Accounting policy update – newsletter

Edition No. 42 July 2022

Scope: This biannual newsletter outlines areas of importance in public sector financial reporting. Please distribute to both budget and financial reporting areas of Victorian public sector entities.

### Inside this edition

[Overview 1](#_Toc108781029)

[Developments 2](#_Toc108781030)

[Reminders for 30 June 2022 5](#_Toc108781031)

[Australian Accounting   
Standards update 10](#_Toc108781032)

[Other developments 11](#_Toc108781033)

[AccPol Quiz 12](#_Toc108781034)

[How to contact us 15](#_Toc108781035)

# Overview

This edition of the Accounting Policy Newsletter provides details on some of the updates that have occurred during the last six months under the **Developments** section.

As we are at the end of the 30 June 2022 financial year, entities are reminded of the following:

* finalise your valuation assessments ensuring your non-financial physical assets are reflected at fair value, taking all relevant factors into consideration, including the Valuer General Victoria (VGV) indices released in May 2022. This newsletter also reproduces guidance on subsequent measurement of right-of-use assets
* from 30 June 2022 onwards, the Department of Parliamentary Services’ financial report will no longer disclose the remuneration and allowances of ministers as the information is also reported in the State’s Annual Financial Report. When preparing departmental annual financial reports, please ensure that the any information on minister’s remuneration is referenced to the State’s Annual Financial Report
* complete annual report attestations for the 2021–22 financial reporting period in relation to all applicable Standing Directions 2018 and Instructions
* update your employee entitlement provisions with the latest wage inflation rates issued on 1 July 2022.

We have also included changes on the horizon from the Australian Accounting Standards Board (AASB).

Finally, we would like to get your feedback on the newsletter to help us improve future editions. It would be greatly appreciated if you could spare a few minutes to complete the following survey [www.surveymonkey.com/r/GC3C6NG](http://www.surveymonkey.com/r/GC3C6NG)

# Developments

## 2021–22 Model Report for Victorian Government Departments

In April 2022, the Department of Treasury and Finance (DTF) released the *2021-22 Model Report for Victorian Government Departments* and made it available on the DTF website along with a list of key changes from the previous year’s publication. [www.dtf.vic.gov.au/model-report/2021-22-model-report](http://www.dtf.vic.gov.au/model-report/2021-22-model-report)

The key changes include:

* placeholder years for current and comparative reporting periods have been introduced throughout the Model, as foreshadowed in the consultation sessions held by the Accounting Policy team late last year
* all references to Financial Reporting Directions (FRDs) have been updated to reflect the removal of the alphabetic designations from the titles of all directions
* the Workforce Data section has been amended to include references to ‘active’ employees, to tie in more closely with FRD 15 *Executive Officer disclosures in the Report of Operations*
* references to Executive Officer (EO) have been updated to Senior Executive Service (SES) in line with the Victorian Public Sector Commission (VPSC) executive classification framework. The nature of the required disclosures remains unchanged
* references to the triple-A credit rating have been amended to double-A to reflect the State’s revised credit rating
* carrying values by ‘purpose’ groups table in Note 5.1 has been removed as it is no longer required
* right-of-use assets have been incorporated into the table and guidance associated with fair value determination: non-financial physical assets section. Right-of-use assets are carried at fair value and are not excluded from the disclosure requirements associated with fair value
* Appendix 2 *Understanding the Independent Auditor’s Report* has been removed as its continued inclusion in the Model Report is no longer considered necessary.

## Back-to-basics

For those who missed the back-to-basics training in November 2021, you will soon be able to access the recordings. A notice will go out to all departmental representatives once they are available for access on DTF’s secured website.

This year, a brown paper discussion with the VGV (Valuer-General of Victoria) considered the formal and interim valuation process. A second session with the VGV is planned for the end of this calendar year. A calendar of back-to-basics sessions is in the process of being finalised and will be sent out to departmental representatives in August. Sessions are likely to be held after the election towards the end of the calendar year.

