

Concessionary Leases and Other Arrangements Similar to Leases

Request for information

Task force IRSPM A&A SIG, CIGAR Network, EGPA PSG XII

May 14, 2021

The response to the Request for Information (RFI) to support Phase Two of the IPSASB's project on Leases prepared by the Task Force IRSPM A&A SIG, CIGAR Network and EGPA PSG XII is 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 Task Force members and not of the whole research community represented by the networks, and neither of the Institutions/Universities with which they are affiliated.

Our response is the following:

We would like to welcome the initiative of IPSASB to proceed with this Request for Information (RFI) to support Phase Two of the IPSASB's project on Leases in the sense that issues identified during this RFI process will be taken into consideration in the context of the finalization of a Standard based on ED 75.

We consider that understanding the specificities and practices regarding leases and other arrangements similar to leases in different jurisdictions will assist IPSASB in determining areas where further accounting guidance is required, as well as its nature and content. Still, as we stated in our answer in relation to the ED 75, instead of starting from the context and examples of leasing coming from enterprises (IFRS 16), the IPSASB should first empirically look at the real governmental world and its many specific kinds of contracts, regulations and influences by governmental procurement and typical legal regulations. Based on these real-world examples, the IPSASB should then think about relevant accounting consequences and then at last IFRS might be a reference, not the other way around. As it stands, the current ED 75 does not seem to consider the many and very important, and creative "arrangements" in governments e.g. for military constructions, tunnels, roads, bridges, works of art, libraries, social housing, school buildings, etc. Thus, we would suggest this second phase precede the first one.

Notwithstanding the previous suggestion, we as a group of academics reviewed the questions included in the RFI and we concluded the following: Even though we are based in different countries and we are aware of the public sector accounting policies and standards in our countries, providing this type of information at the requested level of detail faces several shortcomings. Apart from the fact that technical details and examples are not readily available, our preliminary research revealed that significant differences exist among different layers of governments and types of public sector entities. Thus, to provide a holistic view regarding examples and practices at national level demands the conduction of a thorough study. As we do not want to undergo the risk of providing a fragmented view of country cases, we decided to refrain altogether from contributing to this RFI. In our opinion, there are other types of participants to the IPSASB's consultations that may be in a better position to provide the required information without requiring to carry out research, for example, national standard setters and government accounting practitioners.

Date: 14 May, 2021

Signed on behalf of those persons listed below

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