



Australian Government
**Australian Accounting
Standards Board**

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23 June 2016

Professor Aidan Byrne
Chief Executive Officer
Australian Research Council

via email to: ARC-EI_consultation@arc.gov.au

Dear Professor Byrne

Engagement and Impact Assessment Consultation Paper

The Office of the Australian Accounting Standards Board (Office of the AASB) welcomes the opportunity to provide comments on the Australian Research Council's *Engagement and Impact Assessment* Consultation Paper.

The AASB is an Australian government entity that sets standards for financial reporting by all types of reporting entities, private and public, and for-profit and not-for-profit. The AASB's main objective is to facilitate high quality financial information being made available for users for decision making about efficient resource allocation.

Research on Australian financial reporting is vital to informing decisions of the AASB and those making policy on which entities should be reporting and what they should report. The AASB and policy makers need evidence to help ensure they make cost-beneficial decisions.

The AASB is part of a global network of standard setters that seeks to influence development of International Financial Reporting Standards (IFRS) made by the International Accounting Standards Board (IASB) in a positive way. Australia adopts IFRS and IASB decisions have a significant impact on Australia reporting entities. Research evidence is an important tool for the AASB in contributing to the development of IFRS and achieving beneficial outcomes from the standards.

The International Public Sector Accounting Standards Board (IPSASB) is also gaining an interest in research as a tool for helping to progress much needed standards that have the potential to increase transparency in government accounting. Australia has a representative member of the IPSASB and the AASB provides technical support to that representative.

Research by Australian academics on projects relevant to the AASB, IASB and IPSASB has the potential to help facilitate the efficient operation of the Australian economy and enhance Australia's reputation as a place to do business.

The AASB would be keen to have a representative on any working group that the ARC might establish to provide greater clarity around how engagement and impact should be identified and assessed. We think the AASB has the necessary skills to help the ARC achieve an



effective framework for developing a national assessment of the engagement and impact of university research in areas related to financial reporting, consistent with the Australian Government's focus on innovation.

We consider that greater support in the form of grants for the types of academic research that is of interest to accounting standard setters has the potential to re-orient the research undertaken in accounting and finance to more productive engagement with business and policy makers and have a beneficial impact on financial reporting.

Yours sincerely

Kris Peach
Chair and CEO

Ann Tarca
AASB Academic Advisory Panel Chair



Defining engagement and impact

1. What definition of ‘engagement’ should be used for the purpose of assessment?
2. What definition of ‘impact’ should be used for the purpose of assessment?

Overall, we agree with the proposed definition of ‘impact’ in the paper. We think impact is a product of engagement and that impact occurs when knowledge is transferred to users and used beyond academia.

We consider the following matters should be addressed in defining engagement and impact:

- * engagement with business, policymakers and/or the operational parts of the public sector generally, because there are potentially enormous benefits to the economy of having business and the public sector reporting useful information;
- * impact on the economy, including ‘soft infrastructure’ relating to fit-for-purpose regulation, because positive impacts on this infrastructure can save compliance costs and result in greater acceptance of regulation;
- * impacts should be ‘beyond academia’ to focus attention on areas that are of value to the economy and to encourage collaboration and engagement.

The AASB has invested a significant amount of time in engaging with academics to help achieve its goals, but with mixed results. The AASB can offer academics research ideas or proposals that might best serve the interests of business and policymakers, provide in-kind support in the form of constructive reviews of their work, and provide an avenue for seeing real-world results from their work.

However, the AASB is unable to make grants and is unable to offer access to what are currently regarded as ‘top journals’. The AASB finds that many of the reward mechanisms for accounting and finance academics seem to favour projects that use non-Australian (mainly US) data and focus on areas of most interest to other academics, which is often not of interest to practitioners.

There have been excellent academic studies assessing the impact of particular new IFRS on the quality and value-relevance of financial information, including on the Australian market, that have helped the IASB decide whether existing requirements might need to be amended. Researchers would be able to cite these studies in showing how their work has impact for practice.

We would welcome an approach to awarding grants that focuses attention on research that has the potential to result in better policies on financial reporting and better financial information being made available for decision making by those allocating resources. Better financial reporting can lead to better resource-allocation decisions for the benefit of the Australian economy.



Scope of assessment

3. How should the scope of the assessment be defined?
4. Would a selective approach using case studies or exemplars to assess impact provide benefits and incentives to universities?
5. If case studies or exemplars are used, should they focus on the outcomes of research or the steps taken by the institution to facilitate the outcomes?
6. What data is available to universities that could contribute to the engagement and impact assessment?
 - a. Should the destination of the Higher Degree Research students be included in the scope of the assessment?
 - b. Should other types of students be included or excluded from the scope of assessment (e.g. professional Masters level programmes, undergraduate students)?

Policy making related to financial reporting and accounting standard setting projects can take years to result in measurable outcomes. However, there are readily assessable indicators of the impact of research available, which covered in the AASB's response to question 16.

