

PROJECT BRIEF FOR APPROVAL				
Name of project	Standard of GRAP on <i>Measurement</i> and amendments to the <i>Conceptual Framework for General Purpose Financial Reporting</i>			
Project timeframe	Commence in Quarter 4 2023/24 Finalisation in Quarter 14 2029 <u>14 2028</u>			
Project manager	N Imam Shah			
Complexity of project	The project is complex. Amendments to the chapter on “Measurement of assets and liabilities in financial statements” in the <i>Conceptual Framework for General Purpose Financial Reporting</i> (GRAP Conceptual Framework) will be required to consider the principles on the measurement of assets and liabilities in the IPSASB’s <i>Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i> (IPSAS Conceptual Framework). There is no current Standard of GRAP on <i>Measurement</i> . A new standard will be developed drawing from the IPSASB’s Standard on <i>Measurement</i> (IPSAS 46). Consultations with stakeholders will be necessary to test whether the adoption of the new measurement principles will be appropriate for the local environment. The project will also consider other measurement issues on assets and liabilities raised by stakeholders.			
Rating	Urgency	High	Medium	Low
	Impact	High	Medium	Low
	Resources required	High	Medium	Low
PROJECT OVERVIEW				
Area of consideration	Comment			
<i>Project outcome</i>				
Project objective	The purpose of the project is to develop guidance on the measurement of assets and liabilities in the Standards of GRAP. The IPSAS Conceptual Framework will be considered when amending the GRAP Conceptual Framework. A new Standard of GRAP on <i>Measurement</i> will be developed based on IPSAS 46 and stakeholders’ needs.			
Key issues that need to be addressed as part of this project	<i>Scope</i> Amendments to the chapter on “Measurement of assets and liabilities in financial statements” in the GRAP Conceptual Framework will be made drawing from the measurement principles in the IPSAS Conceptual Framework.			
	IPSAS 46 will be used as a basis to develop a Standard of GRAP on <i>Measurement</i> . IPSAS 46 provides new guidance in a single standard			



	addressing how commonly used measurement bases should be applied in the public sector. The project will assess the appropriateness of adopting the guidance on fair value and the new current value measurement basis in IPSAS called 'current operational value' for the local environment. The project will also consider measurement issues on assets and liabilities raised by stakeholders. The Standards of GRAP on assets and liabilities currently have specific measurement requirements. The impact of the Standard of GRAP on <i>Measurement</i> on the other Standards of GRAP will be assessed <u>together with the development of the Standard. The IPSASB's pronouncement from their project on Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement will be considered in a separate phase/project.</u>
	<i>Nature of output to be developed</i> An Issues Paper will be drafted to outline the key measurement issues that the GRAP Conceptual Framework and the proposed Standard of GRAP should address. An Exposure Draft of a proposed Standard of GRAP on <i>Measurement</i> based on IPSAS 46 and stakeholder needs will be developed to obtain comment on the proposals. An Exposure Draft on the amendments to the <i>Conceptual Framework for General Purpose Financial Reporting</i> based on the guidance in the IPSAS Conceptual Framework will be developed to obtain comments on the proposed amendments. The project will result in an amended GRAP Conceptual Framework and a Standard of GRAP being issued by the Board. The project <u>will may</u> require consequential amendments to other Standards of GRAP <u>such as (e.g. alignment of terminology) and related guidance on measurement in certain Standards.</u>
	<i>Previous deliberations by the Board</i> While measurement as a single topic was not debated by the Board, measurement issues were noted during the post-implementation review of GRAP 103 on <i>Heritage Assets</i>.
	<i>Guidance developed by the Secretariat in response to issues raised by stakeholders</i> <u>Frequently Asked Questions</u> Section 3 on <i>Asset Related Accounting Issues</i>, Section 8 on <i>Heritage Assets</i> and Section 9 on <i>Financial Instruments</i> in the FAQs on the Standards of GRAP deal with many questions on the measurement of assets and liabilities. Other FAQs that deal with the measurement of assets and liabilities include:

