



AASB Action Alert

From the Australian Accounting Standards Board

Issue No: 220
3 February 2023

Welcome to the AASB Action Alert

The AASB Board met in public via videoconference on 1 February 2023. At the meeting, the Board made key decisions in relation to:

[Climate-related Financial Disclosure](#)

[Draft Sustainability Reporting Standard-setting Framework](#)

The Board also discussed the following topics:

[Sustainability Reporting](#)

[GRI Work Program](#)

Climate-related Financial Disclosure

To address the demand for climate-related financial disclosure requirements while permitting the Board sufficient time to redeliberate its approach to broader sustainability reporting, the Board supported a “climate first” approach and decided to add a separate project to the Board’s work program to develop climate-related financial disclosure requirements for Australia.

The Board also decided to continue applying the preliminary decisions made at its February 2022 (M185) and April 2022 (M186) meetings and the [draft] Sustainability Reporting project plan to its work on developing climate-related financial disclosure requirements. Those decisions are:

- (a) to develop a separate suite of sustainability reporting standards alongside the existing Australian Accounting Standards, and address climate as the first sustainability reporting topic;
- (b) to use the work of the IFRS Foundation’s International Sustainability Standards Board (ISSB) as a foundation, with modifications for Australian matters and requirements;
- (c) to focus initially on the development of reporting requirements for sustainability-related financial information, which is consistent with the scope of the ISSB’s work;

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- (d) the initial scope of the project relates to the for-profit sectors, with not-for-profit sectors being considered at a later stage; and
- (e) to apply its existing *Due Process Framework for Setting Standards* to preliminary work on the Sustainability Reporting project.

As part of its discussion on a draft project plan, the Board identified additional risks to project delivery for inclusion in the Climate-related Financial Disclosure project plan, including:

- (a) further delays in the International Sustainability Standards Board (ISSB) issuing its sustainability and climate-related financial disclosure standards; and
- (b) climate-related financial disclosures not being operational for other sectors or types of entities (for example, not-for-profit public and private sector entities or small-to-medium sized entities).

The Board decided to implement the Climate-related Financial Disclosure project plan, subject to a revised project timeline reflecting the recent change to the ISSB's timeline. The Board will consider an updated Climate-related Financial Disclosure project plan at its next meeting.

Draft Sustainability Reporting Standard-setting Framework

The Board decided to use the *AASB For-Profit Entity Standard-Setting Framework* as the basis for developing a draft Sustainability Reporting Standard-Setting Framework. The Board also decided to include in a Sustainability Reporting Standard-Setting Framework the following criteria for considering whether to depart from, amend or add to the baseline of IFRS Sustainability Disclosure Standards:

- (a) requirements in IFRS Sustainability Disclosure Standards will not deliver user benefits that outweigh any undue cost or effort for preparers;
- (b) requirements in IFRS Sustainability Disclosure Standards will not achieve international alignment or else will conflict with global sustainability reporting practices;
- (c) the Board identifies equivalent disclosure requirements in Australian legislation that already meet the objectives of the IFRS Sustainability Disclosure Standards. In making this assessment, the Board would consider legislation such as the *National Greenhouse and Energy Reporting Act 2007*;
- (d) requirements in IFRS Sustainability Disclosure Standards do not adequately address Australian-specific matters and there is, or is likely to be, diversity in practice warranting Australian-specific requirements or guidance; and



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- (e) transitioning from existing Australian practices to requirements in IFRS Sustainability Disclosure Standards will impose additional costs and/or time when compared with international counterparts, warranting deferral of the application date.

The Board will consider a draft Sustainability Reporting Standard-Setting Framework at its next meeting.

Sustainability Reporting

The Board received an update on international and jurisdictional sustainability reporting developments.

GRI Work Program

The Board considered a draft comment letter to the Global Sustainability Standards Board's (GSSB's) Draft Work Program 2023-2025 and decided to submit a comment letter supporting the proposals. The Board also decided the submission should encourage the GSSB to develop a Sector Standard addressing issues specific to the public sector.

Recently Approved Documents

Since last reported (16 December 2022), the Board has approved the following Standards, Exposure Drafts or other proposal documents.

Date Approved	Document	Effective Date (Standards/Int'ns) or Due Date for Submissions (EDs)
10 January 2023	Exposure Draft ED 322 <i>International Tax Reform – Pillar Two Model Rules</i>	24 February 2023

Documents Open for Comment

The following documents are open for comment. AASB submissions to the IASB, the ISSB, the IFRS Interpretations Committee, the IFRS Foundation, the IPSASB and other organisations are published on the AASB website.

Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
IFRS IC	Tentative Agenda Decision Definition of a Lease—Substitution Rights (IFRS 16)	–	–	6 February 2023
GRI	ED Draft GSSB Work Program 2023-2025	–	–	17 February 2023



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Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
AASB	ED 322 International Tax Reform – Pillar Two Model Rules	ED 322	24 February 2023	10 March 2023
AASB	ITC 49 Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantors	ITC 49	28 February 2023	–
GRI	ED GRI Topic Standard Project for Biodiversity	–	–	28 February 2023
IASB	ED/2022/1 Third edition of the IFRS for SMEs Accounting Standard	–	–	7 March 2023
AASB	Discussion Paper Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities)	–	31 March 2023	–
AASB	ITC 50 Post-implementation Review – Income of Not-for-Profit Entities	ITC 50	31 March 2023	–
AASB	ITC 51 Post-implementation Review of Not-for-Profit Topics – Control, Structured Entities, Related Party Disclosures and Basis of Preparation of Special Purpose Financial Statements	ITC 51	31 March 2023	–
IPSASB	ED 84 Concessionary Leases and Right-of-Use Assets In-kind	–	–	17 May 2023

AASB Board Future Meeting Dates

8-9 March 2023

3 May 2023

21-22 June 2023

9 August 2023

13-14 September 2023

11 October 2023

29-30 November 2023

March 2023 AASB meeting

At the next Board meeting, it is expected the Board will address the following agenda items:

Climate-related Financial Disclosure

Franking Credit Disclosures

Not-for-Profit Private Sector Financial Reporting Framework (Tier 3 Simplified Requirements)

Pillar Two International Tax Reform

Public Sector Long-term Discount Rates

Public Sector Post-implementation Reviews

Subsidiaries without Public Accountability

Sustainability Reporting

Tier 2 (AASB 1060) – Non-current Liabilities with Covenants