

February 11, 2019

Mr. Ian Carruthers, Chairman
International Public Sector Accounting Standards Advisory Board
529 Fifth Avenue
New York, NY 10017

Dear Chairman Carruthers and Members of the Board –

Thank you for the opportunity to comment on *Exposure Draft 67, Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*. I hope my enclosed responses to the specific matters for comment (SMC) will be useful to the Board.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ricky A. Perry, Jr.', with a large, stylized flourish extending from the end of the signature.

Ricky A. Perry, Jr., CPA, CGFM
Senior Financial Auditor / Federal Financial Management Analyst
United States of America

Enclosure

Enclosure

SMC Responses**SMC 1**

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

Yes, I agree. However, the Board may wish to consider incorporating language from paragraphs AG2-AG3 into the definitions. It may be challenging for practitioners to grasp the full meaning of these terms based solely on the current definitions. I gained a sufficient understanding of the terms only after reading paragraphs AG2-AG3.

SMC 2

Do you agree that no provision should be recognized for collective services? If not, under what circumstances do you think a provision would arise?

Yes, I agree.

SMC 3

Do you agree that no provision should be recognized for individual services? If not, under what circumstances do you think a provision would arise?

Yes, I agree.

SMC 4

Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

Overall, I partially agree. I mostly agree with the overall approach, and I concur with paragraph BC24, which notes that specific disclosures about emergency relief need not be layered onto already-applicable IPSAS disclosure requirements. However, I also have one concern for the Board's consideration:

Should the proposed guidance contemplate and address *emergency relief provisions and contingent liabilities resulting from past events caused by entity assets*, such as dam failures, nuclear accidents, or weapons accidents? Does the Board find the proposed guidance to be reliably appropriate for such events, or should factors other than those provided for under IPSAS 19 paragraphs 29-30 be considered when deciding whether or not to recognize provisions? Will entities' provisions, contingent liabilities, and financial positions be fairly presented on a consistent basis when applying the guidance in such scenarios, or should the guidance be sharpened to help bridge the gap? Consider, for example, situations when recognition of material amounts of constructive obligations is extremely delayed as a result of prolonged processes to enact proposed emergency relief laws in response to accidents and disasters caused by entity assets. Perhaps additional application guidance should be provided for such situations.



Paris, April 11, 2019

LE PRÉSIDENT

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Mr John Stanford
Technical director
International Public Sector Accounting
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277 Wellington Street, 4th floor
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Ontario M5V 3H2 CANADA

Re: Response to Exposure Draft 67 *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*

Dear Mr Stanford,

The French Public Sector Accounting Standards Council (CNoCP) welcomes the opportunity to comment on the Exposure Draft 67 *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)* published in January 2019 (ED67).

The CNoCP approves of the IPSASB tackling the issue of social expenses in general and we fully agree with the accounting treatments proposed in ED67. We also commend the Board for the publication of IPSAS 42 *Social Benefits*. Both ED67 and IPSAS 42 deal with expenses that are specific to the public sector and they well reflect the application of the definition of a liability and the related recognition principles.

We understand the overarching objective to provide guidance in IPSAS 19 *Provisions, Contingent Assets and Contingent Liabilities* on the accounting treatment for transactions that might have been previously labelled social benefits. With the recent publication of IPSAS 42 that sets out a narrow definition for social benefits, there is a need to provide guidance on collective and individual services in a timely manner. However, as to the timeframe of ED67, because we consider that the issue is tightly linked to that of non-exchange expenses, we would rather comment on ED67 at the



same time as on the future ED on Non-Exchange Expenses. This would allow for enhanced consistency.

With respect to the definitions of collective and individual services set out in ED67, we understand that cash transfer is a critical feature of social benefits in IPSAS 42 and that conversely, it is not a feature of either collective or individual services. We believe that such a difference should be factored into the definitions of both collective and individual services in ED67.

In that context, we would urge the Board to consider the overall consistency of the guidance provided with published literature and current projects in progress. More specifically, in many instances, the accounting treatment is one and the same, though related transactions are hosted in different standards. We believe that this is all the more relevant that we understand that the distinction between exchange and non-exchange transactions is currently being discussed by the Board in the light of the performance obligation approach. When all projects on expenses are finalised, there might be a need to ensure scope consistency and, from a public interest viewpoint, a correct understanding from users and an easy implementation.

Responses to the detailed questions set out in ED67 are presented in the following appendix.

Yours sincerely,

Michel Prada



APPENDIX

Specific Matter for Comment 1

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

Firstly, we would like to bring to the attention of the Board that paragraph 6A added to the scope section of IPSAS 19 mentions that transactions under scrutiny are “non-exchange” transactions. In the context of the current discussions on the exchange/non-exchange distinction and that of “with or without performance obligation”, we would urge the Board to better articulate the two notions.

With respect to the definitions of both collective and individual services, the table presented in paragraph AG6 highlights a major difference with social benefits: collective and individual services do not involve cash transfer to eligible beneficiaries. Though a critical feature that should help differentiating from social benefits, absence of cash transfer is not factored in the definitions of collective and individual services. We would suggest amending the definitions so that they reflect that important feature.

In addition, the assessment in paragraph AG8 that “services paid for by beneficiaries and subsequently reimbursed should be deemed meeting the definition of individual services rather than that of social benefits” should be brought forward to the core standard. Some clarification would actually be welcomed in the standard to help distinguishing expenses that proceed from a cash transfer, and are rightfully in the scope of IPSAS 42, from those expenses in the scope of ED67 that involve a cash transfer at some point that should not be considered a cash transfer in substance. This is typically the case when a beneficiary is reimbursed for some advance payment of a service, as in paragraph AG8. Such clarification would help ensuring that identical economic phenomena, though entailing different nature of flows, are treated in the same way in one same standard. Finally, because it might also trigger questions on how this requirement applies to reimbursements that cover most, but not all, of the expense incurred by beneficiaries, additional AGs could be expected to help apply the standard’s requirements in those specific instances. Illustrative examples would also be welcome to illustrate the variety of services and their specific features to help distinguish from social benefits.

With respect to the distinction between collective and individual services, and though paragraphs AG2 and AG3 explain the difference, we question the need for that distinction,



especially as the accounting treatment is the same for both items. Simplifying the requirements by regrouping both types of expenses under one same label would facilitate implementation.

Specific Matter for Comment 2

Do you agree that no provision should be recognized for collective services?

If not, under what circumstances do you think a provision would arise?

We fully agree that there is no present obligation to provide future collective services beyond that provided in the reporting period.

In the related application guidance paragraphs, we note the use of “exchange” or “non-exchange”. Consistent with our comment in Specific Matter for Comment 1, we would recommend that the articulation with the new “with or without performance obligation” distinction be clarified.

In paragraph AG11, to avoid confusion as to the parties to the “exchange” transactions on the one hand and the “non-exchange” transactions on the other hand, we would clarify that the “non-exchange” transactions are those between the reporting entity and the community it provides collective services to. Exploring further, one could call into question whether the provision of collective services to a community is a transaction that would need reporting from an accounting viewpoint. In fact, there is no measurable substance to what is transferred to the community, other than what is already reflected in the accounts through the cost to acquire the resources necessary to provide the service. In other words, financial reporting principles may not apply to that specific relationship between a public sector entity and a community: such a relationship is more in the substance of social contract.

From the perspective of the paragraph above, conversely, individual services have the substance of transactions in kind that can be reported in the financial statements.

As far as presentation and disclosure of collective and individual services are concerned, and because those transactions do not give rise to liabilities, IPSAS 19 disclosure requirements are not applicable. Rather, in accordance with paragraph AG14, application of more generic standards is recommended, for instance IPSAS 1 *Presentation of Financial Statements*. This underlines that IPSAS 19 may not be the most relevant standard to host the proposed guidance on collective and individual services.

***Specific Matter for Comment 3***

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

We fully agree that there is no present obligation to provide future individual services beyond that provided in the reporting period.

Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

We agree on the proposed accounting for emergency relief.

However, in paragraph AG20, we are concerned that “government announcements” could give rise to a present obligation. In some jurisdictions, “government announcements” are not enforceable and would not entail the recognition of a liability. We would therefore recommend that it should be deleted from the list of instances provided in the last sentence of the paragraph. We actually mention in the conceptual framework for public accounts we developed in France that:

[137] Public entities are set up to exercise responsibilities which are clearly defined by a legal or regulatory framework, and their capacity to make commitments in the specific field of public action is strictly regulated and therefore cannot by definition give rise to constructive obligations.

[138] Public entities do not therefore have liabilities or contingent liabilities arising from constructive obligations specific to public action.



The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2
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25 April 2019

Per electronic submission

Dear John,

COMMENT ON EXPOSURE DRAFT 67 ON *COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF (AMENDMENTS TO IPSAS 19)*

We welcome the opportunity to provide comment on Exposure Draft (ED) 67 on *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*.

The views expressed in this letter are those of the Secretariat and not the Accounting Standards Board. In formulating its comments, the Secretariat consulted with a range of stakeholders, including auditors, preparers, consultants, professional bodies, users (including those responsible for reporting government statistics), and other interested parties.

We recommend that the IPSASB reconsider whether there is a need to provide specific guidance on collective and individual services and emergency relief (see Other comment 1). Aiming to categorise all types of non-exchange expenses and provide specific guidance for each type may overly complicate the application of the IPSAS with no benefit to the users of the financial statements. Those stakeholders unfamiliar with the full history of the social benefits and non-exchange expenses projects may be unclear about the problem that the guidance aims to solve. We also question the placement of the guidance in the IPSAS on *Provisions, Contingent Assets and Contingent Liabilities* (IPSAS 19).

We propose that an explanation of the issue and the IPSASB's conclusions on whether liabilities exist for collective and individual services should be included in the basis for conclusions of the IPSAS on *Social Benefits* (IPSAS 42). The discussion in the basis for

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Mr K Makwetu, Ms P Moalusi, Ms Z Mxunyelwa, Ms N Themba,
Alternate: Ms M Sedikela
Chief Executive Officer: Ms E Swart, Technical Director: Ms J Poggiolini

conclusions in IPSAS 42 should be based on whether the definition of a liability and the recognition criteria are met in the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (Conceptual Framework). The basis for conclusions could also indicate that judgement should be applied, and that IPSAS 19 may be relevant in certain instances.

If the IPSASB decides to continue providing the specific guidance included in this ED, we propose that the current distinction drawn between transactions be reconsidered (see Specific Matters for Comment 1 and 4 and Other comment 2). We also propose that the consistency of accounting guidance provided among types of non-exchange expenses be assessed and aligned where appropriate (see Other comment 3).

Our responses to the specific matters for comment are included as Annexure A, while other comments are included as Annexure B to this letter.

Please do not hesitate to contact me should you wish to discuss our comment further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Poggiolini', with a stylized, cursive script.

Jeanine Poggiolini

Technical Director

Annexure A

Responses to specific matters for comment

Specific Matter for Comment 1:

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

We are of the view that there is no need to include separate definitions for collective and individual services, because the accounting guidance proposed in the ED is the same and there are no specific presentation or disclosure requirements that would require such a distinction.

We were also unable to identify a reason in Government Finance Statistics (GFS) to differentiate between collective and individual services in the financial statements. The GFS Manual includes “collective service” and “individual consumption good or service” to assist with the functional classification of expenditure. We noted that the System of National Accounts uses information on individual services for a “*redistribution of income in-kind account*”. The terms have, however, no relevance in determining whether a provision should be raised by government and is therefore unnecessary for the guidance provided in this ED. For statistical purposes, stakeholders indicated that an important distinction is whether a transaction is current or capital in nature, and confirmed that they are able to obtain all required information based on the existing financial reporting requirements.

We considered the role that eligibility criteria may play in the guidance on whether a provision should be raised (see Specific matter for comment 3). For this reason, it may be appropriate to distinguish social benefits (cash) from in-kind social benefits (some of which could be included in individual services) and all other non-exchange expenses, instead of the distinctions proposed in this ED.

If the IPSASB decides to finalise this ED with the two definitions, the following should be considered:

- The concept of “*addressing the needs of society as a whole*” could be difficult to interpret. Individual services are provided to an individual or household. Although we understand the need for the distinction between social benefits and insurance contracts, we do not think this distinction is necessary for collective and individual services. Another term for “society” may also be more appropriate as collective and individual services do not necessarily benefit everyone equally.
- It could be difficult to distinguish between collective and individual services from looking at the definitions, application guidance and examples proposed in this ED. For example, free water and electricity provided to an indigent community could be classified as either collective or individual services; and police or defence services could be provided to a specific community in response to specific situations, in which case it would rather meet the definition of individual services and not collective services. We propose that the meaning of explicit or active participation for individual services be better described, as well as the distinction between providing something to all members of the community versus providing it to individuals and/or households.

- The definitions alone are not specific. It could help to clarify that it relates to social risks. This may be implied through the phrase “*addressing the needs of society as a whole*” but is unclear. For example, if government holds a cultural festival with free access given to a community it could be seen to meet the definition of collective services. It is our understanding that it was not the IPSASB’s intention to include these types of expenses in the scope of the definitions.
- Collective services are provided “*simultaneously to all members of the community*”. In some jurisdictions, this may cause difficulty in applying the definitions where government provides free services to certain communities / community members but not to others. For example, free services could be provided exclusively to indigenous people or communities and not to expatriates.
- The definition for individual services includes provision of goods, but this is not captured in the terminology used. We suggest adding an explicit reference to goods.

Specific Matter for Comment 2:

Do you agree that no provision should be recognised for collective services?

If not, under what circumstances do you think a provision would arise?

If the IPSASB decides that it remains necessary to provide explicit guidance on collective services, we generally support the proposed accounting treatment of collective services. However, please note our response to Specific Matters for Comment 1 where we question the need for the distinction between collective and individual services and note difficulties that would exist in practice to classify transactions.

Specific Matter for Comment 3:

Do you agree that no provision should be recognised for individual services?

If not, under what circumstances do you think a provision would arise?

If the IPSASB decides it remains necessary to provide explicit guidance on individual services, the following should be considered.

Although a minority of stakeholders agreed with the proposed guidance, we are of the view that there could be a different accounting treatment necessary for certain transactions within the scope of individual services.

The principles of when a present obligation exists should be the same irrespective of whether an entity is providing cash, or in-kind goods or services, and whether it provides these to individuals, households or communities. The social benefits ED initially included in-kind goods and services in the social benefits definition. There may be a category of in-kind goods and services (meeting the definition of individual services) where specific eligibility criteria need to be met that would otherwise meet the definition of a social benefit, except that it is provided in-kind and not in cash. These transactions should be accounted for consistently with social benefits, i.e. government has a present obligation to provide these goods or services. For example, where government provides free higher education to individuals who meet specific eligibility criteria, upon meeting those criteria government likely has a present obligation to provide free higher education to those individuals for as long as they meet the criteria. Where a narrower view is taken that the extent of government’s obligation is only for one academic year, a liability may still be required where the reporting period and academic year are not aligned.

The IPSASB should test the guidance provided against the principles of the Conceptual Framework and the definition and recognition criteria in IPSAS 19.

The accounting guidance proposed in the ED focuses on how government extinguishes its commitments to citizens (through ongoing activities of government). The guidance may be more useful if it focuses on whether government has a present obligation for those commitments in the first place, and what would constitute an obligating event. For example, an approved budget does not in itself mean an entity has an obligation to provide certain goods or services, neither would a general “promise” to provide goods and services in the future be an obligating event.

Specific Matter for Comment 4:

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

Although some stakeholders supported providing explicit guidance on emergency relief where a specific event occurs, we question the need for it. As the principles of when an entity has a present obligation and provision are clear in the Conceptual Framework and IPSAS 19, it is unclear why explicit guidance is necessary on specific types of transactions. If needed, we propose that an example could be included on disaster/emergency relief in the Implementation Guidance, instead of authoritative Application Guidance.

Description of emergency relief

If the IPSASB decides to continue providing explicit guidance on emergency relief, the following comment is provided on the description of “emergency relief”.

The term “emergency relief” could have a different meaning in different jurisdictions which may result in variations in the types of transactions considered to be “emergency relief”. For example, “disasters” have a broader meaning than “emergencies” in the South African context and may be more aligned to the description in the ED. Disasters can trigger a response from all levels of government and aid organisations, while an emergency tends to trigger a local response. There are two types of funding available for disasters. Firstly, funding for immediate relief following a disaster is allocated through provincial and local grants. Clauses in legislation allow for the rapid release of these funds to provide immediate relief such as the provision of food, clean water and shelter for those affected by disasters, and emergency repairs and temporary infrastructure (e.g. temporary bridges or roads where permanent structures have been damaged). The second is longer-term funding for the repair of infrastructure damaged by disasters. These funds are allocated following an assessment of the damage and the cost of repairs. We suggest that a more neutral term be considered.

We find the distinction between social benefits and emergency relief provided in cash unclear as it could be difficult to assess whether the relief addresses social risk and the needs of society as a whole. There could be a clear link to social risk when emergency relief is provided in cash, for example, a living allowance, relief for temporary unemployment or temporary inability to work due to ill health, or the non-exchange component of a concessionary loan to rebuild houses, etc. In the same way as “addressing the needs of society as a whole” is indirect with social benefits, it could also apply to emergency relief.

It is unclear what “economic failure” as an example of emergency relief would include. The term could be interpreted broadly. For example, unemployment benefits may be provided by

government as a result of economic failure and be seen as in the scope of this ED, or it could be in the scope of IPSAS 42.

Emergency relief also includes relief provided by international organisations. This raises questions about whether emergency relief only relates to goods and services provided directly to individuals or households, or whether it includes goods and services provided to individuals or households through other organisations.

We suggest that the IPSASB provides guidance on the order in which transactions should be assessed against the scope of each Standard. As noted in the examples above, it could be unclear whether a transaction is within the scope of IPSAS 42, this ED, or the guidance still to be developed on grants, transfers and other contributions. A flow chart or similar may assist users of IPSASs to understand which IPSASs apply to transactions.

Distinction based on how government provides emergency relief

We question the need to distinguish between how government provides emergency relief as we are of the view that the accounting guidance should be the same and should refer to the principles in IPSAS. It should focus on whether or not government has a present obligation, irrespective of how it will be settled. It may also be difficult to distinguish when government acts in response to specific emergencies and when it is an ongoing activity of government, as different levels of government come together, some of which may result from an explicit policy decision while others may be part of the ongoing activities of government. For example, in an emergency/disaster, some funding may only be accessible after a presidential declaration of an emergency/disaster, while other funding is allocated to various levels of government to spend as part of their ongoing activities, such as firefighting services, ambulance services, distribution of food parcels, etc. This is also the case within entities. For example:

- We have an entity in South Africa, the National Disaster Management Centre, that deals with specific disaster responses, while also running ongoing activities focused on planning for, and prevention of, disasters.
- Part of a municipality's mandate is to respond to emergencies/disasters on an ongoing basis, but specific responses may be determined by council resolutions or other levels of government. These could be funded through additional funding in an adjustment budget or by absorbing the costs as part of the municipality's normal operations, e.g. either by using existing inventories and services such as blankets, fire response units and clinics, or by using an existing budget.

It is likely that each jurisdiction will have a different way in which it responds to emergencies, and likely most governments have a combination of ways in which they respond. Providing explicit guidance in this ED on different scenarios could lead to uncertainty about how to account for the transactions, and who should account for it where different levels of government work together. For example, a national entity may plan a disaster response and disseminate funds to provincial and local government, who execute the plan and deliver the relief to the affected communities. The distinction between the ways in which government provides disaster/emergency relief can detract from the issue of whether or not government has a present obligation.

Accounting for emergency relief

If the guidance is retained as drafted, we propose that the following be considered regarding the guidance on assessing whether or not a present obligation exists, and a provision should be recognised (or contingent liability disclosed):

- It may be necessary to explain what is considered an “explicit policy decision” that gives rise to a provision. We are of the view it could be difficult to provide guidance that will be appropriate in all instances. In some jurisdictions, an explicit policy decision may not give rise to a present obligation according to the definition of IPSAS 19, for example, where decisions are taken and announced by a ruling government before elections, but subsequently reversed. In other jurisdictions, a constructive present obligation may exist without any explicit policy decisions, for example, where government has an established past practice of delivering on early announcements.
- The guidance proposed in the ED may not always align with the requirements of IPSAS 19, e.g. where government committed to provide cross-border emergency relief through an explicit policy decision, but the terms and conditions of the agreement is not specific and results in there being no present obligation in accordance with IPSAS 19.

Annexure B

Other comment

1. Need for and placement of guidance

As no new requirements have been introduced in the additional guidance proposed in this ED, we question the need for guidance. Without knowing the full project history, it would also be unclear to stakeholders why the guidance was added.