## Financial Reporting Directions and guidance notes

### General updates

The following editorial and quality-of-life changes have been applied to all FRDs, which can be viewed on the DTF website: [www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance](http://www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance)

* the alphabetic designations in the titles have been removed (i.e. FRD 3A is now known as FRD 3) and this change has been cited in the operative date section
* the date of most recent update, which is provided in the header of the document, has been amended to April 2022
* where applicable, references to the Minister for Finance have been amended to Assistant Treasurer
* the log of updates provided at the bottom of the document has been updated to reflect these updates
* general editorial changes and enhancements have been applied to all documents.

### FRD 24 *Reporting of office-based environmental data by government entities*

FRD 24 prescribes disclosure on public sector performance on environmental indicators for organisations and helps to identify and manage government exposure to climate-related risks.

The Assistant Treasurer has approved an update to FRD 24 developed by the Department of Environment, Land, Water and Planning Climate Change Policy team (DELWP). This update, which is effective for reporting periods commencing from 1 July 2022, aims to establish greater standards for consistent and high-quality environmental reporting. The main changes to FRD 24 include:

* expanding disclosures to include non-office activities in addition to office-based activities and removing ‘office-based’ from the title of the FRD to reflect this change
* extending the scope of the direction to include all public bodies under the *Financial Management Act 1994* (except universities), in line with other FRDs. Entities have been classified into reporting tiers based on factors such as size, materiality of environmental impacts, and reporting capability
* providing reporting options to allow entities to phase-in environmental reporting:
  + where the relevant data is unavailable, entities may disclose an estimate and the assumptions and methods used
  + where a reasonable estimate cannot be made, entities may include an explanatory note on planned activities to improve data collection for future reporting periods.

### Minor updates to individual FRDs

The following FRDs have had further changes applied, with no impact to reporting requirements:

**FRD 13 *Disclosure of parliamentary appropriations***

* References to AAS 29 *Financial Reporting by Government Departments* have been amended to refer to AASB 1058 *Income of Not-for-Profit Entities*, as the reporting requirements that underpin FRD 13 have been recompiled into AASB 1058.
* The appendix has been removed as an identical illustrative disclosure is already included in the Model Report.

**FRD 15 *Executive officer disclosures in the Report of Operations***

* The guidance of FRD 15 has been amended to clarify that the requirement is to report ‘active’ executives, as defined in FRD 29 *Workforce data disclosures in the Report of Operations – public service employees*. This does not change the underlying requirements of the FRD but aims to tie in better with FRD 29 and provide clearer guidance on who is captured by the disclosures.

**FRD 17 *Wage inflation and discount rates for employee benefits***

* Guidance has been updated to clarify that written requests for ministerial approval to use an alternative discount rate should be submitted via the Executive Director, Financial Reporting, DTF.
* Guidance has been updated to provide a link to the wage inflation and discount rates published by DTF on its website.

**FRD 21 *Disclosures of responsible persons and executive officers in the financial report***

* The appendix has been removed, as an identical illustrative disclosure is already included in the Model Report.

**FRD 29 *Workforce data disclosures in the Report of Operations – public service employees***

* The appendix has been removed as an identical illustrative disclosure is already included in the Model Report.

**FRD 108 *Classification of entities as for-profit***

* The list of entities in Appendix A has been amended to reflect machinery of government changes that have occurred since its last update.

## AASB update

At its June 2022 board meeting, the AASB made key decisions on a number of topics, including:

* the Not-for-Profit Private Sector Financial Reporting Framework
* sustainability reporting
* the IPASASB Consultation Paper Advancing Public Sector Sustainability Reporting
* agenda consultation.

Further details can be found in AASB’s Action Alert: [aasb.gov.au/media/j2dasntu/215-actionalert.pdf](https://aasb.gov.au/media/j2dasntu/215-actionalert.pdf)

The Accounting Policy team will continue to monitor developments and provide an update where required.

