Project:	**Review of AASB 1060**	**Meeting:**	AASB November 2026 (M224)
Topic:	**Disclosure requirements in IFRS 19: Feedback Analysis and Recommendations**	**Agenda Item:**	4.1
		Date of this agenda paper:	19 November 2026
Contact(s):	Hang Tran htran@aasb.gov.au Lan Lu llu@aasb.gov.au	**Project Priority:**	Medium
		Decision-Making:	Medium
		Project Status:	Consider feedback and future direction for IFRS 19 in Australia

The objective of this paper

1 The objectives of this staff paper are for the AASB to:

(a) **consider** stakeholder feedback obtained in evaluating the suitability of IFRS 19 for adoption and application in Australia; and

(b) **decide** whether to proceed with an Australian version of IFRS 19.

Structure of this paper

2 This staff paper is set out as follows:

(a) Background (paragraphs 3 to 12);

(b) Feedback overview (paragraphs 13 to 19);

(c) Costs and benefits of an Australian version of IFRS 19 (paragraphs 20 to 35); and

(d) Appendices:

(i) Appendix A: Overview of IASB's Development of IFRS 19 and a Summary of the Related AASB Actions in Relation to IFRS 19 (Extract from ITC 56);

(ii) Appendix B: Summary of Board Decisions;

(iii) Appendix C: International Adoption of IFRS 19; and

(iv) Appendix D: Detailed Feedback Summary.

Background

3 AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* was issued by the AASB in March 2020, replacing the previous Reduced Disclosure Requirements (RDR) framework. It introduced a simplified disclosure regime for Tier 2 entities – entities without public accountability that are nonetheless required to (or elect to) prepare general purpose financial statements (GPFS) but do not aim to comply with all of the disclosure requirements in Australian Accounting Standards.

4 When AASB 1060 was developed, the AASB was aware of the IASB project on Subsidiaries that are small and medium-sized entities (SMEs) and noted the possibility that AASB 1060 may ultimately be replaced with the Standard developed by the IASB (see AASB 1060 paragraph BC24).

5 In May 2024, the IASB issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures*. IFRS 19 allows eligible subsidiaries to apply reduced disclosure requirements, when compared with other IFRS Accounting Standards. However, these subsidiaries must still comply with the recognition, measurement and presentation requirements of other IFRS Accounting Standards.[1]

6 IFRS 19 is relevant to Australia's Tier 2 framework because it also sets out reduced disclosure requirements for entities without public accountability. However, the scope of IFRS 19 is narrower than AASB 1060, as IFRS 19 applies only to subsidiaries without public accountability that have a parent that prepares publicly available consolidated financial statements that comply with IFRS Accounting Standards.

7 With IFRS 19 and AASB 1060 both covering reduced disclosure requirements for entities without public accountability, the AASB was keen to seek stakeholders' feedback on the suitability of IFRS 19 for adoption in Australia.

8 At the May 2025 Board meeting, the AASB decided to issue one Invitation to Comment (ITC) that combined the Post-implementation review (PIR) of AASB 1060 and potential amendments to AASB 1060 due to the issue of new Standards (i.e. the 2025 *IFRS for SMEs* Accounting Standard, AASB 18 *Presentation and Disclosure in Financial Statements* and IFRS 19).

9 This resulted in the issuance of ITC 56 *Post-implementation Review of Tier 2 and Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2* in September 2025. ITC 56 had two distinct sections – Section 1: PIR of AASB 1060 and AASB 2020-2 and Section 2: AASB 1060 Update. The comment period was set at 120 days and closed on 22 January 2026.[2]

10 Section 2 of ITC 56 invited comments on potential amendments to AASB 1060 in response to recent updates of the international and domestic Accounting Standards. This section considered:

(a) **Topic 1:** Potential amendments to AASB 1060 based on the third edition of the *IFRS for SMEs* Accounting Standard;

(b) **Topic 2:** Potential effects of AASB 18 *Presentation and Disclosure in Financial Statements* on AASB 1060; and

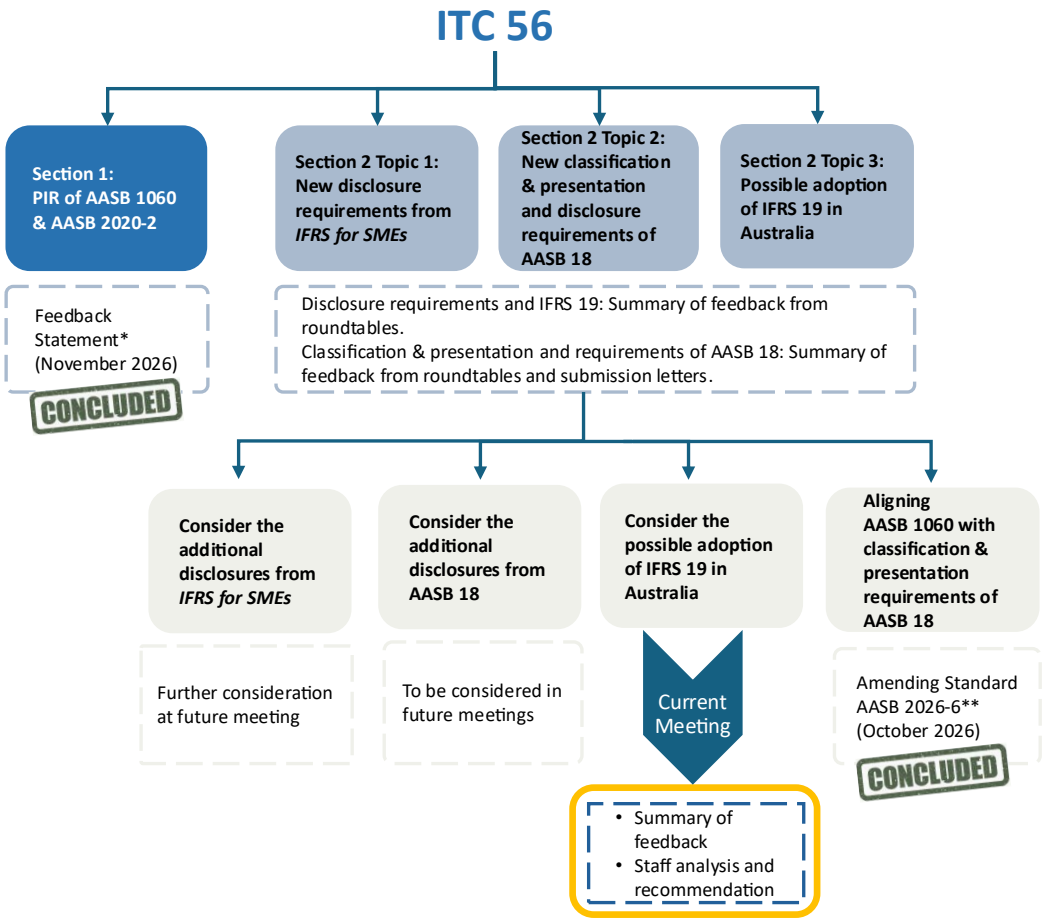
(c) **Topic 3:** Disclosure requirements in IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

This agenda item focuses **only** on Topic 3 in Section 2 of ITC 56.

1 An extract from ITC 56 with details of the IASB's development of IFRS 19 and a summary of the AASB's actions in relation to IFRS 19 are included in Appendix A.

2 Summary of Board decisions regarding ITC 56 is included in Appendix B.

Flowchart of the project – Items considered in ITC 56[3]



11 ITC 56 Section 2 Topic 3 sought stakeholder feedback on the following matters[4] regarding IFRS 19:

(a) the importance for Tier 2 entities to claim compliance with IFRS 19 (Question 3.1);

(b) stakeholder preference among five different alternative approaches to IFRS 19 in Australia (Question 3.2):

(i) **Option A:** replace AASB 1060 with IFRS 19 and expand the scope from subsidiaries without public accountability to all Tier 2 entities;

(ii) **Option B:** amend AASB 1060 to include the additional disclosures required by IFRS 19 to achieve compliance with IFRS 19;

(iii) **Option C:** retain AASB 1060 and do not adopt IFRS 19 at all;

(iv) **Option D:** adopt IFRS 19 as an alternative Tier 2 framework for subsidiaries without public accountability, so that these entities would have the option to prepare GPFS under either AASB 1060 or an AASB Standard incorporating IFRS 19; or

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3 Links to the complete components of ITC 56:

* PIR of AASB 1060 and AASB 2020-2: Feedback Statement (November 2026)

** AASB 2026-6 *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* (October 2026)

4 Extracts of the ITC 56 questions relating to IFRS 19 are included in Appendix A.

(v) **Option E:** adopt IFRS 19 as an alternative Tier 2 framework under which subsidiaries without public accountability would apply an AASB Standard incorporating IFRS 19 (without the option to apply AASB 1060 instead) and other Tier 2 entities would apply AASB 1060.

