



Project:	AASB Agenda Consultation	Meeting:	M185
Topic:	Project update	Agenda Item:	5.1
		Date:	7 February 2022
Contact(s):	Eric Lee elee@asb.gov.au Siobhan Hammond shammond@asb.gov.au Nikole Gyles ngyles@asb.gov.au	Project Priority:	High
		Decision-Making:	N/A
		Project Status:	In Progress

Objective of this paper

1. The objective of this paper is to provide an update on the AASB Agenda Consultation 2022-2026 project. No decisions are required to be made.

Attachments

- Agenda paper 5.2 ITC 46 AASB Agenda Consultation 2022-2026 [supporting documents folder]
Agenda paper 5.3 ITC 46 Submission [supporting documents folder]

Background

2. In September 2021, the AASB issued [ITC 46 AASB Agenda Consultation 2022-2026](#) for comment by 18 February 2022.
3. The purpose of the agenda consultation is to seek views from Australian constituents on the projects the AASB should be addressing that are primarily domestic in nature. The domestic work program of the AASB addresses financial reporting issues in relation to:
 - (a) public sector entities;
 - (b) not-for-profit (NFP) entities; and
 - (c) Australian-specific issues relating to for-profit entities.
4. In particular, the ITC included the following projects for stakeholder feedback:
 - (a) Inactive projects:
 - (i) remuneration reporting;
 - (ii) crowd-sourced equity funding;
 - (iii) definition of fundraising;
 - (iv) long term discount rates; and
 - (v) co-operatives and mutual entities.
 - (b) Potential standard-setting projects:

- (i) sustainability reporting;
 - (ii) service performance reporting; and
 - (iii) digital financial reporting.
- (c) Potential research projects:
- (i) accounting standards research – encouraged disclosures: AASB 112 *Income Taxes* and tax transparency disclosures, and intangible asset recognition and measurement;
 - (ii) external reporting research – sustainability reporting and service performance reporting;
 - (iii) emerging technology and reporting research – digital financial reporting; and
 - (iv) enhancing standard-setting process research – costs and benefits analysis.

Project status

Outreach activity

5. Staff have sought feedback from more than 120 stakeholders from all sectors and industries:
 - (a) AASB User Advisory Committee;
 - (b) CPA Australia, including members of its ESG Centre for Excellence and Not-For-Profit (NFP) Committee of Western Australia and Northern Territory;
 - (c) CAANZ, including members of its NFP Committee roundtable;
 - (d) Group of 100 representatives, including its sustainability committee;
 - (e) 41 academics, including the AASB Academic Advisory Panel members;
 - (f) two accountants from a government business enterprise;
 - (g) six individuals from the public sector;
 - (h) 19 accountants from 11 listed entities;
 - (i) four individuals from industry bodies;
 - (j) four members of the valuation profession;
 - (k) members of three leading sustainability reporting standard-setters and framework providers; and
 - (l) other regulators and policy-making bodies.
6. To date, a comment letter has been received on ITC 46. Staff intend to continue targeted outreach until the comment period closes on 18 February 2022.
7. Further, staff will conduct a two-hour AASB virtual roundtable on 17 February 2022 to gather feedback on the agenda consultation.

Initial high-level themes of feedback

8. As discussed in Agenda Paper 3.4 *Sustainability Reporting: Feedback summary—ITC 46 AASB Agenda Consultation 2022-2026*, much of the feedback received so far on ITC 46 is related to the sustainability reporting project. Overall, there is strong support for the AASB to progress the sustainability reporting project, including the request for the AASB to clarify the relationship between financial and sustainability reporting.
9. Other feedback received to date reflects the following high-level themes:
 - (a) that service performance reporting or impact statements are generally helpful for NFP

users of financial reports. However, there are concerns that regulators may impose costly disclosure requirements on the NFP sector and, as such, preferably a voluntary framework should be developed;

- (b) definition of the term 'fundraising' remains an issue for the NFP sector; however feedback received to date suggests that this project is considered as a lower priority in comparison to other AASB projects;
- (c) mixed support for the AASB to facilitate digital financial reporting in Australia with the following common discussion points:
 - (i) general agreement that Australia is lagging behind many other jurisdictions on digital financial reporting;
 - (ii) concerns that digital financial reporting may require additional costs to implement and maintain; and
 - (iii) preparers and users of financial reports in Australia generally have minimal knowledge about digital financial reporting.
- (d) the AASB should continue working on intangible assets as a research project, that may also potentially include addressing issues about digital assets and cloud computing;
- (e) mixed views in the public sector that discount rates remains a current issue;
- (f) income tax and franking dividend disclosures may require more guidance, including the AASB work on its draft guidance for tax transparency code; and
- (g) mixed suggestions on whether the AASB should continue working on remuneration reporting. However, feedback received to date suggests that there is limited scope for the AASB to make an impact on this topic.

10. A feedback summary will be provided to the Board at the May 2022 Board meeting.¹

Next steps

11. Following is the project timeline and next steps:

17 Feb 2022	AASB Agenda Consultation 2022-2026 Roundtable
18 Feb 2022	End of comment period
May 2022	Present summary of feedback received to the Board
H2 2022	Present AASB work program recommendations to the Board Publish Feedback Statement

Question to the Board

Does the Board have any comments or questions regarding the project update?

¹ Note that this will include an update on the feedback received on sustainability reporting.