## Sustainability reporting

In March 2022, the International Sustainability Standards Board (ISSB) published its first two exposure drafts of IFRS Sustainability Disclosure Standards:

* **IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information***: this sets out the core content for sustainability-related financial disclosures. The overarching requirement would be for entities to disclose material information about their significant sustainability-related risks and opportunities. This is useful to the investors when they assess enterprise value and decide whether to provide resources to the entity. It should be noted that the exposure draft in its current form is not applicable to the public sector as the focus is on enterprise value for for-profit entities. AASB will look at this for the not-for-profit sector in the second phase of its project.
* **IFRS S2 *Climate-related Disclosures***: this proposes the disclosure of information on governance, strategy, the risk management of an entity’s business, and the metrics used to measure and manage their climate-related risks and opportunities. The Victorian public sector already has some reporting obligations under FRD 24 - *Reporting of office-based environmental data by government* which will expand from 2022-23 as a result of the June 2022 revisions.

In April 2022, the AASB released Exposure Draft (ED) 321 - *Request for Comment on ISSB [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* and *[Draft] IFRS S2 Climate‑related Disclosures*. The purpose of this ED is to:

1. gather feedback to provide input into the ongoing work of the ISSB
2. inform the AASB as to the appropriateness of, and support for, its proposed approach to sustainability‑related financial reporting in Australia.

# Reminders for 30 June 2022

## AASB 124 *Related Party Disclosures*

### Ministerial declarations for the 2021–22 reporting period

To support the preparation of financial reports by not-for-profit public sector entities, information consistent with the requirements of AASB 124 *Related Party Disclosures* is collected twice in each financial year from cabinet ministers.

The first submission of declarations in relation to related party transactions by ministers for 2021–22 covered the period from 1 July to 31 December 2021 and was completed at the end of January 2022.

The second submission covers the period 1 January 2022 to 30 June 2022 and is expected to be completed by mid-July 2022. Due to the recent changes in ministry, declarations from outgoing and new incoming ministers are currently being sought.

Consistent with previous reporting periods, where any transactions are reported, DTF will give the relevant information extracted from ministerial declarations to the relevant portfolio entities to perform a ‘significance’ and a ‘materiality’ assessment of the nature and amount of the related party transactions for disclosure, where relevant, in the entities’ annual financial reports.

Entities are reminded that, under the agreed protocols, consultation is required with the relevant minister(s) and DTF, where disclosures are proposed.

### Movements in key management personnel for departments and agencies

Disclosure for the 2021–22 reporting period will need to include information relevant to movements of all key management personnel during the relevant financial reporting period, including any executive appointments and departures.

### Remuneration of key management personnel

Ministers’ remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and have been previously disclosed within the Department of Parliamentary Services’ financial report. From this financial year, the disclosure will no longer be included in the Department of Parliamentary Services’ financial report, as the information is also reported within the State’s Annual Financial Report. When preparing departmental annual financial reports, please ensure the reference to the information on ministers’ remuneration is referenced to the State’s Annual Financial Report.

### Guidance information

A declaration certificate, checklist and comprehensive guidance are included on DTF’s website to assist entities to comply with AASB 124 at: [www.dtf.vic.gov.au/financial-reporting-policy/aasb-124-related-party-disclosures](http://www.dtf.vic.gov.au/financial-reporting-policy/aasb-124-related-party-disclosures)

## Interim valuation assessments

Entities are reminded to ensure they have conducted their interim valuation assessments in preparation for the year-end.

Entities would have already conducted their 2021-22 interim valuation assessments using the 31 December 2021 indices that were released in November 2021 as a preliminary indicator to assess how the fair values for land have moved for the period. For 30 June 2022, entities will have to finalise their valuation assessments using the 30 June 2022 indices released in May 2022.

In instances where the cumulative fair value movements have changed substantially and these movements are greater than 30 per cent but less than 40 per cent as per FRD 103, we strongly recommend you liaise with the Valuer-General Victoria (VGV) in anticipation that the 40 per cent threshold may be triggered before the formal fifth valuation year, requiring a formal valuation for that class of assets.

The Valuer-General’s land indices can be found at: [www.dtf.vic.gov.au/financial-reporting-policy/valuer-general-land-indices](http://www.dtf.vic.gov.au/financial-reporting-policy/valuer-general-land-indices).