(c) if only parts of IFRS 19 should be adopted in Australia, which additional disclosure requirements currently not required under AASB 1060 would be appropriate for Tier 2 entities and/or subsidiaries without public accountability (Question 3.3).

12 Stakeholder feedback[5] was gathered from the following:

(a) three roundtable events held in November 2025;[6]

(b) 13 written submissions,[7] including the big four professional services firms, four mid-tier accounting and advisory firms, three accounting body associations and two public-sector advisory and stakeholder bodies;

(c) extended outreach with eight users of Tier 2 financial statements,[8] including four regulator stakeholders and representatives from a large Australian bank (credit division), a superannuation entity, an investment research company (credit rating division) and a professional member body for commercial and consumer credit management professionals; and

(d) other sources, including one-to-one meetings with representatives from three audit organisations and email correspondence from two public sector stakeholders.

Feedback overview

Stakeholder feedback

13 In response to Question 3.1, 67% (22 of 33) of respondents stated that claiming compliance with IFRS 19 is not important for Tier 2 entities, with targeted outreach with users generally identifying no clear capital market benefits (See Table 1).

Table 1: Quantitative summary of stakeholder feedback on the importance of IFRS 19 compliance for Tier 2 entities

	Important	Not important
Virtual roundtable[9]	7	9
Submission letters	4	9
Target outreach with users	0	4
Total	**11**	**22**
Percentage	**33%**	**67%**

5 Detailed stakeholder feedback is included in Appendix D.

6 Refer to Agenda Paper 3.1 (AASB Meeting M218, February 2026) for details regarding feedback received from the three roundtable sessions on Section 2 of ITC 56.

7 Link to ITC 56 submissions: Agenda Paper 5.6 (AASB Meeting M219, March 2026)

8 While targeted outreach was conducted with eight users, only four provided specific feedback on IFRS 19. The remaining four users either did not comment on IFRS 19 or did not express a clear view.

9 In-person roundtable preferences were gathered informally by a show of hands and were not formally recorded. As such, only responses captured at the virtual roundtable are presented here.

(a) Many respondents considered that the ability to claim compliance with IFRS 19 is not important for most Tier 2 entities and cited the following reasons:

(i) AASB 1060 is meeting the needs of Tier 2 entities;

(ii) limited evidence of broader benefits from IFRS 19 compliance;

(iii) many Australian Tier 2 entities would not be eligible to apply IFRS 19;

(iv) IFRS compliance has limited relevance for Tier 2 entities in domestic groups;

(v) entities that prioritise IFRS compliance can already apply Tier 1; and

(vi) IFRS 19 is largely not relevant for public sector entities.

See details in Appendix D, paragraphs D12(a)-(f).

(b) On the other hand, a few respondents acknowledged that IFRS 19 compliance may provide some benefits such as supporting alignment with global reporting practices and reducing duplication and simplifying reporting for global groups but considered these benefits relevant to only a small proportion of Tier 2 entities.

See details in Appendix D, paragraphs D11(a)-(b).

(c) As part of our targeted outreach, staff also asked users of Tier 2 financial statements whether an entity's ability to claim compliance with IFRS 19 could reduce its cost of capital. Most users were not familiar with IFRS 19 and generally did not identify a clear capital market benefit. One user noted that investors' information needs are met through other sources, depending on whether they are debt or equity investors. Another user observed that AASB 1060 is functioning well and that retaining the existing framework would be less disruptive. These views are consistent with the feedback outlined in paragraphs 13(a)(i)-(ii) above.

See details in Appendix D, paragraphs D12(a), (b) and (e)

14 In response to Question 3.2, 91% (31 of 34) of respondents supported either not adopting IFRS 19 at all (Option C) or else adopting IFRS 19 as an optional framework for subsidiaries alongside AASB 1060 (Option D) (See Table 2).

Table 2: Quantitative summary of stakeholder feedback on five different alternative approaches to IFRS 19 in Australia

	A	B	C	D	E
Virtual roundtable[10]	0	2	4	10	1
Submission letters[11]	0	0	6.5	6.5	0
Target outreach with users	0	0	4	0	0
Total	**0**	**2**	**14.5**	**16.5**	**1**
Percentage	**0**	**6%**	**43%**	**48%**	**3%**

10 As noted in paragraph 12 and Appendix D paragraph D3, three roundtables were held: two in person, attended by 10 and 16 participants respectively, and one virtually via Zoom, attended by approximately 50 participants. Sydney participants most favoured Option B, with some support for Option C while Melbourne participants showed strong preference for Option D, with some support for Option C but the exact number of votes was not available for these in-person roundtables. In-person roundtable preferences were gathered informally by a show of hands and were not formally recorded. As such, only responses captured at the virtual roundtable are presented here. For completeness, feedback from the in-person roundtables was still included in this agenda paper where relevant, with further details provided in Appendix D.

11 For submission feedback, Table 2 reflects each respondent's primary preference. It should be noted that one respondent selected both Options C and D without indicating a preference; therefore, 0.5 points were allocated to each option for that respondent.

(a) Most comments related to Options A and B identified reasons for not supporting approaches that would replace or substantially modify AASB 1060, including:

(i) AASB 1060, which was recently adopted, has been well received and has achieved its objectives;

(ii) IFRS 19 and AASB 1060 have different user information needs;

(iii) IFRS 19 is not suitable for a broader Tier 2 population;

(iv) IFRS 19 disclosure requirements are considered excessive relative to what is reasonable for Australian Tier 2 entities; and

(v) additional cost would arise from initial and ongoing alignment with IFRS 19, while the benefits remain unclear.

See details in Appendix D, paragraphs D17-D18

(b) Respondents supporting Option C (i.e. Australia does not adopt IFRS 19) considered that introducing a second Tier 2 reporting framework could create additional complexity, confusion and costs, with limited evidence of stakeholder demand for IFRS 19 and insufficient justification for needing an additional framework.

See details in paragraphs 21-22 of this paper.

(c) Respondents supporting Option D (i.e. Australia adopts IFRS 19 as an optional reporting framework) emphasised that AASB 1060 should remain the primary Tier 2 reporting framework. They considered that making an Australian equivalent of IFRS 19 available would support global harmonisation and provide eligible subsidiaries with access to IFRS 19 where there is a need or desire to claim IFRS compliance.

See details in paragraphs 23-24 of this paper.

(d) Commentary related to Option E indicated stakeholder preference for an optional, rather than mandatory, approach to an Australian version of IFRS 19.

See details in Appendix D, paragraphs D27-D28.

15 In response to Question 3.3, limited feedback was received, with all respondents opposing the partial adoption of IFRS 19.

Staff analysis and recommendation

16 Since ITC 56 was issued, significant work on AASB 1060 has progressed. The Feedback Statement to the AASB 1060 PIR concluded that the Standard is operating as intended and achieves an appropriate balance between meeting user needs and preparer costs. The AASB has also recently issued AASB 2026-6 *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation*.

17 As part of ITC 56, the AASB compared the disclosure requirements in IFRS 19 with those in AASB 1060 and noted that, overall, IFRS 19 contains more disclosure requirements. Most stakeholders did not support adding more disclosure requirements to the existing Tier 2 framework.

18 In light of these developments and stakeholder feedback in paragraphs 14(a) and (d) above, staff are of the view that:

(a) **Options A and B are no longer appropriate alternatives**, as both approaches would fundamentally change the current AASB 1060 framework. Such a change is difficult to justify, given the PIR conclusion that AASB 1060 is operating effectively and the AASB's continued investment in maintaining and updating the Standard; and

(b) **Option E can be removed from further consideration**, as Option D received significantly more stakeholder support, reflecting a general preference for an optional rather than mandatory approach to IFRS 19 in Australia.

19 Accordingly, staff **recommend** that the Board focus its consideration on the following two options:

(a) **Option C** – do not adopt IFRS 19 at all; and

(b) **Option D** – adopt IFRS 19 as an optional framework alongside AASB 1060.

Questions for Board members

Q1 Do Board members have any questions or comments on stakeholder feedback, staff analysis and recommendation in paragraphs 14-19?

Q2 Do Board members agree with the staff recommendation to mainly focus on considering the following options:

(a) Retain AASB 1060 and do not adopt IFRS 19 at all (Option C); and

(b) Adopt IFRS 19 as an optional reporting framework (Option D)?

