



Project:	n/a	Meeting	August 2021 (M182)
Topic:	Documents open for comment by other organisations	Agenda Item:	6.0
		Date of the Agenda Paper:	26 July 2021
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		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

- The objective of this paper is to:
 - inform** the Board about consultative documents already issued or to be issued by other international standard-setting bodies; and
 - ask the Board to **decide** whether to provide feedback/comments on recently issued international consultative documents.

Reasons for bringing this paper to the Board

- The Board's strategy is to influence the work of the International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and other relevant international organisations with a goal of having the principles in the Standards issued by these organisations aligned, where relevant and possible.
- Historically, the Board has decided which consultation documents to comment on based on factors such as the relevance and importance of the consultation to the AASB's projects and strategies, the potential impact of the proposals on Australian stakeholders and the priority of projects as decided by the Board. This agenda paper will assist the Board in prioritising and deciding which consultation documents it should comment on.
- The only newly issued consultative documents since the 21-22 June AASB meeting were issued by the IFRC Interpretation Committee, as noted in the table below. Appendix A to this paper provides a summary of documents open for comment that the Board has previously made a decision regarding whether to provide feedback.

Current IFRS Interpretations Committee Tentative Agenda Decisions open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
IFRS IC	Tentative Agenda Decision: Economic Benefits from Use of a Windfarm (IFRS 16)	June 2021	–	16 August 2021	<p>The IFRS IC received a request about whether an arrangement where an electricity retailer (customer) makes an electricity purchase from the supplier via the market’s electricity grid contains a lease. In this scenario, the customer agrees with the supplier to pay a fixed price per megawatt the windfarm supplies to the grid. The customer settles the difference between the spot and fixed price net in cash.</p> <p>The IFRS IC noted that the arrangement doesn’t give rise to neither the right nor the obligation for the customer to obtain any of the electricity the windfarm produces and supplies to the grid and concluded the contract does not contain a lease. The Committee decided not to add a standard setting project to the workplan</p> <p>Staff have not heard any concerns regarding this decision and recommend not to comment to the IFRS IC, unless Board members are aware of any specific issues.</p>
IFRS IC	Tentative Agenda Decision: TLTRO III Transactions (IFRS 9 and IAS 20)	June 2021	–	16 August 2021	<p>The IFRS IC received a request about how to account for the third programme of the targeted longer-term refinancing operations (TLTROs) of the European Central Bank (ECB).</p> <p>The request asked whether the TLTRO III tranches represent loans with a below-market interest rate and, if so, whether the borrowing bank is required to apply IFRS 9 <i>Financial Instruments</i> or IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> to account for the</p>

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					<p>benefit of the below-market interest rate.</p> <p>The IFRS IC noted that a difference between the fair value of a financial liability at initial recognition and the transaction price might indicate that the interest rate is a below market rate.</p> <p>In that case if:</p> <ul style="list-style-type: none"> - consideration received is for only the financial liability, the bank applies IFRS 9 to account for that difference (paragraph B5.1.2A) - consideration received is for more than just the financial liability, the bank assesses whether that difference represents a government grant as defined in IAS 20. <p>Staff note that similarly to TLTRO III, the Reserve Bank of Australia offers Term Funding Facility.</p> <p>Staff have not heard any concerns regarding this decision and recommend not to comment to the IFRS IC, unless Board members are aware of any specific issues.</p>

Question to Board members

Question 1: Does the Board agree with the staff recommendations to not provide any comments to the IFRS IC?

Appendix A

Current documents open for comment – decisions already made by the Board at previous meetings

Originating organisation	Document	Date of release	Comments due	Summary
IFRS Foundation	Exposure Draft <u>Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards</u>	April 2021	29 July 2021	Subject to their agreement, the Board decided to make a joint submission with the Financial Reporting Council and the Auditing and Assurance Standards Board. The submission is being finalised out of session.
IASB	Exposure Draft ED/2021/1 <u>Regulatory Assets and Regulatory Liabilities</u>	January 2021	IASB – 30 July 2021 AASB – 10 May 2021	At the June meeting, the Board discussed the proposals and the feedback received from stakeholders. The Board decided to prepare a submission to the IASB addressing in particular a number of areas in which further clarification would be useful, such as the effect of differences between regulatory balances and corresponding balances for financial reporting purposes under Standards. The submission will be finalised out of session by a subcommittee of the Board.
APESB	Exposure Draft ED 03/21 <u>Proposed Amendments to Fee-related provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</u>	May 2021	APESB – 31 August 2021	The Board decided at its June meeting to comment on this ED, in particular proposed disclosures in section AUST 410.29.1 A1. The comment letter will be approved by the Chair.

Originating organisation	Document	Date of release	Comments due	Summary
IASB	Discussion Paper DP/2020/2 Business Combinations under Common Control	November 2020	IASB – 1 September 2021 AASB – 17 July 2021	The Board received an education session from AASB staff on the IASB Discussion Paper DP/2020/2 <i>Business Combinations under Common Control</i> . See agenda item 3.
IASB	Exposure Draft ED/2021/4 Lack of Exchangeability (Amendments to IAS 21)	April 2021	IASB – 1 September 2021 AASB – 23 July 2021	The Board decided at the February 2021 meeting to provide comments to the IASB subject to feedback received from stakeholders. No submissions have been received and staff therefore recommend not commenting to the IASB.
IASB	Request for Information IASB Third Agenda Consultation	31 March 2021	IASB – 27 September 2021 AASB – 16 August 2021	Responses to this Request for Information will help shape the IASB's thinking when determining how to prioritise its activities and what new projects to add to its work plan for 2022 to 2026. The Board decided at the November 2020 and February 2021 meeting to make a submission to the IASB. Staff received feedback through outreach activities which will be presented to the Board at the September meeting, along with the submission letter.
IASB	Exposure Draft ED/2021/3 Disclosure Initiative— Targeted Standards-level Review of Disclosures	March 2021	IASB – 21 October 2021 AASB – 16 August 2021	The Board decided at the February 2021 meeting to provide comments to the IASB subject to feedback received from stakeholders. Staff received feedback through outreach activities which will be presented to the Board at September meeting.

Originating organisation	Document	Date of release	Comments due	Summary
IPSASB	IPSASB ED 76 Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements ; and IPSASB ED 77 Measurement	April 2021	IPSASB – 25 October 2021 AASB – 3 August 2021	The Board decided at the November 2020 meeting to respond to the IPSASB on these Exposure Drafts as they have cross-cutting issues with the Board’s Fair Value Measurement for Not-for-Profit Entities project. See agenda item 5.
IPSASB	IPSASB ED 78 Property, Plant and Equipment	April 2021	25 October 2021	The Board decided at the February 2021 meeting to not comment on IPSASB ED 78.
IPSASB	IPSASB ED 79 Non-Current Assets Held for Sale and Discontinued Operations	April 2021	25 October 2021	The Board decided at the February 2021 meeting to not comment on IPSASB ED 79.
IASB	Exposure Draft Revised Practice Statement on Management Commentary	May 2021	IASB – 23 November 2021 AASB – 1 October 2021	The Board decided at the February 2021 meeting to provide comments to the IASB subject to feedback received from stakeholders. Staff plans to perform targeted outreach with UAC and Disclosure Initiative Panel and potentially webinar co-hosted with IASB staff and will bring summary of the feedback to September 2021 meeting for Board’s consideration.