Australian Government
Financial Reporting Council

MINUTES

DATE:	17 September 2025
TIME:	9:30 – 12:30
LOCATION:	Level 16, 530 Collins Street, Melbourne & Microsoft Teams

ITEM	AGENDA ITEM	
PUBLIC SESSION		
1	**INTRODUCTION**	
1A	The Chair began with an acknowledgement of country and welcomed all attendees to the meeting.	
1B	**ATTENDEES AND APOLOGIES**	
	Members in attendance:	**Observers:**
	Andrew Mills (Chair)	Kim Demarte (Treasury)
	Dr Keith Kendall (AASB Chair)	Jesse Chen (FRC Secretariat)
	Doug Niven (AUASB Chair)	Christie Yang (FRC Secretariat)
	Rachel Grimes - via MS Teams	
	Emma Herd	
	Pru Bennett	
	Alison White	
	Guest:	**Apologies:**
	John Kensington (XRB Chair) - via MS Teams	Amy Fox
	Members of the public:	
	John Ngiam - via MS Teams	
	Tiffany Tan - via MS Teams	
	Nikole Gyles - via MS Teams	
2A	**MATTERS FOR NOTING/ACTION**	
	Minutes of previous meeting – 6 June 2025	
	The minutes of the 5 March meeting were approved prior to the meeting and were noted by FRC members ('members').	

	Keith noted that the AASB is collaborating with RMIT, rather than the CSIRO, on a research project and will launch a PhD program focused on AI's implications for financial reporting. **Action item:** FRC Secretariat to update the June 2025 FRC quarterly minutes to reflect the AASB's collaboration with the RMIT, rather than the CSIRO, on a research project.
2B	**ACTION ITEMS**
	Members noted the action items from the June 2025 meeting.
3	**ENVIRONMENTAL SCAN**
3A	**MEMBER REFLECTIONS**
	Members highlighted the increasing integration of sustainability and financial reporting, including challenges around defining materiality. Pru highlighted the ongoing challenges around understanding materiality from the investor perspective, as investors are not a homogenous group, with passive investors, stewardship teams, and active managers each requiring different levels of disclosure. She noted feedback suggesting there are risks that some climate reports may be being prepared that are overly lengthy and inaccessible, whereas investors often prefer concise, targeted reporting. Rachel provided an update from the Accounting Professional & Ethical Standards Board (APESB), noting a slowdown in standard-setting, with more emphasis on post-implementation reviews, governance, and culture. Doug also observed that on the assurance side as no major new standards are expected until 2027, noting that the IAASB has recently released three new standards. Pru drew attention to recent Californian legislation introducing onerous climate disclosure requirements. Alison added that the US Environmental Protection Agency (EPA) is proposing to scale back emissions reporting obligations, reflecting a divergence in approaches between the federal and state levels in the US Members commented on the rapid growth of artificial intelligence (AI) tools in reporting and assurance, observing that AI may both improve efficiency and create new governance challenges. Alison noted the role of AI in sustainability reporting, including its potential benefits and the associated risks. Members agreed that while AI could aid efficiency, it must be deployed responsibly, with strong governance to mitigate risks of misinterpretation or misuse of data. Rachel welcomed the appointment of Fiona Campbell as the International Federation of Accountants (IFAC) Chair of the Forum of Firms in July 2025, suggesting it would be valuable to invite her to a future FRC quarterly meeting to share perspectives.
3B	**FRC STAKEHOLDER ENGAGEMENT STRATEGY**
	Members reviewed the draft stakeholder engagement strategy. Members agreed with the approach of engaging stakeholders through roundtables and one-on-one meetings. Members also agreed to discontinue the request for written stakeholder reports for future meetings. Members discussed how to make meetings more targeted including defining desired outcomes and key issues for discussion. Members reaffirmed the importance of maintaining strong relationships with the standard-setting boards, professional accounting bodies (PABs), and government agencies to ensure coordinated messaging and early identification of emerging issues. Members supported the proposed stakeholder list which include major institutional investors, representatives of the

