The School of Accounting Public Sector Research Agenda

REPORT ONE:
“The Reduced Disclosure Regime and Public Sector Financial Reporting in Australia”

The First of Two Reports to the Heads of Treasuries Accounting and Reporting Advisory Committee into the Reduced Disclosure Regime and Other Elements of Public Sector Financial Reporting

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June 2012
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Introduction
The School of Accounting at Curtin University is very pleased to lead this project with the Heads of Treasury Accounting and Reporting Advisory Committee and we consider that it is an important and useful body of work. The public sector in Australia is central to the development and maintenance of our Civil Society and the work it does is critical to our economy, our society and our future. The use of financial and other resources is necessary of course for the successful achievement of government policy in all jurisdictions. However, the transparent and effective reporting to Users\(^1\) of outcomes relating to resource allocation (whether in terms of money, asset deployment or other allocations) and the financial position and performance of government agencies, business enterprises and Whole-of-Government reports at the jurisdiction level is exceptionally important in our Westminster-based federated democracies.

In June 2011, Professor David Gilchrist and Associate Professor Robyn Pilcher (Gilchrist & Pilcher) presented a report to the Western Australian Treasury reviewing the Australian Accounting Standards Board’s (AASB) then newly promulgated (for introduction in 2013) Reduced Disclosure Regime (RDR). In essence, the report reviewed the applicability of the RDR in the Western Australian context and specifically considered the appropriateness or otherwise of adopting the regime.

The report was reviewed by the Western Australian Treasury and, after some deliberation, it was thought useful to discuss the report with the Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) with a view to that body considering whether or not such a project should be replicated at the national level. At the end of August 2011, Gilchrist & Pilcher forwarded a proposed research plan and other relevant information to the Chair of HoTARAC with a view to gaining HoTARAC’s agreement that a national project was acceptable and outlining the parameters that such a project might take. Subsequently, toward the end of October 2011, HoTARAC confirmed its agreement to undertake the research program.

Professor David Gilchrist attended part of the HoTARAC meeting of 11 November 2011 in order to discuss the project and set out a way-forward. The participants in that meeting made a number of observations regarding the project generally and it was agreed that the project would proceed as soon as possible. Due to Christmas and other timing issues and participant availability, the project proper was not commenced until the end of February 2012. Initial interviews were completed by 30 March 2012. Gilchrist attended the 30 March 2012 HoTARAC meeting and made a presentation regarding initial findings with a view to obtaining comments and discussing outcomes prior to completing the first draft of the report.

\(^1\) As readers will understand, the term User is specific and important in the discussion surrounding the concepts of financial reporting in the Australian sector neutral regime. Here we use the term in its accounting meaning being that a User is a reader of an entity’s financial report that needs that financial information for decision making purposes but does not have the power to command the production of specific financial information. As such, we delineate the term by incorporating the capital “U” when we wish to express the accounting meaning.
It was envisaged that the final draft report would be available by 31 May 2012. However, the date was subsequently moved to 6 July 2012 in time for review at the August 2012 HoTARAC meeting.

This document constitutes the final report for HoTARAC’s review and comment prior to Gilchrist & Pilcher revising and forwarding the final report to HoTARAC for their use and dissemination as they see fit.

This has been an interesting and important project in the context of standards setting for public sector financial reporting in Australia. The initial intention of the project as agreed between Curtin and HoTARAC was to:

1. Examine the extent to which the adoption of RDR in its current form would be of benefit in terms of efficiency and effectiveness in public sector financial reporting.

2. To determine which aspects of RDR are of value and which aspects may not improve the efficiency of preparation and audit.

3. To provide additional recommendations and / or observations to HOTARAC as to the prospects for the adoption of RDR or for any other prospective improvements or enhancements that are identified out of the research.

4. The above three elements would require a review of RDR against full A-IFRS in the context of jurisdictional law and practice to the extent possible.

5. To make the above examinations in the context of the current work of the AASB, IASB and IPSASB regarding such elements as a prospective public sector accounting framework and the like. This element will likely inform the recommendations and comments regarding the RDR as well as inform HOTARAC regarding the effect prospective changes may have on future reporting arrangements.

Subsequent to the initial exchange of letters between Curtin and HoTARAC, there was discussion around extending the practical elements of the project in order to more fully examine:

1. The practical utility that might be found in the application of RDR by jurisdictions; and

2. What other changes might be suggested that would likely reduce the compliance burden, increase utility and make audit more efficient.
Therefore, the primary focus throughout this study has been around efficiency and utility in financial reporting. As a result, the interview process and documentation reviews focused primarily on these issues.

Additional to these foci, the March 2012 meeting of HoTARAC indicated that at least some representatives involved in the meeting were keen to establish very precise recommendations regarding reporting processes and standards with a particular emphasis on what might be changed in terms of the current reporting regime. This element of the study is still in progress and will be the subject of a further report due for completion on 31 August 2012. Additional HoTARAC input will be sought for this current report and some elements initially intended to be covered in this report will be considered in the future report.

As such, the reporting arrangements for this project are:

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The balance of this document constitutes Report One of the School of Accounting’s response to this research program and the findings principally of the interview and document review stages outlined in the original research project description. The report also seeks to respond to comments, suggestions and general ideas that were discussed at the HoTARAC meeting held on 30 March 2012 wherein the initial findings based on the interview process as well as some key elements were discussed.
The researchers would like to express their gratitude with regard to the time and effort taken by the interviewees. We appreciate the candour shown and the importance placed on this process by those involved.

**Environmental and Research Complexities**

Key findings are discussed extensively below after a brief description of the methodology adopted in this study. However, in relation to this project the following high level issues and complexities tended to limit the extent to which this research could develop universal recommendations in terms of specific preparation and presentation requirements. As stated above, the second report in this series will seek to expand on what practical and specific options there might be for an efficient and effective public sector reporting regime. Key elements of complexity and environment that warrant discussion / highlighting here include:

a. **Relative Homogeneity**: The level of homogeneity between jurisdictions across Australia in relation to public sector financial reporting is relatively high predominantly as a result of each jurisdiction’s application of the majority of the Australian Accounting Standards and AUS Paragraphs as they apply to public sector reporting. Additionally, the public sector audit process also emphasises both AASB pronouncements and the judicial application of the Australian Auditing Standards Board’s (AuASB) pronouncements. Each of these sets of standards is universally considered in each jurisdiction and, largely, applied in all material respects. Although there are presentation variances between jurisdictions, the central elements related to preparation (for instance, valuation) are fairly uniformly applied and all elements are included. Therefore, points to be considered by HoTARAC at the higher level are relatively universal. For instance, the adoption of RDR in each jurisdiction could be considered and commented upon by HoTARAC in a universal sense as the key considerations apply across the board.

b. **Potential Loss of Specificity**: The homogeneity discussed in point (a) above may be achieved to some degree by reducing the willingness of jurisdictions to consider reporting frameworks outside of the formal standards arrangements which may mean that, to some degree, informational specificity may be lost in order to achieve compliance.

c. **Homogeneity Limited**: However, there is a clear limit to the extent that there is full homogeneity within the Australian jurisdictions as far as financial report preparation, presentation and audit are concerned. For instance, there are differences in:
- Presentation: in the number and types of models that central agencies (i.e. jurisdictional regulators) seek to apply and the rigidity with which such regulators enforce compliance. Some regulators require full and complete compliance whilst others provide models that are suggested rather than mandatory (of course, there is also a potential issue in terms of the extent to which respondent entities consider a suggested pro-forma to be a mandatory pro-forma);

- Preparation: in terms of the extent that particular preparation regimes are applied within and between jurisdictions. For instance, some jurisdictions apply valuation and asset recognition requirements to street trees whilst others do not. Of itself, this is not necessarily a major issue. However, when we consider the application of the recognition and valuation requirements of the AASB, for instance, there can be significant differences of opinion as to what is a community asset and what constitutes an asset in the more conventional sense;

- The definition and identification of Users and assumptions pertaining to who the audience for these reports is and what that audience might want in the context of financial reports;

- The need to consolidate the financial reports of entities within each jurisdiction into the Whole-of-Government report (i.e. the consolidated report) and the extent to which the Whole-of-Government consolidation consists of all, a majority or a subset of the entities established and operating within a jurisdiction. For instance, some jurisdictions consolidate all entities within the General Government Sector (GGS) whilst some others consolidate only a subset usually based on relative size and importance of the entity (i.e. materiality).

