



To:	AASB members	Date:	27 January 2011
From:	Robert Keys	Agenda Item:	12.2
Subject:	Progress report on Major Public Sector and NFP Private Sector Projects	File:	

Action

- Note progress on the Board’s major public sector and not-for-profit (NFP) private sector projects; and
- Provide staff with directions in relation to the ‘Question for the Board’ below regarding the ‘GAAP/GFS Harmonisation – Post-implementation Review of AASB 1049’ project.

Background

The Board has on its work program a number of major public sector and NFP private sector projects, much of the work in relation to which is being progressed out-of-session. Accordingly, staff consider that it is timely to provide the Board with the following brief progress report on each project – particularly for projects that are not the subject of other February meeting agenda papers. The Board’s Work Program as at December 2010 is provided in agenda paper 13.1A – the following reports reflect events that have occurred since that Work Program was prepared.

Progress Reports

GAAP/GFS harmonisation – entities within the GGS

Staff are in the process of finalising a draft Exposure Draft that will be sent to the sub-committee (Kevin, Mark, John and Ian) for review shortly. An analysis of RDR issues is underway, and will be sent to the AASB’s RDR sub-committee shortly. Depending on the nature of sub-committee members’ comments, a pre-ballot draft will be sent to all Board members for review in February/March.

Subject to pre-ballot draft comments, the objective is to send a ballot draft (and ultimately issue an Exposure Draft) this quarter or early next quarter, with a four month comment period.

GAAP/GFS harmonisation – post-implementation review of AASB 1049

Staff have considered Board members' comments on the pre-ballot draft Exposure Draft that was circulated to all members on 21 December 2010. We don't think any of the comments made by members were significant enough to warrant issues being brought back to the Board's February meeting. We intend advising each Board member out-of-session how we suggest dealing with their comments. (Of course if individual Board members strongly disagree with our suggestions, it may be necessary for us to bring the issues back to the Board in March). On current projections, we are aiming to send a ballot draft out (and to issue the Exposure Draft for a three month comment period) in February. The ultimate aim is to issue an Amending Standard in Quarter 3 of this year.

A constituent has contacted us expressing concern that the revisions to AASB 1049 providing relief from adoption of the latest version of the ABS GFS Manual will not be finalised by 30 June 2011. In the absence of such relief, they are concerned about the significant practical implications of recent ABS GFS Manual amendments relating to the recognition and measurement of defence weapons platforms. Therefore, a question arises as to whether it is necessary to fast-track those amendments to AASB 1049. Given the expectation that an Amending Standard would be issued in Quarter 3, with early adoption allowed, we don't think a fast-track project is warranted. Instead, we should keep all concerned parties informed of the Board's progress in finalising the Amending Standard, with a view to issuing it before the 30 June 2011 financial statements are authorised for issue. We note that fast-tracking the relief would divert resources away from finalising the other proposed amendments. We further note that the entire project could be accelerated to some extent by decreasing the comment period to, perhaps, two months. However, given the Board's other priorities (see, for example, agenda paper 12.1), it would be unlikely the Amending Standard could be finalised before 30 June.

Question for the Board: do you agree with the staff view that we should continue to develop an Amending Standard that incorporates all improvements to AASB 1049 arising from the post-implementation review with a view to keeping all parties informed of progress and issuing the Amending Standard in Quarter 3, before financial statements are authorised for issue?

Disclosures by private sector NFP entities – Part 1, Phase 1 Service Performance Reporting
(jointly with NZ)

A detailed progress report on this project was provided in agenda item B10 to the October 2010 AASB/FRSB joint meeting (available at http://www.aasb.gov.au/admin/file/content102/c3/Oct_2010_AP_B10.1_Service_Performance_Reporting_Memorandum.pdf).

The minutes of the October 2010 meeting record: “The Boards noted the updated project plan, which outlines the research and steps needed to produce an exposure draft in 2011. The Boards reaffirmed the importance and high priority of this project and requested that the project be accelerated if possible.”

Since the October meeting, progress on this project has been slower than expected due to unforeseen staff absences.

A large volume of research on service performance reporting that already exists in various jurisdictions has been performed to date and is documented in Paper 7.4 *Common features of service performance reporting frameworks found in practice* (and will be available to Board members through the ‘Board Members Area’ of the AASB website¹ – consistent with the Board’s earlier decision that papers should be provided to the Board when they are developed, to keep Board members informed of progress, given that so much of the work is being progressed out-of-session through an Advisory Panel and Subcommittee).

A number of subsequent papers are partially completed. The following table summarises work in progress.

Work plan no.	Title of paper	Stage of completion
7.6	Identify literature on user needs in relation to service performance	Near final stage for distribution to Panel
7.7	Application guidance/illustrative examples	Near final stage for distribution to Subcommittee once the principles papers listed below have been finalised
7.8	Principles	
	Definition of Service Performance Reporting	Near final stage for distribution to Panel
	Framework	Near final stage for distribution to Panel

¹ We have not provided a hard-copy in the February AASB meeting agenda papers due to the length of the paper (120 pages). If you would like a copy, please contact jlion@aaasb.gov.au. A copy will also be available at the meeting.

	Objectives	Mid-stage for distribution to Panel
	Qualitative characteristics	Near final stage for distribution to Panel
	Inputs	Mid-stage for distribution to Panel
	Output and outcome dimensions	Mid-stage for distribution to Panel
	Costing models	Near final stage for distribution to Panel
	Measurement	Near final stage for distribution to Panel
	Selecting performance measures	Not yet commenced
	Selecting performance targets	Not yet commenced
	Segment reporting	Not yet commenced
	Variance reporting	Mid-stage for distribution to Panel
	Future oriented information	Mid-stage for distribution to Panel
	Sensitivity analysis	Mid-stage for distribution to Panel
	Relationship to management commentary	Near final stage for distribution to Panel – needs to be updated for recent IASB developments
	Relationship to financial statements	Not yet commenced
	Definitions	Not yet commenced
7.9	Should entities be required to report on service position as well as service performance?	Not yet commenced
7.10	Should service performance reporting include analysed information?	Not yet commenced
7.11	Should the same requirements apply to all types of PBE/NFP?	Ready for distribution to Panel once the above principles papers have been finalised

The revised project plan, based on our assessment of the work that needs to be done, including consultation along the way, continues to include an ED for issue in August 2011. Whether this proposed deadline will be met will be dependent on the feedback received by project team members on their papers.

Staff continue to monitor the IPSASB project and have provided information about the AASB/FRSB joint project to IPSASB staff.

Control in the NFP public and private sectors (jointly with NZ)

See agenda item 3, particularly section (a) of agenda paper 3.1.

Related party disclosures in the NFP public sector

See agenda item 4, agenda papers 4.1 and 4.2.

Income from non-exchange transactions

See agenda item 10, particularly agenda paper 10.9 – the project status report.