

FAQ – what do I need to do to prepare for implementation of AASB 1059?

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	Action	Reference	Due date	Status
1.	<p>Identify all <i>existing</i> contracts and arrangements that may be service concession arrangements</p> <p>Have you considered:</p> <ul style="list-style-type: none"> • Arrangements with other Government Agencies - including agencies within your cluster, local governments and government agencies from other jurisdictions (public-to-public arrangements). • Arrangements that do not involve the construction of an asset. For example, where the arrangement uses an existing asset of either the grantor or the operator. • Arrangements not currently on your balance sheet. 	<p>Refer to FAQ - How do I know if I have a Service Concession Arrangement?</p>		
2.	<p>Identify all <i>future</i> approved contracts and arrangements that may be service concession arrangements</p> <p>Have you considered:</p> <ul style="list-style-type: none"> • Any construction or service delivery arrangements that have been, or are being negotiated, but not yet commenced • Budgeted and planned projects or service delivery arrangements? 	<p>Refer to FAQ - How do I know if I have a Service Concession Arrangement?</p>		

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3.	Review all identified contracts (from 1 and 2 above) and determine whether they are within the scope of AASB 1059	Refer to “TPP 19-06 AASB 1059 Service Concession Arrangements: Grantors – Scoping”		
4.	If the arrangement, or any element of the arrangement, is out of scope of AASB 1059, determine what other accounting standard applies	Refer to FAQ – what do I do if an arrangement (or part of an arrangement) is out of the scope of AASB 1059		
5.	<p>For each <i>existing</i> arrangement which is within the scope of AASB 1059 apply the modified transition approach in accordance with AASB 1059.C3(b)</p> <ul style="list-style-type: none"> • Determine fair value of Service Concession Asset. Obtain independent asset valuations if necessary. Service Concession assets must be measured at Current Replacement Cost (CRC) • Determine depreciation and amortisation parameters for the Service Concession asset based on the useful life of the asset, not the term of the concession. • Determine the value of the service concession liability (financial liability, GORTO or hybrid). <p><i>Note: The AASB issued AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059 in October 2019. The amendments include changes to the calculation of the GORTO liability and financial liability under the modified transition approach. Agencies are required to apply the amended transition requirements.</i></p>	<p>Refer to AASB 1059 Appendix C</p> <p>Refer to FAQ – What are the valuation requirements for service concession assets on transition to AASB 1059?</p> <p>Refer to AASB 1059.C4</p> <p>Refer to AASB 1059.C4</p>		
6. It	For each <i>future</i> arrangement which is within the scope of AASB 1059:			

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	<ul style="list-style-type: none"> Estimate the fair value of the service concession asset. Service Concession assets must be measured at Current Replacement Cost (CRC). Determine depreciation and amortisation parameters for the Service Concession asset based on the useful life of the asset, not the term of the concession. Estimate the value of the service concession liability, which is <i>usually</i> equal to the value of the service concession asset on initial recognition. Where the liability includes a financial liability and a GORTO liability, determine the value of the financial liability first, then the remainder is the value of the GORTO liability. Where the service concession liability is, or includes, a GORTO liability, determine the pattern of revenue recognition that best reflects the substance of the arrangements (usually on a straight-line basis) 	<p>Refer to AASB 1059.5 – AASB 1059.9</p> <p>Refer to AASB 1059.11 – AASB 1059.25</p>		
7.	<p>Estimate impact on budget controls going forward:</p> <ul style="list-style-type: none"> NCOS Capital Expenditure Net debt 	<p>Refer to FAQ – How does AASB 1059 Service Concession Arrangements impact my budget control limits and Government debt?</p>		
8.	<p>Provide Treasury with information to inform the 2019/20 Half Yearly Review</p>	<p>Refer to Treasury instructions provided to Cluster CFOs and Cluster Representatives and on 12 July 2019</p>	<p>COB Friday 18 October 2019</p>	
9.	<p>Apply AASB 1059 in prepare budget information for 2020/21 budget</p>	<p>More information to be provided</p>	<p>March to May 2020</p>	

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	Action	Reference	Due date	Status
10.	Disclose impact of AASB 1059 in Annual Financial Report for FY2019/20 as a standard issued but not yet effective	More information to be provided	July 2020	
11.	Apply AASB 1059 to prepare information to inform the 2020 Half year Review	More information to be provided	October 2020	
12.	Apply AASB 1059 to prepare information for 2021/22 budget	More information to be provided	March to May 2021	
13.	Apply AASB 1059 to prepare Annual Financial Report for FY2020/21	More information to be provided	July 2021	
14.	AASB 1059 becomes Business as Usual			