



# Minutes – 116TH FRC MEETING

10 December 2025, Level 29, 201 Kent Street, Sydney, NSW 2000

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## Attendees and apologies

### Financial Reporting Council

Participant	
Andrew Mills	
Keith Kendall	AASB
Doug Niven	AUASB
Rachel Grimes	
Pru Bennett	
Alison White	
Amy Fox (online)	

Apology	
Emma Heard	

### Secretariat

Participant	
Michael Latchford	FRC Secretariat
Christie Yang	FRC Secretariat

### Guests

Participant	
John Kensington (online)	XRB (New Zealand)
Fiona Campbell	IFAC
Justin Williams	AASB
Clark Anstis	AASB
Ashley Wood	PwC
Jane Reilly	PwC
Scott Walsh	PwC
Tim Persons (online)	PwC
Kim Demarte	Treasury
Michael Quinlivan	Treasury

### Observers

Participant	
Athanasios Kallos	Treasury
Mogendhri Mueller	Department of Finance
John Ngiam	CA ANZ
Tiffany Tan	CPA Australia



# PUBLIC SESSION

## Introduction

The Chair acknowledged country and welcomed attendees.

### Matters for noting / action

#### *Declarations of interest*

The following amendments to FRC members' (members) register of interests will be made:

- Pru Bennett – **remove:** *Board member Asian Investor Group on Climate Change.*
- Rachel Grimes – **remove:** *Director of 1972 Investments Limited.*
- Dr Keith Kendall – **amend:** *Vice Chair, Asian-Oceanian Standard-Setters Group to Chair, Asian-Oceanian Standard-Setters Group.*

#### *Minutes of previous meeting (17 September 2025) and action items*

Minutes from the previous meeting were approved out of session and published on the [FRC website](#). The Secretariat noted all action items from the prior quarterly meeting were completed or ongoing.

The Chair noted that the Secretariat is organising stakeholder roundtables.

## Environmental scan

### Member reflections

The Chair shared reflections from a meeting with the Productivity Commission (PC), on: Digital financial reporting and tiered approaches to auditor registration, and the FRC's Auditor Review Working Group.

Separately, the Chair noted government work on red tape reduction following the Economic Reform Roundtable, including the release of regulator letters by the [Department of Finance](#) and work by the Council of Financial Regulators.

- He noted that increased uptake of digital financial reporting could support regulatory reform by streamlining data collection and sharing.

The AASB chair detailed recent international engagements. It was noted that nominations for the [Sustainability Standards Advisory Forum \(SSAF\)](#) have opened.

#### Members discussed sustainability and climate-related financial disclosures.

- Concerns were raised about the ISSB moving toward nature-related financial disclosure without finalising S1 related issues. It was noted entities may already adopt the Taskforce on Nature-related Financial Disclosures (TNFD) framework.
  - The AASB Chair noted outstanding matters related to S2 and added that other major jurisdictions consider that an 'S3' should not be progressed prematurely.
- Members discussed joint AASB and Korean Sustainability Standards Board (KSSB) research into disclosure practices on [Biodiversity, Ecosystems and Ecosystem Services \(BEES\)](#) in Australia and Korea.



### Members discussed related materiality concerns.

- Members noted market uncertainty regarding the definition of materiality in sustainability reporting, and that some sustainability issues may not have a cashflow impact. It was noted that the AASB is working on materiality guidance.
- The AUASB Chair stated that there is a disconnect in sustainability reporting between materiality for the reporting entity and materiality for the auditor – unlike in financial reporting, where the definitions are aligned.

### Members discussed the adequacy of superannuation fund disclosures.

- The AUASB Chair noted work by ASIC on registerable superannuation entity (RSE) financial reporting and audit surveillance. However, he expressed concerns about the adequacy of the RSE reporting regime, specifically for sub-fund performance.
- **Action item:** FRC Secretariat to organise out of session between Chairs of AASB, AUASB, and FRC to discuss RSE disclosures.

### Introductory conversation with Fiona Campbell, Chair, Forum of Firms

- Fiona outlined 4 key areas impacting international standard setting: quality of standards, collaboration issues, funding challenges, talent shortages.
- Fiona also outlined recent comments from US Securities and Exchange Committee (SEC) Chair, Paul Atkins, and SEC Chief Accountant, Kurt Hohl at the American Institute of Certified Public Accountants (AICPA) conference, including:
  - The Public Company Accounting Oversight Board (PCAOB) inspection program could place greater emphasis on firm-level quality management standards, relative to individual engagement teams.
  - The benefits of alignment between US and international standards.
  - Criticism of the use of funds for sustainability standards, at the expense of financial reporting standards.
- Members welcomed the opportunity to engage further with Ms Campbell on international standards issues.

## Oversight of Australian accounting, auditing and sustainability standards

### Auditing and Assurance Standards Board

#### *Sustainability auditing and assurance update*

The AUASB Chair discussed proposed amendments<sup>1</sup> to the phasing model for assurance of information in Corporations Act sustainability reports which:

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<sup>1</sup> AUASB exposure draft ED 02/25 proposed amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.



- clarify that the directors' declaration in the sustainability report is required to be subject to limited assurance for Years 2 and 3 when the declaration refers to reporting compliance based on 'reasonable steps', and
- apply the phasing model to an entity that voluntarily prepares a sustainability report under the Corporations Act (e.g. where a Group 2 entity that elects to report on the timeline for a Group 1 entity, the Group 1 phasing would apply).

Separately, the AUASB issued exposure draft<sup>2</sup> which proposes to add four more illustrative auditor's reports to ASSA 5000, and will continue developing guidance and materials to assist practitioners in implementing ASSA 5000, particularly under the local climate reporting regime.

