



14 April 2026

Dr Keith Kendall  
Chair  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West Victoria 8007  
AUSTRALIA

Dear Dr Kendall

**AASB Invitation to Comment ITC 57 AASB 2027–2031 Agenda Consultation**

On behalf of the Australasian Council of Auditors-General (ACAG), thank you for the opportunity to comment on AASB Invitation to Comment ITC 57 AASB 2027–2031 *Agenda Consultation*. The views expressed in this submission represent those of all Australian members of ACAG, unless otherwise specified.

We have included our views on the prioritisation, with related discussion, for specific financial reporting and sustainability projects:

- current active projects
- previous projects omitted from current plan
- possible additional projects.

ACAG recommend that the following projects be allocated a high priority. The rationales for the projects are explained in the attachment:

- 8b. Conceptual Framework: Not-for-Profit Amendments
- 8d. PIR of AASB 1059 Service Concession Arrangements: Grantors
- 9a(i). Public Sector Financial Reporting Framework – Excluding Tier 3
- 9b. Amendment of AASB 1049 Whole of Government and General Government Sector Financial Reporting for AASB 18 changes.

ACAG appreciates the opportunity to comment and trusts you find the attached comments useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rachel Vagg', written in a cursive style.

Rachel Vagg  
**Chair**  
**ACAG Financial Reporting and Accounting Committee**

## QUESTIONS FOR RESPONDENTS

The following is a summary of the projects considered by ACAG and the respective proposed priorities.

### Accounting projects

Project	Current AASB priority	Proposed priority
<b>Current projects</b>		
8a. Service Performance Reporting	Medium	Low (majority of jurisdictions) Medium – one jurisdiction. Include assessment of need for project in Public Sector Financial Reporting Framework project
8b. Conceptual Framework: Not-for-Profit Amendments	High	High
8d. PIR of AASB 1059 Service Concession Arrangements: Grantors	High	High
8e. PIR of AASB 16 Leases: NFP and public sector entities	High	Medium
<b>Previous projects omitted from current plan</b>		
9a(i). Public Sector Financial Reporting Framework – Excluding Tier 3	N/A	High
9a(ii). Public Sector Financial Reporting Framework – Tier 3	N/A	Include assessment of need for project in the Public Sector Financial Reporting Framework project
9b. PIR of AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> and AASB 1055 <i>Budgetary Reporting</i> (in respect to WoG and GGS)		High – ED338 AASB 18 changes PIR dependent on other changes
9c(i) PIR AASB 1050 <i>Administered Items</i>	N/A	Medium
9c(ii) PIR AASB 1051 <i>Land Under Roads</i>	N/A	Low
9c(iii) PIR AASB 1052 <i>Disaggregated Disclosures</i>	N/A	Low
9c(iv) PIR AASB 1004 <i>Contributions</i>	N/A	Medium
9c(v) PIR Interpretation 1038 <i>Contributions by Owners Made to Wholly-Owned Public Sector Entities.</i>	N/A	Medium
9d. PIR AASB 1055 <i>Budget Reporting</i> (agencies)	N/A	Medium
9e. Review of AASB 15 and AASB 1058 for NFPs.	N/A	Medium (longer term)
9f. Comparison of AASB and IPSASB	N/A	Selected standards included in above projects Others low
9g. Long-term discount rates to apply in measuring public sector liabilities	N/A	Low
<b>Possible additional projects</b>		
10(b) Accounting for interests in other entities	N/A	Low
10(c) Accounting for transfer expenses by a not-for-profit public sector entity:	N/A	Low

Project	Current AASB priority	Proposed priority
10(d) Australian-specific paragraphs included in Australian Accounting Standards:	N/A	Don't add
10(e) Digital financial reporting:	N/A	Include assessment of need for project for public sector in Public Sector Financial Reporting Framework project
10(f) Ongoing relevance of certain domestic Australian Accounting Standards and Interpretations:	N/A	Don't add
10(g) Other projects	N/A	No specific consensus

### Sustainability Projects

Project	Current priority	Proposed priority
<b>Current projects</b>		
8c. Climate-related financial disclosure requirements for NFP public sector entities	Low	Medium
<b>Possible additional projects</b>		
10(a) A Conceptual Framework of principles to support sustainability reporting: Developing guiding principles for consistent, high-quality sustainability disclosures.	N/A	Don't add

### Section 1 – Current Active Projects

As ITC57 does not have any specific questions, the question numbering below follows that of the online submission.

**Question 7** Are there any projects currently on our [Work Plan](#) that you believe should be discontinued?

ACAG has no recommendations for projects to be discontinued.

**Question 8.** Which projects do you think we should continue prioritising?

For each of the projects identified below, please provide the following information:

- **Sector relevance** — Does the topic affect for-profit, public sector or not-for-profit entities?
- **Nature and urgency of the issue** — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?
- **Supporting evidence** — Are there any data, examples or research that support the importance of this topic?



Projects covered below:

- 8a. Service Performance Reporting
- 8b. Conceptual Framework: Not-for-Profit Amendments
- 8c. Climate-related financial disclosure requirements for NFP public sector entities
- 8d. PIR of AASB 1059 *Service Concession Arrangements: Grantors*
- 8e. PIR of AASB 16 *Leases: NFP and public sector entities*
- 8f. Any other specific projects we should highlight?

## 8a. Service Performance Reporting

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

NFP entities.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Urgency – The majority of ACAG jurisdictions recommends that the public sector Service Performance Reporting (SPR) project be lowered from medium to low priority, or possibly stopped, pending completion of the Public Sector Financial Reporting Framework project, when its ongoing relevance should be reviewed.

One jurisdiction while supporting consideration of SPR as part of the Public Sector Financial Reporting Framework project, believes that the project should retain its current medium priority to ensure continued focus on this area.

Nature - Development of a Service Performance Reporting pronouncement suitable for the Australian context. There is currently no standard for service performance reporting for the NFP private and public sectors in Australia. Public sector entities are focused on the performance of the services they provide, including the connection between government policies and programs and the results and impacts achieved. Service performance information is important for users to understand management's stewardship of economic resources and for making decisions.