- There are also different reasons shown by different jurisdictions as to why they might adopt particular preparation and presentation requirements. For instance, some jurisdictions adopt treatments based on requirements for Whole-of-Government reporting and some are based on the information needs of Treasury reporting requirements – both in terms of internal and external reporting; and

- The results of this research project were also affected by this complexity in the environment as the researchers attempted to identify the key universal elements within the results upon which a body like HoTARAC would be able to react.

d. Cultural and Historical Differences: Further complexities related to the historical place of financial reporting from jurisdiction to jurisdiction, the relationship between public sector entities and central government agencies, the relative capacity of
agency finance personnel and the relative size of jurisdictions (usually measured by turnover). Each jurisdiction reported differing views about issues such as sector neutrality, the capacity for the development of public sector specific standards and further AUS paragraphs and the extent to which they were concerned about such issues or prioritised such issues in the context of their other duties and responsibilities. Capacity to respond was identified as a major sticking point in terms of jurisdictional policy development and consideration of the central issues.

e. **Differential Structures and Resourcing of Jurisdictions:** An additional complexity with regard to this project was identified when considering the relativities of size of each participating jurisdiction and their capacity for taking up such issues as higher level accounting and reporting standards. Considering such elements as number of entities within the jurisdiction and their relative size (by turnover and/or asset base), jurisdictions considered their capacity for deploying resources toward reviewing the requirements of standards, the creation of models and exemplars for preparers and their capacity for responding to prospective changes or to advocating on their own behalf for change thought necessary. Clearly HoTARAC is an extremely important institution for the development of broad responses to standard setters in the context of public sector reporting.

f. **Resourcing & Capacity for Responding to Prospective Changes in Standards and Methodology:** It was clear that there are very little resources applied to this important area of transparency and accountability within most jurisdictions. While larger (by turnover) jurisdictions had more resources available for considering theoretical and practical issues around reporting requirements and arrangements, they were still needing to be selective in terms of their involvement in the standard setting discourse. Smaller jurisdictions reportedly relied heavily on larger jurisdictions for support in responding to prospective standard changes and so on. While this is a logical and necessary response based on resourcing and capacity, it does mean that individual members of HoTARAC and HoTARAC as an institution does not have the capacity to become a leader in debates rather than following the lead of other institutions. Additionally, this probably exacerbates the difficulty in arriving at a policy outcome that is universal and which can form the foundation of public sector reporting practices.

g. **Inherent Limitations of Homogeneity:** Extending the comments in (a) above, there were found to be a number of significant differences which tended to result from historical, legislative and cultural frameworks. These differences are emphasised when considering the position of each jurisdiction regarding the purpose, audience and appropriate content of financial reports of individual public sector entities and
the extent to which entities ought or ought not enjoy self-determination in relation to financial reporting. There are important rationales for these differences and such differences should not necessarily be subject to discounting in order to arrive at a comprehensive unitary public sector reporting regime in Australia. Indeed, there are reasons why differences exist and, in the broader reporting and accountability framework of each jurisdiction as it applies the Westminster doctrines, why financial reporting homogeneity is not necessarily of universal benefit.

Methodology

The purpose of this section of the report is to provide the reader with an overview of the structure and processes adopted in the development and implementation of this research project. The key elements were document review and interviews of senior policy makers within the financial reporting sections of jurisdictional regulators (i.e. Treasury and/or Finance departments within the Commonwealth and state/territory governments).

Building on the Western Australian focused project undertaken during 2011, this project comprised the following elements:

a. Review of the RDR pronouncements against a sample of jurisdictions’ *pro forma* financial models. In this stage, we used the core model for use by Departments of State and, generally, those other entities that comprised the jurisdictions’ GGS. This limitation was necessary in order to allow for inter-jurisdiction comparisons and to maintain the project at a manageable size. The results of the review process are provided at Appendix One. It should be noted that the comparison has been made for the following jurisdictions:

   i. Australian Capital Territory
   ii. Commonwealth
   iii. New South Wales
   iv. Northern Territory
   v. Queensland
   vi. South Australia
   vii. Tasmania
   viii. Victoria
   ix. Western Australia

b. Additional to the above review process, the research team also undertook a review of a number of key documents and materials related to discussing issues such as transaction neutrality\(^2\) (previously sector-neutrality), User definition and valuation all within a public sector context. This work was preparatory to developing an interview theme guide in preparation for the interview of

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\(^2\) The AASB makes accounting standards with a view to requiring like transactions and events to be accounted for in a like manner for all types of entities. This is referred to as ‘transaction neutrality’ (AASB 9-10 February 2011, Agenda paper 11.2, para 40).
jurisdictional personnel and the undertaking of additional miscellaneous interviews.

c. Interviews were undertaken which consisted of general discussions around themes developed prior to the interview process commencing and a copy of the theme guide is provided at Appendix Two. All interviewees were provided an interview information statement and completed a consent form. Professor David Gilchrist undertook the interviews. The information obtained from the interviews is not linked to any particular person or organisation with only aggregate and anonymous data being used for this report. Interviews were conducted with representatives from the following jurisdictions:

i. Australian Capital Territory
ii. Commonwealth
iii. New South Wales
iv. Northern Territory
v. Queensland
vi. Tasmania
vii. Victoria

It was intended to interview both Western Australia and South Australia in addition to the above. However, time and budget constraints precluded this. It is intended that telephone interviews with South Australia will be undertaken prior to finalisation of Report Two.

The research team believes that the coverage achieved out of the interview process was substantial and included small and large jurisdictions as well as national and sub-national elements.

d. An additional interview was also undertaken with the Office of the Auditor General in Tasmania. An informal discussion has been held with the Auditor General for Western Australia.

e. Following the data collection stage, including document reviews and interviews, the research team synthesised the results and produced the interim presentation made at the HoTARAC meeting of 30 March 2012. The discussions at the meeting of 30 March were then considered and, where appropriate, incorporated into this report as the first of two outputs intended to be developed from this research program.

The research process was funded by Curtin University’s School of Accounting and all personnel comprising the research team were from that School or the broader university.

3 It should be noted that all Curtin University ethics requirements were met and ethics was approved prior to undertaking this study. Curtin ethics approval number ACC-02-12.
The participants in the interviews were particularly generous with their time and were very open about their thoughts and concerns regarding this important topic. All jurisdictions were well represented at each interview and discussion was forthright and very important in terms of achieving these research outcomes.

Findings
The key findings from the research process discussed above are developed in this section. The contents need to be reviewed in the context of the discussion above in the section entitled Environmental and Research Complexities. These findings do not constitute all of the issues discussed and identified as we have tried to maintain a focus on the main issues to be researched and reported against. Additionally, we have tried to report on those issues and responses to issues that were considered important for a majority of participants. We have not reported only unanimously held views but majority held views. We have only reported minority views were there is a constructive purpose.

In essence the results reported below are related to the key questions posed during the interviews, viz:

A. Does the RDR provide an opportunity for efficient and effective financial reporting within your jurisdiction?
B. What elements of the current standards regime are major inhibitors to transparency and efficiency of reporting and auditing?
C. Who are the Users of your jurisdiction’s financial reports?
D. Is there a place in public sector reporting for the decision-making focus currently used in the development of accounting standards?
E. What major elements of the current reporting regime are inappropriate for public sector application?
F. What miscellaneous elements are important in this discussion?
G. What should HoTARAC consider in terms of strategic ways forward for standard setting for the public sector?

The specific findings are provided below. However, some high level findings to be noted here include:

i. The jurisdictions interviewed were all deeply interested in improving and making more efficient their financial reporting processes and were supportive of this research program and interested in the findings.

ii. Most jurisdictions reported limited resource capacity for considering the issues and a need to prioritise their work such that practical and immediate considerations often overtake conceptual and policy issues at a standard setting level.

iii. All jurisdictions interviewed confirmed that they provide model financial reports to the reporting entities within their jurisdictions. The number of models provided depended on the jurisdiction’s perception of what was needed and the relative
importance of differentiating between organisational types. Depending upon the local usage, these models either constituted recommended or mandatory practice. Some concerns were raised as to the effect of this process and the extent to which CFOs within jurisdictions’ entities were engaged with the standards when considering their reporting processes and whether or not they simply relied upon the regulator.

iv. The place of the Westminster System was not considered to be well understood outside of the public sector and therefore sector neutral pronouncements may not be nuanced to take into account the key elements within constitutional arrangements of jurisdictions. For instance, the separation between parliament, government and the public sector was considered to be not well understood within the standard setting fraternity.

Key findings by theme:

A. Does the RDR provide an opportunity for efficient and effective financial reporting within your jurisdiction?

The central issue surrounding the development and the implementation of this research project is the AASB's RDR pronouncement and the central question surrounding the extent to which this pronouncement is applicable to the public sector in Australia and to which it will result in an efficient and effective public sector financial reporting regime. This section seeks to provide the findings relative to this topic. Readers should consider the comparison document provided at Appendix One.

Key findings are

The majority of interviewees saw minimal opportunity for efficiencies in applying the RDR as it stood at the time of the interviews.4 The central issues identified were:

- There seems to be an intractable problem regarding the need to consolidate a significant proportion of public sector entities’ financial reports in any one jurisdiction into a set of Whole-of-Government reports. While the RDR provides for a carry-over of valuation and recognition arrangements between Tiers 1 and 25, the need to consolidate into Whole-of-Government reports that must be Tier 1 means that those entities’ reports that are consolidated in also need to be Tier 1. Essentially, this means that a jurisdiction that consolidates all entities in the GGS cannot apply the Tier 2 arrangements to entities so caught and any RDR needs to be applicable across the board.

