



Project:	Post-Implementation Reviews	Meeting	AASB June 2023 (M196)
Topic:	PIR of AASB 1056 <i>Superannuation Entities</i> – draft Invitation to Comment	Agenda Item:	7.1
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		Project Priority:	Medium
		Decision-Making:	Medium
		Project Status:	Outreach phase

Objectives of this agenda item

- 1 The objectives of this agenda item are for the Board to:
 - (a) **consider** additional feedback from targeted staff outreach with key stakeholders; and
 - (b) **consider** a draft Invitation to Comment (ITC) with a view to approving its issue for public comment.
- 2 This agenda item is separate from the project to make AASB 1056 *Superannuation Entities* into a legislative instrument and which is the subject of a Fatal-Flaw Review Draft for comment by 15 June 2023.

Attachments

Agenda paper 7.2: Draft Invitation to Comment ‘Post-implementation Review of AASB 1056 *Superannuation Entities* and Interpretation 1019 *The Superannuation Contributions Surcharge*’

Reasons for bringing this agenda item to the Board

- 3 At its May 2023 meeting,¹ the Board noted that:
 - (a) AASB 1056 has applied to Registrable Superannuation Entities for six financial years;
 - (b) AASB 1056 was issued to address matters of relevance to superannuation entities, including the focus on member benefits and to limit the accounting policy choices available in applying other Accounting Standards, including requiring fair value measurement for most assets; and
 - (c) Interpretation 1019 was issued to address the accounting for the surcharge that applied to higher income earners between 1996 and 2005 and that its lingering consequences may or may not means it remains relevant to current accounting.
- 4 At its May 2023 meeting, the Board also received a preliminary report on the findings from the targeted outreach conducted by staff up to that time.
- 5 The focus of the outreach has been on:

¹ [Agenda Item 6.1](#)

- the level of compliance with the existing AASB 1056, which is currently not legally mandated;
 - the potential for sub-fund reporting;
 - trends that might affect superannuation entity reporting, including for example product development focusing on the needs of retirees;
 - the statement of changes in member benefits;
 - the approach to insurance arrangements;
 - classification and disclosure of revenues and expenses;
 - any consequences of removing special purposes financial reporting under accounting standards; and
 - fair value measurement.
- 6 The Board supported the staff recommendation to continue the existing outreach program as planned in the project timetable and did not identify any additional issues that staff should raise with stakeholders.
- 7 Staff have conducted additional targeted outreach with key stakeholders since the May 2023 meeting. While some additional perspectives have been gained, no new major issues beyond those already highlighted for the Board in May 2023 have been identified.
- 8 At its May 2023 meeting, the Board noted the next planned steps to prepare a draft consultation document for consideration by the Board at the June 2023 Board meeting.

Draft Invitation to Comment

- 9 The focus of the Draft ITC *Post-implementation Review of AASB 1056 Superannuation Entities and Interpretation 1019 The Superannuation Contributions Surcharge* [Agenda paper 7.2] is on seeking views on whether there are requirements, or there is guidance, that might need to be added, removed or amended based on application experience and changes in the industry since 2014.
- 10 The ITC itself does not include any proposals; however, the information gathered from respondents to the ITC may lead to proposed changes to AASB 1056 and/or Interpretation 1019, including the possible withdrawal of Interpretation 1019.

Staff recommendations

- 11 Staff recommend that, subject to Board feedback, the draft ITC be issued (in final form) as soon as practicable with a 120-day comment period. If there is significant Board feedback, there may be a need to form a sub-committee of the Board to finalise the ITC out of session.
- 12 Although the ITC is seeking information rather than making proposals, the 120-days may be needed to provide representative bodies with the time to gather member views and prepare submissions. A 120-day comment period is in line with the original project timeline.

Questions for the Board

- Q1: Do Board members have any questions or comments on the draft ITC?
- Q2: Do Board members agree with the staff recommendation to issue the draft ITC, subject to Board feedback?
- Q3: Do Board members agree with the staff recommendation for a 120-day comment period?

Next steps and project timelines

13 The following table outlines a tentative proposed timeline for the remainder of the project, for the Board’s consideration. The timeline might need to change depending on the matters highlighted in the consultation document and the responses to that document.

Proposed timeline	Project milestones based on the PIR process
	Planning phase
Q3 2022	Steps 1, 2: Review of original project documentation and collation of identified issues.
Q3 2022	Step 3: Academic research – collate and summarise.
Q1/Q2 2023	Step 4: Seek preliminary feedback from targeted stakeholders
Q2 2023	Step 5: Prioritise issues from the planning phase to determine scope of the consultation process.
Board meeting: 4 May 2023	Steps 6: Discuss steps 1–5 with the Board before developing the consultation document.
	Outreach
21-22 June 2023	Step 7: Draft consultation document. Step 8: Discuss draft consultation document with the Board and approve for issue. If the Board approves for issue, staff will seek out-of-session approval via the Chair. Staff propose a comment period of approximately 120-days. Comments on the consultation paper are expected to close in October 2023.
Q3 2023	Step 9: Undertake targeted outreach to seek stakeholder feedback on the consultation document.
	Consideration of feedback and next steps
Q4 2023 Q1 2024	Step 10: Consultation comment period closes in October 2023. Step 11: Review and summarise responses received on the consultation document and through outreach. Perform follow-up processes.
Q1 2024	Step 12: Identify possible ‘next steps’ to respond to findings. Step 13: Discuss feedback and possible next steps with the Board.