### Specific AASB staff questions

**Ongoing relevance** (e.g., considering jurisdictional public sector requirements are already in place, how relevant is it that the AASB develop SPR requirements?);

More outreach should be undertaken, including with preparers, regulators (such as treasuries and central agencies) and users of financial reports as part of the Public Sector Financial Reporting Framework project to understand their perspectives.

We note that the public sector already has forms of service performance reporting, albeit different in each jurisdiction.

Given there are existing reporting frameworks, jurisdictions are not likely to be supportive of any proposed standard. .

ACAG notes that public sector agencies publish (including in annual reports and on websites) a wide range of financial and non-financial measures that are commonly used to communicate government performance and financial sustainability. Some of these measures are mandated by government (i.e. the accounting parent).



One jurisdiction believes that the AASB should explore whether MPM-like transparency and comparability requirements should be applied to these disclosures.

ACAG agrees with the SPR Project Advisory Panel Insight 4 as reported in AASB November 2025 meeting agenda paper 11.1 “Service Performance Reporting - Insights from Targeted Stakeholder Outreach”:

58 A strong view was expressed that “... the public sector and NFP sector, while sharing some characteristics, are so different in terms of users and context that sector neutrality is likely to be an abstract goal that leads to impractical and potentially unworkable outcomes”. It was argued that the scope of the SPR project should be limited to private sector NFPs, with the public sector dealt with at a later stage, if needed. There was a sense that prescribed SPR already exists in the public sector, albeit differing across jurisdictions, and therefore the need is less urgent than in the private sector.

While noting:

60 The Panel did not identify any conceptual reasons for treating the two sectors and two tiers differently.

**Scope** (e.g., which public sector entities should apply SPR requirements (if any); should there be tiered or phased requirements, etc.)

ACAG believes that this is best left to regulators to determine the outcomes for each jurisdiction, which should be informed by the outcomes of the AASB’s outreach with preparers, regulators and users, as noted above.

**Approach** (e.g., further research required (such as user needs and accountability, comparison of current public sector requirements, need for common framework etc.), continue standard setting project for public and/or private sector, develop voluntary framework, discontinue project, etc.).

We refer to our comments above for outreach to preparers, regulators and users of the financial reports.

ACAG suggests that the AASB includes in its literature review the deficiencies identified by Auditors-General reports on service performance reporting, and consider whether such deficiencies have been rectified. For example, those prepared by the Auditors-General of Queensland (and a follow-up report) and Tasmania.

ACAG notes that the AASB research to date has not addressed, as per AASB November 2025 meeting agenda paper 11.3 “Service Performance Reporting - Project Update - Progress against the Project Plan”:

- Comparison and analysis of Australian state, territory and local government SPR frameworks.
- Update of current practice in the public sector.
- An investigation into whether there is any direct or indirect implementation experience with IPSASB RPG 3 Reporting Service Performance Information in private or public sectors in other jurisdictions.



## 8b. Conceptual Framework: Not-for-Profit Amendments

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

NFP public and private sector entities.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Apply the Conceptual Framework for Financial Reporting to NFP entities.

Urgency of the issue - High priority. The project is almost complete

### Commentary

The AASB should look to ways to have only one conceptual framework. The “Framework for the Preparation and Presentation of Financial Statements”, which currently applies to for-profit public sector entities and various entities preparing special purpose financial reports, does not seem to be needed.

ACAG notes there may be unintended consequences to preparers using the old conceptual framework with the impending issue by the IASB of its targeted improvements to the provisions standard (IAS 37) that is based on the new conceptual framework.

## 8c. Climate-related financial disclosure requirements for NFP public sector entities

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

NFP public sector entities.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Climate-related financial disclosure requirements for NFP public sector entities.

### Commentary - general

ACAG notes the current AASB research (referred to in AASB November 2025 meeting agenda paper 9.1 “Public Sector Climate Reporting - Preliminary findings and next steps”. Paper 9.2 was not made public):

- An analysis of the IPSASB public-sector-specific modifications and guidance to the IFRS S1 and IFRS S2 text – Expected June 2026 AASB meeting.
- A research report summarising the findings of the research work, with publication planned for H1 2026. The report will consolidate evidence on:
  - current climate-related reporting practices of Australian NFP public sector entities;
  - users and user needs of climate-related information; and
  - potential implications for the future application of AASB S2 in the public sector.

We cover the following topics below:

- Commentary – S2 requirements
- Commentary – Policy Programs



## Commentary – S2 requirements

ACAG notes the divergent approaches across jurisdictions as to the adoption of whole-of-economy (i.e. jurisdiction) vs whole-of-government (General Government Sector (GGS) and Total State Sector (TSS) reporting entities) climate-related reporting, and whether agency level reporting is required.

### Specific AASB staff questions

- which types of NFP public sector entities (if any) should be subject to some or all AASB S2 disclosure requirements;

ACAG believes that the regulators of individual jurisdictions should determine which entities should be subject to none, some or all S2 disclosure requirements, in line with what they consider as their jurisdictional needs.

- whether there are any other aspects of AASB S2 requiring public-sector-specific guidance, and the relative priority of public-sector-specific modification to AASB S2 compared with other public sector projects

ACAG agrees with the priority areas as identified by Treasury representatives in the AASB research reported at the AASB November 2025 meeting. In particular, they identified the following:

- “Entity’s prospects” terminology
- Materiality
- Proportionality and reduced disclosures:
- Scope 3 GHG emissions
- Cross-agency programs
- Financed emissions and insurance:

In relation to Scope 3 emissions reporting, ACAG continues to believe that Scope 3 should be voluntary until the AASB conducts a comprehensive analysis of the costs and benefits of these disclosures.

We note that many jurisdictions are already reporting whole-of-economy emissions, which incorporate Scope 3 type supply-chain concepts.