	- FAQ 7.2 on <i>Are there any accounting considerations relating to World Cup Stadiums after the World Cup?</i> - FAQ 7.5 on <i>What should be considered when determining the discount rate for calculating provisions in accordance with GRAP 19?</i>
	<i>Key issues to be considered</i> The project will consider the requirements of the IPSAS Conceptual Framework, and IPSAS 46 <u>and the IPSASB pronouncement from the Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement project.</u> The following would need to be considered for appropriateness in the local public sector environment: - The appropriateness of the new guidance on fair value. - The introduction of current operational value, a public sector specific current value measurement basis for assets held for operational capacity. - Consideration of which measurement bases should be covered in the GRAP Conceptual Framework and Standard of GRAP on <i>Measurement</i>. - Other issues raised by stakeholders on the measurement of assets and liabilities. - The placement of disclosure requirements on measurement. - The transitional provisions for the proposed Standard of GRAP. - The project will <u>may</u> require consequential amendments to the other Standards of GRAP <u>including aligning terminology and considerations from the IPSASB's project on Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement.</u>
Environment	
Legislation or regulatory requirements affecting the project	Section 54(2) of the PFMA relating to reporting on the acquisition and disposal of significant assets may affect the project.
Existing accounting guidance in the Standards of GRAP, IPSAS or IFRS Standards	IFRS 13 on <i>Fair Value Measurement</i> The IPSAS <i>Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i> IPSAS 46 on <i>Measurement</i> <u>IPSASB pronouncement from the Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement project</u> The GRAP <i>Conceptual Framework for General Purpose Financial Reporting</i>
Practices in other countries	The NZASB plans to conduct research on current operational value vs depreciated replacement cost. The research will be evaluated to assess whether it is applicable to the local environment.

Use of experts	Stakeholder engagements will include engagements with valuation experts involved in determining the valuations for assets and liabilities commonly found in the public sector.
Stakeholders	
Entities in the public sector affected by this project	All entities in the public sector that apply Standards of GRAP.
Key stakeholders to be consulted during the development of the project	Stakeholder participation will include both preparers and users of the financial statements. <i>Preparers</i> A representative group of preparers from public entities, local government, Parliament and legislatures, and TVET and CET colleges. Consultants involved in the preparation of financial statements on behalf of these entities. <i>Users</i> National Treasury: Office of the Accountant-General. <i>Auditors</i> Audit firms (specifically technical divisions). <i>Representatives of auditors and accountants</i> Professional bodies (e.g. SAICA, CIGFARO, SALGA, SAIPA and SAIGA). <i>Valuers</i> Valuation experts (members of the valuation profession, engineers and valuers of assets and liabilities in the public sector e.g. experts from the Department of Public Works, experts from the Department of Rural Development and Land Reform, municipal valuers). <i>Standard setters</i> The NZASB on their research about current operational value vs depreciated replacement cost.
Key stakeholders to be consulted as part of the <u>public consultation</u> process	A public consultation process will be followed after the Board approves an Exposure Draft on a proposed Standard of GRAP on <i>Measurement</i> and an Exposure Draft on the proposed amendments to the GRAP Conceptual Framework. <i>General consultation</i> Preparers, auditors, consultants, and other representative bodies involved in the preparation and audit of financial statements, that are prepared using Standards of GRAP, will be consulted. Stakeholders in all nine provinces and all types of affected entities will be targeted. This will include consultations through the public sector accounting forum and CFO Forums, where possible.



	<i>Targeted consultations</i> Provincial Accountants-General National Treasury: OAG and mSCOA team Users such as municipal officials and councillors
Linkages	
ASB projects	None
IPSASB projects	Measurement Application Phase. In this phase the applicability of current operational value across IPSAS literature (that had not been previously considered) was being assessed. The IPSASB plans to approve <u>Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement amendments to IPSAS as a result of the introduction of current operational value in December June 2025</u>⁴. This IPSASB project will be the focus of the next phase <u>considered</u> in the <u>development of the Standard of GRAP on Measurement</u> project.
IASB projects	None
Local reforms in public financial management	None
Project plan	
Key milestones and timing	See Annexure for the roadmap.

