
IFRS Advisory Council

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Project	IASB work plan priorities
Topic	Cover note
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Purpose of this session

1. This session on IASB work plan priorities comprises two components:
 - (a) **proposed IASB prioritisation framework** (60 minutes). The objective of this session is to obtain the Advisory Council's feedback on a proposed prioritisation framework designed to help the IASB make prioritisation decisions about technical projects in between agenda consultations.
 - (b) **prioritisation advice: pollutant pricing mechanisms** (90 minutes). The objective of this session is to obtain the Advisory Council's feedback on whether to start a project on pollutant pricing mechanisms within this agenda consultation cycle (2022 – 2026).

Proposed IASB prioritisation framework

2. The IASB establishes its priority activities and technical projects on a five-yearly basis, as part of its agenda consultation process. The five-yearly agenda consultation provides an opportunity for the IASB to holistically consult on and establish its priorities.
3. The IASB is in the middle of executing on the priorities established in its Third Agenda Consultation, covering 2022 to 2026. These priorities were informed by consultation with stakeholders including the Advisory Council, in its role as a strategic advisory body to the IASB, and as required by the *Due Process Handbook*¹.
4. During the five-year period in between agenda consultations, the IASB monitors financial reporting developments and stakeholder requests to undertake technical projects not prioritised by the agenda consultation. Some of these technical projects warrant further consideration by the IASB and the IASB stands ready to do so. However, both the IASB and stakeholders have a finite capacity to address technical accounting matters, so work cannot be undertaken on all issues identified. Consequently, the IASB needs a prioritisation

¹ See paragraph 4.4 of the *Due Process Handbook*.

framework to determine which projects to add to (or remove from) its work plan, outside of an agenda consultation.

5. Agenda paper 5B sets out the IASB's proposed prioritisation framework.

Prioritisation advice: pollutant pricing mechanisms

6. One of the issues the IASB has been monitoring since the Third Agenda Consultation is pollutant pricing mechanisms. Many respondents to the IASB's Third Agenda Consultation identified a project on pollutant pricing mechanisms as a high priority. However, the IASB decided not to add a project on pollutant pricing mechanisms to its work plan, concluding that other projects were of higher priority.
7. Instead, in the Third Agenda Consultation, the IASB created a reserve list of projects – comprising a project on operating segments and a project on pollutant pricing mechanisms. The IASB stated it would start projects on the reserve list only if additional capacity becomes available. However, the IASB does not anticipate additional capacity will become available before the next agenda consultation.
8. Since the IASB completed the Third Agenda Consultation, several stakeholders have suggested that the IASB should start a project on pollutant pricing mechanisms. They argue that pollutant pricing mechanisms are increasing in prevalence and that there is diversity in accounting for these mechanisms.
9. Given the high priority of this project in the Third Agenda Consultation, the volume of requests since the Third Agenda Consultation and the diversity of stakeholders making these requests, the staff has performed work (horizon scanning activities) to help the IASB decide whether developments since the Third Agenda Consultation warrant the IASB starting a project on pollutant pricing mechanisms before the next agenda consultation. Work on the next agenda consultation is expected to start in early 2025 and cover the period 2027 to 2031.
10. The *Due Process Handbook* requires consultation with the Advisory Council² before adding a major project. The IASB seeks the Advisory Council's advice on whether:
 - (a) to start a project on pollutant pricing mechanisms before the next agenda consultation period. The consequence of doing this would be that one or more of the now-active

² Paragraph 4.6 of the *Due Process Handbook* states:

While the five-yearly consultations are the principal means of determining the Board's work plan, the Board can add projects to the work plan or change its priorities between consultations in response to changing circumstances. However, before adding a major project to the work plan that was not contemplated in the previous consultation, the Board consults the Advisory Council and ASAF on the potential project.

projects prioritised in the Third Agenda Consultation would need to be retired, paused or progressed at a slower pace.

- (b) to defer the topic to the next agenda consultation to allow stakeholders to consider the priority of such a project holistically, in relation to other priorities identified. In the meantime, the IASB would continue monitoring the issue and liaising with stakeholders, such as national standard-setters and academics, on any research they undertake.

11. Agenda paper 5C provides background on Pollutant Pricing Mechanisms, the staff's research and the staff's analysis of the considerations in the proposed prioritisation framework relating to this issue.