Victorian government departments, agencies and entities should contact their portfolio department in the first instance for the login details to access the land indices. Our December 2016 Newsletter, Edition No. 31 contains information on interim valuation assessments, including an example of how to assess fair value movements on a cumulative basis. The publication can be found at [www.dtf.vic.gov.au/Accounting-policy-newsletters](http://www.dtf.vic.gov.au/Publications/Government-Financial-Management-publications/Financial-Reporting-Policy/Accounting-policy-update-newsletters).

## Subsequent measurement of right-of-use assets

The policy to value right-of-use (RoU) assets at fair value (with the exception of below market or peppercorn leases) has not changed from previous years.

This area is very judgemental, but the fair values of RoU assets are linked to lease payments. Management will need to assess if the current lease payments under the contract approximate current market rentals for equivalent properties that would be paid in the current environment.

In the general government sector, the fair values of most (if not all) of non-financial assets are determined with reference to the amounts that will have to be paid to replace the current service capacity of those assets.

The amounts that would need to be paid to replace the current service potential of RoU asset (the floor space used to provide the public sector service) would be the current rentals that would need to be paid to a landlord for a similar space.

Management could:

* obtain/develop a best estimate of the current market rentals in connection with the particular lease, for instance, by obtaining rentals for similar/equivalent properties through enquiring from lessors and/or rental agents, VGV etc.
* compare the present value of the estimate of current market rentals to the carrying amount of the RoU asset – if they differ by more than 10 per cent, perform a recalculation of the RoU asset and adjust the value of the RoU asset to the calculated value
* If the difference between the present value of the estimate of current market rentals and the carrying amount of the RoU asset does not exceed 10 per cent, a remeasurement adjustment is not required. In addition, if management is aware of any factor that would impact the value of the RoU asset (impairment or otherwise), we recommend that the value of the RoU asset be adjusted to reflect fair value.

## COVID-19 and Rapid Antigen Test (RAT) accounting treatment

On behalf of the State, the Department of Health (DH) receive funding to purchase and supply Rapid Antigen Tests (RATs) to hospitals and other government entities that then distribute them to the public in line with current COVID-19 responses.

DH and any recipient entity are to be treated as both acting as principals and the related expense is recognised in the operating statement of both entities. The transfer of RATs between government departments/entities is to be treated as a ‘resources and other assets given/received free of charge within the general government sector’ to enable elimination of these transfers between departments.

Further information on the accounting for the transaction has been disseminated to the Portfolio Analysis team and a guidance note has been uploaded under the Information and Guidance page in SRIMS (State Resource and Information Management System).

## Standing Directions – annual report attestation

The Standing Directions 2018 under the *Financial Management Act 1994* (2018 Standing Directions) require a formal attestation statement in an entity’s annual report. Agencies with a 30 June reporting date must complete an attestation statement for the period **1 July 2021** to **30 June 2022**, and agencies with a **31 December** reporting date must complete an attestation statement for the period **1 January 2022** to **31 December 2022** covering all applicable Standing Directions and Instructions as required and as prescribed by Instruction 5.1, clause 2.2.

The 2018 Standing Directions are available on the DTF website at: [www.dtf.vic.gov.au/financial-management-government/standing-directions-2018-under-financial-management-act-1994](http://www.dtf.vic.gov.au/financial-management-government/standing-directions-2018-under-financial-management-act-1994)

If you have any further queries on the Standing Directions, please direct your queries to the DTF Financial Frameworks team mailbox: [standing.directions@dtf.vic.gov.au](mailto:standing.directions@dtf.vic.gov.au).

## Superannuation Guarantee Levy

Consistent with the *Minerals Resource Rent Tax Repeal and Other Measures Act* 2014 passed in September 2014, the Superannuation Guarantee Levy (SGL) rates will increase.

The next SGL rate change for departments and agencies will be effective from 1 July 2022 when the rate will increase by 0.5 per cent to 10.5 per cent. The subsequent rate increase will be effective from 1 July 2023 and will increase by 0.5 per cent to 11 per cent. These annual increases of 0.5 per cent will continue until the SGL reaches 12 per cent on 1 July 2025.

## Wage inflation and discount rates

DTF publishes the wage inflation and discount rates quarterly for the September, December and March quarters. Rates are released monthly for the June quarter of each financial year. The most recently published rates should be used by entities to remeasure their employee benefit provisions for the current reporting period.

