



Project:	Other Business – Public	Meeting:	March 2020 (M174)
Topic:	Cover Memo	Agenda Item:	8.0
Contact(s):	Helena Simkova hsimkova@asb.gov.au 03 9617 7642	Project Priority:	n/a
		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

- 1 The objective of this paper is to inform the Board about matters under Other Business – Public. No action is required from the Board on these matters except for items 8.4.1 and 8.5.2 below that requires feedback from Board. Please refer to table below for details.

OTHER BUSINESS – AASB SUBMISSIONS

Paper No.	Title	Staff comment	Board action
8.1.1	Clarification of comments at Public Hearing for the Inquiry into Regulation of Auditing in Australia held on 29 November 2019 and 9 December 2019	AASB has submitted the letter to the Committee Secretary, Parliamentary Joint Committee on Corporations and Financial Services to clarify several matters in the public hearings' transcripts that relate to the AASB and Australian Accounting Standards (for clarification letter see supplementary folder).	Included for noting only. No action required.

OTHER BUSINESS – CORRESPONDENCE

Paper No.	Title	Staff comment	Board action
N/A		None for the period	

OTHER BUSINESS – IASB and IFRS IC UPDATES

Paper No.	Title	Staff comment	Board action
8.3.1	IFRIC Update – January 2020	Staff do not consider there are any matters to raise with the IFRS Interpretations Committee in relation to their tentative decisions in their January 2020 meeting.	Included for noting only. No action required at this meeting.
8.3.2	IFRIC Update – November 2019	Staff do not consider there are any matters to raise with the IFRS Interpretations Committee in relation to their tentative decisions in their November meeting.	Included for noting only. No action required at this meeting.
8.3.3	IASB Update January 2020	Staff would like to highlight that IASB has decided to continue analysing IFRS in order to tailor IFRS for SMEs and develop a consultative document (one of the alternatives options was to issue an ED based on Australian Simplified Disclosures Standard once issued). Staff do not consider there are any other matters to raise.	Included for noting only. No action required at this meeting.
8.3.4	IASB Update December 2019	Staff do not consider there are any matters to raise with the IASB in relation to their decisions in their December meeting.	Included for noting only. No action required at this meeting.
8.3.5	IASB Update November 2019	Staff do not consider there are any matters to raise with the IASB in relation to their decisions in their November meeting.	Included for noting only. No action required at this meeting.

OTHER BUSINESS – ARTICLES AND NEWS

Paper No.	Title	Staff comment	Board action
8.4.1	Accountants Daily article: <i>Small business definition a major blockage says ASBFEO</i>	<p>The article refers to Australian Small Business and Family Enterprise Ombudsman (ASBFEO) who has released a position paper outlining the key preliminary findings of its review into supply chain financing.</p> <p>The article says that ASBFEO believes the AASB needs to play a role in regulating supply chain financing so the accounting standards provide greater clarity and properly cover supply chain financing so the accounts cannot mask insolvency.</p>	<p>Staff noted that AASB Practice Statement 2 <i>Climate-related and other emerging risks disclosures</i> provides guidance on what disclosures are required with a focus on climate-related risks. However, a similar guidance and decision tree can be used for other emerging risks including reverse factoring.</p> <p>Does the Board agree with Staff recommendation to highlight (FAQ) that the guidance in the Practice Statement 2 can be used for other emerging risks including reverse factoring?</p>
8.4.2	Financial review article: <i>Accounting standards now 'outrageously complex'</i>	<p>The article cites Senator James Paterson and MP Jason Falinski who claim that accounting standards became so complex that it is difficult for investors to understand financial statements, while the regulation is overly-complex and archaic. Further Mr Falinski says that government may need to merge the functions of accounting standard bodies.</p>	<p>Included for noting only. No action required at this meeting.</p>

OTHER BUSINESS

Item No.	Title	Staff comment	Board action
8.5.1	Public Interest Committee <i>Survey on IPSASB Oversight Arrangements</i>	Staff have circulated proposal to Board members recommending not to comment on IPSASB Governance Arrangements Consultation in absence of any specific feedback and with consideration of time and effort that would be required to provide qualified opinion on operations of IPSASB Public Interest Committee.	Included for noting only. No action required at this meeting.
8.5.2	Audit fee disclosure	<p>Recently there has been an increased focus on auditor independence. Audit fee disclosures provide transparency and may help stakeholders to assess the auditor independence.</p> <p>The auditor fees disclosure was discussed internationally. In December 2019, in the UK the Brydon “Report of the Independent Review into the Quality and Effectiveness of Audit” was released. This report calls for greater transparency from auditors.</p> <p>NZASB is currently considering what information is needed by users when non-assurance services are provided, so they can make a decision on auditor independence.</p>	<p>Does the Board agree with staff recommendation to join NZ ASB initiative to collect evidence on what information is required by users?</p> <p>If the evidence indicates need for additional disclosure, staff will raise the issue with IASB to be considered as part of the IASB’s the Agenda Consultation process.</p>
8.5.3	Treasurer taking action on the Banking, Superannuation & Financial Services Royal Commission	<p>The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry made a number of recommendations around the roles and responsibilities of the superannuation industry regulators, including that ASIC become the primary superannuation conduct regulator.</p> <p>The Coalition Government released in January 2020 for consultation, draft legislation to implement 22 recommendations from the Banking, Superannuation & Financial Services Royal Commission.</p>	Included for noting only. No action required at this meeting.

Item No.	Title	Staff comment	Board action
		<p>The draft legislation gives ASIC joint responsibility for enforceable provisions in the <i>Superannuation Industry Act 1993</i> which have consumer protection as their touchstone.</p> <p>In addition, the coverage of the Australian financial services licensing regime in superannuation will be extended. This will ensure ASIC has access to appropriate powers and enforcement tools, and can successfully perform its role as superannuation conduct regulator under the recommendations above.</p>	
8.5.4	<p>Research proposal - <i>Business and Investor Engagement with Climate Risk Disclosure: Threats and Opportunities for Best Practice (and Regulation)</i></p>	<p>AASB/AUASB received a proposal on research relating to climate risk disclosure.</p> <p>This project aims to build a set of metrics for climate risk measurement and disclosure which can be consistently applied by similar reporting bodies allowing for differences by industry, entity size and geographic exposure. The metrics is to be developed through observation of current best practice, engagement with scientific expertise and relevant companies.</p> <p>This research is expected to allow the AASB to take an evidence-informed standard-setting approach (EISSF) for future projects related to climate-risk disclosure.</p> <p>Research Team: Professors Baljit Sidhu & Stewart Jones, Dr Arunima Malik (Uni. of Sydney), Professors Tom Smith & Martina Linnenluecke (Macquarie Uni.) and Professor Matt Pinnuck (Uni. of Melbourne) with support from AASB and AUASB.</p>	<p>Included for noting only. No action required at this meeting.</p>