

Also refer: NZ IFRIC 12: *Service Concession Arrangements*

ISSUE

- A service concession arrangement generally involves the grantor conveying for the period of the concession to the operator:
 - The right to provide services that give the public access to major economic and social facilities; and
 - In some cases, the right to use specified tangible assets, intangible assets, and/or financial assets.
- In exchange, the operator:
 - Commits to provide the services according to certain terms and conditions during the concession period; and
 - When applicable, commits to return at the end of the concession period the rights received at the beginning of the concession period and/or acquired during the concession period.
- The common characteristic of all service concession arrangements is that the operator both receives a right and incurs an obligation to provide public services.
- The issue is what information should be disclosed in the notes of an operator and a grantor.

CONSENSUS

An operator and a grantor disclose the following in each period:

- A description of the arrangement;
- Significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows;
- The nature and extent (e.g., quantity, time period or amount as appropriate) of:
 - Rights to use specified assets;
 - Obligations to provide or rights to expect provision of services;
 - Obligations to acquire or build items of property, plant and equipment;
 - Obligations to deliver or rights to receive specified assets at the end of the concession period;
 - Renewal and termination options; and
 - Other rights and obligations;
- Changes in the arrangement occurring during the period; and
- How the service arrangement has been classified.
- An operator discloses the amount of revenue and profits or losses recognised in the period on exchanging construction services for a financial asset or an intangible asset.

The above disclosures are required separately for each individual service concession arrangement or in aggregate for each class of service concession arrangements.

TIER 2 NZ IFRS RDR REPORTERS

NZ IFRS RDR Reporters have disclosure exemptions in NZ SIC 29.