



<b>To:</b>	<b>AASB Members</b>	<b>Date:</b>	25 January 2011
<b>From:</b>	<b>Peter Batten</b>	<b>Agenda Item:</b>	12.3
<b>Subject:</b>	<b>Emerging Issue - Invitation to Comment - Australian Water Accounting Standard 1</b>	<b>File:</b>	

## Action

Note that comments are sought by 30 June 2011 on an Exposure Draft of Australian Water Accounting Standard 1: *Preparation and Presentation of General Purpose Water Accounting Reports* (ED AWAS 1) (and associated *Model Reports*), and decide whether to comment, and if so, the level of comment and process for developing comment.

In light of priorities and expertise, staff suggest that the Board agrees to:

- (a) Not formally comment;
- (b) Staff reviewing the proposed standard and commenting as they consider appropriate (see below); and
- (c) Establishing a sub-committee with whom staff can confer if they require guidance.

## Background

Under the auspices of the Council of Australian Governments (COAG) Working Group on Climate Change and Water, the Water Accounting Standards Board (WASB) is established by the Australian Government Bureau of Meteorology as an independent advisory Board to establish water accounting as a discipline to assist preparation of annual water reports, including a *National Water Account (NWA)*, to transparently report on volumes of water traded, extracted and managed for economic, public and environmental purposes across Australia. The WASB has previously developed a conceptual framework and now this draft water accounting standard based on the approach used for financial reporting in Australia. Consequently, our experience with the accounting framework may enable us to offer some helpful comments and thus enhance the Board's relationship with a 'fellow' standard setter.

The WASB has published ED AWAS 1 (and associated *Model Reports*) for comment by 30 June 2011 (not 31 January as indicated in the exposure draft). ED AWAS 1 proposes to require a general purpose water accounting report to present five statements and supporting notes – a Contextual Statement, an Accountability Statement, a Statement of Water Assets and Water Liabilities, a Statement of Changes in Water Assets and Water Liabilities and a Statement of Changes in Water assets and Liabilities.

The ED AWAS 1 also proposes to require an independent Assurance Statement that the report is presented fairly. The WASB and the Auditing and Assurance Standards Board have agreed to work jointly on the development of an assurance standard for water accounting.

Possible matters that we think that we could usefully comment on (at a relatively high level) include:

- (a) Reduced Disclosure Regime – is there a possible need for some relief for smaller entities?
- (b) Interpretations of Standards – might there be a need for an Interpretations process?
- (c) Since ED AWAS 1 was developed, there have been, and will be ongoing in future, amendments to Accounting Standards and the conceptual framework, including the so-called 2<sup>nd</sup> wave of IFRS. We could inform the WASB how the AASB goes about maintaining its requirements in a dynamic environment.
- (d) The need for, and process of performing, post implementation reviews
- (e) Risks of a ‘model’ or other examples becoming the de facto standard.

## **Attachments**

The proposed *Australian Water Accounting Standard 1* and associated *Model Reports* have not been attached, but a copy will be available at the February meeting and staff can organise copies for any Board Member who would like them – please contact . Alternatively, they can be accessed through [www.bom.gov.au/water/wasb](http://www.bom.gov.au/water/wasb).