4 It should be noted that since the interviews were carried out a number of changes have been adopted by the AASB in relation to its RDR. The researchers do not consider that these changes make a material difference to the suitability of the RDR for the public sector as discussed in this section.

5 See AASB 1053 in order to gain an understanding of the tiering arrangements used to apply the RDR. Suffice to say here that Tier 1 organisations are required to apply full A-IFRS while Tier 2 organisations are able to apply RDR.
- Notwithstanding the above, most interviewees felt that the principal reductions allowed to Tier 2 entities did not apply to the types of public sector organisations that might fall into the Tier 2 category. Additionally, where reductions were allowed and relevant, a number of interviewees felt that these reductions did not really constitute material savings. For confirmation, some jurisdictions reported that they had undertaken a recast of some of their reports using the RDR requirements and found that the key areas were not relevant to their reporting requirements.

- The relative size of entities within the GGS of many jurisdictions meant that the RDR may apply but was still considered to be too onerous in the case of micro-entities. Some interviewees reported that they felt there needed to be an additional element to the regime (say a Tier 3) where cash accounting and very simple reporting is allowed. Legislative and administrative necessity often means that a very small entity is created for which both Tier 1 and Tier 2 reporting requirements would represent an inefficient reporting regime and would also mean the audit process would be too onerous. Given that these are public entities, some form of financial reporting is required. Those jurisdictions responding in this way also felt there is a need to retain Special Purpose Financial Reporting arrangements and some thought that this model could be used by jurisdictions for micro and small reporting entities.

- It was found that some elements of the RDR were of value to the sector including those reporting reductions pertaining to superannuation and financial instruments.

- Some RDR exclusions were also found to be relevant to some entities within jurisdictions. However, the need to consolidate and the resource intensity of the regulator’s role in providing models for reporting entities meant that these exclusions were unlikely to be able to be implemented where they could be.

- It was identified by a number of interviewees that GTEs / PBEs (government enterprise organisations and public companies) also needed to be Tier 1.

- All jurisdictional regulators (i.e. Treasury and Finance Departments) uniformly acknowledged that the implementation of the RDR within their jurisdiction would necessitate their developing additional model accounts for use by the affected entities. The level of work required in the case of the implementation of RDR was of major concern to regulators who are stretched as it is. The pronounced RDR arrangements did not warrant the extra work in most interviewee’s opinion.

- The RDR pronouncements were not adequate for a number of interviewees who reported that they were concerned that the regime does not address the core concerns of the sector in terms of efficiency and necessity of reporting. For
instance, the regime is silent with regard to the need for valuing Land Under Roads and the place of Community Assets.

Overall, the RDR was seen as inadequate with a number of respondents indicating that their preference under the current arrangements was for all entities within the GGS to be considered Tier 1 and to avoid the administrative burden identified above. One interviewee considered that

“...[in terms of RDR requirements compared with the Tier 1 arrangements the] RDR still requires [compliance with] 90-95% where it should require 60-65%”.

However, there was general agreement that the RDR pronouncement, whilst inadequate in itself, does open the door for a fresh consideration of issues associated with public sector reporting and for the development of an alternative reduced disclosure regime pertinent to the GGS.

B. What elements of the current standards regime are major inhibitors to transparency and efficiency of reporting and auditing?

In this section we report the major issues identified out of the interview process that affect, in the opinions of interviewees, the capacity of the current financial reporting regime (incorporating RDR) to ensure transparent and effective communication of the financial performance and position of GGS entities. While the concept of User is discussed below, it was unanimously agreed that a major purpose of financial reporting within the public sector is to ensure transparency and accountability. Clearly, in order to achieve such an outcome, the reports created should be as simple as possible and incorporated into a financial management and reporting system that is also simple and clearly understood.

There are a number of elements that will affect the assessment of transparency and efficiency (for instance, the definition of User and decision focus) and which are dealt with in other elements of the results section. Key issues identified:

- An issue that arose in a number of interviews related to the size of entity reports and their complexity. Some interviewees felt that reports were too large and intricate for uninitiated Users (such as parliamentarians and the general community) to be able to understand them and utilise them.

- While not directly part of the current standards regime, there is limited resource allocation toward standard application in jurisdictions and toward responding to AASB and other proposed changes. This has the effect, in some interviewee’s opinion, of reducing the capacity for regulators to consider the reporting requirements of their jurisdiction in the context of the priority of transparency and to consider what might be useful and effective changes.

- Differences between different jurisdictions’ public sector reporting arrangements were also identified as an issue reducing the capacity of Users to understand the
report thus reducing the reports’ capacity to ensure transparency and accountability.

- There are also several financial reporting regimes and processes in place which serve to increase complexity and potentially reduce transparency. For instance, each jurisdiction not only implements the AASB pronouncements for financial reporting purposes, but they also have a Budget process outside of the financial reporting process and have to respond to the Government Financial Statistics (GFS). Additionally, some jurisdictions also have local unique reporting requirements related to performance. Each of these elements are developed in a different way and for different purposes. The effect is to highlight the difficulty of identifying the place of AASB compliant financial reports and to highlight the resource requirements faced by jurisdictions in trying to meet each of these requirements. Often, the requirements are also managed by differing elements within regulator organisations with limited cross pollination.

Overall, these elements are of concern when combined with the findings discussed below and considered in the light of transparency and accountability – two foundational ideas in financial reporting relevant to the public sector.

C. Who are the Users of your jurisdiction’s financial reports?

Central to all debates regarding financial reporting standards in Australia is the concept of Users. As readers will know, this term has important connotations for deciding the nature and focus of standards which are intended to ensure that the preparation and presentation of financial reports in accordance with standards will result in a set of financial reports which will allow Users to make effective decisions pertaining to the reporting entity. The identification of Users is important in the context of deciding what should be included in a financial report, how that information should be prepared and how it should be presented.

Currently, the transaction neutral arrangements in Australia mean that the concept of User is considered to be uniform regardless of the sector. The information needs of the User are based on a predominant expectation that Users are those seeking to make financial decisions regarding the reporting entity. Therefore, the current transaction neutral view of the User impacts the development and implementation of financial reports within the public sector.

In order to consider the question as to whether or not such a position is warranted in the context of the public sector, it is necessary to identify who those Users are. There was some difficulty experienced by a number of interviewees when asked who they considered to be Users of the financial reports produced by entities within their jurisdiction.
Essentially, the major Users identified included:

- members of parliament;
- parliamentary committees (particularly Public Accounts Committees);
- the Auditors General;
- service recipients (although in the context of the general public);
- tax payers;
- the media generally;
- bankers, analysts and advisors including the ratings agencies; and
- the general public.

Of those Users identified, the general public was typically identified as an important User but usually of a “second order” to those other Users listed above. Some considered that the parliament was the primary User while the general public’s interest was generally second to that of their elected representatives. Additionally, most interviewees considered that the Whole-of-Government report (i.e the consolidated report) was of significantly more interest to those parties than the individual entity reports although a few interviewees considered that there were probably some parties interested in specific agency financial information – one interviewee gave the example of union interest in a department of state’s annual financial report.

Some jurisdictions also identified Users to include:

- central government agencies;
- ministers; and
- other jurisdictions.

Obviously, some of these Users would not typically be identified as such in the context of, say, a commercial reporting entity. For instance, central government agencies are regulators (and can demand the production of financial information – and do so, for instance, in the case of the budget process) while ministers are responsible to the parliament for the public sector entities within their portfolio which would include such entities financial reporting. Additionally, while some interviewees considered that ratings agencies were Users. Upon further discussion, these interviewees also acknowledged that such entities had the capacity to seek further specialist information and they considered that the financial reports, at the Whole-of-Government level – were probably the starting point for such interested parties.
Clearly some central agencies use the financial reports of the individual entities for their reporting and decision making requirements as they consider that the data is relevant and it is important that these reports are also assured via the audit services of the public sector auditor in each jurisdiction.

A number of respondents indicated that they felt that, while the above were likely Users, many of those seeking the use of financial information – especially consolidated information contained in the Whole-of-Government report – probably had little understanding of the contents and also the place of financial reporting in the overall financial management processes of the jurisdiction (e.g. financial reporting as compared to, say, the Budget Cycle). At least one interviewee indicated that the accrual system combined with a lack of understanding in the media, generally, meant that Users may also be confused by the ideas of “expending versus spending”.

Finally, one interviewee indicated that they did not know who the Users of that jurisdiction’s financial reports were. This could have significant ramifications for undertaking a review of standards and proposed standards (and indeed the RDR itself) as the standards are only intended to support effective and efficient financial reporting and not to be considered the end in themselves.

D. Is there a place in public sector reporting for the decision-making focus currently used in the development of accounting standards?

The difficulty experienced in identifying Users was extended when the issue of decision usefulness was raised. The purpose of General Purpose Financial Statements in the context of commercial organisations is straightforward. The statements should include the AASB pronouncements as it is generally considered that such an application will result in the preparation and presentation of financial reports able to be applied in the financial decision-making process. The decision essentially being whether or not to provide, withdraw and/or maintain financial resources. From a commercial perspective (and arguably a private not-for-profit perspective) this is a logical focus for accounting standards. However there were a number of findings that led us to question the ongoing relevance of this precept.

