



# Fair Value Measurement in the Public Sector

## Project summary

The objective of this project is to address issues and concerns raised by public sector constituents regarding the application of AASB 13 *Fair Value Measurement* by public sector entities.

This project also addresses issues raised by constituents in the not-for-profit sector (private and public sector) about the fair value of right-of-use assets arising from concessionary leases. Concessionary leases in this context are leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives.

## Project contacts

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**Project priority: Medium**

### Issued consultation documents

- n/a

### Project status

- Key issues and concerns identified
- Drafting guidance

### AASB outreach

- Informal targeted outreach conducted in 2016.
- AASB Fair Value Project Advisory Panel

### Board deliberations

- AASB Action Alert Update and Board Papers

## Latest project news

### Date

### News

12 December 2017

[December 2017 Action Alert](#)

3 May 2017

[May 2017 Action Alert](#)

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

## AASB Action Alert Update, Minutes and Board Papers

Meeting Date	Update
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<b>December 2017</b>	The Board decided issues previously flagged by public sector entities when applying AASB 13 Fair Value Measurement to be addressed by the Fair Value Measurement Project will be:
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- restrictions on assets
- “Highest and best use” concept
- when to use the different valuation approaches
- implementation guidance for current replacement cost and why in practice there is little or no
- difference to depreciated replacement cost
- obsolescence
- disclosures
- interaction of AASB 13 with other Standards
- repurchased internally generated intangible assets.

The Board approved the proposed project timeline, but noted that FAQ guidance on the accounting treatment of peppercorn leases should be expedited. Developments in international fair value measurement projects will be monitored.

[7.1](#) Staff Paper – Fair Value Measurement in the Public Sector

**May 2017**

The Board decided to continue work on key projects on its existing work program, noting the need to accelerate progress on its Australian Reporting Framework project as a priority over the 2017-2019 period.

At this meeting, the Board also considered possible topics where there may be opportunity to improve reporting and decided to add projects to its 2017-2019 work program to:

(a) clarify the application of AASB 13 Fair Value Measurement to not-for-profit public sector entities regarding obsolescence, restrictions and disclosures;

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[3.1](#) Staff Paper: Project plan – AASB 13 for public sector entities