

## **Media Release**

**The Hon Peter Costello MP**

**Treasurer of the Commonwealth of Australia**

### **APPOINTMENTS TO THE FINANCIAL REPORTING COUNCIL**

I am pleased to announce nine new appointments and five re-appointments to the Financial Reporting Council (FRC).

The FRC is the peak body responsible for the broad oversight of the accounting standard setting process for the private, public and not-for-profit sectors. Its membership includes people appointed by the Treasurer from names provided by key stakeholders from the business and investing communities, the professional accounting bodies, governments, and regulatory agencies.

Currently, the key functions of the FRC are to advise the Government on the accounting standard setting process and the development of international accounting standards, and to determine the broad strategic direction of the independent standard setter, the Australian Accounting Standards Board.

The Government has proposed in the ninth phase of its Corporate Law Economic Reform Program (CLERP 9) that the FRC's role be expanded to include: oversight of the auditing standard setting arrangements; advising, monitoring and reporting on auditor independence issues; promoting and advising on the adequacy of the teaching of professional and business ethics; and monitoring and assessing the adequacy of the disciplinary procedures of the professional accounting bodies.

I have made the present appointments with an eye to these new functions. While the Government intends that the FRC remain broadly representative of stakeholders - and while FRC members have always been required to act independently and not as representatives of any stakeholder group - it would be appropriate in view of the FRC's proposed new public oversight role that stakeholder ties be loosened:

- A number of the appointments being announced today have been made without stakeholder nomination.
- To date, FRC members (other than the Chairman) have not received sitting fees or other remuneration, with costs of attending meetings being met by their nominating stakeholder bodies. With the implementation of CLERP 9, it is proposed that members be paid sitting fees and appropriate travel allowances based on advice from the Remuneration Tribunal. This will recognise the additional responsibilities to be assumed by members and overcome any perception of undue stakeholder influence over the FRC's proposed public oversight role.

One of the appointments being announced today - that of Mr Ken Spencer - will not only add valuable expertise to the FRC but also achieve a formal connection between the FRC and its international counterpart, the International Accounting Standards Committee Foundation in the period leading up to adoption by Australia in 2005 of international accounting standards. Mr Spencer is currently a Trustee of the Foundation, the oversight body for the International Accounting Standards Board.

New appointments have been made for three years while re-appointments have been made for two years. All appointments are on a part-time basis:

## **Members**

- *Ms Elizabeth Alexander, AM\**, Retired Partner, PricewaterhouseCoopers; now a Consultant to Blake Dawson Waldron - nominated by the Australian Institute of Company Directors;
- *Mr Don Challen\**, Secretary, Tasmanian Department of Treasury and Finance - nominated by Heads of State and Territory Treasuries;
- *Ms Karen Hamilton*, Executive General Manager, Issuers & Market Integrity, Australian Stock Exchange - nominated by the Stock Exchange;
- *Mr David Jackson\**, Director, Australian Shareholders' Association - nominated by the Australian Shareholders' Association;
- *Mr John Langoulant*, Under Treasurer, WA Department of Treasury and Finance;
- *Mr Charles Macek\**, Company Director - nominated by the Securities Institute of Australia;
- *Mr Graeme McGregor, AO\**, Company Director - nominated by CPA Australia;
- *Mr Jim Murphy*, Executive Director, Markets Group, Department of the Treasury - nominated by the Commonwealth;
- *Mr Tom Pockett*, Chief Financial Officer, Woolworths Limited - nominated by the Business Council of Australia;
- *Mr Greg Pound*, Chief Accountant, Australian Securities and Investments Commission - nominated by ASIC;
- *Mr Ken Spencer*, Company Director and Member, Board of Trustees, International Accounting Standards Committee Foundation;
- *Mr Lewis Ting*, Retired Ernst & Young Partner, Company Director - nominated by The Institute of Chartered Accountants in Australia;
- *Ms Catherine Walter, AM*, Company Director and Solicitor; Chair of the Business Regulation Advisory Group;

- *Mr Klaus Zimmermann*, Chief Executive Officer, Eldercare Incorporated and National President, National Institute of Accountants - nominated by the NIA.

\* Re-appointment

Four alternate members have also been appointed to attend FRC meetings where the primary member is unable to attend:

#### **Alternate members**

- *Mr Roger Cotton*, Chief Executive Officer, National Institute of Accountants, as alternate member to Mr Klaus Zimmerman - nominated by the NIA;
- *Mr Stephen Harrison, AO*, Chief Executive Officer, The Institute of Chartered Accountants in Australia, as alternate member to Mr Lewis Ting - nominated by ICAA;
- *Mr Greg Larsen*, Chief Executive Officer, CPA Australia, as alternate member to Mr Graeme McGregor, AO - nominated by CPA Australia;
- *Mr Michael Rawstron*, General Manager, Corporate Governance Division, Department of the Treasury, as alternate member to Mr James Murphy - nominated by the Commonwealth.

The newly appointed and re-appointed members will join Mr Phillip Prior of the Department of Finance and Administration who was appointed to the FRC on 13 September 2001 for a three year term.

I would like to thank outgoing members, Mr Robert Nottle, CBE (nominated by the Australian Stock Exchange) and Mr Leigh Hall, AM (nominated by the Investment and Financial Services Association) for their valuable contributions to the FRC in its first three years of operation.

I also wish to publicly thank three members who have left the FRC in the past year: Mr Ian Mackintosh, Mr Gary Potts and Mr Michael Ullmer, along with an informal nominee of The Institute of Chartered Accountants in Australia, Mr Rob Wylie.

The Investment and Financial Services Association has been asked to provide names for my consideration for possible appointment to the FRC.

#### **FRC Chairman**

I wish to place on record my thanks to the outgoing Chairman, Mr Jeffrey Lucy, AM, for his very valuable contribution to the work of the FRC both as a member from its formal inception at the beginning of 2000 and as Chairman since July 2001.

The FRC has proved its effectiveness during this period - in its oversight of the Australian Accounting Standards Board and in determining the broad strategic direction of the Board. The Government particularly welcomed the FRC's announcement in July last year that Australia would move to adopt international accounting standards from

2005. The Government had long favoured the adoption of a single set of high quality global accounting standards to facilitate cross-border comparisons by investors and enable Australian companies to access international capital markets at lower cost.

I wish Mr Lucy well in his new role as full-time Deputy Chairman of the Australian Securities and Investments Commission.

I have appointed Mr Charles Macek, who the FRC selected as its Deputy Chairman last year, to act as FRC Chairman until a decision is made on a replacement for Mr Lucy.

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