



Project:	n/a	Meeting	April 2024 (M202)
Topic:	Documents open for comment to other organisations	Agenda Item:	7.1
		Date of the Agenda Paper:	28 March 2024
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		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

- The objective of this paper is to:
 - inform** the Board about consultative documents already issued or to be issued by other international standard-setting bodies; and
 - ask the Board to **decide** which consultative documents to provide feedback/comments on.

Reasons for bringing this paper to the Board

- The Board's strategy is to influence the work of the International Accounting Standards Board (IASB), the International Sustainability Standards Board (ISSB), the International Public Sector Accounting Standards Board (IPSASB) and other relevant international organisations with a goal of having the principles in the Standards issued by these organisations aligned, where relevant and possible.
- Historically, the Board has decided which consultation documents to comment on based on factors such as the relevance and importance of the consultation to the AASB's projects and strategies, the potential impact of the proposals on Australian constituents and the priority of projects as decided by the Board. This agenda paper will assist the Board in deciding which consultation documents it should comment on.

IASB and ISSB documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
N/A					

IFRS Interpretations Committee’s Tentative Agenda Decisions currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
N/A					

IPSASB documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
IPSASB	ED 88 Arrangements Conveying Rights over Assets (Amendments to IPSAS 47 and IPSAS 48)	28 March 2024	31 May 2024	ED 88 does not propose new accounting methods. It proposes: (a) consequential amendments to IPSAS 47 <i>Revenue</i> (May 2023) relating to revenue recognised by a lessee in a concessionary lease and by a recipient of a right-of-use (ROU) asset in-kind, which is an ROU asset received for no consideration. Those proposed amendments to IPSAS 47 are consistent with the principles already exposed in ED 84 <i>Concessionary Leases and Right-of-Use</i>

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
				<p><i>Assets In-kind (Amendments to IPSAS 43 and IPSAS 23)</i>, which was published in January 2023; and</p> <p>(b) non-mandatory illustrative examples in IPSAS 47 and IPSAS 48 <i>Transfer Expenses</i> (May 2023).</p> <p>ED 88 proposes illustrative examples to explain that access rights, arrangements allowing rights to use an asset, and shared properties:</p> <p>(a) do not meet the definition of a lease in IPSAS 43 <i>Leases</i>, which is aligned with IFRS 16/AASB 16 <i>Leases</i>;</p> <p>(b) would give rise to revenue for the recipient of the right to access the asset, either directly or as a related compliance obligation is satisfied, in accordance with IPSAS 47; and</p> <p>(c) where a transfer of the right to access the asset is without consideration, would give rise to transfer expenses for the grantor of the right, in accordance with IPSAS 48. In this case, the grantor would measure the transfer expense using the cost of resources to be transferred, which may include depreciation, maintenance and other costs.</p> <p>In the Board’s outreach activities relating to the IPSASB’s Request for Information (RFI) <i>Concessionary Leases and Other Arrangements Similar to Leases</i> (January 2021), Australian stakeholders mentioned that they would like guidance on some of those arrangements. The Board’s May 2021 comment letter to the IPSASB responding to the RFI can be accessed here.</p> <p>Staff recommend the Board not to comment on ED 88 but to monitor the IPSASB’s project and consider whether modifications to AASB 16 or additional guidance on the non-lease arrangements are needed in due course.</p> <p>This is because:</p> <p>(a) the proposed amendments to IPSAS 47 are not new proposals. They are consistent with the ED 84 proposed consequential amendments to IPSAS 23 <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i> relating to</p>

