

## FAQ – How do I know if I have a Service Concession Arrangement?

The standard applies to service concession arrangements which involve an operator:

- Providing public services related to a service concession asset on behalf of a grantor; and
- Managing at least some of those services under its own discretion, rather than at the discretion of the grantor.

A service concession arrangement is a contract between a grantor and an operator in which:

- The operator has the right of access to the service concession asset to provide public services on behalf of the grantor for a specified period of time;
- The operator is responsible for at least some of the management of the public services provided through the asset and does not act merely as an agent on behalf of the grantor; and
- The operator is compensated for its services over the period of the service concession arrangement (compensation may be a right to operate for profit).

### Key elements to look for:

- A public service that is provided by someone other than your agency.
- An asset that is used to provide public services where the asset is provided, operated and/or maintained by someone else.

### Some things to look out for:

- Your agency or cluster is considered responsible for providing a service, but someone else provides it instead.
- Your agency or cluster is responsible for providing a service, but you collaborate or work with someone else to provide it.
- The responsibility for delivering a public service is not clear. For example, your agency and another agency have negotiated, or are negotiating, who will deliver the service.
- Your agency has entered into a lease and the lease involves more than just paying for the use of an asset.
- The other agency that is party to an arrangement, accounts for it as a service concession arrangement under IFRIC 12.

### Possible sources of identifying potential SCAs

- Discussion with your budget and management reporting teams.
- Forward looking budget and management reporting.
- Agency / cluster risk register.
- List of contractual arrangements entered into and/or being negotiated by the agency.
- Your website - what services does your agency provide and how do customers access them.

### Don't forget:

- Future projects which have not yet commenced.
- Arrangements you have entered into with other Government Agencies - including other agencies within your cluster, local governments and government agencies from other jurisdictions (public to public arrangements)
- arrangements that do not involve the construction of an asset for example, where the arrangement uses an existing asset of either the grantor or the operator
- arrangements that were previously not on your agency's books and records.