Costs and benefits of an Australian version of IFRS 19

20 This section mainly considers whether to retain AASB 1060 and not adopt IFRS 19 at all (Option C) or to adopt IFRS 19 as an optional reporting framework (Option D).

Stakeholder feedback

Retain AASB 1060 and not adopt IFRS 19 at all (Option C)

21 Key reasons given by respondents in support of Option C were:

(a) *Limited demand for IFRS 19*: Two professional bodies specified that there was limited evidence of demand for IFRS 19 among Australian Tier 2 entities, based on feedback obtained through member consultations and outreach activities. Similarly, user outreach did not indicate strong interest in IFRS 19, suggesting that an Australian version would serve only a limited population of entities;

(b) *Benefits of a single Tier 2 framework*: Three professional service firms shared a view that a single Tier 2 framework would better support consistency and comparability across Tier 2 entities;

(c) *Existing framework meets user needs*: Two other professional service firms noted that user needs are already met through the application of AASB 1060. Under AASB 1060, entities may voluntarily disclose additional information deemed relevant to users;

(d) *Increased complexity and compliance costs*: Three professional service firms identified that an additional Tier 2 framework could increase complexity and compliance costs for preparers and auditors, who would need to be across two frameworks rather than one, as well as additional training and IT implementation costs. It may also make it more difficult for preparers to determine the appropriate framework to apply and for users to

navigate different reporting formats and disclosure requirements, reducing the simplicity of the current reporting framework;

(e) *Potential confusion within the Australian reporting framework*: Three stakeholders specified that introducing IFRS 19 alongside AASB 1060 could create confusion about the structure of the Australian reporting framework and where IFRS 19 fits relative to the existing Tier 1 and Tier 2 reporting tiers. One respondent commented that an Australian equivalent of IFRS 19 should not be described as an "alternative Tier 2 framework";

(f) *Standard-setting resource implications*: A professional body stated that maintaining an Australian version of IFRS 19 alongside AASB 1060 may not be the best use of standard-setting resources; and

(g) *Uncertainty about international uptake*: A professional service firm noted that the international uptake and practical impact of IFRS 19 remain unclear.

The reasons provided were consistent with, and expanded on, the "not important" responses to Question 3.1 as summarised in paragraph 13(a) of this paper.

22 If the AASB proceeds with not adopting IFRS 19 at all, respondents suggested the following:

(a) a stakeholder suggested reassessing the applicability of IFRS 19 in Australia following the IASB's PIR of IFRS 19, when there is likely to be greater evidence regarding global adoption, implementation experience and stakeholder benefits; and

(b) another stakeholder recommended preparing and maintaining educational materials describing the incremental disclosures required to prepare IFRS 19-compliant GPFS. These materials would permit preparers to comply with AASB 1060 while simultaneously complying with IFRS 19 and include the ability for an entity to make a statement of compliance with IFRS 19 while not mandating it.

Adopting IFRS 19 as an optional reporting framework (Option D)

23 Key reasons given by respondents for supporting Option D were:

(a) *Flexibility*: Two professional bodies indicated that this option provides eligible subsidiaries with flexibility to apply either AASB 1060 or an Australian version of IFRS 19, allowing entities to choose the framework that best meets their reporting needs while preserving the existing Tier 2 framework for other entities. Similarly, one user considered that optional adoption could preserve the existing AASB 1060 framework while providing additional flexibility;

(b) *Consistency*: Five stakeholders expressed that adopting IFRS 19 as an optional reporting framework may benefit multinational groups by enabling their Australian eligible subsidiaries to use a reporting framework that is more familiar to the overseas parent entity and/or overseas finance teams and supports more consistent reporting across jurisdictions; and

(c) *Global harmonisation and IFRS compliance*: Three stakeholders indicated that this option supports global harmonisation and enables eligible subsidiaries to claim compliance with IFRS Accounting Standards, which may be important for multinational groups and entities reporting to overseas parent entities.

The reasons for supporting Option D were broadly consistent with and built on those given in the "important" responses to Question 3.1 as summarised in paragraph 13(b) of this paper.

24 If the AASB proceeds with adopting IFRS 19 as an optional reporting framework, respondents suggested the following:

(a) a professional service firm advocated that AASB 1060 should continue to be retained as the default Tier 2 reporting framework, given the majority of entities are expected to continue reporting under AASB 1060;

(b) a stakeholder suggested communicating clearly where the Australian version of IFRS 19 fits relative to the existing Tier 1 and Tier 2 reporting tiers. Some respondents cautioned against describing it as an "alternative Tier 2 framework"; and

(c) another stakeholder proposed that the Australian version of IFRS 19 should include additional 'Aus' paragraphs to ensure that Australian-specific disclosures are appropriately described.

Staff analysis

25 In considering whether to adopt an Australian version of IFRS 19, staff have assessed the following:

Demand for and benefit of IFRS 19 in Australia

26 Staff noted stakeholder feedback in paragraph 21(a) from two major Australian professional bodies that the demand for IFRS 19 is limited. Our targeted outreach with users indicated that they generally favoured retaining AASB 1060, with limited support for IFRS 19. In particular, users did not identify a clear reduction in the cost of capital, and any benefit from being able to claim compliance with IFRS Accounting Standards was considered likely to be modest or entity-specific.

27 Staff did not receive any submission letters from preparers expressing a need or demand for IFRS 19 in Australia. One public sector stakeholder also noted that it did not anticipate that IFRS 19 would be applicable to entities within Australian governments.

28 Staff consider that the feedback received to date indicates some interest in having IFRS 19 available as an additional option, but does not demonstrate a clear need or demand for it.

Potential confusion from introducing IFRS 19 as an additional Tier 2 framework

29 Stakeholder feedback indicates a strong preference for AASB 1060 to remain the primary Tier 2 framework in Australia, with stakeholders cautioning against referring to both AASB 1060 and IFRS 19 as Tier 2 frameworks. Staff consider that introducing IFRS 19 as an additional option would therefore create a further implementation issue regarding how the two frameworks are distinguished and communicated.

Costs of an additional framework to the Tier 2 community

30 Stakeholders noted that an additional framework could increase costs for:

(a) preparers, through greater complexity in selecting the appropriate reporting framework and transitioning between frameworks where required, as well as additional training and IT implementation costs;

(b) users, who would need to navigate different reporting formats and levels of disclosure across Tier 2 financial statements; and

(c) auditors, who would need to understand and audit financial statements prepared under two frameworks rather than one.

Costs to the AASB of maintaining an Australian version of IFRS 19

31 Adopting an Australian version of IFRS 19 would involve resource-intensive standard-setting and maintenance activities. Each set of amendments to IFRS 19 would require the AASB to undertake the relevant standard-setting processes, including issuing an exposure draft or other proposal document, preparing and making an amending Standard, and subsequently compiling the amendments into a new compilation of an AASB 19 Standard. As the IASB

includes amendments to IFRS 19 when issuing or amending Tier 1 IFRS Accounting Standards, the frequency with which an Australian version of IFRS 19 might be amended in response to new or amended Tier 1 disclosure requirements is likely to represent a significant ongoing resource commitment for the AASB.

Pathway to IFRS 19 compliance remains available

32 An eligible subsidiary applying AASB 1060 would be able to comply with IFRS 19 by providing the additional disclosures necessary to meet the IFRS 19 requirements. ITC 56 already identifies the additional disclosures, based on the requirements as at September 2025. Staff could periodically update this information as guidance or educational material to assist eligible subsidiaries seeking to comply with IFRS 19.[12]

33 Staff consider that this approach would involve substantially less ongoing work than adopting and maintaining an Australian version of IFRS 19, which would also need to be considered for updating as new or amended Tier 1 disclosure requirements are issued in order to stay current with updated versions of IFRS 19.

Non-adoption of IFRS 19 would not affect international alignment

34 Staff note that IFRS 19 is voluntary and its non-adoption in Australia would not affect the AASB's international alignment with IFRS Accounting Standards for for-profit, publicly accountable private sector entities. Furthermore, IFRS 19 has not yet been adopted across all (or perhaps many) IFRS jurisdictions.[13] Non-adoption would also not be unprecedented, as the AASB has not adopted IAS *26 Accounting and Reporting by Retirement Benefit Plans*, without affecting Australia's IFRS alignment status generally.

