

26 February 2019

Mr Warren Allen
Chief Executive
External Reporting Board
PO Box 11250
Manners St Central
Wellington 6142

Dear Warren

Auckland Council submission to NZASB ED 2018-5 PBE IPSAS 41 *Financial Instruments* and NZASB ED 2018-6 *Effective Date of PBE IFRS 9*

Thank you for the opportunity to comment on the exposure draft PBE IPSAS 41 *Financial Instruments* and NZASB ED 2018-6 *Effective Date of PBE IFRS 9*.

Auckland Council is Australasia's largest local government entity and is made up of the Council and six substantive council controlled organisations. We invest heavily in infrastructure and many of our decisions will have a fiscal impact on Auckland's future generations.

We have given our responses to the specific questions for the respondents as in Appendix 1 to this letter along with our additional comments for the XRB's consideration. In summary we are supportive of the changes made in developing the proposed PBE IPSAS 41.

We hope our responses and comments are helpful in aiding your decision-making process. Should you have any queries relating to the responses, please do not hesitate to contact Alvin Ang at the details provided below.

Yours sincerely



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Appendix 1 – Response to questions

We are generally supportive of the proposed requirements and changes made in the exposure draft.

ED 2018-5 PBE IPSAS 41 *Financial Instruments*

1. Do you agree that the proposed requirements in ED 2018-5 are appropriate for a new PBE Standard? If you disagree, please explain why not and outline any alternative proposals.

We agree with the proposed requirements in ED 2018-5 as they are better aligned to PBE IFRS 9 which we have early adopted for the financial year ending 30 June 2019.

2. Do you agree with the proposal to locate dividend and interest revenue requirements in PBE IPSAS 41 rather than PBE IPSAS 9? If not, please explain why not.

Yes. We agree with the proposal to locate dividend and interest revenue requirements in PBE IPSAS 41 to better align PBE Standards with NZ IFRS.

We suggest removing the requirements for dividend and interest revenue in PBE IPSAS 9 to ensure consistency of requirements.

3. Do you agree with the proposed RDR concessions? If you disagree, please provide reasons and indicate what concessions you consider would be appropriate.

We agree with the proposed RDR concessions although we do not expect this to have an impact on Auckland Council Group.

4. For entities moving from PBE IFRS 9, do you agree with the proposed transition provisions? If not, please explain why not and identify what you think would be more appropriate.

Yes. We agree with the proposed transition provisions. Auckland Council group is an early adopter of PBE IFRS 9 in the same year as our for-profit subsidiaries and associates adopt NZ IFRS 9. We welcome the inclusion of additional narrow scope amendments and illustrative examples to refine the Standard. We do not expect to have material impacts from transitioning to PBE IPSAS 41.

5. Do you agree with the proposed effective date for PBE IPSAS 41 (being 1 January 2022)? If not, please explain why not and identify what you think would be more appropriate.

Yes. We agree with the proposed effective date to be 1 January 2022 as this will allow most PBEs with sufficient time to transition themselves.

6. Do you have any other comments on ED 2018-5?

We do not have any further comments.

ED 2018-6 *Effective Date of PBE IFRS 9*

7. Do you agree with the proposal to defer the effective date of PBE IFRS 9 to 1 January 2022 (so that PBE IFRS 9 does not become mandatorily effective before PBE IPSAS 41)?

Yes. We agree with the proposal to defer the effective date of PBE IFRS 9 to 1 January 2022. This would allow most non-mixed groups ample time to transition themselves directly to PBE IPSAS 41 and save them from the inconvenience of transitioning to PBE IFRS 9 before PBE IPSAS 41.

8. Do you agree with the proposal to limit the ability of entities to early adopt PBE IFRS 9 once PBE IPSAS 41 has been issued (a six-month period is proposed)?

Yes. We agree with the proposal to limit the ability of entities to early adopt PBE IFRS 9 once PBE IPSAS 41 has been issued.

9. Do you have any other comments on ED 2018-6?

We do not have any further comments.