



Australian Government

Australian Accounting Standards Board

**Item J11.4: IPSASB Conceptual
Framework, Measurement
AASB-FRSB Meeting 16/3/2011**



Objectives of session

- **Key issues in Measurement Consultation Paper of IPSASB Conceptual Framework:**
 - **Identify**
 - **Seek Board members' views for submissions**



Mixed measurement model presumed (Q1)

CP says:

- **measurement basis depends on the circumstances**
- **Framework should not identify ideal basis/combination of bases**

Staff view: CP confuses Framework with rule-making



Main measurement bases discussed

- **Historical cost**
- **Market value (not 'fair value')**
- **Replacement cost**
- **Deprival value for assets and relief value for liabilities**



Preferred measurement basis/model (Q2)

- Staff papers for next Board meetings
- Informal discussion of members' views (this meeting)

Q: Does CP provide enough information for choosing a preferred model?



Balance and completeness (Q3)

- **Concept of capital not a driver**
- **Ideal concept of capital not pursued**
- **“Which market?” largely ignored in ‘market values’ section**
- **Dismissive treatment of market values for liabilities**
- **Implies deprival value is unreliable**



‘Own credit risk’ (Q4) – Appendix A

- **Staff view is that treatment (initially and subsequently) should depend on measurement model selected**
- **Disconnect between para. A3 and subsequent discussion**



Existing use assumed? (Q5) – Appendix B

- **CP asks whether replacement cost should include any incremental value arising from an alternative use**
 - **Is RC used as an estimate of exit value (fair value)? Or to measure capacity to provide services?**
 - **Should operating capability ignore reinvestment potential in same activity?**