



<b>Project:</b>	<b>IPSASB Exposure Drafts on Public Sector Measurement</b>	<b>Meeting:</b>	AASB June 2021 (M181)
<b>Topic:</b>	<b>Project plan</b>	<b>Date of this paper:</b>	7 June 2021
<b>Contact(s):</b>	Patricia Au <a href="mailto:pau@aab.gov.au">pau@aab.gov.au</a> (03) 9617 7621  Fridrich Housa <a href="mailto:fhousa@aab.gov.au">fhousa@aab.gov.au</a> (03) 9617 7618  Jim Paul <a href="mailto:jpaul@aab.gov.au">jpaul@aab.gov.au</a> 0405-838728	<b>Agenda Item:</b>	12.0
		<b>Project Priority:</b>	Medium
		<b>Decision making:</b>	High
		<b>Project status:</b>	Decide comments on some proposals in ED 76 and ED 77

## Reasons for bringing this agenda item to the Board

1. At its November 2020 meeting, the Board decided to consider the effect of cross-cutting projects of the AASB and international standard-setters, including the IPSASB's Measurement project, before proposing any not-for-profit (NFP) amendments to AASB 13 *Fair Value Measurement*.<sup>1</sup>
2. At that meeting, the Board also decided, in accordance with paragraph 20 of its policy document [The AASB's Approach to International Public Sector Accounting Standards](#) to provide formal feedback to the IPSASB on the following Exposure Drafts:
  - ED 76 *Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements*; and
  - ED 77 *Measurement*.
3. On 11 May 2021, the Board issued AASB ITC 45, [Request for Comment on IPSASB Exposure Drafts ED 76 \*Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements\* and ED 77 \*Measurement\*](#), to request comments on the IPSASB EDs. Comments are due by 3 August 2021.

## The purpose of this meeting

4. ED 76 and ED 77 are open for comment until 25 October 2021. Therefore, the purpose of this meeting is for the Board to commence discussing the content of its submission to the IPSASB.

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1 The project summary for the *Fair Value Measurement for Not-for-Profit Entities* project is available [here](#).

5. The following Table contains a draft timeline for finalising the submission for the Board’s consideration and comment.

Meeting / Deliverable	Milestones
This meeting	Board to: <ul style="list-style-type: none"> <li>• decide the scope of its submission to the IPSASB</li> <li>• discuss the IPSASB’s rationale for developing a new measurement basis for measuring the current value of operational assets<sup>2</sup></li> <li>• discuss key aspects of the proposed current operational value measurement basis.</li> </ul>
<b>June – August 2021</b>	Outreach to stakeholders regarding ITC 45 by: <ul style="list-style-type: none"> <li>(a) holding a webinar; and</li> <li>(b) holding meetings with key stakeholder groups, including:               <ul style="list-style-type: none"> <li>• the Fair Value Measurement Project Advisory Panel;</li> <li>• valuers;</li> <li>• HoTARAC;</li> <li>• ACAG;</li> <li>• local government stakeholders; and</li> <li>• CAANZ and CPA.</li> </ul> </li> </ul>
<b>4 August 2021:</b> Board meeting	Board to discuss other aspects of the proposed current operational value measurement basis not addressed at June meeting.
<b>8–9 September 2021:</b> Board meeting	Board to: <ul style="list-style-type: none"> <li>• consider comments received on ITC 45 from submissions and outreach activities;</li> <li>• decide its views on the proposed current operational value measurement basis; and</li> <li>• consider draft submission to the IPSASB.</li> </ul>
<b>October 2021</b>	Board subcommittee to approve the submission out of session.
<b>10–11 November 2021:</b> Board meeting	Board to consider implications of comments received on ITC 45 for the direction of future work on the FVM project.  This would include discussion of whether the Board should consider, in respect of current value measurement of operational assets by Australian NFP entities: <ul style="list-style-type: none"> <li>(a) adopting the IPSASB’s proposed current operational value; or</li> <li>(b) continuing to apply AASB 13 and either:               <ul style="list-style-type: none"> <li>(i) continuing their current practice in applying AASB 13; or</li> <li>(ii) possibly changing their current practice if – through due</li> </ul> </li> </ul>

2 For ease of reference in this paper, ‘operational assets’ refers to ‘non-financial assets of a not-for-profit public sector entity not held primarily for their ability to generate net cash inflows’ (i.e. assets held primarily for their service potential or operational capacity).

Meeting / Deliverable	Milestones
	process – the AASB’s tentative decisions to date in its project (where different from current practice) were to come into effect.

**Questions for Board members**

Q1: Do Board members generally agree with the proposed milestones and timeline?

Q2: Are there any other stakeholders the Board would like to reach out to?

**Papers for this agenda item**

6. There are three papers for this agenda item:

Agenda Paper 12.1: Provides a high-level overview of ED 76 and ED 77 and discusses the scope of the Board’s submission to the IPSASB

Agenda Paper 12.2: Explores the IPSASB’s rationale for developing a new measurement basis for measuring the current value of operational assets, including analysis of some key aspects of the proposed current operational value measurement basis

Agenda Paper 12.3: AASB ITC 45, which includes ED 76 and ED 77, for reference (in supplementary folder).