



# Public Sector Financial Reporting Framework

## Project summary

The project is led by FRC's Public Sector Working Group (FRC WG). The AASB works with FRC WG to clarify and simplify the financial reporting framework for the Australian public sector.

The objective of the project is to:

- develop objective criteria to determine which entities of the Commonwealth and State, Territory and Local Governments should be required to prepare General Purpose Financial Statements (GPFS); and
- determine the financial reporting requirements that would apply to the financial statements.

## Project contacts

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**Project priority: Medium**

## Issued Documents

- [Research Report No.6 \*Financial Reporting Requirements Applicable to Australian Public Sector Entities\*](#)
- [Consultation Paper \(ITC 39\) \*Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems\*](#)
- [Discussion Paper: \*Improving Financial Reporting for Australian Public Sector\*](#)

## Project status

- The AASB Discussion Paper for Public Sector entities was issued in June 2018
- Further outreach planned in H2 2019

## Board deliberations

- AASB Action Alert Update and Board Papers

## AASB Outreach

- Roundtable sessions (NFP public)
- Webinar – [slide pack & recording](#) [June 2018]

## AASB Communications

- Differential Reporting Project Update (January 2015)
- RDR Project Summary
- Conceptual Framework
- Differential Reporting Project Update (January 2015)

## Latest project news

| Date                        | News  |
|-----------------------------|---|
| <b>21 November 2019</b>     | <a href="#">November 2019 Action Alert</a>  |
| <b>17-18 September 2019</b> | <a href="#">September 2019 Action Alert</a>   |
| <b>November 2018</b>        | <a href="#">November 2018 Action Alert</a>  |
| <b>June 2018</b>            | <a href="#">Discussion Paper: <i>Improving Financial Reporting for Australian Public Sector</i></a> |

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

Last updated: **7 October 2020**

## AASB Action Alert Update and Board Papers

| Meeting Date          | Update   |
|-----------------------|--|
| <b>November 2019</b>  | <p>The Board approved the project plans for the following new and existing projects:</p> <p>...</p> <ul style="list-style-type: none"><li>▪ public sector financial reporting framework.</li></ul> <p><b>4.1</b> Staff paper: Project plan – Public Sector Financial Reporting Framework project</p>   |
| <b>September 2019</b> | <p>The proposals in AASB Discussion Paper <i>Improving Financial Reporting for Australian Public Sector</i> (June 2018) have been discussed with principal stakeholders. The FRC's Public Sector Working Group will lead this project, involving financial reporting regulators, auditors and Treasury officials in managing the change process.</p> <p>The project will be carried out in three phases:</p> <ul style="list-style-type: none"><li>▪ Phase 1: Research and initial consultation</li><li>▪ Phase 2: Detailed discussions and further design work</li><li>▪ Phase 3: Review, acceptance and approval</li></ul> <p>Phase 1 is underway. AASB staff will work with the Commonwealth Department of Finance to prepare material to illustrate the possible financial reporting requirements of each reporting tier.</p> <p>Phase 2 is expected to be undertaken in 2020–2021, which would involve developing recommendations for change for Commonwealth, State/Territory and local government.</p> <p>Phase 3 would address the feedback in Phase 2 to present final proposals and obtain clearance by relevant decision-makers. Depending on the complexity of change and the legislative programs in each jurisdiction, the project is expected to be completed in 2024.</p> <p><b>15.1</b> Presentation slides: Australian Financial Reporting Framework - Not-for-Profit Public Sector Entities</p> |
| <b>November 2018</b>  | <p>The Board decided that the Phase 1 of ITC 39 Phase 1 will be limited to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards, and to other for-profit entities that elect to apply the revised Conceptual Framework for Financial Reporting (RCF). The intention of Phase 1 is to allow entities to maintain compliance with IFRS Standards, not to extend requirements for entities to prepare general purpose financial statements (GPFS). For example, Phase 1 will permit for-profit public sector entities to continue to state compliance with IFRS Standards where they elect to do so, but will not otherwise require public sector entities to adopt the RCF at this stage.</p> <p><b>4.1</b> Staff Paper: ITC 39 Phase 1 Submissions</p> <p><b>4.2</b> Full written submission received on ITC 39 – Phase 1</p> <p><b>4.3</b> For noting: ITC 39 Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems</p> <p><b>4.4</b> Submission received from the ACNC on ITC 39</p>  |

**March 2018**

The Board decided that the range of options for improving the financial reporting framework applicable to public sector entities for inclusion in its forthcoming Discussion Paper should include another option that would not require all local governments to prepare Tier 1 general purpose financial statements.

