FRC Meeting - 11 September 2026

PUBLIC | Meeting held in Sydney and virtually via Teams

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Attendees and apologies

FRC members	Role
Andrew Mills	Chair
Rachel Grimes (online)	Member
Pru Bennett (online) (unavailable 12-1.30pm)	Member
Helen Hu	Member
Siobhan Toohill (from 10am)	Member
Lou Capparelli (online; unavailable from 10-11)	Member
Simon O'Connor (online)	Member

Guests	Organisation
Wendy Venter	XRB

Guests	Organisation
Doug Niven (until 14:50)	AUASB
Justin Williams	AASB/AUASB
Charis Halliday (online)	AASB
Patricia Au	AASB
Anne Waters	AUASB
Martin Thompson (online) (Public sector session only)	Auditor-General of Tasmania

Observers	Organisation
Winchin Yung	Treasury/FRC Secretariat
Michael Latchford	Treasury/FRC Secretariat
Athanasios Kallos	Treasury/FRC Secretariat
Jackie Dixon (online)	Treasury/FRC Secretariat
Marty Vandermolen (online)	Treasury/FRC Secretariat
Lasantha Samaranayake (Public sector session only)	Department of Finance
Nick Dent (Public sector session only)	Department of Finance
Michelle Harrison (Public sector session only)	Department of Treasury and Finance
Tiffany Tan	CPA Australia
Elinor Kasapidis	CPA Australia
Ram Subramanian	CPA Australia

Apologies	Organisation
John Kensington	XRB
Amy Fox	Department of Finance
Keith Kendall	AASB
Zahia Aicken	Treasury/FRC Secretariat
Lisa Geier	AASB/AUASB

PUBLIC MEETING

1. Introduction

The Chair opened the meeting at 9.30 am and welcomed attendees, including the new members, acknowledging the skills and experience they will bring to the FRC.

The Chair noted this is the FRC's first public meeting since the transition to ERA commenced. He emphasised that while the FRC continues to discharge its oversight responsibilities, it must prepare for the commencement of ERA in December 2026.

It was noted that the FRC will soon consult on a determination to establish ERA's technical standard-setting boards and had opened an application process to appoint technical experts to those boards.

1A. Attendees and apologies

The Chair noted the apologies of FRC guests John Kensington and Amy Fox.

1B. Declarations of interest

Members' declarations of interest were current as of 3 September 2026

Lou Capparelli raised that he would provide a minor update about an investment committee he is a member of, which he subsequently provided to the Chair and Secretariat after the meeting.

1C. Action items from previous meeting

The FRC noted the status of actions arising from the 5 June 2026 meeting.

2. Environmental Scan

Member reflections and regulatory and policy developments

The FRC noted the Environmental Scan paper and recent developments across the external reporting landscape.

Current sustainability reporting consultation

Members discussed Treasury's consultation on reforms to improve the efficiency of climate-related financial disclosures and noted potential implications for sustainability standards under ERA's future oversight. There was discussion about engagement undertaken by Treasury; members agreed that the future ERA governance model should provide earlier visibility of, and opportunities to contribute to, consultations relevant to its oversight responsibilities.

Members noted the Productivity Commission's inquiry into reducing regulatory costs, including sustainability reporting-related matters.

Action item: circulate relevant consultation material to members out of session.

Audit quality and firm governance

The FRC discussed continuing fallout from recent high-profile audit sector scandals, and governance and cultural issues within large accounting firms, including remuneration structures and incentives and the role of independent directors.

The FRC noted that Treasury's broader consultation on regulation of the accounting profession had closed. Members agreed that the eventual Government policy response and related international ethics work should be monitored.

Members noted economic volatility and the possibility of increased corporate failures, and expressed an interest that audit-quality is maintained to identify warning signals in stressed conditions.

3. Oversight of Australian accounting, auditing and sustainability standards

3A. AASB Highlights and Strategic Overview

The AASB Managing Director provided an update on international engagement activities, priority work plan projects, and implementation support activities relating to sustainability reporting standards.