We further question the placement of the guidance. The current guidance proposed in this ED describes how government settles its “commitments” to provide goods and services in future (through exchange transactions). It does not focus on whether government has a present obligation to provide those goods or services, which is in the scope of IPSAS 19 (see Specific Matter for Comment 3 where we contemplate if certain individual services could meet the definition of a present obligation).

Instead of authoritative text and Application Guidance provided as part of IPSAS 19, we propose that the IPSASB considers including a discussion in the basis for conclusions of IPSAS 42 that explains the project history, the issue of whether liabilities exist for collective and individual services, and the IPSASB’s conclusions. The discussion should be based on whether the definition of a liability and the recognition criteria are met in the Conceptual Framework and could also indicate that judgement should be applied, and that IPSAS 19 may be relevant in certain instances. If needed, an illustrative example on e.g. a provision related to disaster/emergency relief could be included in the Implementation Guidance of IPSAS 19 (see Specific Matter for Comment 4).

2. Scope

2.1 Scope of transactions included in the guidance

We note the following for IPSASB’s consideration regarding the current scope of transactions included in this ED:

- The scope could be misleading (with reference to figure 1 of the “at a glance” document). This is because the guidance in this ED explains that there are no non-exchange transactions accounted for in providing collective and individual services. Only the exchange transactions are accounted for in accordance with other IPSASs or IFRS. It is therefore unclear why collective and individual services are separate to “other IPSASs or IFRS” in figure 1.
- It is our understanding that the IPSASB wishes to provide guidance on all non-exchange expenses and has therefore proposed the guidance in this ED in addition to IPSAS 42, and plans to conclude the project with guidance on grants, transfers and other contributions. There may, however, still be a category of non-exchange expenses where no guidance will be provided, which is goods or services exchanged between government entities in a non-exchange transaction. E.g. where one government entity provides printing services, laboratory services, etc. to another government entity at no or a subsidised charge.

To ensure principle-based accounting guidance is provided without introducing rules, and covering all transactions, the IPSASB could consider only distinguishing between social benefits and all other non-exchange expense transactions for guidance on whether a present obligation exists. The guidance for all transactions outside the scope of IPSAS 42 could simply

be to assess whether the definition and recognition criteria in IPSAS 19 are met, irrespective of the type of transaction.

2.2 Scope amendment to IPSAS 19 as a consequence of IPSAS 42

As a consequential amendment to the scope of IPSAS 19 resulting from IPSAS 42, IPSAS 19 paragraph .12 was amended as follows:

“12. This Standard does not apply to executory contracts unless they are onerous. ~~Contracts to provide social benefits entered into with the expectation that the entity will not receive consideration that is approximately equal to the value of goods and services provided, directly in return from the recipients of those benefits, are excluded from the scope of this Standard.~~”

If the guidance proposed in this ED is retained, IPSASB should consider the potential impact of this amendment when stakeholders apply IPSAS 19 to non-exchange transactions, including “contracts” to provide social benefits. The following questions may arise for the IPSASB to consider:

- Does the removal of the text mean that contracts to provide social benefits are included in “onerous contracts”? We do not think this is appropriate as all non-exchange transactions could be interpreted as onerous given their nature. However, stakeholders may incorrectly come to this conclusion when applying IPSAS 19 with the amendment made.
- Would “contract” in the context of “onerous contract” be narrow as in IPSAS 41 *Financial Instruments*, or is it wider and includes e.g. other binding arrangements? If the wider view is held, stakeholders may further conclude that non-exchange transactions could be treated as onerous.

Given the amendments to the International Accounting Standard on *Provisions, Contingent Liabilities and Contingent Assets* (IAS[®] 37) that the International Accounting Standards Board (IASB[®]) has proposed, stakeholders may think they will be required to determine the costs directly related to “contracts” for non-exchange expense transactions upfront in line with accounting for onerous contracts.

We propose that guidance is included to explain the interaction between non-exchange transactions and onerous contracts.

A communication from the IPSASB may be useful once the IPSASB has finalised developing guidance on all non-exchange expense projects, to clarify to stakeholders the scope of each IPSAS and the transactions that fall in the scope of that IPSAS. The communication could explain the scope with which each project started, ended, and the reasons why.

3. Accounting guidance

We note inconsistencies in the principles applied by the IPSASB when providing guidance on non-exchange expenses:

- In IPSAS 42, a short-term liability is recognised for social benefits in cash where specific eligibility criteria have been met, even though government may have a long-term obligation to provide the benefits.
- Government may have a similar present obligation to provide individual services where specific eligibility criteria have been met by individuals or households to receive goods or services in future. The only difference from social benefits may be that government

provides goods or services in-kind instead of in cash. However, no provision is proposed for individual services.

- A provision for emergency relief where it meets the definition of a provision in IPSAS 19 is proposed in this ED, for the full extent of relief that will be provided. However, in IPSAS 42, the provision is limited to the individual meeting the eligibility criteria to receive the next benefit only, i.e. an accrual equal to the next payment. A much larger and longer-term provision could therefore be recognised for emergency relief than for social benefits.

We propose that alignment be sought among the accounting guidance provided, which should be based on the Conceptual Framework and existing IPSAS.

4. Presentation and disclosure

We question the benefit of providing the accounting guidance in this ED if no additional information is required to be presented or disclosed to the users as an outcome of the guidance. We are of the view that no additional information is required to be presented or disclosed, and rather question the necessity of all the guidance in this ED in general.

If the IPSASB decides to continue providing this guidance, the following should be considered:

- The placement of the presentation and disclosure guidance in IPSAS 19 relating to provisions, contingent assets and contingent liabilities may not be appropriate as it mostly relates to presenting an analysis of expenses by nature or function, which is relevant to IPSAS 1 and relates to expenses.
- Information on individual and collective services may be presented in a performance report, although this is not necessarily linked to the financial statements.
- Depending on the circumstances, the IPSAS on *Events After the Reporting Date* may also be relevant for disaster/emergency relief.
- A concern was raised about insufficient information being available on the goods and services government provides to individuals, households and communities where they make use of a non-government organisation to provide it on their behalf. In this case, the only information available is that government has paid a grant/transfer. This may be relevant to consider in the grants, transfers and other contributions project.

Comment 1:

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

Collective services may be modified as “Bundled services”

Comment 2:

Do you agree that no provision should be recognized for collective services?

No. provision is needed to make the financial statements prepared by the public sector unit complete. Under collective services come universal services like universal education, health care, street lighting etc.,

These are universal services targeting society as a whole provided generally out of budget allocation, the accounts being drawn for a year(Financial year). Funds are provided by the Government/local body depending upon Government policy. Hence towards the close of the year all known liabilities must be provided for by debiting the appropriate expenditure head to make the accounts complete. Without these provisions the accounts will not show the complete state of affairs.

Comment 3:

Do you agree that no provision should be recognized for individual services?

No. provision is needed to make the financial statements prepared by the public sector unit complete. Under collective services come universal services like universal education, health care, street lighting etc.,

These are not universal services but targeting a particular segment of society like upliftment of living conditions of the downtrodden like SC/ST Aadhivasi etc, the accounts being drawn for a year(Financial year). Funds are provided by the Government/local body depending upon Government policy. Hence towards the close of the year all known liabilities must be provided for by debiting the appropriate expenditure head to make the accounts complete. Without these provisions the accounts will not show the complete state of affairs.

Comment 4:

Do you agree with the proposed accounting for emergency relief?

Accounting for Emergency relief is accounting for expenditure incurred in the context of an emergency like floods, drought, accidental fire causing extreme damage etc.,

Here the normal principles of accounting apply, though the expenditure is incurred in the context of an emergency.

Till the relief measures last expenditure is incurred, providing funds is out of expediency and the emergency may occur any time during a year.

Accounting must be based on RPG.



NZ ACCOUNTING
STANDARDS
BOARD

9 May 2019

Mr John Stanford
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto
Ontario M5V 3H2
CANADA
Submitted to: www.ifac.org

Dear John

Exposure Draft 67 *Collective and Individual Services and Emergency Relief* (Amendments to IPSAS 19)

Thank you for the opportunity to comment on Exposure Draft 67 *Collective and Individual Services and Emergency Relief* (Amendments to IPSAS 19) (the ED). The ED has been exposed in New Zealand and some New Zealand constituents may comment directly to you.

The New Zealand Accounting Standards Board (NZASB) is pleased the IPSASB is making progress on its project on non-exchange expenses. This is an important topic for the New Zealand public and not-for-profit sectors which both apply IPSAS-based standards.

We understand this stream of the broader non-exchange expenses project addresses transactions for collective and individual services and emergency relief. We understand that grants, contributions and other transfers will be addressed in a subsequent exposure draft. While we acknowledge the IPSASB's decision to address these transactions in separate streams, in our opinion where non-exchange expense transactions have similar characteristics, a consistent approach to liability and expense recognition is required.

Our key points are summarised below and are elaborated upon in Appendices 1 and 2.

We agree with the proposed outcome in the ED for collective and individual services and those types of emergency relief services that are an ongoing activity of the government, i.e. no provision is recognised before the services are/relief is delivered.

For those types of emergency relief services that are not an ongoing activity of the government (or other public sector entity) we agree that in some circumstances it may be appropriate to recognise a provision or disclose a contingent liability.

Whilst we agree with the proposed outcomes in the ED for collective and individual services and emergency relief, we are of the view that the rationale in the ED is inadequate. In our opinion there is insufficient analysis of the principles of IPSAS 19 *Provisions, Contingent Liabilities and Contingent* to these transactions to justify the proposed outcomes in the ED.

We explain our concerns with the ED's rationale in Appendix 1.

We also consider it important for the IPSASB to consider the linkage between the ED and the current project on grants, contributions and other transfers. Where emergency relief has similar characteristics to grants, we would expect a consistent and coherent approach to the accounting of such transactions.

In our view, the IPSASB should:

1. establish requirements on collective and individual services and emergency relief in the body of IPSAS 19 (we would suggest under a separate section in *Application of the Recognition and Measurement Rules*);
2. provide guidance on how to apply the principles in IPSAS 19 to these transactions (i.e. how do the general recognition criteria in IPSAS 19 apply to collective and individual services and emergency relief);
3. provide more guidance on the distinction between the two types of emergency relief, including considering adding examples in the implementation guidance which accompanies IPSAS 19; and
4. provide more guidance on the distinction between (a) other forms of government assistance that are not part of the ongoing activities of the government and are not emergency relief provided in response to specific events and (b) individual and collective services.

Our responses to the Specific Matters for Comment in the ED are set out in Appendix 2 to this letter. If you have any questions or require clarification of any matters in this submission, please contact Aimy Luu Huynh (aimy.luuhuynh@xrb.govt.nz) or me.

Yours sincerely



Kimberley Crook
Chair – New Zealand Accounting Standards Board

APPENDIX 1 General Comments and the NZASB's Proposals

Scope

We note that when the IPSASB issued IPSAS 42 *Social Benefits* in January 2019, consequential amendments were made to the scope paragraph of IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*. These consequential amendments mean that non-exchange expenses that do not meet the narrow definition of social benefits in IPSAS 42 now fall within the scope of IPSAS 19.

In particular, we understand that this includes non-exchange expenses arising from transactions in which governments and public sector entities deliver a wide range of goods, services and other benefits that are not social benefits (as defined in IPSAS 42). Governments and public sector entities would now need to apply the general recognition criteria in IPSAS 19 to determine whether to recognise a provision for these goods, services and other benefits.

We would like the IPSASB to consider whether any additional text should be added to the scope exclusion in paragraph 1(a) of IPSAS 19¹ to clarify that although social benefits within the scope of IPSAS 42 are out of scope of IPSAS 19, a wide range of goods, services and other benefits provided by governments and public sector entities are in scope. Given that the term “social benefits” is commonly used to refer to a wide range of government assistance programmes, not just those within the scope of IPSAS 42, we consider that clarifying text will assist entities in determining which types of transactions fall within the scope of IPSAS 19 rather than IPSAS 42. This could be achieved by referring to collective and individual services and emergency relief in the scope of IPSAS 19.

Location of requirements

We do not agree with the addition of application guidance to IPSAS 19 as proposed in Exposure Draft 67 *Collective and Individual Services and Emergency Relief* (Amendments to IPSAS 19) (the ED). As noted in our cover letter, we consider that the accounting requirements for collective and individual services and emergency relief would be better located in the body of IPSAS 19 under a separate section in *Application of the Recognition and Measurement Rules*. We would envisage that this section is set out like the existing section in IPSAS 19 on restructuring.² As explained further below, we consider that it is not sufficient to rely on an interpretation of one particular sentence in paragraph 26 of IPSAS 19 to support the conclusion reached in the ED on how to account for collective and individual services. In addition, as demonstrated by the differences in accounting treatment of the two types of emergency relief, it is important to provide clear guidance on when it is appropriate to conclude that no provision should be recognised until services are delivered. In our view, locating the requirements on collective services, individual services and emergency relief in the body of the standard, together with clearer links to the principles of IPSAS 19 (as we discuss below), will assist public sector entities to apply the Standard to these types of transactions.

¹ As amended by IPSAS 42.

² Paragraphs 81–96 of IPSAS 19.

Applying the principles in IPSAS 19

We consider that the rationale provided in the ED, which appears to be based solely on one specific part of IPSAS 19 (being one specific sentence in paragraph 26), is insufficient justification for the conclusions reached. In our view, the IPSASB should have provided:

- an analysis of the links between its conclusions in IPSAS 42 and its conclusions in the ED; and
- clearer links between its conclusions in the ED and the principles in IPSAS 19.

We explain these points below.

We are of the view that there are no significant conceptual differences between social benefits and collective and individual services. However, in our comment letter on Exposure Draft 63 *Social Benefits* (ED 63), we acknowledge that determining the relevant past event for all forms of social benefits (whether provided in the form of cash or services) is difficult and has been the subject of much debate over the years. Nevertheless, having reached a conclusion in IPSAS 42, we would have expected to see in the basis for conclusions (BC) the IPSASB's considerations on how that conclusion might apply to individual and collective services and emergency relief. For example, if a beneficiary of a particular health service (such as a hip replacement operation) has met all of the eligibility criteria to receive that service before balance date, with the services scheduled to be provided after balance date, should a liability to the beneficiary be recognised at balance date?

In addition, as noted earlier, we consider that there should be clearer links between the conclusions reached in the ED and the principles in IPSAS 19. We consider that these links are important, both for supporting the conclusions reached and for preparers when applying the requirements and guidance added to IPSAS 19.

Paragraph 22 of IPSAS 19 establishes the conditions that must be satisfied for a provision to be recognised. Amongst other things, the entity must have a present obligation as a result of a past event. Paragraphs 23–30 then provide guidance on when such a present obligation arises. The second sentence in paragraph 26, which the IPSASB has used as the basis for the new requirements and guidance on collective and individual services, is merely one sentence in existing requirements and guidance. In our view, it is not appropriate to rely upon one sentence taken in isolation. Although it may not have been the IPSASB's intention, the information provided in the BC gives the appearance that the IPSASB has selected that sentence in order to “retrofit” into IPSAS 19 a conclusion the IPSASB had already reached on the treatment of collective and individual services in developing an earlier Consultation Paper on social benefits. The result is the ED does not contain sufficient analysis of how the principles of IPSAS 19 apply to collective and individual services.

We therefore considered the application of IPSAS 19 to collective and individual services. As noted above, under IPSAS 19, the recognition principle requires, amongst other things, that an entity has a present obligation (legal or constructive) as a result of a past event. In the case of many types of government assistance programmes, a key issue is determining when an obligating event has occurred. As noted earlier, in our comment letter on ED 63, we acknowledge that determining the relevant past event for various forms of social benefits (whether provided in the form of cash or services) is difficult and has been the subject of much debate over the years. It is possible to argue that an obligation to provide services to beneficiaries (especially in the case of individual services)

arises in advance of those services being delivered. However, applying this argument would result in an entity having to recognise large liabilities for services to be delivered in the future without the recognition of future taxes to pay for those services. We consider that such an outcome is unlikely to meet the objectives of financial reporting and satisfy the qualitative characteristics.

Therefore, we support the outcome in the ED for collective and individual services and those types of emergency relief services that are an ongoing activity of the government, i.e. no provision is recognised before the services are/relief is delivered. However, given that IPSAS 19 will now cover these types of services, in addition to a range of other types of transactions, it becomes important to determine:

1. When is it appropriate to set aside arguments about when an obligating event has occurred and conclude that no provision is recognised until a service is delivered?
2. When is it appropriate to apply the usual accounting principles in IPSAS 19 to recognising provisions and other liabilities, which does entail considering when the obligating event has occurred and hence could result in the recognition of a provision for services to be delivered in the future?

In thinking about this question, we consider it helpful to also consider the way in which IPSAS 19 deals with executory contracts. Although the definition of, and guidance on, executory contracts is focused on exchange transactions, we consider this guidance provides a helpful analogy when thinking about the accounting treatment of collective and individual services that are part of the ongoing activities of government. We made a similar point in our comment letter on the Consultation Paper *Recognition and Measurement of Social Benefits* and have expanded on this point below.

We note that under IPSAS 19, no provision is recognised for executory contracts (unless the contract is onerous). This is because, before either party has performed:

- the rights and obligations under an executory contract are interdependent, e.g. an entity's obligation to pay for goods from a supplier is dependent upon (i.e. conditional upon) the supplier delivering those goods; and
- there is no obligation for a net outflow of resources (unless the contract is onerous).

Whilst not a perfect analogy (as the IPSASB found when it previously considered a similar idea, the social contract approach, during its work on developing IPSAS 42), we think that analogising to executory contracts helps to provide a rationale that no provision should be recognised for collective and individual services prior to the delivery of the services. Collective and individual services have characteristics similar to executory contracts in that the community will, collectively, provide funds to the government in the future under tax legislation, and the government will, in return, provide goods and services to the community in the future – essentially, there are rights (to future taxes) and obligations (to provide goods and services to beneficiaries) already established under legislation, and there is an interdependency between those rights and obligations. In these circumstances, even if it is argued that the rights and obligations are separable (e.g. as they involve different individual parties), unlike a typical executory contract for an exchange transaction (which is one reason why the executory contract analogy is not perfect), the overall collective interdependency between these rights and obligations is the key reason why it does not provide useful information to recognise large

liabilities for obligations to beneficiaries under these types of government programmes that are funded by future taxes.

In addition to the above points, in the case of collective and individual services that are part of the on-going activities of government, even though citizens may have legislative entitlements to receive services in the future (e.g. an entitlement to free primary and secondary education), there is often a significant amount of discretion for the public sector entity to make adjustments to the amounts, timing and method of delivery of future services. Some argue that the ability to make such adjustments means that there is no present obligation to service recipients before those services are delivered. (This is similar to some of the situations discussed in paragraph 27 of IPSAS 19 in which a provision is not recognised for future expenditure that is dependent upon an entity's future actions.) Others consider that the ability to make adjustments to future service delivery impacts on the measurement, rather than the existence, of a present obligation to service recipients. Under the latter view, even in situations where it is argued that a present obligation to service recipients arises before services are delivered, the adjustability creates significant measurement difficulties and hence the ability to make a reliable estimate.

In our view, the above analysis could be used to develop a clearer link between the conclusion reached in the ED and the provisions of IPSAS 19, which should also help entities to apply the amended IPSAS 19. Without that clearer link, there may be difficulties in practice in determining whether or not (and the extent to which) a particular government assistance programme involves the delivery of a service to which the requirements and guidance on individual and collective services applies.

In addition, we also note that the ED proposes separate definitions of, and requirements and guidance on, "individual services" and "collective services", although the outcome appears to be the same. It is unclear whether this distinction has any practical impact. In paragraph BC11 of the ED, the IPSASB noted that the reasons a provision did not arise for collective and universally accessible services (now referred to as individual services) were not identical. The IPSASB agreed that the guidance should reflect this. We suggest that the IPSASB provides further discussion of the differences between collective services and individual services. This would assist the readers to appreciate the IPSASB's rationale for distinguishing between collective services and individual services as proposed in the ED, including whether that distinction matters in practice.

Emergency relief

The executory contract analogy discussed above would result in a similar conclusion when applied to emergency relief that is part of the ongoing activities of government.

However, the executory contract analogy does not apply to emergency relief provided only in response to specific emergencies because the relief is:

- ad hoc, so is additional to, and distinct from, the ongoing activities of the government; and
- provided only if the government chooses to provide such assistance. So unlike existing government programmes, it is reasonable to conclude that providing the relief is discretionary, i.e. no obligation arises, until the requirements in paragraphs 22–34 of IPSAS 19 for provision recognition are satisfied.

