



Agenda Item 5: Collective and Individual Services and Emergency Relief

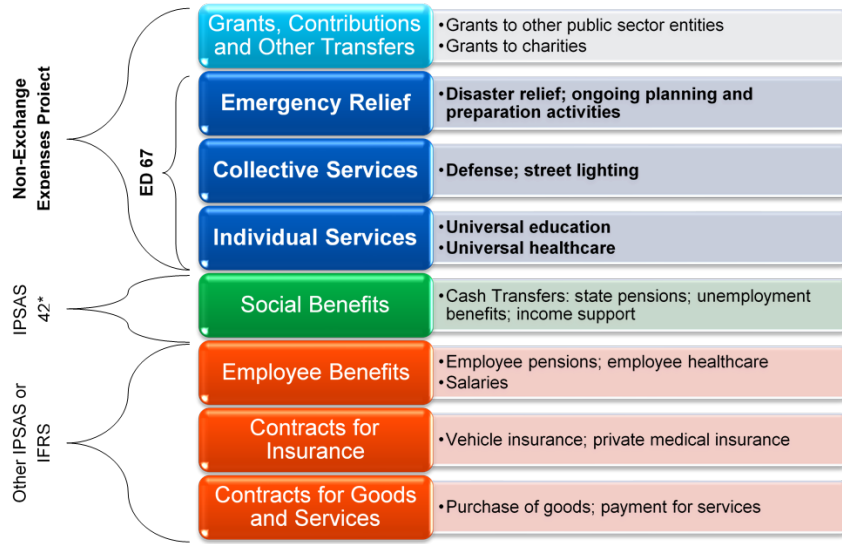
Paul Mason, Senior Advisor

IPSASB Meeting

September 24–27, 2019

Lisbon, Portugal

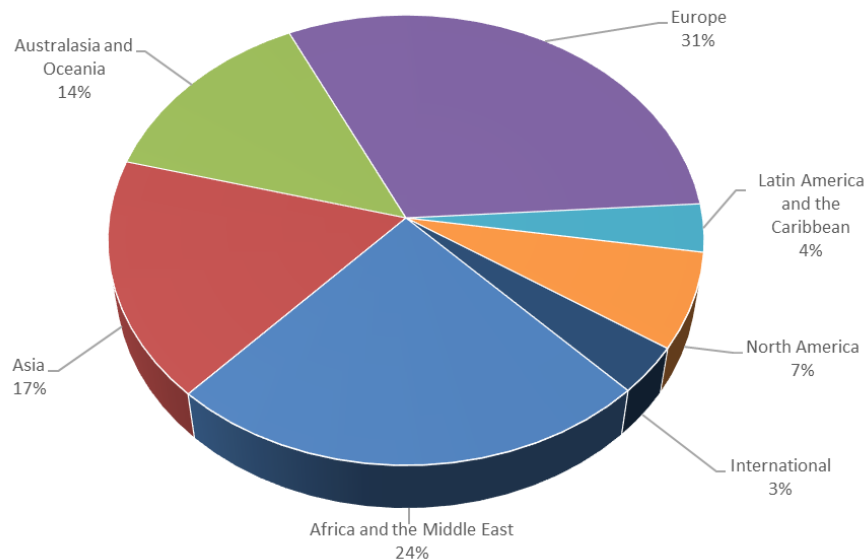
ED 67, *Collective and Individual Services and Emergency Relief*: Background



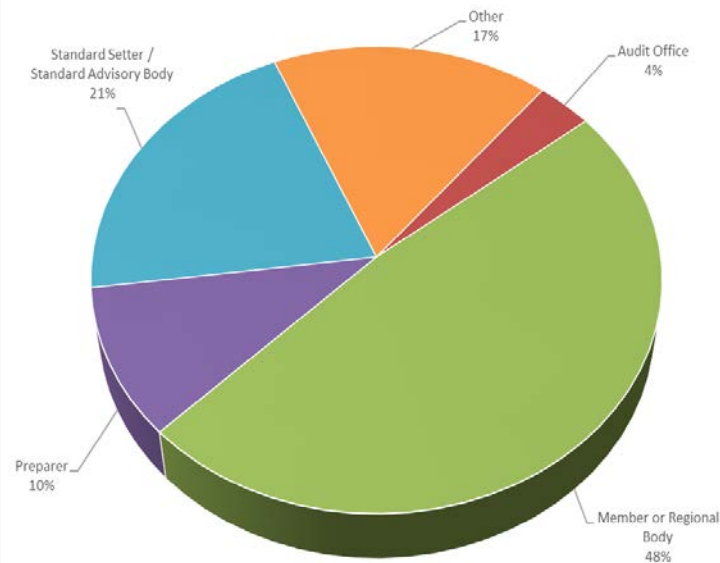
- Collective and individual services and emergency relief transactions, addressed in ED 67, are part of the IPSASB's broader non-exchange expenses project.
- ED 67 was issued alongside IPSAS 42, *Social Benefits*, to enable stakeholders to identify and account more consistently for the full range of social obligations of government.