The financial management and reporting framework within the Westminster System as it is generally applied in Australia includes the following macro elements:

i. The Budget Process;
ii. The Half Yearly Budget Review Process (an administrative process but important in this discussion);
iii. The Financial Reporting Process;
iv. The Auditing Process; and

A majority of interviewees agreed that the budget process is the primary decision-making process within their jurisdiction. The budget process constitutes the financial decision-making activity that receives the greatest media interest, is central to the political process and receives far greater parliamentary consideration than the tabling of annual financial reports. It accrues significant political interest because the general public are also greatly interested in the budget outcomes as are special interest groups and the public sector generally.

There was some discussion around the use of the financial reports in assisting in the development of the budget itself and it was felt that the mid-year review was particularly useful in this respect. However, it was acknowledged that, in most cases, the budget is handed down prior to the finalisation of the accounts for the financial year in which the budget is set. As such, there appears little capacity for financial reports to inform the budget setting process. However, some participants held that, generally, financial reports tended to inform subsequent budget processes. Notwithstanding, several of the interviewees concluded that the financial reporting process (applying the standards) allowed for rigour in the development of financial reports and that this is an important aspect of the process.

Indeed, a majority of participants agreed that the financial reporting process is not used to any great degree in the resource allocation decision making process. Rather, they considered that the financial reporting process itself was extremely important as it:

- Provides a basis for Auditors-General to undertake an assurance process over the accounts;\(^6\)
- Allows for accountable and transparent reporting of actual financial position and performance of each entity and of the Whole-of-Government; and
- Allows for entities to acquit their obligations in relation to the appropriation made available to them by the parliament.

As such, they see the public sector financial reporting process as one of transparency and accountability rather than decision supporting. Given that the User base is relatively tentatively identified, there may be some concern as to the extent that the current AASB pronouncements, based on the transaction neutral idea of decision usefulness, may not be fit-for-purpose.

\(^6\) Indeed, one participant indicated that they felt the financial reporting process within the public sector ensured that "[r]eports allow for assurance and examination."
E. What major elements of the current reporting regime are inappropriate for public sector application?

This section seeks to identify interviewee’s thoughts regarding the major elements that are inappropriate within the financial reporting standards regime (whether RDR or full A-IFRS – the valuation arrangements are the same) and to discuss these elements in the light of the findings reported in sections A to D above.

There was uniform concern regarding this aspect of financial reporting within jurisdictions. Indeed, one participant considered that “…[the] word ‘asset’ is working overtime” in relation to these elements. In essence there were two major issues identified as prospectively affecting both the understandability and efficiency of financial reporting in the public sector in Australia. These issues were:

i. Recognition of Community Assets
ii. Valuation of Community Assets

The discussion around these issues developed out of specific questions regarding perennial issues within the public sector financial reporting framework such as the valuation and reporting of Land Under Roads (LUR) and Community Assets (CAs) which are assets held in trust for the community and are not available for sale nor likely to be sold.

Essentially, the purpose of the financial reports, as described by the majority of interviewees, is primarily to provide an avenue for transparency and accountability – effectively an acquittal. The inclusion of the above types of assets and valuation movements in the financial reports has a tendency to have resource and utility costs as valuation is costly, ineffective and results in the production of information of limited acquittal or, indeed, decision making value. In other words, a number of respondents were querying the purpose of continuing with this practice.

However, a number of participants indicated that they thought the inclusion of such assets in the balance sheet constituted a control feature. One interviewee considered assets would not be “lost if they were included in the financial reports even if at values that are questionable” whilst another interviewee described the “…discipline of the balance sheet” in this context. Some saw the inclusion of such assets as a “loose transparency” and raised the question that if they were not reported here then where would their existence be noted?

A number of respondents considered the options of establishing a CA list or some additional, but not valued, addendum to the Whole-of-Government or reporting entity

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7 Most interviewees agreed that the valuation process used for LUR and other CAs was too difficult. Indeed, Valuers General in Australia have not agreed a uniform valuation technique and so values for LUA and CAs comprising land may well be undertaken differently from jurisdiction to jurisdiction.
reports. Others considered that the assets should be retained within the balance sheet but that their valuation should be either at cost of acquisition or initially valued and then only revalued on an intermittent basis.

An additional issue considered by a number of interviewees was that of definition. In other words, there were obvious examples of CAs in each jurisdiction but then there are assets that would likely be considered CAs by some but as ordinary assets by others. Political expediency and ideology may well cast some assets as CAs by one government and as ordinary assets by another.

F. What miscellaneous elements are important in this discussion?
There were a number of issues considered beyond those directly related to RDR and financial reporting practices in the context of the AASB pronouncements. These are noted below and constitute notes and items raised during the discussions.

i) Jurisdictional Resourcing
As described above, there is a considerable limitation in all jurisdictions with regard to their capacity to consider reporting requirements, respond to proposed changes and to identify capacity shortfalls within their jurisdiction. This is potentially a significant issue as the public sector is a significant entity in every jurisdiction and nationally expends considerable resources provided by the tax payer. Therefore, the capacity of the public sector to fulfil this aspect of its function may be limited.

ii) Place of Westminster System
The Westminster System has been established in each jurisdiction in Australia and is central to the administrative and legislative processes. It was identified during this interview process that the system is not well understood by standard setters and finance professionals outside of the public sector. This is an important consideration as the conceptions of Users, purpose of reporting and other core elements can be misunderstood by those outside of the public sector but who are responsible for making the standards and driving compliance.

iii) Broad Capacity within the Sector
It was identified during the interview process that some interviewees considered that CFOs within the public sector may not have as great an understanding of financial reporting standards and issues as their counterparts in the private sector. To the extent that this is true, it is likely the situation arose out of the centralisation of the decision making process regarding standards, their application and so on. Regulators in each jurisdiction establish reporting models and often interviewees considered that CFOs in their jurisdiction simply followed the pro forma without considering the reporting purpose.

iv) Transaction Neutrality
There were two issues identified out of the interview process related to the enduring nature of transaction neutrality – previously referred to as sector neutrality. On the one hand, one
interviewee considered that the idea of transaction neutrality was not followed through sufficiently and that the terminology used in the AASB pronouncements was commercial in nature and not neutral.

A further element discussed in the context of transaction neutrality was that it allowed for accountants to easily transfer from one sector to another with minimal disruption and technical difficulty. This conception was essentially quashed at the presentation of interim results on 30th March 2012. The group considered that accountants as professionals should be able to make the transition with minimal difficulty but recognised a need to gain local knowledge.

G. What should HoTARAC consider in terms of strategic ways forward for standard setting for the public sector?

The purpose of this section of the report is to provide HoTARAC with feedback regarding the ideas communicated by interviewees in response to questions seeking input as to what HoTARAC should focus on or how the standards could be established differently.

Essentially, the interviewees identified the following preferences:

i) Most interviewees agreed that the current “one-size-fits-all” regime is not adequate to public sector requirements. Indeed, one participant indicated that they thought the RDR exemptions were indicative of the AASB’s commercial focus.

ii) Most interviewees did not consider it necessary or practical to establish a public sector standard setter. Instead they preferred to utilise a specialist committee of the AASB.

iii) Similarly, most interviewees considered that it is not necessary to establish a separate set of accounting standards relevant to the public sector. Rather, they indicated a preference for using additional AUS paragraphs and sector specific standards within the standards themselves.

iv) Where additional AUS paragraphs or sector specific standards were to be developed and adopted, a number of interviewees felt that public sector input should be increased.

v) Additionally, the concept of transaction neutrality was not universally supported. However, it was felt that the foundational documents (i.e. the SACs and the Framework) could be nuanced to take away the decision focus as the standards applied to the public sector and replace it with a public sector emphasis on transparency and accountability.

vi) A minority of interviewees considered that the standards could also be reworded to neutralise the commercial wording.
vii) A considerable minority of participants also considered that there is a need to emphasise the cost/benefit decision when considering the content of public sector financial reports. This comment tended to be in support of retaining and standardising concepts such as Special Purpose Financial Reporting and cash reporting for small entities.

viii) One participant indicated that financial reporting should have an outcomes emphasis rather than a performance emphasis in the case of performance measurement.

Further Research
Additional to the main areas of this report and the focus on reporting to be provided in Report Two in this series, the research to date has highlighted a number of prospective research areas which Curtin School of Accounting would like to pursue. These are indicated below as prospective research topics:

i) Extend the RDR and associated topics research (i.e. this research program) to include the Australasian Council of Auditors General (ACAG) with a view to expanding the input into the research.

ii) Define Users in the context of public sector accounting and reporting.

iii) Once Users are defined, undertake a research program designed to identify the needs of those Users.

iv) Develop a comprehensive review of the Conceptual Framework.

v) Develop a gap analysis regarding the education requirements of Users and preparers.

