



AGENDA – 116TH FRC MEETING

Date: 10 December 2025

Time: 09:30 – 15:30

Location: Level 29, 201 Kent Street, Sydney, NSW 2000

Financial Reporting Council (FRC) members will attend this meeting in person or via Microsoft Teams. Members of the public may attend the public session of the meeting on Teams by registering their interest at least 24 hours before the meeting. Please email secretariat@frc.gov.au with your:

- Name
- Affiliation
- Contact details

Item	Report by	Time
PUBLIC SESSION		
1. Introduction		09:30
A. Acknowledgement of country	Chair	
B. Attendees and apologies		
C. Declarations of interest		
2. Matters for noting / action		09:35
A. Minutes of previous meeting (17 September 2025)	Chair	
B. Action items		
	Secretariat	
3. Environmental scan		09:40
A. Member reflections	All Secretariat	
4. Introductory conversation with Fiona Campbell (International Federation of Accountants (IFAC) Chair of the Forum of Firms)	Fiona Campbell	10:15
Morning tea		10:45
5. Oversight of Australian accounting, auditing and sustainability standards per <i>ASIC Act</i> s 225(1) to (2A)		11:05
A. Australian Accounting Standards Board	AASB Chair	
1. Financial reporting update		
2. Sustainability reporting update	AUASB Chair	
B. Auditing and Assurance Standards Board		
1. Financial auditing and assurance update		
2. Sustainability auditing and assurance update		
6. Monitoring and influencing international developments per <i>ASIC Act</i> s 225(1A) and s 225(2C)(f)		11:45

Item	Report by	Time
A. XRB update	XRB Chair	
B. International developments (including recent media releases)	FRC	
7. Public Sector Advisory Group per <i>ASIC Act</i> s 225(2)(g), (2)(h)(i) and s 225(2A)(g) and (2A)(h)(i)	Amy Fox	12:15
8. Auditor Review Working Group Update	Chair	12:20
Lunch		12:35
9. Use of AI in audit	AUASB Chair PwC	13:20
10. Other business		14:20
A. Correspondence received and sent	Chair	
B. Key action items summary	Secretariat	
C. Next meeting: 4 March 2026, Sydney	Chair	
PRIVATE SESSION		
11. Matters for private session		14:30
Meeting close		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.



ITEM 1B
10 DECEMBER 2025

ATTENDEES AND APOLOGIES

The attendees and apologies for this meeting are listed below.

ACTION

- FRC to note.

Participants – FRC members	Organisation
Andrew Mills	Chair
Keith Kendall	AASB Chair
Doug Niven	AUASB Chair
Rachel Grimes	
Pru Bennett	
Alison White	
Emma Herd	
Amy Fox	

Guests	Organisation
John Kensington	XRB
Claire LaBouchardiere	ASIC
Luci Tucker	ASIC
Justin Williams	AASB
Kim Demarte	Treasury
Fiona Campbell	IFAC
Ashley Wood	PwC
Jane Reilly	PwC
Scott Walsh	PwC

Observers	Organisation
Michael Latchford	FRC Secretariat
Christie Yang	FRC Secretariat

Apologies	Organisation



ITEM 1C 10 DECEMBER 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 27 November 2025

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Mr Andrew Mills	Graduate member, Australian Institute of Company Directors Chartered Tax Advisor, The Tax Institute (Life) Fellow, CPA Australia Fellow, Australian Institute of Governance	Principal Fellow/Associate Professor, University of Melbourne Law School Chair, NSW Independent Planning Commission Member, The Board of Taxation Member, External Reporting Board (NZ) Member, Tax and Transfer Policy Institute Advisory Board Member, Melbourne Law School Tax Advisory Board Executive Committee Member, International Fiscal Association Australia Branch	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 Member, Investment Committee, Royal Historical Society of Victoria Chartered Tax Advisor, The Tax Institute Member, CA ANZ Fellow, CPA Australia Graduate member, Australian Institute of Company Directors	Chair and CEO, Australian Accounting Standards Board Vice Chair, Asian-Oceanian Standard-Setters Group (AOSSG) Treasurer, Samuel Griffith Society Finance Director, Rugby Victoria	Director/shareholder/beneficiary: <ul style="list-style-type: none"> • 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	Nil