The wage inflation and discount rates are published for both the 2004 and 2008 Long Service Leave Models. Wage inflation rates reflect current economic assumptions made in the preparation of the budget. The discount rates are representative of the yield of Commonwealth Treasury bonds, published by the Reserve Bank of Australia.

The annual discount rate had a net increase during the 2021-22 financial year that, all else being equal, will reduce the present value of the annual and long service leave liabilities.

Based on the estimates published in the *2022-23 Budget*, wage inflation rate is currently 3.85 per cent. Current and historical data for the wage inflation and discount rates are available on the DTF website at the following address: [www.dtf.vic.gov.au/financial-reporting-policy/wage-inflation-and-discount-rates](http://www.dtf.vic.gov.au/financial-reporting-policy/wage-inflation-and-discount-rates)

## Resource Management Framework

The Resource Management Framework (RMF) assists Victorian government departments in understanding and implementing the legislative and administrative policies for the State’s financial management framework, encompassing the areas of goal setting, public sector planning, budgeting, service delivery, accountability, and review. The RMF was last updated in June 2022 and is available on the DTF website at this link: [www.dtf.vic.gov.au/planning-budgeting-and-financial-reporting-frameworks/resource-management-framework](http://www.dtf.vic.gov.au/planning-budgeting-and-financial-reporting-frameworks/resource-management-framework).

## Key financial publication dates for the State of Victoria

The legislative due dates for other publications are included in the *Financial Management Act 1994* (FMA), available at the following address: [www.legislation.vic.gov.au/in-force/acts/financial-management-act-1994/065](http://www.legislation.vic.gov.au/in-force/acts/financial-management-act-1994/065).

The *Financial Management Act 1994* requires departments and most public sector entities to prepare and table an annual report in Parliament by 31 October each year, or on the next parliamentary sitting day after this time. This year, the final parliamentary sitting day is scheduled for 15 September 2022, before the state election is held on 26 November 2022.

While it will be incredibly challenging, the Department of Premier and Cabinet Secretary has requested that all departments and material entities work with their auditors with the best of endeavours to complete and table annual reports by 15 September 2022. Where this is not practical, entities should continue to prepare their 2021-22 Annual Reports with the aim of tabling them on the first sitting day of the new Parliament. For annual reports tabled after 31 October, the responsible Minister will need to provide a brief explanation of why the annual report is delayed to Parliament in the tabling letter.

Department and material entity financial reports will need to be completed ahead of this date to allow the State’s Annual Financial Report to be prepared, audited, and transmitted to Parliament by its legislated date of 15 October. To aid in achieving this, departments and material entities should follow the financial reporting timelines specified in the 2022 DTF Information Request released in December 2021, specifically, that relevant information is provided to audit by 4 August 2022. For information regarding Victorian Government Departments and material entities, please refer to the Correspondence from the Secretary, DPC that has been distributed to each Department’s Chief Financial Officer.

As with every reporting cycle, you should take steps to ensure that the information provided to your auditors, and for consolidation into the State’s Annual Financial Report, is comprehensive and complete, and has been subject to robust quality assurance procedures.

Other public sector entities should work towards preparing their 2021–22 annual reports as they usually would. We acknowledge that for these other entities, given the scheduled final sitting day, it is possible they will table their annual reports on the first sitting day of the new Parliament.

# Australian Accounting Standards update

There are no major AASB standards that became effective in 2021–22.

### AASB 17 *Insurance Contracts*

Information about AASB 17, including implementation issues specific to the public sector, has been included in previous newsletters. Entities should refer to these for details.

## Other new standards issued since 1 January 2022

We have only included amending standards below that may have an impact on Victorian public sector reporting. There have been other amending standards issued by the AASB that we consider to have limited impact, and these have been omitted from the list below. All amending standards are included on the AASB website, should you need to refer to them.

**AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information***

The AASB issued this Standard to provide insurers with a transition option relating to comparative information about financial assets presented on the initial application of AASB 17. The amendments relate to financial assets for which comparative information presented on initial application of AASB 17 and AASB 9 has not been restated for AASB 9.

