



Australian Government
Australian Accounting Standards Board

Memorandum

To:	AASB Members	Date:	5 February 2013
From:	Clark Anstis	Agenda Item:	15.1 (M129)
Subject:	IPSASB CP – IPSASs and Government Finance Statistics Reporting Guidelines	File:	

Action

To decide whether to make a submission to the IPSASB on its Consultation Paper (CP) and, if so, the issues and broad nature of the comments to be raised.

Attachments

- 15.2 Issues paper: IPSASs and GFS Reporting Guidelines; and
- 15.3 IPSASB Consultation Paper *IPSASs and Government Finance Statistics Reporting Guidelines* (October 2012).

Overview

The due date for comments on the IPSASB's CP is 31 March 2013, which is prior to the April AASB meeting. Therefore, at this meeting, the AASB should decide whether to make a submission to the IPSASB and, if so, the broad content of the submission and the process for finalising it subsequent to the AASB meeting.

The attached issues paper has been prepared by staff to identify the major issues and comments that could be addressed in a submission from the AASB.

Background

The IPSASB issued a research report in 2005 on the differences between the requirements of International Public Sector Accounting Standards (IPSASs) and Government Finance Statistics (GFS), which included recommendations for convergence.

The present CP updates the differences between IPSASs and GFS for the changes to IPSASs since 2005 and to GFS through the 2008 revision of the international System of National Accounts (SNA). The IMF is presently developing a revised version of its *Government Finance Statistics Manual* (GFSM) and preparation of the CP was timed in order to inform the international statistical community during that process. The IMF's GFSM forms the basis for the GFS Manual adopted in Australia by the Australian Bureau of Statistics (ABS). The ABS is expected to update its GFS Manual generally in accordance with the IMF GFSM. As noted at the AASB's December 2012

meeting (agenda paper 3.12), staff intend to provide comments to the ABS on its proposals for amending the ABS GFS Manual.

AASB 1049 *Whole of Government and General Government Sector Financial Reporting*

The AASB issued Accounting Standard AASB 1049 in October 2007, for application from the 2008/09 financial year. That version of AASB 1049 superseded the initial version (September 2006), which had addressed only general government sector (GGS) financial reporting. The basic approach in AASB 1049 (paragraph 9) is that, unless otherwise specified, whole of government and GGS financial statements are required to comply with applicable Australian Accounting Standards. More particularly (paragraph 13), the principles and rules in the ABS GFS Manual are to be applied where they do not conflict with Australian Accounting Standards, and options in those Standards that are aligned with the ABS GFS Manual are to be applied. Paragraph 14 provides a list of particular optional treatments in the Standards that are limited by the paragraph 13 requirements.

Changes to the ABS GFS Manual in response to the revision of the IMF's GFSM therefore may affect the options in the AASB's Standards that should be applied by governments under AASB 1049 or else change the differences between the Standards and the GFS requirements.

The IPSASB CP refers to and discusses AASB 1049 in the section addressing various options for the IPSASB in relation to IPSAS 22 *Disclosure of Financial Information about the General Government Sector* (December 2006) – see pages 36 to 39 of the CP. IPSAS 22 is an optional Standard, i.e. governments must apply the Standard only if they choose to disclose GGS information in their consolidated financial statements. The CP states (paragraph 5.25) that the IPSASB is not aware of any government having applied IPSAS 22, so that one of the options raised in the CP is to withdraw IPSAS 22.

Staff Recommendations

Staff recommend that the Board prepares a submission on the IPSASB CP, given the Australian experience with AASB 1049 and the CP references to that Standard.

If the Board wishes to make a submission, members should decide how the wording of the submission will be finalised. The usual three choices are: (a) circulate a draft submission to all members for comment; (b) circulate a draft submission to a sub-committee of members appointed for the purpose; and (c) leave finalisation of the submission to the Chairman. Staff recommend that the submission be finalised via a small sub-committee of members.

Questions for the Board

Q1 Does the Board wish to make a submission to the IPSASB?

Q2 If so, what process do members wish to follow for finalising the contents of a submission?