



<b>To:</b>	<b>AASB members</b>	<b>Date:</b>	12 April 2011
<b>From:</b>	<b>Ting Lin and Robert Keys</b>	<b>Agenda Item:</b>	5.1
<b>Subject:</b>	<b>ED 211 GAAP/GFS Harmonisation: Post-Implementation Review of AASB 1049 – Part 1</b>	<b>File:</b>	

## Action

Resolve issues raised by respondents in relation to the proposals in Part 1 of ED 211 *Proposed Amendments to AASB 1049*, with a view to providing staff with final instructions for drafting a ballot draft Amending Standard to be circulated for out-of-session voting after the meeting.

## Attachments

- Submissions on ED 211 (Agenda paper 5.2); and
- Extract from ED 211 and accompanying Basis for Conclusions (Agenda paper 5.3).

## Background

Given the substantial change to financial reporting brought about by AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (October 2007), the Board decided to undertake a post-implementation review of that Standard. The objective was to identify any material issues at an operational level with a view to improving financial reporting.

Various methods were used to identify the implementation issues that were the subject of ED 211 – including consulting with personnel with at least one year's AASB 1049 implementation experience from each jurisdiction's Department of Treasury and Finance and Auditor-General's Office.

ED 211 has two sets of proposals:

- Part 1, open for a 30-day comment period, addresses issues relating to the definition of the ABS GFS Manual, relief from adoption of the latest version of the Manual, and related disclosures. The relatively short comment period was in response to the Board's aim to provide relief as early as possible from the current requirement in AASB 1049 to adopt the

latest version of the ABS GFS Manual (so that the relief is particularly available for reporting periods ending on 30 June 2011); and

- Part 2, open for a 90-day comment period, addresses a range of other issues.

This memorandum focuses on only the Part 1 proposals – the details of which are contained in agenda paper 5.3.

## **Submissions received on ED 211**

Two submissions were received, one from the Australasian Council of Auditors-General (ACAG) and the other from the Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC). Each expresses general support for the proposals, but makes some suggestions for improvements. Although some are drafting suggestions, and therefore would normally be addressed out of session, we consider it more efficient to deal with them in-session at the same time the Board reviews the comment letters.

The remainder of this memorandum summarises the issues raised by constituents, and includes staff suggestions for addressing those issues.

## **Issues raised by respondents to ED 211**

### ***Issue 1: definition of the ABS GFS Manual***

Comments were made that the definition should explicitly refer to ‘amendments’, and clarify the meaning of ‘guidance notes’.

Since ED 211 was issued, the ABS has clarified the status of various documents associated with its publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (ABS Catalogue No. 5514.0). In particular, its website now makes it clear that the ABS GFS Manual comprises that publication and a document entitled *Amendments to Australian System of Government Finance Statistics* (ABS Catalogue No. 5514.0) – available at:

[\[http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/84455F6D790E5785CA25775F007ED2C8/\\$File/55140\\_2005.pdf\]](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/84455F6D790E5785CA25775F007ED2C8/$File/55140_2005.pdf).

Currently, the latter document (which might be amended from time to time) contains chapters on amendments to special drawing rights, amendments to defence weapons platforms, and revised government purpose classification.

## *Staff view*

Based on recent discussions with ABS staff, we suggest defining the ABS GFS Manual as follows (marked-up from the proposal in ED 211):

The Australian Bureau of Statistics (ABS) publications *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (ABS Catalogue No. 5514.0) and ~~associated updates, and guidance notes~~ *Amendments to Australian System of Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0) issued by the ABS, and published on the ABS website.

Furthermore, we suggest hyperlinks are provided with the AASB Amending Standard (and Compiled AASB 1049) to both ABS documents referred to in the definition.

## ***Issue 2: identification on the ABS website of documents that form part of the ABS GFS Manual and effective dates***

HoTARAC express concern that the ABS website does not clearly identify the documents that form part of the ABS GFS Manual, nor does it clearly identify the effective date, which makes it difficult to identify the 'version' of the ABS GFS Manual that must be applied under AASB 1049.

They suggest incorporating into AASB 1049 a statement of the documents forming the ABS GFS Manual and their effective dates, as at the date of the Standard.

## *Staff view*

This issue is closely related to Issue 1 – and we think is adequately addressed by our recommended revised definition of the ABS GFS Manual.

In relation to effective dates of documents that form part of the ABS GFS Manual, ABS staff have advised us that they are aware of the issue and that the ABS is continuing to consider issues relating to effective dates of its publications.

## ***Issue 3: relief from adopting the latest version of the ABS GFS Manual***

ED 211 proposed, in paragraph 10, to express the relief in a new paragraph 13B of AASB 1049 as follows:

**For the purpose of this Standard, a government shall apply a version of the ABS GFS Manual that was effective on or after the beginning of the previous annual reporting period as the basis for GFS information included in the financial statements under this Standard.**

HoTARAC suggest, consistent with paragraph BC11, amending it as follows, for clarity of expression:

**For the purposes of this Standard, a government shall apply ~~a version of the ABS GFS Manual that was effective on or after~~ at the beginning of the previous annual reporting period or any version effective at a later date, as the basis for GFS information included in the financial statements under this Standard.**

*Staff view*

We think there is merit in the HoTARAC suggestion, although we suggest retaining singular rather than plural expressions, (for consistency with drafting elsewhere in AASB 1049), and using the term ‘version’ when referring to the ABS GFS Manual. Accordingly, we recommend the following (mark-ups reflect changes we suggest making to the proposals in ED 211):

**For the purpose of this Standard, a government shall apply ~~a~~ the version of the ABS GFS Manual ~~that was effective on or after~~ at the beginning of the previous annual reporting period or any version effective at a later date, as the basis for GFS information included in the financial statements under this Standard.**

*Issue 4: other issues*

Respondents to ED 211 did not make any other comments on the proposals that are within the scope of this memorandum, including on the proposed additional disclosure requirements relating to the version of the ABS GFS Manual proposed as paragraphs 39(a)(ii) and 39A in paragraph 14 of the ED.

*Staff view*

In the absence of any other concerns raised by respondents about other aspects of the proposals, we recommend, subject to the outcome of issues 1-3 above, the proposals and related Basis for Conclusions paragraphs are incorporated into an Amending Standard and distributed to Board members for out-of-session voting. As proposed in ED 211, the operative date should be annual reporting periods beginning on or after 1 July 2012 with early adoption permitted for annual reporting periods beginning on or after 1 January 2009 but before 1 July 2012.