Staff recommendation

35 Overall, staff consider that there is insufficient demand or incremental benefit to justify adopting and maintaining an Australian version of IFRS 19. The additional complexity, costs and ongoing resource commitment outweigh the limited benefits identified from the feedback received. Staff **recommend** the Board not to proceed with an Australian version of IFRS 19 and to conclude this part of the AASB 1060 update project under ITC 56.

Questions for Board members

Q3 Do Board members have any questions or comments on stakeholder feedback, staff analysis and recommendation in paragraphs 21-35?

Q4 Do Board members agree with the staff recommendation not to proceed with an Australian version of IFRS 19 and to conclude this part of the AASB 1060 update project under ITC 56?

12 This is consistent with the stakeholder suggestion summarised in paragraph 22(b) of this paper.

13 See details in Appendix C: International Adoption of IFRS 19.

Appendix A Overview of IASB's Development of IFRS 19 and a Summary of the Related AASB Actions in Relation to IFRS 19 (Extract from ITC 56)

This appendix presents an overview of IASB's development of IFRS 19 and summarises the AASB's related actions, as outlined in ITC 56.

Topic 3 Disclosure requirements in IFRS 19

Overview of AASB 1060 and the IASB's Subsidiaries Standard (IFRS 19)

When AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* was developed, the AASB was aware of the IASB project Subsidiaries that are SMEs and acknowledged the possibility that AASB 1060 may ultimately be replaced with the Standard developed by the IASB.[14]

In May 2024, the IASB issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures*. IFRS 19 allows eligible subsidiaries to apply reduced disclosure requirements, when compared with those in other IFRS Accounting Standards. However, these subsidiaries must still comply with the recognition, measurement and presentation requirements of other IFRS Accounting Standards.

IFRS 19 permits subsidiaries to apply reduced disclosures under the full IFRS Standards if they:

(a) do not have public accountability (e.g. their debt or equity instruments are not publicly traded); and

(b) have a parent entity that prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards.

An entity applying the recognition, measurement and presentation requirements of full IFRS Accounting Standards and IFRS 19 reduced disclosures would describe the financial statements as complying with IFRS Accounting Standards and IFRS 19.[15]

The AASB is currently evaluating the suitability of IFRS 19 for adoption in Australia and is seeking stakeholder feedback on the following five options:

(a) replace AASB 1060 with IFRS 19 and expand the scope from subsidiaries without public accountability to all Tier 2 entities;

(b) amend AASB 1060 to include the additional disclosures required by IFRS 19 to achieve compliance with IFRS 19;

(c) retain AASB 1060 and do not adopt IFRS 19 at all;

(d) adopt IFRS 19 as an alternative Tier 2 framework for subsidiaries without public accountability, so that these entities would have the option to prepare GPFS under either AASB 1060 or an AASB Standard incorporating IFRS 19; or

14 As explained in paragraph BC24 to AASB 1060.

15 As explained in paragraph BC63 to IFRS 19.

(e) adopt IFRS 19 as an alternative Tier 2 framework under which subsidiaries without public accountability would apply an AASB Standard incorporating IFRS 19 (without the option to apply AASB 1060 instead) and other Tier 2 entities would apply AASB 1060.

Stakeholder feedback obtained through this ITC will help inform the AASB regarding whether to adopt IFRS 19 in Australia and, if so, how to adopt it.

Background to the IASB's development of IFRS 19

In March 2019, the IASB added a research project Subsidiaries that are SMEs to its agenda. This project was moved to the standard-setting programme in January 2020, titled Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures. The project was taken up in response to feedback received on the IASB's 2015 Agenda Consultation which said the *IFRS for SMEs* Accounting Standard is unattractive to subsidiaries of a parent that prepares consolidated financial statements that comply with IFRS Standards. This was due to the differences in the recognition and measurement (R&M) requirements between the *IFRS for SMEs* Accounting Standard and the full IFRS Accounting Standards, which meant that a subsidiary would have to maintain additional accounting records if it wanted to benefit from the reduced disclosures in the *IFRS for SMEs* Accounting Standard.

In May 2024, the IASB issued IFRS 19, which provides reduced disclosure requirements in relation to IFRS Accounting Standards issued before February 2021 and IFRS 18 *Presentation and Disclosure in Financial Statements*.

In August 2025, the IASB issued *Amendments to IFRS 19* Subsidiaries without Public Accountability: Disclosures (the August 2025 Amendments). These amendments:

(a) added disclosure requirements in relation to new or amended IFRS Accounting Standards issued between February 2021 and May 2024;

(b) removed disclosure objectives relating to supplier finance arrangements, lack of exchangeability, Pillar Two income tax model rules, classification and measurement of financial instruments, and non-current liabilities with covenants;

(c) reduced the disclosure requirements relating to supplier finance arrangements;

(d) deleted material that was guidance rather than disclosure requirements; and

(e) replaced disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures.

For new or amending IFRS Accounting Standards issued after 1 May 2024, disclosure requirements for IFRS 19 will be addressed in those Standards as consequential amendments. Since May 2024, the following amending IFRS Accounting Standards included IFRS 19 disclosure requirements:

(a) *Amendments to the Classification and Measurement of Financial Instruments* (May 2024); and

(b) *Contracts Referencing Nature-dependent Electricity* (December 2024).

Summary of the AASB's actions and decisions to date

In September 2021, the AASB issued Exposure Draft ED 314 *Subsidiaries without Public Accountability: Disclosures*, which incorporated the IASB's ED/2021/7. The Exposure Draft proposed reduced disclosure requirements for eligible subsidiaries in conjunction with the recognition, measurement and presentation requirements in IFRS Standards. These proposals and subsequent IASB activities led to the finalisation and release of IFRS 19 in May 2024.

Stakeholder comments received in response to ED 314 included:

(a) concerns about the scope of the draft Standard and its adoption in Australia, considering the recent adoption of AASB 1060 by Tier 2 entities; [16]

(b) suggestions for the AASB to defer deciding whether to adopt the draft Standard until the IASB has completed the project; and

(c) suggestions for the AASB not to adopt the draft Standard for at least two years from the initial application date of AASB 1060 (i.e. after 1 July 2023).

At the March 2023 Board meeting, the AASB discussed possible options for adopting the IFRS Accounting Standard in Australia when issued by the IASB.[17] The AASB planned to undertake targeted outreach to better understand current Tier 2 financial reporting in Australia to help inform future AASB decisions on the reporting framework.

At the November 2023 Board meeting, in anticipation of the IASB's plans to issue an IFRS Accounting Standard for subsidiaries without public accountability in 2024, the AASB decided to undertake outreach as part of the post-implementation review (PIR) of AASB 1060. The AASB also decided to consider the outcomes of the third edition (2025) of the *IFRS for SMEs* Accounting Standard, which could result in amendments to AASB 1060, before making a decision on the adoption of the IFRS Accounting Standard for subsidiaries without public accountability in Australia.

In June 2024, as part of two roundtable sessions, AASB staff presented the five options listed at the start of this Topic to facilitate discussion with stakeholders. At the time of the roundtables, the stakeholders were not familiar with IFRS 19 and requested more details about IFRS 19 and its differences from AASB 1060. The AASB decided to include IFRS 19 matters in this ITC to allow stakeholders to consider the similarities and differences between the two Standards and provide feedback that will help the AASB to decide in the future whether to adopt IFRS 19 in Australia and, if so, the adoption approach.

At the May 2025 Board meeting, the AASB decided to issue one ITC that combines the PIR of AASB 1060 and potential amendments to AASB 1060 due to the issue of new Standards (i.e. the 2025 *IFRS for SMEs* Accounting Standard, AASB 18 *Presentation and Disclosure in Financial Statements* and IFRS 19). This section of the ITC focuses on the comparison of IFRS 19 with AASB 1060 and seeks stakeholder feedback on its suitability for adoption in Australia, including the five options for the adoption approach.

16 AASB 1060 was issued in 2020, effective for annual reporting periods beginning on or after 1 July 2021.

17 At the March 2023 meeting, the Board discussed five possible options. One of these options – replace AASB 1060 with the draft Standard and retain the IASB's scope – was considered not viable. For more details, refer to the March 2023 AASB Board Paper 3.2. Staff subsequently added another option, which would require eligible subsidiaries to apply IFRS 19 and other Tier 2 entities to apply AASB 1060.

Comparison between AASB 1060 and IFRS 19

Both Standards require entities to use the recognition and measurement principles of the full set of Accounting Standards.

While AASB 1060 is essentially a one-stop-shop Standard containing some presentation requirements and all relevant disclosure requirements, IFRS 19 contains only disclosure requirements and cross-references disclosure requirements in other IFRS Accounting Standards that remain applicable.