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>Director, EMLH Pty Ltd</p> <p>Partner, Climate Change and Sustainability Services, Ernst and Young Oceania</p> <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>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>Member Singapore Institute of Company Directors</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>Member of the Advisory Council of the Hong Kong Corporate Governance Institute Sustainability Academy</p> <p>Council Member Asian Corporate Governance Association</p> <p>Member of Deakin University Integrated</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
		<p>Reporting Centre Advisory Board</p> <p>Board member Asian Investor Group on Climate Change</p>	
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>Director, Hub24 Limited</p> <p>Director, Australian Payments Plus Limited</p> <p>Director of the Accounting Professional Standards and Ethics Board (APESB)</p> <p>Chair of Surfing Australia Finance and Risk Committee</p> <p>Director, Angus Knight Pty Ltd</p> <p>Member of the Board of Platinum Asset Management Limited</p> <p>Member of the Board of DigiCo Infrastructure REIT</p> <p>Member of the Boards of HMC Capital Partners No1 Pty Ltd, HMC Capital Partners No.2 Pty Ltd, HMC Capital Partners No.3 Pty Ltd</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>

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Ms Amy Fox	Fellow, CPA Australia, Fellow, Chartered Accountants Australia New Zealand, Graduate, Australian Institute of Company Directors	Department of Finance, Australian Government	Nil

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



ITEM 2A

10 DECEMBER 2025

MINUTES OF PREVIOUS MEETING

Attached are the minutes from the FRC meeting held on 17 September 2025, which have been published on the FRC website.

ACTION

- FRC to note.

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	<table> <tr> <td colspan="2">ATTENDEES AND APOLOGIES</td></tr> <tr> <td>Members in attendance:</td><td>Observers:</td></tr> <tr> <td>Andrew Mills (Chair)</td><td>Kim Demarte (Treasury)</td></tr> <tr> <td>Dr Keith Kendall (AASB Chair)</td><td>Jesse Chen (FRC Secretariat)</td></tr> <tr> <td>Doug Niven (AUASB Chair)</td><td>Christie Yang (FRC Secretariat)</td></tr> <tr> <td>Rachel Grimes - via MS Teams</td><td></td></tr> <tr> <td>Emma Herd</td><td></td></tr> <tr> <td>Pru Bennett</td><td></td></tr> <tr> <td>Alison White</td><td></td></tr> <tr> <td>Guest:</td><td>Apologies:</td></tr> <tr> <td>John Kensington (XRB Chair) - via MS Teams</td><td>Amy Fox</td></tr> <tr> <td></td><td></td></tr> <tr> <td>Members of the public:</td><td></td></tr> <tr> <td>John Ngiam - via MS Teams</td><td></td></tr> <tr> <td>Tiffany Tan - via MS Teams</td><td></td></tr> <tr> <td>Nikole Gyles - via MS Teams</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td></td><td></td></tr> </table>	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					
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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').																																				

	<p>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.</p> <p>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.</p>
2B	ACTION ITEMS
	Members noted the action items from the June 2025 meeting.
3	ENVIRONMENTAL SCAN
3A	MEMBER REFLECTIONS
	<p>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.</p> <p>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.</p> <p>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</p> <p>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.</p> <p>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.</p>
3B	FRC STAKEHOLDER ENGAGEMENT STRATEGY
	<p>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.</p> <p>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</p>

	<p>banking and insurance sectors, and Pru suggested engaging with other users of financial statements who can provide insight into investor needs.</p> <p>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.</p> <p>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).</p> <p>Pru suggested including other FRC members in future FRC stakeholder roundtables and members agreed with this approach.</p> <p>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.</p> <p>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).</p>
4	OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING) PER ASIC ACT s 225(1) TO (2A)
4A	AASB REPORT
	<p>In addition to the written AASB report in the FRC meeting papers, Keith Kendall provided a verbal update on the AASB's work:</p> <ul style="list-style-type: none"> • 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
	<p>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:</p> <ul style="list-style-type: none"> • 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

