

AASB Agenda Consultation 2022–2026

Comments to the AASB by 18 February 2022



Australian Government

**Australian Accounting
Standards Board**

How to Comment on this AASB Invitation to Comment

The AASB is seeking comment by 18 February 2022.

Formal Submissions

Submissions should be lodged online via the “Current Projects – Open for Comment” page of the AASB website (www.aasb.gov.au/current-projects/open-for-comment) as a PDF document and, if possible, a Word document (for internal use only).

Other Feedback

Other feedback is welcomed and may be provided via the following methods:

E-mail: standard@aaasb.gov.au
Phone: (03) 9617 7600

All submissions on possible, proposed or existing financial reporting requirements, or on the standard-setting process, will be placed on the public record unless the Chair of the AASB agrees to submissions being treated as confidential. The latter will occur only if the public interest warrants such treatment.

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AASB REQUEST FOR COMMENTS

The purpose of this Invitation to Comment (ITC) is to gather views from Australian constituents on the potential projects the Australian Accounting Standards Board (AASB or Board) should be addressing that are primarily domestic. The domestic work program of the AASB addresses accounting and external reporting issues concerning:

- (a) public sector entities;
- (b) not-for-profit (NFP) entities; and
- (c) Australian-specific issues relating to for-profit entities.

This ITC invites stakeholder input to help the Board determine its 2022–2026 work program. In particular, stakeholders are welcome to respond to the following questions:

Inactive projects

- Are there any inactive projects you think should be retained in the AASB 2022–2026 work program?

Potential projects

- Do you agree that the AASB should add any of the proposed external reporting projects to the work program? Include any feedback as to the scope of the proposed external reporting projects.
- Are there any other projects you think the AASB should include as part of its work program for 2022–2026? Specify the scope of these projects and take into consideration the AASB’s capacity for additional projects.
- What priority would you give to each of the potential projects – high, medium or low?

Research projects

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

Other comments

- Do you have other comments on the AASB’s activities and work program?

Feedback is encouraged to include supportive reasons and other relevant information to help the Board determine its work program, including setting priorities and allocating appropriate resources.

Structure of this Invitation to Comment

This document is structured as follows:

[Section 1: Introduction](#)

[Section 2: Standard-setting projects](#)

[Section 3: Research projects](#)

[Section 4: Prioritising projects and next steps](#)

Period of consultation

This ITC is seeking views on the AASB priorities for its work program for the period 2022–2026.

Separate International Accounting Standards Board (IASB) agenda consultation and review

This ITC seeks input on the AASB domestic work program. The AASB will consider projects arising from the standard-setting activities of the IASB after the outcome of the [IASB's Request for Information on Third Agenda Consultation](#) is finalised.

[AASB Invitation to Comment ITC 44 Request for Comment on IASB Request for Information on Third Agenda Consultation](#) was open for comment to the AASB until 16 August 2021 and to the IASB until 27 September 2021.

The Board has supported the adoption of International Financial Reporting Standards (IFRS Standards) and ensuring they remain appropriate for the Australian economy. It remains critical that the AASB can influence international development to ensure future accounting standards meet the needs of the Australian economy. The outcome of the IASB's agenda consultation will be considered by the AASB when making decisions about its work program.

Section 1: Introduction

1.1 Objective of this ITC

The AASB conducts its domestic agenda consultation once every five years. The domestic agenda consultation is a formal consultation process held with stakeholders to identify issues that need resolution. It complements the Board's regular consultations with stakeholders to obtain timely feedback on accounting and external reporting problems. This process helps the Board fulfil its missions and strategic objectives, particularly allocating its limited resources appropriately to address the highest priority topics to its stakeholders.

The AASB adopts IFRS Standards and applies its transaction-neutral policy to standard-setting.¹ Nevertheless, domestic agenda consultation is necessary to identify domestic accounting and external reporting issues not covered by IFRS-based standards that the AASB could address.

The AASB previously conducted a domestic agenda consultation in 2015 as [ITC 34 AASB Agenda Consultation 2017–2019](#). As a result of feedback received, the Board applied significant resources to domestic projects and other international projects that stakeholders identified as high priorities, including the Australian Financial Reporting Framework project. [Appendix A](#) provides a summary of AASB outputs in the period 2017–2021.

This ITC aims to gather views from Australian constituents on the projects the AASB should address that are primarily domestic. The AASB domestic work program addresses accounting and external reporting issues concerning:

- public sector entities;
- not-for-profit (NFP) entities; and
- Australian-specific issues relating to for-profit entities.

Your input to this agenda consultation will help the AASB determine its 2022–2026 work program to achieve its missions and strategic objectives. See [Appendix B](#) for the AASB's missions and strategic objectives.

¹ Transaction neutrality means that like transactions and events are accounted for in a like manner by all types of entities, reflecting their economic substance, unless there is a justifiable reason not to do so. The AASB Not-for-Profit Entity Standard-Setting Framework sets out circumstances where it may be appropriate to use a different approach for not-for-profit entities versus for-profit entities.

1.2 Questions for respondents

This section provides specific questions to gather stakeholder feedback on the AASB 2022–2026 work program. Stakeholders are not required to comment on all questions.

Feedback received will help the AASB formulate its 2022–2026 work program and allocate resourcing to projects in the context of the AASB’s need to prioritise projects (see [Section 4.1](#)). Note that the AASB’s work program is subject to other external factors, including unanticipated events that may necessarily alter the AASB’s priorities in the future.

Question 1 – Inactive projects

[Section 2.3](#) and [Table 2](#) summarise inactive projects on which the AASB is seeking stakeholder feedback.

Are there any inactive projects you think should be retained in the AASB 2022–2026 work program?

To help the Board consider the feedback, please provide reasons explaining your views and other relevant information, including feedback on the project’s proposed scope(s).

Question 2 – Potential projects

[Section 2.4](#) and [Table 3](#) provide an overview of proposed external reporting projects that the AASB propose to add to the work program.

- (a) Do you agree that the AASB should add any of the proposed external reporting projects to the work program? Include any feedback as to the scope of the proposed external reporting projects.
- (b) Are there any other projects you think the AASB should include as part of its work program for 2022–2026? Specify the 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 explaining 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 any of the proposed research projects to the work program?
- (b) Are there any other research projects you think the AASB should include as part of its work program for 2022–2026? Specify the 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 explaining your views and other relevant information.

Question 4 – Other comments

Do you have other comments on the AASB’s activities and work program?

Section 2: Standard-setting projects

2.1 Background

Standard-setting activities are those activities that are related to developing, issuing and maintaining accounting standards for all sectors.

Following the Financial Reporting Council's (FRC) broad strategic directions to the AASB, the AASB sets accounting standards that:

- (a) enable 'publicly accountable' private sector entities to maintain IFRS compliance;
- (b) for other entities, use IFRS Standards (where they exist) and the principle of transaction neutrality (modified as necessary), or develop Australian-specific Standards and guidance; and
- (c) harmonise to the extent feasible with Government Finance Statistics requirements – the AASB applies this approach to requirements for Whole of Government and General Government Sector financial statements.

In light of the FRC's strategic directions, the AASB developed its [For-Profit Entity Standard-Setting Framework](#) and [Not-for-Profit Entity Standard-Setting Framework](#) (July 2021). These frameworks set out the principles used by the Board to determine the content of Australian Accounting Standards (including Interpretations), including how the AASB uses IFRS Standards issued by the IASB to develop, issue and maintain Australian Accounting Standards for the for-profit and the NFP sectors.