Many higher degree students engage in accounting research in Universities and have been employed at the AASB and been involved with research and standard setting with practical effect. Accordingly, we consider the destination of higher degree research students should be in the scope of assessment. We think consideration should also be given to including undergraduate students, in particularly Honours students, as they are often encouraged to develop skills and knowledge that can engage and have impact beyond academia.

We support using case studies or exemplars, accompanied by evidence, for assessing 'impact'; however we are concerned that case studies or exemplars might be difficult to assess objectively. If case studies or exemplars are to be used, we think a system of metrics should be developed to assist the preparers and assessors. There have been excellent academic studies assessing the impact of particular new IFRS on the quality and value-relevance of financial information, including on the Australian market, that have helped the IASB decide whether existing requirements might need to be amended. Researchers would be able to cite these studies in showing how their work has impact for practice.

Therefore, we think both outcomes of research and steps taken by institutions to facilitate the outcome should be reported. We think this will encourage institutions to provide support to research staff in achieving the outcomes.



Assessing engagement and impact

7. What are the key challenges for assessing engagement and impact and how can these be addressed?
8. Is it worthwhile to seek to attribute specific impacts to specific research and, if so, how should impact be attributed (especially in regard to a possible methodology that uses case studies or exemplars)?
9. To what level of granularity and classification (e.g. ANZSRC Fields of Research) should measures be aggregated?
10. What timeframes should be considered for the engagement activities under assessment?
11. What timeframes should be considered for the impact activities under assessment?
12. How can the assessment balance the need to minimise reporting burden with robust requirements for data collection and verification?
13. What approaches or measures can be used to manage the disciplinary differences in research engagement and impact?
14. What measures or approaches to evaluation used for the assessment can appropriately account for interdisciplinary and multidisciplinary engagement and impacts?

The following table shows the ANZSRC Fields of Research for the 1501 [accounting, auditing and accountability] and 1502 [banking, finance and investment] codes, noting those that are relevant to the AASB's activities.

		Relevant to AASB
150101	Accounting Theory and Standards	#
150102	Auditing and Accountability	#
150103	Financial Accounting	#
150104	International Accounting	#
150105	Management Accounting	
150106	Sustainability Accounting and Reporting	#
150107	Taxation Accounting	#
150199	Accounting, Auditing and Accountability not elsewhere classified	
150201	Finance	#
150202	Financial Econometrics	
150203	Financial Institutions (incl. Banking)	#
150204	Insurance Studies	#
150205	Investment and Risk Management	#
150299	Banking, Finance and Investment not elsewhere classified	

The spread of topics that are of interest to the AASB means that we would be interested in having input to any reclassification or amalgamation of codes that might be contemplated.



The attribution of specific impacts to specific research should be undertaken when it is considered cost beneficial. In relation to much of the accounting and finance research, the AASB would be in a position to help determine attribution when the research relates to projects concerning financial reporting, and more broadly external reporting by entities.

The measures for engagement and impact would ideally be matched to the outcomes. However, in areas such as accounting standard setting, there can be long time lags and interim milestones should be considered. In the AASB's case, those milestones might include AASB research publications that contribute to standard setting, which could be evidence of both engagement and impact. Many of these publications could contribute to the global standard setting debate and, of themselves, can have reputational benefits for Australia as a major contributor of ideas.

Types of engagement and impact indicators

15. What types of engagement indicators should be used?

16. What types of impact indicators should be used?

The accounting standard setting process in Australia and internationally is highly transparent. AASB, IASB and IPSASB technical meeting papers are made publicly available, as are the action points that are decided by those Boards. That is, those papers are effectively published, usually on the standards setters' websites. In addition, the AASB, IASB and IPSASB all conduct their meetings in public, and IASB meetings are recorded and made available on the IASB's website.

Indicators of engagement and impact could be gauged by monitoring or searching for citations of academic research in publicly-available Board papers and minutes, actions alerts and updates.

The AASB and IASB might commission research that is used in the standard setting process and which may be the basis for, or included in, published research papers and consultative documents.

Some of the research commissioned by the standard setter might remain unpublished other than as part of Board papers. Accordingly, important aspects of academic engagement and impact with standard setters might only be evident from monitoring AASB, IASB and IPSASB Board papers.

There would normally be sufficient information available from a standard-setter's publications, Board papers, minutes, actions alerts and updates to gauge the significance of the research in the standard setter's work, which would provide evidence of engagement and form the basis for assessing the impact of the research.



Other

17. Are there any additional comments you wish to make?

The AASB would be keen to have a representative on any working group that the ARC might establish to provide greater clarity around how engagement and impact should be identified and assessed. We think the AASB has the necessary skills to help the ARC achieve an effective framework for developing a national assessment of the engagement and impact of university research in areas related to financial reporting, consistent with the Australian Government's focus on innovation.

We consider that greater support in the form of grants for the types of academic research that is of interest to accounting standard setters has the potential to re-orient the research undertaken in accounting and finance to more productive engagement with business and policy makers and have a beneficial impact on financial reporting.

We would be pleased to elaborate on our views.