	<p>5010 <i>Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001</i>, including a recommendation to allow early application of the assurance phasing requirements where an entity elects to prepare a sustainability report under the <i>Corporations Act 2001</i> (Corporations Act) ahead of schedule.</p> <ul style="list-style-type: none"> • 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 <i>General Requirements for Sustainability Assurance Engagements</i>. • 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 <i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report</i>, 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
	<p>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.</p> <p>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.</p>
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)
	<p>FRC members noted the circular resolution to appoint of Graeme Pinfold of NZAuASB to the AUASB from 1 September 2025 until 30 June 2026.</p> <p>FRC members agreed to extend the appointments of 5 AASB members and 4 AUASB members to 30 June 2026 as follows:</p> <p>AASB</p> <ul style="list-style-type: none"> • David Holland

	<ul style="list-style-type: none"> • Stephen Taylor • Adrian King • Liza Maimone • Mathew Nelson <p>AUASB</p> <ul style="list-style-type: none"> • Andrew Porter • Chi Mun Woo • Terence Jeyaretnam • Jason Thorne
7	AUDITOR REVIEW WORKING GROUP REPORT
	<p>Andrew provided update on the inaugural Auditor Review Working Group meeting held on 28 August 2025:</p> <ul style="list-style-type: none"> • 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. <p>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).</p> <p>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.</p>
8A	CORRESPONDENCE RECEIVED AND SENT
	FRC members noted the correspondence sent.
8B	KEY ACTION ITEMS SUMMARY
	<ul style="list-style-type: none"> • 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.

	<ul style="list-style-type: none"> 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). <p>FRC Secretariat to invite Fiona Campbell as a guest speaker for the next FRC meeting.</p>
9	NEXT MEETING
	<ul style="list-style-type: none"> Next meeting will be held on 10 December 2025 at the Sydney Treasury office.



ITEM 2B

10 DECEMBER 2025

ACTION ITEMS

Attached are the action items from the FRC meeting held on 17 September 2025.

ACTION

- FRC to note.

ACTION ITEMS

17 SEPTEMBER 2025 ACTION ITEMS

	Action item	Owner	Status
1	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.	Secretariat	Complete
2	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).	Secretariat & Chair	Ongoing
3	FRC Secretariat to invite Fiona Campbell as a guest speaker for the next FRC meeting.	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

10 DECEMBER 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.



ADDRESS FROM INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC) CHAIR OF THE FORUM OF FIRMS

Ms Fiona Campbell, as the new Chair of the Forum of Firms, will introduce herself to the FRC and provide a brief overview of the Forum of Firms, including its current agenda and priorities. Ms Campbell will also share her reflections from her time on the International Auditing & Assurance Standards Board (IAASB). The session will be followed by a Q&A with FRC members.

BACKGROUND

Ms Campbell was a Board Member on the IAASB for six years, spending her term's last four years as a member of the IAASB Steering committee and her last two years as the Deputy Chair of the Board. She has been a member of various not for profit boards and audit committees over the last 15 years, and has co-authored a university textbook which provides a relevant and practical approach to auditing, used by nearly all major universities in Australia.

ACTION

- FRC members to note



ITEM 5B

10 DECEMBER 2025

AUASB CHAIR REPORT

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

ACTION

- FRC to note.



ITEM 5A

10 DECEMBER 2025

AASB CHAIR REPORT

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

ACTION

- FRC to note.



ITEM 6A

10 DECEMBER 2025

XRB UPDATE

Update provided by Chair of the XRB.

ACTION

- FRC to note.



ITEM 6B

10 DECEMBER 2025

REGULATORY/INTERNATIONAL DEVELOPMENTS

Attachment A provides a summary of recent key releases from regulators and other relevant matters.

ACTION

- FRC to note.

RECENT MEDIA RELEASES

On 31 October, the Assistant Treasurer published a [media release](#) announcing a consultation on draft legislation to give effect to the government's commitment to merge the corporate reporting bodies. The draft legislation will establish a new body, External Reporting Australia, which will be responsible for the setting and overseeing of accounting, auditing and assurance, and sustainability standards. Public consultation on the draft legislation closed on 27 November 2025.

