



<b>Project:</b>	<b>Post-Implementation Reviews</b>	<b>Meeting:</b>	March 2024 (M201)
<b>Topic:</b>	<b>Project update</b>	<b>Agenda Item:</b>	10.2
		<b>Date:</b>	20 February 2024
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		<b>Decision-Making:</b>	Low
		<b>Project Status:</b>	In progress

## Objective of this agenda item

- 1 The objective of this agenda item is to provide the Board with an **update** on the Post-Implementation Reviews (PIR) of Australian Accounting Standards, including Interpretations.
- 2 Board members will not be asked to make any decisions on this project update.

## Background and reasons for bringing this paper to the Board

- 3 At the [May 2023 meeting](#), the Board received an update on the overall domestic PIR projects. However, since that meeting, the Board approved a revised work plan to enable the AASB to focus on developing Australian Sustainability Reporting Standards and other high-priority financial reporting projects.<sup>1</sup> As a result, work on many domestic PIR projects was temporarily suspended.
- 4 Additionally, staff have reprioritised certain PIR projects to ensure efficient utilisation of resources. For example, the PIR of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* is now considered a medium priority given the potential impact of the IASB’s Subsidiaries of Public Accountability Standard project on Tier 2 reporting in Australia. Also, the PIR of selected public sector pronouncements is now considered a low priority given more pressing public sector matters.<sup>2</sup>
- 5 As a result of the re-prioritisation, most PIRs are not being completed following the original workplan.<sup>3</sup>
- 6 This paper provides Board members with an update on the overall domestic PIR project and sets out a revised PIR workplan for Board member consideration (see Table 1). This paper also provides Board members with some information about forthcoming international PIRs.

1 See [Action Alert 223](#).

2 See paragraph 56 of [Agenda Paper 8.1](#) to November 2023 meeting.

3 See Table 2 in [Agenda Paper 14.2](#) to the September 2021 meeting for the original draft timeline. However, this timeline was amended to reprioritise the PIR of AASB 1059, and the revised timeline is set out in Table 1 in [Agenda Paper 4.1](#) to the May 2022 meeting.

## Project update – Domestic PIRs

	<i>Status</i>
<p><i>Not-for-profit (NFP) domestic PIRs (Category 1 in Table 1) addressing the following topics:</i></p> <p><i>ITC 50 Post-implementation Review – Income of Not-for-Profit Entities</i></p> <ul style="list-style-type: none"> <li>Income</li> </ul>	<i>In progress but delayed</i>

<p><i>ITC 51 Post-implementation Review of Not-for-Profit Topics – Control, Structured Entities, Related Party Disclosures and Basis of Preparation of Special Purpose Financial Statements</i></p> <ul style="list-style-type: none"> <li>Control/consolidation;</li> <li>Definition of a structured entity;</li> <li>Related party disclosures; and</li> <li>SPFS basis of accounting – compliance with Australian Accounting Standards.</li> </ul>	<i>In progress, but delayed and currently on hold</i>
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- 7 These PIRs have commenced, and at the September 2022 meeting, the Board approved the issue of two Invitations to Comment (ITC).
- 8 [ITC 50](#) and [ITC 51](#) were issued in November 2022. Comments on both ITCs were due by 31 March 2023. 14 written comment letters and 22 survey responses were received in response to ITC 50. Eight written comment letters and 9 survey responses were received in response to ITC 51.
- 9 During the consultation period, staff also obtained stakeholder feedback via other means, such as virtual outreach sessions and one-on-one meetings.<sup>4</sup>
- 10 Following the close of the comment period:
- (a) in response to ITC 50 staff have:
- (i) reviewed and summarised all stakeholder feedback;
- (ii) formed preliminary views about how to address the stakeholder feedback; and
- (iii) discussed stakeholder feedback on most topics with Board members. The final topics will be discussed with Board members at this meeting. See Agenda Papers 8.0 to 8.4 of this meeting; and
- (b) in response to ITC 51, only the work in paragraphs 8 and 9 has been performed.
- 11 Whilst these NFP domestic PIRs were due to be completed by the end of 2023, due to resourcing constraints and the re-prioritisation of the AASB’s workplan noted in paragraph 3, this has not occurred. However, staff are continuing to progress the ITC 50 PIR and expect to consider stakeholder feedback in response to ITC 51 in Q2 of 2024. A revised timeline is set out in Table 1 of this paper.

	<i>Status</i>
<i>AASB 1059 PIR (Category 2 in Table 1)</i>	<i>In progress, but paused in June 2023 and has recently resumed</i>

<sup>4</sup> See [Agenda Paper 3.2](#) to the October 2023 meeting.

