



Australian Government

**Australian Accounting
Standards Board**

Feedback Statement

AASB Agenda Consultation

2022–2026



Enquiries

This AASB staff publication is available on the AASB website.

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1. Introduction

The Australian Accounting Standards Board (AASB) is a Commonwealth entity under the *Australian Securities and Investments Commission Act 2001* that develops, issues and maintains Australian Accounting Standards, including Interpretations, for both for-profit and not-for-profit (NFP) entities.

The [AASB Due Process Framework for Setting Standards](#)¹ requires the AASB to conduct its domestic agenda consultation once every five years. The domestic agenda consultation is a formal process with stakeholders to identify issues that need resolution. It complements the Board's regular consultations with stakeholders to obtain timely feedback on accounting and external reporting problems. This process helps the Board fulfil its missions and strategic objectives, particularly allocating its limited resources appropriately to address its stakeholders' priority topics appropriately.

The AASB adopts IFRS Standards and applies its transaction-neutral policy to standard-setting.² Nevertheless, domestic agenda consultation is necessary to identify domestic accounting and external reporting issues not covered by IFRS-based standards that the AASB could address.

In September 2021, the AASB issued [ITC 46 AASB Agenda Consultation 2022–2026](#) for comment by 18 February 2022 to gather views from Australian constituents on the projects the AASB should address that are primarily domestic. The AASB domestic work program addresses accounting and external reporting issues concerning:

- public sector entities;
- not-for-profit (NFP) entities; and
- Australian-specific issues relating to for-profit entities.

Invitation to Comment questions

The ITC includes the following questions for stakeholder feedback:

Inactive projects

Are there any inactive projects you think should be retained in the AASB 2022–2026 work program?

Figure 1 Inactive projects



¹ https://www.aasb.gov.au/admin/file/content102/c3/AASB_Due_Process_Framework_09-19.pdf

² Transaction neutrality means that like transactions and events are accounted for in a like manner by all types of entities, reflecting their economic substance, unless there is a justifiable reason not to do so. The AASB Not-for-Profit Entity Standard-Setting Framework sets out circumstances where it may be appropriate to use a different approach for not-for-profit entities versus for-profit entities.

Potential projects

- Do you agree that the AASB should add any of the proposed external reporting projects to the work program? Include any feedback as to the scope of the proposed external reporting projects.
- Are there any other projects you think the AASB should include as part of its work program for 2022–2026? Specify the scope of these projects and take into consideration the AASB's capacity for additional projects.
- What priority would you give to each of the potential projects – high, medium or low?