While we note that the IPSASB has made Scope 3 voluntary in their SRS 1 for the first three years, this still does not clarify the relevance of the disclosures, or how to apply the concept of value chain for public sector entities.

- whether any AASB S2 required disclosures could be provided less frequently than annually to address cost-benefit concerns;

This question is best answered by preparers, and the applicable jurisdiction regulators and any insights from the AASB’s research on user needs. For example, regulators may determine that scope 3 emissions are not required to be disclosed at the agencies or whole-of-government level; or only disclosed every X amount of years.

Comparability between reports and jurisdictions should be a factor in the analysis

### Priority

ACAG believes that this project could be increased from the current low priority to a medium priority, given the issues raised by Treasuries, and that some jurisdictions are moving to mandate S2 for WOG and some agency reporting. Some of the research that the AASB is undertaking on user needs for climate reporting information may also inform some of the aspects of the Public Sector Financial Reporting Framework project.

### Commentary – Policy Programs

#### Specific AASB staff questions

- whether the AASB should prescribe reporting requirements for climate-related policy programs, and the urgency of such work.

ACAG agrees, subject to the views of regulators, that the AASB should continue to monitor the IPSASB's Sustainability – Climate-related disclosures – Phase 2 project, as part of the AASB work plan to monitor IPSASB's developments.

- whether reporting on climate-related policy programs should be prepared at the program level, the WoG level, or agency level

This question is best answered by preparers, and the applicable jurisdiction regulators and any insights from the user needs research undertaken by the AASB. For example, regulators of jurisdictions with frequent machinery-of-government changes may determine that agency level reporting of policy programs is not meaningful, and only WOG disclosures will provide value for readers of the report.

ACAG notes above the issues raised by Treasury representatives in relation to S2 sustainability reporting on cross-agency programs when more than one agency is involved.

- whether climate-related policy programs should be reported within the annual report, and whether less frequent (than annual) reporting on these programs would be appropriate.

This question is best answered by preparers, and the applicable jurisdiction regulators and any insights from the user needs research undertaken by the AASB.

Matter 5: Insights on what information would be useful to improve the linkage between climate, financial and budget information.

This question is best answered by preparers, and the applicable jurisdiction regulators. Additionally, this will also be informed by the overall research and work undertaken by the AASB on the Public Sector Financial Reporting Framework project.

We recommend that consistency in language, measurement and metrics will help ensure that linkages are clear and reporting comparable.

Matter 6: Views on the urgency of developing nature-related risk and opportunity reporting requirements for NFP public sector entities.

Currently jurisdictions are focused on climate-reporting, with some entities within jurisdictions preparing climate-related financial disclosures and having these assured. We believe that the Public Sector Financial Reporting Framework project should be the focus and addressing issues in financial reporting before focusing on expanding sustainability reporting.

If a separate sustainability standards setting board is established under the proposed FRC / AASB / AUASB restructure, we believe that there should be no additional work on expanding sustainability reporting beyond monitoring the ISSB work until completion of the replaced AASB's Public Sector Financial Reporting Framework project.



## 8d. PIR of AASB 1059 *Service Concession Arrangements: Grantors*

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Public sector entities

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

ACAG agrees with the current high priority (per November 2025 AASB Action Alert) to address the most significant issues raised during the AASB 1059 PIR being those identified at the November 2025 AASB meeting including:

- the scope and asset control criteria in paragraphs 2 and 5 of AASB 1059 (including secondary assets)
- scoping into AASB 1059 arrangements where the operator does not provide the service concession asset (i.e. the operator operates and maintains the grantor's existing assets)
- the mandatory use of the cost approach to fair value in AASB 13 *Fair Value Measurement* to measure service concession assets (a specific override of IFRS standards introduced by the AASB)
- the requirement to recognise intangible assets (e.g. data assets) at fair value when there is no active market for the asset (a specific override of IFRS standards introduced by the AASB).

While not listed in the Action Alert, ACAG believes that the AASB should include clarifying which entity is the grantor when multiple public sector entities are involved in a service concession arrangement including the application of AASB 1050 (AASB November 2025 staff meeting paper 5.2 "Summary of main issues and staff preliminary views" Issue 6).

In addition to the above, the AASB should address as a high priority the requirement under AASB 1059 to recognise intangible assets (e.g. data assets), that would not otherwise be recognised under Australian accounting standards (a specific override of IFRS standards introduced by the AASB).

### Commentary

ACAG believes the other various matters identified in the PIR can be undertaken as a medium priority project. ACAG has previously recommended that the AASB avoid re-writing parts of the standard that could cause unintentional consequences requiring the standard to be applied afresh to all arrangements.

These matters include:

- accounting for additions made to the service concession asset by the operator during the service period, variable consideration and contract modifications.
- whether an arrangement can be accounted for as a service concession arrangement at a consolidated whole of government level, when this has not been accounted for as a service concession arrangement at the individual agency level
- residual interest
- applying the concept of implied funding costs
- lifecycle payments
- accounting for assets under construction
- upgrades, including linking to other service concession assets
- application issues with unwinding of GORTO liability
- partly regulated assets and the interpretation of the phrase 'whether 'enough of services' are regulated' and practical challenges associated with it.



## 8e. PIR of AASB 16 Leases: NFP and public sector entities

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Not-for-profit entities.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

### Specific AASB staff questions

#### 3.1 PIR of AASB 16 Leases

In addition to identifying areas where further guidance or examples could enhance clarity and promote more consistent application of AASB 16 in the public sector, ACAG's submission on ITC 55 noted that the implementation of AASB 16 in public sector agencies has presented numerous audit challenges, particularly regarding the completeness and accuracy of lease data, documentation of accounting judgments, and quality assurance processes.

Matter 1: Practical insights on how AASB 16 could be amended to better address these challenges, and views on the relative priority of any future AASB 16 standard-setting work compared with other public sector projects.