The School of Accounting will, having completed the second report in this series, undertake to work up a research program related to the above and we would be very keen to see HoTARAC retain involvement in the study as a principal.
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<tr>
<th>Reporting Area</th>
<th>AASB – IFRS</th>
<th>RDR</th>
<th>Notes / Comments (WA)</th>
<th>Notes / Comments ACT</th>
<th>Notes / Comments QLD</th>
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<td>Fair value, qualitative and quantitative disclosures</td>
<td>AASB 39</td>
<td>RDR</td>
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<td>Para 6: An entity shall group financial instruments into classes that are appropriate to the nature of the information disclosed, and shall provide sufficient information to reconcile it to the financial position line items.</td>
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<td>Para 9: If the entity has loan or receivables as at fair value through profit or loss, it shall disclose the maximum exposure to credit risk at the end of reporting period; the amount that maximum exposure to credit risk is different for the Treasury model?</td>
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<td>(f) Fair value recognised in the statement of financial position (AASB 7.27);</td>
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<td>text ; showing the ... income&quot;; And</td>
<td>$\text{disclosure s:}$</td>
<td>Credit risk and interest rate exposures (related to 6.7, 34, 36(a), 37(a)); is not required under RDR</td>
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<td>AASB 7.27B(c)-(e))</td>
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<td>Para. 10: If the entity has designated a financial liability as at fair value through profit or loss, it shall disclose: the amount of change owing to the credit risk but not owing to market conditions or using an alternative method; the difference between the financial liability's carrying amount and the contractual paying amount when it matures.</td>
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<td>Para. 11: The entity shall disclose the methods used to comply with the requirements in paragraphs 9(c) and 10(a): if the disclosure does not represent the financial asset or financial liability</td>
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<td>Para. 12A (b): If the entity has reclassified a financial asset out of the fair value through profit or loss category it shall disclose: the carry</td>
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<td>ning amounts and fair values of all financial assets that have been reclassified in the current and</td>
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<td>Para. 12A (e): for each reporting period following the reclassification (including the reporting</td>
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<td>period in which the financial asset was reclassified) until derecognition of the financial asset, the</td>
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<td>fair value gain or loss that would have been recognised in profit or loss or other comprehensive income if the financial asset had not been reclassified, and the gain, loss, income and expense recognised in profit or loss.</td>
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<td>(b) the carrying amount of the related loans payable at the end of the reporting period; and</td>
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<td>(c) whether the breach or default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.</td>
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<td>3. Consider the impact of RDR 18.1 and 27.1.</td>
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<td>Fair values [related to AASB 7.25, 27, 29, 27A, 27B] is not required under RDR.</td>
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Para.15: When an entity holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:
(a) the fair value of the collateral held;
(b) the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and
(c) the terms and conditions associated with its use of the collateral.

Para 18: For loans payable recognised at the end of the reporting period, an entity shall disclose:
(a) details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable;
(b) the carrying amount of the loans payable in default at the end of the reporting period;
and
(c) whether the
default was
remedied, or the
terms of the
loans payable
were
renegotiated,
before the
financial
statements were
authorised for
issue.

Para 19: If,
during the
period, there
were breaches
of loan
agreement
terms other than
those described
in paragraph 18,
an entity shall
disclose the
same
information as
required by
paragraph 18 if
those breaches
permitted the
lender to
demand
accelerated
repayment
(unless the
breaches were
remedied, or the
terms of the
loan were
renegotiated, on
or before the
end of the
reporting
period).

Para. 20:  An
entity shall
disclose the
following items
of income,
expense, gains
or losses either
in the statement
of

| Reporting Area | AASB – A-IFRS | Notes / Comments (WA) | Notes / Comments ACT | Notes / Comments QLD | Notes / Comments NT | Notes / Comments SA | Notes / Comments TAS | Notes / Comments VIC | Notes / Comments Commonwealth | Notes / Comments NSW |
comprehensive income or in the notes:

(c) fee income and expense (other than amounts included in determining the effective interest rate) arising from:
(i) financial assets or financial liabilities that are not at fair value through profit or loss; and
(ii) trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans, and other institutions;

(d) interest income on impaired financial assets accrued in accordance with paragraph AG93 of AASB 139;

Fair value Para. 25: Except as set out in paragraph 29, for each class of financial assets and financial liabilities (see paragraph 6), an entity shall disclose the fair

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<td>value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount. Para.26: In disclosing fair values, an entity shall group financial assets and financial liabilities into classes, but shall offset them only to the extent that their carrying amounts are offset in the statement of financial position. Para.27: An entity shall disclose for each class of financial instruments the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. Para 27A: To make the disclosures required by paragraph 27B an entity shall classify fair value</td>
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<td>measurements using a fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.</td>
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<td>Para. 27B: For fair value measurements recognised in the statement of financial position an entity shall disclose for each class of financial instruments.</td>
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<td>Para. 31: An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period.</td>
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Para 32: The disclosures required by paragraphs 33-42 focus on the risks that arise from financial instruments and how they have been managed. These risks typically include, but are not limited to, credit risk, liquidity risk and market risk.

Qualitative disclosures

Para 33: For each type of risk arising from financial instruments, an entity shall disclose:
(a) the exposures to risk and how they arise;
(b) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and
(c) any changes in (a) or (b) from the previous period.

Quantitative disclosures

Para 34: a) summary quantitative data about its exposure to that risk at the end of
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<td>the reporting period. This disclosure shall be based on the information provided internally to key management personnel of the entity (as defined in AASB 124 Related Party Disclosures), for example the entity’s board of directors or chief executive officer; (b) the disclosures required by paragraphs 36-42, to the extent not provided in (a), unless the risk is not material (see paragraphs 29-31 of AASB 101 for a discussion of materiality); and (c) Concentrations of risk if not apparent from (a) and (b). Para 35: If the quantitative data disclosed as at the end of the reporting period are unrepresentative of an entity’s exposure to risk during the period, an entity shall provide further information that is representative.</td>
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Credit risk
Para 36: An entity shall disclose by class of financial instrument:
(a) the amount that best represents its maximum exposure to credit risk at the end of the reporting period;
(b) in respect of the amount disclosed in (a), a description of collateral held as security and other credit enhancements;
(c) information about the credit quality of financial assets that are neither past due nor impaired; and
(d) the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

Financial assets that are either past due or impaired
Para 37: An entity shall disclose by class of financial asset:
(a) an analysis of the age of financial assets that are past due as at the
end of the reporting period but not impaired; (b) an analysis of financial assets that are individually determined to be impaired as at the end of the reporting period, including the factors the entity considered in determining that they are impaired; and (c) for the amounts disclosed in (a) and (b), a description of collateral held by the entity as security and other credit enhancements and, unless impracticable, an estimate of their fair value.

Collateral and other credit enhancements obtained
Para 38: When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees), and such assets meet the recognition
criteria in other Australian Accounting Standards, an entity shall disclose:

(a) the nature and carrying amount of the assets obtained; and

(b) when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations.

Liquidity risk
Para 39: An entity shall disclose:

(a) a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual...
maturities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows (see paragraph B11B). (c) a description of how it manages the liquidity risk inherent in (a) and (b).

Market risk Sensitivity analysis

Para 40: Unless an entity complies with paragraph 41, it shall disclose: (a) a sensitivity analysis for each type of market risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk.
variable that were reasonably possible at that date;  
(b) the methods and assumptions used in preparing the sensitivity analysis; and  
(c) changes from the previous period in the methods and assumptions used, and the reasons for such changes.

Para 41: If an entity prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks, it may use that sensitivity analysis in place of the analysis specified in paragraph 40. The entity shall also disclose:

(a) an explanation of the method used in preparing such a sensitivity analysis / Notes / Comments (WA) / Notes / Comments ACT / Notes / Comments QLD / Notes / Comments NT / Notes / Comments SA / Notes / Comments TAS / Notes / Comments VIC / Notes / Comments Commonwealth / Notes / Comments NSW
analysis, and of the main parameters and assumptions underlying the data provided; and (b) an explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved.

Other market risk disclosures
Para 42.: When the sensitivity analyses disclosed in accordance with paragraph 40 or 41 are unrepresentative of a risk inherent in a financial instrument (e.g. because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative.
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<td>e. Defined benefit plans</td>
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The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:

(a) paragraphs 30(c)(ii), 34B, 47, 120, 120A(c), 120A(d), 120A(e)(i)-(iii), 120A(e)(vii), 120A(e)(viii), 120A(l), 120A(n)(iii), 120A(o)-(q), 124(b) and 143;
(b) the third sentence in paragraph 23;
(c) in paragraph 120A(g), the text "for each of... in paragraph 58(b)";
(d) in paragraph 120A(m), the text ", as well as..."