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				<p>concessionary leases, which many IPSASB stakeholders supported.* IPSAS 47 applies to annual periods beginning on or after 1 January 2026 and supersedes IPSAS 23 on that date. Accordingly, the IPSASB is asking for feedback on whether the proposed amendments to IPSAS 47 appropriately reflect the strongly supported proposed amendments to IPSAS 23 that were set out in ED 84; and</p> <p>(b) although Australian stakeholders would like guidance on the non-lease arrangements, it might be problematic to provide feedback on guidance and examples relating to IPSAS 47 and IPSAS 48 when the Board has not yet considered the applicability of the principles underpinning those Standards for Australian not-for-profit (NFP) public sector entities.</p> <p>* Additional notes for Board members' information</p> <p>In respect to the accounting treatment of concessionary leases, the IPSASB's current decision is to confirm its proposal in ED 84 to require a lessee to initially recognise:</p> <p>(a) an ROU asset arising from a concessionary lease or an ROU asset in-kind, measured at the present value of payments for the lease at market rates based on the current use of the underlying asset (i.e. market-based payments) as at the commencement date;</p> <p>(b) a lease liability measured at the present value of the contractual lease payments; and</p> <p>(c) either a liability for the difference between (i) and (ii), where the lessee has a 'compliance obligation', or else revenue.</p> <p>The IPSASB has decided to provide a practical expedient for the initial measurement of a concessionary ROU asset – if payments for the lease at market rates are not “readily available” for the ROU asset, the lessee would be required to</p>

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				<p>measure the ROU asset at cost (i.e. based on the present value of the contractual lease payments).</p> <p>Given the proposed practical expedient to permit concessionary ROU assets to be initially measured at cost, the IPSASB's proposal would likely achieve a similar outcome as AASB 16, which provides an accounting policy choice for an NFP lessee to elect to initially measure concessionary ROU assets at cost or at fair value.</p> <p>The Board has previously obtained feedback from NFP public sector entities that they support having the accounting policy choice on a permanent basis, as it is for NFP private sector entities. The Board decided to defer consideration of the accounting policy choice for NFP public sector lessees until it considers the outcomes of the IPSASB's Leases project.</p>
				<p>Q1 Do Board members agree with the staff recommendation to not comment on IPSASB ED 88?</p>

Other relevant documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
IESBA	ED on Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to	29 January 2024	10 May 2024	<p>The ED includes proposed requirements relating to independence and are intended to apply to sustainability assurance engagements. Among others, the proposal also includes a requirement for the sustainability assurance practitioner to disclose the fee for the sustainability assurance engagement charged by the practitioner's firm, as well as fees charged for other services provided by that firm if this information is not already disclosed by the entity.</p> <p>This is proposed to mitigate the independence threat created by the payment of fees for the assurance service and other fees paid to the firm providing the sustainability assurance. This disclosure requirement would apply with respect to assurance clients that are 'public interest entities'.</p>

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
	Sustainability Assurance and Reporting			<p>Staff recommend the Board not to comment on the Exposure Draft as no amendments are proposed to disclosures in the International Accounting Standards and the AASB did not progress with amending Australian Accounting Standards in respect of audit fees disclosure.</p> <p>Q2 Do Board members agree with the staff recommendation not to comment on the IESBA Exposure Draft?</p>

Forthcoming documents for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
IASB	ED on Addendum to the Exposure Draft Third edition of the IFRS for SMEs Accounting Standard	April 2024	TBC	<p>The IASB tentatively decided to propose:</p> <ul style="list-style-type: none"> a. amendments to the <i>IFRS for SMEs Accounting Standard</i> to align Section 7 <i>Statement of Cash Flows</i> with IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>, as amended by <i>Supplier Finance Arrangements</i>; b. amendments to the <i>IFRS for SMEs Accounting Standard</i> to align Section 30 <i>Foreign Currency Translation</i> with IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>, as amended by <i>Lack of Exchangeability</i>; c. that the amended and revised Section 7 and Section 30 of the <i>IFRS for SMEs Accounting Standard</i> have the same effective date as that of the third edition of the <i>IFRS for SMEs Accounting Standard</i>; d. no transition reliefs in relation to the amendments to Section 7 of the Accounting Standard; and e. the same transition reliefs in relation to the amendments to Section 30 of the Standard as were provided by <i>Lack of Exchangeability</i>.

