



<b>Project:</b>	<b>Climate-related disclosure requirements for NFP public sector entities</b>	<b>Meeting:</b>	AASB 7 November 2024 (M210)
<b>Topic:</b>	Proposed next steps and timeline	<b>Agenda Item:</b>	7.4
		<b>Date of memo:</b>	22 October 2024
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		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	Developing ITC

## Objective

- 1 This paper is designed to be read after reading Agenda Papers 7.0–7.3. The objectives of this paper are for the Board to:
  - (a) **decide** the comment period for ITC 5Y *Request for Comment on IPSASB Exposure Draft SRS ED 1 Climate-related Disclosures*;
  - (b) **decide** the next steps and timeline for finalising the AASB’s submission to the IPSASB; and
  - (c) if the Board agrees in Agenda Paper 7.0 to undertake standard-setting work immediately to develop climate-related disclosure requirements for Australian NFP public sector entities ahead of the IPSASB finalising its Standard on climate-related disclosure, and to publish ITC 5X *AASB S2 Climate-related Disclosures Not-for-Profit Public Sector Entity Application*:
    - (i) **decide** the comment period for ITC 5X; and
    - (ii) **consider** an indicative timeline for the Board’s own standard-setting work.

## Comment periods for ITC 5X and ITC 5Y

- 2 Paragraph 29(a) of the [AASB Due Process Framework for Setting Australian Sustainability Reporting](#) (Due Process Framework) states that the comment period for an ITC is ideally a minimum of 120 days. It also states that in the case of an international document (e.g. an IPSASB consultation document), where feasible the AASB’s comment period typically would end 4-6 weeks prior to the comment due date to enable the AASB to consider submissions before responding to the consultation document.
- 3 Given that the two ITCs are inter-related, in the sense that some stakeholders may support using IPSASB’s proposals within the AASB’s project, it may be helpful for them to be published at the same time. Publishing the ITCs at the same time would permit the Board to undertake outreach activities on both ITCs concurrently.

- 4 Subject to the Board’s comments on the two draft ITCs presented at this meeting, staff estimate that the earliest the ITCs would be ready for publication would be Thursday, 21 November 2024.

**Comment period for ITC 5Y**

- 5 The IPSASB is expecting to publish IPSASB SRS ED 1 on 31 October 2024, with a 120-day comment period ending on 28 February 2025. Therefore, it will not be feasible to provide a 120-day comment period for ITC 5Y.
- 6 Assuming ITC 5Y will be published on 21 November 2024, staff propose an 85-day comment period for ITC 5Y, ending on Friday, 14 February 2025. This would give the Board 14 days to consider stakeholder feedback and finalise its comment letter to the IPSASB. Subject to the Board’s comments on the staff’s proposed content to be included in the comment letter (discussed in Section 3 of Agenda Paper 7.2) and the level of stakeholder input received, a 14-day timeframe, although very tight, should be adequate to finalise the comment letter.

**Questions for Board members**

- Q1: Do Board members agree with publishing ITC 5X and ITC 5Y at the same time?
- Q2: Do Board members agree with providing approximately 85 days until Friday 14 February 2025 for stakeholders to comment on ITC 5Y?

**Comment period for ITC 5X**

- 7 Staff considered whether to align the comment periods for ITC 5X and ITC 5Y. Staff recommend providing a longer period for stakeholders to comment on ITC 5X. This is because:
- (a) as noted in paragraph 2, in accordance with the Due Process Framework, the comment period for a domestic ITC should ideally be at least 120 days;
  - (b) given the seasonal holidays in December 2024 and January 2025, ending the comment period on 14 February 2025 could limit the feedback the AASB might receive on ITC 5X;
  - (c) the nature of the Specific Matters for Comment in ITC 5X, which would require consideration of how the requirements in AASB S2 *Climate-related Disclosures* should apply to different types of public sector entities, are significant and potentially complex matters for which stakeholders may require considerable time to form their views.
- 8 Staff consider that although a longer period than the minimum 120 days might be justified in view of the holiday period, staff note that for Australian stakeholders the ITC is a first step and, if the project proceeds, further consultation is expected to follow.
- 9 Accordingly, staff recommend a 120-day comment period for ITC 5X, at least initially. If there is demand for a longer period, the Board could subsequently consider extending the comment period. Assuming ITC 5X is published on Thursday 21 November 2024, a 120-day comment period would close on Friday 28 March 2025.

