



Australian Government

Australian Accounting  
Standards Board

AASB 16-17 March 2011  
Agenda paper 11.6 - tabled

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8 March 2011

Mr Tim Youngberry  
First Assistant Secretary  
Financial Reporting and Cash Management Division  
Department of Finance and Deregulation  
John Gorton Building  
King Edward Terrace  
Parkes ACT 2600

Dear Tim

**Post-Implementation Review of AASB 1049 – ABS GFS Transitional Arrangements**

I am writing, in response to your letter dated 24 February 2011, to inform you that the AASB has recently issued Exposure Draft ED 211 *Proposed Amendments to AASB 1049*, which is a result of the post-implementation review of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The ED is available on the AASB website at [http://www.aasb.gov.au/admin/file/content105/c9/ACCED211\\_3\\_11.pdf](http://www.aasb.gov.au/admin/file/content105/c9/ACCED211_3_11.pdf). It includes a range of proposals, some of which are particularly pertinent to the matters you have raised in your letter – being proposals relating to the definition of the ABS GFS Manual, relief from adopting the latest version of the ABS GFS Manual, and related disclosures.

The Board is acutely aware of the urgency of the issues you have raised, and is therefore seeking comments from constituents on these particular matters by 6 April 2011 (and on the other matters addressed in ED 211 by 6 June 2011). The Board's aim is to provide, after due process, relief from the current requirement to adopt the latest version of the ABS GFS Manual, so that such relief is available for the reporting period ending on 30 June 2011.

Yours sincerely,

Kevin M Stevenson  
Chairman and CEO



**Australian Government**

**Department of Finance and Deregulation**

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Mr Kevin Stevenson  
Chairman  
Australian Accounting Standards Board  
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Dear Mr  Stevenson

**Post-Implementation Review of AASB 1049 – ABS GFS Transitional Arrangements**

I am writing in respect of a potential change to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, which is critical to reporting by the Australian Government for 2011.

According to Action Alert number 141, at its 9-10 February 2011 meeting the Board noted some constituents' concerns that:

...the draft proposed relief from adopting the latest version of the ABS GFS Manual might not be incorporated into AASB 1049 before 30 June 2011.

The Board decided that an exposure draft containing all of the proposed amendments be issued as soon as possible, with a shorter comment period for the proposed relief provisions than that proposed for the remainder of the exposure draft. The Board noted that this approach should enable it to issue an amending standard focused solely on the relief before 30 June 2011.

This amendment, and the application of transitional provisions are particularly critical to Australian Government reporting. As you are aware, a recent change to ABS GFS occurred in July 2010 in respect of the accounting for Defence Weapons Platforms. The impact of this change is such that an orderly transition period – two years was suggested – will allow the full ramifications of this change to be considered and appropriate action taken. In the absence of such an orderly transition period the Australian Government Consolidated Financial Statements are likely to be qualified for 2010-11 as there will be insufficient time to undertake a market value assessment.

This would be a relatively simple amendment and would provide certainty for jurisdictions that are currently required to adopt ABS GFS amendments in the timeframe determined by the ABS. I have previously communicated my concerns on this matter to the Board, as set out in my letter to you dated 16 June 2010.

I therefore encourage the Board in its endeavours to issue an amending standard focussed solely on the relief before 30 June 2011, as proposed.

While an amendment before 30 June 2011 is my preferred option, if this is not possible, I propose that the amendment be issued no later than the third quarter of 2011 as is currently indicated in the Board's work program, which would allow for "early adoption" application to the 2010-11 financial year.

Please contact Mr Peter Gibson on (02) 6215 3551 if you wish to discuss this matter further.

Yours sincerely



Tim Youngberry  
First Assistant Secretary  
Financial Reporting and Cash Management Division

24 February 2011