliberation by the Board on the matter; and
  - (b) must not take part in any decision of the Board on the matter.

### *Other general obligations of Board members*

- 8.5 Board members are subject to the general duties of officials set out in Part 2-2, Division 3 of the PGPA Act. Accordingly, Board members:
- (a) must exercise their powers, perform their functions and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they occupied the same position as the Board member;
  - (b) must exercise their powers, perform their functions and discharge their duties honestly, in good faith and for a proper purpose;



- (c) must not improperly use their position to gain an advantage for themselves or someone else, or cause detriment to the Board, the Commonwealth or another person;
- (d) must not improperly use information obtained in their capacity as a Board member to gain an advantage for themselves or someone else, or cause detriment to the Board, the Commonwealth or another person; and
- (e) must disclose at each meeting, and any time when the issues arise, details of any material personal interests that relate to the affairs of the relevant Board.

8.6 Board members must comply with the *AASB and AUASB Code of Conduct*.

#### *Confidentiality*

8.7 The Boards must take all reasonable measures to protect from unauthorised use or disclosure information given to them in confidence and matters and information that are considered and discussed by the Boards in confidence (other than matters and information considered and discussed during open sessions in public meetings).

8.8 It is expected that from time to time, members may seek counsel from individuals within their organisations on technical issues that are to be considered at Board meetings. Whilst permitted, this does not diminish a member's obligations not to disclose matters and information that are regarded by the relevant Board as being of a confidential nature.

#### *Representing the Board*

8.9 Only the Chairs are authorised to speak publicly on behalf of their respective Board. However, the Chairs may authorise another member or staff to speak publicly on behalf of the Board.

8.10 Where a member speaks publicly and their status as a Board member is promoted, but the member has not been authorised by the Chair to express views of the Board (for example, at external functions), the member must make clear that views expressed are their own personal views.

## **9 Due Process**

9.1 The Boards adopt a rigorous due process to maintain appropriate transparency when developing or adopting standards and other pronouncements and encourage constituents to participate actively in the standard-setting process. Extensive formal and informal consultation is conducted by the Boards and due process procedures have been put in place to ensure compliance with all Commonwealth regulatory requirements.

9.2 The due process and consultation activities adopted by the AASB and the AUASB, respectively, are documented in the *AASB Due Process Framework for Setting Standards* and the [\*AUASB Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications\*](#).





## Appendix – Legislation References

The following table outlines the legislative basis relating to each paragraph within the Board Charter (where applicable). The references below refer to Part 12 of the *Australian Securities and Investments Commission Act 2001* unless otherwise stated.

Paragraph	Legislation Reference	Paragraph	Legislation Reference
1.1	n/a	5.12	s236A(4) & s236E(4)
1.2	s236A(4) & s236E(4)	5.13	s236BA(5) & s236FA(5)
2.1	Part 12	5.14-5.15	s236D(3) & s236H(3)
2.2	s224	5.16	s236A(4) & s236E(4)
3.1	s227(1)	5.17	s236C(1) & s236G(1)
3.2	s227(2), s229(2) & s231	5.18	s236C(3) & s236G(3)
3.3	s227B(1)	5.19	s236C(4) & s236G(4)
3.4	s334 & s336 Corporations Act <sup>1</sup>	5.20	s236C(5)-(7) & s236G(5)-(7)
3.5	s235H & s236DF	6.1	s236A(4) & s236E(4)
4.1	s225(1)	6.2	s236AA & s236EA
4.2	s225(2)	6.3-6.5	s236A(4) & s236E(4)
4.3	s232 & s234C	6.6	s236A(1) & s236E(1)
4.4	n/a	6.7	s236A(2) & s236E(2)
4.5	n/a	6.8-6.23	s236A(4) & s236E(4)
4.6	s233 & s234D	7.1	s227(3) & s227B(2)
4.7	s225(5)-(8)	7.2-7.3	s236A(4) & s236E(4)
5.1	n/a	8.1	s236DA(1) & s236J(1)
5.2	s235D, s235E, s235F, s236DB, s236DC & s236DD	8.2	s236DA(2) & s236J(2)
5.3	s235D(3) & s236DB(3)	8.3	s236DA(3)-(4) & s236J(3)-(4)
5.4	s235H & s236DF	8.4	s236DA(5) & s236J(5)
5.5	s236BA & s236FA	8.5	Part 2-2, Division 3 PGPA Act <sup>2</sup>
5.6	s236B(1)-(2) & s236F(1)-(2)	8.6	s236A(4) & s236E(4)
5.7	s236B(2), s236A(4), s236F(3), & s236E(4)	8.7	s237
5.8	s236B(3) & s236F(4)	8.8-8.10	s236A(4) & s236E(4)
5.9	s236B(5) & s236F(6)-(7)	9.1	s236A(4) & s236E(4)
5.10	s236D(1) & s236H(1)	9.2	n/a
5.11	s236D(2) & s236H(2)		

<sup>1</sup> *Corporations Act 2001*.

<sup>2</sup> *Public Governance, Performance and Accountability Act 2013*.



## ITEM 9A

### 6 JUNE 2025

#### CORRESPONDENCE

- On 27 March 2025, the FRC Chair sent a letter in reply to Kirk Davis' concerns about the criteria for registering as a Registered Company Auditor.
- On 15 May 2025, the FRC Chair wrote to the Chair of the Nominating Committee endorsing Professor Ann Tarca for appointment as an International Financial Reporting Standards (IFRS) Trustee.
- On 22 May 2025, the FRC Chair sent a correspondence in reply to Phillip Sillifant's concerns about the ethical conduct, audit quality, and the integrity of the assurance framework.

#### **ACTION**

- FRC to note.



**ITEM 9B**  
**6 JUNE 2025**

**KEY ACTION ITEMS SUMMARY**

Secretariat to provide a summary of key action items from the 6 June 2025 meeting.

**ACTION**

- FRC to note.