

24 April 2026

Dr Keith Kendall  
Chair  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West  
VIC 8007 Australia

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**Re: ITC 57 AASB 2027–2031 Agenda Consultation**

Dear Keith,

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to provide input into the *AASB 2027–2031 Agenda Consultation*. HoTARAC is an intergovernmental committee that advises Australian Heads of Treasuries on accounting and reporting issues. The Committee comprises senior accounting policy representatives from all Australian states and territories, and the Australian Government.

HoTARAC expects that projects and priorities will evolve over the four years covered by the AASB Work Plan. In this letter, we have indicated where a project is important, but will require sufficient lead time for research and engagement. For example, a third-tier public sector reporting framework.

**AASB 18**

We agree that the application of AASB 18 by superannuation and public sector entities is a high short-term priority. For-profit public sector entities will adopt AASB 18 from 2027-28 financial years and will need to make any system adjustments in advance. Not-for-profit entities will follow in 2028-29. Differences in presentation between for-profit and not-for-profit entities will require careful consideration for whole-of-government consolidations and publication of consolidated financial statements for each government sector.

**AASB 1060**

Consideration of changes to AASB 1060 as a result of AASB 18 should be a priority. Consistency between the primary statements in AASB 1060 and AASB 18 makes more sense for users of financial statements and will avoid unnecessary adjustments during consolidation.

## **AASB 1059**

Amendments to AASB 1059 following the post-implementation review are a high priority for HoTARAC jurisdictions with significant service concession arrangements. The standard broadly achieves its objectives. However, some requirements of AASB 1059 are difficult to apply in practice. HoTARAC has previously recommended the AASB consider amendments to certain requirements and additional application guidance for other requirements. Given the range of public-private partnerships, the exercise of professional judgement will always be particularly necessary when applying AASB 1059. Therefore, we also recommend the AASB consider providing more guidance on the conceptual principles and objectives of the standard. For example, the concept of 'on behalf of'.

The post-implementation review identified several complex issues with AASB 1059. Therefore, HoTARAC acknowledges it will require time and resources to consider these and recommends the AASB continues to engage directly with preparers and auditors to further understand the application and audit challenges.

## **Climate-related financial disclosures**

Guidance and amendments on the application of AASB S2 *Climate-related Financial Disclosures* to the not-for-profit public sector should be a high priority. Several jurisdictions have introduced reporting frameworks based on AASB S2 for public sector entities. The resources and effort to report under AASB S2 are considerable and certain features of AASB S2 are difficult to interpret in a public sector context. These public sector specific challenges include proportionality, cross industry metrics, climate resilience, and defining the boundary for scope 3 emissions

HoTARAC recommends that climate reporting beyond the application of AASB S2 should be a lower priority. This includes standard setting on the impacts of an entity's climate risks and opportunities on external parties. For example, the International Public Sector Accounting Board is evaluating reporting on climate-related public policy programs and their outcomes.

Sustainability reporting is a relatively new standard-setting topic. Therefore, HoTARAC recommends the AASB continues to reassess the evolving demand for reporting across the 2027-2031 Work Plan.

## **Public sector reporting framework**

There is a substantial cost in preparing general purpose financial statements for a large number of government departments and agencies in each jurisdiction. HoTARAC recommends the AASB considers a review of elements of the financial reporting framework. For example, whether a third tier of financial reporting could provide significant cost savings and continue to provide relevant information to potential users of those financial statements. Or whether the existing second tier reporting requirements could be modified to provide greater relief from disclosure obligations. This type of review will require extensive consultation with potential users and auditors, as well as an assessment of the potential costs and benefits. Therefore, HoTARAC members recommend this is an important, but not urgent priority.

### **Long-term discount rates to apply in measuring public sector liabilities**

This is not universally a topic of interest for all states and territories. Therefore, the topics listed above are generally considered a higher priority.

### **Post-Implementation reviews of public sector pronouncements**

Several public sector standards have not been reviewed for many years and could benefit from improved drafting. However, the majority of HoTARAC members consider this a low to medium priority. For most of these standards, there are not significant concerns with practical application or the core principles.

### **Assessing IPSASB pronouncements**

HoTARAC members endorse the current sector-neutral approach to setting AASB standards. Applying International Financial Reporting Standards to the not-for-profit public sector presents challenges. However, most standards can be readily applied with some consideration of not-for-profit concepts, such as service potential. For a few standards, such as AASB 15, AASB 10 and AASB 13, not-for-profit application guidance has generally met its objectives. Therefore, consideration of IPSASB standards is not a priority for HoTARAC.

### **Service performance reporting**

Service performance reporting is not a priority project for HoTARAC. State, territory and the federal governments already report on objectives in a range of publications, including annual report and budget papers.

Thank you for the opportunity to provide feedback on the AASB Work Plan. If you or your staff would like to discuss the content of this letter, please contact Sean Osborn ([sean.osborn@treasury.nsw.gov.au](mailto:sean.osborn@treasury.nsw.gov.au)).

Sincerely,



### **Andy Hobbs**

Chair, Heads of Treasuries Accounting and Reporting Advisory Committee  
Executive Director, Financial Stewardship & Public Reporting, NSW Treasury