

CONTROL IN THE NOT-FOR-PROFIT PUBLIC AND PRIVATE SECTORS

REVISED PROJECT PLAN

(February 2011)

TIMETABLE

The steps and potential timing for progressing the phases of the project are provided in the following table. The estimated timing is subject to a range of factors that are beyond the control of the project team.

Step	Estimated Timing
<i>Phase 1: Determine the issues in current practice</i>	
<p><u>Part 1</u> Identify the current issues arising from the application of control in the public sector. The issues should include the relationship of regulation to control; the relationship of state governments to local governments; administered items; the recognition of elements; the relationship of governments to universities; participatory rights and protective rights; trusts; and special purpose entities (including variable interest entities) in the public sector.</p> <ol style="list-style-type: none"> 1. Review relevant academic and other literature critiquing consolidation in the public sector. Feb – Sep 2010 [DONE] 2. Identify relevant interviewees in Australian Commonwealth, States and NZ Government agencies (particularly Treasuries and Auditors-General). Feb – Sep 2010 [DONE] 3. Conduct interviews with constituents to identify user needs, explore inter-entity relationships, consider practical implementation issues. Feb – Sep 2010 [DONE] 4. Prepare a written report summarising information received from the interviews and literature review and identifying perceived extent of problems. Draft report Oct 2010 [DONE] 5. Distribute to joint sub-committee for comment and incorporate sub-committee comments into the final report. Final report Feb 2011 	
<p><u>Part 2</u> Identify the current issues arising from the application of control in the not-for-profit/public-benefit-entity (NFP/PBE) private sector.</p> <ol style="list-style-type: none"> 1. Review relevant academic and other literature critiquing consolidation in the NFP/PBE private sector. Feb – Mar 2011 2. Identify relevant interviewees in charities, member-based organisations, religious organisations (e.g. churches) and private schools, and auditors thereof. Feb – Mar 2011 3. Conduct interviews with constituents to identify user needs, explore inter-entity relationships, consider practical implementation issues. Feb – Apr 2011 4. Prepare a written report and distribute to joint sub-committee for comment. Incorporate sub-committee comments into the final report. Apr – May 2011 	

Step	Estimated Timing
<i>Phase 2: Implement IFRS 10 Consolidated Financial Statements</i>	
<p>The AASB intends to issue IFRS 10 as an Australian Standard initially with the normal broad scope, encompassing both for-profit and not-for-profit entities. However, not-for-profit entities would not be permitted to early adopt the Standard pending this phase of the project.</p> <p>1. Undertake a paragraph-by-paragraph review of IFRS 10 with a view to:</p> <ul style="list-style-type: none"> (a) determining whether there is a need to supplement the definition of control with additional guidance in a NFP/PBE context; and, if so, (b) developing proposals for NFP/PBE public sector and private sector material to be included in the domestic standards that will incorporate the IFRS. <p>This will involve:</p> <ul style="list-style-type: none"> • assessing the definition of control in IFRS 10 against the issues identified in Phase 1; and • considering approaches currently adopted for dealing with control in the public sector in jurisdictions with similar conceptual frameworks. <p>2. Prepare a report evaluating the revised IFRS definition of control relative to the application issues identified in Phase 1 and make recommendations for amending Australian and New Zealand standards, having regard to the <i>Process for Modifying IFRSs for PBE/NFP</i>.</p> <p>[Note: the ultimate objective of this step is to provide a basis for developing, within the context of the principles of IFRS 10, material that addresses as many of the issues relating to <u>control of an entity</u> as possible and appropriate. Regular progress reports to the Boards will provide a mechanism for giving an early warning of whether there are any substantive issues that Phase 2 will not be able to solve. It is conceivable that some issues might lead the Board to consider whether some of the principles in IFRS 10 are suitably expressed in a NFP sector context. The Board will consider whether there are any issues with solutions that might conflict with the principles in IFRS 10 and whether those issues should be resolved in Phase 2 or deferred to a later phase.]</p> <p>3. Draft and issue an Exposure Draft (ED) containing proposals for amendments to Australian and New Zealand standards.</p> <ul style="list-style-type: none"> • Comment period of 3 months <p>4. Consider submissions on the ED.</p> <p>5. Issue Standard incorporating the outcome of the ED process.</p>	<p>Nov 2010 – May 2011</p> <p>Jun 2011</p> <p>July – Sep 2011</p> <p>Oct – Dec 2011</p> <p>Feb – Apr 2012</p> <p>May 2012</p>

Step	Estimated Timing
<i>Phases 3+: Potential future work relating to control</i>	
<p>Evaluate application issues that have not been addressed via amendments to Australian and New Zealand standards in Phase 2 and assess whether further investigation is required to address unresolved issues identified in Phase 1.</p> <p>A later phase may include, for example, consideration of:</p> <ul style="list-style-type: none"> • whether control is an appropriate basis for identifying the boundaries of a reporting entity within a whole of government entity. This could be undertaken in the context of the disaggregation of a whole of government reporting entity, and might have implications for the current treatment of common control; and/or • relevant issues from the not-for-profit private sector perspective; and/or • control of assets, particularly in a public sector context, including a review of AASB 1050 <i>Administered Items</i>. <p>Potential deliverables could include:</p> <ul style="list-style-type: none"> • issue a Consultation Paper/ED; • consider submissions on the Paper/ED as appropriate; • issue amending Standards as necessary. 	<p>Subject to:</p> <ul style="list-style-type: none"> • outcome and timing of Phases 1 and 2; and • progress on the IASB/FASB and IPSASB Conceptual Framework projects.

AASB COMMUNICATIONS PLAN

The following is an outline of a plan for communicating with constituents – particularly to address possible perceptions that public sector issues are not being given adequate attention because the scope of the project includes both the NFP private sector and the public sector and Phase 2 is limited to adapting IFRS rather than fundamentally reviewing its requirements.

Communications objective: help interested constituents understand the reason for the scope and approach of the project and keep them informed of progress throughout the project.

Actions to be undertaken as the project progresses will include:

1. AASB Chairman writes to relevant public sector constituents (eg HoTARAC and ACAG) advising them of the Board's decisions and reasons relating to the scope and approach of the project.
2. AASB project staff offer to attend HoTARAC and ACAG meetings to explain the Board's scope and approach to the project.
3. Explicitly refer to this project in discussions with public sector constituents in relation to the AASB's public sector agenda.
4. Provide progress report at each Board meeting – this will provide an early warning if substantive issues will not be resolved under Phase 2.
5. Post progress reports on the AASB website.
6. Maintain a project summary on the AASB website, to be updated shortly after each Board meeting at which substantive decisions are made, and include links to relevant Board papers, Action Alerts and Approved Minutes.
7. AASB project staff make themselves available to speak at relevant conferences (for example, National Local Government Financial Management Forum, CPAA/ICAA/NIA Public Sector or Private Sector Not-for-Profit Conferences).
8. AASB project staff make themselves available to respond to media enquiries, in accordance with AASB policy.