Although the AASB applies IFRS-based Standards to the NFP sector (i.e. public sector and private sector NFP entities), the standards-level activities also include contributing to the technical agenda and processes of the International Public Sector Accounting Standards Board (IPSASB)² to foster the development of International Public Sector Accounting Standards (IPSASs). This approach is consistent with AASB Strategy 3.³ [The AASB's Approach to International Public Sector Accounting Standards](#) sets out:

- (a) the conditions necessary for the AASB to recommend moving from IFRS Standards to IPSAS as the basis for NFP public sector accounting in Australia; and
- (b) the AASB's level of involvement in IPSASB standard-setting processes.

The latest IPSASB work program is available on its [website](#).⁴

The AASB fully supports the Australian Government's rigorous approach to policymaking that ensures standards are well-designed, well-targeted and fit-for-purpose, including complying with the Australian Government Guide to Regulatory Impact Analysis.⁵ The standards-level activities also include conducting post-implementation reviews of standards as required by the [AASB Due Process Framework](#).

² The IPSASB is the international independent board that develops IPSAS. The IPSASB's operations are facilitated by the International Federation of Accountants (IFAC). The objective of the IPSASB is to improve public sector financial reporting worldwide through the development of international accrual-based accounting standards (IPSAS) for use by governments and other public sector entities around the world.

³ Actively influence IASB, International Public Sector Accounting Standards Board (IPSASB) standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.

⁴ <https://www.ipsasb.org/consultations-projects/work-plan>

⁵ See <https://obpr.pmc.gov.au/sites/default/files/2021-06/australian-government-guide-to-regulatory-impact-analysis.pdf>

2.2 Current domestic projects

In addition to those IASB-related standard-setting projects, in recent years, a significant proportion of the AASB's resources has been allocated to several high-priority domestic projects that stakeholders have identified from the AASB's previous domestic agenda consultation [ITC 34 AASB Agenda Consultation 2017–2019](#). For example, the AASB has commenced and made significant progress on the for-profit entities reporting framework project.

Further, in recent years, the AASB has also added several domestic projects that need to be promptly addressed by the work program. For example, AASB 17 *Insurance Contracts* is effective for annual reporting periods beginning on or after 1 January 2023, and the Board is currently addressing whether it would be appropriate to apply AASB 17 to public sector entities under the [AASB Not-for-Profit Entity Standard-Setting Framework](#) and its transaction neutrality principle; and, as far as possible, to achieve a consistent accounting outcome in the Australian and New Zealand public sectors.

Table 1 below summarises current projects that the Board is committed to addressing (see [Appendix C](#) for further details):

Table 1 Summary of current AASB domestic projects

Current AASB Domestic Projects	
1	NFP private sector financial reporting framework
2	Fair value measurement for public sector entities
3	Insurance activities in the public sector
4	Conceptual framework for NFP private sector and public sector
5	Public sector financial reporting framework
6	Assessment of IPSAS
7	Audit engagement related disclosures
8	Implementation issues relating to AASB 1058 <i>Income of Not-for-Profit Entities</i> and AASB 1059 <i>Service Concession Arrangements: Grantor</i>

The Board is also anticipating several post-implementation reviews (PIRs) for a range of domestic standards issued for application to be undertaken during the 2022–2026 period, including the following (see [Appendix D](#)):

- [AASB 10 Appendix E *Consolidated Financial Statements: Australian implementation guidance for not-for-profit entities*](#);
- [AASB 12 Appendix E *Disclosure of Interests in Other Entities: Australian implementation guidance for not-for-profit entities*](#);
- [AASB 124 *Related Party Disclosures: Australian Implementation Guidance for Not-for-Profit Public Sector Entities*](#);
- [AASB 1058 *Income of Not-for-Profit Entities*](#) and [AASB 15 *Revenue from Contracts with Customers Appendix F Australian Implementation Guidance for Not-for-Profit Entities*](#);
- [AASB 1059 *Service Concession Arrangements: Grantors*](#);

- [AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities](#); and
- [AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities](#).

A significant portion of the 2022–2026 AASB work program will be dedicated to the Board’s commitment of completing some current standard-setting projects and a series of post-implementation reviews of various standards.

2.3 Inactive domestic projects

Many projects were added to the AASB work program after receiving a wide range of stakeholder feedback from the previous agenda consultation.

Since the previous agenda consultation, the Board has fully utilised its limited resources to focus on high-priority projects, including the Australian Reporting Framework project. As such, some projects have achieved only limited progress. As circumstances may have changed over time, the Board is now seeking clarity from stakeholders on whether to retain any inactive projects on the AASB’s work program. Some inactive projects may have been potentially addressed or resolved and could be removed from the work program. Table 2 below provides a summary and background of inactive projects.

The AASB is seeking your views on whether any of its inactive projects should be retained in the work program.

Table 2 Summary of inactive projects

Projects	Remarks
For-profit sector projects	
Remuneration reporting	<p>As part of the previous AASB agenda consultation, stakeholders provided feedback that remuneration reporting is complex; in particular, overlapping information is often disclosed in different parts of the financial reports. At the <u>May 2017 meeting</u>, the Board added remuneration reporting project to its 2017–2019 work program to conduct research and a benchmarking exercise on senior executive remuneration reporting for both the public and private sectors. Warrick van Zyl (University of Western Australia) and Marvin Wee (Australian National University) <u>presented</u> at the <u>March 2018 meeting</u> their literature review relating to remuneration reporting. A related AASB research report <u>Literature Review: Remunerating Reporting</u> was also published in February 2019.</p> <p>At the <u>November 2019 meeting</u>, the Board approved a <u>project plan</u> on remuneration reporting. The objective of the project is to:</p>

	<p>(a) consider whether the AASB can and should define the disclosure objective for executive remuneration (individual executive remuneration and entity strategies regarding such remuneration) in the context of the information needs of users of remuneration reports. This phase will involve the development of a report on international requirements in other jurisdictions across the three sectors that will help develop principles-based disclosure requirements for remuneration reporting of individual key management personnel (KMP) for for-profit, NFP and public sectors;</p> <p>(b) collaborate with other regulatory bodies to develop appropriate requirements for each sector, which will improve and streamline the executive remuneration reporting requirements applicable to both public and private for-profit and NFP entities.</p> <p>AASB staff paper Review of Executive Remuneration Disclosure Requirements was published in September 2021. The staff paper discusses how the current Australian executive remuneration disclosure requirements compare to other jurisdictions for for-profit (listed), NFP and public sector entities, and identifies whether there is any opportunity to improve and streamline these requirements.</p>
Crowd-sourced equity funding	<p>An Australian Government Consultation Paper Facilitating crowd-sourced equity funding and reducing compliance costs for small businesses was published in August 2015. In responding to the paper at the September 2015 meeting, the Board decided to monitor the progress of the consultation paper. The proposals discussed in the consultation paper were also considered by the Board when developing the Australian Financial Reporting project, which may be one of the reasons that the AASB has not heard much concern from stakeholders on this matter.</p>
NFP sector projects	
Definition of fundraising	<p>As a result of feedback received from a prior agenda consultation, a project plan about a definition of fundraising was discussed at the May 2017 meeting.</p> <p>The feedback indicated there is no generally accepted Australia-wide definition of ‘fundraising’ (covering both fundraising income and fundraising expenditure). State/Territory legislation set out requirements to report fundraising activities. Each State/Territory has a different approach to defining fundraising and reporting of fundraising activities, giving rise to a lack of transparency and comparability of fundraising activities between NFP entities that operate in other jurisdictions.</p> <p>At the May 2017 meeting, the Board decided to consult with the ACNC on whether the Board could improve reporting in response to differing definitions of ‘fundraising’ before conducting further work on this project. To date, no progress has been made on this matter as</p>