Impact on model statements:
Note 34 Provision:
- Reconciliation of the unfunded liability recognised in the statement of financial position [AASB 119.120A(c),(d)] is not required under RDR;
- Historic summary [AASB 119.120A(p)] is not required under RDR;
- Employer funding arrangements for the defined benefit plans [AASB 119.120A(q)] is not...
Reporting Area  | AASB – A-IFRS  | RDR  | Notes / Comments (WA)  | Notes / Comments ACT  | Notes / Comments QLD  | Notes / Comments NT  | Notes / Comments SA  | Notes / Comments TAS  | Notes / Comments VIC  | Notes / Comments Commonwealth  | Notes / Comments NSW
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paragraph 104A; and (e) the second sentence in paragraph 131. RDR120A.1: An entity applying Australian Accounting Standards – Reduced Disclosure Requirements shall disclose a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes. These disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful. RDR120A.2: An entity applying Australian Accounting Standards – Reduced Disclosure Requirements shall disclose a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes.
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<td>Disclosure Requirement is not required to disclose the reconciliation specified in paragraphs 120A(e) and RDR120A.1 for prior periods.</td>
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<td>Basis of estimates</td>
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<td>Para 129: An entity that reports segment information shall disclose: the amount of impairment losses recognised and the amount of reversals of impairment losses recognised in profit or loss during the period. Para 130: An entity shall disclose: the events and circumstances that led to the recognition or reversal of the impairment loss; the amount of the impairment loss recognised or reversed; the nature of the an individual asset; the nature cash</td>
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Para 131: An entity shall disclose: the main classes of assets affected by impairment losses and by reversals of impairment losses; the main events and circumstances that led to the impairment and reversals.

Para 132: An entity is encouraged to disclose assumptions used to determine the recoverable amount of assets (cash-generating units) during the period.

Para 133: explanations for amount of the unallocated goodwill.

Para 134:

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<td>generating unit; recoverable amount etc.</td>
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<td>Para 131: An entity shall disclose: the main classes of assets affected by impairment losses and by reversals of impairment losses; the main events and circumstances that led to the impairment and reversals.</td>
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<td>Para 132: An entity is encouraged to disclose assumptions used to determine the recoverable amount of assets (cash-generating units) during the period.</td>
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<td>Para 133: explanations for amount of the unallocated goodwill.</td>
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<td>Para 73 (e)(viii): The financial statements shall disclose, for each class of property, plant and Aus1.8 Paragraphs 73(e)(viii), 74(b), 74(d), 77(e), Aus77.1 and 79 of this Standard do</td>
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equipment: a reconciliation of the carrying amount at the beginning and end of the period showing the net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency, including the translation of a foreign operation into the presentation currency of the reporting entity.

Para 74 (b): The financial statements shall also disclose the amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction.

Para 74 (d): The financial statements shall also disclose: if it is not disclosed separately in the statement of comprehensive income, the amount of compensation from third parties.
parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss.

Para 77(e): If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed: for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model.

Para Aus77.1: In respect of not-for-profit entities, for each revalued class of property, plant and equipment, the requirement to disclose the carrying amount that would have been recognised had the assets been carried under the cost model does not apply.

Para 79: Users of financial statements may also find the following
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Information relevant to their needs:
(a) the carrying amount of temporarily idle property, plant and equipment;
(b) the gross carrying amount of any fully depreciated property, plant and equipment that is still in use;
(c) the carrying amount of property, plant and equipment retired from active use and not classified as held for sale in accordance with AASB 5; and
(d) when the cost model is used, the fair value of property, plant and equipment when this is materially different from the carrying amount. Therefore, entities are encouraged to disclose these amounts.

Retrospective restatement items; changes of accounting

AASB101 Presentation of Financial Statements.
policy; income tax; classifying expenses by function; dividends; auditor fees.

Para 10 (f): a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

Para 15: Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

Para 16: An
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<td>entity whose financial statements comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes.</td>
<td>Para Aus16.1: Where an entity can make the explicit and unreserved statement of compliance in respect of only: (a) the parent financial statements and notes; or (b) the consolidated financial statements and notes; the entity shall make the explicit and unreserved statement of compliance in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of Australian Accounting Standards – Reduced Disclosure Requirements, with additional disclosure when necessary, is presumed to result in financial statements that achieve service lease liabilities indicate that actual settlement of the liabilities will occur as follows: - Within 12 months of the end of the reporting period; - More than 12 months after the reporting period.</td>
<td>Financial position, financial performance and cash flows of an entity applying Australian Accounting Standards – Reduced Disclosure Requirements. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of Australian Accounting Standards – Reduced Disclosure Requirements, with additional disclosure when necessary, is presumed to result in financial statements that achieve service lease liabilities indicate that actual settlement of the liabilities will occur as follows:</td>
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<td>ParaAus16.3: Not-for-profit entities need not comply with the paragraph 16 requirement to make an explicit and unreserved statement of compliance with IFRSs.</td>
<td>1. It is not required to restate the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements. 2. Accounting policy shall make an explicit and unreserved statement of</td>
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<td>entity disclosing comparative information shall present: the beginning of the earliest comparative period.</td>
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<td>the second sentence in paragraph 39: When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, it shall present, as a minimum, three statements of financial position, two of each of the other statements, and related notes.</td>
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<td>Para 42 (b): When it is impracticable to reclassify comparative amounts, an entity shall disclose: the nature of the adjustments that would have been made if the amounts had been reclassified.</td>
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<td>a fair presentation.</td>
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<td>RDR 16.1: Entities applying Australian Accounting Standards – Reduced Disclosure Requirements shall make an explicit and unreserved statement of such compliance in the notes, is not required to state compliance with IFRSs.</td>
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<td>the compliance with RDR</td>
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Para 61: Whenever method of presentation is adopted to present current and non-current assets, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled no more than and more than twelve months after the reporting period.

Para 65: Information about expected dates of realisation of assets and liabilities is useful in assessing the liquidity and solvency of an entity. Information on the expected date of recovery of non-monetary assets such as inventories and expected date of settlement for liabilities such as provisions is also useful, whether assets and liabilities
are classified as current or as non-current.

Para 80A: If an entity has reclassified:
(a) a puttable financial instrument classified as an equity instrument; or
(b) an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument;

between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification.

Para 90: An entity shall disclose the amount of income tax relating to each component of other comprehensive income, including reclassification.
Para 91: An entity may present components of other comprehensive income either:
(a) net of related tax effects; or
(b) before related tax effects with one amount shown for the aggregate amount of income tax relating to those components.

Para 92: An entity shall disclose reclassification adjustments relating to components of other comprehensive income.

Para 94: An entity may present reclassification adjustments in the statement of comprehensive income or in the notes. An entity presenting reclassification adjustments in the notes presents the components of other comprehensive income.
in paragraph 107, the text ", and the related amount per share": An entity shall present the related amount per share.

Para 131: the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by an assumption or uncertainty.

Para 134: An entity shall disclose information that enables users of its financial statements to evaluate the entity’s objectives.
policies and processes for managing capital.

Para 135: the entity shall disclose its objectives, policies and processes for managing capital as follows: qualitative information; quantitative data; any changes of qualitative and quantitative from the previous period; compliance with the requirements; consequences of non-compliance.

Para 136: When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or distorts a financial statement user's understanding of an entity's capital resources, the entity shall disclose separate information for each capital requirement to which the entity is subject.
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<td>Para 136A: For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere): summary quantitative data; objectives, policies and processes; the expected cash outflow; how is determined.</td>
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<td>Para 137: An entity shall disclose in the notes: the amount of dividends proposed or declared before the financial statements were authorised for issue; the amount of any cumulative preference dividends not recognised.</td>
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<td>Para 138: An entity shall disclose: the domicile and legal form of the entity; the country of incorporation and the address of its registered office; the nature of the entity’s operations and its principal</td>
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Aus138.1: An entity, other than a group, shall disclose the amounts paid or payable to: the auditor of the entity for an audit or a review of the financial statements; for non-audit services; a related practice.

