



Project:	Other Business – Public	Meeting:	March 2023 (M194)
Topic:	Cover Memo	Agenda Item:	12.1
		Date of the Agenda Paper:	20 February 2023
Contact(s):	Kimberley Carney kcarney@asb.gov.au Clark Anstis canstis@asb.gov.au	Project Priority:	n/a
		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

- 1 The objective of this paper is to inform the Board about matters under Other Business – Public. **No action is required from the Board on any of the items in this memo, they are included for noting only.** Please refer to the tables below for details.

AASB SUBMISSIONS

Paper No.	Title	Staff comment	Board action
N/A	AASB submission to GSSB's Draft GSSB Work Program 2023-2025 for public consultation	The AASB submission to the GSSB was emailed on 17 February 2023. The submission was finalised out of session by the AASB Chair.	Included for noting only. No action required at this meeting.

CORRESPONDENCE

Paper No.	Title	Staff comment	Board action
N/A	Remaking AASB 1056 <i>Superannuation Entities</i> as a legislative instrument	<p>The <i>Corporations Act 2001</i> is in the process of being amended to require “registrable superannuation entities” to prepare annual financial statements in accordance with Australian Accounting Standards and to lodge them with ASIC. The Treasury Laws Amendment (2022 Measures No. 4) Bill 2022 has been passed by the House of Representatives and is now before the Senate. The requirements are expected to be in place for the 2023/24 financial year.</p> <p>In order to support the reporting requirements, it would be necessary for AASB 1056 to become a legislative instrument through registration on the Federal Register</p>	Included for noting only. No action required at this meeting.

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		of Legislation. AASB 1056 presently is an unregistered, voluntary Standard, since it does not have any existing application under the Corporations Act. Staff will consider necessary Due Process requirements to effect such a change.	

IASB AND IFRS IC UPDATES

Paper No.	Title	Staff comment	Board action
N/A	IASB Update December 2022	Staff do not consider there are any further matters to raise in relation to the December 2022 IASB Update.	Included for noting only. No action required at this meeting.
N/A	IASB Update January 2023	Staff do not consider there are any further matters to raise in relation to the January 2023 IASB Update.	Included for noting only. No action required at this meeting.
N/A	November 2022 IFRIC Update	Staff do not consider there are any further matters to raise in relation to the November 2022 IFRIC Update.	Included for noting only. No action required at this meeting.

ISSB UPDATES

Paper No.	Title	Staff comment	Board action
N/A	ISSB Update December 2022	<p>The ISSB met on 13- 15 December 2022 and continued redeliberations on the proposals in its Exposure Drafts IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i> ([Draft] IFRS S1) and IFRS S2 <i>Climate-related Disclosures</i> ([Draft] IFRS S2).</p> <p>The ISSB meeting was covered in February 2023 AASB Agenda Paper 4.1 Sustainability Reporting: Update on International and jurisdictional perspectives.</p>	Included for noting only. No action required at this meeting.
N/A	ISSB Update January 2023	The ISSB met on 17–19 January 2023 and continued redeliberations on its proposals in [Draft] IFRS S1 and S2.	<p>Included for noting only. No action required at this meeting.</p> <p>(See also Agenda Paper 15.1 for this meeting.)</p>

IPSASB REPORT

Paper No.	Title	Staff comment	Board action
12.2	Report on the December 2022 IPSASB meeting	The report from Todd Beardsworth, New Zealand member of the IPSASB, summarises the decisions of the IPSASB at its December meeting and its work program.	Included for noting only. No action required at this meeting.

ARTICLES AND NEWS

Paper No.	Title	Content of item	Board action
N/A	22-333MR ASIC highlights focus areas for 31 December 2022 reporting	<p>ASIC is urging directors, preparers of annual and half-year reports and auditors to assess whether companies' financial reports provide useful and meaningful information for investors and other users, as it highlights key focus areas for reporting by companies for full and half-years ending 31 December 2022.</p> <p>ASIC has highlighted a number of areas for attention, in particular:</p> <ul style="list-style-type: none"> • asset values • provisions • solvency and going concern assessments • events occurring after year end and before completing the financial report • disclosures in the financial report and Operating and Financial Review (OFR). 	Included for noting only. No action required at this meeting.
N/A	23-026MR ASIC to expand enforcement focus areas in the coming year	<p>ASIC has warned businesses it will be targeting greenwashing, predatory lending and misleading insurance pricing promises this year, as part of a continuing focus on protecting consumers from financial harm.</p> <p>The warning coincides with the release of its latest enforcement and regulatory report, highlighting actions taken during the last three months of 2022, and outlining the full list of enforcement priorities for the year ahead (REP 757).</p>	Included for noting only. No action required at this meeting.
N/A	Chartered Accountants ANZ 2022 IFRS Survey	The IFRS Survey was designed to understand views on the impacts of major recent IFRS standards, including leases, revenue and financial instruments, and other key financial reporting matters.	Included for noting only. No action required at this meeting.

