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Lausanne, May 17, 2021

Swiss Comment to

ED 75 Leases

Dear Ross,

With reference to the request for comments on the proposed Consultation Paper, we are pleased to present the Swiss Comments to ED 75 Leases. We thank you for giving us the opportunity to put forward our views and suggestions. You will find our comments for the Exposure Draft in the attached document. You will also find the request for information about leases, with answers from the Confederation, some cantons and a Swiss Municipality.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely,

SRS-CSPCP



Prof Nils Soguel, President



Evelyn Munier, Secretary

Comments to ED 75 Leases
Request for information about leases

Swiss Comment to

ED 75 Leases

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1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation). The SRS-CSPCP has discussed ED 75 Leases.

2. General Remarks

The SRS-CSPCP's attitude to this ED is highly critical. However, we acknowledge that also in the public sector lease agreements and therefore the related lease liabilities are increasing. This ED provides a certain transparency for such business transactions and, in view of the debt situation, this is to be regarded positively.

In Switzerland, with a few exceptions, public enterprises do not account in accordance with IFRS, but with national, private sector accounting principles, which have not adopted the IFRS16 principles. Hence, the ED may result in difficulties on consolidation.

The standard proposed results in unnecessary inflation of the statement of financial position, both on the assets and the liabilities side, which does not have a positive influence on transparency.

The adoption of IFRS 16 seems unfortunate and premature, because the IPSASB is not planning to define the characteristics of leasing agreements in the public sector until a later date, after reviewing the responses to its questionnaire (Request for Information, Concessionary Leases and Other Arrangements Similar to Leases). The question arises in what form and when a new standard is to be adapted to the specific characteristics of the public sector. The SRS-CSPCP is of the view that the Standard should be published only after definition of the specific elements for the public sector and should first be issued as a comprehensive ED for approval.

The SRS-CSPCP also fears that with the adoption of IFRS 16 considerably more work for accounting is to be expected, above all in the introductory phase. In addition, the disclosure requirements are broad and complex. As IFRS 16 has only recently been introduced, the SRS-CSPCP would have welcomed that before publishing its Leasing Standard the IPSASB had waited for first experiences of the private sector with IFRS 16. The SRS-CSPCP also points out that ED 75 is focussed too narrowly on fixed assets. With progressing digitization, the definition of service elements of software agreements should not be forgotten.

Furthermore, the SRS-CSPCP also finds that with the introduction of this leasing standard from an accounting aspect a rental agreement is equated with a purchase contract. The SRS-CSPCP wishes this to be further clarified. It also fears that given the high complexity of the new leasing standard the public sector could be tempted to develop avoidance strategies.

The Swiss comments on ED 64 are still applicable; the SRS-CSPCP therefore takes the liberty of once again here including its comments/responses on that ED:

The SRS-CSPCP notes that in the proposed ED the symmetry between lessor and lessee in respect of booking is given. This symmetry is very important for consolidation purposes and also for financial statistics.

However, leasing agreements are already very difficult to reflect technically. This ED makes everything even more complicated. The SRS-CSPCP wonders why long-term rental agreements are to be treated differently from long-term insurance contracts (executory contracts). Liabilities under long term insurance contracts are not reflected in the statement of financial position. In the Notes also there is no reference to these contracts. Furthermore, the SRS-CSPCP wonders whether the model for the lessor is suitable for long-term rental of land contracts (e.g. a leasehold agreement covering 70 years). Under certain circumstances two

identical assets are reflected in the lessor (Property and Receivable from right of use). The SRS-CSPCP wonders whether this presentation is true and fair and serves as a better basis for decisions.

The SRS-CSPCP criticizes capitalization of the right of use: does one have the right to sell it? The SRS-CSPCP wonders what additional benefit the new model brings the public sector compared with the present model under IPSAS 13. It is of the opinion that the capitalization of all rental contracts as Rights-of-Use (RoU) achieves no additional benefit. Rather it unnecessarily blows up the statement of financial position. For example, in public entities with centralized property management, where all government units are tenants. Depending on the choice of accounts (stand-alone or consolidated accounts and calculation basis for key figures) a different picture is given, which is hardly comprehensible for the stakeholder.

In the statement of financial performance, instead of rental costs, amortization of the RoU and interest would be recorded. The informative value of the statement of financial performance is thereby diminished. The budget debate would also be made more difficult, because in public authorities it is carried out from a cash aspect. The fact that no cash flow is associated with traditional amortization, but that with the amortization of the RoU there is indirectly no cash outflow in the form of leasing instalments, would require explanation.

The proposed leasing model creates very high costs in the public sector, while compared with the present model the benefit is questionable. The Conceptual Framework talks of a favorable cost-benefit ratio. This is not considered in this proposal by the IPSASB.

The SRS-CSPCP would like the SRS-CSPCP to find a solution, which is more practical and less complicated.

In principle the SRS-CSPCP agrees that the IPSAS standards accord with those of the private sector (IFRS). However, this principle should not be at the expense of the public sector (see also response to CP Strategy and Work Plan 2019-2023).

