

EXTRACT FROM MINUTES: AASB 25 JUNE 2003 MEETING

GAAP/GFS CONVERGENCE

Agenda Item 6

The Board had before it:

- (a) a memorandum from Robert Keys and Parveen Dhaliwal dated 12 June 2003 (Agenda paper 6.1);
- (b) a report on the PSC initiated GFS/ESA 95/SNA/IPSAS Convergence Working Group meeting held on 4 and 5 June 2003 (Agenda paper 6.2);
- (c) a report on the HoTARAC GFS/GAAP Convergence Working Group meeting held on 11 June 2003 (Agenda paper 6.3);
- (d) the AASB's implementation plan "GAAP/GFS Convergence: Implementing the FRC Strategic Direction" as posted on the website following the AASB's April 2003 meeting (Agenda paper 6.4);
- (e) copies of letters sent to the Heads of Treasury and Finance from the AASB Acting Chairman dated 30 May 2003 inviting nominations for participation on the Reference Committee (Agenda paper 6.5);
- (f) a list of invitee's for the Project Advisory Panel (tabled at the meeting) (Agenda paper 6.6); and
- (g) the AASB's implementation plan "GAAP/GFS Convergence: Implementing the FRC Strategic Direction" updated in marked-up-text to reflect the Board's decisions made earlier in the meeting (tabled) (Agenda paper 6.7).

Report on the PSC initiated GFS/ESA 95/SNA/IPSAS Convergence Working Group meeting:

The Board noted the report (Agenda paper 6.2) and observed that the Board's work would provide an opportunity for it to be in a position to influence the direction of the international work and agreed that Australia should continue to participate in the international forums. The Board accepts that its decisions (expected to be implemented in the short term) may differ from the ultimate international outcome but does not view that as a basis for it to discontinue its project.

In addition, the Board accepted the international meeting participants' invitation to forward papers (that will be sent to the AASB's Project Advisory Panel) to them for possible comment and to form the basis for ongoing international work (in particular through the OECD Task Force).

HoTARAC Working Group on GFS/GAAP Convergence

The Board noted the report (Agenda paper 6.3).

Mr Kaufmann informed the Board that, at its meeting on 23 June 2003, HoTARAC endorsed all of the conceptual, logistical and technical papers submitted to it by the HoTARAC Working Group. HoTARAC suggested some minor editorial changes before the papers proceeded to HoTs. The Board was advised that HoTs is scheduled to meet on 23 July 2003 and will consider whether to endorse the papers for submission to the AASB.

AASB Project Advisory Panel and Reference Committee

The Board noted that AASB staff is in the process of establishing the Reference Committee and Project Advisory Panel as referred to in the implementation plan (Agenda paper 6.4). The Board noted that there is no response, as yet, to the letters addressed to the Commonwealth Heads of Treasury and Finance inviting them to participate in the Reference Committee. The Board decided

that Mr Challen (as Chair of HoTARAC) should also be invited to nominate a State/Territory Department of Treasury and Finance representative to join the Reference Committee. The Board clarified that the role of the Reference Committee is to monitor the project and is not a substitute for Board deliberations on the issues.

The Board also noted that invitations were sent out on 20 June 2003 inviting participation in the Project Advisory Panel (a list of invitees was tabled at the meeting).

Some Board members expressed concern about the number of invitees. The Board noted that the list of invitees is in accordance with the implementation plan and is diverse in order for the Panel to be relevant to constituents affected by both Phase 1 and Phase 2 of the project. The Board noted that it is expected that some invitees will decline the invitation (there being one already). In addition, the Board noted that members of the Panel would correspond electronically, although a physical meeting could be arranged (to be chaired by Mr Appleyard) if necessary. Furthermore, it was noted that organisations with similar interests such as the NIA, ICAA and CPA may elect to nominate only one representative. Ms Downes expressed the view that, in future, there should be more discussion at Board meetings in relation to the composition of Project Advisory Panels.

The Board noted that proper management of the Panel would be necessary in order to ensure its effectiveness in the process.

Timing of the project and Board involvement

The Board decided that it should consider the main issues and HoTs recommendations relating to GAAP/GFS Convergence prior to the HoTs papers being sent to the Project Advisory Panel for comment. Accordingly, the Board decided to allocate additional Board time in September 2003 for a review of a staff paper that identifies the key issues and recommendations and that contains preliminary staff views. If the Board tentatively disagrees with a HoTs recommendation, the Project Advisory Panel should be informed of that. In addition, Board time should be allocated in March 2004 for a consultative meeting and for the Board to make in-principle decisions for the staff to commence drafting an ED.

To reflect these decisions, the Board considered a marked-up implementation plan updated for events subsequent to when it was originally drafted (April 2003), and agreed with the revisions (subject to clarifying that the reference to Consultative Group is the AASB's Consultative Group).

Effect of this project on the current reviews of AAS 27, 29 and 31

The Board noted that the GAAP/GFS Convergence Project has implications for the current reviews of AAS 27, 29 and 31. The Board decided that the ongoing work on AAS 27 should continue with a view to finalising an Exposure Draft in September 2003 (not August 2003 as previously expected) and that this work should take account of GAAP/GFS convergence issues (until Phase 2).

The Board also noted that its limited resources means that it is not possible to progress the review of AAS 29, whether as part of the GAAP/GFS Convergence Project or separately. It noted that changes to AAS 29 would involve more than the consideration of GAAP/GFS convergence issues (including disclosures about administered items and compliance with appropriations). Therefore, the Board decided that further consideration of the priority for reviewing AAS 29 should be deferred until the September 2003 meeting, by which time additional staff resources (HoTARAC secondment) may be available.

Action:

Staff