- 12 Invitation to Comment [ITC 49 Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantors](#) was issued in September 2022. Comments were due by 28 February 2023.
- 13 Six comment letters were received from stakeholders, and staff hosted two virtual outreach sessions.
- 14 Whilst the PIR was due to be completed by the end of 2023, due to resourcing constraints and the re-prioritisation of the AASB’s workplan noted in paragraph 3, this has not occurred.
- 15 In June 2023, the Board commenced its consideration of stakeholder feedback relating to the scope and asset control criteria of AASB 1059. The Board directed staff to further consult with key ITC respondents. Accordingly, staff circulated follow-up questions to key ITC respondents in June 2023; however, staff have not had the opportunity to follow up with the respondents. Staff plan to do so in March/April 2024.
- 16 Staff are also planning to analyse the remaining ITC feedback, including feedback relating to the measurement of service concession arrangements, for the Board’s discussion at the September 2024 meeting.

	<i>Status</i>
<i>Public Sector PIR including AASB 1050, AASB 1051, AASB 1052, AASB 1004 and Interpretation 1038 (Category 3 in Table 1)</i>	<i>Commenced, but delayed and currently on hold</i>

- 17 At the May 2023 meeting, the Board approved the issue of an ITC for a 150-day comment period. However, before the ITC could be issued, the project was placed on hold due to resourcing constraints and the re-prioritisation of the AASB’s workplan noted in paragraph 3.
- 18 As discussed in Agenda Paper 12.2.1, at its November 2023 meeting the Board decided this PIR has a lower priority compared with other public sector projects. Feedback from key stakeholders did not indicate delaying this PIR would cause significant issues. Accordingly, staff intend to recommence this PIR in Q1 of 2026. However, staff suggest that before this can occur, it would be necessary to consider whether the content of the ITC remains relevant.<sup>5</sup>

	<i>Status</i>
<i>PIR of AASB 1056 and Interpretation 1019 (Category 2 in Table 1)</i>	<i>Commenced and on schedule</i>

- 19 This PIR has commenced, and at the June 2023 meeting, the Board approved the issue of a [ITC 54 Post-implementation Review of AASB 1056 Superannuation Entities and Interpretation 1019 The Superannuation Contributions Surcharge](#). It was issued in July 2023 and comments were due by 10 November 2023.
- 20 Eight comment letters were received, and staff met with nine targeted stakeholders.
- 21 Staff have analysed the feedback received and provided recommendation for the Board’s deliberation (see Agenda Papers 7.1 to 7.3 of this meeting). As originally planned, staff expect to finalise the PIR and issue a feedback statement in Q2 2024.

	<i>Status</i>
<i>PIR of AASB 2020-2; and</i>	<i>Has not yet commenced and is delayed.</i>
<i>PIR of AASB 1060 (Category 2 in Table 1)</i>	<i>Commenced but delayed</i>

<sup>5</sup> See Appendix D of [Agenda Paper 8.1](#) to the November 2023 meeting

- 22 The PIRs of AASB 2020-2 and AASB 1060 were due to commence in Q2 of 2023. However, before any substantive work could be completed, the PIRs were placed on hold due to resourcing constraints and the re-prioritisation of the AASB’s workplan noted in paragraph 3. Staff note that limited preliminary/planning work on the PIR of AASB 1060 was completed.
- 23 In its November 2023 meeting, staff discussed with the Board that the PIR of AASB 1060 should be closely linked with the Board’s assessment of the IASB’s proposed Subsidiaries without Public Accountability: Disclosures Standard and its suitability in Australia.<sup>6</sup> The IASB is expected to issue a final Subsidiaries without Public Accountability: Disclosures Standard in 2024. As evidence-gathering activities related to the IASB’s forthcoming Standard are likely relevant to the AASB 1060 PIR, the timeline for this PIR has been amended.

	<i>Status</i>
<i>Possible PIRs identified since September 2021</i>	<i>Further work required</i>

- 24 As noted in [Agenda Paper 4.1](#) to the May 2022 meeting, feedback received on other projects has highlighted a need for a possible PIR of the requirements of certain Standards that the Board did not previously consider necessary. There have been no changes in the suggested staff actions in relation to these matters.
- 25 In addition to the matters previously discussed with the Board in May 2022, staff note that the FRC-commissioned independent PIR of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* has been handed back to the AASB for consideration of stakeholder feedback. However, as discussed in Agenda Paper 12.2.1, the Board decided to consider this feedback concurrently when considering any modifications to AASB 1049 arising from the IASB’s forthcoming IFRS 18 *Presentation and Disclosure in Financial Statements*.<sup>7</sup> Staff have recently started work on analysing the PIR feedback. As these activities are ‘outside’ the PIR process, that is, they are actions following the completion of a PIR, they have not been reflected in Table 1 below.

