



<b>Project:</b>	n/a	<b>Meeting</b>	September 2024 (M208)
<b>Topic:</b>	<b>Documents open for comment to other organisations</b>	<b>Agenda Item:</b>	8.1
		<b>Date of the Agenda Paper:</b>	20 August 2024
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		<b>Decision-Making:</b>	Low
		<b>Project Status:</b>	n/a

## Objective of this paper

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

## Reasons for bringing this paper to the Board

- 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.
- 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 deciding which consultation documents it should comment on.

**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/ISSB	N/A				

**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
IFRS IC	N/A				

**IPSASB 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
IPSASB	Exposure Draft ED 90 <a href="#">Amendments to IPSAS as a Result of the Application of IPSAS 46 Measurement</a>	1 August 2024	29 November 2024	In May 2023, the IPSASB issued a new Standard IPSAS 46 <a href="#">Measurement</a> that introduced a new measurement basis for measuring the current value of assets held for their operational capacity (i.e. assets held for service potential rather than for their financial capacity).  That measurement basis is “current operational value” (COV), which is defined as “the amount the entity would pay for the remaining service potential of an asset

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				<p>at the measurement date.” COV also replaces the “current replacement cost” measurement model in the IPSASB literature.</p> <p>At the time of issuing IPSAS 46, the IPSASB has yet to complete its work on assessing how COV should be incorporated across its pronouncements. The IPSASB published ED 90 to propose amendments to relevant IPSAS relating to the introduction of COV. This includes amending IPSAS 12 <i>Inventories</i>, IPSAS 21 <i>Impairment Non-Cash Generating Assets</i>, and IPSAS 31 <i>Intangible Assets</i>.</p> <p><b>Staff recommend the Board not to comment on IPSASB ED 90</b> because the Board decided not to introduce COV in Australia. When finalising AASB 2022-10 <a href="#">Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</a>, the Board observed feedback from Australian stakeholders indicated that fair value under AASB 13 <i>Fair Value Measurement</i> is appropriate for measuring the current value of all non-financial assets held by not-for-profit public sector entities (AASB 2022-10 paragraphs BC12–BC19).</p> <p><b>Q1: Do Board members agree with the staff recommendation to not comment on the IPSASB ED 90?</b></p>
IPSASB	<p>Exposure Draft ED 91 <a href="#">Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33)</a></p>	14 August 2024	13 December 2024	<p>The objective of ED 91 is to amend IPSAS 33 <i>First-Time Adoption of Accrual Basis International Financial Reporting Standards</i> by restructuring the existing authoritative guidance into a more understandable and user-friendly structure, promote the election of exemptions to apply IPSAS incrementally and as soon as possible and add non-authoritative guidance to better support first-time adopters in using IPSAS 33.</p> <p>Since IPSAS are not adopted in Australia, <b>staff recommend the Board not to comment on the forthcoming IPSASB ED 91.</b></p> <p><b>Q2: Do Board members agree with the staff recommendation to not comment on the forthcoming IPSASB ED 91?</b></p>

**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
N/A				

**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
IASB	Exposure Draft: <i>Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202X)</i>	September 2024	TBC	<p>The IASB developed answers to application questions about the equity method, as set out in IAS 28 <i>Investments in Associates and Joint Ventures</i>, using the principles derived from IAS 28.</p> <p>The ED proposes, among other things, how to determine the carrying amount of investment, measure the cost when additional interest is purchased or disposed of, recognise gains and losses from upstream and downstream transactions, measure contingent consideration, and make additional disclosures.</p> <p>The exposure draft is expected to be published in September 2024.</p> <p><b>Staff recommend that the AASB comments</b> to the IASB on the upcoming ED as the topic is relevant to many Australian entities.</p>
				<p><b>Q3: Do Board members agree with the staff recommendation to comment on the forthcoming IASB Exposure Draft, subject to submissions received from stakeholders?</b></p>

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
IASB	Exposure Draft on Provisions	Q4 2024	TBC	<p>At its June 2024 meeting, the IASB discussed proposed amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>.</p> <p>The ED clarifies the requirements for recognising the present obligation, updates the liability definition, adds new examples to illustrative guidance, adds application requirements for threshold-triggered costs, specifies the basis for discount rates, adds disclosure requirements and clarifies what costs should be included in provision measurement.</p> <p>The IASB expects to issue the ED in Q4 2024 with a 120-day comment period.</p> <p><b>Staff recommend that the AASB comments</b> to the IASB on the upcoming ED as the topic is relevant to many Australian entities.</p> <p><b>Q4: Do Board members agree with the staff recommendation to comment on the forthcoming IASB Exposure Draft, subject to submissions received from stakeholders?</b></p>
IPSASB	<p>Forthcoming Exposure Draft (ED) on tangible natural resources</p> <p>The draft ED considered by the IPSASB at its July 2024 meeting can be accessed <a href="#">here</a>.</p>	October 2024	TBC	<p>The IPSASB is developing an ED that would propose accounting treatment and disclosure requirements for tangible natural resources that do not fall within the scope of existing IPSAS. That is, the proposals are not expected to affect natural resources that are currently recognised under IPSAS 45 <i>Property, Plant, and Equipment</i>, IPSAS 12 <i>Inventories</i>, IPSAS 16 <i>Investment Property</i> or IPSAS 27 <i>Agriculture</i>.</p> <p>Based on the IPSASB’s decisions at its July 2024 meeting, the ED is expected to:</p> <p>(a) define “tangible natural resources” as “an item which is naturally occurring and embodies service potential”; and</p>