	<p>the Board focused on other NFP-related projects such as the NFP Private Sector Financial Reporting Framework project.</p>
<p>Long term discount rates</p>	<p>AASB 119 <i>Employee Benefits</i> requires NFP public sector entities to use market yields on government bonds to discount their post-employment benefit obligations. In July 2015, the AASB noted a letter from the Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) expressing concern about using a spot discount rate for their defined benefit obligations. The primary concern was that the spot rate was volatile. Given the magnitude of defined benefit obligations in the public sector, significant volatility in the entity’s profit or loss may occur. Furthermore, using a spot rate does not reflect how these entities manage their defined benefit liabilities.</p> <p>Constituents, including HoTARAC, requested that the AASB consider alternative discount rates that would more accurately reflect how public sector entities manage their defined benefit liabilities. Among the options suggested was an average, or long-term, rate to help reduce volatility. Whatever the chosen rate might be, it would be beneficial if that rate could be consistent (or be made consistent) with other long-term liability discounting requirements.</p> <p>Further, as a result of feedback received from the ITC 34 <i>AASB Agenda Consultation 2017-2019</i>, the Board decided at the May 2017 meeting to conduct preliminary research on long-term discount rates and the impact of the volatility of spot discount rates on defined benefit liabilities of the public sector. However, there has been limited progress on this project due to the impact of other priorities of the Board.</p>
<p>Other projects</p>	
<p>Co-operatives and mutual entities</p>	<p>At the May 2017 meeting, the AASB noted a letter received from the Business Council of Co-operatives and Mutuals requesting the Board to consider developing a guidance note for co-operatives and mutual enterprises (CMEs) setting out desired standards of reporting and initiate a project to identify appropriate principles and measures for reporting on the activities that CMEs have undertaken to achieve their purpose.</p> <p>The Board, at the May 2017 meeting, decided to develop guidance for CMEs to encourage the consistent application of Australian Accounting Standards and to improve users’ understanding of the financial statements. In July 2018, AASB staff issued FAQ: co-operative and mutual enterprises commentary and FAQs, which may have satisfied stakeholders needs. The Board has not received any further stakeholder concerns.</p>

Questions for respondents

Question 1 – Inactive projects
<p>Section 2.3 and Table 2 summarise inactive projects on which the AASB is seeking stakeholder feedback.</p> <p>Are there any inactive projects you think should be retained in the AASB 2022–2026 work program?</p> <p>To help the Board consider the feedback, please provide reasons explaining your views and other relevant information, including feedback on the scope of the projects.</p>

2.4 Potential projects

Considering the overall balance of its standard-setting activities and strategic directions, the Board recommended three potential external reporting projects for stakeholder input to gather more focused feedback: sustainability reporting, service performance reporting and digital financial reporting.

At this stage of the consultation process, the Board has not considered the scope of each potential project. Feedback is sought on the recommended potential projects as part of this agenda consultation.

Table 3 below provides a summary and background for each of the recommended potential projects.

Table 3 Potential projects

Project	Description
Sustainability reporting	<p>In September 2020, the IFRS Foundation Trustees issued Consultation Paper on Sustainability Reporting. The purpose of the Consultation Paper was to identify demand from stakeholders in the area of sustainability reporting and to understand what the IFRS Foundation could do in response to that demand. In December 2020, the AASB with the FRC and the Auditing and Assurance Standards Board (AUASB) provided joint comments on the consultation paper. In its comment letter, the AASB acknowledged that there is a demand for global harmonisation and better disclosure in this area of corporate reporting. This view was also provided in the subsequent comment letter to the April 2021 IFRS Foundation Trustees Exposure Draft Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards.</p> <p>The AASB intends to continue proactively gathering feedback from stakeholders on the matter. Feedback received will help the Board to form views on domestic sustainability reporting requirements (or guidance). Views will also be shared with other international standards setters, including the IFRS Foundation’s proposed International Sustainability Standards Board. The scope of this project will also be influenced by ongoing international developments.</p>

<p><u>Service performance reporting</u></p>	<p>The AASB initiated the service performance reporting project in 2009 to respond to feedback received about needs of NFP private entities financial statement users. Consequently, the AASB issued in August 2015 ED 270 Reporting Service Performance Information. Feedback received was discussed at the December 2016 meeting. The Board noted that feedback generally agreed with the proposed objectives and principles of ED 270, however with some concerns such as the overlaps between ED 270, the reporting frameworks and government reporting requirements. The Board has not had significant progress on this topic. However, to further understand user needs on service performance reporting information, AASB staff conducted and published the AASB Research Report 14: Literature Review: Service Performance Reporting for Not-for-profits in February 2020. The findings of the Research Report provide international evidence that stakeholders prefer that NFPs report service performance information (such as output-based or outcome-based effectiveness) rather than financial statement information.</p> <p>This project was temporarily withdrawn from the work program because the Board intends to prioritise the NFP reporting framework. At the February 2021 meeting, the Board tentatively decided not to include any service performance reporting proposals in the NFP reporting framework consultation document, subject to clear communication of how it would address this topic and feedback from relevant regulators on the interaction of this decision with their priorities. The Board reiterated the importance of service performance reporting information to users of the financial statements of NFP private sector entities. Still, the Board acknowledged that complexities in developing proposals in this regard might disproportionately delay progress on the differential reporting framework.</p> <p>The Board intends to recommence the service performance reporting project in the period of 2022–2026 because:</p> <ul style="list-style-type: none"> (a) stakeholders have been suggesting this project as a priority; (b) the progress made in the separate NFP reporting framework project is expected to also contribute to the thinking of the service performance reporting project; and (c) service performance reporting and sustainability reporting are potentially closely related projects.
<p>Digital financial reporting</p>	<p>The Parliamentary Joint Committee (PJC) on Corporations and Financial Services Regulation of Auditing in Australia: Interim Report recommends the Australian Government take appropriate action to make digital financial reporting standard practice in Australia. The Board also has heard feedback from users of financial reports that digital financial reporting may help them perform better analyses for decision making. In responding to the PJC’s recommendation and stakeholder feedback, the Board intends to initiate projects that would facilitate the development of</p>

digital financial reporting practice in Australia, including contributing to the development of the [IFRS taxonomy](#).

The Board is recommending sustainability reporting, service performance reporting and digital financial reporting as potential projects for its 2022–2026 work program.

The list of potential topics however is not intended to be exhaustive. Stakeholders are invited to suggest other financial or external reporting topics for the Board to consider.

Questions for respondents

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.

- (a) Do you agree that the AASB should add any of the proposed external reporting projects to the work program? Include any feedback as to the scope of the proposed external reporting projects.
- (b) Are there any other projects you think the AASB should include as part of its work program for 2022–2026? Specify the 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 explaining your views and other relevant information.

Section 3: Research projects

3.1 Background

AASB research and research activities have an important role in enabling the Board to fulfil its missions and strategic directions.

The AASB aims to have a robust and transparent evidence-gathering process for its standard-setting work, and research activities and standard-setting work are inextricably linked. The evidence-informed approach the AASB adopted in its [Evidence-Informed Standard-Setting Framework](#) is to:

- (a) obtain appropriate evidence for all key projects to improve the relevance and timeliness of information available to AASB for its decision-making activities; and
- (b) encourage and produce research that will clarify, illuminate and provide leadership in national and international thinking on standard-setting issues.

For its evidence-informed approach, the AASB defines two types of evidence:

- (a) Descriptive – provides evidence of existing practice as well as identifying stakeholder views and perceptions. It may consider the extent of perceived problems, as well as stakeholder sentiment regarding perceived shortcomings or suggested improvements. Descriptive evidence includes feedback from outreach and roundtables. It may also involve rigorous identification of representative observations through surveys and questionnaires. Other descriptive research may involve summarising existing databases, practices and regulatory requirements in Australia and internationally, as well as systematic literature reviews; and
- (b) Explanatory – focuses on the robust demonstration of why outcomes are observed or would otherwise be expected to occur. Explanatory evidence goes beyond description to identify and rigorously test explanations of why practice issues arise and the effects of the current or proposed practice. While frequently using archival data, explanatory evidence can also be produced via laboratory experiments and in the form of analytical models.