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		<p>The key findings from the Survey are:</p> <ul style="list-style-type: none"> • The impacts and effort involved in implementing IFRS 9, 15 and 16 are still being felt across all sectors. Respondents ranked the complexity of financial statements as the most impacted area. • Three in five respondents agree that the Tier 2 simplified disclosure Standard (AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>) has reduced the reporting burden and improved consistency and comparability. However, few are convinced that an appropriate balance has been struck between costs and benefits – most respondents called for further simplification. • Overall, both preparers and advisors had the internal capability and resources to implement the Australian for-profit financial reporting framework reforms or required only minimal external support. • Identifying the necessary recognition, measurement, or accounting policy changes was the most complex aspect of the transition process from preparing special purpose financial statements to general purpose financial statements. 	
N/A	How charities are navigating the murky world of crypto	<p>Cryptocurrency donors tend to make higher-value donations, but more needs to be done to help charities engage safely.</p> <p>The Australian Charities and Not-for-profits Commission (ACNC) described cryptocurrency regulation as a “growing concern” for Australian charities.</p> <p>While peak charity bodies in the UK and US have advised charities against accepting cryptocurrencies, the ACNC doesn’t plan a “yes or no” approach in Australia.</p>	<p>Included for noting only. No action required at this meeting.</p>

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N/A	Charities and crypto-assets	<p>The ACNC published new guidance on charities and crypto-assets in response to a heightened level of interest in how charities are engaging with crypto-assets.</p> <p>They intend to review the guidance in 2023 to ensure they have covered the relevant issues for charities.</p>	Included for noting only. No action required at this meeting.
N/A	Horizons of reporting study	<p>CPA Australia published a study on the horizons of financial reporting, which was presented at the AASB Research forum. This study addresses the challenges and charts a pathway for enhanced financial reporting to meet evolving information needs of capital markets.</p>	Included for noting only. No action required at this meeting.
N/A	Insurers' initial views – IFRS 17 and IFRS 9	<p>KPMG has analysed information provided by 26 insurers across the globe on the potential impacts of IFRS 17 and IFRS 9.</p> <p>The analysis highlighted that insurers expect:</p> <ul style="list-style-type: none"> • IFRS 17 will have a significant impact, but it is primarily an accounting change • Accounting mismatches and related volatility in the income statement will be significantly reduced under IFRS 17 and IFRS 9 • The new standards will not affect a company's strategy and its capacity to pay dividends. 	Included for noting only. No action required at this meeting.
N/A	Call for members to join the CMAC from 2024	<p>The IASB's Capital Markets Advisory Committee (CMAC) is seeking new candidates to join the CMAC from 1 January 2024 for a term of three years, renewable once for a further three years. The CMAC welcomes applications from analysts and investors from all over the world.</p>	Included for noting only. No action required at this meeting.
N/A	Token mapping	<p>On 22 August 2022, the Australian Government announced 'token mapping' – a foundational step in the Government's multi-stage reform agenda that commits to developing appropriate regulatory settings for the crypto sector.</p> <p>Token mapping seeks to build a shared understanding of crypto assets in the Australian financial services regulatory context. This will explore how existing</p>	Included for noting only. No action required at this meeting.

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		<p>regulation applies to the crypto sector and inform future policy choices.</p> <p>The Treasury is seeking feedback from stakeholders on this framework to inform a fact-based, consumer conscious and innovation friendly approach to policy development.</p>	
N/A	Not-for-Profit Governance and Performance Study 2022-23	<p>The Australian Institute of Company Directors (AICD) Not-for-Profit Governance & Performance Study 2022-23 reveals the increased challenges and demands impacting directors in the Not-for-Profit sector.</p> <p>Key findings of this edition of the NFP study include:</p> <ul style="list-style-type: none"> • 68 per cent rated their organisation as highly effective in achieving its purpose, although the most used measurement was from CEO reports and other management metrics. • Directors are committing more time, with over 40 per cent spending more than three days per month on a single NFP. • The percentage of directors being remunerated has increased to 22 per cent, compared to 14 per cent, five years ago. • Profitability has fallen, with almost a quarter (24%) making a loss, compared to 15 per cent last year. • Despite the drop in profitability almost 75 per cent said their organisation would be financially stronger in three years' time. • Only five per cent were currently undertaking a merger. • Workforce planning, staff shortages and board succession planning identified as key issues. 	Included for noting only. No action required at this meeting.
N/A	Federal Budget Submission 2023-24	<p>CPA Australia's federal budget submission 2023-24 includes recommendations for funding and changes in various areas, including migration, tax reform, support for non-profit organisations and small/medium businesses, climate change and emissions, and the economy.</p>	Included for noting only. No action required at this meeting.