ACAG included in its submission on ITC55 public sector issues in relation to AASB 16 including:

- Interpretation of "insignificant penalty"
- Determining whether there is a lease and related lease term
- Implementation issues under a master / umbrella agreement for PPP arrangements
- Lessor accounting and non-cash consideration
- Perpetual leases / in-substance purchases (finance leases).

Urgency of the issue – ACAG believes that the priority of this project could be lowered from its current high priority to medium to allow the AASB to focus on higher priorities.

**Question 9. Are there any projects or ideas that are not currently on our Work Plan that you believe we should begin exploring??**

**For each of the projects identified below, please provide the following information:**

- **Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**
- **Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**
- **Supporting evidence — Are there any data, examples or research that support the importance of this topic?**

We consider below the following projects:

### Previous projects omitted from current plan

- 9a(i). Public Sector Financial Reporting Framework – Excluding Tier 3
- 9a(ii). Public Sector Financial Reporting Framework – Tier 3
- 9b. PIR of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and AASB 1055 *Budgetary Reporting* (in respect to WoG and GGS)
- 9c. PIR of Selected Public Sector Pronouncements including:
  - 9c(i) PIR AASB 1050 *Administered Items*
  - 9c(ii) PIR AASB 1051 *Land Under Roads*
  - 9c(iii) PIR AASB 1052 *Disaggregated Disclosures*
  - 9c(iv) PIR AASB 1004 *Contributions*
  - 9c(v) PIR Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.
- 9d. PIR AASB 1055 *Budget Reporting* (agencies)
- 9e. Review of AASB 15 and AASB 1058 for NFPs.
- 9f. Comparison of AASB and IPSASB
- 9g. Long-term discount rates to apply in measuring public sector liabilities

### Possible additional projects

- 10(a) A Conceptual Framework of principles to support sustainability reporting: Developing guiding principles for consistent, high-quality sustainability disclosures.
- 10(b) Accounting for interests in other entities: Considering how public sector entities report relationships with subsidiaries, joint ventures, and associates. [Seems to be next steps from ITC51 PIR of AASB 10, 11, 12]
- 10(c) Accounting for transfer expenses by a not-for-profit public sector entity: Developing accounting requirements on the recognition and measurement of expenses from the resource providers' perspective.
- 10(d) Australian-specific paragraphs included in Australian Accounting Standards: Reviewing whether Australia-specific additions to international standards are still relevant.
- 10(e) Digital financial reporting: Advancing the use of digital formats (like XBRL) to make financial reports machine-readable.
- 10(f) Ongoing relevance of certain domestic Australian Accounting Standards and Interpretations: Reviewing older Australian-specific Standards to see if they're still needed.

## 9a(i). Public Sector Financial Reporting Framework (Excluding Tier 3)

### Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?

Public sector entities.

### Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?

Nature of the issue - Understand the information needs of users of public sector entities. This information will help inform:

- the indicative level of reporting that is needed for each level of government. This may help jurisdictions find opportunities to reduce the reporting burden when setting the financial reporting framework
- whether any public sector amendments are required in other Australian Accounting Standards.

Urgency of the issue – High. ACAG has raised the issue of whether information is relevant to public sector users in a number of recent submissions. This includes ITC 55, ITC 56 and ED 338.

ACAG notes that in relation to the specific public sector PIRs the outreach that has already been undertaken by the AASB, that it was ready in May 2023 to issue an Invitation to Comment.



ACAG believes that the AASB can progress with many of the public sector PIRs either before, or during the Public Sector Financial Reporting Framework project.

## Commentary

### Specific AASB staff questions

Matter 3: Suggestions on the appropriate approach and timing for progressing the public sector financial reporting framework and the PIR of Selected Public Sector Pronouncements projects.

As noted above, ACAG believes this should be a high priority project.

ACAG suggests that as part of its further research focus on user needs, the AASB uses the work the IPSASB has done with their recent conceptual framework updates. The IPSASB conceptual framework is similar to the current Australian framework, and the IPSASB is also aligned with IFRS Accounting Standards.

ACAG notes the CPA Australia research on the insights from stakeholders of annual reports of Australian public sector organisations. The purpose of that report was to examine how:

- public sector organisations across the three levels of government use the annual report, including the financial statements, to show they are accountable,
- the information in the annual report of public sector organisations across the three levels of government, including the financial statements, is used by external stakeholders to:
  - hold management and those charged with governance accountable in the discharge of their duties,
  - assess management's and those charged with governance stewardship of the resources of the organisation, and
  - make other decisions.

Source:

Jubb, C., Muir, J., Pathirana, N. and Shying, M., 2022. Annual Reports of Australian Public Sector Organisations – Insights from stakeholders, CPA Australia

<https://www.cpaaustralia.com.au/-/media/project/cpa/corporate/documents/tools-and-resources/financial-reporting/reporting-research-initiatives/annual-reports-of-australian-public-sector-organisations.pdf>

The report received responses from the following categories of user:

- Audit Committee member
- Councillor
- Media
- Member of the public
- Monitor
- Parliamentarian
- Report preparer

We believe that there is existing research and outreach available for the AASB to build on, including its research report number 6 and the related discussion paper released in 2018.



### **9a(ii). Public Sector Financial Reporting Framework (Tier 3)**

Urgency of the issue – As noted below, ACAG recommends including these issues in the Public Sector Financial Reporting Framework project. Otherwise, the priority should be low.

#### **Specific AASB staff questions (23 February 2026)**

- (a) Views on whether the appropriateness of Tier 1 and Tier 2 GPFS reporting requirements for public sector entities should be reassessed, and, if so, the level of urgency for undertaking this work.**

We recommend that the appropriateness of Tier 1 and Tier 2 (after updates arising from ITC56) be included in the Public Sector Financial Reporting Framework project. Also, the AASB should discuss with preparers and regulators what can be achieved with the existing Tier 2 framework and the appropriate application of materiality to achieve focussed financial reporting.

Similar to the AASB not pursuing a cut-down disclosure framework (and same recognition and measurement framework) for the private not-for-profit sector, ACAG does not believe that such a framework would meet the cost vs benefits test for the public sector.

