



To:	AASB members	Date:	18 October 2010
From:	Robert Keys	Agenda Item:	4.5
Subject:	GAAP/GFS harmonisation	File:	

Action

Note the ABS's reply (agenda paper 4.6) to the AASB Chairman's letter (agenda paper 4.4 – Appendix I) and, based on that reply:

- (a) decide whether to propose to amend the definition of the ABS GFS Manual, to clarify its scope; and
- (b) taking into consideration the discussion in agenda paper 4.4, decide proposals for facilitating orderly adoption of future amendments to the ABS GFS Manual.

Background

The ABS reply was received after the first mail-out of Board papers for the October 2010 meeting. Accordingly, its content was not able to be reflected in the agenda papers (particularly agenda papers 4.1 and 4.4 [relating to GAAP/GFS harmonisation for not-for-profit entities within the GGS] and agenda paper 7.1 [relating to the post-implementation review of AASB 1049]).

The comments in the ABS letter have implications for how the Board's GAAP/GFS harmonisation Exposure Drafts should propose to:

- (a) define the ABS GFS Manual in terms of its scope (which is not a topic explicitly addressed in the earlier agenda papers); and
- (b) facilitate orderly adoption of future amendments to the ABS GFS Manual (which is the subject of agenda paper 4.4).

Scope of the ABS GFS Manual

The ABS suggests that the Board consider broadening the definition of 'ABS GFS Manual' currently in AASB 1049 *Whole of Government and General Government Sector Financial Reporting* as marked-up in the following:

The Australian Bureau of Statistics (ABS) publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods* ~~as updated from time to time~~ and associated updates, and guidance notes issued by the ABS and published on the ABS website.

Staff view: we think there is merit in the ABS's suggestion. We note that it would address a concern raised by some interviewees about uncertainty as to the status of material associated with the ABS GFS Manual. Accordingly, we suggest that the GAAP/GFS harmonisation Exposure Drafts propose the definition be amended as shown above. In addition, the Board should continue to monitor, as referred to in the letter, the ABS's work towards a new method of documenting Concepts, Sources and Methods, to assess the possibility of simplifying the definition in the future.

Facilitating orderly adoption of future amendments to the ABS GFS Manual

The ABS letter notes that the ABS will continue to take the impact on reporting under AASB 1049 into consideration when determining the timing for releasing updates to the ABS GFS Manual. However, it notes that circumstances may require a change to GFS for statistical purposes with less notice than required for the purposes of AASB. To address this issue, the ABS suggests the AASB consider defining the ABS GFS Manual for each financial year as the version of the Manual as at a particular date each year (eg 1 July).

We note that this suggestion is broadly consistent with section 3.3 of agenda paper 4.4, described as 'Approach B: specify that references to the ABS GFS Manual are to that Manual as at the beginning of the previous [or current] annual reporting period'¹. Rather than support this approach, as you will see in agenda paper 4.4, the *staff view* is to 'specify that references to the ABS GFS Manual are to that Manual as at the beginning of the previous annual reporting period or later' (which is included in Approach C). Depending on the Board's decision on this issue, the ABS's offer of investigating the possibility of 'versioning' the ABS GFS Manual should be pursued.

Attachments

Agenda paper 4.6: Letter from the Deputy Australian Statistician to AASB Chairman dated 15 October 2010.

1 However, in contrast to Approach B, the ABS suggests amending the definition of 'ABS GFS Manual'. Agenda paper 4.4 does not contemplate such an amendment given the Board's 30 July 2010 decision to not amend the definition. Instead, Approach B contemplates incorporating a paragraph into the body of GAAP/GFS harmonisation Exposure Drafts relating to not-for-profit entities within the GGS and the post-implementation review of AASB 1049 to achieve the same effect.