In general, we consider this type of emergency relief has similar characteristics to grants.

Although, in general, we agree with the proposed accounting treatment of emergency relief, we disagree with paragraph AG18 of the ED, which states “Goods and services delivered through emergency relief do not address the needs of society as a whole. This distinguishes emergency relief from collective services and individual services”. We disagree with this statement and are of the opinion that providing aid and funding after a natural disaster helps the individuals and households to resume with their daily activities (amongst other things), which is addressing the needs of society as a whole. The fact that the recipients of emergency relief are specific individuals or households cannot be determinative of whether or not the provision of government assistance addresses the needs of society as a whole – otherwise, it would call into question the conclusions reached by the IPSASB on individual services and cash transfers to individuals and/or households (social benefits), as these are intended to address the needs of society as a whole.

We initially questioned why the ED proposes to add specific requirements and guidance on emergency relief. We understand that part of the IPSASB’s rationale for doing so is because the IPSASB has identified that emergency relief can include activities that are part of the ongoing activities of government, which need to be distinguished from emergency relief provided in response to specific emergencies. This distinction determines whether an entity applies either (a) the requirements and guidance on collective and individual services (for which no provision is recognised before services are delivered) or (b) the requirements and guidance in paragraphs 22–34 of IPSAS 19 (for which a provision might be recognised before services are delivered, if specified criteria are met). The need to make such a distinction reinforces our earlier comments about providing clearer links between the proposals in the ED and the existing principles, requirements and guidance in IPSAS 19. There are likely to be other situations, in addition to emergency relief, in which such a distinction needs to be drawn. For example, there may be individual services that are not ongoing activities of the government and not emergency relief, such as a government of a developed country providing foreign aid in the form of medical services to a developing country.

To assist entities with applying the requirements and guidance, we suggest the IPSASB:

- (a) provides more guidance on the distinction between the two types of emergency relief;
- (b) considers adding examples in the implementation guidance which accompanies IPSAS 19 on the two types of emergency relief; and
- (c) provides more guidance on the distinction between (a) other forms of government assistance that are not part of the ongoing activities of the government and are not emergency relief provided in response to specific events and (b) individual and collective services.

In providing guidance on when it is appropriate to recognise a provision for emergency relief in response to specific emergencies or in other similar situations where goods and services are provided (for example, an ad hoc response to a particular event i.e. not as an ongoing activity of the government), we consider the application guidance of the principles in IPSAS 19 developed by the

Treasury³ to be useful. The Treasury Guidance provides application guidance of the following key criteria to consider if there is a provision.

- There is a non-reimbursable economic sacrifice
- The expense is not ongoing and adjustable
- The possible obligation arises due to government policy
- At the point the offer is approved and announced it is clear:
 - (i) who will provide the assistance;
 - (ii) what events qualify for assistance;
 - (iii) the types and approximate number of entities who will receive assistance;
 - (iv) what the expected cost was; and
 - (v) when the assistance would be provided; and
- The government has raised a valid expectation in those affected that it will provide cash or the delivery of goods or services because:
 - (i) individuals and entities exist who satisfy the eligibility criteria;
 - (ii) the commitment is not expressed as being subject to future budget decisions, and
 - (iii) the substantial events satisfying the criteria covered by the policy have occurred.⁴

The Treasury Guidance may be of interest to the IPSASB in developing the requirements and guidance as we have suggested in points (a) and (c) above.

³ The Treasury *Guidance on Recognising Liabilities and Expenses* (the Treasury Guidance)
<https://treasury.govt.nz/sites/default/files/2013-11/rle-nov13.pdf>

⁴ The Treasury Guidance, page 20.

APPENDIX 2 Response to Specific Matters for Comment

Specific Matter for Comment 1

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

We have noted in Appendix 1 that the ED proposes separate definitions of, and requirements and guidance on, “individual services” and “collective services”, although the outcome appears to be the same. It is unclear whether this distinction has any practical impact.

We disagree with the proposed definitions of collective services and individual services. Both definitions contain references to “address the needs of society as a whole” and this notion is one of the reasons the ED has distinguished between collective and individual services and emergency relief. There is no definition of, or guidance on, what is meant by “address the needs of society as a whole” in the context of collective and individual services. We note there is some discussion of this notion in paragraph AG8 of IPSAS 42 but that discussion is unclear and is only in the context of social benefits.

Without this definition and/or guidance it is difficult to distinguish between (a) an individual service within the scope of paragraphs AG12 and AG13 of the ED (for which no provision is recognised before the service is delivered) and (b) the delivery of services to individuals in other circumstances, such as emergency relief (which could fall into paragraph AG20, AG21 or AG22 of the ED, depending on the circumstances). In the case of emergency relief, the ED relies on the assertion in the first sentence of paragraph AG18, but we disagree with this assertion. So given that we have different views to the IPSASB on the circumstances in which services address the needs of society as a whole, and the ED contains no explanation of the meaning of this notion, this suggests that the two definitions are not clear.

Specific Matter for Comment 2

Do you agree that no provision should be recognised for collective services?

If not, under what circumstances do you think a provision would arise?

Specific Matter for Comment 3

Do you agree that no provision should be recognised for individual services?

If not, under what circumstances do you think a provision would arise?

We agree with the conclusion that no provision should be recognised for collective services and individual services that are part of the ongoing activities of government.

For those types of emergency relief services that are individual services and not an ongoing activity of the government (or other public sector entity), we agree that in some circumstances it may be appropriate to recognise a provision or disclose a contingent liability.

We have noted in our discussion in Appendix 1 that we disagree with adding application guidance to IPSAS 19. Instead, in our view, the IPSASB should establish requirements and guidance on collective and individual services and emergency relief in the body of IPSAS 19 (we would suggest under a separate section in *Application of the Recognition and Measurement Rules*). In our view the IPSASB should explain how it has applied the principles in IPSAS 19 to collective and individual services and emergency relief (i.e. how do the general recognition criteria in IPSAS 19 apply to collective and individual services and emergency relief). In Appendix 1 we have outlined some thoughts on how this might be done and some matters to consider.

Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

We agree with not recognising a provision for those types of emergency relief services that are part of the ongoing activities of government.

For those types of emergency relief services that are not an ongoing activity of the government (or other public sector entity), we agree that in some circumstances it may be appropriate to recognise a provision or disclose a contingent liability.

We have noted in our discussion in Appendix 1 that we disagree with adding application guidance to IPSAS 19. Instead, in our view, the IPSASB should establish requirements and guidance on collective and individual services and emergency relief in the body of IPSAS 19 (we would suggest under a separate section in *Application of the Recognition and Measurement Rules*). In our view, the IPSASB should explain how it has applied the principles in IPSAS 19 to collective and individual services and emergency relief (i.e. how do the general recognition criteria in IPSAS 19 apply to collective and individual services and emergency relief). In Appendix 1 we have outlined some thoughts on how this might be done and some matters to consider.

Other comments

We note that paragraph AG16 of the ED seems to suggest that if expenses are classified based on their function then collective and individual services could be presented separately. For some entities there is no separation between the provision of collective and individual services, so it would require system changes to collate this information. We are of the view that this separate presentation of information provides no benefit to the users of the financial statements. This separate presentation could have the same challenges as the current disclosure of exchange and non-exchange revenue under IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*. Whilst the terms collective services and individual services are used in the ED, this should not result in separate presentation in the financial statements. We recommend that the IPSASB reconsiders the separate presentation of collective and individual services and reviews the guidance in paragraph AG16 of the ED.

Editorials

On page 15 of the ED we have found an editorial in paragraph 35A of IPSAS 42 *Social Benefits*; the paragraph reference to 5A should be paragraph 4A.

Comments and suggestions on the IPSASB Proposals of ED67**“Collective and Individual Services and Emergency Relief
(Amendments to IPSAS 19)”****Task force IRSPM A&A SIG, CIGAR Network, EGPA PSG XII**

The IPSASB has requested comments and answers to specific questions regarding its Proposed Amendments to IPSAS 19 covering Collective and Individual Services and Emergency Relief. The comments and responses prepared by the Task Force IRSPM A&A SIG, CIGAR Network and EGPA PSG XII are presented below.

The IRSPM A&A SIG, CIGAR Network and EGPA PSG XII are three research networks that focus on Public Sector Accounting. The Task Force is made up of 18 researchers from these networks. The views expressed in this document represent those of the members of the Task Force and not of the whole research community represented by the networks, and neither of the Institutions/Universities with which they are affiliated.

**Comments and suggestions considering the IPSASB document for ED 67
‘Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)’**

We welcome the opportunity to comment on the proposed amendments to IPSAS 19 contained in ED 67. We see the development of standards and guidance on matters that are specific to the public sector as being a particularly important part of the continuing programme of work of the IPSASB.

Core assumptions

We are of the opinion that Public Financial Management (PFM), in its broadest sense, is the system by which public financial resources are planned, managed and controlled. Furthermore, the PFM system is the foundation on which the accountability of public sector entities, both external and internal, is built to enable and influence the efficient and effective delivery of public service outcomes and to discharge accountability towards citizens. In our view, PFM is paramount for accountability and should support the stewardship and decision-making functions, which are both subordinated. We recognise the pivotal role of the Board in developing high quality international public sector accounting standards to support financial reporting and to enhance non-financial disclosure by public sector entities to increase citizens’ trust.

We are of the opinion that, in general, public sector entities require public sector specific principles and standards that properly address and accommodate public sector specificities. As such, when public sector transactions resemble those taking place in the private sector, principles and standards may be kept as aligned as possible. However, for public-sector-specific transactions, we are in favour of standards that are not adapted artificially from private sector accounting and we think there is a need to seek options that best fit the public sector. This core thesis underpins our proposals and recommendations within which we have sought to embed issues raised in academic works.

Specific Matter for Comment 1

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

Response:

We support the definitions provided in respect of the distinction made between collective and individual services. We note that the definitions used in ED 67 draw upon those given in ESA2010, which could provide a basis for examples of expenditure falling into each category.

It appears that the only distinction between 'social benefits' in IPSAS 42 and 'individual services' in AG6/7 is that the former represent cash transfers, while the latter excludes these. We recommend that the definition of 'individual services' should be extended to refer to them excluding direct cash transfers and equivalent transactions made to individuals or groups.

It would be useful for the Board to offer a more precise definition of what can be viewed as addressing 'the needs of society as a whole' as opposed to the needs of specific individuals or groups. This is important because the proposals of ED 67 appear to be premised upon (i) making no provision for services which address the needs of society as a whole; but (ii) possibly making provision for emergency relief services as they do NOT address the needs of society as a whole.

Specific Matter for Comment 2

Do you agree that no provision should be recognized for collective services? If not, under what circumstances do you think that a provision would arise?

Response:

We agree with the proposed approach that no provision should be recognized for the intention to deliver future collective services, for the reasons indicated in ED 67.

Specific Matter for Comment 3

Do you agree that no provision should be recognized for individual services? If not, under what circumstances do you think that a provision would arise?

Response:

We agree with the proposed approach that no provision should be recognized for the intention to deliver future individual services, for the reasons indicated in ED 67. An exception to this general approach, described below, applies when a voucher scheme creates a present obligation arising from a past event and where a reliable estimate can be made of the expected resulting outflow of resources.

We agree that the reimbursement of the costs of services or the provision of vouchers to cover part of the costs of services, implies that these are individual, rather than collective, service costs (AG8 / AG9). A provision would be needed for the costs of reimbursement, if material, of those vouchers that have been activated during a particular accounting period, where the reimbursement to the individual or to the supplier is made in the following accounting period. A provision is needed in those cases when a reliable estimate can be made of the value of these future reimbursements, in line with IPSAS 19 paragraph 22. The difference between the face value of reimbursements from vouchers effective at the balance sheet date and the amount provided should be reported as a contingent liability, following IPSAS 19 paragraph 100.

The accounting treatment described above is based upon an interpretation of voucher schemes as giving rise to an obligation of a public sector entity because the service derives from an exchange transaction under which the holder of the voucher is reimbursed from public funds for all or part of a service. A different interpretation of voucher schemes is that they result in a type of cash transfer, as such schemes usually indicate a maximum cash value for reimbursement. The Board might wish to consider whether vouchers are equivalent to cash transfers and should be classified as Income Support under IPSAS 42.

Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief? If not, how do you think that emergency relief should be accounted for?

Response:

We agree that the accounting treatment of expenditure on emergency relief should be based upon the broad criteria existing in IPSAS 19. The guidance given in paragraphs AG20 and AG21 should be made more explicit than is currently stated. There will usually be a number of different stages of the relief programme¹. For example, the impact of an emergency of national importance is that there will usually be a need to provide immediate humanitarian relief to the persons affected. This might be indicated by an announcement of a formal 'state of national emergency'.

We would emphasize that a disaster in a country or in an economy is not necessarily the same as a disaster for a government or particular public sector entities. Even a whole of government account is not same as the whole economy. In other words, the government is not automatically responsible for the consequences of a disaster and its relief. The Board should consider extending its guidance to emphasise that government responsibility, and thus the accounting consequences of recognition and disclosure, depend upon political structures, legislation and governmental decisions. We cannot have accountants pre-determining the political decisions involved in deciding how the government should respond to a particular emergency situation.

We suggest that the Board seeks to provide a clearer definition and description of emergency relief than is given in ED 67. For example, the current description (AG18), indicates that "goods and services delivered through emergency relief do not address the needs of society as a whole". However, emergency relief might include measures that provide both collective benefit, such as infrastructure spending, as well as individual support. There may also be a need to distinguish local / national programmes from international support. For example, it is possible that local government relief efforts are seen to address the needs of its (local) society as a whole, whereas international aid is targeted at individuals in need.

We note that ED 67 appears to limit its consideration to natural events that trigger emergency relief. The Board should consider whether other types of events, such as financial crises, should be included in the scope of emergency relief as these have triggered even larger government interventions in recent years in many jurisdictions.

We think that, following the mobilisation of a relief effort and / or the announcement of a state of national emergency, a contingent liability should be disclosed concerning the estimated additional costs of those emergency relief plans which a government has indicated it will undertake. We think that paragraph AG21 could be made more explicit to support the disclosure of a contingent liability (if its probability is not 'remote'), rather than its current requirement that the entity should merely 'consider' whether disclosure is required.

Paragraph AG22 considers those circumstances where emergency relief is delivered as a continuing activity of government or other public entity. We consider that this is most likely to be the case where there is a unit within government, or sponsored by government, which deals with the planning of and preparation for emergency relief events. Such continuing costs might include research and development, early warning and response communication systems along with education and training for employees and volunteers. We agree that the ordinary activities of such an entity should not result in a provision for emergency relief since they are expensed when they accrue on a regular basis (AG22). The mobilisation of a relief effort and / or the announcement of a state of emergency, however, should again be sufficient to trigger disclosure, as a contingent liability, of the expected additional costs of emergency relief. This would ensure consistency with the approach adopted in those cases where there is no entity carrying out continuing activities.

¹ Baker, C.R. (2014) "Breakdowns of accountability in the face of natural disasters: The case of Hurricane Katrina", *Critical Perspectives on Accounting*, vol. 25, pp. 620-632; and Sargiacomo (2015), *op.cit.*

Other matters in the accounting for collective and individual services and emergency relief

The accounting issues considered within ED 67 are restricted to decisions on the recognition of costs, provisioning and contingent liabilities, presumably because the exposure draft is designed to provide amendments to IPSAS 19. However, there are other related accounting issues that the Board might consider within its future work programme.

It will be helpful to preparers and users if the Application Guidance was extended to provide a clearer indication of the categories of cost to be included (or excluded) from the determination of the costs of emergency relief. Accounting classification schemes have been shown to influence the scope and scale of emergency relief activities². Guidance on cost classification would help to improve consistency in the application of standards to improve the opportunities for international comparative assessments.

A conflict in the timing of non-exchange revenue and non-exchange expenditure may arise in the case of public bodies that receive non-exchange revenue for the purposes of funding the cost of collective and individual services and emergency relief. The non-exchange revenue might be recognized immediately, depending upon the accounting that develops from the IPSASB Consultation Paper, while the future costs to be funded from that revenue would not be recognized under the proposals in ED 67. This would give a misleading (over-positive) impression of the financial position of the entity at the end of the reporting period. We suggest that the IPSASB gives further consideration to the potential mismatch in the reporting of non-exchange revenue and expenses; for example, a proposed future ED on Grants and Transfers should provide an approach which is consistent with ED 67. One solution might be to allow entities to defer non-exchange revenue to future periods to enable the subsequent matching of income and expenditure.

It is apparent that an option open to governments is to fund the cost of emergency relief either before the event (ex-ante building of an investment fund), after the event (ex-post funding and accounting) or by some combination of the two³. If ex-ante funding is adopted through the creation of special purpose entities, which build up funds for emergency relief, it would be appropriate for disclosure of (a) the accounting and investment policies followed, and (b) any restriction on the use of the resources to particular categories of events. The effectiveness of ex-ante special purpose funding may be reduced if it is controlled directly by government and there are no restrictions to prevent the 'raiding' of funds to cover other costs not anticipated when the fund was set up⁴. We therefore recommend that disclosure of the governance arrangements for such entities should be made, together with details of its investment policies and any significant restrictions on investments laid down by the relevant government departments.

² Sargiacomo (2015), "Earthquakes, exceptional government and extraordinary accounting", *Accounting, Organizations and Society*, vol. 42, pp. 67-89.

³ Phaup, M. and Kirschner, C. (2010), "Budgeting for Disasters: Focusing on the Good Times", *OECD Journal of Budgeting*, vol. 10, no. 1, pp. 1-24.

⁴ Newberry, S. (2016), "Debate: Climate change and (financial) sustainability – special purpose disaster funds as disaster preparedness?", *Public Money & Management*, vol. 36, no. 4, pp. 235-238.

Date: 11th May, 2019

Signed on behalf of those persons listed below

Aggestam Pontopiddan	Caroline	Associate Professor of Accounting	Copenhagen Business School, Denmark
Anessi Pessina	Eugenio	Professor of Public Management	Università Cattolica del Sacro Cuore, Milan, Italy
Biondi	Yuri	Senior Tenured Research Fellow of the CNRS	IRISSO, University Paris Dauphine PSL, France
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Brusca	Isabel	Professor of Accounting and Finance	University of Zaragoza, Spain
Caperchione	Eugenio	Professor of Public Management	Department of Economics "Marco Biagi", Modena and Reggio Emilia University, Italy
Caruana	Josette	FCCA, FIA, CPA, MA (Fin. Services), PhD	Lecturer, Department of Accountancy, University of Malta, Malta
Christiaens	Johan	CPA, Public Sector EY	Professor Public Sector Accounting, Ghent University, Belgium
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Dabbicco	Giovanna	Researcher, PhD and Adjunct Assistant Professor	ISTAT, and Roma 3 University, Italy
Haustein	Ellen	Lecturer and Scientific Researcher	Chair of Accounting, Management Control and Auditing; University of Rostock, Germany
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John Stanford
Technical Director
International Public Sector
Accounting Standards Board
International Federation of Accountants
277 Wellington Street, 4th Floor
Toronto, Ontario M5V 3H2
CANADA

Lausanne, May 20, 2019

Swiss Comment to

Exposure Draft 67 Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)

Dear John,

With reference to the request for comments on the proposed Consultation Paper, we are pleased to present the Swiss Comments to Exposure Draft 67 Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19). We thank you for giving us the opportunity to put forward our views and suggestions. You will find our comments for the Exposure Draft in the attached document.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely,

SRS-CSPCP



Prof Nils Soguel, President



Evelyn Munier, Secretary

Swiss Comment to Exposure Draft 67 Collective and Individual Services and Emergency Relief
(Amendments to IPSAS 19)

Swiss Comment to

Exposure Draft 67 Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)

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1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation).

The SRS-CSPCP has discussed ED 67 Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19) and comments as follows

2. Comments to Exposure Draft 67

The SRS-CSPCP is positively disposed to this ED. The proposed changes will hardly cause changes in practice in Switzerland, because provisions are already used very restrictively.

We would suggest to supplement the table under AG 6, page 8 of the ED, on the relationship between social benefits and collective and individual benefits for the population with a column for emergency relief.

3. Specific Matter for Comment 1

The SRS-CSPCP is in agreement with the definitions of collective services and individual services. It should, however, be examined whether within the definitions it should be explicitly mentioned that collective and individual services are non-cash services. This distinction from the definition of social benefits is so far clear only in the table under AG 6, page 8 of the ED.

In addition, it should be ensured that the proposed definitions are consistent with those in other Standards, in particular IPSAS 42. As in this amendment of IPSAS 19 the expressions *individual* and *collective services* are defined, it would be logical also to define the expressions "*community*" and the "*needs of society as a whole*".