Annexure – Road map for the Standard of GRAP on *Measurement* and amendments to the *Conceptual Framework for General Purpose Financial Reporting*

Milestone		Timing	Stakeholder	Linkages
1.	Research on the IPSAS Conceptual Framework, IPSAS 46 and local concerns on current measurement requirements Draft Issues Paper	January 2024 – December 2024 [Q4 2023/24 – Q3 2024/25]	Internal discussion	
			Stakeholder engagement	
			Present to Technical Committee	
			Present to Board	
2.	Amendments to GRAP Conceptual Framework			
2.12	Proposed Exposure Draft for review and approval: Amendments to GRAP Conceptual Framework	January 2025 - December 2025 [Q4 2024/25 - Q3 2025/26]	Developed in conjunction with the outcome of the research	
			Present for internal review	
			Project group engagements	
			Present to Technical Committee	
			Present to Board	
2.23	Communication material	January 2026 - March 2026 [Q4 2025/26]	Present for Technical Director review	
23.3	Consultation on Exposure Drafts	January 2026 – June 2026 [Q4 2025/26 - Q1 2026/27]	Public consultation process	
23.41	Analysis of comments received on Exposure Drafts	July 2026 - September 2026 [Q2 2026/27]	Develop in conjunction with stakeholders identified above	
			Present for internal review	
23.52	Amended GRAP Conceptual Framework and Final Standard of GRAP		Project group engagements	
			Present to Technical Committee	
			Present to Board	

<u>23.63</u>	Publish communication material	October 2026 - December 2026 [Q3 2026/27]	Present for Technical Director review	
3.	Standard of GRAP on Measurement			
<u>3.1</u>	<u>Proposed Exposure Draft for review and approval: Standard of GRAP on Measurement</u>	<u>April 2026 - March 2027</u> <u>[Q1 2026/27 – Q4 2026/27]</u>	<u>Developed in conjunction with the outcomes of the research and the consultation on the Conceptual Framework</u> <u>Present for internal review</u> <u>Project group engagements</u> <u>Present to Technical Committee</u> <u>Present to Board</u>	
<u>3.2</u>	<u>Communication material</u>	<u>April 2027 - June 2027</u> <u>[Q1 2027/28]</u>	<u>Present for Technical Director review</u>	
<u>3.3</u>	<u>Consultation on Exposure Draft</u>	<u>April 2027 – September 2027</u> <u>[Q1 2027/28 – Q2 2027/28]</u>	<u>Public consultation process</u>	
<u>3.4</u>	<u>Analysis of comments received on Exposure Draft</u>	<u>October 2027 – December 2027</u> <u>[Q3 2027/28]</u>	<u>Develop in conjunction with stakeholders identified above</u> <u>Present for internal review</u> <u>Project group engagements</u>	
<u>3.5</u>	<u>Final Standard of GRAP</u>		<u>Present to Technical Committee</u> <u>Present to Board</u>	
<u>3.6</u>	<u>Publish communication material</u>		<u>January 2028 – March 2028</u> <u>[Q4 2027/28]</u>	
4.	Transitional Provisions			
<u>4.1</u>	Develop transitional provisions and proposed effective date for the Standard of GRAP on	<u>January 2028</u> <u>October 2026 – March 2027</u> <u>[Q4 2027/28 – Q1 2028/29]</u>	Develop transitional provisions and proposed effective date through stakeholder consultations. <u>Present for internal review</u>	



	Measurement for consultation		Project engagements group	
			Present to Technical Committee	
			Present to Board	
4.21	Communication material	April-July 20287 - June-September 20287 [Q24 20287/298]	Present for Technical Director review	
4.35	Consultation on Exposure Draft	October-July 20287 - September December 20287 [Q24 20287/298 - Q32 20287/298]	Public consultation process	
45.41	Analysis of comments received on Exposure Draft	October-January 20297 - December March 20297 [Q43 20287/298]	Develop in conjunction with stakeholders identified above	
			Present for internal review	
45.52	Final transitional provisions and proposed effective date		Project engagements group	
			Present to Technical Committee	
			Present to Board	
45.63	Publish communication material	January-April 20298 - March-June 20298 [Q14 20297/3028]	Present for Technical Director review	
6.	Submission to Minister of Finance	January-April 20298 - March-June 20298 [Q14 20297/2308]	Develop a submission to the Minister of Finance on the proposed effective date.	

Document management		
Prepared by:	N Imam Shah	10 July 2023
Revised by:	N Imam Shah	16 August 2024
Revised by:	N Imam Shah	11 June 2025
Approved by:	Board	28 September 2023