

Agenda Item 6: Public Sector Measurement

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IPSASB Consultative Advisory Group Meeting

Kuala Lumpur, Malaysia

December 3, 2018

Overview

- Project summary
- IPSAS, *Measurement*, and other IPSASs (6.1)
- Combined CP–ED: Communication with Constituents (6.2)

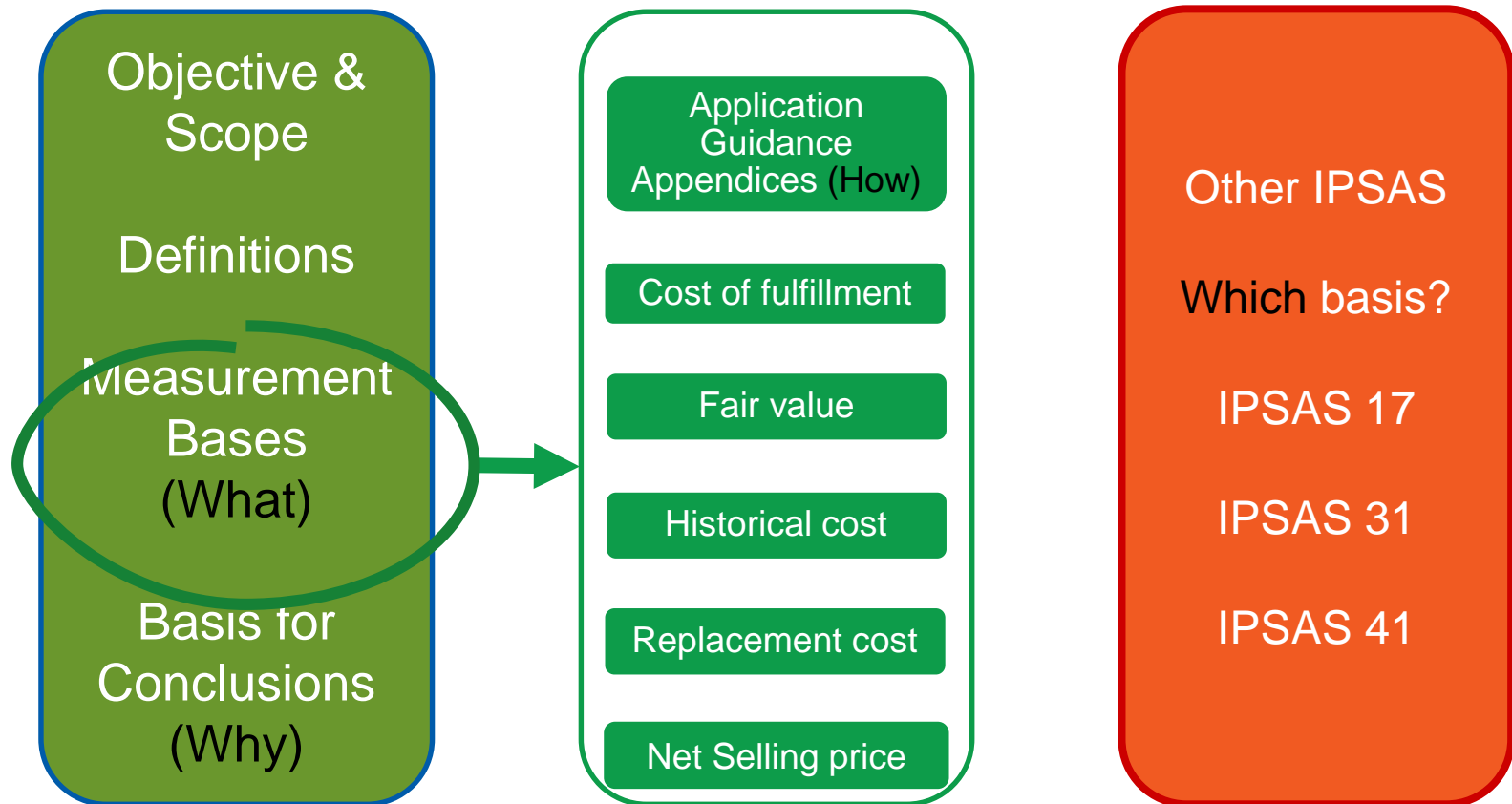
Project Summary – Project to address:

