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| Project: | AASB Agenda Consultation | Meeting: | M183 |
| Topic: | AASB draft ITC Agenda Consultation 2022–2026 | Agenda Item: | 6 |
| | | Date: | 23 August 2021 |
| Contact(s): | Eric Lee elee@asb.gov.au Nikole Gyles ngyles@asb.gov.au Mark Shying mshying@asb.gov.au | Project Priority: | High |
| | | Decision-Making: | High |
| | | Project Status: | Consider draft ITC AASB Agenda Consultation |

Objective of this paper

- 1 The objective of this agenda item is for the Board to consider the updated draft AASB Invitation to Comment (ITC XX) *Agenda Consultation 2022–2026* with a view to issue the ITC.

Attachment

Agenda Paper 6.2 Draft ITC XX AASB *Agenda Consultation 2022–2026*

Background

- 2 The [AASB's Due Process Framework](#) requires a formal agenda consultation process to be undertaken at least every five years (para 6(a)). The AASB's previous domestic agenda consultation process was conducted in 2015 as [ITC 34 AASB Agenda Consultation 2017–2019](#), following the IASB's Agenda Consultation process. As such, the *AASB Agenda Consultation* was due in 2020. However, as a result of COVID-19 pandemic, the AASB delayed the domestic agenda consultation to this year.
- 3 At the [February 2021 meeting](#) the AASB decided to undertake a domestic agenda consultation process to request views from constituents on the AASB's work program and its priorities for the period 2022–2026.
- 4 In March 2021 the IASB released a [Request for Information on its Third Agenda Consultation](#) (this is expected to be released in Australia in early April). The *Request for Information* is seeking views on what IASB should prioritise from 2022 to 2026. Comment to the IASB's *Third Agenda Consultation* is due by 27 September 2021.
- 5 The Board decided at the [November 2020](#) and [February 2021](#) meeting to make an AASB submission to the IASB's *Third Agenda Consultation*. While the agenda consultation process will include a submission to the IASB on the *IASB Third Agenda Consultation*, the primary focus of this paper is the domestic Agenda Consultation process.
- 6 In the [April 2021 meeting](#), the Board decided to include inactive AASB standards-setting projects and proposed three potential projects that are aligned with the AASB strategic direction for stakeholder feedback. Further, the Board also decided to seek input from stakeholders on the AASB research program as part of the agenda consultation.

- 7 In the [June 2021 meeting](#), the Board considered a draft of the AASB *Invitation to Comments (ITC XX) AASB Agenda Consultation 2022–2026*, which included the following standard-setting topics for feedback:
- (a) **Inactive projects:**
- (i) **For-profit entities**
- Remuneration reporting
 - Supply chain financing arrangements – Reverse Factoring
 - Crowd-sourced equity funding
 - CCIV legislative review
- (ii) **Not-for-profit entities**
- Definition of fundraising
 - Long term discount
- (iii) **All entities**
- Co-operatives and mutual entities
- (b) **Proposed potential projects:**
- Sustainability reporting
 - Service performance reporting
 - Digital financial reporting.
- 8 However, the draft did not include a potential research program for stakeholder feedback as staff were in the progress of obtaining preliminary feedback from various stakeholders on this matter, including members of the Academic Advisory Panel.
- 9 At the July 2021 AASB Academic Advisory Panel meeting, panel members suggested that the ITC include specific research projects for stakeholder feedback. As such, the draft ITC has been updated to reflect the suggestions.
- 10 Agenda Paper 6.2 is the updated draft ITC *AASB Agenda Consultation 2022–2026*. The draft ITC provides the following structure:
- Section 1: Introduction
 - Section 2: Standard-setting projects
 - Section 3: Research projects
 - Section 4: Prioritising projects and next steps.
- 11 Significant changes to the draft have been made in Section 3: Research projects (see discussion below). Questions for respondents included in the draft ITC also have been revised and amended since the previous Board meeting.
- Potential research projects**
- 12 Section 3 of the draft ITC presents several potential research projects. The potential research projects can be split into four categories: accounting standards research, external reporting research, emerging technology and reporting research and enhancing standard-setting process research.
- 13 The draft ITC includes the following suggested potential research project(s) for each of the categories for stakeholder feedback:
- (a) **Accounting standards research** (see section 3.3.1)

