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Dr Keith Kendall
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 9007

Our ref Submission - ITC 57
Contact Heng, Kim (+61 2 9455 9120)

24 March 2026

Dear Dr Kendall,

Invitation to Comment (ITC) 57 - AASB 2027–2031 Agenda Consultation

KPMG Australia (KPMG) is pleased to have the opportunity to respond to *ITC 57 AASB 2027–2031 Agenda Consultation*.

We support the AASB's objective to prioritise projects that improve the usefulness of information for users while reducing preparer cost and complexity and maintaining relevance, practicality and international alignment in financial and sustainability reporting.

Overall, we support the AASB's active projects and the planned completion of high-priority items by mid-2026. In light of resource constraints, in the 2027-2031 period, we encourage the Board to continue focusing its efforts on projects with the greatest expected benefit for Australian preparers and users.

We recognise that given Australia's alignment with IFRS Accounting and Sustainability Standards, the AASB will continue its engagement with the International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB) to help shape the development of international accounting and sustainability standards so they remain appropriate for the Australian reporting context. We consider this to be the highest priority in the AASB's work plan and resource allocation.

Further, we suggest the AASB explore emerging and crosscutting topics such as audit fee disclosure transparency, the transition to digital financial reporting, the implications of AI for external reporting, and the continued relevance of Australian specific additions and legacy domestic Standards and Interpretations.

Although not specifically addressed in this ITC we acknowledge the Australian Government's recent developments regarding the consolidation of standard setting bodies including the AASB. Our responses to this ITC assumes that the AASB's functions will continue under the new framework in some form, for both accounting and sustainability standards. We emphasise the importance of focusing on the existing and continuing Work Plan of the AASB as the integration of the standard setters occurs.

Detailed responses to the questions in this ITC are provided in the appendix to this letter.



We would be pleased to discuss our comments with members of the AASB or its staff. If you wish to do so, please contact Julie Locke on (02) 6248 1190, or myself on (02) 9455 9120.

Yours sincerely

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

Kim Heng
Partner
KPMG Australia

Appendix

Which projects do you think we should continue prioritising?

We understand the high priority projects on the AASB's Work Plan are scheduled for completion by mid-2026 and are supportive of this timeline.

In the forward-looking 2027-2031 period, we recommend the AASB continue to prioritise the high and medium priority projects particularly post-implementation reviews with significant preparer or user impacts. We also support targeted implementation support for climate-related disclosures. As sustainability reporting remains a major challenge for the reporting community ongoing implementation support should remain a key focus of the AASB's Work Plan.

International Accounting Standards Board (IASB) monitoring and support

Given Australia's alignment with IFRS Accounting and Sustainability Standards, the AASB's continued engagement with the IASB and ISSB to help shape the development of international accounting and sustainability standards so they remain appropriate for the Australian reporting context is critical to Australia maintaining its relevance in global capital markets.

We support the Board's *Monitoring projects* as outlined in the AASB Work Plan.

Are there any projects currently on our Work Plan that you believe should be discontinued?

We recommend the Board consider if there are any lower yield projects where international work is still emerging or duplicative, or where domestic benefits do not justify the effort.

The AASB has been working on the service performance reporting project since 2015 having gone through exposure draft, consultations and research phases, yet still the project remains ongoing. We understand the AASB discussed insights from targeted outreach during the November 2025 AASB meeting and whether the project remains fit for purpose.

This project has been ongoing for some time without clear stakeholder consensus, and there appears to be a strong divergence of views between the public and private not-for-profit sectors. Given public sector entities have long prepared service performance information the relevance of this project remains unclear. Considering increasing external reporting demands and the AASB's limited resources, we recommend reassessing the continuation of this project based on a cost-benefit analysis.

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

The following topics which are currently not on the AASB Work Plan should be considered.

Audit fee disclosures

Assess whether greater transparency is required regarding disclosure of audit and non-audit service fees required by AASB 1054 *Australian Additional Disclosures* and AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

Changes in auditor independence obligations relating to acceptable engagements and related fee levels, and the commencement of mandatory sustainability assurance requirements, raise questions about whether the existing disclosures remain fit for purpose. Non-authoritative sources encourage entities to disclose assurance fees separately from non-assurance fees and to further distinguish between regulatory assurance services and other assurance services. We encourage the Board to explore the disclosure requirements, in particular for Tier 1 reporting entities, as enhanced audit fee disclosures would strengthen transparency, consistency and comparability.

Digital financial reporting

There is increasing momentum toward mandating digital financial reporting in Australia, aligned with broader government initiatives including those linked to the Productivity Commission. We acknowledge that digital reporting does not necessarily sit within the AASB's direct remit, however, the AASB is perceived to have an influence or role in any mandatory application of digital reporting relating to both financial and sustainability reporting in Australia. We recommend the AASB advocate to regulators for the mandating of digital financial reporting. Further, as the standard-setting body we recommend that the AASB develop and consider a formal work plan to support the implementation of mandatory digital financial reporting. This should include consideration of whether ASIC's IFRS AU Taxonomy will be incorporated into Australian Accounting Standards and clarification of responsibility for its ongoing maintenance including updates for new standards.

Artificial Intelligence (AI) in external reporting

We recommend the AASB undertake a research project to assess the impact of AI on financial reporting including implications for automation. This should include a conceptual assessment of how IFRS-based standards apply to AI-related assets, valuation methods, risks and business models and identify any areas requiring clarification or referral to the IASB. More broadly, the AASB should monitor and analyse the impact of AI on financial reporting practices and consider how AI may enhance the accessibility and usability of its standards and guidance.