4. Specific Matter for Comment 2

The SRS-CSPCP is in agreement that for collective services no provisions may be recognized, because they are ongoing services for the benefit of the whole population.

5. Specific Matter for Comment 3

The SRS-CSPCP is in agreement that for individual services no provisions may be recognized, because they are ongoing services for the benefit of the whole population.

6. Specific Matter for Comment 4

The SRS-CSPCP is in agreement with the proposed accounting treatment of emergency relief. However, the SRS-CSPCP believes that the distinction between *ongoing activities* and *specific emergencies* is difficult. This distinction creates confusion rather than being helpful. Further the SRS-CSPCP would welcome it, if the IPSASB could provide examples of these two cases. The SRS-CSPCP wonders whether or not, for instance, the fire service belongs to these activities.

Furthermore, the SRS-CSPCP notes with satisfaction that IPSAS 19 represents a major obstacle to arbitrary provisions.

Lausanne, April 9, 2019



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OUR REF: ICAG/TRD/ED 2019/01

YOUR REF:

14th May, 2019

The Technical Director
International Public Sector Accounting Standards Board (IPSASB)
New York

Dear Sir,

Comments on Exposure Draft (ED) 67: Collective and Individual Services and Emergency Relief

We are grateful to the IPSASB for the opportunity given us to comment on the Exposure Draft (ED) 67; Collective and Individual Services and Emergency Relief.

We welcome the initiative of the IPSASB to propose improvements to the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about collective services, individual services and emergency relief.

Below are our responses to the questions raised in the Exposure Draft.

Specific Matter for Comment

1: Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

We do agree with the definitions of both collective and individual services. The primary difference between individual services and collective services is that for collective services, the services are provided simultaneously to all members of a community. Also, consumption is passive and does not require active participation or explicit agreement from beneficiaries; whiles for individual services, the services are provided to individuals or households.

The examples given for simultaneous provision of service include defense or street lighting which illustrates the point of provision simultaneously to all. There is a point that for collective services "goods" are not included, but they are included for individual services. This begs the question

what constitutes a “good”. It would be helpful to clarify what constitutes a “good” as against what constitutes a service.

Specific Matter for Comment

2: Do you agree that no provision should be recognized for collective services? If not, under what circumstances do you think a provision would arise?

We do agree that no provision should be recognized for collective services since collective services are ongoing activities of the public sector entity and that any obligations which may arise are not independent of the entity’s future actions. Also, because the collective transactions are conducted through exchange transactions which are accounted for in other IPSAS, no provision is to be recognized. The exclusion of providing for collective services has to deal with the “Past Event” portion of the Standard. The timing and cost involved in providing collective services is known and exists at the reporting date, therefore if not paid out, these costs will be accrued. There is no need to provide.

There may be some future obligations associated with the delivery of future services since these are ongoing activities provided by the public sector. But no provision is recognized since we do not provide based on entity’s future actions.

“Any obligation arising out of provision of these services is not independent of the entity’s future actions and therefore no provision needs to be recognized for the intention to deliver services prior to actually providing those services. “

We do not see any circumstances for which a provision would arise.

Specific Matter for Comment

3: Do you agree that no provision should be recognized for individual services? If not, under what circumstances do you think a provision would arise?

We do agree with the fact that no provision should be recognized for individual services as any obligation that may arise for individual services is not independent of the entity’s future actions and that no provision is recognized for the intention to deliver such services prior to individuals and households accessing the services. Similar to collective services, above, no provision needs to be recognized for costs incurred on services already provided. Also, even if there are obligations incurred related to future services, insofar as they have not yet been rendered, no provision will be made. Accruals for costs of services already rendered will be made (if not already disbursed) since both the timing of services provided and cost of these services are well known. We are not aware of any circumstances for which a provision will arise.

Specific Matter for Comment

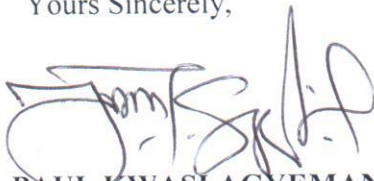
4: Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

We do agree with the proposed accounting for emergency relief where a present obligation is recognized as a result of the government passing legislation and announcement, and that the entity needs to reassess at each reporting date whether the cumulative effect of the decisions and announcements is sufficient to require the recognition of a provision. No provision will be required if an event does not give rise to a present obligation that satisfies the recognition of a provision. In the circumstances where the government is responding to a specific emergency (that has already occurred – past event), would require the setting up of a provision partly because of the uncertainty of the timing and/or of the amount and the non-recurrence of the event.

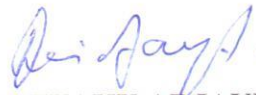
However, in the circumstance where the provision of emergency relief is a recurring activity, this becomes analogous to the provision of individual or collective services and then those similar arguments would apply with respect to “Providing” for.

We hope the IPSASB finds these comments helpful in further developing its consultations on Collective and Individual Services and Emergency Relief. In turn, we are committed to helping the IPSASB in whatever way possible to build upon the results of this Exposure Draft. We look forward to strengthening the dialogue between us. Please do not hesitate to contact us should you wish to discuss any matters raised in this submission.

Yours Sincerely,



PAUL KWASI AGYEMANG
CHIEF EXECUTIVE OFFICER



OSEI KWAKU ADJAYE GYAMFI
DIRECTOR, TECHNICAL AND RESEARCH



**INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OF UGANDA**

Our Ref: T/11

15 May 2019

The Technical Director,
International Public Sector Accounting Standards Board,
International Federation of Accountants,
277 Wellington Street,
Toronto, Ontario M5V 3H2,
CANADA.

Dear Sir/ Madam,

**EXPOSURE DRAFT 67, COLLECTIVE AND INDIVIDUAL SERVICES AND
EMERGENCY RELIEF (AMENDMENTS TO IPSAS 19)**

The Institute of Certified Public Accountants of Uganda (ICPAU) welcomes the opportunity to provide comments to **Exposure Draft 67, Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)**.

Our comments are provided in the attached Appendix.

We hope you will find our comments useful.

Yours sincerely,


CPA Derrick Nkajja
SECRETARY / CEO

Appendix: Comments on Exposure Draft 67, Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19).

LN/.....

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA

EXPOSURE DRAFT 67, COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF (AMENDMENTS TO IPSAS 19)

RESPONSES TO SPECIFIC MATTERS FOR COMMENT

Specific Matter for Comment 1:

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

Below are our concerns regarding the two definitions included in the ED;

- a) The definition of individual services includes provision of goods, but this is not captured in the terminology used. We suggest adding an explicit reference to goods in the terminology.
- b) The concept of 'addressing the needs of society as a whole' in the two definitions may be difficult to interpret. For example, individual services are provided to individuals and/or households (how does this address the needs of society as a whole?). We also know that collective and individual services do not necessarily benefit everyone equally.
- c) More examples would be welcome to illustrate the variety of these services (collective & individual), and their specific features to help distinguish them from social benefits.
- d) We also note the difficulties that would exist in practice to classify transactions, between collective or individual services; yet the accounting guidance proposed in the ED is the same and there are no specific presentation or disclosure requirements proposed that would require such classification. Simplifying the requirements by regrouping both types of expenses would facilitate implementation.

Specific Matter for Comment 2:

Do you agree that no provision should be recognized for collective services? If not, under what circumstances do you think a provision would arise?

We generally support the proposed accounting treatment for collective services.

Specific Matter for Comment 3:

Do you agree that no provision should be recognized for individual services? If not, under what circumstances do you think a provision would arise?

We considered the role the eligibility criteria would play in the guidance on whether a provision should be recognized or not for individual services. For instance, the

provision of free education services where eligibility criteria has to be met. In this case, government/ the public sector entity has a present obligation for as long as these individuals meet the eligibility criteria.

Specific Matter for Comment 4:

Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

We generally agree with the proposed accounting treatment for emergency relief. However, further guidance in assessing whether or not a present obligation exists, and a provision is to be recognized or contingent liability disclosed should be included in the amendments.

Para. AG20 refers to 'government announcements' giving rise to a present obligation. We are not sure whether, government announcements across jurisdictions are enforceable and would entail the recognition of a liability. The Board may want to revise this.

GENERAL COMMENTS

This ED forms part of the Board's broader project to provide guidance on accounting for non-exchange expenses.

The Board issued IPSAS 42, Social Benefits narrowing its scope to cash transfers. This ED proposes guidance for non-cash transfers that are outside the scope of IPSAS 42, which is a welcome amendment.

It is our hope though that for purposes of enhancing consistency in application, the proposed amendments be looked at wholesomely for the entire project of accounting for non-exchange transactions.



Ian Carruthers
Chairman
IPSASB
IFAC

Submitted via website

Brussels, 22 May 2019

Accountancy Europe response to the public consultation on ED67 *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*

Dear Sir,

1. We are pleased to provide our response to the IPSASB's public consultation on ED67.
2. We commend the IPSASB in producing this exposure draft. It provides clarity around the treatment of collective and individual services not covered by *IPSAS 42 Social Benefits*, and also provides guidance on the treatment of emergency relief, where we have seen much divergence in practice.
3. However, we question whether adding guidance in respect of collective and individual services to IPSAS 19, which deals with provisions and contingencies, is appropriate when the proposed treatment of these services is to not recognise a provision or a contingency.
4. As the proposed amendments in respect of the accounting treatment for collective and individual services are intended to complement IPSAS 42, perhaps a more appropriate location for the guidance would be as an appendix to that standard. We do not believe that the fact that the proposed accounting treatment draws upon paragraph 26 of IPSAS 19 means that the guidance must be in an Appendix to IPSAS 19.
5. An alternative would be for the guidance in respect of the accounting treatment for collective and individual to be included in the non-exchange expenses standard that is under development by the IPSASB. This would have the advantage of ensuring that the accounting treatment was consistent with the proposed performance obligation approach, albeit we appreciate that this would result in considerable delay in the guidance being issued.
6. Our detailed responses to the specific matters for comment in the exposure draft are set out below.

Specific Matter for Comment 1

Do you agree with the definitions of collective services and individual services that are included in this exposure draft?

If not, what changes would you make in the definitions?

7. We broadly agree with the definitions of collective services and individual services, although we have included below some suggestions for improving the consistency of definitions and examples in practice.
8. However, in respect of individual services, we do note some inconsistencies in AG7 to AG9 in respect of the delivery of **goods** to individuals and households – it is mentioned in some paragraphs, but others just relate to the delivery of services.
9. Additionally, the examples in the document only relate to services– we believe that it would be helpful to provide some examples of public sector entities that provide goods to individuals to address the needs of society as a whole.
10. The guidance in AG2 on collective services bears much in common with the concept of *public goods*, long established in economics. To provide users with access to more guidance without expanding the length of ED 67, it could be beneficial to refer to this already existing body of research.

For example, AG2 could be expanded to include “the concept of collective services is drawn from work on public goods introduced by PA Samuelson and expanded by E Ostrom. Further guidance, particularly in respect of the characterisation of public goods being non-rivalrous and non-excludable and their differentiation from *common-pool resources* can be obtained from their research”.

11. As discussed in matter for comment 3, the form of payment, and the economic substance that it represents, is an important characteristic to separate *social benefits* from *individual services*. Consequently, we believe that the definition of individual services in AG3 should specifically refer to the fact that the provision of benefits in cash or cash equivalents are excluded.

Specific Matter for Comment 2

Do you agree that no provision should be recognized for collective services?

If not, under what circumstances do you think a provision would arise?

12. We agree that no provision should be recognised for collective services.

Specific Matter for Comment 3

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

13. In many circumstances, we agree that no provision should be recognised for individual services.
14. However, we believe that there may be circumstances where a treatment mirroring that in IPSAS 42 would be more appropriate.

15. The table in AG6 suggests that the main distinction between social benefits and individual services is that social benefits are paid in cash or cash equivalents. Vouchers, for example, are not included as a cash equivalent. We understand that the IPSASB considers that the form of payment reflects an underlying difference in economic substance – this should be clarified in AG7 to ensure that the payment method is not over-emphasised in importance when characterising the services in question.
16. This could lead to a situation where the accounting treatment of a social benefit fulfilling the same basic societal need is accounted differently depending on its method of payment.
17. Additionally, it could lead to the situation where two elements of a split-payment of a social benefit, one element paid in cash and the other by some other means, are accounted for differently despite fulfilling the same purpose.
18. We are not suggesting re-opening IPSAS 42, but we believe that this is an opportunity to examine whether restricting the accounting treatment of social benefits to cash payments only is conceptually sound for all circumstances and whether there are occasions when the accounting treatment of individual services provided to mitigate social risks should follow IPSAS 42.
19. We also believe that AG13 could be more precise in respect to when individuals or households have entitlement to the individual services. Currently, AG13 refers to ‘when individuals and/or households **access** individual services’ – we believe that there may be occasions where eligibility criteria have been satisfied prior to accessing the services and this could lead to the recognition of a provision.

Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

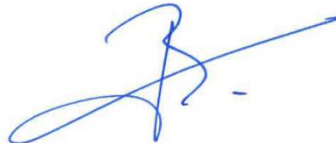
20. We agree with the proposed accounting treatment for emergency relief:
 - a. Requiring a provision or the disclosure of a contingent liability when an explicit policy decision has been made by a government or other public sector entity to provide relief for a specific emergency
 - b. Not requiring a provision where the delivery of such relief is part of the ongoing activity of government or another public sector entity
21. However, in respect of the wording in AG20, we believe that the sentence ‘*This decision could give rise to a present obligation.....*’ is too vague and that it would be helpful to preparers to have more definite guidance as to the factors that should be considered to determine whether a present obligation has arisen.
22. We also believe more consideration may need to be given to how this section interacts with IPSAS 42.
23. In particular, a domestic emergency could result in a government having to respond with both temporary relief and also an additional provision of social benefits. For example, an earthquake could destroy houses, requiring the government to provide temporary accommodation. It may also temporarily or permanently destroy business premises, making people unemployed and thereby increase demand for social benefits.

24. We believe that ED67 should consider the primacy of IPSAS 19 and 42 in such circumstances. A larger provision may result if IPSAS 19 is applied to all the payments arising from the emergency, rather than if some of the costs are treated as social benefits under IPSAS 42. It is also probable that some cost elements would be recognised at an earlier point in time under IPSAS 19 than under IPSAS 42.

Sincerely,



Florin Toma
President



Olivier Boutellis-Taft
Chief Executive

ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 51 professional organisations from 36 countries that represent **1 million** professional accountants auditors and advisors. They make numbers work for people. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No 4713568401-18).

**ACT**
GovernmentChief Minister, Treasury and
Economic Development

Mr John Stanford
The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017
United States of America

Dear Mr Stanford

Exposure Draft 67 *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to provide comments to the International Public Sector Accounting Standards Board (IPSASB) on IPSASB Exposure Draft (ED) 67 *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*.

HoTARAC is an intergovernmental committee that advises Australian Heads of Treasuries on accounting and reporting issues. The Committee comprises the senior accounting policy representatives from all Australian States, Territories and the Australian Government.

HoTARAC broadly agrees with the approach outlined in this ED, but recommends the example on emergency relief be reconsidered.

The attachment below sets out HoTARAC's response to the specific matters for comment. If you have any queries regarding our comments, please contact Peter Gibson from the Commonwealth Department of Finance on +61 2 6215 3551 or by email to peter.gibson@finance.gov.au.

Yours sincerely

David Nicol

Chair

Heads of Treasuries Accounting and Reporting Advisory Committee

28 May 2019

Attachment: ED67 Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)

Specific Matters for Comment

1. Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

HoTARAC agrees with the proposed definitions.

HoTARAC notes the similarity between the explanation of collective services in paragraph AG2 and the economic concept of a public good. The IPSASB may want to consider bringing this to users' attention.

2. Do you agree that no provision should be recognized for collective services? If not, under what circumstances do you think a provision would arise?

HoTARAC agrees.

3. Do you agree that no provision should be recognized for individual services? If not, under what circumstances do you think a provision would arise?

HoTARAC agrees

4. Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

While HoTARAC agrees that determining when emergency relief gives rise to a present obligation should be subject to the normal criteria of IPSAS 19, HoTARAC notes that paragraph AG20 provides examples of present obligations that include a government announcement. The Australian experience, reflected in paragraph Aus 26.1 of AASB 137 the Australian equivalent to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is that announcements – in of themselves and without explicit policy authority - rarely give rise to unavoidable obligations:

This paragraph and paragraph Aus26.2 relate to the recognition by a local government, government department or government of a liability arising from a local government or government existing public policy, budget policy, election promise or statement of intent. The intention to make payments to other parties, whether advised in the form of a local government or government budget policy, election promise or statement of intent, does not of itself create a present obligation which is binding. A liability would be recognised only when the entity is committed in the sense that it has little or no discretion to avoid the sacrifice of future economic benefits.

To avoid confusion in the application of the guidance in respect to emergency relief, HoTARAC recommends removing or amending this example. One possible amendment is:

AG20. The delivery of emergency relief in response to specific emergencies requires an explicit policy decision to be made by a government or other public sector entity. This decision could give rise to a present obligation, requiring the recognition of a provision when the criteria in paragraphs 22–34 of this Standard are satisfied. For example, in these circumstances a present obligation could arise as a result of ~~government announcements~~, the passing of legislation and other government actions. AG21. Where an event does not give rise to a present obligation that satisfies the criteria for the recognition of a provision, an entity shall consider whether paragraphs 35–38 of this Standard require the disclosure of a contingent liability. The nature of the obligation may change as a result of later ~~announcements or~~ actions, such as the enactment of legislation. An entity will need to reassess at each reporting date whether the cumulative effect of the decisions ~~and announcements~~ is sufficient to require the recognition of a provision.

Attachment: ED67 Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)

HoTARAC is also of the view that the section on emergency relief would be enhanced by mentioning the key features for recognition of a liability, as they are relevant to the creation of a provision under IPSAS 19, including:

- A liability results from a past event – and so a dedicated emergency relief agency would not make provision for events, such as disasters, that have not yet occurred and
- A liability, as with all financial statements elements, must be capable of reliable measurement – in some cases where an emergency event has very recently occurred, reliable measurement may not be possible.



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John Stanford
Technical Director
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CANADA

Our Ref.: 046-06-03-01146 27.05.2019 Doknr: 352
Official in charge: Claudia Michlig
Berne, May 28, 2019

**Comment to Exposure Draft 67 "Collective and Individual Services and Emergency Relief"
(Amendments to IPSAS 19)**

Dear Mr Stanford

This document is a response to the IPSASB on the subject of Exposure Draft 67, and supplements the opinion of the Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP).

Yours sincerely

Federal Social Insurance Office

Colette Nova
Vice-Director

Claudia Michlig



COO.2063.100.4.2287008

Federal Social Insurance Office

Effingerstrasse 20, CH-3003 Berne
Phone , Fax
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General remarks

We welcome the IPSASB's endeavours to address the current regulatory gaps in the area of non-exchange expenses. This encourages a uniform approach and, thus, improved comparability of financial reporting.

Alongside cash benefits, the benefits provided under Switzerland's Old Age and Survivors' Insurance (OASI), Invalidity Insurance (IV), Loss of Earnings Compensation (EO), and Supplementary Benefits (EL) schemes comprise a number of benefits in kind. IPSAS 42 only addresses the cash benefits such as pensions, daily allowances and helplessness allowances paid out under the AHV, IV, EO and EL schemes. ED 67 closes this gap and defines the further procedure as regards benefits in kind.

We regard the planned changes as positive. In our opinion, it makes sense to carry out accruals only for exchange transactions that have taken place. This would reduce the level of assessment uncertainty in statements and increase the informative value thereof. Nevertheless, there would still be challenges under this procedure as regards the recognition and measurement of accruals. Recognising provisions for non-cash benefits at the time of the legal obligation from the non-exchange transaction would prove difficult with a view to reliable financial reporting and would require a considerable amount of time and effort to implement.

Specific Matter for Comment 1

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

We are in agreement with the definitions of both terms. To underscore the accrual aspect of IPSAS 42, the criterion "non-cash" could be included. This would facilitate the allocation of the benefits to the respective standard.

Specific Matter for Comment 2

Do you agree that no provision should be recognised for collective services?

If not, under what circumstances do you think a provision would arise?

We agree that no provision should be recognised for collective services as the benefits involved are current benefits.

Specific Matter for Comment 3

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

We agree with the planned procedure and regard this as positive.

Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

No comment to be added.

