



Agenda Item 5: Employee Benefits

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IPSASB Meeting

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Objective of Session & Material Presented

- Agenda Item 5.1—Proposed amendments to IPSAS 25 (SMC #1)
- Agenda Item 5.2—Deletion of section on Composite Social Security Programs (SMC #2)
- Agenda Item 5.3—Approval of draft IPSAS 39, *Employee Benefits*
- Agenda Item 5.4—Draft IPSAS 39, Employee Benefits (marked-up version from Exposure Draft 59)
- Agenda Item 5.5—Analysis of Responses to Exposure Draft 59
- Agenda Item 5.6—List of Respondents and Analyses of Responses by Region, Function and Language

Proposed Amendments to IPSAS 25 (SMC #1) (Agenda Item 5.1)

- 24 responses to Exposure Draft (ED) 59, *Amendments to IPSAS 25, Employee Benefits*
 - 17 respondents (R01, R02, R03, R04, R05, R06, R07, R08, R12, R13, R15, R16, R17, R18, R19, R20 and R22) supported IPSASB's approach in the ED.
 - 7 respondents (R09, R10, R11, R14, R21, R23 and R24) partially supported IPSASB's approach and provided suggested amendments to IPSASB's literature (see *Appendix A—Summary of suggested amendments to IPSASB's literature*.
 - Category 1 – Suggested amendments that are within the scope of the project (R09, R10 and R23);
 - Category 2 – Suggested amendments that are outside of the scope of the project (R11, R14, R21 and R24).

Proposed Amendments to IPSAS 25 (SMC #1) (Agenda Item 5.1)

Matter for Consideration

- Does the IPSASB agree with staff's recommendations in *Appendix A—Summary of suggested amendments to IPSASB's literature?*

Deletion of section on Composite Social Security Programs (SMC #2) (Agenda Item 5.2)

- 24 responses to Exposure Draft (ED) 59, *Amendments to IPSAS 25, Employee Benefits*
 - 17 respondents (R01, R02, R04, R05, R06, R09, R12, R13, R15, R17, R18, R19, R20, R21, R22, R23 and R24) supported deleting the section on Composite Social Security Programs.
 - 4 respondents (R07, R08, R14 and R16) had no view or did not respond to SMC #2.
 - 3 respondents (R03, R10 and R11) partially supported IPSASB's approach and provided suggested amendments to IPSASB's literature.
 - “it does no harm to leave the section[...]and it could be useful in the future” (R3 and R10)
 - “this section should only be deleted if they are rare or non-existent and not because the IPSASB is not aware that any jurisdiction applies this section” (R11)

Deletion of section on Composite Social Security Programs (SMC #2) (Agenda Item 5.2)

Staff's view

- Staff did not identify any new and compelling reasons from constituents to retain the section on Composite Social Security Programs that has not been addressed by IPSASB.

Staff's recommendation to the IPSASB

- Delete the section on Composite Social Security Programs.

Matter for Consideration

- Does the IPSASB agree with staff's recommendations to delete the section on Composite Social Security Programs.

Approval of Draft IPSAS 39, *Employee Benefits* (Agenda Item 5.3)

3 Reasons to approve a new standard on Employee Benefits

- (1) Understandability of the revised IPSAS 25;
- (2) Management of IPSAS Handbook; and
- (3) IPSASB's previous practice.

Approval of Draft IPSAS 39, *Employee Benefits* (Agenda Item 5.3)

***Reason #1:
Understandability
of the revised
IPSAS 25***

	Paragraphs	
	#	%
IPSAS 25	181	
Removed by ED 59	-58	-33%
Removed by IPSAS 33	-11	-6%
Removed by The Applicability of IPSASs	-2	-1%
New paragraphs	67	38%
Revised IPSAS 25	177	100%
New paragraphs	67	38%
Retained and not amended or moved	33	19%
Not retained	77	44%
Amended	67	38%
Moved	3	2%
Amended and moved	7	4%
Revised IPSAS 25	177	100%

Approval of Draft IPSAS 39, *Employee Benefits* (Agenda Item 5.3)

Reason #2: IPSASs handbook management

- The IASB publishes two separate Handbooks as follows:
 - (1) Blue Book—Consolidated without early application; Official pronouncements applicable on 1 January, YYYY. Does not include Standards with an effective date after 1 January, YYYY.
 - (2) Red Book—Official pronouncements issued at 1 January YYYY. Includes Standards with an effective date after 1 January YYYY but not the Standards they will replace.
- The IPSASB publishes **only** one Handbook. The IPSASB would have to publish in the same handbook:
 - Two versions of IPSAS 25 in the same Handbook, which is impracticable; or
 - Include an extensive list of 199 paragraphs in the Effective Date section of the revised IPSAS 25, which reduces the understandability of the revised IPSAS 25.

Approval of Draft IPSAS 39, *Employee Benefits* (Agenda Item 5.3)

Reason #3: IPSASB's Previous Practice

- The IPSASB already has a previous practice of publishing **new standards** (IPSAS 34, *Separate Financial Statements* and IPSAS 35, *Consolidated Financial Statements*) that **replaced an existing standard** (IPSAS 6, *Consolidated and Separate Financial Statements*) even though **the IASB retained its own standard** (IAS 27, *Separate Financial Statements*) with **amendments and a modified title** and **issued** IFRS 10, *Consolidated Financial Statements*. The previous title was IAS 27, *Consolidated and Separate Financial Statements*.

Approval of Draft IPSAS 39, *Employee Benefits* (Agenda Item 5.3)

Staff's recommendation to the IPSASB

- Replace IPSAS 25, *Employee Benefits* with a new pronouncement, IPSAS 39, *Employee Benefits* with an effective date of January 1, 2018.

Approval of Draft IPSAS 39, *Employee Benefits* (Agenda Item 5.3)

Matter for Consideration

- Does the IPSASB agree with staff's recommendation to issue IPSAS 39, *Employee Benefits* with an effective date of January 1, 2018?
- If so, the IPSASB is requested to do a page-by-page review of draft IPSAS 39, *Employee Benefits*—*Agenda Item 5.4* (marked up version from ED 59).



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