The Board also review a near-final draft Research Report that sets out the current financial reporting requirements for public sector entities in Australia and other major jurisdictions overseas. The Research Report will provide context for the Discussion Paper and will be published shortly.

**6.0** Cover Memo – Financial Reporting Framework – Public Sector Entities

**6.1** AASB Staff Research Report No.X *Financial Reporting Requirements for Public Sector Entities*

**6.2** Discussion Paper – *Possible options for Improving the Financial Reporting Requirements for Australian Public Sector Entities*

**February 2018**

The Board approved the scope and overall approach of the Research Report and the Discussion Paper addressing financial reporting requirements for public sector entities. The Board discussed the options to be presented in the Discussion Paper for revised public sector reporting requirements. The draft publications will be further considered by the Board before they are finalised for publication.

**3.0** Cover Memo – Financial Reporting Framework

**3.1** Draft Research Report No.X *Financial Reporting Requirements for Public Sector Entities*

**December 2017**

The Board approved the project plan for considering the financial reporting framework for public sector entities, with minor amendments. The Board also supported a field work proposal from an academic research group as the research may help inform decisions about the reporting framework.

**8.2** Project plan for the Financial Reporting Framework for public sector entities

**8.3** Staff Paper – Research Project Facilitation

**May 2017**

The Board considered an updated project plan. In particular, staff will work in conjunction with other key regulatory bodies and stakeholders to determine user needs for information and to consider the costs and benefits of the financial reporting requirements for all Australian entities. Extensive research work, including comparing the existing reporting requirements with other jurisdictions, and consultation activities are underway to better understand and assess the criteria for determining (a) which entities are required to prepare general purpose financial reports and (b) the reporting requirements applicable to entities.

**7.1** Staff Paper: Australian Financial Reporting Framework

**June 2016**

Staff outlined the continuing development of benchmarking reports regarding financial reporting requirements for for-profit and not-for-profit entities in the private and public sectors. These reports will provide a basis for further consultation with regulators and other stakeholders. No decisions were made.

**7.0** Cover memo – Australian Financial Reporting Framework

**7.2** Updated project plan

- April 2016** Staff outlined the continuing work to develop benchmarking reports regarding financial reporting requirements for for-profit and not-for-profit entities in the private and public sectors. These reports will support further consultation with regulators and other stakeholders. No decisions were made.
- February 2016** The Board supported the general view expressed at roundtables held in January that there is scope for improving the application of financial reporting requirements for not-for-profit entities in the private and public sectors. The roundtables discussed many aspects, including reporting thresholds and the possibility of adding a third tier of reporting requirements. Summaries of the roundtable discussions will be published on the AASB website. The Board noted the importance of ongoing consultation with a broad range of stakeholders as the project progresses. No decisions were made.
- 9.0** Memorandum – Financial Reporting Framework
- 9.3** Extracts from the Final Report of the Royal Commission into Trade Union Governance and Corruption relating to financial reporting by trade unions
- December 2015** The Board received an update on the project addressing the Australian financial reporting framework in terms of which entities should prepare and lodge general purpose financial statements and the content of such financial statements. No decisions were made.
- 7.1** Staff Paper – Financial Reporting Framework
- May 2015** The Board supported the project to reconsider the Australian financial reporting framework in terms of which entities should prepare financial statements and the content of those financial statements. The overall aim of the project is to clarify and simplify the financial reporting framework, so that objective criteria determine the entities required to prepare general purpose financial statements. The project will cover both corporate and non-corporate entities, in conjunction with government policymakers and regulators.
- The Board noted the project plan, which encompasses the work to reconsider the reduced disclosure requirements for Tier 2 entities (see separate item) and raises the possibility of a third tier of reporting requirements.
- 11.1** Memorandum – Financial Reporting Framework
- 11.2** Project Plan