



Project:	n/a	Meeting	December 2022 (M192)
Topic:	Documents open for comment by other organisations	Agenda Item:	10.1
		Date of the Agenda Paper:	28 November 2022
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		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

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

Reasons for bringing this paper to the Board

- 2 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.
- 3 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 prioritising and deciding which consultation documents it should comment on.
- 4 Appendix A to this paper provides a summary of documents open for comment that the Board has previously decided whether to provide feedback.

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
IASB	<u>Proposed Update 1 General Improvements and Common Practice, which amends the IFRS Accounting Taxonomy 2022</u>	16 November 2022		16 December 2022	<p>The proposed changes aim to improve the quality of tagged data and to make the IFRS Accounting Taxonomy easier to use. The proposed changes include:</p> <ul style="list-style-type: none"> • a change in the practice for depreciation of elements; • new common practice elements for antidilutive instruments, other comprehensive income, property, plant and equipment including right-of use assets and for reconciliation of the denominator used in calculating basic and diluted earnings per share; • depreciation of a duplicate element for right-of-use assets; and • replacing of broad text block elements with abstract elements and amended labels of other text block elements to clarify their intended use. <p>Staff recommend the Board not to comment on the proposed changes as the IFRS Accounting Taxonomy is not adopted in Australia in practice. No action is required from the Board.</p>
					<p>Q1 Do Board members agree with the staff recommendation to not comment on the Proposed Update 1 General Improvements and Common Practice, which amends the IFRS Accounting Taxonomy 2022?</p>

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					

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
Chartered Institute of Public Finance and Accountancy	INPAG Exposure Draft 1	20 November 2022	31 March 2023	<p>ED1 addresses four key topics that are important for the framing and context of International Non-Profit Accounting Guidance (INPAG):</p> <ul style="list-style-type: none"> • Describing Non-Profit Organisations / Reporting entity • INPAG Framework • Financial statement presentation • Narrative reporting <p>The Australian Accounting Standards already set out financial reporting requirements for NFP entities preparing GPFS and the AASB’s NFP projects (NFP Financial Reporting Framework and Service Performance Reporting) have and will consider whether future international guidance could be leveraged within future differential reporting for NFP private sector entities. Therefore, staff recommend the Board not to comment on this exposure draft. Staff will continue monitoring the developments and considering any impact on the local projects.</p>
				Q2 Do Board members agree with the staff recommendation to not comment on the INPAG Exposure Draft 1?

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach
Global Reporting Initiative: Global Sustainability Standards Board	Draft GSSB Work Program 2023-2025	21 November 2022	17 February 2023	<p>This consultation document sets out the draft GSSB Work Program for 2023-2025 and the accompanying Project Schedule 2023. It covers a list of priorities for the next three years, including:</p> <ul style="list-style-type: none"> • Development of GRI [Global Reporting Initiative] Standards: <ul style="list-style-type: none"> ○ Revision of Topic Standards ○ Development of new Topic Standards ○ Development of new Sector Standards (according to the GSSB Sector Program ○ Revision of Sector Standards • Implementation of GRI Standards • Cooperation with other standard-setting bodies and international organisations. <p>The GRI and the IFRS Foundation have committed to establishing a comprehensive, global corporate reporting regime for sustainability information. Together the standards will cover disclosure of the most significant impacts on the economy, environment, and people (GRI Standards) and provide sustainability-related financial information to investors and other capital markets participants to asset the financial implications of sustainability topics on an organisation (IFRS Sustainability Disclosure Standards). To this end, GRI and the IFRS Foundation have agreed to make interoperability a core ambition of their respective standard-setting activities and to promote disclosure perspectives as complementary and on an equal footing.</p> <p>As part of the AASB’s Sustainability project consideration may be given to using GRI Standards in conjunction IFRS Sustainability Disclosure Standards. Therefore, staff recommend that the AASB comments on this Work Program to provide feedback on topics that are in the best interest of Australian constituents.</p> <p>Q3 Do Board members agree with the staff recommendation to respond to the Draft GSSB Work Program 2023-2025?</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
IPSASB	ED 84 <i>Concessionary Leases and Right-of-Use Assets In-Kind (Amendments to IPSAS 43 and IPSAS 23)</i>	January 2023	31 May 2023	<p>In 2021, the IPSASB issued a Request for Information (RFI) <i>Concessionary Leases and Other Arrangements Similar to Leases</i> to obtain stakeholders' input on concessionary leases and other lease-like arrangements. The AASB's submission on the RFI can be accessed here.</p> <p>In its submission, the Board noted, based on the limited feedback it received, that:</p> <ul style="list-style-type: none"> (a) there is significant diversity in how concessionary leases and leases for zero or nominal consideration are recognised in the Australian public sector; (b) some Australian stakeholders commented that it is often unclear which entity has control of the leased asset; and (c) it would be useful for the IPSASB to provide guidance on whether arrangements that provide a right of access to an asset, but not a right of use, are considered a lease. <p>The IPSASB considered the submissions received on the RFI and is expected to issue an Exposure Draft (ED 84) in January 2023. ED 84 would clarify that the subsequent measurement requirements of IPSAS 43 <i>Leases</i> applies to an arrangement that conveys the right to use an underlying asset for zero consideration, even though such an arrangement is not a lease. The right-of-use (ROU) assets arising from this type of arrangement are referred to as ROU assets in-kind.</p> <p>Among other proposals, ED 84 would require a lessee to initially recognise:</p> <ul style="list-style-type: none"> (a) an ROU asset in-kind or an ROU asset arising from a concessionary lease measured at the present value of payments for the lease at market rates as at the commencement date;