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
				<p>(b) describe “naturally occurring items” as living and non-living components of the Earth, together constituting the biophysical environment, which came into existence in nature without the actions of humankind.</p> <p>The ED is expected to propose requiring a not-for-profit public sector entity to:</p> <p>(a) recognise a tangible natural resource if, and only if:</p> <ul style="list-style-type: none"> <li>(i) it is probable that service potential associated with the natural resource will flow to the entity;</li> <li>(ii) the entity controls the tangible natural resource as a result of past events; and</li> <li>(iii) the tangible natural resource can be measured reliably; and</li> </ul> <p>(b) disclose information about the nature, amounts, timing, and uncertainties arising from tangible natural resources. Additional disclosures would be required for items that meet the definition of a tangible natural resource but are not recognised in financial statements because they do not satisfy all the recognition criteria described in (a).</p> <p>Tangible natural resources that meet the recognition criteria are expected to be measured:</p> <ul style="list-style-type: none"> <li>(a) initially at cost or deemed cost, depending on whether the tangible natural resource was acquired through an exchange or a non-exchange transaction; and</li> <li>(b) subsequently by either applying the historical cost model or the current value model (i.e. measure at current operational value).</li> </ul> <p><b>Staff recommend the Board not to comment on the forthcoming IPSASB ED on tangible natural resources</b> but to monitor the IPSASB’s project and consider whether any modifications to AASB Standards or additional guidance on tangible natural resources are needed in due course.</p>

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
				<p>Staff observed that the IPSASB's proposed recognition criteria appear to be consistent with Australian Accounting pronouncements. Tangible natural resources would have already been recognised by Australian public sector entities if they controlled the resources and the resources could be measured reliably. Staff undertook a limited analysis of financial statements published by State/Territory and local government entities for the financial year 2022-23. The analysis shows that some tangible natural resources (e.g. land) are currently recognised by those entities as property, plant and equipment and would be outside the scope of the IPSASB's proposal. However, items such as wildlife and bodies of water in conservation reserves are not recognised by those entities.</p> <p>Accordingly, staff consider that the main aspects of the IPSASB's proposals that would likely be relevant to Australian public sector entities would be the proposed disclosure requirements. The ISSB is undertaking a research project about sustainability-related risks and opportunities associated with biodiversity, ecosystems and ecosystem services (BEES). Staff are of the view that any requirements for Australian public sector entities to report on tangible natural resources outside of existing Australian Accounting pronouncements should be considered after considering the work of the ISSB on developing reporting requirements associated with BEES.</p> <p><b>Q5: Do Board members agree with the staff recommendation to not comment on the forthcoming IPSASB Exposure Draft on tangible natural resources?</b></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	<a href="#">Exposure Draft: ED2024/6 Climate-related and Other Uncertainties in the Financial Statements</a>	July 2024	28 November 2024	<p>The IASB is exploring targeted actions to improve the application of the requirements in IFRS Accounting Standards related to reporting on the effects of climate-related and other uncertainties in the financial statements.</p> <p>At its June 2024 meeting, the Board decided to perform targeted outreach activities and provide comments to the IASB.</p>
IASB	<a href="#">Exposure Draft: ED2024/4 Translation to a Hyperinflationary Presentation Currency</a>	July 2024	22 November 2024	<p>The IASB published an exposure draft to consider amendments related to non-hyperinflationary entities with a presentation currency that is hyperinflationary.</p> <p>At its June 2024 meeting, the Board decided not to comment on the ED.</p>
IASB	<a href="#">Exposure Draft: ED2024/5 Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures</a>	July 2024	27 November 2024	<p>The IASB issued the new Standard <i>Subsidiaries without Public Accountability: Disclosures</i> in May 2024. However, the Standard does not include any disclosure requirements added or amended in other IFRS Accounting Standards after 28 February 2021. Therefore, the IASB published an exposure draft to consider whether those new disclosure requirements should be added to the new Standard.</p> <p>At its June 2024 meeting, the Board decided not to comment on the ED.</p>
Chartered Institute of Public Finance and Accountancy	<a href="#">INPAG Exposure Draft 3</a>	May 2024	16 September 2024	<p>The INPAG Exposure Draft 3 aims to address issues such as fund accounting, classification of expenses (including support costs and fundraising costs) and donor reporting formats (referred to as 'Supplementary statements').</p> <p>At its June 2024 meeting, the Board decided not to comment on the ED.</p>