Applying the transition option would permit an entity to present comparative information about such a financial asset as if the classification and measurement requirements of AASB 9 had been applied to that financial asset. This enables insurers to reduce potentially significant accounting mismatches between financial assets and insurance contract liabilities in the comparative period (or periods), to improve the usefulness of the comparative information in the general-purpose financial statements**.**

The amendments apply to annual reporting periods beginning on or after 1 January 2023 but can be adopted for earlier reporting periods.

**AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15***

This Standard amends Australian illustrative examples for not-for-profit entities accompanying AASB 15 *Revenue from Contracts with Customers* by inserting Example 7A to illustrate how AASB 15 applies to the recognition and measurement of upfront fees charged by the entity to its customers or members. The amendments do not change the requirements of AASB 15.

The Basis for Conclusions accompanying AASB 2022-3 documents the Board’s decision to retain the accounting policy choice on an ongoing basis for not-for-profit private sector lessees to elect to initially measure a class of right-of-use assets arising under concessionary leases at cost or at fair value.

The Basis for Conclusions also notes that the Board has deferred such consideration of the accounting policy choice for not-for-profit public sector lessees until the Board decides on any additional guidance for measuring the fair value of right-of-use assets under concessionary leases.

AASB 2022-3 applies to annual reporting periods beginning on or after 1 July 2022, with earlier application permitted.

# Other developments

## Exposure Draft (ED) 319 – *Insurance Contracts in the Public Sector*

Together with the New Zealand Accounting Standard Board (NZASB), the AASB is proposing the following public sector-specific modifications to AASB 17 *Insurance Contracts*:

* an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition
* an exemption from sub-grouping contracts issued no more than a year apart
* an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous
* guidance on coverage periods, which has consequences for assessing eligibility for the premium allocation approach in a public sector context
* indicators for identifying the transactions to which AASB 17 should apply in a public sector context
* guidance on determining the cash flows within the contract boundary.

ED 319 also proposes to defer the AASB 17 mandatory application date for public sector entities until annual periods beginning on or after 1 July 2025, with earlier application permitted.

## Exposure Draft (ED) 320 – *Fair Value Measurement of Non‑Financial Assets of Not-for-Profit Public Sector Entities*

Some stakeholders provided feedback to the AASB that there is divergent practice by not-for-profit public sector entities in applying the principles in AASB 13 *Fair Value Measurement* in measuring the fair value of non-financial assets. These stakeholders asked the AASB to provide guidance on how to measure the fair value of non-financial assets not held primarily for their ability to generate net cash inflows. Acknowledging the feedback received, the AASB issued ED 320 to address some of these concerns. ED 320 was open for comment until 30 June 2022.

ED 320 proposed authoritative implementation guidance on AASB 13 (along with some illustrative examples) for application by not-for-profit public sector entities. Specifically, the ED proposed implementation guidance in respect of non-financial assets not held primarily for their ability to generate net cash inflows, regarding:

1. the market participant assumptions to use in measuring the asset’s fair value
2. the asset’s highest and best use
3. the application of the cost approach if used to measure the asset’s fair value.

It is proposed that the amending Standard would be applied prospectively and apply to annual periods beginning on or after 1 January 2024, with earlier application permitted.

The AASB is currently in the process of considering the feedback received from constituents and is expected to release the final amendments later this year. The amendments are expected to apply for annual reporting periods beginning on or after 1 July 2024.

# AccPol Quiz

## Refresh your memory on leases

One of our Public Non-financial (PNFC) for profit agency ABC leased some floor space for a project team on 1 July 20X1 with the following terms:

* The agency is required to make additional (variable) lease payments of 1.5% of total revenue at the end of each financial year. The agency’s revenue for the year ended 30 June 20X2 is $3,000,000.

With specific reference to AASB 16 *Leases*, explain how the variable lease payment will be accounted for and prepare the journal entry to record the variable lease payment for the year ended 30 June 20X2.

