



MINUTES

DATE: 6 June 2025
TIME: 10:00 – 15:00
LOCATION: Level 29, 201 Kent Street, Sydney & Microsoft Teams

ITEM	AGENDA ITEM																																		
PUBLIC SESSION																																			
1	INTRODUCTION																																		
1A	The Chair began with an acknowledgement of country and welcomed all attendees to the meeting.																																		
1B	ATTENDEES AND APOLOGIES																																		
	<table><tr><td>Members in attendance:</td><td>Observers:</td></tr><tr><td>Andrew Mills (Chair)</td><td>Rebecca Waldron (Treasury)</td></tr><tr><td>Dr Keith Kendall (AASB Chair) - virtual</td><td>Ben Mills (Treasury)</td></tr><tr><td>Doug Niven (AUASB Chair)</td><td>Christie Yang (Treasury)</td></tr><tr><td>Michele Embling (XRB Chair)</td><td></td></tr><tr><td>Rachel Grimes - virtual</td><td></td></tr><tr><td>Emma Herd</td><td></td></tr><tr><td>Pru Bennett - virtual</td><td></td></tr><tr><td>Amy Fox</td><td></td></tr><tr><td>Alison White</td><td></td></tr><tr><td>Guests:</td><td>Apologies:</td></tr><tr><td>Justin Williams (AASB) - virtual</td><td>N/A</td></tr><tr><td>Stephen Taylor</td><td></td></tr><tr><td>Members of the public:</td><td></td></tr><tr><td>John Ngiam (CA ANZ) - virtual</td><td></td></tr><tr><td>Nick Dent (Department of Finance) - virtual</td><td></td></tr><tr><td></td><td></td></tr></table>	Members in attendance:	Observers:	Andrew Mills (Chair)	Rebecca Waldron (Treasury)	Dr Keith Kendall (AASB Chair) - virtual	Ben Mills (Treasury)	Doug Niven (AUASB Chair)	Christie Yang (Treasury)	Michele Embling (XRB Chair)		Rachel Grimes - virtual		Emma Herd		Pru Bennett - virtual		Amy Fox		Alison White		Guests:	Apologies:	Justin Williams (AASB) - virtual	N/A	Stephen Taylor		Members of the public:		John Ngiam (CA ANZ) - virtual		Nick Dent (Department of Finance) - virtual			
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1C	DECLARATIONS OF INTEREST																																		
	The Chair noted the removal of the Chair of the Cemeteries and Crematoria NSW from his declaration of interest.																																		
2	MATTERS FOR NOTING/ACTION																																		

2A	MINUTES OF PREVIOUS MEETING – 5 MARCH 2025
	The minutes of the 5 March meeting were approved prior to the meeting and were noted by members.
2B	FRC STRATEGIC PLAN 2025-26
	The FRC Strategic Plan 2025–26 was noted by members. The Secretariat will upload the strategic plan to the FRC website.
2C	ACTION ITEMS
	Members noted the action items from the March 2025 meeting.
3	ENVIRONMENTAL SCAN
3A	MEMBER REFLECTIONS
	<p>Rachel Grimes shared insights from recent engagements with small business practitioners regarding the relevance of financial reporting obligations and the application of the Code of Ethics to AI. Members agreed the FRC should hear from small business practitioners, alongside the peak bodies. Stephen Taylor encouraged the Nominations Committee to prioritise representation of small business perspectives from the AASB and AUASB.</p> <p>Members discussed the growing use of AI in the financial reporting, auditing, and government sectors. Doug Niven noted the AUASB is preparing a guidance document for auditors on AI, with input from major firms and accounting bodies. Keith Kendall reported that the AASB is collaborating with CSIRO and is to launch a PhD program focused on AI’s implications for financial reporting.</p> <p>Amy Fox noted that the government is establishing governance frameworks by launching a platform to improve transparency on the use of AI in the public sector.</p>
3B	STAKEHOLDER REPORTS AND ENGAGEMENT
	<p>Members discussed the approach to stakeholder engagement.</p> <ul style="list-style-type: none"> • Members agreed that a clear stakeholder map would better guide engagement, ensuring the FRC targets both strategists and technical individuals. • A combination of targeted roundtables and one-on-one meetings was supported. • The need to improve small business and investor representation in stakeholder engagements was highlighted. <p>The FRC Secretariat will work with the Chair to develop a stakeholder map / matrix identifying key stakeholders, methods of engagement, and frequency.</p>
4	OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING) PER ASIC ACT s 225(1) TO (2A)
4A	AASB REPORT
	In addition to the report in the Board papers, Keith Kendall provided a verbal update on the AASB’s work:

