

**New Zealand Accounting Standards Board**

**Minutes of the Meeting held on Thursday 11 February 2021  
at the Mercure Wellington Abel Tasman Hotel, 169 Willis St, Wellington commencing at 1.30pm and  
on Friday 12 February 2021 at XRB Wellington Offices, Level 7, 50 Manners St, Wellington  
commencing at 9.00am**

- Members present:** Carolyn Cordery (Chair)  
Michael Bradbury  
Nives Botica-Redmayne  
Francis Caetano  
Karl Hickey  
Denise Hodgkins  
Angela Ryan  
Richard Smyth  
Jason Stinchcombe  
Keith Kendall (by videoconference)
- Apologies:** None
- Guests:** Amir Ghandar – CA ANZ Assurance and Reporting Leader (agenda item 3)  
Zaryab Hyder – CA ANZ Deputy Assurance and Reporting Leader (agenda items 3 & 6)  
Ian Carruthers – Chair of IPSASB (agenda item 5)  
Ross Smith – Program and Technical Director, IPSASB (agenda items 5-8)
- Observers:** Masood Mehmood, CA ANZ (agenda item 3 & 6)
- AASB staff:*  
Ao Li  
Clark Anstis  
Fredrich Housa  
Kimberley Carney  
Nikole Gyles  
Patricia Au
- In attendance:** April Mackenzie – Chief Executive (agenda item 5)  
Anthony Heffernan – Director, Accounting Standards  
Joanne Scott – Senior Project Manager, Accounting Standards  
Lisa Kelsey – Senior Project Manager, Accounting Standards  
Vanessa Sealy-Fisher – Senior Project Manager, Accounting Standards  
Gali Slyuzberg – Project Manager, Accounting Standards  
Jamie Cattell – Project Manager, Accounting Standards  
Judith Pinny – Project Manager, Accounting Standards  
Tracey Crookston – Project Manager, Accounting Standards

#### **4. PUBLIC SECTOR INSURANCE**

The Board NOTED:

- (a) the objectives of the agenda item;
- (b) the key differences between the existing insurance standards (AASB 1023 *General Insurance Contracts* and Appendix D of PBE IFRS 4 *Insurance Contracts*) and AASB 17/PBE IFRS 17 *Insurance Contracts*;
- (c) for public sector entities, the relative significance of liabilities for incurred claims versus liabilities for remaining coverage; and
- (d) the stakeholder outreach conducted by staff among key public sector stakeholders and this had been useful in identifying key issues for the project to address.

The Board AGREED that the following issues are key to progressing the project:

- (a) relevance and measurement of risk adjustments;
- (b) discount rates;
- (c) identifying relevant ‘insurance-like’ activities that should be accounted for applying AASB 17/PBE IFRS 17; and
- (d) identifying insurance entities that should prepare financial statements.

The Board also AGREED that the following issues should be addressed in the process of progressing the projects and that this might be done in the Basis for Conclusions:

- (a) eligibility for the ‘simplified’ premium allocation approach to measuring liabilities for remaining coverage;
- (b) classification of ‘non-insurance’ costs;
- (c) groups of onerous contracts; and
- (d) measurement of investments backing insurance liabilities.

The meeting closed at 4.45 pm.

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**PUBLIC SESSION – AGENDA ITEMS 6–8**

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**6. IPSASB LEASES**

The Board AGREED to comment on both IPSASB ED 75 *Leases* and the Request for Information *Concessionary Leases and Other Arrangements Similar to Leases* (RFI).

*Outreach Plan*

The Board discussed the proposed outreach plan for ED 75 and the RFI and noted the following:

- (a) Any communications about the IPSASB's *Leases* project will need to be considered from a strategic perspective, given the significance of the proposed changes.
- (b) Although ED 75 is a re-exposure, it will be important that the XRB continue to explain the benefits to the public sector from proposals which would require public sector lessees to recognise most contractual lease obligations on the balance sheet.
- (c) It will be important that we start to communicate the expected timeline for these proposed lease accounting requirements becoming effective.
- (d) Outreach activities need to be focused on seeking information about PBE specific issues. This could include areas where public sector entities will likely need additional application guidance.
- (e) The Board further noted several examples of PBE specific issues related to leases, including incremental borrowing rates and leasing of low value items.
- (f) The Board suggested that targeted outreach activities could include some discussions with for-profit entities to understand the challenges they faced when implementing IFRS 16 (including any ongoing concerns).

**7. PUBLIC SECTOR SPECIFIC FINANCIAL INSTRUMENTS**

The Board CONSIDERED a draft Exposure Draft (ED) and Invitation to Comment (ITC) for an amending PBE Standard based on the *Non-Authoritative Amendments to IPSAS 41, Financial Instruments* which was recently issued by the IPSASB.

The Board discussed the lack of clarity around the current accounting in New Zealand for Special Drawing Rights (SDR) Allocations and SDR Holdings. It was decided to contact the relevant stakeholder to seek more information on this matter. Consequently, the Board DEFERRED further consideration of *Public Sector Specific Financial Instruments* (Proposed non-authoritative amendments to PBE IPSAS 41) ITC and ED to a future NZASB meeting.

The Board acknowledged the useful input that Ross Smith made to this discussion, based on his engagement with the International Monetary Fund when the IPSASB was developing their standard.

**8. EDITORIAL CORRECTIONS TO PBE STANDARDS**

The Board APPROVED the editorial corrections to PBE Standards.

The Board moved into non-public session.