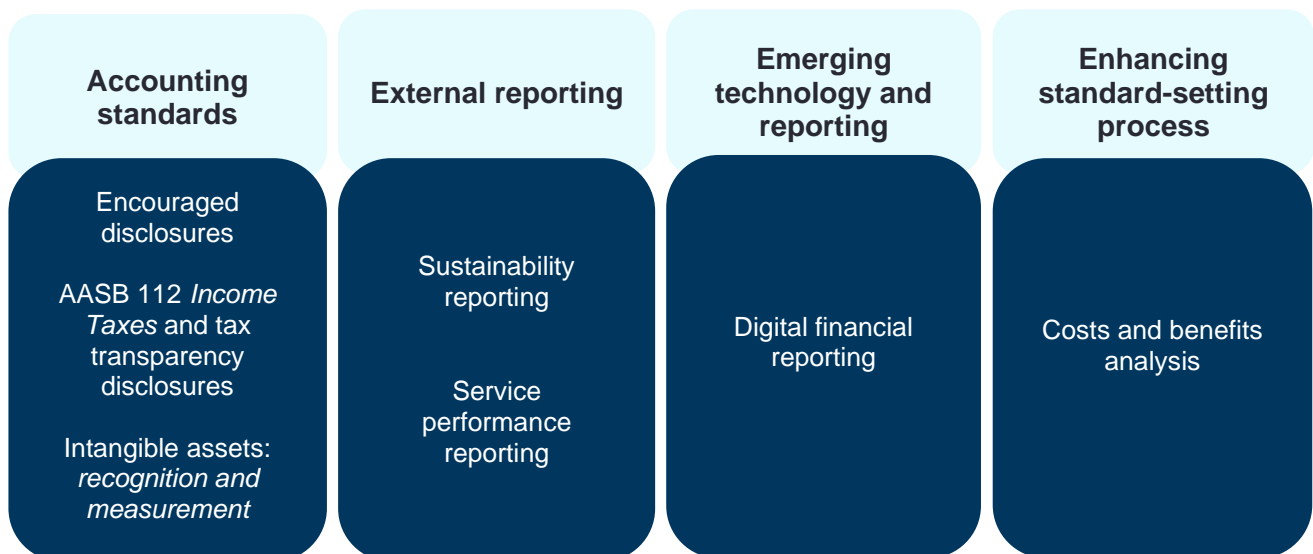
Figure 2 Potential projects



Research projects

- Do you agree that the AASB should add any of the proposed research projects to the work program?
- Are there any other research projects you think the AASB should include as part of its work program for 2022–2026? Specify the scope of these projects and take into consideration the AASB's capacity for additional projects.
- What priority would you give to each of the potential projects – high, medium or low?

Figure 3 Research projects





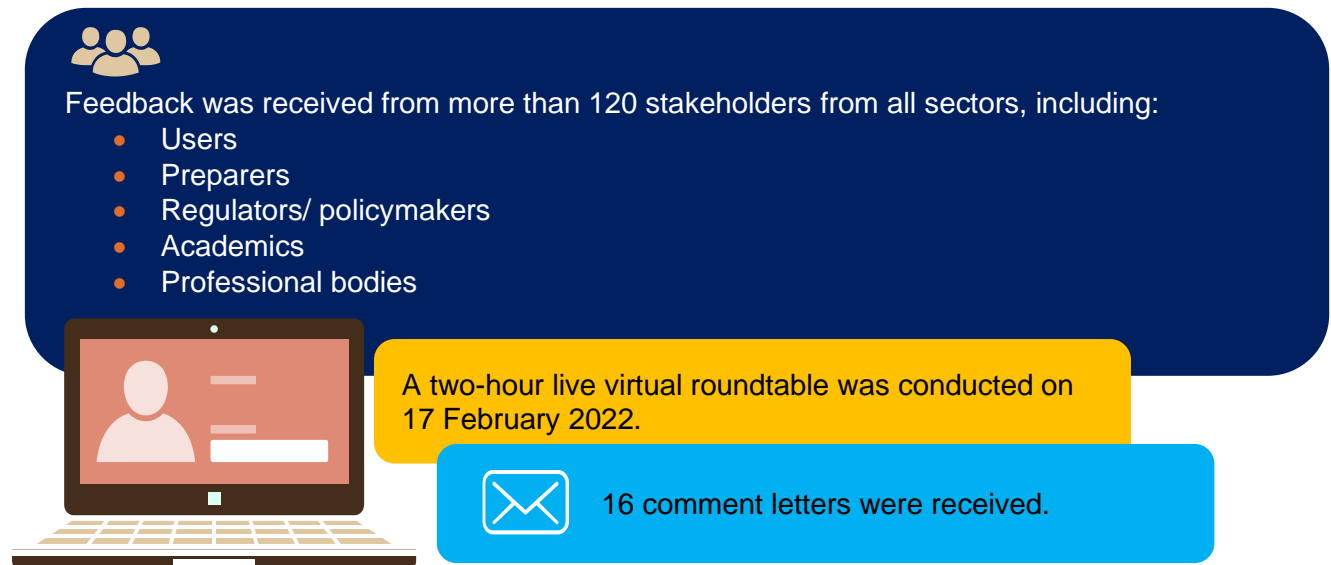
Other comments

Do you have other comments on the AASB's activities and work program?

What is the purpose of this feedback statement?

This statement summarises the feedback received and the AASB's decisions on its 2022–2026 work program.

2. Outreach and comment letters



Feedback was received from more than 120 stakeholders from all sectors, including:

- Users
- Preparers
- Regulators/ policymakers
- Academics
- Professional bodies

A two-hour live virtual roundtable was conducted on 17 February 2022.

16 comment letters were received.