Regulator updates

- On 30 September 2025, ASIC released [Report 816 'Accounting for your super'](#) being its inaugural review into the financial reporting and audit of super funds. The report details ASIC's findings of inconsistent valuation methodologies concerning unlisted fund assets, including cases where auditors did not adequately challenge the valuations provided by external fund managers.
 - ASIC also observed inconsistent approaches to disclosing investments, limited disclosure of sponsorship and advertising expenses by trustees.
- On 7 October 2025, ASIC released [Report 817 'Building Trust'](#) into auditors' compliance with independence and conflict of interest obligations, following an updated guidance on self-reporting by auditors, [RG34](#).
 - In REP 817, ASIC identified 15 auditors likely to be in breach, comprising nine for rotation failures and five for prohibited relationships. ASIC has taken enforcement action including issuing an infringement notice and accepting the voluntary deregistration of an individual RCA, after making inquiries. ASIC plans to increase its surveillance of audit independence in 2025-26 under its audit quality program.
- On 31 October, ASIC released [Report 819](#) on its oversight of financial reporting and audit for 2024–25. During the reporting period, ASIC reviewed 254 financial reports from listed and large proprietary company financial reports and reviewed 10 audit files by 8 audit firms. While, in 2023-24, ASIC reviewed 188 financial reports and 15 audit files from 11 audit firms. ASIC plans to expand its audit surveillance program to 25 audit file reviews in 2025-26.
 - In 2024-25, ASIC took enforcement actions against RCAs for failing to comply with auditing standards including referrals to the auditor disciplinary board, imposing conditions on an RCA's registration, and accepting a court enforceable undertaking that an RCA voluntarily deregisters and does not reapply.
- Companies Auditors Disciplinary Board (CADB) presented its 2024-25 [annual report](#) to the Assistant Treasurer on 1 September 2025.
 - In the reporting period, ASIC made three applications to CADB in respect of Conduct Matters. ASIC made no applications in respect of Administrative Matters.
 - : These applications marked an increase in activity for CADB compared to the last reporting period (2023-24), during which no applications were brought and prosecuted.

- During 2024-25, CADB handed down decisions in three matters which were received prior to the reporting period.¹
- ASIC recently published [frequently asked questions](#) on sustainability reporting. Among other things, it addresses whether the same auditor must conduct both an entity's financial reporting audit and sustainability reporting audit.
 - In short, ASIC advises that the current law provides that:
 - : If a company, registered scheme or retail CCIV is a reporting entity, the auditor of the sustainability report does not have to be the same as the auditor of the annual financial report.
 - : If a RSE is a reporting entity, that auditor must be the auditor of both the sustainability report and the annual financial report.
- On 5 November, ASIC released [Report 823](#) in response to an earlier discussion paper on public and private markets.² The response paper is wide-ranging and covers:
 - Public markets: ASIC is critically examining market infrastructure, including an inquiry into the Australian Securities Exchange and making targeted regulatory adjustments for initial public offerings, listings, and market participants.
 - Transparency and market integrity: ASIC repeated its call for data reporting law reform on managed investment schemes, noting that it lags international peers in data access. ASIC will conduct a data pilot in FY 2026-27 for a small sample of retail and wholesale funds.
 - Private credit: ASIC is increasing supervision and surveillance of private markets and recommending law reform to strengthen the wholesale funds regime, and working with industry to improve practices like disclosure.

Jobs and Skills Australia (JSA)

- JSA has started preparations for the 2026 Occupation Shortage List (OSL). The OSL is informed by an annual stakeholder survey which gathers feedback on recruitment challenges and skill availability.
 - JSA will open the 2026 OSL survey on Tuesday 20 January 2026, it will close on Wednesday 18 March 2026.

Artificial Intelligence (AI)

- [EY recently conducted a survey](#) revealing that when companies used effective and stable talent foundations, AI can unlock up to 40% more productivity gains within companies. The EY 2025 Work Reimagined Survey, which surveyed 15,000 employees and 1,500 employers across 29 countries, reveals a disconnect: when AI adoption and new technology land on fragile talent foundations (i.e., weak culture, ineffective learning and misaligned rewards), the potential benefits of AI are significantly diminished.
- According to [KPMG Futuresphere 2025 report](#), the findings reveal the need for governments to build knowledge and confidence in AI, to help Australians understand

¹ Outcomes comprised: cancellation of registration (1), suspension of registration and undertakings required to be given (1), and admonishment and undertakings required to be given (1).