The AASB compared the disclosure requirements in IFRS 19 (including the consequential amendments of 2024 and the August 2025 Amendments) to the relevant for-profit disclosure requirements in AASB 1060 and identified the following types of differences:

Type of differences	**Description of difference**
Additional disclosures in IFRS 19	Disclosure requirements in IFRS 19 that are not included in AASB 1060 and: • are not expected to be included in AASB 1060 as a result of aligning AASB 1060 with the IASB's 2025 *IFRS for SMEs* Accounting Standard (as discussed in Section 2, Topic 1 of this ITC). Refer to Table 2.3.1; or • could be included in AASB 1060 as a result of aligning with the IASB's 2025 *IFRS for SMEs* Accounting Standard, which means that there would no longer be a difference between the Standards in relation to the disclosure requirement. Refer to Table 2.3.3 in Appendix 2.3.A.
Different disclosures	Disclosure requirements exist in both IFRS 19 and AASB 1060, but they are not identical. This may be due to simplified wording in AASB 1060 or different levels of detail required by each Standard to be disclosed. Refer to Table 2.3.3, which compares the relevant paragraphs.
Additional disclosures in AASB 1060	Disclosure requirements in AASB 1060 that are not included in IFRS 19. Refer to Table 2.3.4 in Appendix 2.3.B
Objective and scope	Paragraphs 1–19 of IFRS 19 set out the objective of the Standard, its scope and its interaction with IFRS 1 *First-time Adoption of International Financial Reporting Standards*. For reference, these are included in Appendix 2.3.C

Disclosure requirements exist in both IFRS 19 and AASB 1060 that are the same or essentially the same. These disclosure requirements are not listed in this ITC.

Questions for respondents

3.1 Is it important for Tier 2 entities to be able to claim compliance with IFRS 19?

Please explain your view.

3.2 Which of the following options would you prefer:

(a) replace AASB 1060 with IFRS 19 and expand the scope from subsidiaries without public accountability to all Tier 2 entities;

(b) amend AASB 1060 to include the additional disclosures required by IFRS 19 to achieve compliance with IFRS 19;

(c) retain AASB 1060 and do not adopt IFRS 19 at all;

(d) adopt IFRS 19 as an alternative Tier 2 framework for subsidiaries without public accountability, so that these entities would have the option to prepare GPFS under either AASB 1060 or an AASB Standard incorporating IFRS 19; or

(e) adopt IFRS 19 as an alternative Tier 2 framework under which subsidiaries without public accountability would apply an AASB Standard incorporating IFRS 19 (without the option to apply AASB 1060 instead) and other Tier 2 entities would apply AASB 1060.

Please provide the reasons for your preference.

3.3 If you think only parts of IFRS 19 should be adopted in Australia, please identify the disclosure requirements currently not required under AASB 1060 that you consider appropriate for Tier 2 entities and/or subsidiaries without public accountability.

Appendix B Summary of Board Decisions

The following table summarises Board decisions made regarding Invitation to Comment ITC 56 *Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2*.

Date	Description
September 2025	The AASB issued ITC 56, the comment period was set at 120 days, with submissions due by 22 January 2026. ITC 56 included two main sections: (a) section 1: PIR of AASB 1060 and AASB 2020-2; and (b) section 2: Review of AASB 1060, covering three key topics: (i) topic 1: Potential amendments to AASB 1060 based on the third edition of the IFRS for SMEs Accounting Standard; (ii) topic 2: Potential effects of AASB 18 on AASB 1060; and (iii) topic 3: Disclosure requirements in IFRS 19
February 2026	**ITC 56 Section 2: Review of AASB 1060** In response to stakeholder feedback received from the November 2025 roundtable events, the Board decided to split this project: (a) fast-track the alignment of AASB 1060's presentation and classification requirements with those in AASB 18 *Presentation and Disclosure in Financial Statements*; and (b) extend the outreach activities to seek additional evidence from users of Tier 2 financial statements on the need for additional disclosures.
March 2026	**ITC 56 Section 1: PIR of AASB 1060 and AASB 2020-2** The Board considered stakeholder feedback in relation to the PIR of 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* and: (a) concluded that both AASB 1060 and AASB 2020-2 are operating effectively and meeting their intended objectives; (b) concluded that the optional transitional relief achieved the Board's objectives; (c) decided to continue its current approach of updating AASB 1060 in line with Tier 1 disclosure changes; and

Date	Description
	(d) decided not to take immediate action on other stakeholder concerns, these will instead be monitored or addressed through future work, including: (i) monitoring cost concerns for smaller entities through outreach, including the 2027–2031 Agenda Consultation; (ii) addressing public sector application issues through the Public Sector Financial Reporting Framework project; (iii) considering potential disclosure requirements and drafting improvements as part of feedback on the Tier 2 review; and (iv) noting feedback on transition relief and education materials for future projects. **ITC 56 Section 2: Review of AASB 1060** The Board decided to issue an exposure draft to align AASB 1060 presentation and classification requirements with AASB 18, incorporating the relevant guidance into a new Appendix B and replacing existing guidance with a reference to the new Appendix B. The forthcoming Exposure Draft will have a 90-day comment period.
June 2026	**ITC 56 Section 2: Review of AASB 1060** ***Shorten comment period of ED 341*** The Board decided that the Exposure Draft (ED 341) proposing to align the AASB 1060 classification and presentation requirements with those in AASB 18 will have a 60-day comment period. ***Consider proposed amendments to AASB 1060 arising from the third edition of the IFRS for SMEs Accounting Standard*** Following the consideration of stakeholder feedback on the proposed amendments to AASB 1060 arising from the third edition of the *IFRS for SMEs* Accounting Standard, the Board decided to consider only the additional disclosure requirements that the Board has not specifically considered previously. In maintaining AASB 1060 in the future, the Board decided not to consider *IFRS for SMEs* updates explicitly but instead to apply a gap analysis to determine whether any disclosures warrant consideration. The Board also decided to review and update its principles for the maintenance of AASB 1060.
	The AASB issued ED 341 *Updating AASB 1060 to Align with AASB 18 Classification and Presentation Requirements*, the comment period was set at 60 days, with submissions due by 24 August 2026.
October 2026	**ITC 56 Section 2: Review of AASB 1060** After considering stakeholder feedback on ED 341, the Board decided to proceed with finalising the amendments as proposed in ED 341.

Date	Description
	The Board voted to make Accounting Standard AASB 2026-6 *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation*, which applies to annual periods beginning on or after 1 July 2030. Earlier application is permitted. The Board also decided to seek feedback on the costs and benefits of applying the AASB 18 categorisation requirements to Tier 2 NFP private sector entities, as part of its forthcoming Exposure Draft Implementation Guidance for NFP Entities on Income and Expense Categorisation. The Board noted that some Tier 2 entities want to adopt the AASB 18-aligned requirements for annual periods beginning on or after 1 January 2027, at the same time as Tier 1 entities, and so decided to address the NFP private sector application of AASB 18 separately from finalising AASB 2026-6.
November 2026	**ITC 56 Section 1: PIR of AASB 1060 and AASB 2020-2** The Feedback Statement was published, which marked the completion of the AASB's PIR of the Tier 2 disclosures Standard and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities, concluding that the Standards are operating effectively and the objectives of the reforms are being achieved. **ITC 56 Section 2: Review of AASB 1060** AASB 2026-6 *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* was published. The amending Standard principally amends AASB 1060 and also incorporates application guidance from AASB 18 Appendix B in a new Appendix B to AASB 1060 and update the presentation requirements for the statement of cash flows. The amendments provide NFP public sector entities preparing Tier 2 GPFS the same presentation reliefs that are provided to not-for-profit public sector entities preparing Tier 1 GPFS. AASB 2026-6 applies to annual reporting periods beginning on or after 1 July 2030. Earlier application is permitted. This means that Tier 2 entities are able to apply the new classification and presentation requirements at the same time as Tier 1 entities apply the requirements under AASB 18.

Appendix C International Adoption of IFRS 19

C1 This appendix provides a high-level update on the adoption and consideration of IFRS 19 in selected jurisdictions. As at the date of this agenda paper, a complete list of jurisdictions that have adopted IFRS 19 does not appear to have been published by the IFRS Foundation. The information below focuses on developments identified in New Zealand, the Asian-Oceanian Standard-Setters Group (AOSSG) region, the United Kingdom and the European Union.