3. Feedback received

At the [May 2022 meeting](#), the Board discussed feedback received.³

Overall feedback

The following key themes were evident in the feedback received from stakeholders:

Inactive projects

- Almost all respondents agreed the Board should remove crowd-sourced equity funding, and co-operatives and mutual entities projects from the work program.
- There were mixed views on the following inactive projects to be retained or removed from the work program:
 - remuneration reporting;

³ The following discussion commonly uses the following terms to describe the extent to which stakeholders provided feedback:

Term	Extent of response among respondents
Almost all	all except a very small minority
Most	a large majority, with more than a few exceptions
Many	a small majority or large minority
Some	a small minority, but more than a few
A few	a very small minority



- the definition of fundraising; and
- public sector long-term discount rates.

Potential projects

- **Sustainability reporting** – almost all stakeholders supported the Board in adding a sustainability reporting project to the work program.
- **Service performance reporting** – almost all *public sector* respondents supported the Board adding service performance reporting to the work program. There were mixed views expressed by *NFP private sector* respondents.
- **Digital financial reporting** – most respondents commented that they had little knowledge about digital financial reporting during the consultation. Some respondents who had knowledge about digital financial reporting generally supported the Board adding this to the work program. However, respondents also suggested that the Board should conduct further research on the costs and benefits and provide education.
- Some respondents suggested several potential projects for the work program (see [Agenda Item 3.2 Summary of feedback received⁴](#)).

Research projects

- Accounting standards research:
 - Encouraged disclosures – there were mixed views on adding this project to the work program.
 - AASB 112 *Income taxes* and tax transparency disclosure – Many respondents suggested further research is needed to understand whether disclosure requirements under AASB 112 meet user needs.
 - Intangible assets - Most respondents supported the Board conducting research on intangible assets as the International Accounting Standards Board (IASB) may potentially add a project on intangible assets to its work program.
- External reporting research:
 - Sustainability reporting – Almost all respondents supported the Board adding this project to its work program. Some NFP respondents suggested that the Board's initial focus should be on developing sustainability reporting requirements for for-profit entities and conducting further research on the user needs of the NFP sector entities.
 - Service performance reporting – The majority of respondents supported the Board adding this project to its work program. The project should investigate the demand for service performance reporting, including understanding user needs and costs and benefits, before committing to developing a standard.
- Emerging technology and reporting:
 - Digital financial reporting – most respondents commented that research about digital financial reporting in Australia is limited because Australian entities have not taken up digital financial reporting. Most respondents however supported the Board to monitor relevant research conducted in other jurisdictions.

⁴ https://www.aasb.gov.au/media/orbnzkjf/03-2_ac_feedbacksummary_m187_pp.pdf



- Enhancing standard-setting process research:
 - There were mixed views on this project to be added to the work program.

Almost all other comments received during the consultation requested the Board spend its resources on higher priority projects, such as the NFP private and public reporting frameworks and post-implementation reviews (PIRs) of standards.

4. AASB Decisions

The AASB assessed projects added to the 2022–2026 work program against the AASB strategic directions⁵ and project prioritisation criteria.

Criteria used

The AASB analysed feedback received and determined its 2022–2026 work program after considering various factors, including those factors identified in Paragraph 7.2.3 of the [AASB Due Process Framework for Setting Standards](#):

- the importance of the issue to those who use financial reports, including the range and extent of those to whom the issue might apply and whether it impacts for-profit and not-for-profit entities;
- the urgency of addressing the issue, considering the input of other relevant regulators and evidence of the impact of not addressing the issue;
- interactions with other current or possible projects;
- the complexity and breadth of the problem to be resolved, and the feasibility of potential solutions;
- stakeholder capacity to respond to proposals, both as individual proposals and across the work program as a whole;
- the overall balance of the work plan and the overall balance in the pipeline of research projects that may ultimately come forward to the standards-level work program, including a balance of not-for-profit, public sector and other projects; and
- the availability of sufficient staff resources.

Current projects and work program

Dedication of a significant portion of the 2022–2026 AASB work program will be to the Board's commitment to completing current standard-setting and research projects (see [AASB work program](#)⁶) and a series of post-implementation reviews (PIRs).

The Board also expects to undertake time-sensitive projects that may arise after this agenda consultation, including responses to the IASB, International Sustainability Standards Board (ISSB), International Public Sector Accounting Standards Board (IPSASB) and other regulatory developments pertinent to AASB work.

