



Project:	Service Concession Arrangements	Meeting	AASB October 2015 (M148)
Topic:	Redeliberation of Proposed Application and Field Test Draft Project Plan	Agenda Item:	6.0
Contact(s):	Daen Soukseun dsoukseun@asb.gov.au (03) 9617 7633	Project Priority:	High
		Decision-Making:	High
		Project Status:	Redeliberations

Introduction and objective of the meeting

- 1 The objective of this meeting is to:
- (a) obtain Board decisions on the proposed application of service concession arrangements to all public sector entities; and
 - (b) approve the draft project plan for the field test of the requirements of ED 261 *Service Concession Arrangements: Grantor*.

Link to project summary

http://www.aasb.gov.au/admin/file/content102/c3/Service_Concession_Arrangements_Project_Summary.pdf

Attachments

Agenda Paper 6.1 Staff Paper – Service Concession Arrangements – Redeliberation of Proposed Application to All Public Sector Entities

Agenda Paper 6.2 Staff Paper – Service Concession Arrangements – Field Test Draft Project Plan

Overview of agenda papers

- 2 Agenda Paper 6.1 considers the proposed:
- (a) application of the final Standard on service concession arrangements to all public sector entities; and
 - (b) approach to implementing the application of the final Standard to all public sector entities.
- 3 Agenda Paper 6.2 details the proposed steps and timing for the project plan to field test the requirements of ED 261. The Agenda Paper seeks the Board’s approval for the draft project plan.
- 4 Staff note that at the September 2015 Board meeting, staff advised they intended to bring a draft project plan for applying the fair value concept of AASB 13 *Fair Value Measurement* to public sector assets for Board consideration. The project was requested by constituents in response to feedback received on ED 261, and has previously been proposed by Board members as a key future AASB project. In addition, the AASB expects to publish an Invitation

to Comment in early October 2015 requesting input on the domestic topics to be included in the AASB work program in respect of the period 2017–2019, and the priority that should be ascribed to the projects.

- 5 Following further consultation with the AASB Chair, and consideration of available staff resources, staff will now await the outcome of the AASB agenda consultation process prior to developing the project plan for this project.

Summary of staff recommendations

6 Staff recommend:

- (a) the final Standard apply to all public sector entities in both the for-profit and not-for-profit sectors as proposed in ED 261, as the approach:
- (i) is consistent with the AASB’s policy of making transaction neutral standards; and
 - (ii) reduce the divergence in accounting for service concession arrangements where some public sector entities recognise the service concession asset and liabilities on their balance sheet while other do not (Agenda Paper 6.1);
- (b) the following in implementing the application of the final Standard to all public sector entities:
- (i) the Board refer the issue of whether revenue arising from service concession arrangements is within the scope of IFRS 15, and if so, what the appropriate revenue recognition basis would be, to the IFRS Interpretations Committee; or
 - (ii) if the Board does not agree with the recommendation above to refer the issue to the IFRS Interpretations Committee:
 - amend the scope of AASB 15 to exclude revenue arising from service concession arrangements; and
 - include, in the final Standard, the requirement that revenue arising from service concession arrangements is recognised in accordance with the final Standard

noting that this will not address the issue of whether a for-profit entity is IFRS compliant (Agenda Paper 6.1); and
- (c) the Board approves the draft project plan to field test the requirements of ED 261 (Agenda Paper 6.2).

Next steps

7 The next steps would depend on the Board decisions on the Agenda Papers.

8 Staff intend to bring the following for Board consideration and deliberation at the December 2015 meeting:

- (a) redeliberation of the proposed concept of control, asset measurement at fair value and liability recognition and measurement; and
- (b) field test progress update.