



Project:	Contracts Referencing Nature-dependent Electricity	Meeting:	August 2025 (M214)
Topic:	Ballot Draft AASB 2025-X Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures for AASB member Voting	Agenda Item:	3.1
		Date:	29 July 2025
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	Project Priority:	Medium	
	Decision-Making:	High	
	Project Status:	Ballot draft for Board voting	

Objective of this paper

- The objective of this paper is to provide the Board with:
 - an update on the proposed amendments to [AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities](#) on the *Contracts Referencing Nature-dependent Electricity* project; and
 - a ballot draft version of amending Standard AASB 2025-X *Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures* and the accompanying Explanatory Statement **for voting**.

Attachments

Agenda paper 3.2	Ballot Draft: AASB 2025-X <i>Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures</i>
Agenda paper 3.3	[Draft] Explanatory Statement to accompany AASB 2025-X <i>Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures</i>

Background

- In December 2024, the IASB issued [Contracts Referencing Nature-dependent Electricity \(Amendments to IFRS 9 and IFRS 7\)](#). Nature-dependent electricity contracts help entities secure their electricity supply from sources such as wind and solar power. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions. In February 2025, the AASB issued the Australian equivalent [AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity](#).

- 3 Following the amendments made to the AASB Standards, the Board considered whether any disclosures should be added to AASB 1060.¹
- 4 In March 2025, the AASB issued Exposure Draft [ED 337 Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures](#), which proposed to amend AASB 1060 to require entities with contracts referencing nature-dependent electricity that are recognised as procurement contracts to disclose the following:
 - (a) information about contract features exposing the entity to electricity variability and the risk of unused electricity at the time of delivery;
 - (b) qualitative information about how the entity assesses whether a contract might become onerous; and
 - (c) qualitative information about the effects on the entity's financial performance.
- 5 In assessing all the new disclosure requirements added by AASB 2025-1 (i.e. Tier 1) and considering the potential costs for preparers and Australian Tier 2 user needs, the ED proposed not to include the following requirements for Tier 2 entities:
 - (a) disclosure of estimated cash flows and other quantitative information related to the contracts referencing nature-dependent electricity that are recognised as procurement contracts;
 - (b) requirements for contracts referencing nature-dependent electricity that are designated in a cash flow hedging relationship to apply paragraph 23A of AASB 7; and
 - (c) requirements for cross-referencing in the entity's single note about contracts referencing nature-dependent electricity that are recognised as procurement contracts to any other notes that refer to other contracts referencing nature-dependent electricity contracts.
- 6 The effective date proposed in ED 337 is annual periods beginning on or after 1 January 2026, with earlier application permitted.

International alignment

IFRS for SMEs Standard

- 7 The IASB confirmed in October 2023 that it would not align the third edition of the *IFRS for SMEs Accounting Standard* with any amendments to full IFRS Standards with an effective date after 1 January 2020 that were not considered in developing the Exposure Draft *Third edition of the IFRS for SMEs Accounting Standard*.
- 8 Since the IASB's amending Standard *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7) has an effective date of annual periods beginning on or after 1 January 2026, these amendments were outside the scope of the second comprehensive review of *IFRS for SMEs Standard* and thus not included in the third edition of the *IFRS for SMEs Accounting Standard*.

New Zealand

- 9 At its April 2025 meeting, the NZASB agreed not to propose Reduced Disclosure Regime (RDR) concessions for Tier 2 for-profit entities with respect to the disclosures introduced by the amending Standard *Contracts Referencing Nature Dependent Electricity – Amendments to NZ IFRS 9 and NZ IFRS 7*.

1 Paragraph BC96 to AASB 1060 states that "a review of the disclosures will need to take place any time ... amendments are made to existing Australian Accounting Standards or Interpretations".

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

- 10 Whilst not required by the AASB's standard-setting frameworks, staff also considered how the IASB addressed the new disclosure requirements in IFRS 19.² The IASB decided not to reduce the disclosures for eligible subsidiaries because:
- (a) the proposed disclosure requirements would provide information about obligations, commitments or contingencies and information on measurement uncertainties.
 - (b) the narrow scope of the contracts that meet the criteria in paragraph 5B of IFRS 7 reduces the costs for eligible subsidiaries of providing the information. Therefore, the IASB expects that the benefits of the proposed disclosure requirements would outweigh the costs.³

Stakeholders' feedback on ED 337

- 11 The comment period for ED 337 closed on 20 May 2025. The AASB has not received any comment letters.

Staff recommendation

- 12 Staff recommend that AASB members vote to make *AASB 2025-X Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures*, and approve the accompanying Explanatory Statement.
- 13 If AASB members vote to make the proposed amending Standard and approve the Explanatory Statement, the content of the Standard and the Explanatory Statement will be finalised by replacing "AASB 2025-X" with the next Standard number in the sequence and the various dates formally inserted into the Standard or Explanatory Statement as indicated. The Standard and the Explanatory Statement would then be registered on the Federal Register of Legislation and published on the AASB Standards Portal.

Questions to Board members

- Q1: Do Board members have any questions or comments on the amendments to AASB 1060 set out in the Ballot Draft?
- Q2: Do Board members vote in favour of making *AASB 2025-X Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures*?
- Q3: Do Board members approve the Explanatory Statement accompanying *AASB 2025-X Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures*?

² The standard-setting frameworks do not set out whether/how amendments to IFRS 19 should be considered when determining whether/how to update AASB 1060. This is because, at this time, the AASB has not determined whether/how IFRS 19 will be adopted for use in Australia. The AASB will be issuing an Invitation to Comment (ITC) in 2025 Q3 to gather feedback from stakeholders on whether there are any significant problems or concerns with implementing and applying AASB 1060 and, as part of this ITC, the AASB is also seeking stakeholder feedback on how IFRS 19 should be considered in Australia for Tier 2 entities. The feedback gathered from this ITC will help inform future AASB decisions about whether/how IFRS 19 will be adopted for use in Australia.

³ As stated in paragraph BC114 to IFRS 19.