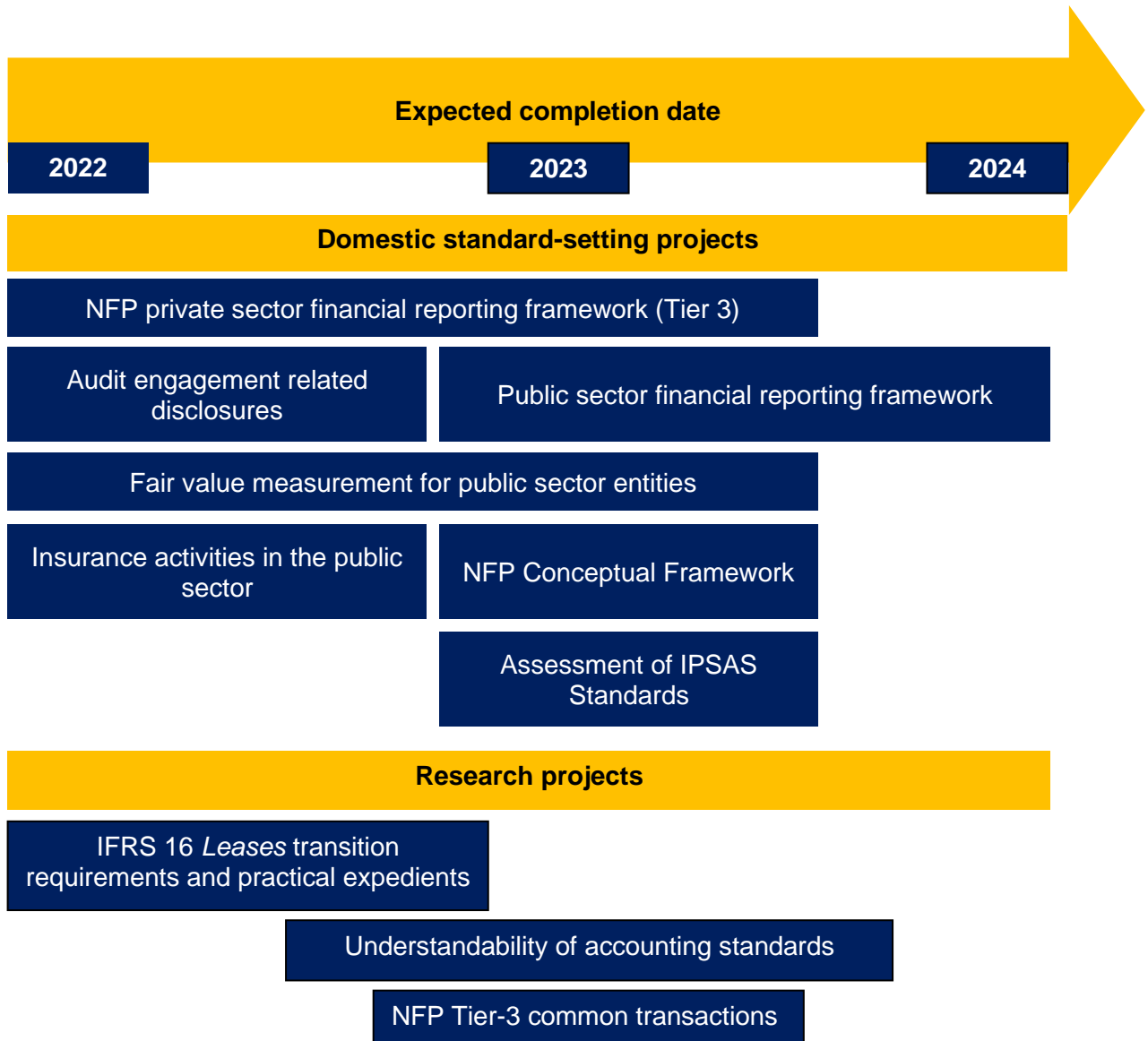
⁵ See Appendix A.

⁶ <https://www.aasb.gov.au/current-projects/work-program/>

As such, the Board considered the completion of projects in the current work program would progressively provide the capacity to commence and undertake new projects added to the work program.

Figure 4 below summarises the current domestic standard-setting and research projects and their expected timelines.

