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| Project: | n/a | Meeting | March 2023 (M194) |
| Topic: | Documents open for comment by other organisations | Agenda Item: | 11.1 |
| | | Date of the Agenda Paper: | 20 February 2023 |
| Contact(s): | Jia Wei jwei@asb.gov.au Kimberley Carney kcarney@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
 - (a) **inform** the Board about consultative documents already issued or to be issued by other international standard-setting bodies; and
 - (b) ask the Board to **decide** which consultative documents to provide feedback/comments on.

Reasons for bringing this paper to the Board

- 2 The Board's strategy is to influence the work of the International Accounting Standards Board (IASB), the International Sustainability Standards Board (ISSB), the International Public Sector Accounting Standards Board (IPSASB) and other relevant international organisations with a goal of having the principles in the Standards issued by these organisations aligned, where relevant and possible.
- 3 Historically, the Board has decided which consultation documents to comment on based on factors such as the relevance and importance of the consultation to the AASB's projects and strategies, the potential impact of the proposals on Australian constituents and the priority of projects as decided by the Board. This agenda paper will assist the Board in deciding which consultation documents it should comment on.
- 4 Appendix A to this paper provides a summary of documents open for comment that the Board has previously decided whether to provide feedback.

IASB and ISSB documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

| Originating organisation | Document | Date of release | AOSSG input | Comments due | Staff recommendation for AASB approach |
|--------------------------|----------|-----------------|-------------|--------------|--|
| N/A | | | | | |

IFRS Interpretations Committee’s Tentative Agenda Decisions currently open for comment – decision needed from the Board as to whether to comment or to take other action

| Originating organisation | Document | Date of release | AOSSG input | Comments due | Staff recommendation for AASB approach |
|--------------------------|----------|-----------------|-------------|--------------|--|
| N/A | | | | | |

Other relevant documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

| Originating organisation | Document | Date of release | Comments due | Staff recommendation for AASB approach |
|--|--|-----------------|---------------|---|
| Global Reporting Initiative: Global Sustainability Standards Board | GRI Sector Standards Project for Mining – Exposure draft | 6 Feb 2023 | 30 April 2023 | <p>The GSSB has published for comment <i>GRI Sector Standards Project for Mining – Exposure Draft</i>. Comments are due by 30 April 2023.</p> <p>The primary objective of the project is to develop a sector standard that improves transparency of the impacts of mining to enable complete and consistent reporting across the sector. Consistent with the GSSB’s existing Sector Standards, the aim of the proposed standard is:</p> <ul style="list-style-type: none"> • to identify and describe the topics that are likely to be material for reporting by mining organisations based on the sector’s most significant impacts; • provide evidence and authoritative references on these impacts; and |

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| | | | | <ul style="list-style-type: none"> • list relevant disclosures for reporting on these topics by the sector. <p>Mining is a key sector in many economies, making a sizable contribution to production, exports and government revenues. Minerals produced by this sector can also be fundamental for large parts of the economy. Mining also has a high environmental and social impact, often concentrated in and around extraction sites. Mining can require exclusive access to large areas and the influx of large workforces and may operate in regions where there is a higher risk of human rights abuses or effects on indigenous peoples' rights.</p> <p>This will be the fourth Sector Standard issued by the GSSB. The others are:</p> <ul style="list-style-type: none"> • GRI 11 <i>Oil and Gas Sector 2021</i>; • GRI 12 <i>Coal Sector 2022</i>; and • GRI 13 <i>Agriculture, Aquaculture and Fishing Sectors 2022</i>. <p>Significant proposals made in this Exposure Draft are:</p> <ul style="list-style-type: none"> • There are 25 topics identified that are likely to be material to the mining sector; • Three of these topics are new to GRI Standards. They are: <ul style="list-style-type: none"> ○ Topic 14.7 Tailings; ○ Topic 14.25 Conflict-affected and high-risk areas; and ○ Topic 12.13 Artisanal and small-scale mining; • Additional disclosure recommendations have been made for existing topic standards; • Reporting by mine site is included as a key expectation across several topics; • Throughout the Standard there is an emphasis on impacts on and engagement with communities; • There is a focus on the importance of gender for the sector's impacts; and • Impacts and reporting on climate change are increasingly important for the sector. |

