



Australian Government

Australian Accounting Standards Board

Australian Financial Reporting Framework – Approach to NFP Private Sector Entities

Agenda item 10.1 AASB M169 February 2019

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Objective of this Board Paper

The objective of this Board Paper is to **update** the Board of the status and recent discussions in relation to the financial reporting framework for private sector NFP entities.

This paper contains no question to the Board.

This paper has been brought to the Board today because, as indicated at the November 2018 AASB meeting, the Chair and Staff have had a key meeting (subsequent to the Nov AASB meeting) with State and Territory Commissioners responsible for a large number of non-ACNC regulated entities.



H2 2017

- Research Report No. 5
- Discussion Paper
- Outreach with sector

September 2018

- AASB decided to limit scope of ITC 39 to for-profit entities only
- Staff and Chair discussions with ACNC and other NFP regulators

H1 2018

- AASB Submission to ACNC legislative review
- ACNC legislative review report released
- AASB ITC 39 released, including NFP entities within scope

November 2018

- AASB agreed to consult with regulators on (see next slide for details)*:
 - Possible thresholds
 - Possible frameworks

* see M168 Agenda Paper 10.1 for more information



Key outreach: State and Territory Commissioners Consumer Affairs Australia and New Zealand (CAANZ) Consumer Affairs Forum (CAF)

- Informed the commissioners responsible for a large number of non-ACNC regulated not-for-profit entities of:
 - The issues with the current financial reporting framework
 - The Board's proposed reporting thresholds
 - Using alternative reporting framework for smaller tiers of financial reporting
- Commissioners were unable to provide specific views on proposals without discussing with respective ministers, however, generally there was:
 - Support for the underlying objective and principles of the proposals
 - Willingness to continue working together on the further matters for consideration

(see next slide for more details)



Key outreach: State and Territory Commissioners

Consumer Affairs Australia and New Zealand (CAANZ) Consumer Affairs Forum (CAF)

Overall support in principle

Agreed with principles of consistency, transparency, proportionality

Agreement that reporting for NFPs should also help donors decide where to donate money

Support for alignment with ACNC, if considered appropriate after more detailed analysis

Agreement to continuing working with the group and discussing issues and solutions

Further considerations

Defining the thresholds for the 'small' tier may be difficult, especially given different sizes of organisations across jurisdictions

Need for report to commissioners on the extent and urgency of the issues with the framework (incorporating previous research reports)

Commissioners want to learn more about alternate tiers – considerations from risk management perspective

Whether to change legislation or place Tiers in AASB 1053 – appears to be a preference for AASB 1053 in short term

Audit requirements in conjunction with the AUASB

Timing of proposals



Update on discussions with other bodies

ACNC

- Attended State and Territory Commissioners meeting with AASB Chair, AUASB Chair, AASB Staff (see previous slide).
- Remains supportive of AASB's work, proposed tiers and proposed frameworks, as discussed at November 2018 meeting.

Treasury

- Currently preparing response to ACNC Legislative Review to be tabled with parliament – no indication of likely outcomes as yet.
- Engaging with stakeholders, including AASB Chair and Staff, ACNC and its Professional Users Group (PUG).

Targeted Consultation

State Commissioners would like to continue discussions, including:

- Workshops on what other tiers could look like
- Fleshing out preferred thresholds

Public consultation

Once regulators have agreed on a preferred option, AASB to begin public consultation.



Targeted consultation document

AASB to send comprehensive consultation document to regulators to gather formal feedback

