



Kris Peach
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West
VIC 8007

4 March 2016

Dear Kris,

Invitation to comment ITC 34 *AASB Agenda Consultation 2017-2019*

We are pleased to respond to your invitation to comment on the AASB's priorities for its domestic work program for the period 2017 to 2019.

Australian reporting framework

The review of the Australian reporting framework, particularly reporting by large proprietary companies, should be given high priority. It was disappointing to see financial reporting requirements being included in tax legislation last year, rather than amending the *Corporations Act* tiers of reporting and/or the accounting standards. The AASB is well placed to assist Treasury in ensuring the reporting framework is one which meets the needs of users.

A second phase of the review should encompass the varying needs of smaller entities and public sector entities. We would support exploring the possibility of a third tier of financial reporting which could be used by very small entities such as small charities or small companies undertaking crowd-sourced funding activities. We would also support exploring the needs of users of financial reports in the public sector to see if they are being met by current requirements.

External reporting projects

We support the AASB taking a broader role, in particular in relation to the disclosure of pro-forma and prospective information in IPO documents. Investors and preparers would benefit from some standardised requirements for information disclosed in IPO documents.

The current rules for remuneration reporting are complex and include redundant, overlapping requirements. There is significant room for improvement. We believe the AASB is well placed to assist Treasury consider what type of information stakeholders need and how this is measured. The AASB could also explore providing guidance on potential alternative measurement principles or disclosures which are commonly used to explain remuneration paid and payable in the future. PwC have conducted extensive outreach around the needs of the investor community and the future of remuneration reporting, and Margot le Bars would be available to assist in a project advisory panel.

Public sector priorities

We are pleased to see the projects on service concession arrangements and income for not-for-profit entities are expected to be completed in the third quarter of this year. In terms of the longer-term agenda, we would suggest the AASB focus on providing guidance as to how the fair value measurement requirements are to be applied by not-for-profit entities. This would assist with a consistent application. The Board should also consider other issues being discussed, for example at the International Public Sector Accounting Standards Board to ensure our own standards keep pace with IPSASB developments.

PricewaterhouseCoopers, ABN 52 780 433 757

*Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au*



Post-implementation review of adoption of IFRS

The current work program includes a post-implementation review of the adoption of IFRS in Australia. Given the international comparability and access to global markets IFRS provides for listed for-profit entities, we believe it would be highly unlikely Australia would revert back to local GAAP. Thus we believe additional research would not change the outcome and would be better directed elsewhere. There is also no merit in comparing IFRS with the previous Australian GAAP, as it is not possible to know how the latter would have developed to address the challenges of the last decade.

Instead, we recommend that the post-implementation review should focus primarily on the impact on not-for-profit entities and small entities with reporting responsibilities. In particular, the project should address the question of whether the policy of transaction neutrality should be maintained, or whether it would be more cost effective to create a separate reporting framework for not-for-profit entities. Additionally whether a third tier of reporting is necessary for smaller entities.

If you have any questions or would like to discuss the comments made in this letter, please contact Regina Fickers on 02 8266 8350 or me on 03 8603 3820.

Best regards

A handwritten signature in black ink that reads 'John A. Dovaston'.

John Dovaston
Partner