**Question for Board members**

- Q3: Do Board members agree with providing approximately 120 days until Friday 28 March 2025 for stakeholders to comment on ITC 5X?

## Next steps and timeline for finalising the AASB’s submission to the IPSASB

10 The below table outlines the staff's proposed next steps and timeline for finalising ITC 5Y and the AASB’s comment letter to the IPSASB for the Board’s consideration.

Timing	Activity relating to IPSASB SRS ED 1
<b>November 2024</b>	Board Chair or subcommittee to approve ITC 5Y out of session by 21 November 2024.* Issue ITC 5Y with an 85-day comment period ending on 14 February 2025.
<b>December 2024 – 14 February 2025</b>	Staff to undertake outreach with stakeholders.
<b>February 2025</b>	Staff to analyse feedback received on ITC 5Y and draft comment letter.
<b>By 28 February 2025</b>	Subject to the timing of when the Board first meets in 2025, either: (a) the Board to consider in-session a summary of feedback received on ITC 5Y and approve comment letter; or (b) Board Chair or Board subcommittee to consider out-of-session a summary of feedback received on ITC 5Y and approve comment letter.*

\*Due to the tight timing on finalising ITC 5Y and the AASB’s comment letter to the IPSASB, if it is decided that a subcommittee of the Board will approve these documents, it is likely that the subcommittee will be requested to provide feedback to staff in a short review period of 1–2 days.

## Indicative timeline for the Board’s own standard-setting work

- 11 Assuming the Board agrees (as recommended in Agenda Paper 7.0) to undertake standard-setting work immediately to develop climate-related disclosure requirements for Australian NFP public sector entities, and to publish ITC 5X, the below table outlines indicative timelines and next steps for the Board’s own standard-setting work.
- 12 As noted in Agenda Paper 7.1, staff propose adding Specific Matters for Comment in ITC 5X asking stakeholders:
- which types of public sector entities they consider the AASB should prescribe climate-related disclosure requirements for; and
  - if they consider the AASB should prescribe climate-related disclosure requirements for entities beyond only whole of government (WoG), whether they would support a multi-phased approach under which WoG is addressed first, or a one-phase approach under which all types of public sector entities are addressed at the same time.
- 13 Depending on the responses received and the Board’s decision on the scope<sup>1</sup> and phasing of the project, the timeline could vary substantially. Accordingly, two indicative timelines are provided below for the Board’s information.

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1 For example, there are potential issues to consider about ‘financed emissions’ and whether they include various types of ‘associated’ or ‘facilitated’ emissions.

Activity	Indicative timeline to address WoG only	Indicative timeline to address all types of government entities
Board Chair or Board subcommittee to approve ITC 5X out of session by 21 November 2024.** Issue ITC 5X with a 120-day comment period ending on 28 March 2025.	November 2024	
Staff to undertake outreach with stakeholders.	December 2024 – 28 March 2025	
Staff to analyse feedback received on ITC 5X and consider options to progress the project.	April – May 2025	
Board to consider stakeholder feedback and staff analysis and decide the scope of its project (i.e. which types of entities to address).	Board meeting Q2 2025	
Staff to develop Exposure Draft that would propose modifications to AASB S2. [Additional stakeholder consultations might be needed when developing Exposure Draft.]	June–August 2025	June–January 2026
Board to consider working draft(s) Exposure Draft.	Board meeting Q3 2025	Board meetings Q3 2025, Q4 2025 & Q1 2026
Publish ED for comment.	Publish ED in Sep 2025 for 60 days	Publish ED in Q1 2026 for 120 days
Board to consider feedback on ED and decide on next steps.	Board meeting Nov/Dec 2025	Board meeting Q3 2026

\*\*Assuming the Board agrees in Question 1 to publish ITC 5X at the same time as ITC 5Y, if it is decided that a subcommittee of the Board will approve ITC 5X, it is likely that the subcommittee will be requested to provide feedback to staff in a short review period of 1–2 days.

<b>Questions for Board members</b>
Q4: Do Board members have any comments on the proposed next steps and indicative timeline for finalising the AASB’s submission to the IPSASB outlined in paragraph 10?
Q5: Do Board members have any comments on the indicative timelines for the Board’s own standard-setting work?
Q6: Do Board members agree to appoint the Board Chair or a subcommittee to finalise ITC 5X, ITC 5Y and the AASB’s comment letter to the IPSASB?