



To:	AASB members	Date:	5 February 2013
From:	Angus Thomson & Daisy Yang	Agenda Item:	7.1 (M129)
Subject:	Superannuation entities	File:	

Action

- * Note the following:
 - + a brief project history;
 - + timetable for finalising a replacement standard for AAS 25 *Financial Reporting by Superannuation Plans*; and
 - + the main differences between AAS 25 and the Board's decisions to date (agenda paper 7.2).
- * Receive and discuss verbal a report on AASB staff consultations with constituents on recent Board decisions on:
 - + measuring accrued defined benefit liabilities;
 - + recognition of receivables related to defined benefit liabilities;
 - + disclosures about defined benefit liabilities; and
 - + whether a Tier 2 of reduced disclosure requirements might be needed for selected entities.

Attachments

Agenda paper 7.2 – Main differences between AAS 25 and the Board's decisions to date

Staff may table a brief paper supporting a verbal report on the consultation taking place in the weeks prior to the Board meeting.

Brief project history – key events

March 1993	AAS 25 issued for application to periods on or after 30 June 1993 and has remained largely unchanged
December 2005	AAS 25 amended as a consequence of changes to the financial instruments standards
October 2006	AASB agrees on general direction of comprehensive review of AAS 25 – start with IFRS and make exceptions when considered relevant (for example, fair value through profit and loss for all investments)
August 2007	AASB issues Consultation Paper on the consolidation of subsidiaries by superannuation entities and conducts roundtable discussions in Melbourne and Sydney
May 2009	AASB issues ED 179 <i>Superannuation Plans and Approved Deposit Funds</i> and conducts roundtable discussions in Melbourne and Sydney
December 2011	AASB issues ED 223 <i>Superannuation Entities</i> and conducts roundtable discussions in Melbourne and Sydney

Timetable for completion of replacement standard for AAS 25

February – March 2013	Staff undertaking targeted consultation on the measurement of accrued defined benefit obligations and related disclosures and related receivables that might arise under legislative guarantees affecting public sector superannuation entities
April 2013	Sweep issues paper for consideration by Board – in session
May – June 2013	Pre-ballot and ballot drafts of replacement standard for AAS 25 – out of session (unless further sweep issues arise from the pre-ballot process)

The above timetable is based on the Board having made decisions on all the substantive matters needed to prepare a pre-ballot draft of a replacement standard for AAS 25, and is subject to the outcome of targeted consultations currently being conducted by staff with constituents on recent Board decisions. Those decisions relate to measuring accrued defined benefit liabilities, the recognition of receivables that might arise related to defined benefit liabilities, disclosures about defined benefit liabilities and whether a Tier 2 of reduced disclosure requirements might be needed for selected entities.

The measurement of defined benefit liabilities has proved to be the most difficult to resolve, particularly since the replacement standard would require the liability to be recognised (in the statement of financial position) for the first time, rather than providing a choice between having a statement of financial position or a statement of net assets as is currently the case under AAS 25.

Application date

Assuming a June 2013 issue date for the replacement standard, it could have an application date of periods beginning on or after 1 July 2014. However, that would mean the first comparative period for a June-balance entity would begin on 1 July 2013. Accordingly, in dealing with sweep issues in April we plan to recommend an application date of periods beginning on or after 1 July 2015.

ED 223 proposed not permitting early adoption – staff also plan to raise this issue with the Board in April.

APRA reforms

The Australian Prudential Regulation Authority (APRA) is revising its prudential standards for superannuation – known as the Stronger Super reforms – that may apply from 1 July 2013.

The prudential reporting requirements and general purpose reporting requirements are necessarily different because they have different objectives, however, AASB staff have been liaising with APRA staff to help minimise the risk of costly and unnecessary differences between the two sets of requirements.

The Stronger Super reforms include the likely introduction of MySuper products that would replace the current default investment options over a transition period.