The appropriateness of evidence is considered on a project-by-project basis.

Findings from research activities are published as [Research Reports, Staff Papers or other papers](#) to inform, educate and promote possible alternatives for improving the current external reporting requirement and practice.

To strengthen its research capabilities, the Board in 2015 established the Academic Advisory Panel (AAP).⁶ The AAP is an informal consultative group to provide a conduit for the Board to obtain academic research expertise and build strong relationships with the academic community. The AASB also hosts its annual research forum to allow researchers to share their research findings with a wide range of key stakeholders such as the regulators, practitioners and international standard-setters.⁷

⁶ See AASB website for details of memberships: <https://www.aasb.gov.au/current-projects/advisory-committees/academic-advisory-panel/>

⁷ See AASB website for details of its research forum: <https://www.aasb.gov.au/research-resources/research-forum/>

3.2 Current research projects

Table 4 below provides a summary of the key research projects currently undertaken and expected to be completed in H1 2022. Also, a longer-term key research project, “*Understandability of Accounting Standards*”, is planned to commence in H1 2022.

Table 4 Summary of current research projects

Next major project milestone	H2 2021	H1 2022
Intangible assets: Reducing the financial statements information gap – improved disclosures	Report findings to provide input to the IASB’s Third Agenda Consultation	
Joint research project with the Malaysian Accounting Standards Board on transition requirements and practical expedients of IFRS 16 <i>Leases</i>	Analyse findings	Publish report
Digital assets	Conduct research and draft report	
Understandability of accounting standards		Develop research plan

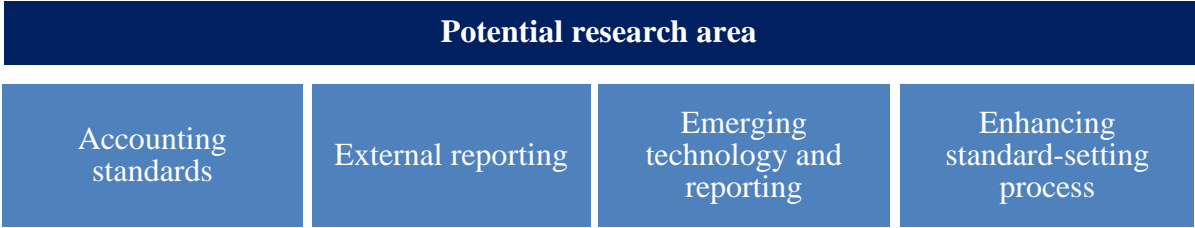
Most key research projects currently undertaken by the AASB staff on the research work program are expected to be well advanced by early 2022. See details in [Appendix E](#).

3.3 Potential research projects

The AASB is anticipating a wide range of research activities in 2022–2026. The key research activities undertaken by the AASB can be split into four categories, as summarised in Figure 1 and are discussed in the sections below.

This ITC also suggests several potential research projects. The scope and details of the projects will be developed after feedback is received from the consultation process.

Figure 1 Categories of research projects



3.3.1 Accounting standards research

The AASB’s standard-setting process is based on evidence and consultation with stakeholders and is consistent with the IASB’s research-based standard-setting process. The AASB uses a robust and transparent evidence-informed approach to set standards and guidance. The [AASB Evidence-Informed Standard-setting Framework](#) sets out how the AASB embeds its evidence-informed approach into domestic and international standard-setting activities in different phases.

The primary objective of accounting standards research projects is to gather a wide range of evidence to support the Board in making decisions on accounting standard-setting work. As such, the accounting standards research projects are necessarily dependent on and, wherever possible, coordinated with the Board’s standard-setting agenda, including its post-implementation reviews of Standards.

To actively influence the IASB, IPSASB and other international accounting and external reporting standards and guidance (AASB Strategy 3), research activities also involve developing thought-leadership papers to inform and initiate discussions on specific complex contemporary accounting issues. Table 5 below summarises potential accounting standards research/thought-leadership projects that the AASB may pursue in its 2022–2026 work program:

Table 5 Potential accounting standards research projects

Project	Description
Encouraged disclosures	<p>In addition to disclosure requirements, the accounting standards occasionally encourage entities to provide certain disclosures. It is, however, unclear how preparers have been responding to those encouraged disclosures.</p> <p>This project aims to investigate how preparers have responded to the encouraged disclosures in the standards and why. Findings from this project will contribute to the IASB’s Disclosure Initiative project that aims to set out a proposed new approach to developing and drafting disclosure requirements in IFRS Standards.</p>
AASB 112 <i>Income Taxes</i> and tax transparency disclosures	<p>This project aims to investigate whether tax disclosures in Australia meet user needs, considering the disclosure requirements under AASB 112 and the voluntary disclosures of the Voluntary Tax Transparency Code developed by the Board of Taxation and endorsed by the Australian Government in the 2015–2016 federal budget.</p>

	The AASB released draft guidance in 2017 to assist businesses to meet the tax transparency code recommendations. Findings from this project will contribute to the draft guidance.
Intangible assets: recognition and measurement	In 2021, AASB staff have been developing a staff paper, “ <i>Intangible assets: Reducing the financial statements information gap – improved disclosures</i> ”, to identify whether disclosures of unrecognised intangible assets are needed to meet user needs. Building on the staff paper, this project focuses on the recognition and measurement issues related to intangible assets.

3.3.2 External reporting research

The AASB research work program involves ongoing work to investigate the scope of projects relating to external reporting that the Board should address. This approach is consistent with AASB Strategy 5 – influencing initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting.

Table 6 below provides two external reporting research projects that the AASB would conduct to support the proposed potential standard-setting projects discussed earlier in this ITC.

Table 6 Potential external reporting research

Project	Description
Sustainability reporting	<p>To enable the Board to have a better understanding of sustainability practice in Australia, some examples of research activities that may be done include the following:</p> <ul style="list-style-type: none"> • Literature review • Conduct surveys of/focus group sessions with users and preparers of financial reports to understand how and to what extent sustainability information could be disclosed. <p>Findings from the research will help the Board to form views on whether uniform and comprehensive domestic sustainability reporting guidance (or requirements) should be developed, and if so, what the sustainability reporting should look like to meet user needs (with considerations of related costs).</p>
Service performance reporting	<p>In February 2020, AASB staff published AASB Research Report 14: Literature Review: Service Performance Reporting for Not-for-profits. The Research Report provides international evidence suggesting that NFP stakeholders prefer service performance information (output-based or outcome-based effectiveness) to financial statement information. However, further research focusing on domestic users’ and preparers’ needs is warranted. Research activities may include surveys and experimental studies on the usefulness of types of service performance information to support the AASB standard-setting work.</p>

3.3.3 Emerging technology and reporting

AASB Strategy 6 is about monitoring and responding to emerging issues impacting the development of accounting and external reporting standards and guidance, including changing

technologies. One potential project related to emerging technology and reporting provided in Table 7 below is digital financial reporting.

Table 7 Potential emerging technology and reporting research

Project	Description
Digital financial reporting	In responding to stakeholder feedback on the importance of digital financial reporting for the Australian economy, the Board intends to initiate projects to facilitate digital financial reporting practice in Australia. To do so, the Board may undertake some research activities about digital financial reporting, such as a literature review to support the standard-setting agenda.

