ACT Government
Chief Minister, Treasury and Economic Development

Ms Kris Peach
The Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

Dear Ms Peach

EXPOSURE DRAFT 284 RECENT STANDARDS – REDUCED DISCLOSURE REQUIREMENTS

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to provide comments to the Australian Accounting Standards Board (AASB) on the Exposure Draft 284 *Recent Standards – Reduced Disclosure Requirements*.

HoTARAC agrees in principle with the proposed reduced disclosure requirements concessions for AASB 16 *Leases*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 1059 *Service Concession Arrangements: Grantors*, for entities applying Tier 2 reporting requirements.

The attachment to this letter sets out HoTARAC's comments on the specific and general matters. If you have any queries regarding our comments, please contact Peter Brown from the Commonwealth Department of Finance on (02) 6215 2969 or by email to peter.brown@finance.gov.au.

Yours sincerely,

for David Nicol
CHAIR
Heads of Treasuries Accounting and Reporting Advisory Committee
29 March 2018

Specific Matters for Comment

1 Do you agree with the proposed RDR concessions for AASB 16 *Leases*? If not, please provide reasons.

HoTARAC questions the need for the retention of paragraph 92(b) for Tier 2 entities. The 'Analysis and Proposal' column of Appendix A (page 22) states that the second sentence is 'guidance to meet this disclosure requirement'. HoTARAC notes that the requirement to disclose an entity's risk management strategy is prescriptive and may be costly for entities to implement for no obvious benefit as extensive disclosures on risk are required under AASB 7 *Financial Instruments: Disclosures*.

Paragraph 97 is retained for Tier 2 entities, requiring lessors to disclose a maturity analysis of lease payments. This is justified on the basis of meeting user needs on liquidity and solvency. However, the maturity analysis of lessees (paragraph 58) is exempted in that other liabilities do not require a maturity analysis. Consistency implies that paragraph 97 should be similarly exempted.

2 Do you agree with the proposed RDR concessions for AASB 1058 *Income of Not-for-Profit Entities*? If not, please provide reasons.

HoTARAC agrees.

3 Do you agree that RDR concessions are not required for AASB 1059 *Service Concession Arrangements: Grantors*? If not, please provide reasons.

HoTARAC agrees.

4 Do you agree with the proposed effective date of annual periods beginning on or after 1 January 2019 (with early adoption permitted)? If not, please explain why.

HoTARAC agrees.

5 Do you have any other comments on the ED proposals?

HoTARAC has no other comments.

General Matters for Comment

6 Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to: (a) not-for-profit entities; and (b) public sector entities.

None that HoTARAC is aware of.

7 Whether, overall, the proposals would result in financial statements that would be useful to users.

To the extent they reduce clutter in financial statements, HoTARAC agrees these proposals are useful to users.

8 Whether the proposals are in the best interests of the Australian economy.

HoTARAC has no comments.

9 Unless already provided in response to specific matters for comment above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative. In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

HoTARAC has no further comment.