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				<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 (a) and (b), where a present obligation exists, or else revenue.</p> <p>The liability noted in (c) would be required to be reduced throughout the lease term as the lessee recognises revenue. This is in contrast with the requirement in AASB 16 <i>Leases</i>. If a lessee elects to initially measure a concessionary ROU asset at fair value, under AASB 16 the lessee would recognise revenue at initial recognition for the difference between the value of the ROU asset and the lease liability.</p> <p>Notwithstanding the proposal noted in (a), ED 84 would provide a practical expedient in 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 measure the ROU asset at cost (i.e. measure based on the contractual lease payments), unless there are indicators available that warrant different measurement.</p> <p>Staff recommend the Board not to comment on ED 84 but to monitor the IPSASB’s project and consider whether modifications to AASB 16 are needed and might be proposed in due course. This is because staff observe that:</p> <p>(a) the Board is undertaking a post-implementation review of the Income Standards from a not-for-profit entity perspective. Changes to the Income Standards may affect how revenue arising from concessionary leases will be recognised;</p> <p>(b) with 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 a not-for-profit (NFP) lessee to elect to initially measure concessionary ROU assets at cost or at fair value. The Board has previously obtained feedback from NFP public sector entities that they support having the accounting policy</p>

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				<p>choice on a permanent basis; and</p> <p>(c) ED 84 would not address the asset control issue and the issue about arrangements conveying a right of access to an asset (rather than a right of use) raised by Australian stakeholders during the outreach on the RFI. The IPSASB plans to discuss these issues in its Feedback Statement connected with the RFI. That Feedback Statement is expected to be issued at the same time as ED 84.</p> <p>Q4 Do Board members agree with the staff recommendation to not comment on IPSASB ED 84?</p>
GRI: Global Sustainability Standards Board	ED GRI 304 <i>Biodiversity</i> 202X	5 December 2022	28 February 2023	<p>The GSSB will issue GRI 304 <i>Biodiversity</i> (202X) – Exposure Draft which is a review of GRI 304 <i>Biodiversity</i> (2016) and aims to represent internationally agreed best practice and align with recent development and the relevant authoritative intergovernmental instruments in the field of biodiversity.</p> <p>Biodiversity is a key theme in the United Nations’ 2030 Agenda for Sustainable Development. Both governments and private sector organisations are being called upon to realise UN Sustainable Development Goals (UN SDG) 14: Life Below Water, and UN SDG 15: Life on Land. UN SDG 14 is devoted to ‘conserve and sustainably use the oceans, seas and marine resources. While UN SDG 15 is devoted to ‘protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss’.</p> <p>The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) issued the global assessment report on biodiversity and ecosystem services in 2019, highlighting that biodiversity is declining in every region and issues an urgent call to halt and reverse the unsustainable use of nature.</p> <p>Significant proposals made in this exposure draft are:</p> <ul style="list-style-type: none"> • Facilitate reporting impacts across the supply chain

