



Australian Government

**Australian Accounting
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Ms Stephenie Fox
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto
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CANADA

Dear Stephenie,

IPSASB Consultation Paper
Consultation on IPSASB Work Program 2013-2014

The Australian Accounting Standards Board is pleased to submit its comments on the Consultation Paper to the International Public Sector Accounting Standards Board. The AASB supports the IPSASB consulting on its work program at this time and in the future when oversight and related governance changes have been put in place.

In addition to progressing the projects currently on the IPSASB's work program, especially the Conceptual Framework, the AASB considers that the IPSASB should add the following two new projects to its work program for 2013-2014: Improvements to IPSAS 23 re non-exchange revenues, and Emissions Trading Schemes. These two projects are in urgent need of attention and significant progress could be made in the two-year period.

The second project in particular would allow the IPSASB to work with the IASB as contemplated in the 2011 Memorandum of Understanding between the International Federation of Accountants (IFAC) and the IASB. It is timely for the IPSASB and the IASB to go beyond liaison and to better integrate their efforts, to avoid building convergence problems that will become increasingly difficult to resolve.

The AASB encourages the IPSASB to develop strategies to keep up with IFRS developments. For example, the IPSASB could consider simplifying its processes for convergence projects by reviewing IFRS developments at a higher level and exposing proposed guidance rather than complete draft revised Standards.

These comments are amplified in the AASB's comments on the Specific Matters for Comment raised in the Consultation Paper, which are set out in the attachment to this letter. If you have queries regarding any matters in this submission, please contact me or Clark Anstis (canstis@asb.gov.au).

Yours sincerely,

A handwritten signature in cursive script that reads "K. M. Stevenson".

Kevin M. Stevenson
Chairman and CEO

Specific AASB Comments on IPSASB Consultation Paper *Consultation on IPSASB Work Program 2013-2014*

Specific Matters for Comment

The AASB provides the following comments on the IPSASB's Specific Matters for Comment set out in the Consultation Paper (CP).

Specific Matter for Comment 1

Considering the additional potential projects identified above and described in Appendix C, are there any other projects that you think need to be added to the list of potential projects?

The AASB notes that Appendix C of the CP includes Fair Value Measurement in the list of additional potential projects, but that it is excluded from the list of additional potential projects in section 4 of the CP. An IFRS convergence project in respect of IFRS 13 *Fair Value Measurement* is a potential project of relevance to the public sector and thus should be included in the list of potential projects for consideration by the IPSASB.

Specific Matter for Comment 2

Which projects do you think the IPSASB should prioritize for 2013-2014? In your response, you could consider providing your assessment of the 3 most important projects or a ranking of all projects on the list. Please explain the reasons for your answers.

The AASB considers that the IPSASB should add the following two new projects to its work program for 2013-2014: Improvements to IPSAS 23 re non-exchange revenues, and Emissions Trading Schemes. These two projects are in urgent need of attention and significant progress could be made in the two-year period. The AASB has not sought to prioritise all of the potential projects, and assumes that all of the projects on the current work program of the IPSASB will be progressed according to the agenda schedule in Appendix B to the CP.

The AASB has carried out considerable work this year on developing guidance for not-for-profit entities in relation to the proposals of the International Accounting Standards Board (IASB) concerning revenue recognition generally. That work may assist the IPSASB in developing proposals to update the requirements in IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*.

Emissions trading schemes are becoming more prominent around the world, with little consensus on the appropriate accounting. The Emissions Trading Schemes project offers the IPSASB a concrete opportunity to work with the IASB as contemplated in the 2011 Memorandum of Understanding between the International Federation of Accountants (IFAC) and the IASB. It is timely for the IPSASB and the IASB to go beyond liaison and to better integrate their efforts, to avoid building convergence problems for governments that control for-profit activities as well as the fragmentation of the accounting profession across sectoral lines.

With the IASB having reactivated its project on the topic, it is important that the IPSASB and the IASB develop consistent requirements for both grantors and recipients of tradeable emission permits, especially since the IPSASB project description in the CP refers to both grantor and recipient accounting for emission trading schemes.

Specific Matter for Comment 3

Please provide any further comments you have on the IPSASB's Work Program for 2013-2014.

The IPSASB agenda schedule in Appendix B of the CP shows that the work to finalise the Conceptual Framework project is anticipated to occur during the second half of 2013 and the first quarter of 2014. The AASB considers that finalising such central components of the Conceptual Framework as the elements, measurement and presentation phases will be a major task for both the staff and the IPSASB members. In combination with the already committed projects on the IPSASB's work program, the AASB considers that this will mean that the IPSASB would be likely to have only a limited capacity to undertake major new projects during the two-year window being considered. Therefore, the AASB has identified only two projects above for addition to the work program in 2013.

In the AASB's view, the IPSASB should develop strategies to keep up with IFRS developments, particularly fundamental or significant changes, since many governments undertake both not-for-profit and for-profit activities. Inconsistent requirements make the preparation of consolidated financial statements more difficult, as well as limiting comparability across entities in different sectors.

The best time for public sector input on major IASB projects is as those projects are being carried out – and preferably through working together as far as possible under the IFAC/IASB Memorandum of Understanding. The IPSASB could consider simplifying its processes for reviewing its Standards in response to amendments to IFRSs to highlight areas where guidance would be most useful for public sector entities. This could entail reviewing IFRS developments at a higher level and exposing proposed guidance rather than complete draft revised Standards. This process might be assisted if the IPSASB were to encourage the IASB to use more sector-neutral wording in its pronouncements.