Specific Matter for Comment 1 (The IPSASB decided to adopt the IFRS 16 right-of-use model for lessee accounting)

The SRS-CSPCP is not in agreement with the decision of the IPSASB. The reasons are the following:

- 1) This model is simpler in the use of rental contracts by decentralized entities (Australia, New Zealand). In the Swiss public sector, and also in other countries, properties are often managed centrally, which separates the management of the property and its use.
- 2) For government's operation it is important to differentiate the different types of cost (e.g. rental or occupation costs). In Switzerland, budgetary effects are different for different types of cost. In the private sector on the other hand, the focus is more on the financial result and profit distribution. If the public sector starts to recognize the amortization (of the RoU) of rental costs, the statement of financial performance loses its informative value.
- 3) The SRS-CSPCP is of the opinion that the focus of the proposed model is too much focussed on the statement of financial position. However, in the public sector the statement of financial performance is the key statement.
- 4) Because the introduction of this model is complicated and costly, there is a risk that the governments will try to deviate from this standard in some way or not to adopt it. It could possibly become another obstacle to adopting IPSAS.
- 5) In some small government units in Switzerland, the application of IFRS 16 led to difficulties. We expect even more difficulties if larger units.
- 6) The current IPSAS 13 discloses the liability from operating leases in the Notes of the lessee. In the new standard this is no longer possible for most leasing liabilities. It is hardly comprehensible that in addition in the new standard the liability on unrealized income in the lessor must be carried among the liabilities in the statement of financial position.

7) *The RoU model can result in valuation problems. For example, determination of the duration of the right of use can become a challenge, if grant of the rental contract is governed only by law. The accountant in the lessee and the accountant in the lessor must make estimates, which politically is extremely delicate. The power of decision lies with the legislator, i.e. the Parliament. Estimates are conceivable between one year (budget year, approval of expenditure), four years (legislative period) and 150 years (possible duration of use). Clear guidance would be necessary in the standard as a decision-making aid.*

3. Specific Matter for Comment 1

Do you agree with the proposed additional implementation guidance and illustrative examples? If not, what changes would you make?

The SRS-CSPCP is of the view that public sector specific concepts should be included in a new lease standard. With the attached questionnaire, the IPSASB is making an effort to collect information about existing accounting practices for concessionary leases in the public sector and is planning to include the findings later into the standard. As already stated in the general comments, the processing of the responses in the questionnaire comes (too) late. The public sector's specific elements should be included in the new leasing standard from the very beginning.

The SRS-CSPCP asks the IPSASB not to forget that in the public sector the statement of financial performance is more significant than the statement of financial position. This should also be acknowledged in the new standard. Furthermore, the recording on the lessor's side and on the lessee's side under IFRS 16 is not synchronous. This raises a problem, if the stand-alone and not the consolidated accounts are considered and used for management. For example, certain buildings (e. g. university buildings, which are property of a centralized asset management entity and not of the university in Switzerland) would be reported in the government's (lessor) individual financial statements at zero and appear only in the consolidated accounts once the university is consolidated. This problem arises for various cantons in Switzerland, but also for several countries, in which state buildings are not used by the unit, which owns and manages them. The public sector specific control and ownership situation is therefore not adequately considered.

The SRS-CSPCP wonders also to what extent the cost-benefit relationship of the Conceptual Framework is sufficiently considered. The implementation of sub-leases also seems complicated.

4. Specific Matter for Comment 2

The IPSASB decided to propose the retention of the fair value definition from IFRS 16 and IPSAS 13, Leases, which differs from the definition proposed in ED 77, Measurement (see paragraphs BC43– BC45). Do you agree with the IPSASB's decision? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.

The SRS-CSPCP agrees that the currently applicable definition of Fair Value from IFRS 16 and IPSAS 13 should be retained in the new standard. But if in the discussion of the measurement project Fair Value is defined in accordance with the *Highest- and Best Use Model*, the SRS-CSPCP wishes that there be no subsequent alteration of the new leasing standard. However, the uncertainty about the future applicable Fair Value definition would be a reason to delay the introduction of the new leasing standard. The SRS-CSPCP finds it inadvisable to work with two different definitions of Fair Value in the IPSAS literature. Such variances lead to enormous uncertainty in practical implementation. Frequently, the auditors tend to require the details from the new definition even when the definition is retained, which is not the real intention. In

addition, the recipients of the accounts are disconcerted when different definitions apply for the same facts. The transparency and understanding of the accounts suffer.

5. Specific Matter for Comment 3

The IPSASB decided to propose to refer to both "economic benefits" and "service potential", where appropriate, in the application guidance section of ED 75 on identifying a lease (see paragraphs BC46–BC48). Do you agree with the IPSASB's decision? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.

The SRS-CSPCP agrees that both «economic benefits" and also "service potential" should be considered to identify a lease. This is consistent with the usual definition of an asset in IPSAS literature.

