



Project:	n/a	Meeting	February 2019 (M169)
Topic:	Documents open for comment by other organisations	Agenda Item:	12.0
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		Decision-Making:	medium
		Project Status:	n/a

Objective of this paper

- 1 The objective of this paper is to:
 - (a) inform the Board about upcoming consultative documents to be issued by other international standard setting bodies; and
 - (b) ask the Board to decide which consultative documents to provide feedback/comments on.

Reasons for bringing this paper to the Board

- 2 The Board's strategy is to influence the work of the International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and other relevant international organisations with a goal of developing a single set of international external reporting Standards.
- 3 Historically, the Board has decided on which consultation documents to comment on based on factors like the relevance and importance of the consultation to the AASB's projects and strategies, the potential impact of the proposals on Australian constituents and priority of projects as decided by the Board. This agenda paper will assist the Board in prioritising and deciding on which consultation documents it should comment on.

Table 1: Upcoming consultative documents for Board consideration

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
IASB	None for the period since the last Board meeting in November 2018.				
IPSASB	Exposure Draft 67: Collective and Individual Services and Emergency Relief	Jan 2019	N/A	May 31	<p>The Board agreed in November 2018 to not comment on IPSASB ED 67. However, following further consideration of the ED, Staff consider that the Board may wish to adopt the final Standard in the future. To facilitate future possible Board consideration of the outcomes of the project, Staff recommend:</p> <ul style="list-style-type: none"> • re-issuing the ED in Australia with an additional question to ask constituents if there are any reasons this ED could not be adopted in Australia; and • closely reviewing the ED to evaluate whether it can be adopted in Australia as is. <p>However, maintain the recommendation that the Board does not comment to the IPSASB.</p> <p>The above questions will be discussed during the agenda item 11 <i>IPSASB Update</i> of this Board meeting.</p> <p>For further information on this project, see Appendix A.</p>

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
International Valuation Standards Council (IVSC)	Exposure Draft: IVS 220 Non-Financial Liabilities	Jan 2019	N/A	1 April	<p>Staff recommend that the Board:</p> <ul style="list-style-type: none"> • does not comment to the IVSC; and • directs Australian constituents to comment on the ED directly to the IVSC, rather than inviting comments to the AASB. <p>This is because this ED provides guidance for valuers when valuing non-financial liabilities rather than for preparers of financial statements. The ED does not mention accounting treatment or impact on financial statements.</p> <p>For further information on this project, see Appendix B</p>

Questions to the Board

1. Does the Board agree with the above staff recommendations?
2. Does the Board have any other comments on the documents open for comment?

Appendix A: Details on the IPSASB's Collective and Individual Services and Emergency Relief project

- 1 The IPSASB approved an Exposure Draft ED 67 *Collective and Individual Services and Emergency Relief* at its December 2018 meeting. The ED was issued on 31 January 2019 for public comment.
- 2 The ED will propose amendments to IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets* to provide application guidance on accounting for collective and individual services and emergency relief. These transactions were previously included in the wide definition of social benefits in IPSAS 19; however, following the release of IPSAS 42 *Social Benefits* which adopts a narrower definition of social benefits, these transactions would be excluded from the scope of social benefits.
- 3 Collective services are services provided simultaneously to all members of the community, such as street lighting and defence services. Individual services were previously called "universally accessible services" and cover goods and services provided to individuals and households to address societal needs, such as education and health care. The ED will propose that no provision is recognised by an entity for delivery of collective and individual services since an entity will have discretion as to the level of services provided and/or the manner in which those services are provided.
- 4 Emergency relief covers cash transfers, goods and services provided by public sector entities in emergency circumstances. The ED will distinguish ongoing emergency relief work from emergency relief provided in response to specific emergencies. For ongoing emergency relief, an entity accounts for the use of the resources as it provides emergency relief. For relief in responding to emergency circumstances, the ED will propose that entity needs to consider whether an entity's decisions and actions give rise to a present legal obligation (provision) or a constructive obligation (contingent liability).
- 5 Staff consider that the proposals in the ED are not likely to be controversial. Accordingly, Staff recommend that the Board does not publish an Australian ED for comment nor provide a submission to the IPSASB.
- 6 The comment period end date hasn't been determined as yet, but is likely to be May 2019.

Appendix B: Details on the IVSC's Exposure Draft: IVS 220 Non-Financial Liabilities

- 1 The International Valuation Standards Council (IVSC) is a not-for-profit organisation that acts as the global standard setter for the valuation profession, serving the public interest.
- 2 The IVSC is unique in the role it plays as a valuation standard setter. It is not a valuation trade body. The IVSC is a leader in the mission to raise standards of international valuation practice and is overseen by an independent board of global leaders. Its core objectives are to:
 - (a) Develop high quality International Valuation Standards (IVS) which ensure consistency, transparency and confidence in valuations throughout the world, and;
 - (b) Encourage the adoption of IVS, along with valuation professionalism provided by Valuation Professional Organisations.

- 3 The valuation of non-financial liabilities project resulted from feedback received during the agenda consultation process conducted by the IVSC in 2017 and 2018.
- 4 This Exposure Draft provides the draft standard (IVS 220) on valuations of non-financial liabilities and valuations by the valuers and outlines additional insights on the process, information considered, and ultimate rationale for preliminary conclusions reached by the Boards.
- 5 IVS' definition of Asset or Assets states that it includes assets, groups of assets, liabilities and groups of liabilities. Additionally, the IVS Framework and the definition of Market Value specifically state that the standards can be applied to the valuation of both assets and liabilities. However, there is no definition of what constitutes a liability, little consideration of any characteristics or attributes that are specific to liabilities as opposed to assets, or standards specific to the valuation of liabilities. Additionally, investigations by the Boards have established a lack of guidance in the broader marketplace related to the valuation of non-financial liabilities. Such factors, combined with the unique issues faced when valuing non-financial liabilities and significant divergence in practice, suggests that standards would be helpful toward improving consistency and quality in the marketplace.
- 6 The ED covers liabilities such as deferred revenue, warranties, asset retirement obligation, litigation contingencies, guarantees, indemnifications, contingent consideration and leases. However, financial liabilities such as insurance contracts, retirement obligation, notes/bonds payable, trust preferred securities, derivatives and deposit liabilities are excluded from the scope of this ED.