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| | | | | <p>Through its membership to the International Council on Mining and Metals (ICMM), the Minerals Council of Australia (MCA) requires affiliated Australian companies to apply the GRI Standards. Consequently, many Australian mining entities report seek to comply with the GRI Standards and could be affected by this Sector Standard.¹</p> <p>Given the importance and prevalence of the mining sector in Australia, staff recommend that the AASB comments on this Exposure Draft.</p> <p>Q1 Do Board members agree with the staff recommendation to respond to the GSSB's GRI Sector Standards Project for Mining – Exposure Draft?</p> |
| <p>The Australian Charities and Not-for-profits Commission is the national regulator of charities (ACNC)</p> | <p>Consultation on reporting related party transactions</p> | <p>1 Feb 2023</p> | <p>16 March 2023</p> | <p>The ACNC is conducting a public consultation on related party transaction reporting in the 2023 Annual Information Statement.</p> <p>The ACNC legislation review of 2018 originally made the recommendation to collect information on charities' related party transactions. This recommendation was then supported by the Federal Government, with the aim of increasing transparency around transactions that pose a higher risk of charitable assets being used for private benefit. All charities (except Basic Religious Charities) will be required to provide information on related party transactions from the 2023 Annual Information Statement. Given that medium and large charities must disclose such information in accordance with Australian Accounting Standards in their annual financial reports, the ACNC especially wants to ensure small charities have an opportunity to provide feedback through the consultation process.</p> <p>Given that this does not relate to financial reporting, staff recommend the Board not to comment on this consultation.</p> <p>Q2 Do Board members agree with the staff recommendation to not comment on this consultation?</p> |

1 [See Agenda Paper 3.4 \(paragraph 30\(b\) from February 2022](#)

Forthcoming documents for comment – decision needed from the Board as to whether to comment or to take other action

| Originating organisation | Document | Expected date of release | Expected comment date | Staff recommendation for AASB approach |
|--------------------------|----------|--------------------------|--------------------------------------|--|
| IASB | – | March 2023 | A 120-day comment period is expected | <p>In May 2022, the IASB decided to add a maintenance project to its work plan to make narrow-scope amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> in response to the post-implementation review of the classification and measurement requirements.</p> <p>The IASB tentatively decided to propose the following amendments:</p> <p>(a) clarification of</p> <ul style="list-style-type: none"> (i) the term ‘basic lending arrangement’ and how it applies to the assessment of whether a financial asset’s contractual cash flows are solely payments of principal and interest (SPPI); (ii) how to apply the SPPI assessment to financial assets with contractual terms that change the timing or amount of contractual cash flows; (iii) the term ‘non-recourse’ and factors to consider when performing the SPPI assessment on financial assets with non-recourse features; and (iv) the scope of the requirements relating to contractually linked instruments (CLIs) and the nature of eligible instruments in the underlying pool. <p>(b) transition requirements for the clarifying amendments outlined in subparagraph (a); and</p> <p>(c) additional disclosure requirements for financial instruments with contractual terms that could change the timing or amount of contractual cash flows.</p> <p>In October 2022, the IASB also tentatively decided to propose amendments to IFRS 7 for equity instruments to which the other comprehensive income (OCI) presentation option is applied. The proposed amendments would require disclosure:</p> |