Responses to ED 67, *Collective and Individual Services and Emergency Relief*

Respondent by Region



Respondent by Function



Definitions (1)

(Agenda Item 5.2.1)

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	Number of Respondents
Agree	13
Partially Agree	12
Disagree	4
Total	29

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

Definitions (2)

(Agenda Item 5.2.1)

The
IPSASB is
asked
whether it:

Reaffirms retaining the separate definitions for collective services and individual services

Supports the staff recommendation to include Application Guidance that confirms that collective services and individual services exclude cash transfers

Supports the staff recommendation that the definition of collective services should refer to services but not goods, and that this should be explained in the Basis for Conclusions

Supports the staff recommendation to include examples of goods provided through individual services

Supports the staff recommendation to retain the reference to society as a whole

Supports the staff recommendation not to provide additional guidance on society as a whole

Definitions (3)

(Agenda Item 5.2.1)

The
IPSASB is
asked
whether it:

Supports the staff recommendation not to include eligibility criteria in the definition of individual services

Supports the staff recommendation not to include a reference to social risks in relation to collective and individual services in the Basis for Conclusions

Supports the staff proposal to include additional discussion in the Basis for Conclusions regarding the continuous nature of provision of collective services and individual services

Supports the staff recommendation to retain the reference to simultaneous provision in the definition of collective services

Wishes to include additional guidance regarding the simultaneous nature of provision of collective services, and the non-rivalrous nature, and non-excludability, of collective services

Supports the staff proposal to redraft additional paragraph 6A of IPSAS 19

Collective Services (1)

(Agenda Item 5.2.2)

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	Number of Respondents
Agree	23
Partially Agree	1
Agree with Outcome not Rationale	2
Disagree	3
Total	29

Collective Services (2)

(Agenda Item 5.2.2)

- The IPSASB is asked whether it supports the staff recommendations:
 - Not to refer to the view that the obligations are not independent of the entity's future actions in the rationale for not recognizing a provision for collective services
 - That the arguments regarding the objectives of financial reporting and the qualitative characteristics be included in the Basis for Conclusions
 - Include an explanation that no provision arises in respect of the obligation to provide collective services to the public, but may arise in respect of the exchange transactions for the delivery of those collective services
 - That eligibility criteria are not relevant for collective services
 - Not to include the executory contract analogy in the guidance
 - Not to include commitments in the guidance

Individual Services (1)

(Agenda Item 5.2.3)

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	Number of Respondents
Agree	17
Partially Agree	4
Agree with Outcome not Rationale	2
Disagree	6
Total	29

Individual Services (2)

(Agenda Item 5.2.3)

- The IPSASB is asked whether it:
 - Supports the staff recommendation not to refer to the view that the obligations are not independent of the entity's future actions in the rationale for not recognizing a provision for individual services
 - Supports the staff recommendation that the guidance on individual services should focus more on whether an entity has a present obligation
 - Supports the staff recommendation that the arguments regarding the objectives of financial reporting and the qualitative characteristics be included in the Basis for Conclusions
 - Wishes to include any reference to eligibility criteria in the guidance on individual services

Individual Services (3) (Agenda Item 5.2.3)

- The IPSASB is asked whether it:
 - Supports the staff recommendation to delete paragraph AG9 addressing vouchers
 - Supports the staff conclusion that the guidance is not designed to address the question of when an expense should be recognized for the exchange transaction through which the government pays the service provider, whether that payment is a traditional procurement contract or something more complex, such as a social bond
 - Supports the staff recommendation that the guidance includes an explanation that no provision arises in respect of the obligation to provide individual services to the public (a non-exchange obligation), but might arise in respect of the exchange transactions that are involved in the actual delivery of those individual services

Individual Services (4) (Agenda Item 5.2.3)

- The IPSASB is asked whether it:
 - Supports the staff recommendation not to include the executory contract analogy in the guidance;
 - Supports the staff recommendation not to treat the enactment of legislation as a past event for individual services;
 - Supports the staff recommendation not to amend the guidance regarding purchased goods and services; and
 - Supports the staff recommendation not to include commitments in the guidance

Emergency Relief (1)

(Agenda Item 5.2.4)

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	Number of Respondents
Agree	14
Partially Agree	9
Agree with Outcome not Rationale	1
Disagree	4
Total	28

Emergency Relief (2) (Agenda Item 5.2.4)

- Significant concerns:
 - Definition or description of emergency relief
 - Distinction between ongoing emergency relief and emergency relief provided in response to a specific emergency
- Options:
 - Seek to resolve the concerns in a final pronouncement based on ED 67.
 - Accept the recommendation to remove the guidance on emergency relief and issue a final pronouncement addressing collective services and individual services only.