	<ul style="list-style-type: none"> • The AASB continues to work on the not-for-profit Tier 3 reporting framework. • Sustainability reporting implementation remains a priority for the AASB. • The AASB is engaging internationally, including with their Japanese and Korean counterparts on sustainability • The AASB is working on further guidance in the coming months following the release of guidance on materiality by the ISSB.
4B	AUASB REPORT
	<p>In addition to his written report, Doug Niven provided a verbal update of the AUASB's developments in financial auditing, assurance, and sustainability:</p> <ul style="list-style-type: none"> • The AUASB is progressing guidance on the assurance of sustainability disclosures. • Engagement continues with the IAASB on global assurance standards, including the development of supplementary sustainability assurance reports. • The AUASB is developing guidance on how AI is affecting assurance work.
5	MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS PER ASIC ACT s 225(2)(E) TO (2)(F) AND s 225(2A)(F) TO (2A)(G)
5A	XRB UPDATE
	<p>Michele Embling provided verbal updates:</p> <ul style="list-style-type: none"> • The XRB will shortly finalise two key accountability documents (2025-2030 Statement of Intent and 2025/256 Statement of Performance Expectations) that will set out the XRB's objectives for the coming years. • The XRB will soon consult with larger not for profit entities to understand the reporting and assurance challenges of service performance reporting . • Work continues with supporting the adoption of climate reporting. Reporting and assurance over Scope 3 emissions remains challenging. Michele noted that while there remains strong support for the objectives of climate and sustainability reporting, stakeholders are asking for a measured, phased approach to implementation.
5B	INTERNATIONAL DEVELOPMENTS
	Members noted the information attached in the meeting pack.
6	PUBLIC SECTOR ADVISORY GROUP (PSAG) PER ASIC ACT s 225(1A)
6A	PUBLIC SECTOR ADVISORY GROUP
	<p>Amy Fox discussed key themes raised in the PSAG meeting held on 2 May 2025, including:</p> <ul style="list-style-type: none"> • Andrew Greaves replacing Jane Meade on the PSAG

	<ul style="list-style-type: none"> Discussions on the application of accounting standards to local governments, particularly in relation to depreciation expenses resulting in operating losses Ongoing work continues regarding the attractiveness of the public sector profession.
6B	APPLICATION OF ACCOUNTING STANDARDS TO LOCAL GOVERNMENT
	<p>Amy Fox noted that the discussion in the recent PSAG meeting explored various aspects of depreciation and asset valuation issues for local governments. The issue seems to be attributed to the provisioning of Commonwealth and state/territory granted assets to local governments which causes them to report an operating loss. PSAG members found this issue specific to local governments. However, depreciation expenses do not affect cash flow and there is a benefit in complying with them. The need for better education on depreciation was highlighted, alongside considerations of different funding arrangements for assets and financial performance ratios.</p> <p>Justin Williams confirmed that the AASB has received correspondence in relation to this matter from Treasury, local government associations, and HoTARAC, and that the matter will be formally discussed at the next AASB board meeting. The AASB will continue working with Treasury, local governments, and state/territory finance departments to explore the application of accounting standards and whether policy measures are needed.</p> <p>The matter will be further examined by the AASB and relevant government agencies, with a view to develop educational materials and potentially better align accounting frameworks and public sector funding models.</p>
7	NOMINATIONS COMMITTEE REPORT PER ASIC ACT s 225(2)(A) AND s 225(2A)(A)
7A & 7B	NOMINATIONS COMMITTEE UPDATE & PROPOSED AMENDMENTS TO NOMINATIONS COMMITTEE CHARTER
	<p>Rachel Grimes AM and Justin Williams provided an update on the Nominations Committee's proposed amendments to the Nominations Committee Charter:</p> <ul style="list-style-type: none"> The Committee recommended amending its Charter to incorporate greater discretion and flexibility in managing appointments, particularly during the transitional period. The proposed amendments will: <ul style="list-style-type: none"> - Enable the Nominations Committee to adjust appointment timelines, including temporary extensions, to accommodate delays in the new governance structure coming into effect. - Prevent unintended gaps in the membership of AASB and AUASB, ensuring business continuity. <p>The FRC members endorsed the proposed amendments to the Nominations Committee Charter.</p>
8	PROPOSED AMENDMENTS TO AASB AND AUASB CHARTER
	<p>Justin Williams presented minor proposed amendments to the AASB and AUASB Charters. The FRC members endorsed the proposed amendments to the AASB and AUASB Charters.</p>

9A	CORRESPONDENCE RECEIVED AND SENT
	Members noted the correspondence sent.
9B	KEY ACTION ITEMS SUMMARY
	<ul style="list-style-type: none"> • FRC Secretariat to upload the FRC 2025-26 Strategic Plan to the FRC website. • FRC Secretariat to work with the Chair, the AUASB and the AASB to develop a stakeholder engagement map/matrix, as well as outline cadence of outreach to stakeholders and preferred meeting format. • 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. • FRC members agreed to the proposed amendments to the Nominations Committee Charter.
10	NEXT MEETING
	Next meeting will be held on 17 September 2025 at the Melbourne Treasury office.