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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

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”.