The FRC discussed the AASB's education, outreach and guidance initiatives supporting the implementation of financial and sustainability reporting standards, including AASB S2. The FRC noted AASB collaboration with ASIC on climate-related financial disclosure education and with CSIRO on the development of educational materials relating to the application of Greenhouse Gas Protocol Standards in the context of AASB S2 and the National Greenhouse and Energy Reporting (NGER) Scheme.

Members also discussed the AASB's approach to prioritising guidance material, noting that priorities are informed by stakeholder feedback on implementation challenges and developments in international standard-setting guidance.

The FRC noted the AASB Highlights and Strategic Overview paper as read.

Item 3A.1. AASB Chair Report

The AASB Managing Director provided an update on recent activities and strategic priorities, including sustainability reporting implementation support, IFRS-related projects, international engagement, and stakeholder outreach activities undertaken during July and August 2026.

The FRC discussed Australia's participation in international standard-setting forums and the influence of Australian stakeholders in the development of international standards. Members discussed the role these forums play in strengthening Australia's influence on international standard-setting outcomes and supporting collaboration with regional partners.

Examples were provided of successful collaboration with like-minded jurisdictions, including New Zealand, Japan and Canada, in contributing to and influencing International Financial Reporting Standards (IFRS) discussions.

Members also noted the value of Australia's participation in international forums, including through the International Forum of Accounting Standard Setters (IFASS) and the IASB's Accounting Standards Advisory Forum (ASAF).

Action Item: The AASB to provide a forward schedule of key international meetings and an update on emerging international developments relevant to the AASB's work at a future meeting.

The FRC noted the AASB Chair Report as read.

3A.2 AASB Chair Report – Sustainability Reporting Update

The AASB Managing Director provided an update on the AASB's sustainability reporting implementation activities following the issuance of IFRS S1 and IFRS S2. The update covered education, outreach, guidance and stakeholder engagement activities undertaken to support implementation of the standards.

The FRC noted the Sustainability Reporting Update paper as read.

3B. AUASB Chair Report

The AUASB Chair provided an update on key activities and emerging matters since the June 2026 meeting, including sustainability assurance implementation, financial reporting assurance projects, international standard-setting developments and stakeholder engagement activities.

The FRC discussed the AUASB's approach to developing and prioritising guidance material, including how implementation issues are identified and addressed. The AUASB Chair noted that guidance priorities are informed by stakeholder feedback, emerging implementation challenges, reviews of sustainability assurance reports and engagement with academics and industry stakeholders. The FRC noted that guidance is reviewed and updated as international standards and guidance evolve.

The FRC discussed the AUASB's work relating to climate-related information provided by third-party data providers. The AUASB Chair noted that stakeholder feedback had highlighted a need for additional guidance in this area, including in relation to financed emissions, and that early guidance can assist market participants and data providers in developing their approaches while practices continue to mature.

Members also discussed emerging market practice in sustainability assurance, noting examples of entities obtaining reasonable assurance over Scope 1 and Scope 2 emissions ahead of current requirements, and in some cases over Scope 3 disclosures.

The FRC also discussed Australia's participation in international standard setting. The AUASB Chair highlighted ongoing collaboration with New Zealand and efforts to strengthen Australia's influence in the development of international standards.

The FRC discussed the transition to ERA, including impacts on AASB and AUASB staff, governance arrangements and funding. Both AASB and AUASB staff have been kept informed throughout the transition process. They understand the policy intent and that employment conditions would continue following the transition.

Action: The AASB and AUASB to circulate the Portfolio Budget Statement for 2026-27.

4. Nominations Committee Update

Rachel Grimes, Chair of the Nominations Committee, provided an update on the ERA standard-setting board appointments process.

The FRC noted that a panel had been established to shortlist and interview candidates. The panel comprises Rachel Grimes, Pru Bennett, Helen Hu, Lou Capparelli, Siobhan Toohill and Amy Fox, together with the FRC Chair, Andrew Mills as an ex officio member.

Consistent with the FRC's transitional roles and responsibilities, the FRC is seeking applications for Chair and member roles on the technical standard-setting boards responsible for making accounting, auditing and assurance, and sustainability standards.

Applications opened on Thursday, 10 September 2026 and close on Sunday, 27 September 2026. Appointments will be made for an initial period of up to four years, commencing on 1 December 2026.