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
				<p>The IASB decided to set a comment period of 120 days for the Addendum Exposure Draft.</p> <p>Staff recommend the Board not to comment on the Exposure Draft because the <i>IFRS for SMEs</i> Accounting Standard is not currently in use in Australia. It is likely to be of limited interest to Australian stakeholders and the Board will consider any amendments to AASB 1060 in line with its own standard-setting frameworks once the IASB issues a revised <i>IFRS for SMEs</i> Accounting Standard.</p> <p>The AASB did not issue ED/2022/1 <i>Third edition of the IFRS for SMEs Accounting Standard</i> as an AASB Exposure Draft; however, the Board submitted a comment letter to the IASB on the proposed amendments to the definition of public accountability and other matters identified as being particularly relevant to Australian stakeholders.</p> <p>Q3 Do Board members agree with the staff recommendation not to comment on the forthcoming IASB Exposure Draft, subject to feedback received from stakeholders?</p>
IASB	ED on Power Purchase Agreements	May 2024	TBC	<p>The IASB tentatively decided to further explore narrow-scope standard setting for power purchase agreements following further research and outreach with a wide range of stakeholders. Potential narrow-scope amendments to be further explored include amending the requirements in IFRS 9 Financial Instruments with respect to the ‘own-use’ and hedge accounting requirements.</p> <p>Staff recommend that the AASB comments to the IASB on the Exposure Draft as the changes to the standard will be pervasive and are expected to affect many Australian entities.</p> <p>Q4 Do Board members agree with the staff recommendation to comment on the forthcoming IASB Exposure Draft, subject to submissions received from stakeholders?</p>
IPSASB	ED 89 <i>Amendments to Consider IFRIC</i>	April 2024	June 2024	The IPSASB decided that the principles in the following seven IFRIC and SIC Interpretations are applicable to NFP public sector entities. The IPSASB plans to

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
	<i>Interpretations</i>			<p>publish ED 89 to propose amendments to IPSAS to incorporate guidance aligned with those Interpretations.</p> <p>(a) IFRIC 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>;</p> <p>(b) IFRIC 5 <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>;</p> <p>(c) IFRIC 6 <i>Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</i>;</p> <p>(d) IFRIC 7 <i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>;</p> <p>(e) IFRIC 14 <i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>;</p> <p>(f) IFRIC 21 <i>Levies</i>; and</p> <p>(g) SIC-7 <i>Introduction of the Euro</i>.</p> <p>The Australian versions of those Interpretations are applicable to Australian public sector entities. The Board did not modify those AASB Interpretations for NFP private or public sector entities, other than requiring NFP entities to apply the requirements in paragraph 6 of AASB Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i> to a class of assets, rather than to individual assets, consistent with the revaluation model requirements of AASB 116 <i>Property, Plant and Equipment</i> for NFP entities.</p> <p>Staff have not heard that NFP private or public sector entities are experiencing challenges in applying those Interpretations.</p> <p>Staff recommend the Board not to comment on ED 89 but to monitor the IPSASB’s project and consider whether any public-sector-specific modifications are needed to the Australian Interpretations in due course.</p>

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
				Q5 Do Board members agree with the staff recommendation to not comment on IPSASB ED 89?

Appendix A

Current and forthcoming documents open for comment – decisions already made by the Board at previous meetings

Originating organisation	Document	Date of release	Comments due	Summary
IASB	Exposure Draft on Business Combinations – Disclosures, Goodwill and Impairment	14 March 2024	15 July 2024	<p>The project is focused on improvements to the disclosure requirements relating to business combinations and changes to the impairment test of cash-generating units containing goodwill in IAS 36.</p> <p>At its November 2023 meeting, the Board decided to perform targeted outreach activities and provide comments to the IASB.</p>
IPSASB	Exposure Drafts <u>ED 86</u> <i>Exploration for and Evaluation of Mineral Resources</i> and <u>ED 87</u> <i>Stripping Costs in the Production Phase of a Surface Mine</i> (Amendments to <u>IPSAS 12</u>)	31 January 2024	31 May 2024	<p>The IPSASB issued ED 86 and ED 87 in response to stakeholder feedback that there are no accounting requirements or guidance in the IPSASB's literature for the exploration, evaluation and extraction of mineral resources (IFRS 6/AASB 6 and Interpretation 20).</p> <p>At its March 2024 meeting, the Board decided not to comment on the two EDs.</p>