

30 June 2022

Office of Australian Accounting Standards Board  
PO Box 204  
Collins St West VIC 8007  
Via online submission

### **Fair Value Measurement of Non Financial Assets of Not-for-Profit Public Sector Entities**

Local Government Professionals Australia, NSW is the leading association representing the professionals in NSW local government. We are committed to maintaining high professional and ethical standards throughout the sector and ensuring that our members are at the forefront of change and innovation.

Our response to the AASB Exposure Draft ED320 was prepared by our Finance Member Network made up of members representing the finance professionals working in NSW councils.

We express our appreciation to the Australian Accounting Standards Board (AASB) for developing the proposed guidance, by listening to and engaging with key stakeholders, to help the sector's interpretation and application of AASB 13 Fair Value Measurement given the significance and unique nature of public sector non-financial physical assets.

In particular, we support the clarification in paragraph BC62 that the fair value measurement of an asset would not take into account a restriction that is specific to the entity holding the asset, i.e. would not transfer to market participants in a hypothetical sale transaction.

Due to the significance of this paragraph, we propose that this guidance be included within Appendix F [FOR AASB 13] Australian implementation guidance for not-for-profit public sector entities, so that it forms an integral part of the Standard.

Currently the fair value of land controlled by NSW councils that they have categorised as 'community' land for the purposes of the NSW Local Government Act 1993, is discounted to take into account this restriction. However, this restriction in use would not transfer to market participants in a hypothetical sale transaction.

To help the not-for-profit public sector achieve greater consistency in our interpretation and application of AASB 13 Fair Value Measurement, we support the finalisation of the clarifying guidance specifically relating to market participant assumptions and highest and best use.

Should you require further information, please contact our Chief Executive Officer, Vicki Mayo on 8297 1204 or [vicki@lgprofessionals.com.au](mailto:vicki@lgprofessionals.com.au).

Yours faithfully



Stewart Todd

President