



MINUTES

DATE: Thursday 19 September 2024
TIME: 09:30 – 12:45
LOCATION: Level 16, 530 Collins Street MELBOURNE VIC 3000 AUSTRALIA

| 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) | Mitchell Buckingham (Treasury) |
| | Dr Keith Kendall (AASB Chair) | Jesse Chen (Treasury) |
| | Doug Niven (AUASB Chair) | Christie Yang (Treasury) |
| | Rachel Grimes | Abed Ayyash (Treasury) |
| | Emma Herd | Adam Foda (Treasury) |
| | Pru Bennett | |
| | Amy Fox | |
| | Alison White | |
| | Guests: | Apologies: |
| | April Mackenzie (XRB) | Michele Embling (XRB Chair) |
| | Anne Waters (AUASB) | Thea Eszenyi (ASIC) |
| | Luci Tucker (ASIC) | |
| | Andrew Conway (Institute of Public Accountants) | |
| | Prof Philomena Leung (Institute of Public Accountants) | |
| | Claire LaBouchardiere (ASIC) | |
| | John Ngiam (CA ANZ) - virtual | |
| | Tiffany Tan (CPA) - virtual | |
| | Nikole Gyles (Greenway Avenue Consulting) | |
| | | |

| | |
|-----------|---|
| 1C | DECLARATIONS OF INTEREST |
| | <p>Pru Bennett declared that she is no longer a Director at the UN Global Compact Network Australia.</p> <p>Rachel Grimes declared her appointment to the Board of Platinum Asset Management Limited.</p> <p>Other members did not raise any changes to their declarations of interest.</p> |
| 1D | NEW FRC APPOINTMENTS |
| | <p>Members formally welcomed Amy Fox and Alison White as part-time members of the Financial Reporting Council (FRC) who commenced on 28 June 2024.</p> |
| 2 | MATTERS FOR NOTING / ACTION |
| 2A | MINUTES OF PREVIOUS MEETING – 25 JUNE 2024 |
| | <p>Members noted the minutes from the FRC meeting on 25 June 2024 which had been approved out-of-session.</p> |
| 2B | ACTION ITEMS |
| | <p>Members reviewed the Action Items list and confirmed items that had been actioned and noted those for discussion at the meeting and in progress.</p> <p>Members noted that an action item for the AASB to report back on its comment letters to the IASB regarding renewable energy reporting standard is still a work in progress.</p> <p>Members also noted that the Nominations Committee will consider the scope of the Nominations Committee Charter to include international nominations in their future meetings.</p> |
| 3 | ENVIRONMENTAL SCAN |
| 3A | MEMBERS REFLECTIONS |
| | <p>Members acknowledged the advantages of digital reporting, noting that investors are recognising utility in digital reporting for more reliable and accessible information. Discussion highlighted the importance of digital reporting in enhancing transparency and efficiency for report users. Members identified several challenges that need to be addressed, notably the absence of mandatory requirements, which complicates widespread adoption.</p> <p>Members also discussed the significance of collaboration between regulators and the need for education on assurance in sustainability reporting. Discussions also highlighted that the integration of financial and sustainability reporting is essential to provide a more holistic view of a company's performance.</p> |
| 3B | STAKEHOLDER REPORTS |
| | <p>Members noted the stakeholder reports submitted by stakeholders and the Chair's report of stakeholder engagement. Members discussed the key themes including sustainability reporting, particularly on the need for clearer guidance on climate-related disclosures and alignment with International Sustainability Standard Board (ISSB) standards.</p> |

