

Swiss Comments to the

- **Consultation Paper
Accounting and Financial Reporting for Service Concession
Arrangements**

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Swiss Comments prepared on behalf of

the Swiss Federal Office of Finance and
the Conference of Cantonal Ministers of Finance,

by

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Introduction

The following comments have been prepared by an ad-hoc committee set up by Public Sector Accountants, Public Sector Auditors, academics and representatives of the profession, of the Confederation and the Cantons.

Consultation Paper Accounting and Financial Reporting for Service Concession Arrangements

First of all we would like to comment this Consultation Paper in general. We agree with the consultation paper in general and appreciate the approaches taken. However, we do think that the term Service Concession is used in a wrong way and therefore the title of the document might be misleading – even if the document itself isn't. Generally, a concession is defined as an authorization to use a public commodity for private purposes (i.e. a hydro electric power plant using the public river to generate power). A service concession is a concession which is related to the delivery of services (i.e. bus transportation). We would propose to use and define the term Public Private Partnership for the purpose of accounting and reporting guidance in the way the consultation paper defines Service Concessions.

Furthermore we would like to stress the importance of liabilities. In our jurisdiction the accounting for assets is rarely an issue, but the accounting for liabilities which result out of such contracts is highly controversial. The ad-hoc committee fully agrees with the proposed accounting treatment of liabilities. However, as this is extremely controversial, the basis of conclusion of a future standard needs to be particularly strong in respect of liabilities.

Request for Comments:

Please find below the comments of the Swiss ad-hoc committee.

1. Yes, we fully agree with the control approach. We are of the view that this approach is clearly more feasible than the risk and rewards approach, as it leads to a clear decision for each asset in question.
2. Yes, we do agree. As mentioned in our introduction to this consultation paper we express again the need of presenting the liabilities, as this is very controversial in our jurisdiction.
3. Yes, we fully agree.