Berne, May 28, 2019



**The Japanese Institute of
Certified Public Accountants**

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May 29, 2019

Mr. John Stanford
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario, Canada M5V 3H2

**Comments on Exposure Draft 67 “Collective and Individual Services and
Emergency Relief (Amendments to IPSAS 19)”**

Dear Mr. Stanford,

The Japanese Institute of Certified Public Accountants (hereafter “JICPA”) highly respects the International Public Sector Accounting Standards Board (hereafter “IPSASB”) for its continuous effort to serve the public interest. We are also pleased to comment on the Exposure Draft 67 “Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)” (hereafter “ED”). Our comments to ED 67 are as follows.

General comments

The IPSASB has addressed collective and individual services and emergency relief as part of a non-exchange expense project by amending the requirements of IPSAS 19.

We would like to ask the IPSASB to highlight that the purpose of ED is to clarify the accounting for collective and individual services and emergency relief in light of IPSAS 19, and ED does not provide any different interpretations from IPSAS 19.

We would also like to ask the IPSASB to clarify the relationship with the scope of ED 67 in the ongoing project on Non-Exchange Expenses.

Specific Matter for Comment 1 :

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

Comment:

We generally agree with the definitions proposed by the IPSASB.

However, we believe that the IPSASB should clarify that collective and individual services only consist of public sector entities' ongoing activities. That is, we propose that the relationship with IPSAS19.26 should be clarified by changing the definitions of terms as follows:

- Collective services are services continuously provided simultaneously to all members of the community by a public sector entity that are intended to address the needs of society as a whole.
- Individual services are goods and services continuously provided to individuals and/or households by a public sector entity that are intended to address the needs of society as a whole.

Specific Matter for Comment 2 :

Do you agree that no provision should be recognized for collective services?

If not, under what circumstances do you think a provision would arise?

Comment:

We agree with the proposal of the IPSASB, provided that the comments in response to the Specific Matter for Comment (SMC) 1 are accepted.

Specific Matter for Comment 3 :

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

Comment:

We agree with the proposal of the IPSASB, provided that the comments in response to the Specific Matter for Comment (SMC) 1 are accepted.

AG 11 and AG12 state that in delivering both collective services and individual services, a public sector entity incurs expenses and acquires resources through exchange transactions.

While AG11 (referring to collective services) provides examples for expenses incurred and resources acquired, AG 12 (referring to individual services) does not provide any examples. For individual services, similar examples as collective services are desirable to enhance the understandability of the preparers of financial statements.

Specific Matter for Comment 4 :

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

Comment:

We agree with the proposal of the IPSASB.

However, we would like to request detailed explanations on the two issues below.

(1) Changes in nature of activities

AG22 provides that no provision is recognized when the delivery of emergency relief is an ongoing activity of government and is analogous to the delivery of collective and/or individual services.

We propose that AG should also address the specific circumstances where a provision was initially recognized for emergency relief, but it would be delivered for such a long period that the criteria for recognizing the provision cease to be met.

(2) For illustrative examples

We believe that relevant illustrative examples should be prepared on AG 20 and AG 21 for the recognition of provisions and disclosures of contingent liabilities. AG20 states that “For example, in these circumstances a present obligation could arise as a result of government announcements, the passing of legislation and other government actions”. If this could be explained using an illustrative example indicating when a present obligation arises, it would help determine the recognition of provisions and disclosure of contingent liabilities.

Other comments :

(1) Wording used in 6A

For “non-exchange transactions,” consistent wording needs to be used when the ED for a project on Non Exchange Expenses divides expenses depending on whether a performance obligation exists or not.

(2) Matrix in AG6

AG6 provides a matrix for social benefits, individual services, and collective services (three items). The table is not exhaustive because emergency relief is excluded. One column for emergency relief should be added on the right side of the current table.

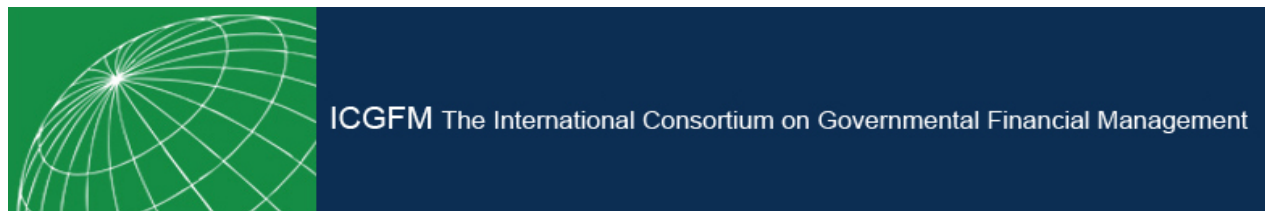
	Social Benefits	Individual Services	Collective Services	Emergency relief
Involves a cash transfer to eligible beneficiaries?	✓	✗	✗	✓ or ✗
Provided to individuals and/or households rather than to a community?	✓	✓	✗	✓
Intended to address the needs of society as a whole?	✓	✓	✓	✗

Yours sincerely,

Shuichiro Akiyama

Executive Board Member - Public Sector Accounting and Audit Practice

The Japanese Institute of Certified Public Accountants



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May 30, 2018

The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario M5V 3H2
CANADA

Dear Sir

1. The International Consortium on Governmental Financial Management (ICGFM) welcomes the opportunity to respond to Exposure Draft 67 "Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)" issued January 2019.
2. The ICGFM is primarily concerned with the financial management of sovereign governments. We have a particular concern with issue of the recognition of future commitments by Governments and this concern is reflected in our comments.
3. We appreciate the opportunity to comment on this Exposure Draft and would be pleased to discuss this letter with you at your convenience. If you have questions concerning this letter, please contact Michael Parry at Michael.parry@michaelparry.com or on +44 7525 763381.

Yours faithfully,

Michael Parry

Chair, ICGFM Accounting Standards Committee

*ICGFM Response – ED67 amendments to IPSAS 19***Members**

Michael Parry, Chair

Andrew Wynne

Anne Owuor

Hassan Ouda

Tetiana Iefymenko

Jesse Hughes

Mark Silins

Nino Tchelishvili

Paul Waiswa

Cc: Jim Wright, President, ICGFM

ICGFM Response – ED67 amendments to IPSAS 19

Specific Matters for Comment	Comments
<p>Specific Matter for Comment 1:</p> <p>Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?</p> <p>If not, what changes would you make to the definitions?</p>	<p>Agree</p> <p>The following additional guidance is suggested:</p> <p>AG2: Consumption of collective services is usually passive and does not require the explicit agreement or active participation of those benefiting from the service. Members of the community to whom the collective services are provided should be informed of the form and period of implementation of such services, as well as the expected results. Delivery of collective services does not require the fulfilment of any conditions by a member or members of the recipient community.</p> <p>AG3: The provision of an individual service to one individual may reduce or delay the amount available to other individuals. Consumption of individual services requires the explicit agreement or active participation of those benefiting from the service, provided the recipients have the capacity to provide such agreement and/or participation. Delivery of individual services may involve the fulfilment of certain conditions by recipients.</p>

ICGFM Response – ED67 amendments to IPSAS 19

Specific Matters for Comment	Comments
<p>Specific Matter for Comment 2:</p> <p>Do you agree that no provision should be recognized for collective services?</p> <p>If not, under what circumstances do you think a provision would arise?</p>	<p>Disagree</p> <p>There is a need for clarity as between commitments (also referred to as encumbrances or obligations), contingent liabilities and provisions.</p> <ul style="list-style-type: none"> • Commitments are not recognised under IPSAS but are of great importance for the financial management of government since such commitments pre-empt resources available for other purposes. Collective and individual services as defined are likely to represent government commitments and need to be recognised and recorded so as to inform the budgetary process. Commitments are liquidated when (i) there is a change of policy resulting in the cancellation of the commitment, or (ii) the commitment becomes either a provision (accrual accounting) or is paid (cash accounting) • We regard commitments as an important issue for the future programme of the IPSAS Board and in the meantime should be defined in relation to the services as defined in this ED • Emergency services are a contingent liability if there is a legal or customary obligation to provide such services if future emergencies occur, whether or not the nature of such emergencies is defined • All services require a provision once they become a contractual obligation and until such time as payment is made <p>We consider the IPSAS should provide greater clarity as above in the definition and recognition of commitments, provisions and contingent liabilities</p>
<p>Specific Matter for Comment 3:</p> <p>Do you agree that no provision should be recognized for individual services?</p> <p>If not, under what circumstances do you think a provision would arise?</p>	<p>Disagree – see above comments on Specific Matter 2</p>

ICGFM Response – ED67 amendments to IPSAS 19

Specific Matters for Comment	Comments
<p>Specific Matter for Comment 4:</p> <p>Do you agree with the proposed accounting for emergency relief?</p> <p>If not, how do you think emergency relief should be accounted for?</p>	<p>Agree</p> <p>We suggest supplementing the guidance concerning the accounting for emergency relief issues as below.</p> <p>AG20: The delivery of emergency relief in response to specific emergencies requires an explicit policy decision to be made by a government or other public sector entity.</p>



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

31 May 2019

Mr John Stanford
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2
CANADA

Dear John,

EXPOSURE DRAFT 67 *COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF*

The Malaysian Institute of Accountants ("MIA") is pleased to provide comments on the International Public Sector Accounting Standards Board ("IPSASB") Exposure Draft 67 *Collective and Individual Services and Emergency Relief* as attached in Appendix 1 to this letter.

We hope our comments would contribute to the IPSASB's deliberation in finalising the matter. If you have any queries or require clarification of this submission, please contact Rasmimi Ramli, Deputy Executive Director, Professional Practices and Technical Division at +603 2722 9277 or by email at rasmimi@mia.org.my.

Yours sincerely,

MALAYSIAN INSTITUTE OF ACCOUNTANTS

A handwritten signature in black ink, appearing to read 'Nurmazilah', is written over a light blue grid background.

DR NURMAZILAH DATO' MAHZAN
Chief Executive Officer

Appendix 1**Specific Matter for Comment****Specific Matter for Comment 1**

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

We agree with the definitions of both collective services and individual services that are included in this Exposure Draft.

Specific Matter for Comment 2

Do you agree that no provision should be recognised for collective services? If not, under what circumstances do you think a provision would arise?

We agree that no provision should be recognised for collective services.

Specific Matter for Comment 3

Do you agree that no provision should be recognised for individual services? If not, under what circumstances do you think a provision would arise?

We agree that no provision should be recognised for individual services.

Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

We agree with the proposed accounting for both types of emergency relief. However, we believe that more guidance should be provided in order to differentiate between emergency relief that is in response to specific emergencies and those being delivered as ongoing activities.

In Malaysia, the National Disaster Management Agency ("NADMA") was set up solely to focus on disaster and emergency relief. It is challenging for NADMA to distinguish between the two types of emergency relief.

In many occasions, government agencies or public sector entities make policy decisions which require the services to be rendered almost immediately. As a result, a provision is no longer necessary as the costs have been incurred.

(NBAA)

THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS

TANZANIA

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Date: 30th May, 2019

Chief Executive Officer,
International Federation of Accountants,
International Public Sector Accounting Standard Board,
529 5th Avenue
New York, New York 10017.

Dear Sir/Madam

RE: COMMENTS ON EXPOSURE DRAFT 67 – COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF (AMENDMENT TO IPSAS 19)

Refer to the heading above.

NBAA as the PAO responsible for the professional training, development and regulation of the accountancy profession in Tanzania and as the member board of the International Federation of Accountants welcomes the opportunity to provide you with our comments on the Exposure Draft no. 67 (amendment to IPSAS 19).

In principle, we are supportive of all the requirements in the Exposure Draft. However, after going through it we came up with the following critical insights which we think can add value and consequently ensure wider coverage with respect to issues related to collective and individual services and emergency relief pertaining to IPSAS 19.

Specific Matter for Comment 1:

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

Yes: We do agree with the definitions of collective services and individual services that are included in this Exposure Draft,

Our suggestion

Provision of goods should also be included in the definition of collective services as it is in the definition of individual services because in some jurisdictions like those in tax haven countries as per the country's policy, they use to supply food stuff (i.e. breads) to the community.

Specific Matter for Comment 2:

Do you agree that no provision should be recognized for collective services? If not, under what circumstances do you think a provision would arise?

Our suggestion

In our opinion we think provision should be recognized with respect to collective services because firstly, there is a constructive obligation in the whole process of providing collective services to the community in such a way that, the government have created a valid expectation that it will continue providing such kind of a service it has been providing, secondly we believe the requirement for recognizing a provision will create a sense of accountability on the party of the government for serving the community.

Specific Matter for Comment 3:

Do you agree that no provision should be recognized for individual services? If not, under what circumstances do you think a provision would arise?

Our suggestion

We also think provision should be recognized for individual services on the same circumstances as described in specific matter for comment 2 in relation to collective services.

Specific Matter for Comment 4:

Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

Yes: We do you agree with the proposed accounting for emergency relief.

If you require any clarification on our comments, please contact the undersigned.

Thank you in advance for your cooperation.

Yours sincerely,



CPA Angyelile V. Tende

For: EXECUTIVE DIRECTOR



Member of International Federation of Accountants (IFAC) & Pan African Federation of Accountants (PAFA)



All communication to be addressed to the Executive Director NBAA

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Ref: PSASB/1/12/1/Vol.1 (43)

Date: 27th May 2019

John Stanford
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Ontario M5V 3H2
CANADA

IPSASB EXPOSURE DRAFT 67- COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF (AMENDMENTS TO IPSAS 19)

The Public Sector Accounting Standards Board (PSASB), Kenya was established by the Public Finance Management Act (PFM) No.18 of 24th July 2012. The Board was gazetted by the Cabinet Secretary, National Treasury on 28th February, 2014 and has been in operation since.

The Board is mandated to provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all state organs and Public entities in Kenya and to prescribe internal audit procedures which comply with the Public Finance Management Act, 2012.

The Public Sector Accounting Standards Board, Kenya is pleased to submit its comments on **Exposure Draft 67-Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)** to the International Public Sector Accounting Standards Board. PSASB Kenya welcomes the timely draft exposure which provides guidance on accounting for collective and individual services and emergency relief.

PSASB Kenya responses on Specific Matters for Comment are documented in the attachment for your consideration.

With kind regards,

BERNARD NDUNGU, MBS
CHAIRMAN, PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

PSASB's Responses to Exposure Draft 67- Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)**Specific Matters for Comment 1**

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

PSASB Response

PSASB agrees with the definitions of collective services and individual services as included in Exposure Draft 67. These definitions are clear to enable the constituents to distinguish these services from other forms of expenses and in particular social benefits.

Specific Matter for Comment 2

Do you agree that no provision should be recognized for collective services?

If not, under what circumstances do you think a provision would arise?

PSASB Response

PSASB agrees that no provision should be recognised for collective services which is in agreement with the provisions of IPSAS 19: 26 that no provision is recognized for costs that need to be incurred to continue an entity's ongoing activities in the future. Collective services are ongoing activities of an entity and therefore no provision should be recognized.

Specific Matter for Comment 3

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

PSASB Response

PSASB agrees that no provision should be recognized for individual services. PSASB agrees that no provision should be recognised for individual services which is in agreement with the provisions of IPSAS 19: 26 that no provision is recognized for costs that need to be incurred to continue an entity's ongoing activities in the future. Individual services are ongoing activities of an entity and therefore no provision should be recognized.

PSASB's Responses to Exposure Draft 67- Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)

Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief?
If not, how do you think emergency relief should be accounted for?

PSASB Response

PSASB agrees with IPSASB's proposed accounting for emergency relief in response to specific emergencies and while emergency relief is delivered as an ongoing activity. PSASB is also in agreement with presentation and disclosure of emergency relief outlined in paragraphs AG23- AG25.



COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF (AMENDMENTS TO IPSAS 19)

Issued 31 May 2019

ICAEW welcomes the opportunity to comment on *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)* published by the International Public Sector Accounting Standards Board (IPSASB) in January 2019, a copy of which is available from this [link](#).

We agree with the proposed amendments to IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* to provide guidance on accounting for collective and individual services and emergency relief.

This response of 31 May 2019 has been prepared by the ICAEW Financial Reporting Faculty. Recognised internationally as a leading authority on financial reporting, the Faculty, through its Financial Reporting Committee and Public Sector Financial Reporting Committee, is responsible for formulating ICAEW policy on financial reporting issues and makes submissions to standard setters and other external bodies on behalf of ICAEW. The Faculty provides an extensive range of services to its members including providing practical assistance with common financial reporting problems.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 150,000 chartered accountant members in over 160 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

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For more information, please contact: frf@icaew.com

ICAEW REPRESENTATION 56/19 ED67 COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF (AMENDMENTS TO IPSAS 19)

KEY POINTS

SUPPORT FOR AMENDMENTS TO IPSAS 19

1. We agree with the proposed amendments to IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* to provide guidance on accounting for collective and individual services and emergency relief. We support IPSASB's project to provide guidance on accounting for non-exchange expenses as it supports their strategic objective of setting standards on public sector specific issues.

PRINCIPLES-BASED STANDARDS

2. IPSASB have previously recognised that the boundary between social benefits and other non-exchange expenses, such as individual services, will not always be obvious. As such, there are a number of paragraphs in the ED devoted to explaining the differences between the various expenditure types. As per AG 6, the table shows that the only differentiating factor between social benefits and individual services is whether the benefit is paid in cash (or equivalent) or not. Using cash as a relatively crude differentiating factor seems too simplistic and arbitrary in some instances. We believe that IPSASB should review this as part of the PIR on social benefits.
3. The ED also contains a plethora of paragraphs explaining whether a provision should or should not be recognised. Looking at the substance of the transactions and taking all relevant information into consideration should enable preparers to make a judgement regarding the recognition of provisions, particularly given the vast range of possible circumstances in different countries. Principles-based standards should allow for more consistent outcomes, making the boundary between individual and collective services, social benefits and emergency relief less important. We therefore believe that the IPSASB should simply take the principles of IAS 37 and apply them to a few relatively common and standard transactions, to indicate what the process should be to determine the accounting treatment, rather than assuming the label on the transaction should drive the accounting outcome.
4. We are of the opinion that IPSAS should be underpinned by a robust set of conceptually coherent and clearly articulated principles so that preparers applying the standards around the world can reach broadly consistent conclusions. IFRS provides such a basis in most cases and the principles of the standard should not be subverted or muddled by guidance which may turn out not to be universally applicable.

ANSWERS TO SPECIFIC QUESTIONS

Specific Matter for Comment 1

Do you agree with the definitions of collective services and individual services that are included in this ED?

If not, what changes would you make to the definitions?

5. We agree with the definitions of collective services and individual services.
6. We supported IPSASB's decision to exclude collective and individual services from the scope of social benefits. We also recognise IPSASB's efforts to maintain a principles-based standard that distinguishes between social benefits and other non-exchange expenses, acknowledging that the lines are blurred and that any differentiation can be somewhat artificial in nature.

ICAEW REPRESENTATION 56/19 ED67 COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF (AMENDMENTS TO IPSAS 19)

7. The ED differentiates between social benefits and individual services by stating that the former are paid for via cash transfers (AG 7). However, eligibility criteria and mitigating social risks also play a key role in defining social benefits. Individual services do not necessarily have their eligibility criteria linked to social risks; in many cases they are based on residency and citizenship. The wider eligibility criteria often mean that universal healthcare and education are available to everyone, excluding them from the definition of social benefits as the eligibility criteria are not based on social risks. This difference has not been explored in the ED.
8. We believe that IPSASB should look at the wording in the ED more closely as there is currently too much emphasis on the payment methodology of social benefits (ie, cash transfer). This may lead to accounting outcomes that are not principles-based and this may, in turn, have unintended consequences.
9. The definition of individual services states that they are goods and services, yet the examples provided only relate to services (healthcare and education). Although a more minor point, we suggest including an example of a good.

Specific Matter for Comment 2

***Do you agree that no provision should be recognised for collective services?
If not, under what circumstances do you think a provision would arise?***

Specific Matter for Comment 3

***Do you agree that no provision should be recognised for individual services?
If not, under what circumstances do you think a provision would arise?***

10. Collective and individual services can be seen as a general contract that a government has with its citizens to provide on-going goods and services in return for tax payments. We generally agree that the on-going provision of these goods and services should not result in the recognition of provisions.
11. Whilst this is perhaps stating the obvious, preparers of IPSAS financial statements should be recognising provisions when they meet the recognition conditions as set out in paragraph 22 of IPSAS 19. Individual transactions would need to be reviewed and evaluated to ensure consistent application of the principles that underpin the standards, whatever they are labelled as in particular jurisdictions.
12. As long as the definition of a liability is being applied consistently, the boundaries between individual and collective services, social benefits and emergency relief are less important.