Figure 4 Current domestic and research projects



Overall decisions

To keep pace with the recent rapid international developments on sustainability reporting standards,⁷ in February 2022, the Board decided to commence the sustainability reporting project.⁸ In June 2022, the Board considered its responses to the feedback received on ITC 46 and decided to:

- **remove** the following inactive projects from the work program:
 - Remuneration reporting;
 - Crowd-sourced equity funding;
 - Definition of fundraising; and
 - Co-operatives and mutual entities.
- **retain** the public sector long-term discount rates project in the work program;
- **add** the following projects to the standard-setting work program:
 - Service performance reporting; and
 - Imputation franking credits disclosure;
- **add** the following projects to the research work program:
 - Intangible assets; and
 - Going concern disclosures; and
- **monitor and influence** the development of digital financial reporting as appropriate.

Table 1 provides a summary of projects by sector:

Table 1 Projects by sector

Project	Sectors within scope
Standard-setting projects	
Public sector long-term discount rates	Public sector
Sustainability reporting	All sectors
Service performance reporting	NFP sector
Imputation franking credits	For-profit sector
Research projects	
Intangible assets	All sectors
Going concern disclosures	All sectors
Monitor and influence	
Digital financial reporting	All sectors

⁷ Such as the AASB ED 321 Request for Comment on [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and [Draft] IFRS S2 Climate-related Disclosures

⁸ https://www.aasb.gov.au/media/j1rkqxos/ps_sr_0622.pdf



Table 2 summarises the estimated size of the projects added to the work program, indicating the resources and time needed to undertake those projects.

The size of each project is determined as follows:

- Large projects are those projects that require significant resources, consultation and outreach activities. Completing a large project typically requires more than 24 months and may be ongoing.
- A medium project, depending on available resources, typically requires at least 18 months to complete.
- Other projects that do not fall into the medium or large categories are considered small, such as narrow-scope projects.

Table 2 Project size

	Large	Medium	Small
Standard-setting projects	Sustainability reporting Service performance reporting	Public sector long-term discount rates	Imputation franking credits
Research projects	Intangible assets		Going concern disclosures
Monitor and influence			Digital financial reporting

The Board considered the significance and urgency of each project based on the feedback received, as shown in Table 3 below.

Table 3 Importance and urgency

Project	Importance	Urgency
Standard-setting projects		
Public sector long-term discount rates	High	Medium
Sustainability reporting	High	High
Service performance reporting	Medium	Medium
Imputation franking credits	Medium	Medium
Research projects		
Intangible assets	High	Medium
Going concern disclosures	High	Medium
Monitor and influence		
Digital financial reporting	Medium	Low

The Board determined the timelines for each project, as shown in Table 4, considering numerous factors such as projected completion of current projects, resources availability and the balance of the AASB activities.



Table 4 Expected timelines

Project	2022		2023				2024				Subsequent periods
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Standard-setting projects											
Public sector long-term discount rates											
Sustainability reporting											
Service performance reporting											
Imputation franking credits											
Research projects											
Intangible assets											
Going concern disclosures											
Monitor and influence											
Digital financial reporting											

5. Next Steps

At future meetings, the Board will deliberate on the projects, including the scope, resources required, research needs and outreach activities.

Contact standard@asb.gov.au for any queries.

Appendix A: AASB missions and strategic objectives

The purpose and vision of AASB are to contribute to stakeholder confidence in the Australian economy, including its capital markets, and trust in external reporting. The AASB's missions are to:

- (a) develop, issue and maintain principles-based Australian accounting and external reporting standards and guidance that meet user needs and enhance external reporting consistency and quality;
- (b) contribute to developing a single set of accounting and external reporting standards for world-wide use.

The table below provides the AASB's seven strategic objectives that contribute to the Board's considerations when determining its activities.

AASB Strategic Objectives	
Strategy 1	Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users. For 'publicly accountable' entities maintain IFRS compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance.
Strategy 2	With the Australian Auditing and Assurance Standards Board (AUASB), play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on: <ul style="list-style-type: none"> • who prepares external reports (including financial reports) • the nature and extent of assurance required on these external reports.
Strategy 3	Actively influence IASB, International Public Sector Accounting Standards Board (IPSASB) standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.
Strategy 4	Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.
Strategy 5	Influence initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting.
Strategy 6	Monitor and respond to emerging issues impacting the development of accounting and external reporting standards and guidance, including changing technologies.
Strategy 7	Develop guidance and education initiatives, or promote development by others, to enhance consistent application of accounting and external reporting standards and guidance.