3.3.4 Enhancing standard-setting process

Key principles of the standard-setting process (international influence, transparency, genuine consultation and accountability) are used in the [AASB Due Process Framework for Setting Standards](#), establishing an appropriate standard-setting process. Research is essential to ensure the standard-setting process is adequate to effectively develop, implement and review accounting and external reporting standards.

The Board is proactively conducting and engaging in research activities that contribute to improving the standard-setting process. For example, [AASB research report No. 2 Accounting Judgements on Terms of Likelihood in IFRS: Korea and Australia](#) noted that there is a lack of consensus in interpreting and applying terms of likelihood such as ‘remote’, ‘likely’, ‘virtually certain’ and ‘probable’ used in IFRS Standards. This report highlighted that a different standard-setting process is needed to obtain stakeholder input when developing terms of likelihood.

Table 8 below outlines potential standard-setting process research projects.

Table 8 Potential research about enhancing standard-setting process

Project	Description
Costs and benefits analysis	Cost/benefit analysis is an integral part of standard-setting. The purpose of this project is to conduct a literature review related to costs and benefits analysis in policymaking, such as the development of possible taxonomies of costs and benefits relevant to the different sectors affected by accounting standards. The review will help standard setters understand how to develop and undertake an adequate cost/benefit analysis as part of the standard-setting process.

This ITC identifies several potential research projects that could be added to the AASB research program. The scope of the research projects will be determined subject to stakeholder feedback.

The list of research projects is not intended to be exhaustive. You are invited to suggest other research projects and the scope of these projects.

Questions for respondents

Question 3 – Research projects

Section 3.3 proposes several research projects.

- (a) Do you agree that the AASB should add any of the proposed research projects to the work program?
- (b) Are there any other research projects you think the AASB should include as part of its work program for 2022–2026? Specify the 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 explaining your views and other relevant information.

Section 4: Prioritising projects and next steps

4.1 Prioritising projects

To develop the work program and allocate resources on the highest priority projects, the Board considers various cost/benefit indicators and factors including but not limited to:

- (a) the importance of the issue to those who use financial reports, including the range and extent of those to whom the issue might apply, and whether it impacts for-profit and NFP entities;
- (b) the urgency of addressing the issue, considering the input of other relevant regulators and evidence of the impact of not addressing the issue;
- (c) interactions with other current or possible projects;
- (d) the complexity and breadth of the problem to be resolved, and the feasibility of potential solutions being developed;
- (e) the capacity of stakeholders to respond to proposals, both as individual proposals and across the work program as a whole;
- (f) the overall balance of the work program and the overall balance in the pipeline of research projects that may ultimately come forward to the standards-level work program, including a balance of NFP, public sector and other projects; and
- (g) the availability of sufficient staff resources.

Your feedback will contribute to the Board's decisions on identifying and prioritising the most important financial and external reporting projects to be addressed.

4.2 Next steps

The Board expects to deliberate feedback received on this ITC in H1 2022, and a feedback statement is expected to be published in H2 2022.

Following the [AASB Due Process Framework](#), once a technical issue has been identified, the AASB develops a project proposal. A project proposal contains relevant evidence of the issue, including the extent of the issue, and an assessment of the potential benefits of undertaking the project, the costs of not undertaking it, the resources available and the likely timing.

The Board reviews the project proposal and decides whether the project should be placed on its work program. If the Board decides not to add a topic work program, the Board may decide to formally report the decision as a Board Agenda Decision, sometimes called “items not taken onto the agenda” or “agenda rejection statements”. The minutes of meetings record the decisions made and whether or not a formal Board Agenda Decision was issued.

APPENDIX A – AASB OUTPUT (2017–SEPTEMBER 2021)

This appendix provides a summary of all the AASB’s standards, exposure drafts, invitations to comment and other research reports published since the previous domestic agenda consultation (2017–September 2021).

Standards	
2017	
AASB 1059	<i>Service Concession Arrangements: Grantors</i> (July 2017)
AASB 17	<i>Insurance Contracts</i> (July 2017)
AASB 1048	<i>Interpretation of Standards</i> (December 2017)
AASB 2017-1	<i>Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments</i> (February 2017)
AASB 2017-2	<i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle</i> (February 2017)
AASB 2017-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 4</i> (July 2017)
AASB 2017-4	<i>Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments</i> (August 2017)
AASB 2017-5	<i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i> (December 2017)
AASB 2017-6	<i>Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation</i> (December 2017)
AASB 2017-7	<i>Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures</i> (December 2017)
2018	
AASB 2018-1	<i>Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle</i> (February 2018)
AASB 2018-2	<i>Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement</i> (March 2018)
AASB 2018-3	<i>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements</i> (July 2018)
AASB 2018-4	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors</i> (August 2018)
AASB 2018-5	<i>Amendments to Australian Accounting Standards – Deferral of AASB 1059</i> (November 2018)
AASB 2018-6	<i>Amendments to Australian Accounting Standards – Definition of a Business</i> (December 2018)
AASB 2018-7	<i>Amendments to Australian Accounting Standards – Definition of Material</i> (December 2018)
AASB 2018-8	<i>Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities</i> (December 2018)
2019	
AASB 2019-1	<i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i> (May 2019)
AASB 2019-2	<i>Amendments to Australian Accounting Standards – Implementation of AASB 1059</i> (October 2019)
AASB 2019-3	<i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform</i> (October 2019)

AASB 2019-4	<i>Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements (November 2019)</i>
AASB 2019-5	<i>Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia (November 2019)</i>
AASB 2019-6	<i>Amendments to Australian Accounting Standards – Research Grants and Not-for-Profit Entities (December 2019)</i>
AASB 2019-7	<i>Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations (December 2019)</i>
AASB 2019-8	<i>Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases (December 2019)</i>
2020	
AASB 1060	<i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (March 2020)</i>
AASB 2020-1	<i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (March 2020)</i>
AASB 2020-2	<i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities (March 2020)</i>
AASB 2020-3	<i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments (June 2020)</i>
AASB 2020-4	<i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions (June 2020)</i>
AASB 2020-5	<i>Amendments to Australian Accounting Standards – Insurance Contracts (July 2020)</i>
AASB 2020-6	<i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date (August 2020)</i>
AASB 2020-7	<i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures (August 2020)</i>
AASB 2020-8	<i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 (August 2020)</i>
AASB 2020-9	<i>Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments (December 2020)</i>
2021	
AASB 2021-1	<i>Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities (March 2021)</i>
AASB 2021-2	<i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (March 2021)</i>
AASB 2021-3	<i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (April 2021)</i>
AASB 2021-4	<i>Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors (June 2021)</i>
AASB 2021-5	<i>Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (June 2021)</i>