In particular, there is no existing framework to determine Tier 3 disclosures using the same recognition and measurement framework. The upcoming private-sector Tier 3 disclosures are based on different recognition and measurement requirements.

- (b) In respect to a potential Tier 3 framework for public sector entities, views on:**

- (i) the eligibility for Tier 3 reporting – the types of entities that should be permitted to apply Tier 3 reporting requirements, and the criteria that should be used to determine eligibility for Tier 3;**

This is best answered by preparers, regulators and users in the Public Sector Financial Reporting Framework project.

ACAG view is that there is only likely to be a small number of entities that will benefit from Tier 3 compared to special purpose financial reports.

- (ii) expected application – an estimate of the number of entities in each jurisdiction likely to apply Tier 3 reporting requirements; and**

The answer to this question will depend on the broader work as part of the Public Sector Financial Reporting Framework project. Having said that, some jurisdictions are of the view that the number of entities that might adopt Tier 3 will depend on whether the same recognition and measurement requirements as Tier 1 and Tier 2 are adopted, or whether different requirements (for example, expansion of the NFP Tier 3) are used.

These jurisdictions believe that the numbers would be small. As noted in our submission on ITC 56, some jurisdictions have limited the adoption of Tier 2 to a very small number of entities.

If Tier 3 involved different recognition and measurement criteria, the likely numbers are expected to be small. For example, in Queensland where approximately 70 local government-controlled entities are audited, the likely entities to adopt Tier 3 would be those currently not consolidated by the parent council. Even then, there is likely to be resistance to a different measurement framework, as the resources for preparing the statutory financial reports are often from the parent council, that would be familiar with the Tier 1 and Tier 2 requirements. Other jurisdictions have minimal (or nil) local government-controlled entities.

(iii) **the design of the Tier 3 framework, including:**

- **whether Tier 3 should retain the same recognition and measurement requirements as Tier 1 and Tier 2 GPFS;**

Subject to the outcomes of the broader research as part of the Public Sector Financial Reporting Framework project, at this stage it appears that a Tier 3 based on different recognition and measurement criteria is unlikely to be useful for entities that are consolidated into a public sector entity reporting under Tier 1 or Tier 2.

- Consequently, such a Tier 3 would likely only be useful for entities that are not consolidated based on materiality.
- As noted above, Queensland where approximately 70 local government-controlled entities are audited, is likely to have the most entities eligible for possible use. Though as noted, demand is likely to be low.
- If a Tier 3 were to be considered for the public sector, the easiest approach is likely to be the expansion of the private NFP sector Tier 3. This should be considered as part of the Public Sector Financial Reporting Framework project.
- **which specific Tier 2 disclosures could be omitted for Tier 3; and**

This is best answered by preparers, regulators and users in the Public Sector Financial Reporting Framework project.

- **whether additional information should be required to meet user needs (e.g. budget variance reporting).**

This is best answered by preparers, regulators and users in the Public Sector Financial Reporting Framework project, including discussion on the existing Tier 2 framework and the appropriate application of materiality.

**9b. PIR of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and AASB 1055 *Budgetary Reporting* (in respect to WoG and GGS)**

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Public sector - general government sector and whole-of-government.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Various issues raised in the Post-Implementation Review of AASB 1049 (2021).

**Commentary**

ACAG agrees with the decisions of the AASB at its August 2025 meeting to address the issues:

- with an exposure draft on addressing AASB 18 issues
- by addressing GFS issues with the IMF update
- by linking other issues to other PIRs where relevant
- with the items identified for no further action

The proposed changes under ED 338 addressing AASB 18 issues with AASB 1049 should retain its current high priority in order to meet the 1 January 2028 deadline.

The issues linked to other PIRs should have the respective PIR priority.

### 9c(i) PIR AASB 1050 *Administered Items*

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Public sector entities

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Nature of the issue - A key issue faced by the NFP public sector is the application of the principal versus agent concepts when applying AASB 1050 *Administered items*. The AASB carried forward the differentiation in accounting treatment of administered items of government departments from AAS 29 *Financial Reporting by Government Departments*, which was only meant to be a short-term measure. The lack of guidance and the extent of judgment required in applying AASB 1050 leads to challenges in its consistent application by government entities.

There is a need to reconsider:

- the scope of AASB 1050 as this does not reflect government structures where agencies other than departments manage administered items on behalf of the government, for example in NSW, Treasury mandates the application of AASB 1050 to all general government sector entities.
- giving the disclosure of administered items more prominence in the financial statements where appropriate, rather than give an unrestricted choice.

There are inconsistencies in how administered items are currently disclosed across different jurisdictions and between entities within the same jurisdiction. For example:

- whether administered items are presented as similar to primary financial statements or as note disclosure, particularly where administered activities are more significant than controlled activities. In some jurisdictions in such circumstances the administered items are presented as full primary financial statements (in the notes) , whereas in other jurisdictions, administered items are only included as note disclosures.
- the level of detail included within the administered items disclosures varies. Some entities apply and disclose accounting policies and relevant disclosures that are consistent with those applied to controlled items, while others do not always disclose the accounting policies used and relevant disclosures. In one jurisdiction, discussions have arisen between an agency and its auditor about whether the disclosure requirements in other standards apply to material administered items, such as AASB 119 when an agency administers the Crown's total unfunded superannuation liability. Auditors have challenges in requesting additional disclosures for what are considered material administered items, when such items are not part of the primary financial statements.

ACAG believes that additional guidance on minimum disclosure requirements for administered items would help improve consistency and comparability across jurisdictions and entities.