Specific Matter for Comment 4

***Do you agree with the proposed accounting for emergency relief?
If not, how do you think emergency relief should be accounted for?***

13. Underlining our point made in paragraph 11, the circumstance in which a provision may or may not be recorded for emergency relief will depend on the individual circumstances of the entity recording the transaction.
14. We agree that the provision of emergency relief as an ongoing activity should not result in a provision being recognised since the definition of a liability is unlikely to be met (future obligations rather than past obligations). By contrast, the response to a specific emergency could meet the definition as explained by AG 20.



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The International Public Sector Accounting Standards Board (IPSASB)

Website submission

PREFACE

The Pan-African Federation of Accountants (PAFA), is the continental body representing Africa's professional accountants. Our objective is to accelerate the development of the profession and strengthen the voice of the accountancy profession within Africa and worldwide.

In its unique regional capacity to facilitate PAOs and present a unified position of the profession, PAFA presents below its comments on Exposure Draft (ED) 67 issued by the International Public Sector Accounting Standards Board (IPSASB) titled *Collective and Individual Services and Emergency Relief* (Amendments to IPSAS 19). The responses have been presented in sequence of the specific matters for comment as they have been included in the ED.

Objective of the Exposure Draft

The objective of this Exposure Draft is to propose improvements to the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about collective services, individual services and emergency relief.

IPSAS Addressed:

<i>IPSAS</i>	<i>Summary of Proposed Change</i>
<i>IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets</i>	<i>Provide guidance on accounting for collective and individual services and emergency relief.</i>
<i>IPSAS 42, Social Benefits</i>	<i>Consequential amendment to provide a cross reference to the additional guidance included in IPSAS 19 for certain transactions outside the scope of IPSAS 42.</i>

Specific Matter for Comment 1:

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

PAFA response:

We agree with the definitions of collective services and individual services included in ED 67. In addition to the definitions given, we propose that examples for each category of services be provided. This will give a clearer understanding of what these services entail.

Specific Matter for Comment 2:

Do you agree that no provision should be recognized for collective services? If not, under what circumstances do you think a provision would arise?

PAFA response:

We agree that no provision should be recognized for collective services since such services are considered to be ongoing activities of a public sector entity that delivers them. Consequently such an entity incurs expenses and acquires resources through exchange transactions to provide the services. These exchange transactions would be accounted for in accordance with other IPSAS.

Specific Matter for Comment 3:

Do you agree that no provision should be recognized for individual services? If not, under what circumstances do you think a provision would arise?

PAFA response:

We agree that no provision should be recognized for individual services since the delivery of individual services represents ongoing activities of the public sector entity that provides the services. The delivery of individual services results in the public sector entity incurring expenses and acquiring resources through exchange transactions. Such exchange transactions would be accounted for in accordance with other IPSAS.

Specific Matter for Comment 4:

Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

PAFA response:

We agree that a provision should be recognized in circumstances where emergency relief is provided in response to specific emergencies that require a separate decision to be made by a government or public sector entity. Where the criteria for recognizing a provision are not met, an entity would consider whether the disclosure of a contingent liability will be necessary.

We are also in agreement that where delivery of emergency relief is comparable to the delivery of collective and/or individual services, then no provision is recognized by an entity delivering such services as part of its ongoing activities.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

31 May 2019

Level 2, 100 Molesworth Street
Thorndon
PO Box 99, Wellington 6140

John Stanford
Technical Director
International Public Sector Accounting Standards Board
277 Wellington Street West
Toronto
Ontario
Canada

Dear John

IPSASB Exposure Draft 67 Collective and Individual Services and Emergency Relief

We appreciate the opportunity to comment on the IPSASB's Exposure Draft 67 Collective and Individual Services and Emergency Relief (ED67).

We welcome the development of accounting guidance for collective and individual services. Given the significance of the provision of individual and collective services in the public sector, we consider this area of accounting deserves more prominence and should be addressed in the body of IPSAS 19 rather than as application guidance.

While we are broadly supportive of the proposals included in ED 67 for collective and individual services, we consider the IPSASB has further work to do to ensure there is sufficient clarity over the application of the emergency relief guidance. If the IPSASB is unable to achieve this clarity, we prefer that the emergency relief guidance is removed from the standard.

Our responses to the IPSASB's Specific Matters for Comment are attached.

In preparing this submission, we have consulted with our colleagues at the Office of the Auditor-General.

If you would like to discuss any of our comments, please phone me on +64 21 222 6107 or email me at robert.cox@auditnz.govt.nz.

Yours sincerely



Robert Cox
Head of Accounting

Our responses to the Specific Matters for Comment in Exposure Draft 63:

- 1. Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?**

If not, what changes would you make to the definitions?

Yes, we are comfortable with the definitions for collective and individual services.

- 2. Do you agree that no provision should be recognised for collective services?**

If not, under what circumstances do you think a provision should be recognised?

We agree with the accounting outcome that no provision is recognised for collective services before the services are delivered.

The proposed paragraph AG5 would benefit by including more examples of collective services and individual services.

Additionally, we recommend the discussion of the rationale for the proposed basis of accounting for collective services and individual services be strengthened. This will assist in applying the provisions standard to other government funding decisions.

We have some concerns that the application guidance could be interpreted broadly to mean provisions are never recognised under IPSAS 19 because they arise in connection with the delivery of collective services. For example, an entity that delivers collective services may have an onerous contract, rehabilitation obligation, or a restructuring obligation that should be recognised under IPSAS 19.

It would be helpful if the proposed guidance included discussion that entities that deliver collective services may need to recognise a provision under IPSAS 19 in connection with the delivery of collective services, such as for onerous contracts, rehabilitation obligations, or for restructuring.

Given the significance of the provision of individual and collective services in the public sector, we consider this area of accounting deserves more prominence and should be addressed in the body of IPSAS 19 rather than as application guidance.

- 3. Do you agree that no provision should be recognised for individual services?**

If not, under what circumstances do you think a provision should be recognised?

Our comments on individual services are as above for collective services.

- 4. Do you agree with the proposed accounting for emergency relief?**

If not, how do you think emergency relief should be accounted for?

We do not agree with the proposed requirements for emergency relief as drafted, as we consider the proposals are not sufficiently clear on what activities are caught by the emergency relief guidance and how that guidance applies.

Without a definition for emergency relief, it could be difficult to determine whether a transaction is within the scope of the guidance. Although paragraph AG19 helpfully provides a list of types of transactions that are emergency relief, we do not find it fully clear what transactions will be captured within the emergency relief guidance.

In the New Zealand context, government at various levels can incur different types of costs following an emergency. The table below provides some examples and the current accounting approach for these in New Zealand:

Expense example	Broad accounting approach currently applied in NZ
Search and rescue services and military personnel to support relief and recovery.	Consistent with proposed collective services.
Emergency welfare centres providing food and shelter	Recognise costs as incurred.
Emergency cash benefits to support households.	Consistent with social benefits.
Grants to non-government organisations.	Can vary depending on grant terms and because of no clear IPSAS guidance on grant accounting. Expense may be recognised upon approval of the grant, as cash is paid, or when conditions of the grant are satisfied.
Payments from central government to local government following a natural disaster to recompense for costs incurred in: - emergency response costs (e.g caring for displaced people, initial repairs to key infrastructure, such as water supply); and - recovery costs (repair and reinstatement of damaged infrastructure assets, e.g. water, electrical, sewers).	Apply IPSAS 19, which generally results in a liability being recognised when it is determined that a natural disaster meets the criteria to be covered by the government's specific emergency funding policy.
Insurance type payments from our public sector Earthquake Commission for natural disaster damage to residential property.	Apply an insurance-based standard PBE IFRS 4 <i>Insurance contracts</i> , which results in a liability being recognised upon the occurrence of a natural disaster covered by the EQC scheme.

We consider the exposure draft should be clearer as to which of the above types of expenses are intended to be covered under the emergency relief guidance. We note some of the above have characteristic of grants and transfers, which is subject to a separate IPSASB project. For these transactions, there will need to be clear guidance on when the emergency relief accounting in IPSAS 19 applies and when the future grants and transfers pronouncement will apply.

The provision of emergency relief in the New Zealand context is often provided to local communities rather than to individuals or households. For example central government can provide funding to local government for emergency relief, recovery and repair of local infrastructure after earthquakes, severe storms or floods. We therefore recommend that the scope be widened and references to “individuals and/or households” in paragraphs AG17 and AG19 be amended to also refer to “local communities” or “local government”.

We also consider that the exposure draft is not sufficiently clear in distinguishing whether emergency relief “is in response to specific emergencies” or it is delivered as “an ongoing activity of government (or other public sector entity) and is analogous to the delivery of collective services and/or individual services”.

In New Zealand, there are public sector entities that have been established to provide financial support to household/ individuals/ local communities for relief, recovery and damage repair following natural disasters. These entities respond to specific events under existing legislation or government policies and this is part of the normal activities of the entity. The number of events and the extent of support provided by the entity each year will vary and depend on the nature and severity of the events that occur.

For these entities, we find the exposure draft unclear whether the financial support provided is caught by the guidance on response to specific emergencies (paras AG20-21) or is part of emergency relief delivered as an ongoing activity (AG22). If it is viewed as an ongoing activity, it is unclear whether the financial support is analogous with collective and individual services, as it is unclear what facts are relevant in making this analogous assessment.

The New Zealand entities mentioned above currently recognise a liability upon the occurrence of a natural disaster, if they are required to provide financial support for relief and recovery under legislation or formally agreed policy criteria (in the early stages of relief it may be that no liability is recognised due to inability to reliably measure the likely costs).

We are concerned that application of the emergency relief guidance as drafted could result in a significant delay in liability recognition, where there are entities in existence that are tasked with providing emergency relief when emergencies occur and this could result in less meaningful financial reporting.

We also recommend that the IPSASB provide specific guidance for an entity that provides support in response to natural disasters under legislation in a manner that is analogous with an insurance contract. For example, in New Zealand the Earthquake Commission (EQC) under legislation accepts certain risks arising from natural disasters up to a specified limit for those households they pay a levy to the EQC. We consider that it is more appropriate for such an entity to apply an insurance-based accounting standard, notwithstanding there is not an insurance contract because the obligation to pay the levy arises under statute. We note such an approach was taken in developing IPSAS 42 *Social Benefits*, where entities can elect to apply an insurance-based accounting standard for a social benefit scheme that has characteristics of an insurance contract.



Responses to IPSASB ED 67: Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)
(January, 2019; Comments due: May 31, 2019)

EXPOSURE DRAFT 67 (ED 67)
COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF
(AMENDMENTS TO IPSAS 19)

The Technical Director
International Public Sector Accounting Standards Board (IPSASB)
International Federation of Accountants
277 Wellington Street West, 6th floor
Toronto, Ontario M5V 3H2 CANADA

Brasília, Brazil
May 31st, 2019

Dear Mr. John Stanford,

The Conselho Federal de Contabilidade (CFC) of Brazil welcomes the opportunity to collaborate with the consultation on the IPSASB Exposure Draft 67: *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*. CFC, along with its regional arms - Regional Accounting Councils or Conselhos Regionais da Contabilidade (CRCs), is the Professional Accountancy Organization that carries out regulatory activities for overseeing the accountancy profession throughout the country.

Our points of view and comments can be found on the Appendix of this document that was prepared by the Advisory Board for Public Sector Accounting Standards (GA/NBC TSP) of the CFC.

If you have any questions or require clarification of any matters in this submission, please contact: tecnica@cfc.org.br.

Regards,

CONSELHO FEDERAL DE CONTABILIDADE



Responses to IPSASB ED 67: Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)
(January, 2019; Comments due: May 31, 2019)

APPENDIX

1. Context and General Comments

The Brazilian Federation is composed by central, 26 states, one federal district and more than 5,500 municipalities. These levels of governments are responsible for formulating, implementing and evaluating public policies in cooperative and/or competitive arrangements. The discussion about recognition and measurement of the accounting elements, just like non-exchange expense and revenue, is important for understanding how the autonomous levels of governments interact in the conduction of public policies across the country and how they can deal with related provisions, and contingent liabilities.

In this document, we present the contributions for the consultation paper based on the experience of our jurisdiction and also bringing a principles-based approach. In general, we believe that the IPSASB propositions of amendments in IPSAS 19 needs to be further more discussed and developed, specially regarding some definitions that needs to be much more detailed and explained.

In the next section, we present our comments and answers on the specific matters for comment of the exposure draft.



Responses to IPSASB ED 67: Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)
(January, 2019; Comments due: May 31, 2019)

2. Responses to the Specific Matters for Comment

Specific Matter for Comment 1:

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

The GA/CFC does not agree with the definitions of collective services and individual services that are included in this Exposure Draft.

In our point of view, the definitions of collective services and individual services are aligned, respectively, with those of pure public goods and mixed/merit public goods presented in the literature on public sector finances (e.g.: Musgrave, Richard A.).

The term “**public goods**” or “**pure public goods**” refers to products (**goods or services**) that are related to the premises of no excludability and no-rival consumption. In other terms, is quite difficult to keep nonpayers from consuming, and of which anyone can consume as much as desired without reducing the amount available for others (no rivalry). Examples include national defence and environment preservation. Public goods are usually provided by a government because a private business lacks the incentive linked to the profitability to produce them.

Regarding “**mixed goods**” or “**merit goods**”, that can also be “**goods**” or “**services**”, they are deemed to be socially desirable, and which are likely to be under-produced and under-consumed through the market mechanism. Examples of merit goods include education, health care, welfare services, housing, fire protection and public parks. In contrast to “public goods”, “merit goods” could be provided through the market, but not necessarily in sufficient quantities to assure the desired social welfare. Thus, goods such as education and health care are provided by the state, but there is also a parallel private sector provision.

Regarding the **definition of collective services**, which in our view equals “pure public goods” in economic theory, we disagree with the proposed definition as the scope refers to “services” only, and there is no mention of “goods”. This contradicts the definition already enshrined in the international economic literature on public goods, that encompasses “goods” and also “services”. Alternatively, if the IPSASB decides to maintain the definition expressed in this ED, we believe that will be necessary to further detail the rationale of the adopted definition on the basis of conclusions of the Standard and even explain the reasons for not adopting the established economic literature definition, or the exclusion of the provision of goods cannot be justified.

Regarding the **definition of individual services**, we do not agree because besides the fact that the the benefits extend to the entire society, there are benefits that are provided to an specific individual/family. For example, in the case of vaccination, fighting an epidemic case of a disease benefits the whole society, but there is a benefit that is specific to the individual who has been vaccinated. Thus, for the definition to be more consistent with that of “merit goods” in economic theory, we suggest that it be modified as follows:

Individual services are goods and services provided to individuals and/or households by a public sector entity that are intended to address the specific needs of individuals and/or households and also generating benefits for society as a whole.

We also suggest that in the Application Guidance, in paragraphs AG2 and AG3, another characteristic of “pure public goods” can be more explained, which is the non-exclusion of consumption.



Responses to IPSASB ED 67: Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)
(January, 2019; Comments due: May 31, 2019)

Specific Matter for Comment 2:

Do you agree that no provision should be recognized for collective services?

If not, under what circumstances do you think a provision would arise?

The GA/CFC agrees that no provision should be recognized for collective services using as a premise the fact that production of the service is totally carried out by the public sector entity, therefore, the logic that the event that gives rise to the obligation is the acquisition of inputs required for service production applies.

Specific Matter for Comment 3:

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

The GA / CFC does not agree that no provision should be recognized for individual services.

In the case of collective services, since these are typical functions of the Government, both the funding and the production of the service are usually carried out by public sector entities. In the case where the public sector entity is responsible for funding, but not for the production, it is possible that the goods and services provided to individuals/households are purchased from private (profit or non-profit) entities. It is important to note that, in this case, the acquisition is not the inputs needed for the production, but the direct outputs consumed by the individuals/households, e.g., medical appointments. Thus, the argument that the event that gives rise the obligation is the acquisition of the necessary inputs to the production does not apply.

Additionally, regarding the situations mentioned in paragraphs AG8 and AG9, we believe that a provision should be recognized.

In the case of reimbursements, the past event that gives rise to the obligation is the issue of a regulation or an agreement that creates the expectation in the individual/family that, when paying for the service, they will be reimbursed. In this case, the entity shall estimate the number of reimbursement requests and the amount of financial resources required to meet such requests in accordance with established regulations. We also believe that it must be made clear that this reimbursement is not carried out through the tax system (tax expenditure), in which case the IPSAS 19 would not be applied.

The same logic of contracting direct outputs, rather than inputs, applies to vouchers. In this case, both the private sector partner and the public sector entity shall estimate the volume and amount of vouchers that will be used at any given time. Thus, the past event is the distribution of vouchers to the individuals/households, which is similar to the airlines frequent flyers programs. Therefore, a provision must be recognized.

Specific Matter for Comment 4:

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

The GA / CFC does not agree with the proposed accounting for emergency relief.

We believe that there is a trade-off between the continuous activities regarding the monitoring of situations and the actions necessary to alleviate the needs of the population in case of occurrence of, for example, a



Responses to IPSASB ED 67: Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)
(January, 2019; Comments due: May 31, 2019)

natural disaster. The government agency that monitors natural disasters knows the risks of occurrence, as well as the impacts that occurs. Therefore, we do not agree that public sector entities consider transactions only from the moment of the occurrence of the disaster, because what justifies the existence of such an agency is to prevent it from occurring and, if it occurs, that the losses are mitigated. In addition, the agencies assess the risks of occurrence of events and their impacts, therefore, there are bases for recognition of provision or disclosure of contingent liabilities. In cases where it is possible to measure impacts, a provision should be recognized, but considering that reliable measurement is very difficult in most situations, we understand that at least a contingent liability needs to be disclosed. The impacts of natural disasters can even be minimized by decisions of public sector entities. For example, if there is a high risk of flooding over a period of time, the public manager may decide to widen the river bed or rebuild the bridge after flooding has occurred. Therefore, there is no way to disregard the impact at two different times because what gave rise to the liability was the risk of flood. Therefore, the manager will recognize the obligation related to the inputs needed to the river's widening or the provision regarding the reconstruction of the bridge that is probable and that can be reliably measured. The usefulness of accounting information could be key in this case and justify the costs of providing disaster relief information in financial statements, in order do prevent the consumption of resources without the necessary funding.

MAY 31, 2019

**IPSASB EXPOSURE DRAFT 67:
COLLECTIVE AND INDIVIDUAL SERVICES
AND EMERGENCY RELIEF (AMENDMENTS
TO IPSAS 19)
CONSULTATION RESPONSE**



KALAR CONSULTING

MANJ KALAR



KALAR CONSULTING



Manj has over 25 years' experience working in public sector, focusing on implementation of accrual accounting across UK central Govt departments and the Whole of Government Accounts consolidation. She has advised several jurisdictions on implementing accrual accounting.

Manj has particular interest in supporting governments to address the practicalities of implementing IPSASs.



International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street, 4th Floor
Toronto
Ontario M5V 3H2
CANADA

Submitted electronically

31 May 2019

Dear IPSASB secretariat

**ED 67: Collective and Individual Services and Emergency Relief
(Amendments to IPSAS 19)**

I am delighted to share my comments on the proposed Exposure Draft on Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19) (ED 67) consultation.

The scope and definition for collective and individual services and emergency relief was set in IPSAS 42 Social Benefits and forms part of the wider review of non-exchange expenses. A detailed response was provided at the time and the Board developed the new standard. Part of the standard was an understanding that there may be further amendments to social benefits in the future. Any subsequent review and amendments in social benefits will, therefore, need to be assessed, considered and reflected in the context of non-exchange expenses too.

Detailed responses to the specific matters for comment are provided in the Annex.

Thank you for the opportunity to comment. If there are any questions, please do not hesitate to contact me.

Yours sincerely,

Manj Kalar

Principal consultant



Annex: Detailed response to the Consultation ED 67: Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)

Specific Matter for Comment 1

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions

I agree with IPSASB's definitions of collective services and individual services. The definitions are broad, hence applicable across all jurisdictions.

Specific Matter for Comment 2

Do you agree that no provision should be recognized for collective services?
If not, under what circumstances do you think a provision would arise?

I agree with the proposal in the Exposure Draft.

Specific Matter for Comment 3

Do you agree that no provision should be recognized for individual services?
If not, under what circumstances do you think a provision would arise?

I agree with the proposal in the Exposure Draft.



Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

I agree with the proposal in the Exposure Draft.

For all specific matters in this exposure draft, the proposals are in keeping with IPSAS 42 Social Benefits. Any deviation would make these inconsistent. Any future review of social benefits will need to consider the impact holistically and assess the impact on universal and collective services and the recognition and accounting for these.

Thank you for the opportunity to comment.