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
				<ul style="list-style-type: none"> • Focus on the most significant impacts on biodiversity • Emphasis on providing location-specific information on impacts • New disclosure to report on the direct drivers of biodiversity loss • New disclosure to report on the changes to the state of biodiversity • New requirements on the impacts on people resulting from an organisation’s impact on biodiversity • New biodiversity- specific management disclosures • Refined definitions • More extensive guidance throughout the draft. <p>As part of the AASB’s Sustainability Reporting project, consideration may be given to using GRI Standards in conjunction with IFRS Sustainability Disclosure Standards. However, given the specialised nature of this standard and the constraints on AASB resources, staff recommend that the AASB do not comment on this exposure draft.</p> <p>Q5 Do Board members agree with the staff recommendation not to respond to GRI 304 Biodiversity (202X) – Exposure Draft?</p>
IASB	–	January 2023	A 60-day comment period is expected but is subject to approval by the Due Process Oversight Committee.	<p>In December 2021, the Organisation for Economic Co-operation and Development (OECD) published its Pillar Two model rules. The rules aim to address the tax challenges arising from the digitalisation of the economy and were agreed upon by more than 135 countries and jurisdictions representing more than 90% of global GDP.</p> <p>The Pillar Two model rules provide a template for implementing a minimum corporate tax rate of 15% that large multinational companies would pay on income generated in each jurisdiction in which they operate.</p> <p>The IASB’s project responds to stakeholders’ concerns about the potential implications of the imminent implementation of these rules on the accounting for income taxes. In particular, the IASB has tentatively decided to introduce the</p>

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				<p>following:</p> <ul style="list-style-type: none"> • a temporary exception from accounting for deferred taxes arising from the implementation of the rules; and • targeted disclosure requirements for affected companies. <p>Staff note that Treasury recently issued a Consultation Paper, Global agreement on corporate taxation: Addressing the tax challenges arising from the digitalisation of the economy seeking feedback from stakeholders about how Australia can best engage with the new global agreement on corporate taxation that applies to large multinational companies. Stakeholder feedback was sought to help inform consideration of domestic implementation issues, such as interactions with Australia’s existing corporate tax system, ways to minimise compliance costs and the implementation of a Domestic Minimum Tax (e.g. Pillar Two). The comment period closed in November 2022.</p> <p>Staff also understand that the ATO is considering the operationalisation of the Pillar Two principles.</p> <p>Whilst the operationalisation of the principles in Australia is currently unclear, staff understand that Australian entities may be affected. Therefore, given Australia’s commitment to the principles, staff recommend the AASB comment to the IASB on the Exposure Draft, subject to submissions from stakeholders. Staff note that due to the expected comment date, the comment letter would likely need to be finalised out-of-session.</p> <p>Q6 Do Board members agree with the staff recommendation to comment on the forthcoming IASB Exposure Draft, subject to submissions received from stakeholders?</p> <p>If yes, as it is likely necessary to finalise the comment letter out-of-session, would the AASB prefer to finalise via the Chair or a subcommittee?</p>

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: ED/2022/1 Third edition of the IFRS for SMEs Accounting Standard	September 2022	7 March 2023	<p>At its October 2022 Board meeting, the Board noted that amendments by the IASB to the <i>IFRS for SMEs</i> Accounting Standard would necessitate a review of the related disclosure requirements of AASB 1060.</p> <p>The Board decided to comment to the IASB on the proposed amendments to the definition of public accountability and any other matters identified as being particularly relevant to Australian stakeholders. The comment letter will be approved out of session via a subcommittee of the Board.</p>
IPSASB	ED 83 Reporting Sustainability Program Information—RPGs 1 and 3: Additional Non-authoritative Guidance	October 2022	December 2022	<p>The Board decided at the October 2022 meeting to not comment on IPSASB ED 83.</p>