Aus138.2: The following information shall be disclosed in relation to a group, the amounts paid or payable to: the auditor of the parent of the group, for an audit or a review of the financial statement; for non-audit services; a related practice; an audit or a review of the financial statements of those subsidiaries; for non-audit services in relation to any entity in the group; a related practice of the

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<td>activities; name of the parent and the ultimate parent of the group; if it is a limited life entity, information regarding the length of its life.</td>
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<td>auditors of the subsidiaries in the group.</td>
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<td>Aus138.3: An entity shall disclose for each class of shares included in equity, where either dividends payable were first recognised as a liability during the reporting period or dividends were paid during the reporting period.</td>
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<td>Aus138.4: An entity shall disclose the amount of franking credits available for subsequent reporting periods to the equity holders.</td>
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<td>Aus138.5: An entity shall disclose the impact on the franking account of dividends proposed or declared before the financial statements were authorised for issue.</td>
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<td>Aus138.6: An entity shall disclose the nature and amount of each individual and each class of capital commitments and of other</td>
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<td>expenditure commitments contracted for as at the reporting date, other than commitments for the supply of inventories, which have not been recognised as liabilities. The disclosures shall be made in the following time bands, according to the time that is expected to elapse from the reporting date to their expected date of settlement: (a) within twelve months; (b) twelve months or longer and not longer than five years; and (c) longer than five years.</td>
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### Disclosure of changes in accounting policy and estimates

| Para 28: When initial application of an Australian Accounting Standard has an effect on the current period or any prior period would have such an effect except that it is impracticable to determine the impact. Para 29: Note 6. Disclosure of changes in accounting policy and estimates: Future impact of Australian Accounting Standards not yet operative (AASB 108 para 25 & para 29; FRR 4 & AASB 108 para 30) is not required under RDR. Para 29: New and Revised Accounting Standards Issued but not yet Effective (AASB 108 para 25 & para 29; AASB 108 para 30) is not required under RDR. Para 29: Australian Accounting Standards and Interpretations Issued but not yet Effective (AASB 108 para 25 & para 29; FRR 4 & AASB 108 para 30) is not required under RDR. Note 5. Accounting Policy Change (AASB 108.28): Australian Accounting Standards and Interpretations Issued but not yet Effective (AASB 108 para 25 & para 29; AASB 108 para 30) is not required under RDR. Note 6. Changes in Accounting Policies (AASB 108.28): Australian Accounting Standards and Interpretations Issued but not yet Effective (AASB 108 para 25 & para 29; AASB 108 para 30) is not required under RDR. Note 7. Revision of accounting estimates (AASB 108.36, 37, 39, 40; AASB 116, AASB 117) is not required under RDR. Note 1.4 New Australian Accounting Standards: Future Australian Accounting Standard Requirements (AASB 108.30-31) is not required under RDR. Note 1 (o) Australian Accounting Standard issued but not yet effective (AASB 108.30, NSW Treasury Mandates) is not required under RDR. |
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amount of the adjustment, or might have an effect on future periods, an entity shall disclose:
(b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
(c) when applicable, a description of the transitional provisions;
(e) when applicable, the transitional provisions that might have an effect on future periods;
(h) if retrospective application required by paragraph 18(a) or (b) is impracticable for a particular prior period, or for periods

108.30, 31) – is not required under RDR.

AASB 108 Para 40 is not required under RDR.
Before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Para 30: When an entity has not applied a new Australian Accounting Standard that has been issued but is not yet effective, the entity shall disclose:
(a) this fact; and
(b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Australian Accounting Standard will have on the entity’s financial statements in the period of initial application.

Para 31: In complying with paragraph 30, an entity considers disclosing:
(a) the title of the new
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<td>Australian Accounting Standard; (b) the nature of the impending change or changes in accounting policy; (c) the date by which application of the Australian Accounting Standard is required; (d) the date at which it plans to apply the Australian Accounting Standard initially; and (e) either: (i) a discussion of the impact that initial application of the Australian Accounting Standard is expected to have on the entity’s financial statements; or (ii) if that impact is not known or reasonably estimable, a statement to that effect. Para 40: If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact.</td>
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Updating AASB 110
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| disclosure about conditions and non-adjusting events | Events after the Reporting Period | Para 13: If dividends are declared after the reporting period but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes in accordance with AASB 101 Presentation of Financial Statements. Para 19: If an entity receives information after the end of the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to these conditions, in the light of the new information. Para 20: In some cases, an entity needs to update the disclosures in its | Impact: 
1. Updating Disclosure about Conditions at the End of the Reporting Period (AASB 110.19) as not required under RDR. | No impact | No impact | No impact | No impact | No impact | No impact | No impact | No impact | No impact | No impact |
| Notes / Comments ACT | notes / Comments QLD | Notes / Comments NT | Notes / Comments SA | Notes / Comments TAS | Notes / Comments VIC | Notes / Comments Commonwealth | Notes / Comments NSW | | | | |

Aust.1.8 The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure requirements: 
(a) paragraphs 13, 19 and 20; and 
(b) paragraph 22(a), the text “(AASB 3 … in such cases)”.

Impact:
1. Updating Disclosure about Conditions at the End of the Reporting Period (AASB 110.19) as not required under RDR.
financial statements to reflect information received after the end of the reporting period, even when the information does not affect the amounts that it recognises in its financial statements. One example of the need to update disclosures is when evidence becomes available after the end of the reporting period about a contingent liability that existed at the end of the reporting period. In addition to considering whether it should recognise or change a provision under AASB 137, an entity updates its disclosures about the contingent liability in the light of that evidence.

Reconciliation

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<td>Reconciliation</td>
<td>AASB – 117 Leases</td>
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<td>Para 31: Lessees shall, in addition to meeting the requirements of AASB 7 Financial Instruments:</td>
<td>Aus1.8 The following do not apply to entities preparing general purpose financial statements</td>
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Disclosures, make the following disclosures for finance leases:

- The total of future minimum lease payments at the end of the reporting period, and their present value. In addition, an entity shall disclose their present value;
- The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period; and

Para 35: Lessees shall, in addition to meeting the requirements of AASB 7, make the following disclosures for:

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<td>Disclosures, make the following disclosures for finance leases:</td>
<td>statements under Australian Accounting Standards – Reduced Disclosure Requirement: (a) paragraphs 31(c), 31(d), 35(b) and 48; (b) in paragraph 31(b), the text “a reconciliation … present value.” and, in the second sentence, the text “In addition, an entity shall disclose” and “and their present value.”; (c) in paragraph 35(c), the text ”with separate amounts … sublease payments”; and (d) in paragraph 56(a), the words “in the aggregate and”</td>
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operating leases:
(b): the total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period;
(c): separate amounts for minimum lease payments, contingent rents, and sublease payments;
Para 48: disclose the gross investment less unearned income in new business added during the period, after deducting the relevant amounts for cancelled leases.

Reconciliation of cash flows from operating activities, disclosure cash received or paid relating to subsidiaries, disclosure of cash from segments

| AASB 107 Statement of Cash Flows | Aus20.1 | Impact: | Impact: | 17. NOTES TO THE CASH FLOW RECONCILIATION (AASB 107 para Aus20.2) | Note 37 Cash flow information – Net Result to Net Cash from operating activities |
--- | --- | --- | --- | --- | ---
Aus1.8 Paragraphs Aus20.1, Impact: | 30, Reconciliation of Operating Surplus/Net Cash from operating activities – Net Result to Net Cash from operating activities |
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<td>Note 37: Notes to the Statement of Cash Flows</td>
<td>Operating Activities – FRR 8 &amp; vAASB 107.Aus 20.1</td>
<td>Reconciliation of Net Surplus/(Deficit) to Net Cash From Operating Activities</td>
<td>is not required under RDR</td>
<td>Cash from Operating Activities AASB 107.Aus 20.1</td>
<td>(g) Reconciliation of net result for the period</td>
<td>AASB 107.Aus 20.1</td>
<td>is not required under RDR</td>
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<td>Para 40: An entity shall disclose, in aggregate, in respect of both obtaining and losing control of subsidiaries or other businesses during the period each of</td>
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the following:
(a) the total consideration paid or received;
(b) the portion of the consideration consisting of cash and cash equivalents;
(c) the amount of cash and cash equivalents in the subsidiaries or other businesses over which control is obtained or lost; and
(d) the amount of the assets and liabilities other than cash or cash equivalents in the subsidiaries or other businesses over which control is obtained or lost, summarised by each major category.

Para 46: In order to comply with AASB 101 Presentation of Financial Statements, an entity discloses the policy which it adopts in determining the composition of cash and cash equivalents.

Para 50: Disclosure of this information, together with a commentary by management, is encouraged and may include:
(d) the amount of the cash flows arising from the operating, investing and financing activities of each reportable segment (see AASB 8 Operating Segments).

Para 52: The disclosure of segmental cash flows enables users to obtain a better understanding of the relationship between the cash flows of the business as a whole and those of its component parts and the availability and variability of segmental cash flows.

Disclosure of capitalisation rates

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<th>Reporting Area</th>
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<td>Para 26: An entity shall disclose:</td>
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<td>(b) the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation.</td>
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<td>Aus 1.6 Paragraph 26(b) of this Standard does not apply to entities preparing general purpose financial statements under Australian Accounting Standards –</td>
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<td>(f) Borrowing costs:</td>
<td>The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Authority’s outstanding borrowings during</td>
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<tr>
<td>Reduced Disclosure Requirements.</td>
<td>the year, in this case 6.3% (2010: 6.3%). [AASB 123. 26(b)] is not required under RDR.</td>
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<td>AASB 124 Related Party Disclosures</td>
<td>ParaAus12.1: When any of the parent entities and/or ultimate controlling parties named in accordance with paragraph 12 is incorporated or otherwise constituted outside Australia, an entity shall: (a) identify which of those entities is incorporated overseas and where; and (b) disclose the name of the ultimate controlling entity incorporated within Australia.</td>
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<td>ParaAus25.2: The following details about each key management person shall be disclosed: (a) the name of the person; (b) the position held; and (c) where the period of responsibility is less than the reporting period.</td>
<td>The current note “related bodies” in 4 model statements is very simple, agencies with related bodies need to consider RDR when they prepare their FSs.</td>
<td>No impact</td>
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- **the date or dates identifying the period of responsibility.**

- **AASB 137 Provisions, Contingent Liabilities and Contingent Assets**

  - **Para 84** For each class of provision, an entity shall disclose:
    - (b) additional provisions made in the period, including increases to existing provisions;
    - (e) the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate

  - **Para 85** An entity shall disclose the following for each class of provision:

- **Aus1.8** The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure requirements:
  - (a) paragraphs 84(b), 84(e) and 85(c);
  - (b) in paragraph 75, the text "If an entity starts to … of the financial statements."
  - (c) in paragraph 85(b), the text ". Where necessary … paragraph 48."