Exposure drafts	
2017	
ED 276	<i>Annual Improvements to Australian Accounting Standards 2015–2017 Cycle</i> (January 2017)
ED 277	<i>Reduced Disclosure Requirements for Tier 2 Entities</i> (January 2017)
ED 278	<i>Improvements to AASB 8 Operating Segments</i> (April 2017)
ED 279	<i>Prepayment Features with Negative Compensation</i> (April 2017)
ED 280	<i>Property, Plant and Equipment—Proceeds before Intended Use</i> (June 2017)
ED 281	<i>Accounting Policies and Accounting Estimates</i> (September 2017)
ED 282	<i>Definition of Material (Proposed amendments to AASB 101 and AASB 108)</i> (September 2017)
ED 283	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors</i> (December 2017)
ED 284	<i>Recent Standards – Reduced Disclosure Requirements</i> (December 2017)
2018	
ED 285	<i>Accounting Policy Changes</i> (April 2018)
ED 286	<i>Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities</i> (November 2018)
2019	
ED 287	<i>Onerous contracts</i> (January 2019)
ED 288	<i>Proposed amendments to AASB 9 and AASB 139</i> (May 2019)
ED 289	<i>Annual Improvements to Australian Accounting Standards 2018–2020</i> (May 2019)
ED 290	<i>Reference to the Conceptual Framework</i> (June 2019)
ED 291	<i>Not-for-Profit Entity Definition and Guidance</i> (June 2019)
ED 292	<i>Amendments to AASB 17</i> (July 2019)
ED 293	<i>Amendments to Australian Accounting Standards — Disclosure in Special Purpose Financial Statements of Compliance with Recognition and Measurement Requirements</i> (July 2019)
ED 294	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Proposed amendments to AASB 112</i> (July 2019)
ED 295	<i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> (August 2019)
ED 296	<i>Disclosure of Accounting Policies</i> (August 2019)
ED 297	<i>Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> (August 2019)
2020	
ED 298	<i>General Presentation and Disclosures</i> (January 2020)
ED 299	<i>Interest Rate Benchmark Reform — Phase 2</i> (April 2020)
ED 300	<i>Covid-19 Related Rent Concessions</i> (April 2020)
ED 301	<i>Classification of Liabilities as Current or Non-current—Deferral of Effective Date</i> (May 2020)
ED 302	<i>Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Certain For-Profit Private Sector Entities</i> (June 2020)
ED 303	<i>Covid-19-Related Rent Concessions: Tier 2 Disclosures</i> (July 2020)
ED 304	<i>Interest Rate Benchmark Reform – Phase 2: Tier 2 Disclosures</i> (October 2020)
ED 305	<i>Lease Liability in a Sale and Leaseback Proposed Amendments to AASB 16</i> (December 2020)

ED 306	<i>Transition Between Tier 2 Frameworks for Not-for-Profit Entities</i> (December 2020)
2021	
ED 307	<i>Regulatory Assets and Regulatory Liabilities</i> (February 2021)
ED 308	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (February 2021)
ED 309	<i>Disclosure Requirements in Australian Accounting Standards—A Pilot Approach</i> (April 2021)
ED 310	<i>Lack of Exchangeability</i> (May 2021)
ED 311	<i>Management Commentary</i> (June 2021)
ED 312	<i>Disclosure of Accounting Policies – Proposed Amendments to Tier 2 and Other Australian Accounting Standards</i> (August 2021)
ED 313	<i>Initial Application of AASB 17 and AASB 9 – Comparative Information</i> (August 2021)

Invitations to Comment

2017	
ITC 35	<i>Disclosure Initiative – Principles of Disclosure</i> (April 2017)
ITC 36	<i>Request for Comment on IASB Request for Information on Post-implementation Review – IFRS 13 Fair Value Measurement</i> (May 2017)
ITC 37	<i>AASB’s Standard-Setting Frameworks for For-Profit Entities and Not-for-Profit Entities</i> (November 2017)
ITC 38	<i>Request for Comment on IPSASB Exposure Draft Social Benefits</i> (November 2017)
2018	
ITC 39	<i>Applying the IASB’s Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems</i> (May 2018)
2019	
ITC 40	<i>Financial Instruments with Characteristics of Equity</i> (July 2019)
ITC 41	<i>The AASB’s Approach to International Public Sector Accounting Standards</i> (August 2019)
2020	
ITC 42	<i>Business Combinations under Common Control</i> (December 2020)
ITC 43	<i>Request for Comment on IASB Request for Information on Post-implementation Review—IFRS 10, 11 and 12</i> (December 2020)
2021	
ITC 44	<i>Request for Comment on the IASB Request for Information on Third Agenda Consultation</i> (April 2021)
ITC 45	<i>Request for Comment on IPSASB Exposure Drafts ED 76 Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements and ED 77 Measurement</i> (April 2021)

Research reports

2017	
No. 4	<i>Review of Adoption of International Financial Reporting Standards in Australia</i> (March 2017)
No. 5	<i>Financial Reporting Requirements Applicable to Charities</i> (October 2017)

2018	
No. 6	<i>Financial Reporting Requirements Applicable to Public Sector Entities</i> (May 2018)
No. 7	<i>Financial Reporting Requirements Applicable to For-Profit Private Sector Companies</i> (May 2018)
2019	
No. 8	<i>Literature Review — Remuneration reporting</i> (February 2019)
No. 9	<i>Perspectives on IAS 36: A Case for Standard Setting Activity: Summary of Outreach Results</i> (March 2019)
No. 10	<i>Legislative And Regulatory Financial Reporting Requirements</i> (March 2019)
No. 11	<i>Review of Special Purpose Financial Statements: Large and Medium-sized Australian Charities</i> (August 2019)
No. 12	<i>Financial Reporting Practices of For-Profit Entities Lodging SPFSs</i> (August 2019)
No. 13	<i>Parent, Subsidiary and Group Financial Reporting</i> (October 2019)
2020	
No. 14	<i>Literature Review of Service Performance Reporting Not-for-profits</i> (March 2020)
No. 15	<i>Review of Auditor Remuneration Disclosure Requirements</i> (December 2020)
2021	
No. 16	<i>Financial Reporting by Non-corporate or Small Entities</i> (March 2021)

Staff and other Papers

2017

AASB Staff Report: *Australian Accounting Standards Board and International Public Sector Accounting Standards Board Pronouncements – A Comparison* (May 2017)

AASB Discussion Paper: *Improving Financial Reporting for Australian Charities* (November 2017)

2018

AASB Staff Paper: *Comparison of Standards for Smaller Entities* (April 2018)

AASB Discussion Paper: *Improving Financial Reporting for Australian Public Sector – Appendices to Public Sector Discussion Paper* (June 2018)

AASB Staff Paper: *Enhancing the revised Conceptual Framework and replacing Special Purpose Financial Statements – For-profit User and Preparer Survey Results* (December 2018)

2020

AASB Staff Paper: *Modifications to Australian Accounting Standards for Not-for-Profit Entities* (April 2020)

2021

AASB Staff Paper: *Comparison of Narrative Reporting Requirements Applicable to For-Profit Entities* (May 2021)

AASB Staff Paper: *Review of Executive Remuneration Disclosure Requirements* (September 2021)

APPENDIX B – AASB MISSIONS AND STRATEGIC OBJECTIVES

The AASB work program is frequently updated to reflect the Board’s priorities and the progress of its work that are aligned with its missions and strategic objectives. The latest AASB work program can be found on the [AASB website](#).

The purpose and vision of AASB are to contribute to stakeholder confidence in the Australian economy, including its capital markets, and trust in external reporting. The AASB’s missions are to:

- (a) develop, issue and maintain principles-based Australian accounting and external reporting standards and guidance that meet user needs and enhance external reporting consistency and quality.
- (b) contribute to the development of a single set of accounting and external reporting standards for world-wide use.

The table below provides the AASB’s seven strategic objectives that contribute to the Board’s considerations when determining its activities.

AASB Strategic Objectives	
Strategy 1	Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users. For ‘publicly accountable’ entities maintain IFRS compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance.
Strategy 2	With the Australian Auditing and Assurance Standards Board (AUASB), play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on: <ul style="list-style-type: none"> • who prepares external reports (including financial reports) • the nature and extent of assurance required on these external reports.
Strategy 3	Actively influence IASB, International Public Sector Accounting Standards Board (IPSASB) standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.
Strategy 4	Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.
Strategy 5	Influence initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting.
Strategy 6	Monitor and respond to emerging issues impacting the development of accounting and external reporting standards and guidance, including changing technologies.
Strategy 7	Develop guidance and education initiatives, or promote development by others, to enhance consistent application of accounting and external reporting standards and guidance.