| | |
|-----------|--|
| | Members also discussed the continuing challenges in resourcing within the audit profession, particularly the need for skills and expertise in climate reporting assurance, as well as attracting new talent to the profession. |
| 4 | OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING) |
| 4A | AASB REPORT |
| | <p>Keith Kendall provided a verbal update on the AASB’s ongoing work:</p> <ul style="list-style-type: none"> • With the passage of the relevant enabling legislation, the AASB is finalising sustainability reporting standards, and the board will hold a meeting to vote on the pronouncement of AASB S1 and AASB S2. • The AASB is drafting new standards for non-profit entities within Tier 3. • The AASB is working on the Service Performance Reporting project, which focuses on how non-profit and public sector entities measure performance where profit is not a key factor. |
| 4B | AUASB REPORT |
| | <p>Doug Niven provided a verbal update of the AUASB’s developments in financial auditing, assurance, and sustainability:</p> <ul style="list-style-type: none"> • The AUASB is focused on ensuring proper implementation of standards and ongoing education for auditors, especially in sustainability-related financial disclosures. • Doug noted that 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. Stakeholder feedback has been supportive of Australia adopting this standard with supplementary guidance for assurance under the local reporting framework. |
| 5 | MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS |
| 5A | XRB UPDATE |
| | <p>April Mackenzie on behalf of the Chair of the New Zealand External Reporting Board (XRB), Michele Embling, provided a verbal update:</p> <ul style="list-style-type: none"> • April noted that New Zealand is in its second year of the sustainability reporting regime. Climate Reporting Entities, that are also managed investment schemes, are required to report at the fund level, providing a more granular view of climate-related financial exposures. • April noted the challenges in capability and market preparedness, particularly in climate-related data, leading to increased costs and barriers in the assurance process. <p>The Chair noted that April Mackenzie will retire at the end of 2024 and thanked her for her contributions to the FRC over her time as XRB Chief Executive.</p> |

| | |
|-----------|--|
| 5B | INTERNATIONAL DEVELOPMENTS |
| | Members noted the information attached in the meeting pack. |
| 6 | PUBLIC SECTOR ADVISORY GROUP |
| | <p>Amy Fox, as the new Public Sector Advisory Group (PSAG) Chair, discussed key themes raised in the recent PSAG meeting, including:</p> <ul style="list-style-type: none"> Challenges in attracting talent to the accounting profession – universities are collaborating with professional bodies such as CA ANZ and CPA to develop targeted programs, campaigns and opportunities to attract graduates and young professionals into public sector accounting roles. Challenges in retaining skilled professionals and experienced staff are creating a capability gap in the public sector. A number of initiatives are being developed, including a CFO leadership program, to address the issues and help uplift the capabilities of public sector accountants and provide clearer pathways for career progression. Noted that the International Monetary Fund (IMF) is conducting a review of the Government Finance Statistics (GFS) Framework, which will be completed by 2027. Recommended extending an invitation to Dr Caralee McLiesh PSM, the new Auditor-General for Australia, to attend a future FRC meeting to share insights on the challenges and opportunities within public sector reporting and auditing. |
| 7 | PROFESSIONAL DEVELOPMENT PATHWAYS |
| | <p>Andrew Conway and Professor Philomena Leung from the Institute of Public Accountants (IPA) provided a presentation on the evolving professional development pathways in accounting:</p> <ul style="list-style-type: none"> IPA identified a growing call for universities to transition from traditional lecture-exam models to a focus on skills-based demonstrations and vocational training. IPA is developing a Global Certificate of Public Accounting, aiming to incorporate competencies in sustainability, digitalisation and cybersecurity into existing competencies demanded by the employers. IPA discussed how to use micro-credential as a key tool to enhance professional development in these areas. |
| 8 | OTHER BUSINESS |
| 8A | NOMINATIONS COMMITTEE |
| | <p>Rachel Grimes AM, as Chair of the Nominations Committee, noted that on 31 December 2024, the terms of three AASB members and three AUASB members will expire.</p> <p>Rachel discussed the recruitment process and the interview process.</p> |

| | |
|-----------|---|
| 8B | CORRESPONDENCE RECEIVED AND SENT |
| | Members noted the correspondence sent. |
| 8C | KEY ACTION ITEMS SUMMARY |
| | <p>Action Items</p> <ul style="list-style-type: none"> • AASB to engage with entities on digital reporting and the form of disclosures. • Nomination Committee to finalise the recruitment process for new AUASB/AASB members and inform candidates about the recruitment outcome. • FRC Secretariat to work with the FRC Chair to invite the Chief Executive Officer of APESB, Channa Wijesinghe and the new auditor general, Dr Caralee McLiesh PSM, to the next meeting. |
| 9 | NEXT MEETING |
| | Next meeting will be held on 4 December at the Sydney Treasury Office. |
| | Public session closed at 13:15. |