



# Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) met on 19 September 2024 and the key matters considered and decided are outlined below:

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| <b>Environmental Scan</b> | <ul style="list-style-type: none"><li>• The FRC discussed:<ul style="list-style-type: none"><li>– the growing utility of digital reporting among investors, emphasising its role in enhancing transparency and efficiency.</li><li>– the importance of collaboration between regulators and the need for education on assurance in sustainability reporting.</li><li>– the importance of integrating financial and sustainability reporting for a holistic view of corporate performance.</li></ul></li><li>• Members noted the stakeholder reports and Chair’s report of stakeholder meetings and discussed key themes including sustainability reporting, particularly on the call for clearer guidance on climate-related disclosures and alignment with International Sustainability Standard Board (ISSB) standards.</li></ul> |
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| <b>AASB and AUASB</b> | <ul style="list-style-type: none"><li>• AASB report highlights:<ul style="list-style-type: none"><li>– The AASB is finalising sustainability reporting standards, with an imminent meeting to vote on the pronouncement of AASB S1 and AASB S2.</li><li>– The AASB is developing new standards for non-profit entities within Tier 3.</li><li>– The AASB is progressing the Service Performance Reporting project, focussing on performance measurement in the non-profit and profit sectors.</li></ul></li><li>• AUASB report highlights:<ul style="list-style-type: none"><li>– The AUASB is focused on ensuring proper implementation of standards and ongoing education for auditors, especially in sustainability-related financial disclosures.</li><li>– The International Auditing and Assurance Standards Board (IAASB) is considering the proposed International Standard on Sustainability Assurance (ISSA) 5000 and the Public Interest Oversight Board (PIOB) will be considering this standard in late 2024.</li></ul></li></ul> |
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| <b>XRB</b> | <ul style="list-style-type: none"><li>• XRB report highlights:<ul style="list-style-type: none"><li>– NZ is in its second year of the sustainability reporting regime with certain features being clarified.</li><li>– Challenges in capability and market preparedness, particularly in climate-related data, are leading to increased costs and barriers in the assurance process.</li></ul></li></ul> |
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| <b>Public Sector Reporting</b> | <ul style="list-style-type: none"><li>• The Public Sector Advisory Group (PSAG) Chair provided a verbal update of the PSAG meeting held on 2 September and discussed key themes including challenges in attracting talent to the accounting profession and retention of skilled professionals with accounting capability, particularly in the public sector. Discussion also noted that collaborations between universities and professional bodies are developing targeted programs for graduates in public sector accounting.</li><li>• The PSAG Chair Noted that the International Monetary Fund (IMF) is conducting a review of the Government Finance Statistics (GFS) Framework, which will be completed by 2027.</li></ul> |
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| <b>Professional Development Pathways</b> | <ul style="list-style-type: none"><li>• Andrew Conway and Professor Philomena Leung from the Institute of Public Accountants (IPA) provided a presentation on the evolving professional development pathways in accounting, shifting from traditional lecture-exam models to a focus on skills-based demonstrations and vocational training.</li></ul> |
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| <b>Nominations Committee</b> | <ul style="list-style-type: none"><li>• The Nomination Committee Chair discussed the recruitment process and the interview process for new members of the AASB and AUASB.</li></ul> |
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**The next FRC meeting is scheduled to be held in Sydney on 4 December 2024**