



<b>To:</b>	AASB members	<b>Date:</b>	2 June 2010
<b>From:</b>	Clark Anstis and Siva Sivanantham	<b>Agenda Item:</b>	16.1
<b>Subject:</b>	Service Concession Arrangements: Grantor	<b>File:</b>	–

## Action

To consider (i) the submissions received in respect of Exposure Draft ED 194, (ii) the issues that could be raised in an AASB submission to the IPSASB, and (iii) the approval process if a submission is to be made.

## Attachments

- 16.2 Issues paper – Issues for submission to IPSASB?;
- 16.3 Exposure Draft ED 194 *Request for Comment on IPSASB Exposure Draft “Service Concession Arrangements: Grantor”* (April 2010); and
- 16.4 Submissions received on ED 194:
  - 1 Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC);
  - 2 Australasian Council of Auditors-General (ACAG);
  - 3 PricewaterhouseCoopers (PwC); and
  - 4 the Joint Accounting Bodies (CPAA, ICAA and NIA).

## Background

In February 2007, the AASB issued Interpretation 12 *Service Concession Arrangements*, corresponding with IFRIC Interpretation 12. AASB Interpretation 12 has the same scope as IFRIC 12 and thus applies explicitly only to the accounting by operators for certain public-to-private service concession arrangements.

Following the issue of AASB Interpretation 12, the AASB appointed an Interpretations Advisory Panel to consider the relevance (if any) of the Interpretation for grantors, given the different views on the consequences of the scope exclusion in the Interpretation concerning grantors. After considering the Panel’s conclusions, the AASB reached the view at its December 2007 meeting that, under the hierarchy for selecting accounting policies set out in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB Interpretation 12 does not determine the general accounting by public sector grantors for service concession arrangements within the scope of the Interpretation. The AASB decided at the time not to incorporate this view in a pronouncement, apart from publishing a formal Board agenda decision on the AASB’s website.

In April 2008, the AASB issued Invitation to Comment ITC 16 *Request for Comment on IPSASB Consultation Paper “Accounting and Financial Reporting for Service Concession Arrangements”*. The AASB made a submission to the IPSASB on the Consultation Paper in October 2008. The submission is available on the AASB’s website.

At their March 2010 joint meeting, the AASB and the FRSB noted that the IPSASB had recently issued ED 43 *Service Concession Arrangements: Grantor* with submissions due by 30 June 2010. It was also noted that the ED mirrors the principles set out in IFRIC Interpretation 12 for accounting for service concession arrangements by operators and that the ED contains additional proposals to address aspects relevant only to grantors. The Boards agreed to issue the ED in Australia and New Zealand to publicise the IPSASB's proposals and seek views from constituents.

Accordingly, AASB ED 194 (incorporating IPSASB ED 43) was issued in April 2010 for comment by 24 May 2010. The AASB's request for comments on the ED stated, among other things, that the AASB has not made any decision concerning whether it will issue a Standard based on the proposals in this ED or on any final Standard issued by the IPSASB following the completion of its due process.

## **Submissions received on ED 194**

To date, four comment letters have been received from Australian constituents on ED 194. Copies of the comment letters are provided in agenda paper 16.4. The FRSB has received no submissions in respect of the ED to date.

Staff have not prepared an analysis of the submissions received, given the limited number and that three of the four are short in length.

## **Issues Paper**

An issues paper addressing matters that the Board may wish to include in a submission to IPSASB on its ED 43 is attached as agenda paper 16.2. The issues paper takes into account the submissions received from constituents, some of which have also been sent directly to the IPSASB.

## **Submission to IPSASB**

The due date for submissions to the IPSASB on ED 43 is 30 June 2010. The staff recommend that the Board make a submission on the exposure draft.

As the 9-10 June Board meeting is the only one prior to the comment deadline, the Board should consider how it would finalise the content of a submission to the IPSASB. The approval process could involve circulation out of session to all Board members or a subcommittee of members, or approval by the Chairman alone.

---