APPENDIX C – AASB DOMESTIC STANDARD-SETTING PROJECTS (SEPTEMBER 2021)

Standard-setting projects	Remarks	Expected completion
High priority		
NFP private sector financial reporting framework	<p>The objective of the project is to develop a reporting framework that is simple, proportionate, consistent, transparent and cost-effective for all NFP private sector entities in Australia. The Board is deliberating on the development of public consultation papers. This project is consistent with the AASB strategic objective 2.</p> <p>A discussion paper is expected to issue in Q4 2021. Subject to feedback on the discussion paper and any eventual exposure draft, the current project plan aims for the final standard to be issued in 2023.</p>	2023
Fair value measurement for public sector entities	<p>The objective of this project is to address issues and concerns raised by public sector constituents regarding the application of AASB 13 Fair Value Measurement by public sector entities. This project also addresses issues raised by constituents in the NFP sector (private and public sector) about the fair value of right-of-use assets arising from concessionary leases. Concessionary leases in this context are leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives. The AASB decided to consider the IPSASB's Measurement project before proposing any amendments to AASB 13.</p>	2022–2023
Implementation issues relating to AASB 1058 Income of Not-for-Profit Entities and AASB 1059 Service Concession Arrangements: Grantor	<p>Since the implementation of AASB 1058 and AASB 1059, stakeholders have been providing feedback to the AASB on some practical challenges related to the standards. Feedback gathered and significant issues identified will be considered by the Board to determine whether narrow scope amendments to the standards are necessary. This process is consistent with the AASB strategic objective 1.</p>	2022
Medium priority		
Insurance activities in the public sector	<p>Currently, AASB 17 Insurance Contracts does not apply to NFP public sector entities. In addition, there is an apparent inconsistency in Australia in the application of standards by some Australian public sector entities conducting insurance and insurance-like activities. The AASB and the NZASB have each commenced a project in 2017/2018 to consider expanding the scope of AASB 17 / PBE IFRS 17 to include insurance contracts and arrangements that have similar characteristics to insurance contracts in the public sector as well as addressing any public-sector-specific issues. Each Board has issued a public consultation document (AASB</p>	2022

	<p>Discussion Paper Australian-specific Insurance Issues – Regulatory Disclosures and Public Sector Entities and NZASB Exposure Draft 2018-7 PBE IFRS 17 Insurance Contracts) and considered respondents’ comments. In 2020, the AASB and NZASB decided to work jointly to progress the project to achieve, as much as possible, a consistent accounting outcome in the public sector in Australia and New Zealand to achieve greater consistency of financial reporting among entities engaging in insurance activities.</p> <p>At the February 2021 meeting, the Board instructed staff to address eight issues related to the implementation of AASB 17 for public sector NFP entities for deliberation at future meetings. Subject to the Board’s decision and stakeholder feedback, this project is expected to complete in 2022.</p> <p>This project is consistent with the AASB strategic objective 1.</p>	
Conceptual framework for NFP private sector and public sector	<p>This project aims to apply the AASB’s Conceptual Framework for Financial Reporting to NFP entities and improve the consistency, comparability, transparency and enforceability of financial reports prepared in accordance with Australian Accounting Standards. This project is consistent with the AASB strategic objective 2.</p> <p>At the June 2020 meeting, the Board approved a project plan to modify the AASB’s Conceptual Framework for Financial Reporting where necessary to address NFP private and public sector considerations in order to apply the Revised Conceptual Framework to NFP entities.</p> <p>The project plan has two stages. Stage 1 of the project seeks to amend the Revised Conceptual Framework (RCF) where necessary for the public sector and NFP private sector issues (using the NFP modifications in the existing Conceptual Framework as the starting point), to make the RCF available for these sectors. Stage 2 of this project will explore NFP considerations through research and outreach in order to improve the RCF for NFP entities as a long-term measure. The Board at the current stage is to deliberate the topic to consider interaction with other cross-cutting projects such as NFP Private Sector Financial Reporting Framework project. Subject to the Board’s decisions and stakeholder feedback, and to the interaction with cross-cutting projects, Stage 1 of this project is expected to be completed concurrently with NFP Private Sector Financial Reporting Framework in 2023 with Stage 2 to follow.</p>	2023
Audit engagement related disclosures	<p>AASB 1054 Australian Additional Disclosures requires entities to disclose the fees paid to their auditors for the audit/review of the financial statements and other services. However, concerns have been raised that the current disclosure requirements are not sufficient.</p> <p>At the February 2021 meeting, the Board directed staff to develop a draft Exposure Draft (ED) for the April meeting</p>	2022–2023

	<p>with proposed revised auditor remuneration disclosures based on the work presented in AASB Research Report 15 Review of Auditor Remuneration Disclosure Requirements and other outreach and research activities.</p> <p>At the June 2021 meeting, the Board decided not to propose amendments to Australian Accounting Standards to require auditor tenure disclosure at this stage but to continue to monitor the work being carried out by the Australian Institute of Company Directors (AICD) in respect of listed entities. Further, the Board acknowledged that it is appropriate to wait for the government response to the PJC Inquiry recommendations before issuing its ED. However, in the interim, the Board will continue deliberating the proposals to amend AASB 1054.</p>	
Low priority		
<p>Public sector financial reporting framework</p>	<p>In 2014 the FRC’s Financial Reporting Taskforce published a report Financial Reporting – Issues, Recommendations and Summary of Observations from its investigation into Australia’s financial reporting requirements. The report showed that the financial reporting requirements for all sectors were complex. The Taskforce recommended that a new reporting framework is developed to define appropriate reporting requirements based on an entity’s risk profile, public accountability and the likely users of an entity’s financial reports.</p> <p>In addressing FRC’s recommendations, the Board decided to undertake a project to reform the public sector financial reporting framework (which would be applicable to for-profit and NFP public sector entities other than Whole of Government and General Government Sector). [Note: The Board is currently undertaking a separate project to reform the NFP Private Sector Financial Reporting Framework. The project on reforming the For-Profit Private Sector Financial Reporting Framework was completed in 2020.]</p> <p>In 2018, the Board issued the following publications and have commenced discussion with principal stakeholders on the key findings and draft proposals of these publications:</p> <ul style="list-style-type: none"> (a) Research Report No. 6 – Financial Reporting Requirements Applicable to Australian Public Sector Entities (May 2018); and (b) Discussion Paper – Improving Financial Reporting for Australian Public Sector (June 2018). <p>In 2019, it was decided that the FRC’s Public Sector Working Group (FRC WG) will lead this project. Depending on the complexity of change and the legislative programs in each jurisdiction, the project is expected to be completed in 2024. The FRC WG will also be managing the PIR of AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>.</p>	<p>2022–2024</p>

	<p>The Board approved a project plan at the November 2019 meeting. The overall objective of the project is for AASB to work with FRC WG to:</p> <ul style="list-style-type: none"> (a) clarify and simplify the financial reporting framework for the Australian public sector by developing objective criteria to determine which entities of the Commonwealth and State, Territory and Local Governments should be required to prepare General Purpose Financial Statements (GPFS); and (b) determining the financial reporting requirements that would apply to the financial statements. <p>AASB staff continues to work with FRC Public Sector WG on this project as part of Future of Financial Reporting in the Public Sector project.</p>	
<p>Assessment of IPSAS</p>	<p>In accordance with The AASB’s Approach to International Public Sector Accounting Standards, the AASB should assess and consider whether to adopt IPSAS when one of the following events occurs:</p> <ul style="list-style-type: none"> (a) IPSAS make substantive progress or changes that the AASB consider would significantly affect its assessment of the factors outlined in paragraph 13 of the policy; or (b) where (a) is not met, five years has passed since the last assessment. <p>The most recent project related to the reassessment of IPSAS is the AASB Staff Report published in May 2017 Australian Accounting Standards Board and International Public Sector Accounting Standards Board Pronouncements – A Comparison.⁸ As such, a reassessment of IPSAS is due to be undertaken. This project is consistent with the AASB strategic objectives 1, 3 and 4.</p>	<p>2022–2023</p>