- (i) Encouraged disclosures
 - (ii) AASB 112 *Income Taxes* and tax transparency disclosures
- (b) External reporting research** (see section 3.3.2)
- (i) Sustainability reporting
 - (ii) Service performance reporting
- (c) Emerging technology and reporting research** (see section 3.3.3)
- (i) Digital financial reporting
- (d) Enhancing standard-setting process research** (see section 3.3.4)
- (i) Costs and benefits analysis.

14 The agenda consultation aims to gather feedback on whether these suggested research projects should be added to the AASB work program, and feedback on the scope of each of the projects.

Question for Board members:

Question 1: Do Board members agree with the suggested potential research projects to be included in the ITC?

Questions for respondents

15 The updated draft ITC provides the following four specific questions for stakeholder feedback:

Question 1 – Inactive projects

Section 2.3 and Table 2 provide a summary of inactive projects on which the AASB is seeking stakeholder feedback.

Are there any currently inactive project(s) you think should be retained in the AASB 2022–2026 work program?

To help the Board consider the feedback, please provide reasons that explain your views and other relevant information, including your thoughts on the scope of the project(s) that the AASB should focus on.

Question 2 – Potential projects

Section 2.4 and Table 3 provide an overview of proposed external reporting projects that could be added to the AASB work program:

- Sustainability reporting
- Service performance reporting
- Digital financial reporting.

- (a) Do you agree that the AASB should add the proposed external reporting projects to the work program?
- (b) Are there any other project(s) you think the AASB should include as part of its work plan for 2022–2026? In your response, please include detail of the proposed scope of these projects and take into consideration the AASB’s capacity for additional projects.
- (c) What priority would you give to each of the potential projects – high, medium or low?

To help the Board consider the feedback, please provide reasons that explain your views and other relevant information.

Question 3 – Research projects

Section 3.3 proposes several research projects.

- (a) Do you agree that the AASB should add the proposed research projects to the work program?
- (b) Are there any other research project(s) you think the AASB should include as part of its work plan for 2022–2026? In your response, please include detail of the proposed scope of these projects and take into consideration the AASB’s capacity for additional projects.
- (c) What priority would you give to each of the potential projects – high, medium or low?

To help the Board consider the feedback, please provide reasons that explain your views and other relevant information.

Question 4 – Other comments

Do you have any further comments on the Board’s activities and work plan?

Question for Board members:

Question 2: Do Board members agree with the questions provided in the draft ITC for stakeholder feedback?

Question 3: Do Board members have other comments on the draft ITC (Agenda Paper 6.2)?

Project timeline and next steps

- 16 The ITC is expected to be released in October 2021. As the next AASB meeting is in November 2021, staff recommend finalising and approving the ITC via a sub-committee of the Board.

17 Following is the project timeline and next steps:

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| September 2021 | Finalise ITC via subcommittee |
| October 2021 | Publish ITC with a minimum 120-day comment period (comments due February 2022) |
| Oct 2021 – Feb 2022 | Outreach events, including: <ul style="list-style-type: none">• Discussion forums• Webcasts• Presentations at conferences / discussion groups• Other targeted outreach meetings / roundtables |
| H1 2022 | Present summary of feedback received to the Board |
| H2 2022 | Present AASB work program recommendations to the Board Consider sweep issues (if needed) Publish Feedback Statement |

Question for Board members:

Question 4: Do Board members agree with the staff recommendation that the ITC be finalised out-of-session via a subcommittee of the Board? If so, which Board members would like to join the subcommittee?