1. Measurement bases in IPSASs:
 - Not consistent with Conceptual Framework
 - IPSAS fair value different from IFRS 13 fair value
2. Service potential – need appropriate measurement base(s)
3. Other issues:
 - IPSAS guidance aligned with (a) government finance statistics reporting guidelines and (b) International Valuation Standards
 - Treatment of borrowing costs and transaction costs
 - More application guidance needed
 - Address measurement-related disclosures

6.1 IPSAS, *Measurement*, and other IPSASs

- IPSAS, *Measurement*:
 - *What* we mean by measurement bases (definitions and explanatory text)
 - *How* to derive measurement bases (application guidance)
 - *Why* the IPSASB has addressed issues in this way (basis for conclusions)
- Other IPSASs:
 - *Which* measurement basis applies: Other IPSASs address the choice of a measurement basis

6.1 IPSAS, *Measurement*, and other IPSASs



6.1 ED's Text on Fair Value Measurement

- *CAG members*: Fair value meaning should be the same as in IFRS 13, *Fair Value Measurement*.
- IPSASB decisions:
 - ✓ Integrate fair value (as per IFRS 13) into IPSAS, *Measurement*
 - ✓ Fair value (IFRS 13) does apply to some assets and liabilities (e.g. financial instruments)
 - ✓ Develop application guidance for fair value, using the majority of IFRS 13's text (an appendix in the ED)
- At this IPSASB meeting: Consider ED's draft text on fair value, including disclosures

6.1 Questions to CAG Members

1. What are your views on IPSASB's decisions on:
 - a) Content of ED, *Measurement*, and
 - b) Integration of fair value (IFRS 13) into IPSAS?
2. Will these changes to the location of measurement guidance/requirements in IPSASs support preparers and users in providing and understanding relevant information?
3. Are there any public interest issues that the IPSASB should consider, as it develops IPSAS, *Measurement*?

6.2 Combined CP and ED: Communication with Constituents

- Combined CP and ED is a new approach
- ED provides constituents with a clearer idea of the IPSASB's direction of travel
- This new approach aims to
 - Get better feedback from constituents, earlier in the development process
 - Receive comments that provide a clearer understanding of what constituents want to see at the end of the development process
 - Faster “idea to market” delivery of new IPSASs

6.2 Combined CP and ED: Communication with Constituents

- Consultation paper (CP) will:
 - Discuss issues (e.g. borrowing costs); and,
 - Have the exposure draft (ED) in an appendix
- The ED will have:
 - Detailed and specific measurement proposals
 - Application guidance on measurement bases, including fair value (IFRS 13)