- **Note 30 Provisions Additional provisions recognised (AASB 137 para 84(b)) – Unwinding of discount and effect of change in the discount rate (AASB 137 para 84(e))**

  - **No impact**
  - **No impact**
  - **No impact**
  - **No impact**
  - **No impact**
  - **No impact**
  - **No impact**
  - **No Impact**
(b) Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 48;
(c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

AASB 131 Interests in Joint Ventures

Para 56: A venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities. A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation or the equity method shall disclose the aggregate amounts of each of current assets, long-

AASB 131.Aus1.8 Paragraph 56 of this Standard does not apply to entities preparing general purpose financial statements under Australian Accounting Standards

The current disclosure in Note 44 is not required under RDR.

NOTE INTEREST IN A JOINTLY CONTROLLED ENTITY (AASB 131.56, 57)-
- Share of the Joint Venture Profit is as follows:
- Share of the Joint Venture Assets and Liabilities is as follows:

These above are not required under RDR.

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<td>Para 41: The following disclosures shall be made in consolidated financial statements:</td>
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<td>(b) the reasons why the ownership, directly or indirectly through subsidiaries, of more than half of the voting or potential voting power of an investee does not constitute control;</td>
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<td>(e) a schedule that shows the effects of any changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control on the equity attributable to owners of the parent;</td>
<td>Impacted agencies could be: ECU; Murdoch, Department of Agriculture &amp; Food; KeyStart; Housing Authority and so on.</td>
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<td>AUS1.6: The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:</td>
<td>(a) paragraphs 41(b), 41(e), 41(f), 43(b), 43(c) and Aus43.1; and</td>
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<td>(f) if control of a subsidiary is lost, the parent shall disclose the gain or loss. Para 42: When separate financial statements are prepared for a parent that, in accordance with paragraph 10, elects not to prepare consolidated financial statements, those separate financial statements shall disclose: (a) the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used; the name and country of incorporation or residence of the entity whose consolidated financial statements that comply with International Financial Reporting Standards have been produced for public use; and the address where those consolidated financial statements are obtainable; (b) a list of an interest in a jointly controlled entity or an investor in an associate, that prepares separate financial statements applying Australian Accounting Standards – Reduced Disclosure Requirements, shall disclose a description of the methods used to account for the investments in subsidiaries, jointly controlled entities and associates.</td>
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significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held; and
(c) a description of the method used to account for the investments listed under (b).

Para 43: When a parent (other than a parent covered by paragraph 42), venturer with an interest in a jointly controlled entity or an investor in an associate prepares separate financial statements, those separate financial statements shall disclose:
(b) a list of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence,
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<td>proportion of ownership interest and, if different, proportion of voting power held; and (c) a description of the method used to account for the investments listed under (b).</td>
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<td>Aus43.1: In respect of not-for-profit public sector entities, where a group of entities is a reporting entity, but separate financial statements for the parent are not prepared, the notes to the consolidated financial statements shall disclose a list of significant subsidiaries, including: (a) the name; (b) country of incorporation or residence (where other than Australia); and (c) proportion of ownership interest and, if different, proportion of voting power held.</td>
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<td>AASB 1050 Administered Items</td>
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<td>Para 7:</td>
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<td>38. Schedule of No impact as it is.</td>
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A government department shall disclose the following in its complete set of financial statements in relation to activities administered by the government department:

(a)(ii) In respect of each major class of income, the amounts reliably attributable to each of the government department’s activities and the amounts not attributable to activities;

(b) Administered expenses, showing separately:

(i) In respect of each major class of expense, the amounts reliably attributable to each of the government department’s activities and the amounts not attributable to activities.

Para 8: AASB 1052 specifies requirements for the disclosure of income and expenses attributable to a government department’s activities. The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:

(a) Paragraphs 7(a)(ii), 7(b)(ii) and 8;

(b) In paragraph 14, the words “and by activity” in the third sentence.

Entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of these excluded requirements.

Para 8: AASB 1052 specifies requirements for the disclosure of income and expenses attributable to a government department’s activities. The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:

(a) Paragraphs 7(a)(ii), 7(b)(ii) and 8;

(b) In paragraph 14, the words “and by activity” in the third sentence.

Entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of these excluded requirements.

AASB 1050 paragraphs 7(a), 7(b) are not required under RDR.

AASB 1052 paragraphs 7(a), 7(b) are not required under RDR.
1. Para 11-14 are related to local government.
2. Paragraphs 15 to 21 only apply to government departments.
   Para 15: The complete set of financial statements of a government department shall disclose:
   (a) in summarised form, the identity and purpose of each major activity undertaken by the government department during the reporting period;
   (b) if not otherwise

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<td>principles in that Standard are applied in disclosing administered income and expenses reliably attributable to activities in accordance with paragraphs 7(a)(ii) and 7(b)(ii) of this Standard.</td>
<td>AASB 1052 Disaggregated Disclosures</td>
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Schedule of assets and liabilities by service; schedule of income and expenses by service

10A Paragraphs 11-21 of this Standard do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirement.

Department model

1. Schedule of Assets and Liabilities by Service
2. Schedule of Income and Expenses by Service

Both of them are not required under RDR.

For Department:

For Department:

- This is not required under RDR.

For Department:

3. COMPREHENSIVE DISCLOSURES OF ASSETS AND LIABILITIES [DEPARTMENTS ONLY] (AASB 1052.16)

AASB 1052(15)(d), TI 207 (8)

This is not required under RDR.

For Department:

Note 32B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome (AASB 1052.15(c));

Schedule B – Controlled assets and liabilities as at 30 June 2011 (AASB 1052.16)

They are not required under RDR.

For Department:

Note 32C: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcome (AASB 1050.7 (a), (b), (c));

They are not required under RDR.

For Department:

Supplementary Financial Statements - Service group statements for the year ended 30 June 2011 (AASB 1052.15(c), (d), (e));

For Department:
disclosed in, or in conjunction with, the government department’s complete set of financial statements, a summary of the government department’s objectives;
(c) expenses reliably attributable to each of the activities identified in (a) above, showing separately each major class of expenses; and
(d) income reliably attributable to each of the activities identified in (a) above, showing separately user charges, income from government and other income by major class of income.

Para 16: The complete set of financial statements of a government department shall also disclose the assets deployed and liabilities incurred that are reliably attributable to each of the activities identified in paragraph 15(a).
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<td>AASB 5 Non-current assets held for sale and discontinued operations</td>
<td>Para 33: An entity shall disclose: (b) an analysis of the single amount in (a) into: (i) the revenue, expenses and pre-tax profit or loss of discontinued operations; (ii) the related income tax expense as required by paragraph 81(h) of AASB 112; (iii) the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation; (iv) the related income tax expense as required by paragraph 81(h) of AASB 112; (d) the amount of income from continuing operations and from discontinued operations attributable to owners of the parent.</td>
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These disclosures may be presented either in the notes or in the statement of comprehensive income.

Para 35: The nature and amount of such adjustments shall be disclosed. Examples of circumstances in which these adjustments may arise include the following:

(a) the resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnification issues with the purchaser;
(b) the resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environmental and product warranty obligations retained by the seller; and
(c) the settlement of
employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction.
Appendix Two – Interview Themes Guide

Curtin University
School of Accounting
HOTARAC Project
Interview Guide Tool

Key Discussion Themes:

(a) Jurisdictional Financial Reporting Models
(b) Error’s Identified in Model Review Document
(c) Reduced Disclosure Regime & Participant’s Jurisdictional Issues
(d) Should General Purpose Financial Reporting and Special Purpose Financial Reporting be retained?
(e) Alternative Accounting Standards

General Discussion Themes:

(f) Accounting Standards Board & IPSASB Projects; Other Reporting Processes:
   I. IPSASB Foundational Documents Project
   II. Review of Government Accounting Standards
   III. The Place of the Budget Process versus Financial Reporting with a Decision Making Emphasis
   IV. The Place of Government Statistical Reporting
   V. COAG Reporting Agreements

(g) Audit Issues & Considerations

(h) Other Issues:
   I. Control
   II. Should departments be Tier 1 or Tier 2?
   III. What other reporting elements should be considered but which are not included in either the RDR regime or the General Purpose Financial Reporting Regime?

IV. Is the current decision centric focus of the AASB relevant to the public sector?
V. Is the current sector neutral stance taken by the AASB relevant to the public sectors?