

List of Submissions to ED 211 *Proposed Amendments to AASB 1049*

- 1 Australasian Council of Auditor-General
- 2 HoTARAC



AUSTRALASIAN
COUNCIL OF
AUDITORS-GENERAL

4 April 2011

Mr Kevin Stevenson
Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007.

Dear Mr Stevenson,

Exposure Draft ED 211 proposed amendments to AASB 1049

Attached is the Australasian Council of Auditors-General (ACAG) response to the proposals outlined in paragraphs (d) and (e) of the Main Requirements section in the Preface of the Exposure Draft referred to above.

The views expressed in this submission represent those of all Australian members of ACAG.

The opportunity to comment is appreciated and I trust you will find the attached comments useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. O'Neill', is written over a horizontal line.

Simon O'Neill
Chairman
ACAG Financial Reporting and Auditing Committee

ED 211 PROPOSED AMENDMENTS TO AASB 1049

ACAG provides the following comments on the proposals outlined in paragraphs (d) and (e) of the Main Requirements section in the Preface of the exposure draft.

Paragraph (d) – provide relief from the current requirement to adopt the latest version of the ABS GFS Manual

ACAG supports the proposal as it provides a reasonable time for entities to adopt changes to the ABS GFS Manual.

Paragraph (e) – amend the definition of the ABS GFS Manual and require additional disclosures in relation to the version of the Manual

ACAG supports the proposed additional disclosures, as they will allow users of the financial statements to identify which version of the ABS GFS Manual was used and understand any potential impact of not applying the latest version of the Manual.

We believe the amended definition of the ABS GFS Manual is an improvement to the previous definition. However, ACAG suggests adding the term ‘amendments’ to the definition, that is [emphasis added]:

“...and associated **amendments and** updates...”

This will clarify that the definition also includes changes such as the recent ‘Amendments to Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005’ published on the ABS website.



Department of Treasury and Finance

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Mr Kevin Stevenson
 Chairman
 Australian Accounting Standards Board
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Dear Mr Stevenson

ED 211 Proposed Amendments to AASB 1049

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to provide comments to the Australian Accounting Standards Board (AASB) on Exposure Draft – ED 211 *Proposed Amendments to AASB 1049*.

HoTARAC is responding on this occasion to the following proposals outlined in the Main Requirements section of the Preface:

- (d) provide relief from the current requirement to adopt the latest version of the ABS GFS Manual; and
- (e) amend the definition of the ABS GFS Manual and require additional disclosures in relation to the version of the Manual.

HoTARAC agrees with the intent of the amendments referred to in paragraph (d) of the Preface and outlined in paragraph 10 of the ED. However, we believe that the intent of the amendments can be more clearly expressed, consistent with the Basis for Conclusions, BC 11, as follows:

“For the purposes of this Standard, governments shall apply the ABS GFS Manual effective 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.”

In relation to paragraph (e) of the Preface, HoTARAC would like further clarification on the meaning of the term ‘guidance notes issued by the ABS, and published on the ABS website’ as set out in paragraph 18 of ED 211. Does this refer only to publications that have the words ‘guidance note’ as part of the title? See, for example:

Guidance Note: Treatment of Sales of Goods and Services, Taxes and Fines in Government Finance Statistics (Source: 5519.0.55.001 Sep 2007)¹

¹ This publication was given by the ABS as an example with their definition of the ABS GFS Manual in their letter to the AASB dated 15 October 2010.

Does it include publications that refer to themselves as guidance notes in the body of the document but not the title? See, for example, an extract from Appendix 4 of the *Australian System of Government Finance Statistics: Concepts, Sources and Methods* (Source: 5514.0 2005)

APPENDIX 4

SPECIALISED TREATMENTS

TREATMENT OF TAX REFUNDS, ALLOWANCES, REBATES AND CREDITS IN GOVERNMENT FINANCE STATISTICS

Introduction **A4.1** This Guidance Note provides....

Or, does it refer to publications issued by the ABS that are in the nature of a guidance note?

This could cause confusion and lead to guidance being overlooked and/or other guidance being inadvertently included in the definition.

Furthermore, HoTARAC is concerned that the ABS website does not clearly identify the documents that form part of the ABS GFS Manual. HoTARAC is also concerned that amendments to the ABS GFS Manual and the guidance notes do not clearly identify the effective date. This makes it difficult to identify the 'version' of the ABS GFS Manual that must be applied under AASB 1049.

There may be some advantage to incorporating into AASB 1049, perhaps in an Appendix, a statement of the documents considered to form the ABS GFS Manual and their effective dates, as at the date of the standard. HoTARAC's understanding is that in addition to 'guidance notes' only two documents are considered by the ABS to be fully authoritative and hence constitute the ABS GFS Manual – the original Manual from 2005, and the additional document released in July 2010.

While we appreciate that some of these are matters outside of the AASB's authority, we encourage further consultation between the AASB and the ABS to ensure there is no confusion on these points.

HoTARAC will provide comments on the remainder of the exposure draft by the closing date of 6 June 2011.

If you have any queries regarding HoTARAC's comments, please contact Peter Gibson from the Australian Department of Finance and Deregulation on 02 6215 3551.

Yours sincerely



Grant Hehir

CHAIR

**HEADS OF TREASURIES ACCOUNTING AND REPORTING ADVISORY
COMMITTEE**

9 April 2011