	banking and insurance sectors, and Pru suggested engaging with other users of financial statements who can provide insight into investor needs. The Chair noted the success of FRC stakeholder roundtables held so far, but that there remains value in also meeting certain stakeholders individually, such as professional accounting bodies (PABs) and government bodies. Doug encouraged members to consider whether any future FRC roundtables would duplicate conversations made in other forums, including the Public Sector Advisory Group (PSAG) and the Accounting and Auditing Standing Conversation (AASC). Pru suggested including other FRC members in future FRC stakeholder roundtables and members agreed with this approach. Alison emphasised the importance of timing stakeholder meetings – for example, for stakeholders that the FRC meets yearly, it would be beneficial to meet in March or April when their sustainability reports are released to hear timely feedback on their sustainability reporting. **Action item**: FRC Secretariat to include other FRC members in future roundtables and to engage FRC members on appropriate stakeholders (i.e., targeted investor groups and users of financial statements).
4	**OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING) PER ASIC ACT S 225(1) TO (2A)**
4A	**AASB REPORT**
	In addition to the written AASB report in the FRC meeting papers, Keith Kendall provided a verbal update on the AASB's work: • The AASB lodged a submission on ISSB Exposure Draft, Amendments to Greenhouse Gas Emissions Disclosures – Proposed amendments to IFRS S2. • AASB S2 Climate-related Disclosures remains a priority for the AASB and the AASB continues to support the implementation of IFRS S2 in Australia through AASB S2 with education and guidance materials. • The AASB Chair and AASB staff attended various conferences held in Fiji, Melbourne and the Solomon Islands, and achieved positive engagement outcomes. The AASB is supporting the adopting of IFRS standards in various Pacific Island nations. • The AASB will co-chair the upcoming International Forum of Accounting Standard Setters in London, United Kingdom on 30 September and 1 October.
4B	**AUASB REPORT**
	In addition to the written AUASB report in the FRC meeting papers, Doug Niven provided a verbal update of the AUASB's developments in financial auditing, assurance, and sustainability: • Doug provided an update on the sustainability assurance standard released in January, with a focus on ethics, phasing, and alignment with legislation. The AUASB agreed to develop Exposure Drafts (EDs) proposing amendments to ASSA

	5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*, including a recommendation to allow early application of the assurance phasing requirements where an entity elects to prepare a sustainability report under the *Corporations Act 2001* (Corporations Act) ahead of schedule. • Doug noted that ASIC published FAQs in September 2025 to help auditors understand their obligations when providing an opinion on sustainability reports and the extent to which the modified liability settings apply to statements in the auditor's report on the sustainability report. These FAQs also provide guidance on who can audit a sustainability report. • The AUASB continues to develop supporting guidance and education materials to support the implementation of ASSA 5000 *General Requirements for Sustainability Assurance Engagements*. • The AUASB issued guidance for auditors in the use of artificial intelligence (AI) tools on audit engagements. • The AUASB approved in-principle the revised ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*, subject to Public Interest Oversight Board (PIOB) certification.
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**
	John Kensington highlighted the potential of AI to boost productivity, and the need for stronger guardrails to ensure responsible use including appointment of an AI Champion to lead and guide safe adoption of AI. Members discussed the importance of controlled AI usage, noting that information entered into AI systems is retained and may raise privacy and information security concerns. The discussion also covered the need to build analytics capacity, establish quality control mechanisms, and develop clear procedures for managing AI-generated outputs.
5B	**INTERNATIONAL DEVELOPMENTS**
	Members noted the information attached in the meeting pack.
6	**NOMINATIONS COMMITTEE REPORT PER ASIC ACT S 225(2)(A) AND S 225(2A)(A)**
	FRC members noted the circular resolution to appoint of Graeme Pinfold of NZAuASB to the AUASB from 1 September 2025 until 30 June 2026. FRC members agreed to extend the appointments of 5 AASB members and 4 AUASB members to 30 June 2026 as follows: **AASB** • David Holland

	• Stephen Taylor • Adrian King • Liza Maimone • Mathew Nelson **AUASB** • Andrew Porter • Chi Mun Woo • Terence Jeyaretnam • Jason Thorne
7	**AUDITOR REVIEW WORKING GROUP REPORT**
	Andrew provided update on the inaugural Auditor Review Working Group meeting held on 28 August 2025: • The working group discussed the demand and suitability of the RCA designation. Sustainability reporting was flagged as a driver of increasing demand for RCAs. • The working group noted the exploration of alternative pathways and competency-based assessments for prospective auditors. • The working group stressed the need for improved coordination between state, territory, and federal legislation when prescribing auditor requirements. Keith emphasised that a respected, accredited auditor system is essential for an effective financial reporting framework. John referenced the New Zealand model, where there are two levels of auditor registration – one in which auditors obtain a licence from CA ANZ and the other in which they obtain approval from the Financial Markets Authority (FMA). Andrew noted that PABs and government entities will meet separately to progress research and further refine the policy problem. The working group will reconvene in November to continue discussions.
8A	**CORRESPONDENCE RECEIVED AND SENT**
	FRC members noted the correspondence sent.
8B	**KEY ACTION ITEMS SUMMARY**
	• FRC Secretariat to update the June 2025 FRC quarterly minutes to reflect the AASB's collaboration with the RMIT, rather than the CSIRO, on a research project.

	• FRC Secretariat to include other FRC members in future roundtables and to engage FRC members on appropriate stakeholders (i.e., targeted investor groups and users of financial statements). FRC Secretariat to invite Fiona Campbell as a guest speaker for the next FRC meeting.
9	**NEXT MEETING**
	• Next meeting will be held on 10 December 2025 at the Sydney Treasury office.