Chairs will lead boards of six to seven members and report to ERA's Governing Council.

Members discussed the importance of achieving an appropriate balance of skills and experience among candidates.

Members were encouraged to utilise their professional networks to promote the vacancies and identify suitable candidates for the appointments process.

The positions had been advertised widely, including through social media and professional networks, to attract a diverse field of applicants. Members discussed additional outreach opportunities, including Women on Boards, the Australian Institute of Company Directors jobs listing and professional networks. The AASB and AUASB will also circulate the advertisements through their channels.

Break 11am to 11.20am

5. Monitoring and influencing international developments

5A. XRB Update

The FRC received an update from the XRB Chief Executive, Wendy Venter, on recent developments and priorities. The update covered governance and accountability matters, standard-setting activities, climate reporting initiatives and international engagement, including close collaboration with Australia.

Members heard that the XRB was established in 2011–12 and operates under an integrated governance model comprising a governing board supported by three committees, which is broadly comparable to the governance arrangements being established for ERA. There is a close relationship between the XRB and Australia on standards development and broader cooperation under the Single Economic Market agenda.

Wendy highlighted:

- the Accounting Standards Framework Review, which is assessing whether New Zealand's sector-based, tiered reporting framework remains fit for purpose, internationally aligned, locally relevant and proportionate;
- the climate reporting work program, including consultation on a draft climate reporting roadmap released on 30 June 2026, with the objective of aligning internationally and with Australia where appropriate; and
- the XRB's engagement with ISSB Vice-Chair Sue Lloyd during her August visit, including discussions on climate reporting developments, implementation priorities and international sustainability reporting trends.

Members asked whether the proposed climate reporting framework was likely to differ from the Australian approach. It was noted that some differences may be required to accommodate New Zealand's legislative and regulatory settings.

5B. International Developments

Members noted the paper on recent international developments in sustainability reporting, financial reporting and audit.

Members discussed developments relating to nature-related disclosures. Members noted the importance of ensuring existing sustainability reporting requirements, including broader implementation issues relating to IFRS S1 and IFRS S2, are appropriately embedded before considering additional reporting initiatives.

The Chair of the AASB emphasised the importance of early engagement in international standard-setting processes, noting that standards can take several years to develop and that opportunities to influence outcomes may be missed if stakeholders do not engage early.

Action: AASB staff will bring to a future meeting information on a ISSB consultation on nature.

Pru Bennet apologises and leaves the meeting at 12pm to rejoin at 1.30pm

6. Public Sector Issues

The FRC received updates on public sector accounting, audit and assurance matters from AASB/AUASB staff and the Australasian Council of Auditors-General (ACAG).

AASB Update on Public Sector Standard-Setting

Members received an overview of the AASB's approach to public sector standard-setting, including its alignment with International Public Sector Accounting Standards.

The AASB highlighted current projects relating to depreciation recognised by local government entities, climate and sustainability reporting, and the recognition and measurement of data assets. Members noted that, while IFRS S2 is not mandatory for the public sector, there is significant interest from government agencies in sustainability reporting.

Members also noted current and emerging public sector financial reporting matters, including the application of AASB 18, concessional leases, service concession arrangements and the public sector financial reporting framework.

AUASB Perspective on Public Sector Assurance and Audit Engagements

The FRC received an update on public sector audit and assurance engagements. Members noted that the public sector is a significant area of application for Australian auditing and assurance standards.

The AUASB highlighted the application of auditing and assurance standards to public sector performance engagements, including the role of Guidance Statement GS 023 Special Considerations – Public Sector Engagements in supporting the consistent application of auditing and assurance standards across Commonwealth, state, territory and local government audits.

ACAG Update

Martin Thompson, Tasmanian Auditor-General, provided an update on ACAG priorities and current work across Australian public sector audit offices.

Members noted emerging issues across jurisdictions, including growing interest in sustainability reporting by government entities and the early stages of implementation and assurance considerations. Members noted the importance of maintaining consistent approaches across jurisdictions as sustainability reporting and assurance arrangements continue to develop.

Meeting closes at 1pm.