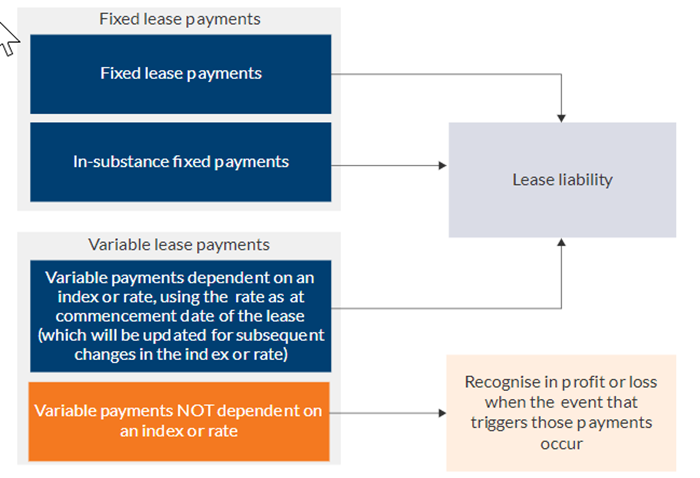
Will the additional payment be:

* recognised as part of the lease liability?
* expensed as incurred?

Refer to the answer on the next page.

**Answer to the quiz on leases** – Expensed as incurred

|  |  |  |
| --- | --- | --- |
| Variable lease payments | | |
| **Type of variable payment** | **Dependent on an index or rate** | **Not dependent on an index or rate** |
| Treatment under AASB 16  Examples | Recognised as part of lease liability   * Payments linked to consumer price index (CPI) * Payments linked to benchmark rate such as LIBOR * Payments that vary to reflect change in market rental rates | **Expensed as incurred**   * Payments linked to revenue or sales * Payment linked to foot traffic |



# How to contact us

## AccPol mailbox

When directing accounting policy enquiries to DTF at [accpol@dtf.vic.gov.au](mailto:accpol@dtf.vic.gov.au), **departments** are requested to support their questions with the facts and with clear referencing to Accounting Standards, FRDs and other authoritative pronouncements related to their queries.

**Other entities** are requested to contact their portfolio department in the first instance to resolve any accounting policy issues.

## Useful websites

**AASB** – [www.aasb.com.au](http://www.aasb.com.au) for information on AASB pronouncements, discussion papers and ED publications.

**International Public Sector Accounting Standards Board (IPSASB)** – [www.ipsasb.org](http://www.ipsasb.org) for information on IPSASB and IPSAS pronouncements.

## DTF website

**The DTF website (for all internet users)** – [www.dtf.vic.gov.au](http://www.dtf.vic.gov.au) covers FRDs and guidance, the Model Report, accounting policy updates, long service leave models and related data input, including wage inflation and discount rates. From the menu on the top of the home page, users should select Financial Management of Government, then Financial Reporting Policy.

**VPS users** should contact their portfolio department in the first instance for the login details to access the information relating to the 2008 Long Service Leave Model and/or, the Valuer General building and land indices.

For assistance with technical difficulties using the DTF website, e.g., broken links, please contact the DTF web team via email at [dtfweb@dtf.vic.gov.au](mailto:dtfweb@dtf.vic.gov.au)

## About the Accounting Policy Update

Accounting Policy Update is published by the Accounting Policy team of DTF twice a year. The aim of the newsletter is to highlight changes in financial reporting requirements affecting public sector entities, outlining any financial reporting related policy decisions reached by DTF and to inform readers of other developments that are under consideration by the AASB.

Disclaimer: No responsibility is taken for any action(s) taken based on information contained in this Newsletter nor for any errors or omissions in that information.

Accounting Policy Update   
ISSN 2205‑4014

© State of Victoria 2022

[](http://creativecommons.org/licenses/by/3.0/au/)

You are free to re‑use this work under a [Creative Commons Attribution 4.0 licence](http://creativecommons.org/licenses/by/4.0/), provided you credit the State of Victoria (Department of Treasury and Finance) as author, indicate if changes were made and comply with the other licence terms. The licence does not apply to any branding, including Government logos.

Copyright queries may be directed to [IPpolicy@dtf.vic.gov.au](mailto:IPpolicy@dtf.vic.gov.au).