#### *Financial auditing and assurance update*

The AUASB Chair noted items in the AUASB report, including:

- The continuing importance of financial report assurance standards and the AUASB input into international projects underway in this area, including the update of the standard on reviews of interim financial reports.
- The AUASB's work on updating and revising various Guidance Statements.
- The AUASB co-hosted the IAASB's Technology Quality Management Roundtable in November which was attended by representatives from the largest six firms, smaller firms, regulators, APESB, preparers, academics and others.
- The AUASB attended the Australian National Centre for Audit and Assurance Research (ANCAAR) on 5-6 December 2025. The AUASB Chair spoke to benefits of engaging with academia at fora such as ANCAAR.

### Australian Accounting Standards Board (AASB)

#### *Financial Reporting Update*

- AASB staff presented to Local Government Ministers Forum (LGMF) on depreciation issues. The 28 November LGMF communique can be found on the LGMF [website](#).
  - The AASB has published Staff FAQs on [Local Governments and Accounting Depreciation](#) to increase awareness about the purpose and interpretation of depreciation.
  - Local government ministers have agreed to consider how their jurisdictions assess financial sustainability and brief their treasurers for discussion at a future meeting of the Council on Federal Financial Relations.
- Recent meetings of the ASAF included discussion on intangibles, impairment exemptions, and broader consideration about whether existing standards remain fit for purpose in addressing emerging and evolving issues.
  - A common theme regarding intangibles concerned the need for specific standards to address developing areas such as crypto, software as a service, and

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<sup>2</sup> Exposure draft ED 03/25 of proposed Australian Standard on Sustainability Assurance ASSA 2025-11 Amendments to ASSA 5000 General Requirements for Sustainability Assurance Engagements.



AI technologies. The AASB Chair cautioned against moving from principles-based standards, commenting that if the current standards are not adequate then there needs to be greater clarity on why this is the case.

- The AASB Chair noted IFRS 16 post-implementation review feedback indicating mixed views on disclosure clarity and usefulness.
- On digital financial reporting, the AASB Chair illustrated some technical and design considerations that would need to be resolved in the event the government wished to target greater uptake.

## Monitoring and influencing international developments

### XRB update

The XRB Chair updated members on changes to the XRB's composition.

- Simone Robbers and Aaron Hockly have joined the XRB. Fergus Welsh left the XRB after ten years on the board.

The XRB Chair updated members on climate reporting developments in New Zealand.

- The New Zealand government has proposed changes to the mandatory climate reporting regime by raising the climate reporting threshold for listed issuers from NZD \$60 million to NZD \$1 billion. This would have the effect of removing most NZX-listed companies from the mandatory reporting regime, though voluntary reporting remains an option for those under the threshold.
- Other changes would concern director liability settings, and removing managed investment schemes from the mandatory climate reporting regime entirely.
- The Financial Markets Authority has granted "no action" relief for affected entities with reporting periods after November 1, 2025, in anticipation of the changes.

### International and regulatory developments

Members noted the meeting paper, included increased activity by ASIC in respect of its financial reporting and audit surveillance program.

## Public Sector Advisory Group update

The PSAG Chair detailed a PSAG meeting held on 24 November 2025.

- PSAG welcomed a new member, Andrew Greaves, Auditor General of Victoria and member of the Australasian Council of Auditors General (ACAG).
- Members of the PSAG discussed recently released draft legislation to merge the financial reporting bodies and establish External Reporting Australia. Members from multiple jurisdictions expressed support for the proposed structure and indicated that they were unlikely to make a submission.
- Members discussed implementation of climate-related disclosures in the public sector. They noted different levels of progress and maturity across jurisdictions.

## Auditor Review Working Group Update

The Chair provided an update on the Auditor Review Working Group.



- On 28 October 2025, public sector representatives met to discuss auditor requirements across jurisdictions and the application of the Registered Company Auditor (RCA) concept. 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 Working Group reconvened on 6 November 2025 and welcomed new members. The Working Group agreed that a comparison table of auditor requirements across bodies would support the next phase of work.

## Use of AI in audit

### AUASB presentation on guidance on use of AI in audit

The AUASB Chair provided an overview of [AUASB guidance](#) on the use of AI in audit engagements. The guidance focuses on governance, capability, documentation and the continued importance of professional judgement. Members noted that AI adoption does not necessarily reduce the resources to perform an audit.

### PwC presentation

Representatives from PwC provided a presentation on their approach to AI in audit, including training programs, risk management frameworks, and the phased implementation of AI-enabled audit tools. Presenters emphasised that AI is used as a tool, with human auditors retaining full responsibility for audit quality, exercising professional scepticism, judgement, and decision-making.

Members discussed data governance, model transparency, evidence authentication, and future audit team structures.

## Other business

### Correspondence received and sent

- Congratulatory letters were sent to recently appointed members of the AASB and AUASB.
- A letter was received from the Hon Daniel Mulino, MP, noting the FRC's earlier letter on digital financial reporting.

### Key action items summary

- **Action item:** FRC Secretariat to organise out of session between Chairs of AASB, AUASB, and FRC to discuss RSE disclosures.

### Next meeting

- Scheduled for 4 March 2026 in Sydney. (*Note: the FRC has since agreed to hold the next meeting on 26 March*).
  - At least two members have difficulty attending. FRC Secretariat will revert.
- Members suggested possible topical agenda items:
  - Update from CA ANZ on trust and accountability in the accounting profession.



- Strategic session on merger of financial reporting bodies, including defining ‘success’ for the FRC in the lead up.