National Standard Setters - basis for amending international-based documents

This document sets out information on the process or threshold used to determine whether local content should be included in pronouncements based on international documents. APESB Technical Staff compiled this information from comparable National Standard Setters (NSS), such as the Australian Accounting Standards Board (AASB), the Australian Auditing and Assurance Standards Board (the AUASB), and the New Zealand External Reporting Board (NZ XRB). Note that the AUASB and NZ XRB have adopted a similar convergence policy which also covers the convergence of Australian and New Zealand Auditing and Assurance Standards.

NSS & Framework	International documents used	Information on adoption and amendments to international documents	Basis for amending international documents
AASB – Australian Accounting Standards	• IFRS Standards issued by the IASB; • IPSAS Standards issued by the International Public Sector Accounting Standards Board (IPSASB) • other standard-setter pronouncements or original material.	• Source document: AASB Due Process Framework for Setting Standards (Sept 2019) • Under Part 12 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act), the AASB can draft standards '…by modifying the text of an international accounting standard to the extent necessary to take account of the Australian legal or institutional environment and, in particular, to ensure that any disclosure and transparency provisions are appropriate…' • The AASB can: (a) issue the IASB Standard or amendment unaltered; (b) modify the IASB Standard or amendment, which could mean including additional requirements to address Australian-specific issues that ensure IFRS compliance for for-profit publicly accountable entities; changes to the requirements that prevent IFRS compliance for publicly accountable entities; or changes to the requirements for not-for-profit specific issues; or (c) not issue the IASB Standard or amendment. • Before issuing a domestic Interpretation of an IFRS Standard, the AASB refers the issue to the IFRS Interpretations Committee (IFRS IC). In the event that the IFRS IC declines to address the issue and the agenda decision does not provide adequate guidance, the AASB proceeds with a domestic Interpretation if and only if: (a) the issue relates to Australian-specific legislation or circumstances; and (b) the issue is widespread, with diversity in practice.	• International Standards are modified when the AASB determine it is necessary to meet Australian legislation or to ensure provisions are appropriate. • There is no specific criteria or test outlined in the AASB Due Process Framework.

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AASB – Australian Sustainability Reporting Standards	• IFRS Sustainability Disclosure Standards issued by the ISSB • the global sustainability standards and frameworks may also be relevant. **Refs:** 2023 AASB Sustainability DPF paras 15, 40(c), 41–42.	• Source: AASB Due Process Framework for Setting Australian Sustainability Reporting Standards (Oct 2023) • Under Part 12 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act) the AASB may formulate sustainability reporting standards by issuing the text of an international sustainability standard [section 227(4)] or modify an international sustainability standard to the extent necessary to take account of the Australian legal or institutional environment and ensure that the standard is appropriate to the Australian legal or institutional environment [section 227(5)]; • The document notes that global consensus on sustainability reporting is not yet achieved, and therefore the ISSB standards result in a minimum set of requirements on which jurisdictions can build. • The AASB will assess whether an IFRS Sustainability Disclosure Standard is suitable as a foundation for Australian requirements, including whether it aligns with Australian Government policy and objectives and Australian stakeholder needs. Modifications may be made where needed for the Australian legal, institutional, regulatory or policy environment. • Circumstances in which the AASB may consider modifications could include: (a) requirements in IFRS Sustainability Disclosure Standards would not adequately address Australian-specific matters and there is, or is likely to be, diversity in practice that warrants Australian-specific requirements or guidance; (b) requirements in IFRS Sustainability Disclosure Standards would not deliver user benefits that outweigh any undue cost or effort for preparers; (c) requirements in IFRS Sustainability Disclosure Standards would not achieve international alignment or else would conflict with globally accepted sustainability reporting practices; (d) disclosure requirements in Australian legislation (such as the National Greenhouse and Energy Reporting Act 2007) already meet an objective of	• Due to the emerging nature of global international sustainability Standards, the AASB have identified a number of factors upon which local Australian provision may be required. • There is no specific criteria or test outlined in the AASB Due Process Framework that must be passed before amendments are made.

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		the IFRS Sustainability Disclosure Standards and standard-setting action would result in duplicate disclosure or reporting for Australian entities; and (e) the information and models to generate information needed to meet the IFRS Sustainability Disclosure Standards are not yet available or are currently too costly to apply, warranting deferral of the application date.	
AUASB – Australian Auditing and Assurance Standards	• IAASB Standards	• AUASB Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications (Sept 2021) • *AUASB Policy and Process for International Conformance and Harmonisation of Standards* (Jan 2022) • International standards only modified where there are compelling reasons. • The Compelling Reasons Test is triggered when the international standard does not reflect, or is not consistent with: ○ Australian legal and regulatory arrangements; or ○ Principles and practices that are appropriate having regard to the public interest in Australia (including in the use of different terminology). • In relation to the principles and practices in Australia, consideration must be given to the following for amendments: ○ the public interest in Australia ○ promoting consistent application by all practitioners in Australia ○ promote significant improvement in audit/assurance quality in the Australian environment ○ result in a standard that does not conflict with, or have lesser requirements than, the international standard ○ not be overly complex and confusing ○ not change the meaning or intent of the international standard by imposing more onerous requirements on Australian practitioners than necessary • Modifications must not conflict with, or result in lesser requirements than, the international standards.	• Compelling reasons Test. • Amendments will only be made if required to align with Australian laws and regulations or to reflect practices in Australia when considered appropriate and in the public interest.

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		• The benefits of modifying the international standard must outweigh the costs of doing so. • The AUASB considers the Public Interest Framework used for international standard setting as a reference point in determining the public interest.	
NZ XRB – New Zealand Auditing and Assurance Standards	• IAASB Standards	• Explanatory Guide Au2: Overview of the Auditing and Assurance Standard Setting Process (Jul 2020) • *NZAuASB Policy and Process for International Conformance and Harmonisation of Standards* (Oct 2021) • The NZ XRB modifies international standards only where there are compelling reasons to do so. These modifications must consider the public interest and must not conflict with or result in lesser requirements than international standards. • The compelling reason test for modifications is triggered when the international standard does not reflect, or is not consistent with: (a) New Zealand legal and regulatory arrangements; or (b) principles and practices that are appropriate having regard to the public interest in New Zealand (including in the use of different terminology). • Any new or modified requirement will need to ensure effective and efficient compliance with the legal and/or regulatory framework in New Zealand; and not result in a requirement that is lesser than or in conflict with the international standard. • The New Zealand standard's responsiveness to the public interest in New Zealand to be assessed with reference to the qualitative characteristics in the Public Interest Framework. • Any modification to the standard for the public interest must: (a) ensure compliance with principles and practices that the NZAuASB considers appropriate and in the public interest5 in New Zealand; and	• Compelling reasons Test. • Amendments will only be made if required to align with New Zealand laws and regulations or to reflect practices in New Zealand when considered appropriate and in the public interest.

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		(b) be clear and promote consistent application by all practitioners in New Zealand; and ((c) promote significant improvement in audit/assurance quality (as described by the IAASB's Framework for Audit Quality) in the New Zealand environment; and (d) not result in a standard that conflicts with, or results in lesser requirements than the international standard; and (e) not be overly complex and confusing; and (f) not change the meaning or intent of the international standard by imposing more onerous requirements on practitioners in New Zealand than are necessary. • The NZAuASB must also consider whether the benefits of modifying the standard will outweigh the costs	