

Explanatory Statement

Accounting Standard AASB 2018-5 *Amendments to Australian Accounting Standards – Deferral of AASB 1059*

October 2018



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Standards Amended by AASB 2018-5

This Standard makes amendments to AASB 1059 *Service Concession Arrangements: Grantors* (July 2017).

AASB 1059 applies to public sector entities that are grantors of service concession arrangements. The AASB considered comments from stakeholders preparing for the implementation of AASB 1059, some of whom requested a deferral of the mandatory effective date. The AASB noted the issues raised and decided to defer the effective date to assist stakeholders with their implementation efforts.

Power to Make Amendments

Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument. Accordingly, the AASB has the power to amend the Accounting Standards that are made by the AASB as legislative instruments under the *Corporations Act 2001*.

Main Features of AASB 2018-5

Main Requirements

AASB 2018-5 amends the mandatory effective date (application date) of AASB 1059 so that AASB 1059 is required to be applied for annual reporting periods beginning on or after 1 January 2020 instead of 1 January 2019. It also defers the consequential amendments to other pronouncements set out in Appendix D of AASB 1059.

AASB 1059 can still be applied from the original effective date, or earlier, because earlier application of AASB 1059 is still permitted.

Application Date

AASB 2018-5 applies to annual reporting periods beginning on or after 1 January 2019, which was the original mandatory effective date of AASB 1059.

References to Other AASB Standards

References in this Standard to the titles of other AASB Standards that are legislative instruments are to be construed as references to those other Standards as originally made and as amended from time to time and incorporate provisions of those Standards as in force from time to time.

Consultation Prior to Issuing this Standard

The Board issued a Fatal-Flaw Review version of the proposed amending Standard in September 2018 for public comment by 10 October 2018. The Board received three submissions, from public sector stakeholders, including the Heads of Treasuries Accounting and Reporting Advisory Committee and the Australasian Council of Auditors General. All three respondents supported the deferral of the mandatory date of AASB 1059 by one year to annual reporting periods beginning on or after 1 January 2020.

A Regulation Impact Statement (RIS) has not been prepared in connection with the issue of AASB 2018-5 as the amendments made do not have a substantial direct or indirect impact on business or competition.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the
Human Rights (Parliamentary Scrutiny) Act 2011

Accounting Standard AASB 2018-5 *Amendments to Australian Accounting Standards – Deferral of AASB 1059*

Overview of the Accounting Standard

This Standard amends the mandatory effective date (application date) of AASB 1059 *Service Concession Arrangements: Grantors* (July 2017) so that AASB 1059 is required to be applied for annual reporting periods beginning on or after 1 January 2020 instead of 1 January 2019. It also defers the consequential amendments to other pronouncements set out in Appendix D of AASB 1059.

Human Rights Implications

This Standard is issued by the AASB in furtherance of the objective of facilitating the Australian economy. It does not diminish or limit any of the applicable human rights or freedoms, and thus does not raise any human rights issues.

Conclusion

This Standard is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.