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		<p>The federal budget submission also notes the ongoing project of the AASB to develop a simplified financial reporting framework for smaller NFPs.</p>	
N/A	<p>23-018MR ASIC calls for improved material business risk disclosure in annual reports</p>	<p>ASIC reminds company directors to ensure material business risks are adequately disclosed in annual reports, to better inform shareholders and prospective investors.</p> <p>ASIC encourages investors and other interested parties to review the additional materials disclosed by listed entities in their Operating and Financial Reviews. ASIC also suggests preparers of the OFR for other entities review the additional disclosures being made by listed entities, as this may assist them to improve their own disclosure.</p> <p>ASIC continues to closely review a selection of annual reports on a risk-based approach, to ensure entities are correctly disclosing their material business risks as part of the directors' report.</p>	<p>Included for noting only. No action required at this meeting.</p>
N/A	<p>What the AASB's new NFP reporting framework means</p>	<p>An article in CPA Australia's magazine <i>Intheblack</i> notes that the AASB has proposed introducing a simpler financial reporting framework for smaller not-for-profits.</p> <p>The AASB is seeking feedback on its initial proposals, published in a discussion paper in September 2022, from sector participants until the end of March 2023.</p> <p>The proposals are a step in the right direction, but regulatory changes will be needed for the framework to become operational in Australia.</p>	<p>Included for noting only. No action required at this meeting.</p>
N/A	<p>Comments on the AASB's Tier 3 Standard for NFPs</p>	<p>Accounting For Good's views on discussion paper topics:</p> <ul style="list-style-type: none"> The proposed Tier 3 changes are a welcome shift. Some of the current requirements are onerous for modest-sized organisations to comply with and the resulting information presented in the financial statements arguably doesn't add anything for the majority of readers of the statements. 	<p>Included for noting only. No action required at this meeting.</p>

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		<ul style="list-style-type: none"> There are two particularly exciting changes proposed in the discussion paper: lease accounting and revenue recognition. 	
N/A	Mandatory climate risk disclosures are coming to Australia Insurance Business Australia (insurancebusinessmag.com)	<p>Australia’s insurance industry can expect an acceleration in climate risk reporting and sustainable finance obligations in 2023. In December, the federal government announced the start of a consultation process that would lead to mandatory climate-related disclosures.</p>	<p>Included for noting only. No action required at this meeting.</p>
N/A	Australian execs cite regulatory pressure for their climate change response, says Deloitte report	<p>Increasing regulatory pressure is prompting companies to step up their action on climate change, according to a report by consulting firm Deloitte.</p> <p>The latest Deloitte Sustainability Report shows that 78 per cent of Australian executives surveyed cited the regulatory environment as the reason for their increased action on climate change – significantly higher than the global level of 65 per cent.</p>	<p>Included for noting only. No action required at this meeting.</p>
N/A	23-024MR ASIC publishes Framework to help deliver positive financial outcomes for First Nations people ASIC	<p>ASIC published its Indigenous Financial Services Framework. The Framework is part of ASIC’s role in supporting positive financial outcomes for First Nations people.</p>	<p>Included for noting only. No action required at this meeting.</p>
N/A	Agreement reached on reform of charitable fundraising laws	<p>In their most recent meeting, the Commonwealth, State and Territory Treasurers agreed to a set of nationally consistent fundraising principles to streamline and harmonise State and Territory requirements on charitable fundraiser conduct.</p> <p>The principles, developed by a Working Group comprising of all States and Territories, was informed by stakeholder consultation last year. The principles will give charities and donors a clear understanding of appropriate conduct, while allowing for greater flexibility as to how charities achieve compliance. Regulatory guidance to support the principles will also be developed in collaboration with the charitable fundraising sector.</p> <p>Each participating jurisdiction will release an implementation plan by July 2023 explaining how it will give effect to the</p>	<p>Included for noting only. No action required at this meeting.</p>

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		principles through regulatory changes or legislation.	
N/A	User consultation: F.18 The Recording of Fungible Crypto Assets in Macroeconomic Statistics	<p>The System of National Accounts (SNA 2008) is currently being reviewed by the United Nations Statistics Division (UNSD). A user consultation is open via the UNSD website on the proposed treatment of fungible crypto assets in macroeconomic statistics. The due date for submitting a response to the online survey is 3 March 2023.</p>	<p>Included for noting only. No action required at this meeting.</p>