



Project:	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Meeting:	M171 (June 2019)
		Date of Agenda Paper:	30 May 2019
Topic:	Ballot draft of Fatal-Flaw Review version of proposed amending Standard	Agenda Item:	13.1
Contact(s):	Patricia Au pau@asb.gov.au 03 9617 7621 Clark Anstis canstis@asb.gov.au 03 9617 7616	Project Priority:	High
		Decision-Making:	High
		Project Status:	Ballot draft of consultation document

Objective of this agenda item

- 1 The objective of this agenda item is for the Board to vote on issuing for public comment the Fatal-Flaw Review version of the draft amending Standard AASB 2019-X *Amendments to Australian Accounting Standards – Implementation of AASB 1059*.

Attachment

Agenda Paper 13.2 Ballot draft of Fatal-Flaw Review version of AASB 2019-X *Amendments to Australian Accounting Standards – Implementation of AASB 1059*

Reasons for the Board to consider this paper at this meeting

- 2 At the April 2019 Board meeting, the Board decided to amend AASB 1059 *Service Concession Arrangements: Grantors* and AASB 16 *Leases* to:
 - (a) change the modified retrospective method for measuring the Grant of a Right to the Operator (GORTO) liability set out in paragraph C4(c) of AASB 1059 so that the GORTO liability is initially measured based on the current replacement cost of the service concession asset at the date of initial application adjusted to reflect the remaining concession period relative to the total period of the arrangement, rather than relative to the remaining economic life of the service concession asset;
 - (b) modify AASB 16 to provide a practical expedient to grantors of service concession arrangements so that AASB 16 would not need to be applied to assets currently recognised under AASB 117 *Leases* that would be recognised as service concession assets under AASB 1059, permitting grantors to continue their existing accounting for those service concession assets until AASB 1059 is applied; and
 - (c) include editorial amendments to paragraphs IG10 and IG13 in the implementation guidance.

- 3 The Board also decided to issue a Fatal-Flaw Review version of the proposed amending Standard for public comment, with a comment period of 30 days.
- 4 At this meeting, staff ask Board members to vote to approve the issue of the Fatal-Flaw Review version of Accounting Standard AASB 2019-X *Amendments to Australian Accounting Standards – Implementation of AASB 1059* on the basis of the ballot draft in Agenda Paper 13.2.
- 5 If the Board approves the Fatal-Flaw Review version for issue, staff anticipate issuing the document with a closing comment deadline of 17 July 2019.

Questions to Board members

- Q1 Do Board members approve issuing the Fatal-Flaw Review version of AASB 2019-X *Amendments to Australian Accounting Standards – Implementation of AASB 1059*?
- Q2 Do Board members approve the comment deadline?

Next steps and timeline

- 6 As the proposals have been developed after considering feedback from the major public sector stakeholders (HoTARAC and ACAG), staff are not planning broad outreach activities when the Fatal-Flaw Review version is open for comment.
- 7 Staff plan to discuss the proposed amendments with any stakeholder that responds with significant objections.
- 8 If, following feedback from at least the major public sector stakeholders by the comment deadline, material revisions are not required to the proposed amendments, staff anticipate circulating a Ballot Draft of the amending Standard to Board members later in July for their out-of-session vote. Staff would expect the Standard then to be issued by mid-August, for application to reporting periods beginning on or after 1 January 2020. (This is the same as the mandatory application date for AASB 1059.)

Question to Board members

- Q3 Do Board members support the next steps and timeline indicated?