Emergency Relief (3) **(Agenda Item 5.2.4)**

The IPSASB is asked whether it supports the staff recommendation to remove the guidance on emergency relief and issue a final pronouncement addressing collective services and individual services

If so, the IPSASB is asked whether it supports the alternative approach of replacing specific guidance on emergency relief with more generic guidance

If the IPSASB does not support the recommendation to remove the guidance on emergency relief, or does not support the alternative proposal, the IPSASB will need to provide guidance to staff on how to develop the emergency relief proposals

Development of Emergency Relief Guidance (1) (Agenda Item 5.2.4)

Provide guidance to staff on the transactions to be included in the scope of emergency relief

Provide guidance to staff on whether the distinction between emergency relief provided as an ongoing activity of government, and emergency relief provided in response to a specific emergency should be

- Retained
- Replaced by the distinction between emergency relief in cash and other emergency relief
- Removed

Development of Emergency Relief Guidance (2) (Agenda Item 5.2.4)

- The IPSASB is asked whether it:
 - Supports the staff recommendation to remove the reference to “government announcement” in the context of a present obligation
 - Wishes to provide additional guidance on an explicit policy decision
 - Supports the staff conclusion that while legislation may impose a duty on the entity to undertake preventative work, unless another party can enforce this requirement, no provision or contingent liability arises
 - Wishes to include additional guidance on the relationship between emergency relief and social benefits, taking into account the decisions the IPSASB has already made on emergency relief

Development of Emergency Relief Guidance (3) (Agenda Item 5.2.4)

- The IPSASB is asked whether it:
 - Wishes to include additional guidance on the relationship between emergency relief and other assistance accounted for under the proposed ED 72, Transfer Expenses
 - Supports the staff recommendation that no additional guidance is provided on accounting for revenue related to emergency relief (addressed in ED 70 and ED 71)
 - Supports the staff recommendation not to include disclosures regarding the governance of special purpose funds established to address emergency relief
 - Supports the staff recommendation not to include additional guidance to address any of the other issues raised by respondents; or to identify in which areas guidance is required

Other Issues Raised (1)

(Agenda Item 5.2.5)

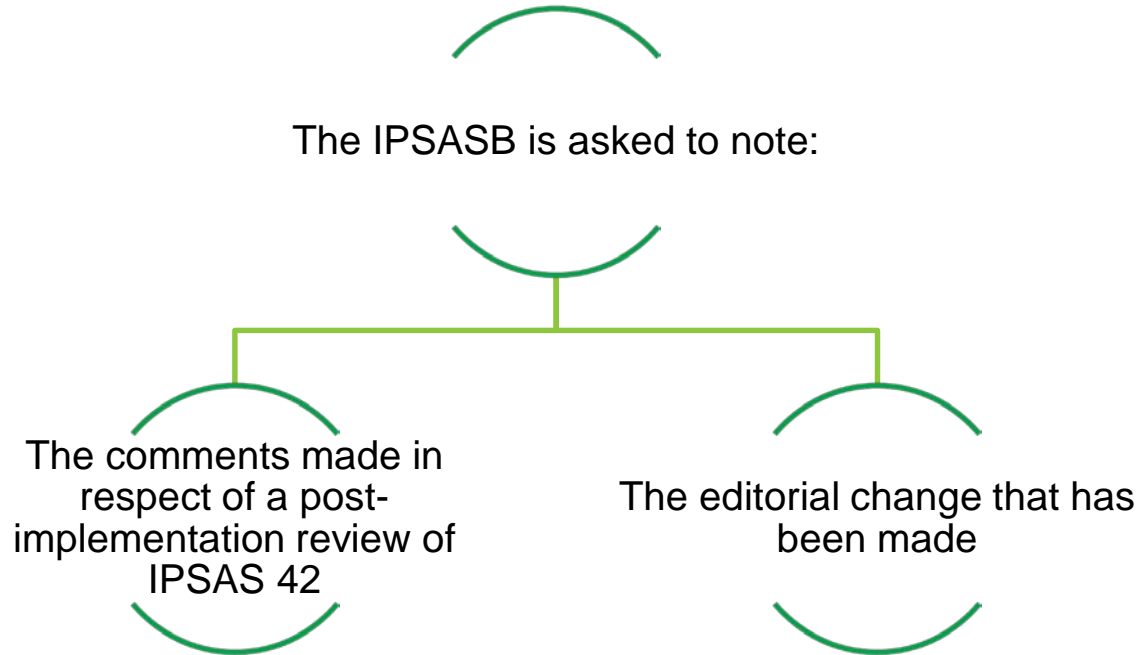
The IPSASB is asked whether it

Wishes to relocate the guidance from the Application Guidance to IPSAS 19

Supports the staff recommendation to include a reference to IPSAS 14, *Events After the Reporting Date*, in the guidance on the presentation and disclosure of emergency relief

Supports the staff recommendation not to include any additional presentation and disclosure guidance

Other Issues Raised (2) (Agenda Item 5.2.5)





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