² On 26 February 2025, ASIC released a [discussion paper](#) on Australia's evolving capital markets exploring the shifting dynamics between public and private markets in Australia. The paper highlighted issues such as declining public listings, rapid growth in investment capital allocated to private markets, and the growing significance of superannuation funds.

the changes that are happening now and prepare for new ways of working, supporting Australians in managing their concerns around safekeeping digital identities, and mixed levels of trust in institutions.

International

- [The ISSB](#) has announced it will develop incremental disclosure requirements on nature-related risks and opportunities, drawing on the Taskforce on Nature-related Financial Disclosures (TNFD) framework to meet investor information needs. TNFD has agreed to complete its current technical work by Q3 2026.
- The IOB has released its [Q3 Oversight Publications](#) which provide insights into how the IOB identifies Public Interest Issues and carries out its oversight work. They include:
 - Briefings for IOB Observers attending the September 2025 IESBA and IAASB meetings and the subsequent memos prepared by the observers on matters of public interest and due process from these meetings. Other documents include updated public interest issues following the October IOB meeting and the public minutes from the 83rd IOB Technical Committee meeting.
- [On 10 September 2025](#), the Securities and Exchange Commission (SEC) Chair, Paul Atkins stated the SEC may reconsider foreign companies' use of international financial reporting standards, unless the IFRS Foundation prioritised funding for its accounting board (the IASB), relative to the ISSB.

Appointments - open

- 20 November 2025, IFRS Foundation starts the search for its next Managing Director.
 - The IFRS Foundation Trustees—responsible for the governance, strategy and oversight of the Foundation and its two standard-setting boards—have started the search for a Managing Director to succeed Michel Madelain when his term concludes. Role details are [here](#). Applications are due by Sunday 25 January 2026.
- 10 November 2025, IFRS Foundation seeks new members of the IFRS Interpretations Committee.
 - The Interpretations Committee works with the International Accounting Standards Board (IASB) in maintaining and supporting the consistent application of IFRS Accounting Standards by responding to application questions and carrying out other work at the request of the IASB.
 - The IFRS Foundation Trustees seek three new candidates from July 2026, when three current members complete their terms. Role details [here](#). Applications are due by 28 February 2026.

Appointments – made

- 11 November 2025, the [IOB approves new IAASB and IESBA composition for 2026](#).
 - In respect of the IAASB membership:

- : James Ferris, Director, Audit Policy, UK Financial Reporting Council, has been appointed for a three-year term; and
 - : Greg Schollum, Independent, former Deputy Controller and Auditor-General, New Zealand, has been re-appointed for a three-year term.
- In respect of the IESBA membership:
 - : Jon Walters, Global Independence Leader, PwC, UK, has been appointed for a three-year term, and
 - : Rania Uwaydah Mardini, Senior Lecturer and Director of Corporate Engagement, Olayan School of Business, American University of Beirut, Lebanon, has been re-appointed for a three-year term.
- 30 September 2025, [the PIOB welcomes a new chair](#).
 - The PIOB is pleased to announce the appointment by the Monitoring Group of Tshegofatso (Tshego) B. Modise as the new Chair, effective 30 September 2025.
 - Ms. Modise succeeds Linda de Beer, who served as PIOB Chair from 1 April 2020 until 30 September 2025.
- 26 September 2025, [IFRS Foundation announces updates to inaugural ISSB membership](#).
 - Sue Lloyd has been reappointed to serve a second term of four years as Vice-Chair, starting 1 March 2026; Elizabeth Seeger has been reappointed to serve a second term of five years; and Hiroshi Komori has been reappointed for a second one-year term. Both Ms Seeger and Mr Komori's terms are effective 1 October 2025.
 - The [Trustees announced in June the decision](#) to gradually transition from 14 to 10 members of both the ISSB and its sister board, the International Accounting Standards Board (IASB), by the end of 2028, as board members' terms end. The Trustees are committed to maintaining an appropriate geographical balance of the membership in the transition to smaller boards.