New Zealand

C2 In July 2024, New Zealand External Reporting Board (NZXRB) decided to retain current RDR for Tier 2 for-profit entities, develop a formal policy for determining RDR concessions, where consideration of IFRS 19 disclosure requirements would be one of the inputs into decisions on future RDR concessions; and reconsider the appropriateness of incorporating IFRS 19 into New Zealand for profit standards if and when the IASB reconsiders the scope of IFRS 19 (See NZXRB[18], 2024).

There were three main reasons why IFRS 19 has not been adopted in New Zealand, including:

(a) *Scope mismatch*: IFRS 19 covers eligible subsidiaries only, while the New Zealand IFRS Reduced Disclosure Regime applies to all Tier 2 entities;

(b) *More complexity*: Offering both IFRS 19 and New Zealand IFRS Reduced Disclosure Regime would add an unnecessary layer to the Framework; and

(c) *Unclear benefit*: Extra IFRS 19 disclosures may not justify the cost to users.

In 2026, the New Zealand Accounting Standard Board commenced a broader review of its Accounting Standards Framework. The review considers whether the existing Tier 2 for-profit framework remains fit for purpose, with IFRS 19 one of several possible approaches being examined.

Asian-Oceanian Standard-Setters Group (AOSSG)

C3 The New Zealand Accounting Standard Board surveyed AOSSG members on IFRS 19 in October and shared the survey results at the November AOSSG meeting.

C4 Apart from Australia, ten jurisdictions within AOSSG provided response to an AOSSG survey[19] on their IFRS 19 status, with results as follows:

Status	Jurisdictions
Adopted	Bangladesh, Malaysia, Pakistan, Singapore, Sri Lanka
Under consideration	China, Korea, Nepal
Not currently being considered	Macao SAR; New Zealand

C5 Some key messages from the AOSSG survey:

(a) adoption is progressing, but expected uptake is largely unquantified and remains uncertain;

(b) formal adoption does not yet demonstrate entity-level demand;

(c) IFRS 19 offers disclosure relief, but the subsidiary-only scope raises concerns;

18 NZXRB (2024), Update for Tier 2 for-profit entities: Status of IFRS 19 Subsidiaries without Public Accountability: Disclosures, available at <https://www.xrb.govt.nz/dmsdocument/5142/>

19 The AOSSG Survey was conducted by the New Zealand External Reporting Board in 2026, and the results were discussed at the AOSSG meeting held on 12–13 November 2026.

(d) the scope is influential but convergence policies can take priority;

(e) the key issue is not the subsidiary boundary alone, but how it aligns with the jurisdiction's existing framework; and

(f) IFRS 19 entered an already diverse proportionality landscape.

United Kingdom

C6 The United Kingdom Endorsement Board (UKEB) formally adopted IFRS 19 on 8 May 2026 (See UKEB[20], 2026). The Standard is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted.

The United Kingdom has FRS 101 *Reduced Disclosure Framework*, issued in 2012, which sets out an optional reduced disclosure framework for qualifying entities in the UK that otherwise apply the requirements of adopted IFRS.

European Union

C7 IFRS 19 is pending endorsement in the European Union, with endorsement expected in Q3/Q4 2026. European Financial Reporting Advisory Group (EFRAG) recommended endorsement of IFRS 19 on 25 September 2025, and the Accounting Regulatory Committee subsequently voted in favour of endorsement on 5 June 2026 (See EFRAG[21], 2026). According to EFRAG[22] (2025), IFRS 19 meets the IAS Regulation technical endorsement criteria, is conducive to the European public good, and the endorsement of IFRS 19 potentially impacts around 89,000 affected subsidiaries.

Staff observation

C8 As IFRS 19 becomes available in more jurisdictions, actual uptake by eligible entities will provide more meaningful evidence of demand for the voluntary Standard globally. Over time, this may provide useful evidence about whether eligible subsidiaries and users are benefiting from IFRS 19. For Australia, however, the more relevant consideration is whether eligible Australian entities demonstrate sufficient demand for an Australian version of IFRS 19, particularly given that AASB 1060 already provides an established and accepted Tier 2 reporting framework.

20 UKEB (2026), *UKEB adopts the IFRS 19 Subsidiaries without Public Accountability: Disclosures*, available at <https://www.endorsement-board.uk/news-events/news/ukeb-adopts-the-ifrs-19-subsidiaries-without-public-accountability-disclosures/>

21 EFRAG (2026), *Endorsement Status*, available at <https://www.efrag.org/en/financial-reporting/endorsement-status>

22 EFRAG (2025), *EFRAG's Letter to the European Commission regarding Endorsement of IFRS 19 Subsidiaries without Public Accountability: Disclosures,* available at *<https://www.efrag.org/system/files/sites/webpublishing/Project%20Documents/2403110917131327/Amendments%20to%20IFRS%2019%20Subsidiaries%20without%20Public%20Accountability%20Disclosures%20-%20FEA%20-%20Letter%20to%20the%20EC.pd >*

Appendix D Detailed Feedback Summary

Objective of this appendix

D1 The objective of this appendix is to provide the Board with a consolidated summary of feedback received from comment letters and other outreach activities in response to questions in Section 2, Topic 3 of ITC 56 *Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2.* Topic 3 discusses the suitability of IFRS 19 in Australia.

Structure of this appendix

D2 This appendix is structured as follows:

(a) Overview: Comment letters received and outreach activities (paragraphs D3 to D5);

(b) Subtopic 3.1: Assessing the importance of IFRS 19 compliance for Tier 2 entities (paragraphs D6 to D12);

(c) Subtopic 3.2: Alternative approaches to IFRS 19 adoption (paragraphs D13 to D28); and

(d) Subtopic 3.3: Partial adoption of IFRS 19 consideration (paragraph D29).

Overview of comment letters received and outreach activities

D3 The appendix presents consolidated feedback from various outreach activities conducted following the issue of ITC 56.

Table 1: Details of comment letters received and outreach activities

Outreach activities	Number of stakeholders responding to ITC 56	Profile of stakeholders (where possible)
Roundtables (November 2025)	Approximately 76 stakeholders over three sessions	• Session 1: In-person roundtable in Melbourne (10), mainly practitioners; • Session 2: In-person roundtable in Sydney (16), mainly practitioners and a few academics; and • Session 3: Virtual roundtable via Zoom (approximately 50).
Written submissions (October 2025 – January 2026)	13[23]	• Eight professional service firms: Pitcher Partners, Moore Australia, EY, KPMG, BDO, PwC, Grant Thornton, Deloitte; • Three professional bodies: IPA, CA ANZ, CPA Australia; • A group of auditor-generals: The Australasian Council of Auditors General (ACAG); and • A treasury department: The Heads of Treasury Accounting and Reporting Advisory Committee (HoTARAC).

23 It should be noted that a total of 14 submissions were received for ITC 56. However, one submission related solely to the Not-for-Profit Private Sector Tier 3 Framework and is therefore outside the scope of ITC 56. Feedback from that submission was provided to the Board at the March 2026 Board meeting (See Agenda Paper 3.0 M219, paragraphs 6-7). Accordingly, this appendix considers only 13 submissions.

Outreach activities	Number of stakeholders responding to ITC 56	Profile of stakeholders (where possible)
Targeted outreach with users of Tier 2 financial statements (November 2025 – June 2026)	8	• Four regulators • Representative from a large Australian bank (credit division); • Representative from a superannuation entity (investment division); • An investment research company (credit rating division); • A professional member body for commercial and consumer credit management professionals.
Other targeted outreach (November 2025 – June 2026)	3	These included meetings with an auditor, an accounting expert within an audit office, and a professional service firm
Others	N/A	Other feedback was received from stakeholders via email

D4 A detailed summary of feedback from the three AASB roundtable sessions was presented to the Board at the February 2026 meeting (See Agenda Paper 3.1 M218). To consolidate the full scope of feedback on ITC 56 Section 2 Topic 3 in this appendix, common themes from the roundtable discussion are provided alongside feedback received through written submissions and other outreach activities.

D5 Not all respondents commented on all questions in Topic 3, Section 2 of ITC 56. To ensure consistent and proportionate language when summarising stakeholder views, this guide defines commonly used quantifiers—such as 'some,' 'many,' and 'most'—based on the number of stakeholders involved. Because the number of respondents differs from topic to topic, what qualifies as "most" or "many" can vary accordingly. The quantifier table below explains how these terms have generally been applied across all topics.

Table 2: Quantifier usage guide for stakeholder references

Term	Suggested Definition	Example Usage
A few	10% to < 30% stakeholders	"A few preparers commented …"
Some	30% to < 50% stakeholders	"Some stakeholders observed… "
Many	50% to < 70% stakeholders	"Many stakeholders raised concerns …"
Most	70% to < 100% stakeholders	"Most stakeholders supported …"
All	100% stakeholders	"All stakeholders agreed …"

Subtopic 3.1: Assessing the importance of IFRS 19 compliance for Tier 2 entities

ITC 56 Question 3.1

Is it important for Tier 2 entities to be able to claim compliance with IFRS 19?