### **Forthcoming international PIRs**

- 26 This paper focuses on the PIR of domestic Standards. However, staff note that some forthcoming IASB PIRs may be relevant to domestic ‘elements’ of Australian Accounting Standards.
- 27 Staff understand the IASB is currently planning the PIR of IFRS 16 *Leases* and IFRS 9 *Financial Instruments – Hedge Accounting*.<sup>8</sup> A PIR of IFRS 17 *Insurance* is also expected to occur in due course.
- 28 Staff acknowledge there are NFP-specific aspects of Australian Accounting Standards that the IASB will not consider as part of their PIR. However, these domestic aspects should be considered by the AASB as part of the PIR process for completeness (e.g. whether any aspects of an IFRS Standard give rise to NFP-specific application challenges or whether any NFP modifications to IFRS Standards give rise to application challenges). Staff are currently considering how best to address this. For example, a domestic appendix to the Australian version of the IASB consultation document may be warranted to ensure any domestic feedback is obtained and considered by the AASB.
- 29 Staff note that the IASB is performing a PIR of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 – Impairment.<sup>9</sup> Staff are aware there may be elements of these PIRs, particularly the

6 See [Agenda Paper 3.1](#) to the November 2023 meeting.

7 See [Agenda Paper 8.1](#) to the November 2023 meeting.

8 [IFRS - IASB post-implementation reviews](#)

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IFRS 15 PIR, that may affect NFP requirements in Australia. As such, staff continue to monitor the IASB's progress as these PIRs progress.

*Project timeline and milestones*

30 Table 1 sets out the timeline for all planned domestic PIRs.

**Table 1**

Legend:

<b>CATEGORY 1 – Highest priority</b> NFP domestic PIRs addressing: <ul style="list-style-type: none"> <li>Income;</li> </ul>	<b>CATEGORY 2 – Medium priority</b> <ul style="list-style-type: none"> <li>AASB 1059</li> </ul>	<b>CATEGORY 3 – Lower priority</b> PIR of selected public sector requirements: <ul style="list-style-type: none"> <li>AASB 1050</li> <li>AASB 1051</li> <li>AASB 1052</li> <li>AASB 1004</li> <li>Interpretation 1038</li> </ul>
<ul style="list-style-type: none"> <li>Control/consolidation;</li> <li>Definition of a structured entity;</li> <li>Related party disclosures; and</li> <li>SPFS basis of accounting – compliance with Australian Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>AASB 1056</li> <li>Interpretation 1019</li> </ul>	
	<ul style="list-style-type: none"> <li>AASB 2020-2</li> <li>AASB 1060</li> </ul>	

BM = Board meeting\*\*

TOR = targeted outreach only

\*\* Staff note that the timing of Board meetings are yet to be decided. As such, indicative timing may change slightly.

Suggested activities	Completed	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026 and beyond
<b>Planning</b>												
1. Review of original project documentation (e.g. RIS and Basis for Conclusions).												
2. Collation of issues the Board are aware of.												
3. Academic research:												
<ul style="list-style-type: none"> <li>Identify potential researchers to review existing academic literature and assist with new research.</li> </ul>												
<ul style="list-style-type: none"> <li>Collate relevant research and summarise.</li> </ul>												
4. Seek preliminary feedback from targeted stakeholders (e.g. regulators, professional bodies, advisory panels, preparers and practitioners). Review feedback received.												

Suggested activities	Completed	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026 and beyond
5. Prioritise issues from the planning phase to determine the scope of the consultation document.												
6. Discuss steps 1-5 with the Board.					BM							
Outreach												
7. Draft consultation document.												
8. Discuss consultation document with the Board and the Board approve for issue.					BM							
9. Undertake general and targeted outreach to seek stakeholder feedback.												
Consideration of feedback and next steps												
10. Consultation comment period closes.												
11. Review and summarise responses received from consultation document and outreach. Perform follow-up procedures where appropriate.		In progress										
12. Identify possible 'next steps' to respond to findings in conjunction with the <a href="#">AASB Evidence-Informed Standard-Setting Framework</a> .		BM	In progress									
13. Discuss feedback and possible next steps with the Board.		BM	BM	BM	BM	BM		BM	BM			
14. Prepare a feedback statement, discuss it with the Board and publish the feedback statement.				BM	BM	BM			BM			

### Question for Board members

Q1: Do Board members have any comments on the project update?