| Originating organisation | Document | Expected date of release | Expected comment date | Staff recommendation for AASB approach |
|--------------------------|----------|--------------------------|-----------------------|--|
| | | | | <p>(a) at the end of the reporting period of the aggregated fair value of such equity investments; and</p> <p>(b) of changes in the fair value of such equity investments recognised in OCI during the period.</p> <p>In November 2022, the IASB tentatively decided to clarify that when an entity determines whether a transaction contains contractually linked instruments as described in IFRS 9, any financial instruments held by the transferor of the underlying assets in the transaction are excluded.</p> <p>At the same meeting, in response to feedback on the Interpretations Committee tentative agenda decision <i>Cash Received via Electronic Transfer as Settlement for a Financial Asset</i> (IFRS 9) (published in September 2021) indicating a widespread diversity in practice, the IASB tentatively decided that an entity has an accounting policy choice to derecognise a financial liability before the settlement date when:</p> <p>(a) the entity does not have the ability to withdraw, stop or cancel an electronic payment instruction;</p> <p>(b) the entity has lost the practical ability to access the cash as a result of the electronic payment instruction; and</p> <p>(c) the settlement risk associated with the electronic payment instruction is insignificant.</p> <p>Settlement risk is considered insignificant if the payment system used has these characteristics:</p> <p>(a) the period between the payment initiation date and the settlement date is relatively short and is standardised for the particular payment system concerned; and</p> <p>(b) completion of the payment instruction follows a standard administrative process so that the debtor has reasonable assurance that the transfer will be</p> |

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| | | | | <p>completed and the cash will be delivered to the creditor.</p> <p>The IASB tentatively decided to limit the scope of this accounting policy choice to electronic payment systems.</p> <p>The IASB tentatively decided to set a comment period of 120 days for the exposure draft.</p> <p>Considering the feedback from Australian stakeholders the AASB received during the post-implementation review of IFRS 9 classification and measurement requirements indicating significant level of interest in the forthcoming proposed amendments, the staff recommend that, subject to feedback received from stakeholders, the AASB responds to the forthcoming Exposure Draft.</p> <p>Q3 Do Board members agree with the staff recommendation to respond to the forthcoming Exposure Draft on the amendments to the classification and measurement requirements of financial instruments?</p> |

Appendix A

Current and forthcoming documents open for comment – decisions already made by the Board at previous meetings

| Originating organisation | Document | Date of release | Comments due | Summary |
|---|--|------------------|---------------|---|
| IASB | Exposure Draft: ED/2022/1 Third edition of the IFRS for SMEs Accounting Standard | September 2022 | 7 March 2023 | <p>At its October 2022 Board meeting, the Board noted that amendments by the IASB to the <i>IFRS for SMEs</i> Accounting Standard would necessitate a review of the related disclosure requirements of AASB 1060.</p> <p>The Board decided to comment to the IASB on the proposed amendments to the definition of public accountability and any other matters identified as being particularly relevant to Australian stakeholders. The comment letter will be approved out of session via a subcommittee of the Board.</p> |
| IASB | Exposure Draft: ED/2023/1 International Tax Reform—Pillar Two Model Rules | 9 January 2023 | 10 March 2023 | At its December 2022 Board meeting, the Board decided to comment on the IASB Exposure Draft, subject to submissions received from stakeholders. |
| Chartered Institute of Public Finance and Accountancy | INPAG Exposure Draft 1 | 20 November 2022 | 31 March 2023 | At its December 2022 meeting, the Board decided not to comment on this exposure draft. The Australian Accounting Standards already set out financial reporting requirements for NFP entities preparing GPFS and the AASB's NFP projects (NFP Financial Reporting Framework and Service Performance Reporting) have and will consider whether future international guidance could be leveraged within future differential reporting requirements for NFP private sector entities. |
| IPSASB | ED 84 Concessionary Leases and Right-of-Use Assets In- | January 2023 | 17 May 2023 | At its December 2022 meeting, the Board decided not to comment on this exposure draft. The Board will monitor the IPSASB's project and consider whether not-for-profit entity |

| Originating organisation | Document | Date of release | Comments due | Summary |
|--|---|-----------------|------------------|--|
| | <i>Kind (Amendments to IPSAS 43 and IPSAS 23)</i> | | | modifications to AASB 16 are needed and might be proposed in due course. |
| GRI: Global Sustainability Standards Board | <i>ED GRI 304 Biodiversity 202X</i> | 5 December 2022 | 28 February 2023 | At its December 2022 meeting, the Board decided not to comment on this exposure draft. |