



<b>Project:</b>	<b>Post-Implementation Reviews</b>	<b>Meeting:</b>	March 2023 (M194)
<b>Topic:</b>	<b>Project update</b>	<b>Agenda Item:</b>	5.1
		<b>Date:</b>	20 February 2023
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		<b>Decision-Making:</b>	Low
		<b>Project Status:</b>	Discussion Paper

## Objective of this agenda item

- 1 The objective of this agenda item is to provide the Board with an **update** on the Post-Implementation Reviews (PIR) of domestic Australian Accounting Standards, including Interpretations.
- 2 Board members will not be asked to make any decisions on this project update.

## Attachments

Agenda paper 5.2      PIR of Selected Public Sector Standards – introduction and findings from the planning phase

## Background and reasons for bringing this paper to the Board

- 3 At the September 2021 meeting, the Board considered a detailed [PIR process](#) and [work plan](#) for the domestic PIRs to be carried out over the 2022–2025 period. As most recent Standards issued by the Board have not been subject to a formal PIR process, the Board considered for each Standard currently on issue:
  - (a) whether undertaking a PIR was appropriate, and if so,
  - (b) the expected timing.
- 4 As discussed at that meeting, the [AASB Due Process Framework for Setting Standards](#) sets out high-level steps for performing a PIR, supplemented by post-implementation evidence-informed activities outlined in the [AASB Evidence-Informed Standard-Setting Framework](#). However, the more detailed process being developed by the Board will support the consistent application of the domestic PIR process.
- 5 Following the September 2021 meeting, staff commenced various PIRs, and in May 2022, the Board considered a revised timeline for certain PIRs. This paper provides Board members with an update on the overall PIR project (see Table 1).

## Project update

	<i>Status</i>
<p><i>Not-for-profit (NFP) domestic PIRs (Category 1 in Table 1) addressing the following topics:</i></p> <ul style="list-style-type: none"> <li>• Income;</li> <li>• Control/consolidation;</li> <li>• Definition of a structured entity;</li> <li>• Related party disclosures; and</li> <li>• SPFS basis of accounting – compliance with Australian Accounting Standards.</li> </ul>	<p><i>Commenced and on schedule.</i></p> <p><i>The overall project remains on schedule to be completed by the end of 2023 to comply with regulatory requirements.<sup>1</sup></i></p>

- 6 The NFP domestic PIRs have commenced. To date, staff have:
- (a) reviewed original project documentation and collated the issues we are already aware of in respect of all topics noted above;
  - (b) undertaken a preliminary literature review to identify any relevant academic research and other non-academic literature on all of the topics noted above;
  - (c) gathered initial feedback from targeted stakeholders for all topics noted above (except income);<sup>2</sup>
  - (d) issued two public consultation documents; and
  - (e) commenced general and targeted virtual outreach (see Table A for a summary).

**Table A: Virtual outreach sessions**

<b>Date</b>	<b>Stakeholder</b>	<b>Discussion</b>
12 December 2022	<b>AASB Project Advisory Panel</b>	Income, control and consolidation, the definition of a structured entity, related party disclosures and SPFS basis of accounting – compliance with Australian Accounting Standards.
31 January 2023	<b>NFP private sector</b> virtual outreach session (17 attendees)	Income, control and consolidation, the definition of a structured entity and SPFS basis of accounting – compliance with Australian Accounting Standards.
7 February 2023	<b>NFP local government</b> virtual outreach session (53 attendees)	Income, control and consolidation, the definition of a structured entity, related party disclosures and the use of SPFS in the public sector. This session also discussed Service Concession Arrangements for Grantors.
8 February 2023	<b>NFP state, territory and federal government</b> virtual outreach session (40 attendees)	Income, control and consolidation, the definition of a structured entity, related party disclosures and the use of SPFS in the public sector. This session also discussed Service Concession Arrangements for Grantors.

1 Previously, the Office of Best Practice Regulation had a policy requiring a PIR to be completed within a certain timeframe. The Office of Best Practice Regulation was renamed as the Office of Impact Analysis in November 2022. However the function and scope of the Office remain the same ([Home | The Office of Impact Analysis \(pmc.gov.au\)](#)). From this, staff understand that the policies of the Office of Best Practice Regulation remain in place. Therefore, to meet regulatory requirements, the PIR of the Standards covered by the income topic must be completed within 5 years of implementation. Staff consider the date of implementation of a pronouncement to be its mandatory effective date, which for the Standards covered by the income topic was 1 January 2019.