⁸ https://www.aasb.gov.au/admin/file/content102/c3/AASB_Staff_Report_AASB_IPSASB_Pronouncements_Comparison.pdf

**APPENDIX D – FORTHCOMING POST-IMPLEMENTATION
REVIEWS OF DOMESTIC STANDARDS AND INTERPRETATIONS
(SEPTEMBER 2021)**

Standard/Interpretation	Initial application date (annual periods beginning on or after)
<p><u>AASB 10 Consolidated Financial Statements: Appendix E Australian Implementation Guidance for Not-for-Profit Entities</u>⁹</p> <p>Appendix E explains and illustrates how the principles in AASB 10 apply to NFP entities in the private and public sectors. In particular to address circumstances where a for-profit perspective does not readily translate to a NFP perspective (e.g. the terms investor and investee).</p>	1 January 2014
<p><u>AASB 12 Disclosure of Interests in Other Entities: Appendix E Australian Implementation Guidance for Not-for-Profit Entities</u>¹⁰</p> <p>Appendix E explains the application of the definition of ‘structured entity’ by NFP entities.</p>	1 January 2014
<p><u>AASB 124 Related Party Disclosures: Australian Implementation Guidance for Not-for-Profit Public Sector Entities</u>¹¹</p> <p>The requirement to disclose related party information was extended to NFP public sector entities. Historically such entities were excluded from the scope of AASB 124 on the grounds of practicability, including the number of intra-government transactions. Australian implementation guidance was also added.</p>	1 January 2016
<p><u>AASB 1004 Contributions</u>¹²</p> <p>AASB 1004 sets requirements for:</p> <ul style="list-style-type: none"> (i) Government departments in respect of parliamentary appropriations, liabilities of government departments assumed by other entities, contributions by owners and distributions to owners and the restructure of administrative arrangements. (ii) Other government controlled NFP entities in respect of the restructure of administrative arrangements. 	1 July 2008

⁹ Amendments made by AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities

¹⁰ Amendments made by AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities

¹¹ Amendments made by AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

¹² AASB 1004 previously contained revenue recognition requirements for NFP private sector entities. These requirements were superseded by the requirements in AASB 15 and AASB 1058.

Standard/Interpretation	Initial application date (annual periods beginning on or after)
(iii) Local governments and whole of governments in respect of contributions by owners and distributions to owners.	
<p><u>AASB 1050 Administered Items</u></p> <p>AASB 1050 specifies requirements for government departments relating to administered items. Disclosures made in accordance with this Standard provide users with information relevant to assessing the performance of a government department, including accountability for resources entrusted to it.</p>	1 January 2008
<p><u>AASB 1051 Land Under Roads</u></p> <p>AASB 1051 specifies the requirements for financial reporting of land under roads by local governments, government departments, General Government Sectors and whole of governments.</p>	1 January 2008
<p><u>AASB 1052 Disaggregated Disclosures</u></p> <p>AASB 1052 specifies principles for reporting:</p> <ul style="list-style-type: none"> (i) financial information by function or activity by local governments; and (ii) financial information about service costs and achievements by government departments. <p>Disclosures made in accordance with this Standard provide users with information relevant to assessing the performance of a local government or government department, including accountability for resources entrusted to it.</p>	1 January 2008
<p><u>AASB 1054 Australian Additional Disclosures – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements</u>¹³</p> <p>These disclosures were added to AASB 1054 and apply to certain NFP private sector entities that are preparing special purpose financial statements (SPFS). In-scope entities are required to disclose information about the extent of their compliance with recognition and measurement requirements as well as information about whether/how they have accounted for their relationships with other entities.</p>	(ending) 30 June 2020

¹³ Amendments made by AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements

Standard/Interpretation	Initial application date (annual periods beginning on or after)
<p><u>AASB 1056 Superannuation Entities</u></p> <p>AASB 1056 specifies requirements for the general purpose financial statements of superannuation entities. The objective is to provide users with information that is useful for decision making in a superannuation entity context.</p>	1 July 2016
<p><u>AASB 1058 Income of Not-for-Profit Entities</u> and <u>AASB 15 Revenue from Contracts with Customers: Appendix F Australian Implementation Guidance for Not-for-Profit Entities</u></p> <p>AASB 1058 establishes principles for NFP entities that apply to:</p> <ul style="list-style-type: none"> (i) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the NFP entity to further its objectives; and (ii) the receipt of volunteer services. <p>Appendix F provides guidance to assist NFP entities to determine whether particular transactions or other events, or components thereof, are within the scope of AASB 15, in particular in relation to identifying a contract and identifying performance obligations.</p>	1 January 2019
<p><u>AASB 1059 Service Concession Arrangements: Grantors</u></p> <p>AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective.</p> <p><u>AASB 2021-4 Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors</u> amends the modified retrospective transition method for service concession grantors measuring the Grant of a Right to the Operator liability when implementing AASB 1059.</p>	1 January 2020 (ending) 30 June 2021
<p><u>AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</u></p> <p>This is a separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053 <i>Application of Tiers of</i></p>	1 July 2021

Standard/Interpretation	Initial application date (annual periods beginning on or after)
<p><i>Australian Accounting Standards</i>.¹⁴ It replaces the existing RDR framework.</p>	
<p><u>AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</u></p> <p>This amending Standard removed the ability for certain for-profit private sector entities to prepare SPFS where:</p> <ul style="list-style-type: none"> (i) they are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; or (ii) they are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, and that the relevant document was created or amended on or after 1 July 2021. 	1 July 2021
<p><u>Interpretation 1019 The Superannuation Contribution Surcharge</u></p> <p>This Interpretation addresses whether the surcharge is a liability and an expense of a superannuation plan and, if so, when the liability and expense should be recognised.</p>	1 January 2005
<p><u>Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities</u></p> <p>This Interpretation applies to certain transfers of assets, or assets and liabilities, to wholly-owned public sector entities from other entities within the same group of entities. It applies where AASB 1004 is applied.</p>	1 January 2008

¹⁴ AASB 1053 outlines that Australian Accounting Standards consist of two Tiers of reporting requirements for preparing general purpose financial statements:

- (a) Tier 1: Australian Accounting Standards; and
- (b) Tier 2: Australian Accounting Standards – Simplified Disclosures (for annual periods beginning on or after 1 July 2021).

APPENDIX E – AASB RESEARCH PROGRAM (SEPTEMBER 2021)

Research projects	Objective
AASB 138 <i>Intangible assets:</i> Reducing the financial statements information gap – improved disclosures	The objectives of the research projects are to identify whether an information gap arises from AASB 138 / IAS 38 because of the requirements that prohibit the recognition of many internally generated intangible assets. Further, the research project aims to provide recommendations on how that information gap could be reduced by improved disclosures.
Joint research projects with the Malaysian Accounting Standards Board on transition requirements and practical expedients of IFRS 16 <i>Leases</i>	Identify relevant lessons that might inform the application of other new and revised standards regarding future transition arrangements and ongoing practical expedients that can be permitted or required, without compromising the principles-based nature of those standards and without jeopardising user needs.
Digital assets	In December 2016, the AASB presented at the Accounting Standards Advisory Forum meeting on <i>Digital currency – A case for standard setting activity</i> (principal author: Henri Venter from Deloitte Australia). Collaborating with the University of New South Wales industry-Research Integrated Learning course, this project investigates how digital currency has been recognised, measured and disclosed in the financial statements of some international listed entities.