6.2 Combined CP and ED

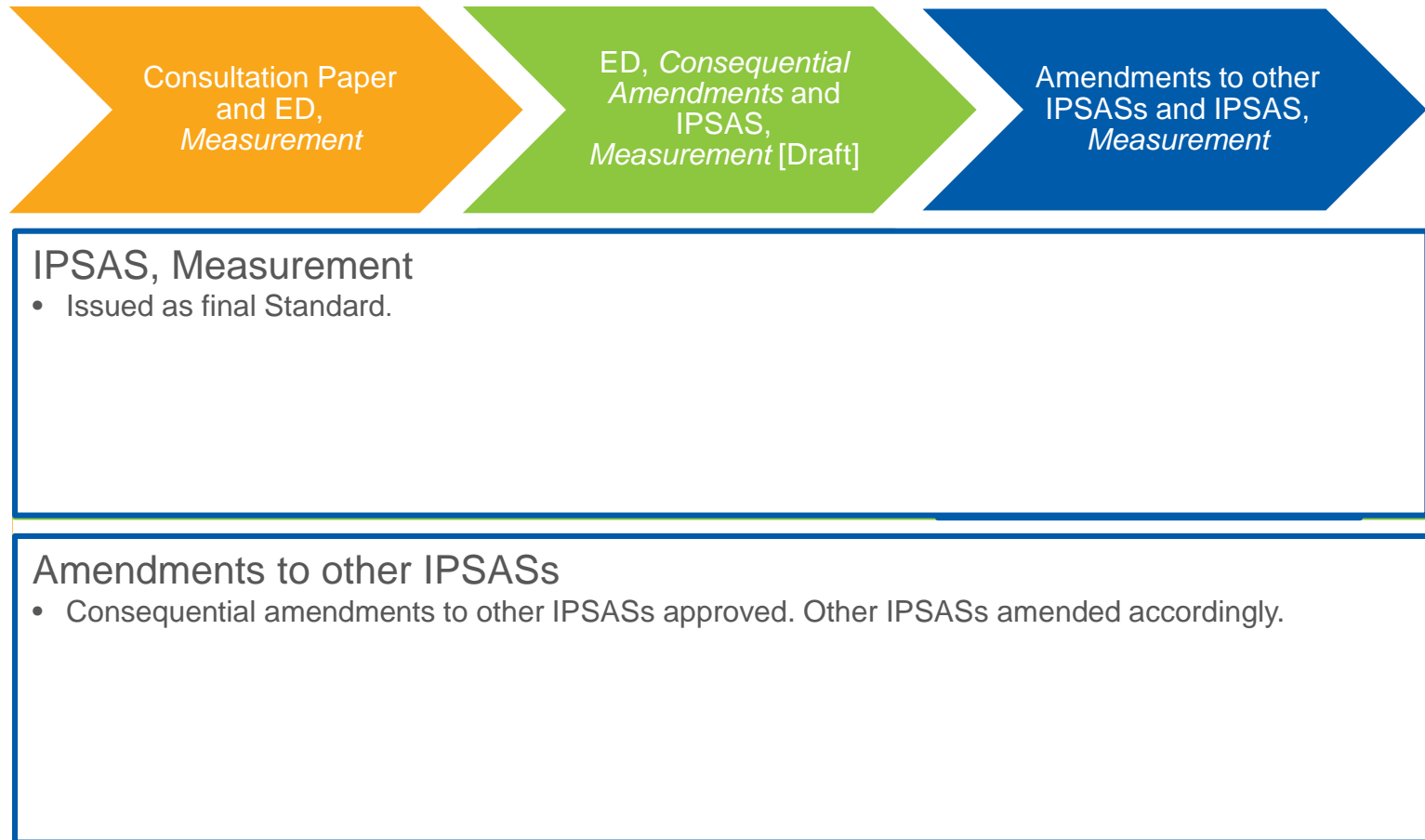
Consultation Paper

- Conceptual Framework and Measurement
- Borrowing and transaction costs
- Public sector measurement
 - Assets
 - Liabilities
- Application Guidance

ED, Measurement

- What—Definitions of measurement bases
- How—Application guidance
- Disclosures
- Why—Basis for conclusions

6.2 Combined CP and ED: Process



Questions to CAG Members (6.2)

What are your views on:

- How to communicate the CP-ED combined documents to constituents?
- Public interest issues for the IPSASB to consider, as it applies this new approach to consultation?

Next steps for Public Sector Measurement Project

- Planned approval of the combined CP+ED in March 2018, followed by period for consultation
- Receive and discuss constituent's responses on the CP and ED
- IPSASB will develop:
 - IPSAS, *Measurement* [draft]; and
 - ED to address consequential amendments to other IPSASs