



03 February 2017

Kris Peach  
Chair  
Australian Accounting Standards Board  
Podium Level, Level 14, 530 Collins Street  
Melbourne, VIC 3000  
Australia

**CPA Australia Ltd**  
ABN 64 008 392 452  
Level 20, 28 Freshwater Place  
Southbank VIC 3006  
Australia  
GPO Box 2820  
Melbourne VIC 3001  
Australia  
**Phone** 1300 737 373  
**Outside Aust** +613 9606 9677  
**Website** [cpaaustralia.com.au](http://cpaaustralia.com.au)

Online submission: [www.aasb.gov.au](http://www.aasb.gov.au)

Dear Kris

**TENTATIVE AGENDA DECISION: Materiality of Key Management Personnel Related Party Transactions for Public Sector Entities**

CPA Australia welcomes the opportunity to respond to the above Consultation. CPA Australia represents the diverse interests of more than 155,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia welcomes AASB's consideration of whether certain key management personnel related party transactions are always material for disclosure. We broadly support the AASB's tentative agenda decision that the requirements in Australian Accounting Standards adequately address the issue. However, we believe additional clarification on the matters set out below will complement existing guidance in assisting with the determination of related party disclosures by public sector entities:

- The staff paper that introduced this topic to the AASB's December 2016 meeting states that the issue has arisen because the definition of close family members could also capture all adult children regardless of dependence. We suggest this issue is highlighted in the agenda decision to provide readers a more comprehensive understanding of the reasons for the AASB's deliberations over this matter.
- The tentative agenda decision highlights that both income received (such as rates and taxes) and expenses incurred (such as grants distributed) transacted in the normal public service provider/taxpayer relationship may not be material for disclosure. Paragraph IG11 of AASB 124 *Related Party Disclosures* currently only refers to income received and does not refer to expenses incurred. We suggest paragraph IG11 is amended, and an example is added to the guidance accompanying AASB 124 to address this.

If you require further information on any of our views expressed in this submission, please contact Ram Subramanian, Policy Adviser – Reporting, CPA Australia by email at [ram.subramanian@cpaaustralia.com.au](mailto:ram.subramanian@cpaaustralia.com.au) or on (03) 9606 9755.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Eva Tsahuridu'.

Dr Eva Tsahuridu  
**Manager – Accounting Policy**