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The Chair
Australian Accounting Standards Board
PO Box 204
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via email: standard@asb.gov.au

Dear Keith

AASB Invitation to Comment ITC 49 Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantors

Deloitte is pleased to respond to Australian Accounting Standards Board ('AASB' or 'Board') Invitation to Comment ITC 49 Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantors (ITC 49).

We appreciate the opportunity to comment on AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059) to assist the Board in determining whether AASB 1059 continues to meet its objective and the pronouncement remains appropriate.

Overall, our view is that AASB 1059 does continue to meet its objectives and remains appropriate, and applying the standards results in increased transparency to users. We do, however, have observations on certain aspects relating to the following topics identified in ITC 49 below:

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- **Topic 1: Public Service and Topic 2: Grantor's control of the service concession asset**

In response to questions 1,3,4 and 5 relating to Topic 1 and Topic 2 in the ITC, in our opinion, current requirements around scoping under AASB 1059 broadly reflect the guidance in Interpretation 12 *Service Concession Arrangements* /IFRIC 12. As the interpretation of the standards does involve significant judgement, there may be an opportunity for difference in practice, however when applying the requirements under AASB 1059 and IFRIC 12 a similar outcome can be achieved. We observe that certain states have felt the need to provide additional guidance to public sector entities relating to the application of AASB 1059. For example, NSW Treasury has provided guidance to assist NSW public sector entities in identifying whether the operator is managing at least some of the public services at its own discretion. Our recommendation would be for the AASB to consider incorporating some of the additional guidance that has been considered necessary by the various state governments. We note the guidance provided includes a range of topic areas and is not limited to Topic 1 and Topic 2.

- **Topic 4 A: Recognition and measurement of service concession assets**

Regarding questions 7 &9 around the recognition and measurement of service concession assets at current replacement cost and application of AASB 13 *Fair Value Measurement* (AASB 13), we refer to our submission letter on ED 320 dated 7 July 2022. In practice, advice would generally be sought by NFP entities from quantity surveyors and valuation professionals working with the professionals that manage and work with the assets to determine the approach to valuing the asset and determining the replacement cost of the assets. We do not consider that adding further guidance specific to AASB 1059 would be appropriate, and any amendments arising from ITC 49 pertaining to fair value measurement should, in our opinion, would need to be incorporated into further amendments to AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*.

Please contact me at +61 3 9671 7871 or moverton@deloitte.com.au if you wish to discuss any of our comments.

Yours sincerely



Moana Overton
Partner