



<b>Project:</b>	Application of AASB 18 and AASB 107 by Superannuation Entities and Not-for-profit Entities	<b>Meeting:</b>	AASB June 2026 (M221)
<b>Topic:</b>	General matters for comment	<b>Agenda Item:</b>	8.4
		<b>Date:</b>	2 June 2026
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		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	Consider ED 338 feedback

## Objective of this agenda paper

- The objectives of this agenda paper are for the Board to:
  - consider** stakeholder feedback on the general matters for comment in [ED 338](#); and
  - decide** on whether any action is needed on these matters.
- The abbreviations noted in the Cover Memo apply to this paper.

## General Matters for Comment in ED 338

- ED 338 included general matters for comment (GMCs) 32–37 seeking feedback from stakeholders.
  - Q32 Have the *AASB For-Profit Entity Standard-Setting Framework* and the *AASB Not-for-Profit Entity Standard-Setting Framework* been applied appropriately in developing the proposals in this Exposure Draft?
  - Q33 Are there any regulatory or other issues arising in the Australian environment that may affect the implementation of the proposals?
  - Q34 Do the proposals create any auditing or assurance challenges and, if so, an explanation of those challenges?
  - Q35 Overall, would the proposals result in financial statements that would be useful to users?
  - Q36 Are the proposals in the best interests of the Australian economy?
  - Q37 Unless already provided in response to the specific matters for comment above, what are the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative? In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

## Submissions received on this topic

- 4 Six comment letters included responses to GMCs 32–37. They are: Deloitte, Institute of Public Accountants (IPA), CPA Australia (CPAA), Chartered Accountants Australia and New Zealand (CA ANZ), Australasian Council of Auditors-General (ACAG) and Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC).

## Summary of staff views

- 5 The feedback raised by respondents do not raise significant concerns about the process of developing ED 338. Accordingly, staff recommend that no further action be taken in respect to the feedback on the GMCs.

## SMC 32 – Appropriate application of Standard-Setting Frameworks

- 6 Five respondents (Deloitte, IPA, CPAA, CA ANZ and ACAG) agreed that both the *AASB For-Profit Entity Standard-Setting Framework* and the *AASB Not-for-Profit Entity Standard-Setting Framework* have been applied appropriately in developing the proposals in ED 338.<sup>1</sup> The following comments were provided.
  - (a) ED 338 highlights some of the challenges associated with the transaction-neutral approach that underpins the AASB's Standard-Setting Frameworks (CPAA).
  - (b) No views to the contrary had been heard (CA ANZ).
  - (c) The Board has not previously treated public sector universities differently from other NFP public sector entities however the majority of jurisdictions agree with the proposed differences (ACAG).

## Staff analysis

- 7 Staff consider the Board is aware of the challenges with the transaction-neutral approach and the need to amend for-profit standards to accommodate the operations of NFP entities.
- 8 Staff acknowledge that universities have not been treated differently from other NFP public sector entities previously. As demonstrated by the feedback (as noted in [Agenda Paper 3.4](#) for the May 2026 meeting), stakeholder feedback generally supports universities applying AASB 18 without any form of relief and therefore staff consider it appropriate to treat universities differently on this occasion.

## SMC 33 – Regulatory or other issues that may affect implementation

- 9 Four respondents commented that they were not aware of any regulatory or other issues arising in the Australian environment that may affect the implementation of ED 338 proposals (Deloitte, IPA, ACAG and HoTARAC).
- 10 Concerns about Whole of Government reporting and conflicts with Government Finance Statistics (GFS) requirements have been addressed by ED 338 (HoTARAC).
- 11 CA ANZ emphasised the need for the Department of Education to update university reporting requirements to ensure consistency with the proposals. No other issues were identified.

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1 HoTARAC did not provide a response to this question.

12 CPAA cautioned about the following:

- (a) Jurisdictional reporting mandates for NFP public sector entities (including Treasury and local government model financial statements, and budget and GFS alignment) and, for universities, alignment with Department of Education guidance may give rise to implementation complexity, sector-wide inconsistencies and system or template changes. Public sector CPA members have also called on the AASB to commence its project to review the public sector financial reporting framework to assess whether the accounting framework for the Australian public sector remains fit for purpose.
- (b) A 'one size fits all' application of AASB 18 for NFP private sector entities may result in cost-benefit and comparability challenges, supporting the need for a post-implementation review.
- (c) While ED 338 focuses on Tier 1 entities, these issues are relevant to Tier 2 NFP public and private sector entities.

### **Staff analysis**

13 Staff are aware that the Department of Education plan to update the *Financial Statement Guidelines for Australian Higher Education Providers* for the AASB 18 changes and therefore this addresses CA ANZ's concerns.

14 In respect to CPAA's comments, staff note the following:

- (a) Feedback from other respondents indicated that there is merit in requiring NFP private sector entities and universities to apply AASB 18 requirements, while providing an accounting policy choices for NFP public sector entities to elect to apply certain AASB 18 requirements, thereby allowing relevant regulators to continue prescribing presentation formats that best meet users' information needs.
- (b) The Board has decided to proceed to develop an Exposure Draft to address the following matters, which would provide stakeholders in the NFP private and university sectors another opportunity to provide feedback on any cost-benefit considerations with respect to applying AASB 18:
  - (i) how the income and expense categorisation requirements in AASB 18 should be applied to NFP private sector entities and universities, including how income recognised under AASB 1058 should be categorised; and
  - (ii) whether, and in what circumstances, NFP private sector entities or universities might be considered to be investing in assets or providing financing as a specified main business activity.
- (c) The Board is currently undertaking the 'Alignment of presentation and classification requirements in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities with AASB 18 Presentation and Disclosure in Financial Statements*' project that will consider the issues relevant to Tier 2 entities.

