

AASB Standard

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[Month] 2019

Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations

[AASB 1049]



Australian Government

**Australian Accounting
Standards Board**

Obtaining a copy of this Accounting Standard

This Standard is available on the AASB website: www.aasb.gov.au.

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**FATAL-FLAW REVIEW VERSION
COMMENTS DUE FRIDAY, 6 DECEMBER 2019**

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PREFACE

ACCOUNTING STANDARD

AASB 2019-X AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – DISCLOSURE OF GFS MEASURES OF KEY FISCAL AGGREGATES AND GAAP/GFS RECONCILIATIONS

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BASIS FOR CONCLUSIONS

Australian Accounting Standard AASB 2019-X *Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations* is set out in paragraphs 1 – 5. All the paragraphs have equal authority.

Preface

Standards amended by AASB 2019-X

This Standard makes amendments to AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (October 2007).

Main features of this Standard

Main requirements

This Standard makes amendments to AASB 1049 to:

- (a) provide optional relief, for the General Government Sector (GGS) financial statements and the whole of government financial statements (including the Public Non-Financial Corporations (PNFC) and Public Financial Corporations (PFC) sectors), from:
 - (i) disclosure of the key fiscal aggregates measured in accordance with the ABS GFS Manual where they differ from the key fiscal aggregates measured consistently with Australian Accounting Standards, which are disclosed pursuant to paragraph 16 of AASB 1049; and
 - (ii) a reconciliation of the two measures of key fiscal aggregates; and
- (b) where the entity elects to adopt the optional relief – require additional disclosure to explain how each key fiscal aggregate is calculated and how it differs (not necessarily quantitatively) from its corresponding GFS measure.

Application date

This Standard applies to annual periods beginning on or after 1 January 2020, with earlier application permitted.

Accounting Standard AASB 2019-X

The Australian Accounting Standards Board makes Accounting Standard AASB 2019-X *Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations*.

Dated ... [date]

Kris Peach
Chair – AASB

Accounting Standard AASB 2019-X *Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations*

Objective

- 1 This Standard amends AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (October 2007) to provide optional relief from the disclosure of key fiscal aggregates measured in accordance with the ABS GFS Manual where they differ from the key fiscal aggregates provided pursuant to paragraph 16 of AASB 1049 and reconciliation of the two measures, subject to additional qualitative disclosure of the differences between the two measures.

Application

- 2 The amendments set out in this Standard apply to entities and financial statements in accordance with the application of AASB 1049 set out in paragraph 2 of AASB 1049.
- 3 This Standard applies to annual periods beginning on or after 1 January 2020. Earlier application of this Standard is permitted.
- 4 This Standard uses underlining, striking out and other typographical material to identify the amendments to AASB 1049, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text underlined. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Amendments to AASB 1049

- 5 Paragraphs 41(a) and 52(b) are amended as follows:

Other Explanatory Notes

- 41 In addition to the disclosures required to be made in other explanatory notes in accordance with other applicable Australian Accounting Standards, the following disclosures shall be made:
- (a) for the whole of government and the GGS:
- (i) where the key fiscal aggregates measured in accordance with the ABS GFS Manual differ from the key fiscal aggregates provided pursuant to paragraph 16 of this Standard:
- (A) (1) the key fiscal aggregates measured in accordance with the ABS GFS Manual; and
- ~~(B)~~ (2) a reconciliation of the two measures of key fiscal aggregates and an explanation of the differences; ~~and or~~
- (B) an explanation of how each of the key fiscal aggregates provided pursuant to paragraph 16 of this Standard is calculated and how it differs from the corresponding key fiscal aggregate measured in accordance with the ABS GFS manual;

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- (ii) where the key fiscal aggregates measured in accordance with the ABS GFS Manual do not differ from the key fiscal aggregates provided pursuant to paragraph 16, a statement of that fact; and
 - (iii) explanations of key technical terms used; and
 - (b) ...
- 52 The whole of government shall disclose by way of note, in respect of the GGS, PNFC sector and PFC sector as defined in the ABS GFS Manual:
 - (a) ...
 - (b) for each sector:
 - (i) ...
 - (ii) where the key fiscal aggregates measured in accordance with the ABS GFS Manual differ from the key fiscal aggregates determined in a manner consistent with paragraph 16 of this Standard:
 - (A) (1) the key fiscal aggregates measured in accordance with the ABS GFS Manual; and
 - ~~(B)~~ (2) a reconciliation of the two measures of key fiscal aggregates and an explanation of the differences; ~~and~~ or
 - (B) an explanation of how each of the key fiscal aggregates provided pursuant to paragraph 16 of this Standard is calculated and how it differs from the corresponding key fiscal aggregate measured in accordance with the ABS GFS manual; and
 - (iii) where the key fiscal aggregates measured in accordance with the ABS GFS Manual do not differ from the key fiscal aggregates determined in a manner consistent with paragraph 16, a statement of that fact; and
 - (c) ...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, AASB 2019-X.

Introduction

BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board’s considerations in reaching the conclusions in this Standard. It sets out the reasons why the Board developed the Standard, the approach taken to developing the Standard and the key decisions made. In making decisions, individual Board members gave greater weight to some factors than to others.

Reasons for issuing this Standard

BC2 The Board became aware of stakeholders’ concerns regarding the costs of preparing GAAP/GFS reconciliations for the General Government Sector (GGS) and the Whole of Government, including the Public Non-Financial Corporations (PNFC) and Public Financial Corporations (PFC) sectors. This is caused by the increasing divergence of Australian Accounting Standards and Government Finance Statistics (GFS), making it difficult for jurisdictions to reliably calculate GFS measures of key fiscal aggregates and prepare GAAP/GFS reconciliations in a timely and cost-effective way.

BC3 The Board considered the following three options:

- Option 1 – take no immediate action until completion of a Post-Implementation Review (PIR) of AASB 1049;
- Option 2 – grant partial relief; and
- Option 3 – as an interim solution, grant full optional relief with additional disclosure to:
 - clarify that key fiscal aggregates presented on the financial statements are not GFS measures; and
 - explain (but not quantify) material differences between the GAAP and GFS measures of the key fiscal aggregates.

BC4 The Board noted the broader implication of this decision for the Financial Reporting Council’s public sector strategic direction, and that ideally stakeholders’ concerns should be addressed as part of the already planned comprehensive post-implementation review (PIR) of AASB 1049 in the context of the review of the public sector financial reporting framework. However, the PIR is not expected to be finalised before 2019/20 financial statements are prepared. Accordingly, the Board decided to adopt Option 3 as the best interim solution because it allows a jurisdiction to assess whether the disclosure of GFS key fiscal aggregates and the related GAAP/GFS reconciliation would provide useful information to its users, and with additional disclosure requirements would provide useful information if GFS measures of key fiscal aggregates are not disclosed.