It would also be beneficial to include guidance on:

- key criteria for 'controlled' or 'administered', including how these terms link to an entity's potential role as merely an 'agent' responsible for administering items on behalf of the government
- controlled versus administered for grants programs. While the guidance in AASB 15 is useful in determining principal versus agent it is very private sector focused. For NFP entities, one of the main areas of difficulty in classification is the provision of funding for grants and loan programs (including transfer payments). These programs involve difficulties as there is often little discretion in making the transfer, if the recipient meets the eligibility criterion (indicating agent), while the program manager being responsible for the program and any failures (indicating principal). Another difficulty is that the guidance in AASB 15 and AASB 1058 indicates that performance obligations to deliver cash are within the scope of AASB 9, an issue ACAG raised concerns about in our submission on Exposure Draft 318 *Illustrative Examples for Income of Not-for-Profit Entities and Right-of-Use Assets arising under Concessionary Leases*.
- the disclosure requirements when more than one agency may administer the item.

Urgency of the issue – Medium. ACAG believes that the AASB can progress with this project given the outreach that has been undertaken by the AASB and given the May 2023 intention to issue an Invitation to Comment. Those issues should be updated for the issues described above. ACAG believes that this project can be progressed before, or during, the initial work of the Public Sector Financial Reporting Framework, and other projects. ACAG believes that some of the issues above, should also be considered in the Public Sector Financial Reporting Framework project.

### **9c(ii) PIR AASB 1051 *Land Under Roads***

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Public sector entities (local governments, government departments, General Government Sectors (GGSs) and Whole of Governments).

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

ACAG believes that the topic of the usefulness of valuations of land under roads should be a low priority, commenced after the relevance of the valuations are considered in the Public Sector Financial Reporting Framework project.

### **9c(iii) PIR AASB 1052 *Disaggregated Disclosures***

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Public sector entities (departments and local government entities).

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

ACAG believes that the topic of the usefulness of disaggregated disclosures should be a low priority, commenced after the relevance of the disclosures are considered in the Public Sector Financial Reporting Framework project.



### **9c(iv) PIR AASB 1004 Contributions**

#### **Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Local governments, government departments, other government controlled not-for-profit entities and whole of governments.

#### **Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Urgency of the issue – Medium. ACAG believes that the AASB can quickly progress with this project given the outreach that has been undertaken by the AASB and given the May 2023 intention to issue an Invitation to Comment. ACAG believes that this project can be progressed before, or during, the initial work of the Public Sector Financial Reporting Framework project.

### **9c(v) PIR Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.**

#### **Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

All public sector entities preparing GPFS.

#### **Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Issues include Machinery of Government changes and restructures of administrative arrangements and equity allocations (i.e. freezing of asset revaluation reserve). The private sector, and IPSAS 40 allow the asset revaluation (and other reserves) to be transferred / rolled-over to the new entity using business combinations under common control (BCUCC) accounting.

It is also common to have differences in balances between the transferor and transferee, from changed circumstances (e.g. different employee leave policies) and different valuation approaches (cost vs fair value, NPV vs replacement cost, different current use expectations).

Urgency of the issue – Medium. ACAG believes that the AASB can progress with this project given the outreach that has been undertaken by the AASB and given the May 2023 intention to issue an Invitation to Comment. ACAG believes that this project can be progressed before, or during, the initial work of the Public Sector Financial Reporting Framework project.

### **9d. PIR AASB 1055 Budget Reporting (agencies)**

#### **Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Public sector entities. The CPA Australia research on public sector annual reports stakeholders found that all interviewees felt budget information was important to better understand entities' planned activities and their execution. However, the report noted that the inclusion of budget information in annual reports varied, meaning that actual figures could not always be compared with budget.

- Councillors noted that budget information was available online but not in annual reports, so there was no comparison with budget.
- Media representatives consider budget information and the ability to compare what was announced with how it was implemented as fundamental to the principle of accountability.
- Members of the public indicated budget figures were not included in annual reports but felt they should be so they could use the annual report to assess value for money.



- Parliamentarians argued that budget information is very important as it can be used to reflect on and ask important questions about how performance compares with expectation.
- Report preparers noted that budget figures were important to communicate to stakeholders but are required by legislation in only some jurisdictions.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

In our submission on the FRC PIR of AASB 1055 for whole of government reporting, we stated that while the AASB 1055 budgetary information in relation to the Operating Statement is considered useful, there is merit in considering whether the budgetary reporting relating to the Balance Sheet should only focus on items like capital expenditure, borrowings and unusual or particularly significant items. Additionally, in ACAG's view, budgetary information on the Statement of Cash Flows provides little relevant information.

These suggestions were included in the FRC PIR on AASB 1049 and AASB 1055 (WOG). The suggestions are also relevant for non-WOG AASB 1055 reporting.

ACAG believes that any changes to reduce costs for WOG budget reporting should be made at the same time for agency budgetary reporting.

Additional implementation challenges with AASB 1055, particularly those prepared at an agency or department level, include the budget not being prepared on a like-for-like basis as for accounting, such as the budget being prepared for a different group that is different from the reporting entity. For example, the budget is prepared on a portfolio approach including a department and other statutory bodies not controlled by the department. In practice, a jurisdiction may not prepare a comparison between budgetary and actual information or may prepare a comparison between budgetary and actual and include the information in the unaudited notes.

Based on ACAG's experience, the quality of budgetary reporting disclosures requires improvement. Explanations (variance analyses) are often brief and do not fully explain the driver(s)/source of the variation from the budget.

Other issues:

- Duplication of existing accountability to parliament and additional cost

Many jurisdictions already have a process of budget vs actual being reported to parliament as part of the budgetary process. For example, in Queensland it is the Service Delivery Statements that are tabled with the budget, normally in May / June after the federal budget.

It is noted that the accounting standard disclosures relate to the whole financial year, including events occurring in May and June, and the variances are audited.

- Lack of consistency – Departments

The budget comparisons for administered items are inconsistent amongst departments across jurisdictions. This appears partly because the administered budget group is different to the accounting group, and some jurisdictions not preparing all primary financial statements for the budget.

In some cases, similar departments across some jurisdictions did not report administered items while other jurisdictions did, without obvious reasons.

- Lack of consistency – Statutory bodies

Similarly, there are inconsistent disclosures for similar statutory bodies across jurisdictions.