Please explain your view.

Overall feedback

D6 Many respondents considered that the ability to claim compliance with IFRS 19 is not important for most Tier 2 entities. A few respondents acknowledged that IFRS 19 compliance may provide some benefits but considered these benefits relevant to only a small proportion of Tier 2 entities.

D7 As part of our targeted outreach, staff asked users of Tier 2 financial statements whether an entity's ability to claim compliance with IFRS 19 could reduce its cost of capital. Most users were not familiar with IFRS 19 and generally did not identify a clear capital market benefit.

Statistics

D8 Polling results at the virtual roundtable were:

(a) 7 of 16 respondents (44%) voted "Important"; and

(b) 9 of 16 respondents (56%) voted "Not important".

D9 Of the 13 comment letters received, all provided feedback on Question 3.1. Many respondents (9 out of 13) were of the view that it is not important for Tier 2 entities to be able to claim compliance with IFRS 19. Targeted outreach with users broadly supported this view, with four of the eight users expressing a similar view. The remaining four users either did not comment on IFRS 19 or did not express a clear view.

Detailed feedback

D10 Stakeholder feedback on the importance of IFRS 19 compliance for Tier 2 entities is discussed below.

Reasons why it is important for Tier 2 entities to be able to claim compliance with IFRS 19

D11 Stakeholders considered that it is important for Tier 2 entities to be able to claim compliance with IFRS 19 for the following reasons:

(a) *Supports alignment with global reporting practices:* two professional service firms stated it is important that Tier 2 entities have the ability to claim compliance with IFRS 19 if they wish to. Particularly for global IFRS preparers that wish for global subsidiaries to align to IFRS 19, the availability of IFRS 19 might be desirable for financial reporting teams located entirely overseas and unfamiliar with Australian-specific requirements of AASB 1060; and

(b) *Reduces duplication and simplifies reporting for global groups:* another professional service firm said that if subsidiaries of global groups can apply a consistent IFRS-aligned disclosure framework across jurisdictions, this could reduce duplicate reporting efforts and simplify internal processes, especially when preparing multiple subsidiary accounts centrally. Nonetheless, these benefits would likely be limited to a small number of groups and depend on widespread international adoption.

Reason why it is not important for Tier 2 entities to be able to claim compliance with IFRS 19

D12 Stakeholders considered that the ability to claim compliance with IFRS 19 is not important for Tier 2 entities for the following reasons:

(a) *AASB 1060 is meeting the needs of Tier 2 entities:* four stakeholders highlighted that the current approach of full Australian Accounting Standard based recognition and measurement combined with simplified disclosures through AASB 1060 works well for

the majority of Tier 2 entities and did not see a need for IFRS 19 or IFRS compliance. One of these stakeholders noted there has been no evidence in practice where Australian Tier 2 entities have been prejudiced for not being able to claim compliance with IFRS Accounting Standards. Similarly, one user commented that AASB 1060 is functioning well and that retaining the existing framework would be less disruptive;

(b) *limited evidence of broader benefits from IFRS 19 compliance:* user feedback did not identify significant broader benefits from the ability to claim IFRS 19 compliance. One credit provider was uncertain whether IFRS 19 would reduce the cost of capital. One investment research company noted that, while the ability to assert full IFRS compliance may incrementally improve investor and lender confidence, Australian Accounting Standards are already closely aligned with IFRS Accounting Standards and any capital market benefits are likely to be modest or entity-specific. Another user noted that users' information needs may also be met through other sources, depending on whether they are debt or equity investors;

(c) *many Australian Tier 2 entities would not be eligible to apply IFRS 19:* one professional service firm noted that many Australian Tier 2 entities would not be eligible to claim compliance with IFRS 19 because the scope of entities under AASB 1060 is much wider than IFRS 19, including:

  (i) large Australian parent entities preparing consolidated financial statements as Tier 2: they are not subsidiaries themselves so would not meet the scope criteria in IFRS 19;

  (ii) large Australian subsidiaries of Australian groups preparing individual Tier 2 financial statements: while they are subsidiaries without public accountability, they do not have an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards, so would not meet the eligibility criteria; and

  (iii) entities preparing financial statements under section 292 of the *Corporations Act 2001* as standalone entities: they are not subsidiaries themselves so would not meet the scope criteria in IFRS 19.

(d) *IFRS compliance has limited relevance for Tier 2 entities in domestic groups:* a professional service firm stated that the majority of Tier 2 entities currently applying AASB 1060 are local operations with no foreign operations or ownership, and therefore, compliance with IFRS Accounting Standards is not important for them;

(e) *entities that prioritise IFRS compliance can already apply Tier 1:* Roundtable participants and a professional body, while acknowledging some benefits from IFRS 19 compliance, similarly considered that the ability to claim compliance is not a significant driver for Tier 2 entities and should not, in itself, drive the adoption of IFRS 19 in Australia. Roundtable participants noted that entities for which IFRS compliance is a priority are likely to already apply Tier 1 Australian Accounting Standards. Similarly, one user commented that entities for which IFRS compliance is important can already achieve this by preparing Tier 1 financial statements; and

(f) *largely not relevant for public sector entities:* One public sector stakeholder commented that they do not consider this important for the public sector. For entities within Australian governments, the ability to be able to claim compliance with IFRS 19 is largely not relevant, as Australian governments as parent entities do not comply with IFRS.

Subtopic 3.2 Alternative approaches to IFRS 19 adoption

ITC 56 Question 3.2

Which of the following options would you prefer:

(a) **Option A** - Replace AASB 1060 with IFRS 19 and expand the scope from subsidiaries without public accountability to all Tier 2 entities;

(b) **Option B -** Amend AASB 1060 to include the additional disclosures required by IFRS 19 to achieve compliance with IFRS 19;

(c) **Option C** - Retain AASB 1060 and do not adopt IFRS 19 at all;

(d) **Option D** - Adopt IFRS 19 as an alternative Tier 2 framework for subsidiaries without public accountability, so that these entities would have the option to prepare GPFS under either AASB 1060 or an AASB Standard incorporating IFRS 19; or

(e) **Option E** - Adopt IFRS 19 as an alternative Tier 2 framework under which subsidiaries without public accountability would apply an AASB Standard incorporating IFRS 19 (without the option to apply AASB 1060 instead) and other Tier 2 entities would apply AASB 1060.

Please provide the reasons for your preference.

Overall feedback

D13 Most respondents were in favour of either Option C – do not adopt IFRS 19 at all or Option D – adopt IFRS 19 as an optional framework alongside AASB 1060.

Statistics

D14 Roundtable preferences were as follows:

(a) at the in-person roundtables,[24] staff heard:

(i) Sydney: most favoured Option B, with some support for Option C; and

(ii) Melbourne: strong preference for Option D, with some support for Option C.

(b) at the virtual roundtable, polling results were:

(i) 10 out of 17 respondents (59%) voted for Option D;

(ii) 4 out of 17 respondents (23%) voted for Option C;

(iii) 2 out of 17 respondents (12%) voted for Option B;

(iv) 1 out of 17 respondents (6%) voted for Option E; and

(v) No one voted for Option A.

Detailed feedback from roundtables on question 3.2 is set out in Agenda paper 3.1 M218, paragraphs A39-A40.

D15 Of the 13 comment letters received, all provided feedback on Question 3.2:

(a) 6 of 13 respondents indicated primary preference for Option C;

(b) 6 of 13 respondents indicated primary preference for Option D; and

24 In-person roundtable preferences were gathered informally by a show of hands. As not all participants indicated a preference and responses were not formally recorded, the results are indicative only.

(c) 1 of 13 respondents selected both Options C and D with no preference between the two options.

(d) No written submissions selected Option A, Option B or Option E as their primary preference.

In addition, 4 of 8 users conducted through targeted outreach did not indicate a need for IFRS 19 adoption in Australia and preferred to retain AASB 1060. The remaining four users either did not comment on IFRS 19 or did not express a clear view.

Detailed feedback

D16 The detailed feedback below sets out stakeholders' reasons for supporting or not supporting each of the five options.

Replace AASB 1060 with IFRS 19 and expanding scope (Option A) and Amend AASB 1060 to include additional disclosures required by IFRS 19 for compliance (Option B)

D17 As noted above, no stakeholders voted for Option A. While some roundtable participants voted for Option B, no commentary was provided to explain the reasons for supporting Option B. The commentary received related to Options A and B instead identified reasons for not supporting approaches that would replace or substantially modify AASB 1060.