### **SMC 34 – Auditing or assurance challenges**

15 Three respondents commented that they did not consider there would be any auditing or assurance challenges from the proposals (IPA, CA ANZ and HoTARAC).

- (a) There would be far greater challenges if the proposed accounting policy relief was not offered to NFP public sector entities; or there was inconsistent reporting between the for-profit public and for-profit private sectors (HoTARAC).
- 16 The following respondents indicated that they did not consider there to be significant challenges; however, they noted the following matters.
- (a) Differing sector and industry requirements make it more difficult for preparers and auditors to understand applicable requirements and may limit the transferability of skills (ACAG).
- (b) A key assurance challenge for NFP public sector entities relates to the completeness and auditability of MPM disclosures, supporting the proposed policy choice not to require identification or disclosure of MPMs. For NFP private sector entities and universities, stakeholders noted that judgement-heavy areas (such as defining “operations or main activities” and achieving sector consistency) may increase audit focus and documentation requirements, although these challenges may be mitigated through clearer guidance and practical examples (CPAA).
- (c) Beyond the scope of ED 338, superannuation entities are subject to multiple reporting requirements for different stakeholders and regulators (including APRA, members and ASIC), which are not fully aligned and create additional time and effort. It was recommended that the Board consider how reporting requirements for superannuation entities could be better aligned, to the extent practicable, to reduce the need to provide different information to different stakeholders (Deloitte).

### **Staff analysis**

- 17 With regard to ACAG’s concerns, the feedback indicates that differing sector and industry requirements are needed to meet user needs. The costs of preparers and auditors understanding the applicable requirements and the limited transferability of skills is a drawback of this.
- 18 The forthcoming Exposure Draft described in paragraph 14(b) is expected to address CPAA’s concerns.
- 19 As noted by Deloitte, their comments regarding superannuation entities are beyond the scope of ED 338. Staff note that similar concerns were raised during the post-implementation review of AASB 1056:
- (a) The APRA and other reporting requirements are typically more detailed and are intended to address specific issues that have arisen in the industry.
- (b) If the revenue and expense classification requirements in AASB 1056 were more detailed, it would potentially exacerbate the existing concerns in the industry about inconsistencies with other reporting requirements and the disclosure of differing amounts with similar descriptions.
- (c) Given the considerations noted in (a) and (b), the Board decided to take no action.<sup>2</sup>

### **SMC 35 – Financial statement usefulness**

- 20 Subject to the resolution of identified challenges, six respondents considered that the proposals would result in useful information for users (Deloitte, IPA, CPAA, CA ANZ, ACAG and HoTARAC).

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2 [Feedback Statement: Post-implementation Review – AASB 1056 Superannuation Entities and Interpretation 1019 The Superannuation Contributions Surcharge.](#)

- (a) Overall, the proposals are likely to result in more useful financial statements and to be in the best interests of the Australian economy, particularly for superannuation entities and NFP public sector entities, where well-understood sector reporting formats are preserved while applying AASB 18 proportionately (CPAA).

21 The following comments were also raised.

- (a) Mixed views were expressed in relation to Tier 1 NFP private sector entities, with university stakeholders raising concerns about judgement, classification outcomes and sector comparability (CPAA).
- (b) Clarification was also sought for for-profit public sector entities in relation to comparability and consolidation impacts. These matters may warrant further consideration and/or additional guidance by the Board to support proportionate, decision-useful implementation (CPAA).
- (c) Different structures in the profit and loss statement by different entities may confuse users – primary financial statements should be prepared on a similar basis (one ACAG jurisdiction).

### **Staff analysis**

22 Staff consider that sufficient feedback has been received to support the tailored requirements for superannuation entities and NFP public sector entities (excluding universities) as proposed in ED 338. As noted above:

- (a) The Department of Education plans to update the *Financial Statement Guidelines for Australian Higher Education Providers* to assist universities to implement AASB 18.
- (b) HoTARAC commented that Treasuries have pre-existing processes in place that will minimise the impact of consolidation differences. Overall, stakeholders considered it appropriate for for-profit public sector entities to have reporting requirements that align with for-profit private sector entities.

### **SMC 36 – Best interests of the Australian economy**

23 Three respondents considered the ED 338 proposals to be in the best interests of the Australian economy (Deloitte, IPA and CA ANZ).

24 CPAA's concerns are as noted under SMC 35.

### **SMC 37 – Additional costs and benefits relative to the current requirements**

25 Four respondents commented on this question, stating that additional costs are expected to be minimal relative to the current requirements.

- (a) The proposals are not expected to lead to significant additional costs or cost savings (Deloitte).
- (b) The proposals are expected to deliver net benefits through improved clarity, enhanced transparency and consistency while limiting incremental costs via targeted relief, with implementation costs largely relating to system or manual template updates, mapping, training and additional documentation (CPAA).
- (c) The proposals are not going to cause significant concerns, except as raised in specific SMCs (CA ANZ).

- (d) For superannuation entities and NFP public sector entities, only negligible costs are expected. Universities are likely to incur some additional first-time implementation costs in applying AASB 18, although they are unable to be quantified (ACAG).

***Staff recommendation***

- 26 The feedback raised by respondents in the general matters for comment do not raise significant concerns about the process of developing ED 338. Overall, it is expected that the proposals will result in information that is useful to users, with minimal incremental costs. Accordingly, staff recommend that no action be taken in respect to the feedback on the GMCs.

**Question to Board members**

Q1: Do Board members agree with the staff recommendation that no action be taken in respect to the feedback on the GMCs? If not, what do Board members suggest?