Urgency of the issue – Medium. ACAG believes that the AASB can quickly progress with this project given the outreach that has been undertaken by the AASB (and FRC) and given the May 2023 intention to issue an Invitation to Comment. Those issues should be updated for the issues described above. ACAG believes that this project can be progressed before, or during, the initial work of the Public Sector Financial Reporting Framework project. ACAG believes that some of the issues above, should also be considered in the Public Sector Financial Reporting Framework project.

## 9e. Review of AASB 15 and AASB 1058 for NFPs.

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Not-for-profit entities.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Nature of the issue - There were issues raised by stakeholders in the ITC50 PIR which have not been addressed by the AASB. For a number of these the Board indicated further work would be performed. These include:

- sufficiently specific and deferral / matching – including review of IPSAS 47
- grants received in arrears – including review of IPSAS 41 and IPSAS 47
- statutory receivables (subsequent measurement) – including review of IPSAS 41 and IPSAS 47.

Urgency of the issue - This is a longer-term project and should only commence once there is sufficient implementation of the standard by individual agencies.

ACAG notes that the IPSASB is proposing that their PIRs commence at least 5 years after commencement of the standard (per IPSASB work program 2024-28 consultation). This would be after 1 January 2031.

ACAG also notes that if New Zealand adopts IPSAS 47, this will provide implementation experience by individual public sector agencies. As the intended commencement date is planned to be 1 January 2029, and therefore a post-implementation review would be unlikely to commence before 1 January 2031.

Urgency of the issue – Based on the expected timing above, where practical implementation experience is not expected until 2031, this should be a low priority over the 2027-2031 agenda consultation period and reviewed for the next agenda consultation.

### **Commentary – sufficiently specific and deferral / matching**

We note from the AASB Feedback Statement on ITC50 *PIR for Income of Not-for-Profit Entities* (NFP amendments to AASB 15 and AASB 1058) that:

- ‘Sufficiently specific’ was an unclear concept - Many stakeholders raised concerns about the lack of clarity on the ‘sufficiently specific’ concept. They find it difficult to interpret and apply, leading to inconsistencies and confusion in practice.
- Some stakeholders suggested the matching concept for income recognition would provide more useful information and would be consistent with the requirements for the private sector.
- The AASB stated its intention to consider IPSAS 47 *Revenue* (May 2023), which was issued after the review commenced. IPSAS 47 commenced 1 January 2026.



- The AASB noted that “many stakeholders indicated that significant costs have already been incurred implementing the Standards and any changes to the Standards might outweigh the benefits”.

ACAG believes that IPSAS 47, with its wider definition of performance obligation (under the compliance obligation concept) may reduce the judgement required, a “key concern raised by most stakeholders” and would also allow a greater scope for deferral of revenue.

However, ACAG notes that IPSAS 47 defines ‘capital transfers’ (capital grants) and recognises them as construction occurs (like AASB 1058), an approach that results in the distorting of financial results, and does not align with ‘matching’ (of revenue from the grant against the related depreciation expense) expectations of stakeholders.

ACAG also notes that IPSAS 47 has an apparent inconsistency where capital transfers (grants) to acquire or construct an asset are recognised upfront as construction occurs, while a grant of already constructed PPE may be recognised over time (IPSAS 47 Example 52).

### **Commentary – Grants received in arrears**

We note that in the ITC50 Feedback Statement that the AASB stated its intention to undertake a benchmarking comparison of AASB 9 and IPSAS 41 for any useful guidance to address the subsequent measurement of statutory receivables (and implicitly grants received in arrears) (refer below).

ACAG believes that IPSAS 47 may provide useful accounting requirements for grants received in arrears. IPSAS 47 includes ‘binding arrangements’ which not only covers rights and obligations in relation to performance obligations (equivalent to AASB 15), but other rights and obligations.

Consequently, IPSAS 47 covers rights and obligations under binding arrangements (such as grants) without sufficiently specific performance obligations. IPSAS 47 has specific recognition provisions for a ‘binding arrangement asset’ (IPSAS 47 definitions, paragraph 164) that would appear to include grants received in arrears.

Those provisions require that IPSAS 41 be applied by analogy.

ACAG believes that to resolve the issue of grants in arrears, such as by requiring the application of AASB 9 by analogy, an Australian standard is needed equivalent to IPSAS 47 that deals with binding arrangements with rights and obligations beyond AASB 15 performance obligations. That does not stop entities choosing a voluntary accounting policy to apply AASB 9 by analogy, given the current lack of an Australian standard on that topic.

ACAG recommends that this issue be considered at the same time as ‘sufficiently specific’ is addressed.

### **Commentary – Statutory receivable.**

We note that in the ITC50 Feedback Statement that the AASB stated its intention to undertake a benchmarking comparison of AASB 9 and IPSAS 41 (including after the recent IPSASB Public Sector Specific Financial Instruments project) for any useful guidance to address the subsequent measurement of statutory receivables.



ACAG does not believe that the IPSASB Public Sector Specific Financial Instruments project will provide useful guidance, as the 2020 amendments covered:

- monetary gold
- currency in circulation
- International Monetary Fund (IMF) quota subscriptions
- Special Drawing Rights (SDRs).

ACAG believes that as IPSAS 47 covers statutory arrangements as binding arrangements, and has provisions relating to a 'binding arrangement asset', that it covers statutory receivables. It appears that it is IPSAS 47 that requires non-contractual receivables to be recognised by analogy under IPSAS 41, rather than specific amendments to IPSAS 41 (IPSAS 47 paragraph 31, Implementation Guidance F.1 Subsequent Measurement for Non-Contractual Receivables, BC105-BC108).

ACAG recommends that this issue be considered at the same time as 'sufficiently specific' and 'grants received in arrears' is addressed.

## 9f. Comparison of AASB and IPSASB standards

### **Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

NFP public sector entities.

### **Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

The past project assessed IPSASB pronouncements against Australian standards in accordance with the AASB's Approach to International Public Sector Accounting Standards.