ITEM 7

10 DECEMBER 2025

PUBLIC SECTOR ADVISORY GROUP

DESCRIPTION

Chair of the PSAG, Amy Fox, to provide a verbal update about the PSAG meeting on 24 November 2025.

ACTION

- FRC to note the PSAG information.



ITEM 8

10 DECEMBER 2025

AUDITOR REVIEW WORKING GROUP UPDATE

As an action item from the first auditor review working group meeting which was held on 28 August, public and private sector members agreed to meet separately to progress research and discuss findings.

On 28 October 2025, public sector representatives met to discuss auditor designation requirements across jurisdictions and the relevance of the existing Registered Company Auditor (RCA) framework. Members agreed there is a need to cultivate a common understanding for what constitutes a competent auditor, particularly with regard to non-RCA auditors. The group also emphasised the value of comparing RCA requirements against those applying to other PAB-regulated auditors to clarify distinctions and inform future work.

The Working Group reconvened on 6 November 2025 and welcomed new members. Members discussed the widespread use of the RCA designation across Commonwealth, State and Territory legislation, but also noted the recognition of non-RCA auditors for smaller or lower-risk entities. Members acknowledged the need for improved understanding of different auditor categories and highlighted that PABs' governance frameworks could be uplifted to support more consistent national approaches.

Members also considered emerging issues relating to technology and AI, noting the importance of identifying appropriate oversight for AI-enabled audit processes and the future skills required of auditors. The Working Group agreed that a comparison table of auditor requirements across bodies would support the next phase of work.

ACTION

FRC Chair to report



USE OF AI IN AUDIT

AUASB chair will provide a short overview of the AUASB's guidance relating to artificial intelligence (AI) use in audits, followed by a presentation from Ashley Wood (PwC) on the use of AI in audit, including insights from their pilot programs and practical experience. The session will be followed by a Q&A with FRC members.

BACKGROUND

In July 2025, the AUASB issued [guidance](#) emphasising that while the use of AI audit tools can enhance the effectiveness and efficiency of an audit, human judgement, supervision, and professional scepticism must remain central. The AUASB noted that auditors must validate AI-generated outputs, consider risks of bias, and ensure compliance with auditing standards.

[Recent media](#) reporting indicates that PwC is investing US\$1 billion globally to develop and scale AI tools across more than 150 audit processes. PwC notes that AI tools can test larger transaction populations and connect data sources not previously feasible using manual processes. Firms expect this will improve audit quality by reducing sampling limitations and increasing anomaly detection.

AI tools automate data gathering, testing and reconciliation, allowing auditors to focus more on analysis and interpretation, thereby significantly reducing time and enabling a more seamless audit approach. While efficiencies are being realised, PwC notes that AI-enabled audits are not expected to reduce audit fees in the short term, due to the high cost of technology development, licensing, computing requirements, and significant investment in upskilling audit staff.

A [survey](#) by CPA Australia of 1,117 accounting and finance professionals across the Asia-Pacific found that 19% of businesses have reduced or stopped hiring entry-level accounting roles due to AI; in Australia alone, the figure is 8%. CPA Australia warns that while AI can improve efficiency, cutting junior positions risks creating a future skills gap and urges firms to balance technological investment with human talent.

ACTION

- AUASB Chair, Doug Niven, to provide brief overview of use of AI in audits
- Ashley Wood and the team to share PwC's perspectives and experience on the use of AI in audit
- FRC members to note



ITEM 10A

10 DECEMBER 2025

CORRESPONDENCE

- On 10 October 2025, the FRC Secretariate sent letters of reappointment on behalf of the FRC Chair to the following board members:

AASB (5)

David Holland

Stephen Taylor

Adrian King

Liza Maimone

Mathew Nelson

AUASB (4)

Andrew Porter

Chi Mun Woo

Terence Jeyaretnam

Jason Thorne

- On 24 October 2025, the [Financial Reporting Council Annual Report 2024-25](#) was tabled in Parliament.

ACTION

- FRC to note.



ITEM 10B

10 DECEMBER 2025

KEY ACTION ITEMS SUMMARY

Secretariat to provide a summary of key action items from the 10 December 2025 meeting.

ACTION

- FRC to note.