IPSASB Exposure Draft 67

Collective and Individual Services and Emergency Relief

(Amendments to IPSAS 19)

Comments on ED 67, Collective and Individual Services and Emergency Relief

May 31, 2019

May 31, 2019

John Stanford
Technical Director
International Public Sector Accounting Standards Board
277 Wellington Street West
Toronto, ON M5V 3H2 Canada

Re: The comments on the Exposure Draft 67,
Collective and Individual Services and Emergency Relief
(Amendments to IPSAS 19)

Dear Mr. Stanford,

The Government Accounting and Finance Statistics Center (hereinafter referred to as the “GAFSC”) at Korea Institute of Public Finance would like to thank for the opportunity to response to Exposure 67, *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)* issued by the International Public Sector Accounting Standards Board.

The comments have been prepared and reviewed by the staff and the Government Accounting Advisory Committee of the GAFSC, and are available in the following pages. Please feel free to contact us if you have any questions regarding our comments. You may direct your inquiries to the technical staff of the GAFSC, Stella Kim (sjkim@kipf.re.kr).

Sincerely,

박윤진

Park, Yoon-Jin
Acting Director of GAFSC at KIPF

Specific Matter for Comment (SMC) 1

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

[GAFSC comments] We agree with the definitions of collective and individual services proposed in the ED 67, but recommend that the following should be considered:

- ① The collective services are limited to services, and individual services are limited to goods and services. It is ambiguous that the reason for such a difference is whether there are no cases where goods have been provided as collective services, or goods do not meet the definition of collective services due to the notion of ‘rivalry in consumption.’
- ② We also recommend developing the definition of emergency relief in paragraph 18. The newly added paragraph 6A in IPSAS 19 mentions both (a) collective and individual services and (b) emergency relief. In addition, the ED 67 states that “the delivery emergency relief in response to specific emergencies requires an explicit policy decision to be made by a government or other public sector entity. This decision could give rise to a present obligation, requiring the recognition of a provision when the criteria in paragraphs 22–34 of this Standard are satisfied.” In other words, unlike collective and individual services, since the recognition of a provision for emergency relief must be determined by the preparers of financial statements, emergency relief should be clearly defined in IPSAS 19.

Specific Matter for Comment (SMC) 2

Do you agree that no provision should be recognized for collective services?

If not, under what circumstances do you think a provision would arise?

[GAFSC comments] We agree that no provision should be recognized for collective services prior to the delivery of such services.

However, under the ED 67, AG 10 of IPSAS 19 states that the delivery of collective services should not trigger the recognition of provisions in accordance with the paragraph 26 of IPSAS 19 because those services

are ongoing activities of the public sector entity. Such a statement may be misleading as if the recognition of provisions could be determined by the nature of activities (i.e. ongoing). Moreover, AG 10 of IPSAS 19 may result in unnecessary disputes over the types of services which are considered as the government's ongoing activities. Accordingly, we suggest revising AG 10 as underlined in the box below:

AG 10. Collective services are ongoing activities which are not independent of the entity's future actions of the public sector entity that delivers the services. There are no past events that give rise to the present obligation of the public sector entity prior to the delivery of the service. Paragraph 26 of this Standard states that no provision is recognized for costs that need to be incurred to continue an entity's ongoing activities in the future". Consequently, any obligations that may arise for collective services are not independent of the entity's future actions, and in accordance with the principles of this Standard, no provision is recognized for the intention to deliver such services.

Specific Matter for Comment (SMC) 3

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

[GAFSC comments] We agree that no provision should be recognized for individual services prior to the delivery of such services.

However, under the ED 67, AG 12 and 13 of IPSAS 19 states that the delivery of individual services should not trigger the recognition of provisions in accordance with the paragraph 26 of IPSAS 19 because those services are ongoing activities of the public sector entity. Such a statement may be misleading in a way that the recognition of provisions can be determined by the nature of activities (i.e. ongoing), resulting in unnecessary disputes over the types of services which are considered as the government's ongoing activities. Accordingly, we suggest revising AG 12 and 13 as underlined or struck-through in the box below:

AG 12. Similarly, individual services are ongoing activities which are not independent of the entity's future actions of the public sector entity that delivers the services. The delivery of individual services results in the past events that give rise to the present obligation.

AG 13. The public sector entity uses these resources to deliver services to specific individuals and/or households in non-exchange transactions. Where individuals and/or households access individual services, the entity may have a number of future obligations relating to the delivery of these individual services. ~~Such obligations are an aspect of the ongoing activities of the public sector entity.~~ Similar to collective services, any obligations that may arise for individual services are not independent of the entity's future actions, and in accordance with the principles of this Standard, no provision is recognized for the intention to deliver such services prior to individuals and/or households accessing the services.

Specific Matter for Comment (SMC) 4

Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

[GAFSC comments] We do not agree with the proposed accounting treatment for emergency relief because the accounting requirements in the ED 67 may conflict with other IPSAS and it is also difficult to apply in practice.

First, the recognition criteria for liabilities concerning emergency relief may contradict the recognition criteria for liabilities concerning social benefits under the general approach in IPSAS 42, '*Social Benefits*.' According to paragraph 9 and AG 12~15 in IPSAS 42, the general approach requires liabilities to be recognized when beneficiaries satisfy all the eligibility criteria to receive the next benefits, and meeting all the eligibility criteria is a past event that gives rise to a present obligation. In comparison, AG 20 and 21 in the ED 67 prescribe that an explicit policy decision made by a government or other public sector entity, including government announcements, the passing of legislation and other government actions, may give rise to present obligations in case of the delivery of 'emergency relief in response to specific emergencies'.

Although 'emergency relief in response to specific emergencies' is different from social benefits in a sense that it is not provided to satisfy the needs of the society as a whole and mitigate social benefits, the economic substance of the transaction is quite similar to social benefits since 'emergency relief in response to specific emergencies' delivered in cash is provided to individuals (or households) who meet all the eligibility criteria. Accordingly, we think that the recognition criteria for liabilities concerning 'emergency relief in response to specific emergencies' transferred in cash need to be aligned with the recognition criteria under the general approach in IPSAS 42 or be revised to apply the general approach by analogy.

Secondly, it may be difficult in practice to distinguish 'emergency relief delivered as an ongoing activities' from 'emergency relief in response to specific emergencies' because both are provided on the basis of statute or government policy and may be provided in combined forms (i.e. cash, goods, services, or combination of all, etc.). Therefore, from the perspective of preparer of financial statements, it may be difficult to distinguish in practice how much of the emergency relief provided by the government is provided by ongoing activities and how far it is provided by explicit policy decisions.

For example, in Korea, the "Special Act on Remedy for Damage Caused by the April 16 Sewol Ferry Disaster, Assistance Therefor, etc. (hereinafter referred to as the "Act")" was enacted to support the victims of the Sewol Ferry which had been sunken in 2014. According to the Act, the Korean government is

responsible for the following:

- ① set up a government body (a review committee);
- ② provide monetary supports to the victims; and
- ③ establish and operate a trauma center

The goods and services provided to the victims under the Act are considered the emergency relief in AG 17 of the ED 67, the passing of the Act is the explicit policy decision in AG 20 and 21 of the ED 67. The ED 67 requires preparers of financial statements to distinguish the three types of emergency relief into ‘emergency relief delivered as an ongoing activity’ and ‘emergency relief in response to specific emergencies.’ Where ① ② can be considered the latter, they can also be viewed as the former according to AG 18.

For your information, the Korean National Accounting Standards (hereinafter referred to as the “KNAS”) require the following accounting for the government’s obligations to the victims under the Act:

- ① and ③ → Expense all upon the payment of salaries or rental expenses
- ② → Recognize payables to the extent of the monetary supports approved by the government upon the approval of payment (The KNAS requires that non-exchange expenses give rise to a present obligation upon the approval of payment because the government is not likely to avoid the future resource outflows at that moment.)

In conclusion, the accounting requirements for emergency relief in ED 67 are likely to conflict with IPSAS 42, and it is difficult to distinguish ‘emergency relief delivered as an ongoing activity’ and ‘emergency relief in response to specific emergencies.’ Therefore, we suggest sorting out emergency relief delivered in cash into a separate item and then aligning the recognition criteria for such item with the recognition criteria under the general approach in IPSAS 42. We also suggest revising AG 20 and 22 as underlined or struck-through in the box below:

AG 20. The delivery of emergency relief in response to specific emergencies requires an explicit policy decision to be made by a government or other public sector entity, assuming that beneficiaries meet eligibility criteria. Meeting eligibility criteria is a past event. ~~This decision could give rise to a present obligation, requiring the recognition of a provision when the criteria in paragraphs 22–34 of this Standard are satisfied. For example, in these circumstances a present obligation could arise as a result of government announcements, the passing of legislation and other government actions.~~

AG 22. An entity considers the specific circumstances in which emergency relief is being delivered. Where such delivery of emergency relief is an ongoing activity of government (or other public sector entity) and is analogous to the delivery of collective services and/or individual services as set out in paragraphs AG2-AG16, no provision is recognized before the relief is delivered. ~~In other circumstances, an entity considers the requirements of this Standard in determining whether to recognize a provision or disclose a contingent liability~~

General Comments on SMCs 2 ~ 4

[GAFSC comments] According to paragraph 25, 26, and 27 in IPSAS 19, the existence of a present obligation to recognize a provision for certain services depends on a past event (an obligating event) existing independently of an entity's future actions, not on whether the delivery of the services are ongoing activities of the public sector entity. Therefore, in order to revise AG 10, 12, 13, and 22 more clearly, we recommend stating more explicitly that no provision should be recognized, because there is no obligating event prior to the delivery of collective and individual services and emergency relief provided on an ongoing basis and so the obligation to provide those services is not a present obligation that exists independently of the entity's future actions.

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29th May 2019

John Stanford
Technical Director
International Public Sector Accounting Standards Board
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Canada

Dear John,

**IPSASB Exposure Draft 67 – Collective and Individual Services and Emergence Relief
(Amendments to IPSAS 19)**

The Institute of Certified Public Accountants of Kenya (ICPAK) welcomes the opportunity to comment on the proposed amendments to IPSAS 19 - Collective and Individual services and Emergence Relief.

Please find below the responses which we have provided to the questions raised in the Exposure Draft.

Kindly contact us using the details below should you require any additional information or clarification; cliff.nyandoro@icpak.com Tel: +254 721 578 138.

CPA Cliff Nyandoro

Head of Technical Services
(Accounting and Auditing Standards)
For: Professional Standards Committee

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Specific Matter for Comment 1:

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

Response: ICPAK agrees with the definitions of collective services and individual services as included in Exposure Draft 67 although we believe it would provide more clarity if a listing for examples of the services implied is provided.

Specific Matter for Comment 2:

Do you agree that no provision should be recognized for collective services?

If not, under what circumstances do you think a provision would arise?

Response: We agree that no provision should be recognized for collective services since such services are considered ongoing activities of a public sector entity that delivers them.

Specific Matter for Comment 3:

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

Response: We agree that no provision should be recognized for individual services since the delivery of individual services represents ongoing activities of the public sector entity that provides the services. The delivery of individual services results in the public sector entity incurring expenses and acquiring resources through exchange transactions. Such exchange transactions would be accounted for in accordance with other relevant IPSAS.

Specific Matter for Comment 4:

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

Response: ICPAK agrees with the proposed accounting for emergency relief. We are in agreement that a provision should be recognized in circumstances where emergency relief is provided in response to specific emergencies that require a separate decision to be made by a government or public sector entity. Where the criteria for recognizing a provision are not met, an entity would consider whether the disclosure of a contingent liability will be necessary.

We also agree that where delivery of emergency relief is comparable to the delivery of collective and/or individual services, then no provision is recognized by an entity where delivery of such services is considered as part of its ongoing activities.



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

June 4, 2019

Mr. Ian Carruthers
Chairman,
International Public Sector Accounting Standards Board,
The International Federation of Accountants,
277 Wellington Street West,
Toronto, Ontario M5V 3H2 CANADA

Dear Ian Carruthers,

Sub: Comment on Exposure Draft 67, '*Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*'

We are pleased to provide comments on the Exposure Draft 67, '*Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*' issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Our comments on the ED 67 are enclosed with this letter.

Please feel free to contact us, in case any further clarification in this regard is required.

Thanking you,

Yours sincerely,

(CA. Dhiraj Khandelwal)
Central Council Member and Chairman
Committee on Public Finance and Accounting Standards for Local Bodies
The Institute of Chartered Accountants of India
Ph: 011-30110449 (CASLB Secretariat)
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Encl.: As above



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Comments on Exposure Draft 67,
'Collective and Individual Services and Emergency Relief
(Amendments to IPSAS 19)'

Specific Matters for Comment 1 - 4

ICAI's View:

We broadly agree with the views of the IPSAS Board regarding proposed definitions of collective & individual services and proposed accounting for collective & individual services and emergency relief.

General Comments:

- **Appendix A on, 'Application Guidance' (page no. 7):** It is felt that the matter provided in the 'Application Guidance' of this ED may be covered appropriately under the head 'Application of the Recognition and Measurement Rules' in the IPSAS 19, 'Provisions, Contingent Liabilities and Contingent Assets' instead of providing the same as an Appendix to the IPSAS 19.

As per the current proposal of providing the separate appendix on "Application Guidance" on collective & individual services and emergency relief, the structure of IPSAS 19 will look scattered as one section on 'Application of the Recognition and Measurement Rules' is already covered in IPSAS 19. Accordingly, the new guidance may also be covered under the said section within the IPSAS 19 itself.

- **Editorial changes:** It is noticed that the reference of paragraph provided in the paragraph 35 A (at page no. 15, Amendments to IPSAS 42, *Social Benefits*) is incorrect. It should be paragraph 4A instead of paragraph 5A.
- **Definition of emergency relief:** This exposure draft defines both Individual and Collective services. However, emergency relief has not been defined specifically. Accordingly, it is suggested that the possibility of defining emergency relief in the IPSAS 19 may also be considered by IPSASB.

Table provided in Application Guidance (AG) 6 (page no. 8): The explanation provided in AG 8-9 with regard to reimbursement in case of individual services may also be considered for inclusion in the table provided in AG6 in summary form, if possible, for more clarity.

IPSASB Exposure Draft 67
*Collective and Individual Services and
Emergency Relief (Amendments to IPSAS 19)*

**Response from the Chartered Institute of
Public Finance and Accountancy (CIPFA)**

6 June 2019

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

Further information about CIPFA can be obtained at www.cipfa.org

Any questions arising from this submission should be directed to:

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Our ref: Responses/ 190606 SC0253

IPSASB Exposure Draft 67, *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*

CIPFA is pleased to present its comments on this Exposure Draft which has been reviewed by CIPFA's Accounting and Auditing Standards Panel.

ED 67 explains that it provides guidance which addresses a mismatch between the scope exclusion for 'social benefits' in the current IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* and the actual scope of that term in its standard IPSAS 42, *Social Benefits* issued in January 2019.

The need for such guidance was implicit in ED 63 *Social Benefits*, which also defined 'social benefits' with a scope which did not match the IPSAS 19 scope exclusion. Under the approach proposed in ED 63 there would have been a need to provide guidance for 'collective services' and for 'universally accessible services'.

As explained in IPSAS 42, having regard to stakeholder responses to ED 63 the Board reconsidered the scope of 'social benefits' for the purposes of IPSAS 42, and reframed the excluded items, articulating

- a new category of 'individual services' which include both 'universally accessible services' and other services provided to individuals or households which mitigate social risk but which are not delivered through cash transfer to eligible beneficiaries
- an additional category of 'emergency relief' encompassing services which respond to needs arising from significant emergencies, which might not be considered to be for the benefit of society as a whole

ED 67 proposes that collective and individual services should not give rise to provisions in respect of their non-exchange considerations, and the accounting should therefore reflect only those provisions which arise through any associated exchange transactions (such as the purchase of goods or services which will be transferred to or result in a benefit for individuals, households, or society as a whole). In respect of emergency relief, ED 67 indicates that for certain responses to specific emergencies, it may be appropriate to raise a provision in relation to non-exchange considerations.

CIPFA agrees with the proposed reframing of the excluded items, and the proposed accounting treatment.

Response to Specific Matters for Comment

Detailed responses to the SMCs are attached as an Annex.

ANNEX**Specific Matter for Comment 1:**

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

CIPFA agrees with the definitions which are included in the Exposure Draft.

However, some of the explanation is not as clear as it could be, and this may lead to the material in the Application Guidance being misunderstood. The ED 67 proposals for the main body of the IPSAS 19 standard refer to social benefits without explaining how they are defined in IPSAS 42, or the implications for what is included in individual services.

We are particularly concerned that there is no mention of social risk as a feature of social benefits in the main body of the standard, except to suggest that emergency relief does not address social risks. The table at AG 6 may therefore be misinterpreted as suggesting that the primary distinction between social benefits and individual services is that social benefits are delivered through cash transfer. Notwithstanding the clear indication that these must also be made to 'eligible individuals and households'.

Rather than amending the proposed table, we suggest that it would be helpful if it was explained before AG6 that:

- IPSAS 42 defines social benefits as expenditure which mitigates social risk, delivered through cash transfers to eligible individuals and households
- Individual services may sometimes mitigate social risks, but only where delivered by other means than cash transfer

We note that the term 'social benefits' is more fully explained in the Basis for Conclusions material in ED 67. The table in the implementation guidance to IPSAS 42 also provides extremely comprehensive guidance. However, we suggest that it would be more helpful if the material in the main body of IPSAS 19 was understandable without reference to these.

Specific Matter for Comment 2:

Do you agree that no provision should be recognized for collective services?
If not, under what circumstances do you think a provision would arise?

CIPFA agrees that no provision should be recognised for collective services, for the reasons explained in the Exposure Draft.

Specific Matter for Comment 3:

Do you agree that no provision should be recognized for individual services?
If not, under what circumstances do you think a provision would arise?

CIPFA agrees that no provision should be recognised for individual services, for the reasons explained in the Exposure Draft.

Specific Matter for Comment 4:

Do you agree with the proposed accounting for emergency relief?
If not, how do you think emergency relief should be accounted for?

CIPFA straightforwardly agrees with the proposed accounting for emergency relief as an ongoing activity, for the reasons explained in the Exposure Draft.

CIPFA also agrees with the proposed accounting for emergency relief in respect of specific emergencies. as these reflect commitments where a specific decision to deploy resources has been taken. While we would not normally expect policy decisions in respect of these to give rise to present obligations, we could not rule this out altogether.

Discussions with various stakeholders indicated that some found the description of 'ongoing' emergency relief confusing. It might be helpful to make the observation that this section of the AG is addressing a different category of emergency response than those addressed by 'emergency services' (such as fire services) or emergency prevention (such as flood defence).



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June 6, 2019

International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
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Re: PSAB Staff Comments on Exposure Draft 67 (ED 67), “Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)”

Thank you for the opportunity to comment on the proposed amendments to IPSAS 19.

We agree with the conclusion of the International Public Sector Accounting Standards Board (IPSASB) that there should be no provision recognized for collective and individual services. We also agree with proposed accounting for emergency relief.

We have provided some suggestions regarding the definition of collective services, and have also offered some other minor suggestions on the amendments to IPSAS 19.

Please note that this letter and the comments within represent the views of PSAB staff and not those of the Public Sector Accounting Board.

We hope you find our comments helpful. Should you have any questions on the comments outlined in our response, please feel free to reach out to me.

Sincerely,

Thaksa Sethukavalan
Principal,
Public Sector Accounting Board.
tsethukavalan@psabcanada.ca

Specific Matter for Comment 1

Do you agree with the definitions of collective services and individual services that are included with this Exposure Draft?

If not, what changes would you make to the definitions?

PSAB staff agrees with the definitions of collective and individual services presented as an addition to paragraph 18 of IPSAS 19, as well as the definition of individual and collective services provided in paragraphs AG2 to AG9 of the Application Guidance. The definitions are clear and easy-to-understand. PSAB staff feels that the table following paragraph AG6 is particularly helpful in understanding the differences between social benefits, individual services and collective services.

We do have one change to propose, however. We have noted that the definition of collective services only includes services, while the definition of individual services includes goods and services. The reason for this distinction is not outlined in the Application Guidance or the Basis for Conclusions. PSAB staff feels that there are many examples of what some might consider a “collective good.” For example, paragraph AG5 outlines that street lighting and defense are considered collective services. Would it not be the case, then, that lamp posts and military tanks be considered collective goods? We recommend including both goods and services in the definition of collective services. If it is not included, a clear reasoning why should be included as part of the Basis for Conclusions.

