

Mr Keith Kendall
The Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

Dear Mr Kendall,

Exposure Draft 300 Covid-19-Related Rent Concessions

Thank you for the opportunity to provide comments on this Exposure Draft. We are providing comments by email, given the short comment period for the proposed amendments.

We have attached our response to the International Accounting Standards Board (IASB) in respect of their equivalent Exposure Draft.

In addition to the comments on that international exposure draft, we have two additional comments in the Australian context:

1 Application to lessors

In the event that the IASB does not provide the relief requested for lessors, HoTARAC requests that the Australian standard AASB 16 be amended to provide relief to not-for-profit entities as lessors. HoTARAC has identified that community expectations are that governments will be to the fore in providing rent relief to their tenants. Governments and government entities in some jurisdictions are lessors of large numbers of properties, including sub-leasing and leasing between government entities. Leasing is not the core business of governments, so they do not have the systems or personnel to readily undertake extra work for "lease modifications" at this time close to the end of the 2019-20 financial year.

We understand that some private sector not-for-profit entities, e.g. churches, may be in a similar position as lessors of a significant number of properties.

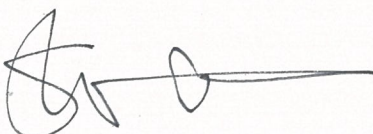
We consider that such amendments would be warranted under paragraph 23(a)(iii) and 23(a)(vi) of the AASB's Not-for-Profit Entity Standard-Setting Framework.

2 Below-market leases

We have not had sufficient time to identify if there is any additional impact on below-market leases, and request that this be considered by the Board. Provisions relating to below-market leases were inserted in AASB 16 by AASB 1058 Income of Not-for-Profit Entities.

However, we recognise that this may delay the issue of an amending standard, and suggest that this be considered as an additional project to be completed to enable application to 2019-20 financial statements.

If you require further information about our comments please contact Peter Gibson of the Australian Government Department of Finance on peter.gibson@finance.gov.au.



Stewart Walters

CHAIR

Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)

6 May 2020