D18 The key reasons for not supporting Options A and B include:

(a) *Effectiveness of AASB 1060:* A professional service firm stated that AASB 1060, having only recently been adopted, has been well received and achieved its objectives;

(b) *Different user information needs*: A stakeholder highlighted that IFRS 19 was designed to meet the needs of a different user group from users of financial statements prepared in accordance with AASB 1060;

(c) *Suitability for the broader Tier 2 population*: A professional body noted IFRS 19 is specifically developed by the IASB for subsidiaries without public accountability and is not suitable for a broader group of Tier 2 entities;

(d) *Excessive disclosure*: Three stakeholders pointed out that AASB 1060 is intentionally based on *IFRS for SMEs* to avoid unnecessary disclosure burden, but IFRS 19 introduces disclosure requirements that exceed what is reasonable for Australian Tier 2 entities. There is also a risk of bringing the Tier 2 framework in Australia much closer to the disclosure requirements of the Tier 1 framework (particular the step up in disclosures for financial instruments, fair value measurement, revenue, impairment of assets); and

(e) *Cost – benefit consideration*: A professional body specified that amending AASB 1060 to include additional disclosure required by IFRS 19 will also result in an additional cost for the standard setter to maintain initial and ongoing alignment with IFRS 19.

Not adopting IFRS 19 at all (Option C)

D19 Respondents supporting not adopting IFRS 19 generally considered that introducing a second Tier 2 reporting framework could create additional complexity, confusion and costs, with limited evidence of stakeholder demand for IFRS 19 and insufficient justification for needing an additional framework. The reasons provided were consistent with, and expanded on, the "not important" responses to Question 3.1 (see paragraph D12).

D20 The key reasons **for** supporting Option C include:

(a) *Limited demand for IFRS 19*: Two professional bodies specified that there was limited evidence of demand for IFRS 19 among Australian Tier 2 entities, based on feedback obtained through member consultations and outreach activities. Another professional service firm reaffirmed that there are not many entities that would benefit from the availability of IFRS 19 in Australia. Similarly, user outreach did not indicate strong interest in IFRS 19, suggesting that an Australian version would serve only a limited population of entities;

(b) *Benefits of a single Tier 2 framework*: Three professional service firms shared a view that a single Tier 2 framework would better support consistency and comparability across Tier 2 entities. AASB 1060 is still relatively new; changing frameworks now would be disruptive;

(c) *Existing framework meets user needs*: Two other professional service firms noted that user needs are already met through the application of AASB 1060. Under AASB 1060, entities may voluntarily disclose additional information deemed relevant to users. Mandating amendments to include IFRS 19 disclosure requirements appears excessive and unjustified;

(d) *Increased complexity and compliance costs*: Three professional service firms identified that an additional Tier 2 framework could increase complexity and compliance costs for preparers and auditors, who would need to be across two frameworks rather than one, as well as additional training and IT implementation costs. It may also make it more difficult for preparers to determine the appropriate framework to apply and for users to navigate different reporting formats and disclosure requirements, reducing the simplicity of the current reporting framework;

(e) *Potential confusion within the Australian reporting framework*: Three stakeholders specified that introducing IFRS 19 alongside AASB 1060 could create confusion about the structure of the Australian reporting framework and where IFRS 19 fits relative to the existing Tier 1 and Tier 2 reporting tiers. One respondent commented that an Australian equivalent of IFRS 19 should not be described as an “alternative Tier 2 framework”;

(f) *Standard-setting resource implications*: A professional body stated that maintaining an Australian version of IFRS 19 alongside AASB 1060 may not be the best use of standard-setting resources; and

(g) *Uncertainty about international uptake*: A professional service firm noted that the international uptake and practical impact of IFRS 19 remain unclear. The benefits of IFRS 19 for Australian subsidiaries of multinational groups depend on widespread international adoption. If the international adoption of IFRS 19 is limited, multinationals would still have to navigate multiple reporting frameworks for their subsidiaries, reducing the intended simplification.

D21 While a professional service firm stated a preference to avoid another tier of reporting due to the cost and confusion this would create, the stakeholder acknowledged that corporates are best placed to assess the demand and benefits of IFRS 19.

D22 Respondents identified the following matters for consideration if the AASB proceeds with Option C:

(a) a stakeholder suggested reassessing the applicability of IFRS 19 in Australia following the IASB's PIR of IFRS 19, when there is likely to be greater evidence regarding global adoption, implementation experience and stakeholder benefits; and

(b) another stakeholder recommended preparing and maintaining educational materials describing the incremental changes required to prepare IFRS 19-compliant GPFS. These materials would permit preparers to comply with AASB 1060 while simultaneously complying with IFRS 19 and include the ability to make such a statement of compliance while not mandating it.

Adopting IFRS 19 as an optional reporting framework (Option D)

D23 Respondents supporting the adoption of IFRS 19 as an optional reporting framework agreed that AASB 1060 should remain the primary Tier 2 reporting framework. They considered that making an Australian equivalent of IFRS 19 available would support global harmonisation and provide eligible subsidiaries with access to IFRS 19 where there is a need or desire to claim IFRS compliance. The reasons for supporting Option D were broadly consistent with and built on those given in the "important" responses to Question 3.1 (see paragraph D11).

D24 The key reasons **for** supporting Option D include:

(a) *Flexibility*: Two professional bodies indicated that this option provides eligible subsidiaries with flexibility to apply either AASB 1060 or an Australian version of IFRS 19, allowing entities to choose the framework that best meets their reporting needs while preserving the existing Tier 2 framework for other entities. Similarly, one user considered that optional adoption could preserve the existing AASB 1060 framework while providing additional flexibility;

(b) *Consistency*: Five stakeholders specified that adopting IFRS 19 as an optional reporting framework may benefit multinational groups by enabling their Australian eligible subsidiaries to use a reporting framework that is more familiar to overseas parent and/or overseas finance teams and supports more consistent reporting across jurisdictions; and

(c) *Global harmonisation and IFRS compliance*: Three stakeholders indicated that this option supports global harmonisation and enables eligible subsidiaries to claim compliance with IFRS Accounting Standards, which may be important for multinational groups and entities reporting to overseas parent entities.

D25 One stakeholder, while expressing a preference for adopting IFRS 19 as an optional reporting framework, noted that it did not anticipate that IFRS 19 would be applicable to entities within Australian governments.

D26 Respondents identified the following matters for consideration if the AASB proceeds with Option D:

(a) a professional service firm advocated that AASB 1060 should continue to be retained as the default Tier 2 reporting framework, given the majority of entities are expected to continue reporting under AASB 1060.

(b) a stakeholder suggested communicating clearly where the Australian version of IFRS 19 fits relative to the existing Tier 1 and Tier 2 reporting tiers. Some respondents cautioned against describing it as an "alternative Tier 2 framework".

(c) another stakeholder proposed that the Australian version of IFRS 19 should include additional 'Aus' paragraphs to ensure that Australian-specific disclosures are appropriately described.

Retain AASB 1060 but also adopt IFRS 19 for subsidiaries without public accountability (Option E)

D27 As noted in paragraphs D14-D15, very few stakeholders voted for Option E. The commentary received related to Option E primarily focused on reasons for not supporting this option.

D28 The key reasons for not supporting Option E include:

(a) a professional body noted IFRS 19 is an optional standard issued by the IASB, proceeding with Option E would remove that optional approach[25]; and

(b) two professional service firms highlighted Option E (and Option D) could reduce consistency, increase complexity and create fragmentation where there are multiple frameworks for the same class of entity. This poses challenges to maintaining a clear and streamlined reporting framework for entities without public accountability.

Subtopic 3.3 Partial adoption of IFRS 19 consideration

ITC 56 Question 3.3

If you think only parts of IFRS 19 should be adopted in Australia, please identify the disclosure requirements currently not required under AASB 1060 that you consider appropriate for Tier 2 entities and/or subsidiaries without public accountability.

D29 Of the 13 comment letters received, five responded to Question 3.3, with all five opposing the partial adoption of IFRS 19.

25 Staff note that Option E would remove the choice between AASB 1060 and an Australian version of IFRS 19 for eligible subsidiaries applying Tier 2 reporting requirements. However, those entities would retain the option to apply Tier 1 reporting requirements, consistent with the choice under IFRS 19 between applying the reduced disclosures in IFRS 19 and the disclosure requirements in full IFRS Accounting Standards.