Also, the implications for the rest of the IPSAS where the term “services” is used should be considered. If “services” sometimes includes both goods and services but doesn’t in other instances, how will this distinction be obvious to readers? How will this nuance be reflected in the IPSAS glossary? Will all references in the IPSAS to “services” have to be read as meaning “goods and services”? Or just when in IPSAS 19 in relation to individual services? And if only in this one case – why? Perhaps the terms should be updated to read “Collective Goods and Services” and “Individual Goods and Services.”

Specific Matter for Comment 2

Do you agree that no provision should be recognized for collective services?

If not, under what circumstances do you think a provision would arise?

We agree with the IPSASB’s decision that there should be no provision recognized for collective services. We agree with reasons mentioned under BC7 – BC13. We agree with IPSASB’s position that collective services are ongoing activities of the government, and that recognizing a provision for collective services would be contrary to paragraph 26 of IPSAS 19.

Specific Matter for Comment 3

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

We agree with the IPSASB's decision that there should be no provision recognized for individual services. We agree with reasons mentioned under BC7 – BC13. Similar to collective services, we agree with IPSASB's position that individual services are also ongoing activities of the government, and that recognizing a provision for individual services would be contrary to paragraph 26 of IPSAS 19.

Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

We agree with the proposed accounting for emergency relief, and do feel that in some circumstances a present obligation requiring the recognition of a provision may exist. The examples provided in paragraph AG20 are useful, and we agree that reference should be made to IPSAS 19 paragraphs 22 – 34 to provide guidance on when a provision should be recognized.

We agree with the IPSASB's position that if an event does not give rise to a present obligation that satisfies the criteria for the recognition of a provision, an entity should still consider whether a contingent liability exists and whether disclosure is required. We agree that reference should be made to IPSAS 19 paragraphs 35 – 38 to provide guidance on whether disclosure should occur. We also agree with IPSASB's note in AG21 that the nature of the obligation may change as a result of announcements or actions, and agree that an entity will need to reassess whether a provision should be recognized at each reporting date.

We also agree with the IPSASB position that in cases where the delivery of emergency relief is an ongoing activity, it may be considered analogous to the delivery of collective and/or individual services, and therefore no provision is needed for the same reasons mentioned under BC7 – 13.

Other PSAB Comments:

While not specifically asked for, PSAB staff have some other comments to share on ED 67.

- PSAB staff notes that the definitions of collective services and individual services are being added to paragraph 18 of IPSAS 19. This is the paragraph that defines the terms used in the standard. PSAB feels that if collective and individual services are being defined in this paragraph, IPSASB should also consider defining emergency relief here as well. If there is a reason why it should not be included, then the Basis for Conclusions should say why it is not defined when collective and individual services are.
- PSAB staff notes that IPSASB should also consider adding disease outbreaks to paragraph AG17 as another example of a situation where emergency relief may be

required. The examples provided relate to natural disasters and the displacement of individuals and/or households, but emergency relief is more encompassing.

- Similar to paragraph AG20, consider adding an example of when emergency relief may be considered analogous to collective or individual services in paragraph AG22. The example in BC21 should suffice. Providing an example in the Application Guidance as opposed to the Basis for Conclusions makes it easier for entities to find and better apply the standard.

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7 June 2019

Mr Ian Carruthers
Chairman
International Public Sector Accounting Standards Board
529 Fifth Avenue
New York, NY 10017
USA

Via online submission: www.ipsasb.org

Dear Ian

Exposure Draft 67: Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)

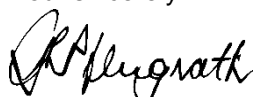
CPA Australia represents the diverse interests of 164,000 members working in 150 countries and regions around the world. We make this submission on behalf of our members and in the broader public interest.

CPA Australia commends the International Public Sector Accounting Standards Board (IPSASB) for its ongoing efforts to develop requirements and guidance for non-exchange expenses. CPA Australia agrees that in most circumstances the accounting treatment proposed in the Exposure Draft for collective/individual services and emergency relief is appropriate. However, we believe there may be exceptions which require further consideration. We have provided our views on such exceptions in our response to Specific Matters for Comment 3 and 4 in the attachment to this letter.

CPA Australia notes that there may be instances where there are potential overlaps between individual and collective services and emergency relief (see our response Specific Matter for Comment 4). Since the accounting treatment for emergency relief could differ from the accounting treatment for individual and collective services, we suggest giving further consideration to the relevant definitions and developing more guidance, including examples, to facilitate a clearer demarcation.

In the attachment to this letter, we have provided responses to specific questions raised in the Exposure Draft. If you require further information on the views expressed in this submission, please contact Ram Subramanian, Policy Adviser – Reporting, on +61 3 9606 9755 or at ram.subramanian@cpaaustralia.com.au.

Your sincerely



Dr. Gary Pflugrath
Head of Policy and Advocacy

Attachment**Specific Questions/Comments****Specific Matter for Comment 1:**

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

CPA Australia is of the view that the distinction between individual and collective services could be further enhanced through minor modifications to the definitions. We also note the definition of collective services currently only includes the provision of services, and not goods. We can envisage the provision of goods that may be categorised as collective services. For example, the provision of drinking water fountains or public toilet facilities could include the provision of both goods and services.

We suggest the following modifications to the definitions:

Collective services and individual services are services provided by a public sector entity that are intended to address the needs of society as a whole.

Collective services are goods and services provided simultaneously to all members of the community.

Individual services are goods and services provided to individuals, groups of individuals and/or households that are identifiable by the entity.

We suggest the IPSASB elaborates on what “intended to address the needs of society as a whole” implies, given that this reference provides the rationale to distinguish between individual and collective services, and emergency relief (see our response below to Specific Matter for Comment 4).

ED 67 does not propose to distinguish the accounting treatment for collective services from the accounting treatment for individual services. Consequently, the question arises whether, and if so, to what extent the distinction between collective and individual services matters in practice.

Specific Matter for Comment 2:

Do you agree that no provision should be recognized for collective services?

Yes, we agree that no provision should be recognised for collective services.

Specific Matter for Comment 3:

Do you agree that no provision should be recognized for individual services?

Yes, we agree that no provision should be recognised for individual services in most circumstances. However we note that public sector entities can sometimes embark on fundraising initiatives to finance the provision of specific individual services. For example, the Queensland Government’s “[Youth Connect Social Benefit Bond](#)” seeks to address youth homelessness. Such initiatives could give rise to exchange transactions that may fall outside the scope of these proposals. We suggest the IPSASB considers how services arising from such initiatives should be accounted for, and whether and how they may, or may not, be scoped out of these proposals.

Specific Matter for Comment 4:**Do you agree with the proposed accounting for emergency relief?****If not, how do you think emergency relief should be accounted for?**

CPA Australia agrees with the proposed accounting for emergency relief in most circumstances. However, similar to our comments in response to Specific Matter for Comment 3, we envisage scenarios where public sector entities may undertake income-generating activities to provide emergency relief.

Examples include:

- the [flood levy](#) imposed by the Australian Government in 2011-2012 to raise funds to finance reconstruction activities in Queensland following floods in 2010-2011; and
- the [fire services property levy](#) imposed by the Victorian government to fund the ongoing services provided by the Victorian Metropolitan Fire Brigade and the Victorian Country Fire Authority.

We suggest the IPSASB considers how emergency relief services arising from such initiatives should be accounted for, and whether and how they may, or may not, be scoped out of these proposals.

We suggest the IPSASB reconsiders paragraph AG 18, which states “Goods and services delivered through emergency relief do not address the needs of society as a whole. This distinguishes emergency relief from collective services and individual services.” We foresee situations where certain collective services could be provided for emergency relief. For example, defence forces deployed as peacekeeping forces, or to assist with reconstructive activities in a war zone, could be considered collective services that satisfy the needs of society as a whole. Similarly, defence forces deployed to assist with flood relief activities could also be considered services that satisfy the needs of society as a whole. This argument emphasises the need outlined above in our response to Specific Matter for Comment 1, to elaborate in more detail upon the definition of “address the needs of society as a whole”.



Paris, le 23/04/19

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Référence : 2019/04/9140

Subject : Response to Exposure Draft 67 *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*.

I am writing you on behalf of the French Directorate of Public Finances (hereinafter mentioned as DGFIP) to express our views on the Exposure Draft 67 *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)* published in January 2019 (ED67).

The DGFIP contributed to the drafting of the reply and accordingly shares the position expressed by the Public Sector Accounting Standard Concil (CNoCP or The Concil) in the following appendix.

Head of Central Government Accounting Department

Olivier Touvenin



Paris, April 11, 2019

LE PRÉSIDENT

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Mr John Stanford
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Re: Response to Exposure Draft 67 *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*

Dear Mr Stanford,

The French Public Sector Accounting Standards Council (CNoCP) welcomes the opportunity to comment on the Exposure Draft 67 *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)* published in January 2019 (ED67).

The CNoCP approves of the IPSASB tackling the issue of social expenses in general and we fully agree with the accounting treatments proposed in ED67. We also commend the Board for the publication of IPSAS 42 *Social Benefits*. Both ED67 and IPSAS 42 deal with expenses that are specific to the public sector and they well reflect the application of the definition of a liability and the related recognition principles.

We understand the overarching objective to provide guidance in IPSAS 19 *Provisions, Contingent Assets and Contingent Liabilities* on the accounting treatment for transactions that might have been previously labelled social benefits. With the recent publication of IPSAS 42 that sets out a narrow definition for social benefits, there is a need to provide guidance on collective and individual services in a timely manner. However, as to the timeframe of ED67, because we consider that the issue is tightly linked to that of non-exchange expenses, we would rather comment on ED67 at the



same time as on the future ED on Non-Exchange Expenses. This would allow for enhanced consistency.

With respect to the definitions of collective and individual services set out in ED67, we understand that cash transfer is a critical feature of social benefits in IPSAS 42 and that conversely, it is not a feature of either collective or individual services. We believe that such a difference should be factored into the definitions of both collective and individual services in ED67.

In that context, we would urge the Board to consider the overall consistency of the guidance provided with published literature and current projects in progress. More specifically, in many instances, the accounting treatment is one and the same, though related transactions are hosted in different standards. We believe that this is all the more relevant that we understand that the distinction between exchange and non-exchange transactions is currently being discussed by the Board in the light of the performance obligation approach. When all projects on expenses are finalised, there might be a need to ensure scope consistency and, from a public interest viewpoint, a correct understanding from users and an easy implementation.

Responses to the detailed questions set out in ED67 are presented in the following appendix.

Yours sincerely,

Michel Prada



APPENDIX

Specific Matter for Comment 1

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

Firstly, we would like to bring to the attention of the Board that paragraph 6A added to the scope section of IPSAS 19 mentions that transactions under scrutiny are “non-exchange” transactions. In the context of the current discussions on the exchange/non-exchange distinction and that of “with or without performance obligation”, we would urge the Board to better articulate the two notions.

With respect to the definitions of both collective and individual services, the table presented in paragraph AG6 highlights a major difference with social benefits: collective and individual services do not involve cash transfer to eligible beneficiaries. Though a critical feature that should help differentiating from social benefits, absence of cash transfer is not factored in the definitions of collective and individual services. We would suggest amending the definitions so that they reflect that important feature.

In addition, the assessment in paragraph AG8 that “services paid for by beneficiaries and subsequently reimbursed should be deemed meeting the definition of individual services rather than that of social benefits” should be brought forward to the core standard. Some clarification would actually be welcomed in the standard to help distinguishing expenses that proceed from a cash transfer, and are rightfully in the scope of IPSAS 42, from those expenses in the scope of ED67 that involve a cash transfer at some point that should not be considered a cash transfer in substance. This is typically the case when a beneficiary is reimbursed for some advance payment of a service, as in paragraph AG8. Such clarification would help ensuring that identical economic phenomena, though entailing different nature of flows, are treated in the same way in one same standard. Finally, because it might also trigger questions on how this requirement applies to reimbursements that cover most, but not all, of the expense incurred by beneficiaries, additional AGs could be expected to help apply the standard’s requirements in those specific instances. Illustrative examples would also be welcome to illustrate the variety of services and their specific features to help distinguish from social benefits.

With respect to the distinction between collective and individual services, and though paragraphs AG2 and AG3 explain the difference, we question the need for that distinction,



especially as the accounting treatment is the same for both items. Simplifying the requirements by regrouping both types of expenses under one same label would facilitate implementation.

Specific Matter for Comment 2

Do you agree that no provision should be recognized for collective services?

If not, under what circumstances do you think a provision would arise?

We fully agree that there is no present obligation to provide future collective services beyond that provided in the reporting period.

In the related application guidance paragraphs, we note the use of “exchange” or “non-exchange”. Consistent with our comment in Specific Matter for Comment 1, we would recommend that the articulation with the new “with or without performance obligation” distinction be clarified.

In paragraph AG11, to avoid confusion as to the parties to the “exchange” transactions on the one hand and the “non-exchange” transactions on the other hand, we would clarify that the “non-exchange” transactions are those between the reporting entity and the community it provides collective services to. Exploring further, one could call into question whether the provision of collective services to a community is a transaction that would need reporting from an accounting viewpoint. In fact, there is no measurable substance to what is transferred to the community, other than what is already reflected in the accounts through the cost to acquire the resources necessary to provide the service. In other words, financial reporting principles may not apply to that specific relationship between a public sector entity and a community: such a relationship is more in the substance of social contract.

From the perspective of the paragraph above, conversely, individual services have the substance of transactions in kind that can be reported in the financial statements.

As far as presentation and disclosure of collective and individual services are concerned, and because those transactions do not give rise to liabilities, IPSAS 19 disclosure requirements are not applicable. Rather, in accordance with paragraph AG14, application of more generic standards is recommended, for instance IPSAS 1 *Presentation of Financial Statements*. This underlines that IPSAS 19 may not be the most relevant standard to host the proposed guidance on collective and individual services.

***Specific Matter for Comment 3***

Do you agree that no provision should be recognized for individual services?

If not, under what circumstances do you think a provision would arise?

We fully agree that there is no present obligation to provide future individual services beyond that provided in the reporting period.

Specific Matter for Comment 4

Do you agree with the proposed accounting for emergency relief?

If not, how do you think emergency relief should be accounted for?

We agree on the proposed accounting for emergency relief.

However, in paragraph AG20, we are concerned that “government announcements” could give rise to a present obligation. In some jurisdictions, “government announcements” are not enforceable and would not entail the recognition of a liability. We would therefore recommend that it should be deleted from the list of instances provided in the last sentence of the paragraph. We actually mention in the conceptual framework for public accounts we developed in France that:

[137] Public entities are set up to exercise responsibilities which are clearly defined by a legal or regulatory framework, and their capacity to make commitments in the specific field of public action is strictly regulated and therefore cannot by definition give rise to constructive obligations.

[138] Public entities do not therefore have liabilities or contingent liabilities arising from constructive obligations specific to public action.

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for Coordination**

**Conseil des chefs de secrétariat
des organismes des Nations Unies
pour la coordination**

**SUBMISSION: Exposure Draft 67: *Collective and Individual Services and Emergency Relief*
(Amendment to IPSAS 19)**

5 August 2019

Mr. Stanford
Technical Director
International Public Sector Accounting Standards Board
277 Wellington Street West
Toronto Ontario Canada M5V 3H2

Dear John,

Exposure Draft 67: *Collective and Individual Services and Emergency Relief* (Amendment to IPSAS 19)

1 Thank you for the opportunity to comment on Exposure Draft 67: *Collective and Individual Services and Emergency Relief* (Amendment to IPSAS 19). I apologize for the delay in submitting this response which has gone past the timeline of end of May, this has been occasioned by the need to consult various organizations which make up our system. I hope that our comments will still be taken into consideration as this Exposure Draft is relevant to our work in the UN System.

United Nations System Task Force on Accounting Standards

2 The United Nations System Task Force on Accounting Standards (Task Force) appreciates the work that the IPSASB is carrying out in developing accounting standards for public sector entities, including international organizations such as those making up the United Nations system. The Task Force is an inter-agency group consisting of directors of accounting, chief accountants and chief financial officers from United Nations System organizations which comprises more than 25 international inter-governmental bodies. The comments below represent the views of the Task Force whose individual organizations are listed in Appendix 1.

General Comments

3 Exposure draft 67 is relevant and useful to us as a number of our organizations in the UN System do provide assistance which may fall in the “emergency relief” category. Included in this group of UN System agencies are United Nations High Commissioner for Refugees (UNHCR), United Nations Children’s Fund (UNICEF) and World Food Programme (WFP) among many others.

4 The Task Force notes that the ED does not include a definition of “emergency relief,” such definition may be useful given the protracted emergencies becoming more common for some UN System organizations with the average time of involvement in emergency response being nine years. In addition to the protracted nature of recent emergencies some of the agencies’ have mandates which include “..to assist in the continuum from emergency relief to development by giving priority to supporting disaster prevention, preparedness and mitigation and post-disaster rehabilitation activities” in this scenario the delineation between emergency relief and development activities becomes blurry and inclusion of a definition of “emergency relief” could be useful.

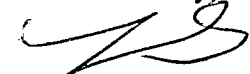
5 While we agree that UN System organizations/specialized agencies do not provide either “collective” or “individual” services even when we provide such services, which may include supporting displaced individuals/households and smallholder farmers support, nutrition, school feeding, and gender equality, given that they are not “generally provided to a society as a whole”, we propose that further clarity be provided, we would suggest that the ED/IPSASB define “generally provided to a society as a whole” or clarify explicitly that if the service/good is provided to a subset of the society, it does not meet the definition.

Specific Matters for Comments

6 The Task Force’s detailed comments on the specific matters are included in Appendix 2.

7 Should you have any queries on our comments, please contact Jerry Gutu (gutu@un.org), or me at guazo@un.org.

Yours sincerely,



Pedro Guazo

Chair, Task Force on Accounting Standards
United Nations System Organizations

APPENDIX 1: UNITED NATIONS SYSTEM TASK FORCE ON ACCOUNTING STANDARDS

Below is the full list of Task Force Members of the United Nations System organizations consulted on this submission.

Organisation
1. FAO – Food and Agriculture Organization
2. IAEA – International Atomic Energy Agency
3. ICAO – International Civil Aviation Organization
4. ILO – International Labor Organization
5. IMO – International Maritime Organization
6. ITU – International Telecommunications Union
7. PAHO – Pan American Health Organization
8. UN – United Nations Secretariat
9. UNAIDS - United Nations Programme on HIV and AIDS
10. UNDP – United Nations Development Programme
11. UNESCO – United Nations Educational Scientific and Cultural Organization
12. UNFPA – United Nations Fund for Population Activities
13. UNHCR – United Nations High Commissioner for Refugees
14. UNICEF – United Nations Children’s Fund
15. UNIDO – United Nations Industrial Development Organization
16. UNOPS – United Nations Office for Project Services
17. UNRWA – United Nations Relief and Works Agency for Palestine
18. UPU – United Postal Union
19. WFP – World Food Programme
20. WHO – World Health Organization
21. WIPO – World Intellectual Property Organization
22. WMO – World Meteorological Organization
23. WTO (Tourism) United Nations World Tourism Organization
24. UN-Women – United Nations Entity for Gender and Equality for Empowerment of Women
25. IOM – International Organization for Migration

APPENDIX 2: EXPOSURE DRAFT: COLLECTIVE AND INDIVIDUAL SERVICES AND EMERGENCY RELIEF (AMENDMENT TO IPSAS 19)

In response to the IPSASB's request for comments on these Specific Matters please find below comments of the Task Force:

Specific Matter # 1 for Comment (SMC):

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

Response:

The Task Force agrees with the SMC # 1 definitions of collective services and individual services.

Specific Matter # 2 for Comment:

Do you agree that no provision should be recognized for collective services? If not, under what circumstances do you think a provision would arise?

Response:

The Task Force agrees that no provision should be recognized for collective services.

Specific Matter # 3 for Comment:

Do you agree that no provision should be recognized for individual services? If not, under what circumstances do you think a provision would arise?

Response:

The Task Force agrees that no provision should be recognized for individual services.

Specific Matter # 4 for Comment:

Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

Response:

While the Task Force generally agrees with the proposed accounting for emergency relief, we suggest that further clarifications and examples to AG 18 and 22 could be useful.

AG18 could be expanded with addition of the following: " an example would be where government, or governments, have established an agency or international organization with remit to deliver on going emergency relief activities" to make it clear that emergency relief is also an

on-going activity. Or alternatively add an additional example in AG18 “Another example would be International organizations who deliver ongoing emergency relief activities in different countries as part of their mandate (or as part of the recurring services delivered).”

AG22 – it is not clear what “other circumstances” in the paragraph mean – are analogous services not considered as on-going activity? Inclusion of an example may clarify.