2 As previously communicated with the Board, staff gathered initial feedback from targeted stakeholders relating to income of NFP entities as part of the Board's narrow-scope project on that topic

- 7 Staff are in the process of summarising the feedback obtained during these sessions and will bring this summary of this feedback to a future Board meeting.
- 8 Staff have also scheduled meetings with interested stakeholders following the virtual outreach sessions.

	<i>Status</i>
<i>AASB 1059 PIR (Category 2 Part B in Table 1)</i>	<i>Commenced and on schedule</i>

- 9 At the August 2022 meeting, the Board considered a working draft of the Invitation to Comment (ITC) and formed a subcommittee to finalise the ITC out of session.
- 10 Invitation to Comment ITC 49 *Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantors* was issued in September 2022. Comments are due by 28 February 2023.
- 11 Consistent with the Table A, staff recently hosted two virtual outreach sessions to discuss ITC 49. Feedback obtained during the sessions is being summarised and will be discussed with the Board at a future meeting. Staff have also scheduled meetings with interested stakeholders.

	<i>Status</i>
<i>Public Sector PIR including AASB 1050, AASB 1051, AASB 1052, AASB 1004 and Interpretation 1038 (Category 2 Part A in Table 1)</i>	<i>Commenced and on schedule</i>

- 12 The Public Sector PIR has commenced. To date, staff have:
- reviewed the Basis of Conclusions and other documents to understand the history of the pronouncements, including the reasons for their initiation;
  - developed possible areas for stakeholder feedback on the various pronouncements;
  - undertaken a preliminary literature review to identify any relevant academic research on all of the topics noted above; and
  - gathered initial feedback from targeted stakeholders for all topics.
- 13 Agenda Paper 5.2:
- provides the Board with an update on preliminary work undertaken on the Public Sector PIR;
  - outlines the key reasons for issuing the pronouncements and the policy options considered at the time of issue;
  - outlines the key requirements of the pronouncements and implementation issues;
  - considers initial feedback from academic research, other sources and anecdotal feedback; and
  - prioritises issues to determine the scope of stakeholder consultation.

	<i>Status</i>
<i>PIR of AASB 1056 and Interpretation 1019 (Category 2 in Table 1)</i>	<i>Commenced and on schedule</i>

- 14 The PIR of AASB 1056 and Interpretation 1019 has commenced. To date, staff have:
- (a) completed a preliminary literature review. As expected, staff did not identify any directly relevant academic research due to the topic covered in this PIR. However, staff did identify related research, which is currently being considered; and
  - (b) identified key stakeholders for targeted stakeholder discussions.
- 15 This PIR is expected to be discussed by the Board at the May 2023 meeting.

<i>PIR of AASB 2020-2 and AASB 1060 (Category 3 Part C in Table 1)</i>	<i>Not due to comment under Q2 2023</i>
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- 16 The PIRs of AASB 2020-2 and AASB 1060 are due to commence shortly. As the Standards in this category have only recently become effective (i.e. from 1 July 2021), staff have not yet scheduled the literature review or performed any work on these PIRs. Staff note, however, that the planned timing of the Category 3 PIRs might be affected by the IASB’s Subsidiaries without Public Accountability project.
- 17 To meet regulatory requirements and the requirements of the due process framework, a PIR of AASB 2020-2 and AASB 1060 should be completed within five years of implementation. Both Standards were effective for annual reporting periods beginning on or after 1 July 2021. Therefore, to comply with regulatory requirements, a PIR is required to be completed before July 2026.
- 18 Staff consider that the PIR of AASB 1060 should be closely linked with the Board’s assessment of the IASB’s proposed Subsidiaries without Public Accountability Standard and its suitability in Australia. As outlined in Agenda Paper 3.2 to this meeting, the IASB has advised that a final Subsidiaries without Public Accountability Standard will not be issued before 2024. Staff have outlined several suggested evidence gathering activities to inform future Board decisions about applying the IASB’s Standard in Australia.
- 19 Staff suggest these evidence gathering activities are also likely to be relevant to the PIR of AASB 1060. Likewise, staff also suggest that the outcomes of the PIR of AASB 1060 may also help inform future Board decisions about the IASB’s Standard.
- 20 Therefore, staff consider that it might be necessary to alter the timing of certain activities related to the AASB 1060 PIR (e.g. outreach and public consultation). Staff intend to consider this whilst undertaking the evidence gathering activities suggested in Agenda Paper 3.2 to this meeting.