ACAG believes that the AASB should not undertake an updated detailed comparison of AASB to IPSASB pronouncements, on a standard-by-standard basis, as it would not provide additional useful information to the previous comparison.

The previous study identified the benefits of the current AASB approach of sector neutral standards (allowing easy movement of staff between public and private sectors and vice versa), and new standards (like revenue and leases) commencing in Australia to the public and private sectors at, or near, the same time.

The previous comparison did identify that there may be useful guidance in public sector standards (e.g. for concessionary loans, and public sector specific illustrative examples). These could be followed-up on a high-level basis, without repeating the detailed standard-by-standard comparison.

Any new comparison is likely to involve documenting many known differences arising from the introduction of IPSAS 46 *Measurement* and IPSAS 47 *Revenue*. Identifying such differences, and their effect, standard-by-standard is not likely to provide any additional useful information.



We recommend that the AASB:

- Not commence a detailed standard-by-standard comparison project similar to the previous project, given the outcomes of the previous project.
- In line with our recommendations above:
  - assess the potential use of IPSAS 47 in Australia relating to NFP income recognition
  - assess provisions in IPSAS 40 in relation to the transfer of equity components for businesses under common control in the PIR for Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.
- Consider a low priority project, based on the previous standard-by-standard comparison to improve examples and guidance.
- Consider a low priority project, based on a high-level review of new IPSAS standards issued since the last comparison, that might be useful for existing standards. This would include a review of IPSAS 41, for example concessionary loan guidance. This would not likely include IPSAS 43 *Leases*, as the IPSAS uses a strict contract definition, rather than the Australian binding agreement approach. Similarly, IPSAS 46 *Measurement* is unlikely to be helpful given the IPSASB's introduction of their Current Operational Value concept.

## 9g. Long-term discount rates to apply in measuring public sector liabilities

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Public sector entities

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Consider the effect of the volatility of discount rates for public sector reporting, including defined benefit funds.

FRAC members have not identified any significant concerns in these areas that would warrant specific public sector provisions. Consequently, if this project was to commence, it should be given a low priority after the Public Sector Financial Reporting Framework project has been completed.

## 10(a) A Conceptual Framework of principles to support sustainability reporting: Developing guiding principles for consistent, high-quality sustainability disclosures.

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

All sectors

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

ACAG believes that the AASB should not start its own project on this topic. ACAG believes that the AASB's current plan to monitor ISSB and IPSASB projects, and our recommendation to undertake the Public Sector Financial Reporting Framework project will be sufficient.



## **10(b) Accounting for interests in other entities**

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Public sector entities.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

### **Commentary**

ACAG raised various issues in our response to ITC51 and AASB staff follow-up, including:

- Control assessment of charitable foundations and fundraising arms, especially where the potential controlling entity does not have voting power (and/or ability to amend that voting power).
- Assessing variable returns in respect of similar/congruent objectives and non-financial returns or furthering the objectives of the investor and achieving social policy objectives.
- Assessing control when State or local government body initiates the establishment of the entity, and wish to stay 'involved'. Being involved often involves some sort of review or approval of budgets and plans.

Urgency of the issue – Low.

## **10(c) Accounting for transfer expenses by a not-for-profit public sector entity**

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Public sector entities.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Nature - Developing accounting requirements on the recognition and measurement of expenses from the resource providers' perspective.

### **Commentary**

ACAG does not believe that there is a clear need for accounting similar to IPSAS 48, being recognition of transfer right assets, representing unspent monies already transferred to funding recipients.

Any consideration of starting a project, should be a low priority after the completion of the Public Sector Financial Reporting Framework project.

## **10(d) Australian-specific paragraphs included in Australian Accounting Standards**

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

Not-for-profit and public sectors.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Reviewing whether Australia-specific additions to international standards are still relevant



## Commentary

ACAG noted above for project 8d. PIR of AASB 1059 Service Concession Arrangements: Grantors that the AASB should address the following Australian specific paragraphs that override IFRS standards:

- the mandatory use of the cost approach to fair value in AASB 13 *Fair Value Measurement* to measure service concession assets
- the requirement to recognise intangible assets (e.g. data assets), that would not otherwise be recognised under Australian accounting standards
- the requirement to then measure those intangible assets (e.g. data assets) at fair value when there is no active market for the asset.

ACAG is not aware of any other specific issues with the Australian paragraphs that currently exist, and does not believe that the project should be added to the AASB's agenda.

## 10(e) Digital financial reporting

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

All sectors.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Advancing the use of digital formats (like XBRL) to make financial reports machine-readable

## Commentary

This project is not a priority for the public sector and should be considered as part of Public Sector Financial Reporting Framework project.

While the Productivity Commission report focused on private sector disclosing entities (mainly listed entities) for digital financial reporting, the technology could be used by the public sector once implemented for the private sector.

We acknowledge that even though the public sector could use the private sector “taxonomy” as a base, there would need to be NFP and public sector modifications to cater for differences in accounting.

## 10(f) Ongoing relevance of certain domestic Australian Accounting Standards and Interpretations

**Sector relevance — Does the topic affect for-profit, public sector or not-for-profit entities?**

All sectors.

**Nature and urgency of the issue — What specific problems should the AASB address in relation to this topic? In your view, how urgent, pervasive and prevalent are these issues?**

Reviewing older Australian-specific Standards to see if they're still needed.



### Commentary

ACAG is not aware of any specific issues with domestic Australian standards and interpretations (other than the PIR for the public sector issues discussed above) and does not believe that the project should be added to the AASB's agenda.

### 10(g) Other projects

The following projects were suggested by individual jurisdictions, with no consensus from ACAG as to priority:

Artificial Intelligence in external reporting	Investigating how Artificial Intelligence affects financial reporting, including automation, assurance and ethics.
Implementation support for AASB 18 Presentation and Disclosure in Financial Statements	Supporting stakeholders in applying the new Standard
The understandability of Australian Accounting Standards and Australian Sustainability Reporting Standards	Investigating whether the AASB's Standards can be made easier to read, apply and explain