	<i>Status</i>
<i>Possible PIRs identified since September 2021</i>	<i>Further work required</i>

- 21 As noted in agenda paper 4.1 to the May 2022 meeting, feedback received on other projects has highlighted a need for a possible PIR of the requirements of certain Standards that the Board did not previously consider necessary. There have been no changes in the suggested staff actions in relation to these matters.<sup>3</sup>

<sup>3</sup> Refer to [Agenda Paper 4.1](#) to the May 2022 meeting.

*Project timeline and milestones*

22 Table 1 sets out the timeline for all planned domestic PIRs.

**Table 1**

Legend:

<p><b>CATEGORY 1 – Highest priority (NFP)</b> NFP domestic PIRs addressing NFP:</p> <ul style="list-style-type: none"> <li>Income;</li> <li>Control/consolidation;</li> <li>Definition of a structured entity;</li> <li>Related party disclosures; and</li> <li>SPFS basis of accounting – compliance with Australian Accounting Standards.</li> </ul>	<p><b>CATEGORY 2 – Medium priority (public sector)</b> <b>PART A</b></p> <ul style="list-style-type: none"> <li>AASB 1050</li> <li>AASB 1051</li> <li>AASB 1052</li> <li>AASB 1004</li> <li>Interpretation 1038</li> </ul> <p><b>PART B</b></p> <ul style="list-style-type: none"> <li>AASB 1059</li> </ul>	<p><b>CATEGORY 2 – Medium priority</b> <b>PART C</b></p> <ul style="list-style-type: none"> <li>AASB 1056</li> <li>Interpretation 1019</li> </ul>	<p><b>CATEGORY 3 – Lower priority</b></p> <ul style="list-style-type: none"> <li>AASB 2020-2*</li> <li>AASB 1060*</li> </ul> <p>* Staff note that this timing may change, subject to the IASB’s Subsidiaries without Public Accountability: Disclosures project</p>	<p>BM = Board meeting**</p> <p>TOR = targeted outreach only</p> <p>** Staff note that the timing of Board meetings are yet to be decided. As such indicative timing may change slightly</p>
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Suggested activities	Completed	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
<b>Planning</b>											
1. Review of original project documentation (e.g. RIS and Basis for Conclusions).		Commenced									
2. Collation of issues the Board are aware of.											
3. Academic research:											
• Identify potential researchers to review existing academic literature and assist with new research.		Commenced									
• Collate relevant research and summarise.		Commenced									
4. Seek preliminary feedback from targeted stakeholders (e.g. regulators, professional bodies, advisory panels, preparers and practitioners). Review feedback received.											
5. Prioritise issues from the planning phase to determine the scope of the consultation document.											
6. Discuss steps 1-5 with the Board.		BM (March)	BM			BM					

Suggested activities	Completed	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Outreach											
7. Draft consultation document.											
8. Discuss consultation document with the Board and the Board approve for issue.			BM BM				BM				
9. Undertake general and targeted outreach to seek stakeholder feedback.		In progress In progress	TOR	TOR							
Consideration of feedback and next steps											
10. Consultation comment period closes.		End Mar End Feb									
11. Review and summarise responses received from consultation document and outreach. Perform follow-up procedures where appropriate.											
12. Identify possible 'next steps' to respond to findings in conjunction with the <a href="#">AASB Evidence-Informed Standard-Setting Framework</a> .											
13. Discuss feedback and possible next steps with the Board.			BM	BM		BM	BM			BM	
14. Prepare a feedback statement, discuss it with the Board and publish the feedback statement.			BM		BM		BM				BM

### Question for Board members

Q1: Do Board members have any comments on the project update?