Lausanne, May 7, 2021

Request for Information about Leases Answer Confederation, Cantons and Municipalities

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1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation).

The SRS-CSPCP encloses the answers to the Request for Information about Leases from the Confederation, certain cantons and one municipality.

2. Question 1

In your jurisdiction, do you have concessionary leases (or similar arrangements) as described in this RFI?

If yes, please:

- a) Describe the nature of these leases (or similar arrangements) and their concessionary characteristics; and*
- b) Describe the accounting treatment applied by both parties to the arrangement to these types of leases (or similar arrangements), including whether the value of the concession is reflected in the financial statements.*

Confederation

In principle all rental and leasing contracts entered into by the Federal Administration are at market rates. It is, however, possible that old contracts (in particular where leasehold interest is involved) no longer satisfy the present market conditions. These contracts are being gradually adapted to market conditions. The income from these contracts is recognized as rental income.

Where the army is involved, there is frequently no functioning property market. It is therefore also not possible to demand a "market rent". For example, the objects are located in a special place, reflect a non-comparable building standard, can be reached only with difficulty, etc. In order to calculate the rents, the rent is cost-based. The aim is to avoid vacancies and cover the costs. The income from these rental contracts is recognized as rental income.

Canton of Zurich

1. The Great Minster of Zurich was originally owned by the parish of Zurich. The Minster was transferred to the canton of Zurich who maintains the buildings and provides the facilities to the parish at a below market rate.
2. Consideration paid for building rights by 100% state-owned hospitals is significantly lower than the market rate. Over time the legal structure has changed as the hospitals are now classified as separate legal entities. Nevertheless the consideration for building rights has not been modified.
3. Sports associations and sport clubs use different gyms and indoor training areas provided and maintained by the canton of Zurich on rates which are significantly lower than the market rates.

Accounting treatment for rates that differ from market rates based on the example of the sports associations is as follows:

The market rate for an annual lease of an indoor training area is 50 000 CHF. The sport associations pay an annual consideration of 25 000 CHF. The difference of 25 000 CHF will be accounted for in the statements of financial performance as contribution to public communities and third parties:

Dr: Contribution to public communities and third parties	25 000
Cr: Rental revenue	25 000

Canton of Bern

Building lease rate as a one-off payment:

The canton of Bern has granted building rights concerning land (around 46 000 m² of forest and stretch of water) and properties (water reservoir) and has contractually agreed on a lump sum payment (TCHF 10) paid at the beginning of the term with the building rights holder (a water association) without mentioning an interest rate in the contract.

This one-off payment is deferred and accounted for linearly over the term of the building rights permit. Any payment in kind is not booked.

Canton of Basel-Stadt

The centralised property management leases sports locations to the department of education at an internal rate that is lower than the market rate. The department of education leases then the sports locations to private sports associations or NPOs. The rates are below market terms. The amounts are not material. The difference between market and internal rate is not posted.

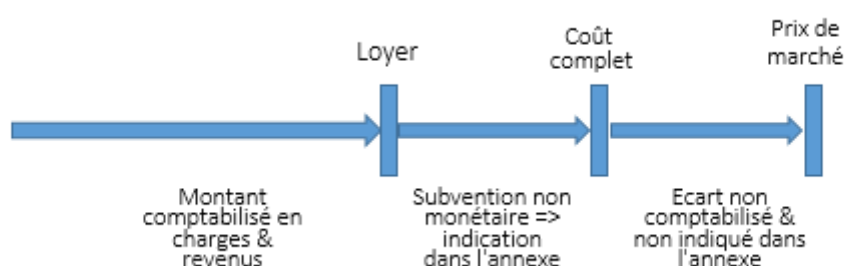
Canton of Geneva

Cas général

- Pour les entités subventionnées (associations / fondations) l'Etat met à disposition des locaux / terrains dont le loyer est fixé au coût complet (réel) de ces biens dans les comptes de l'Etat (méthode du coût) et non au prix de marché.
- Certains terrains sont mis à disposition de la fondation des parkings et leur loyer est calculé sur base du chiffre d'affaires du parking sur le terrain en question et non au prix de marché.
 - Les loyers effectifs sont comptabilisés en charges / revenus. Cela ne correspond pas nécessairement au prix de marché. La différence entre le loyer effectif et le prix de marché n'est ni comptabilisée, ni indiquée dans l'annexe aux comptes.

Pour certaines entités subventionnées (associations / fondations) l'Etat met à disposition des locaux / terrains / matériels & prestations informatiques à des loyers en dessous du coût complet (réel) de ces biens dans les comptes de l'Etat.

- Les loyers effectifs sont comptabilisés en charges / revenus. Cela ne correspond pas au prix de marché. La différence entre le loyer effectif et le coût complet est considérée comme une subvention non monétaire et elle est indiquée dans l'annexe aux comptes.



Municipality of Murten

(a) In concessionary leases (i. e. rental agreements with preferential conditions) the community acts as lessor. But this is found seldom. If so, properties owned by the community are rented to private institutions or associations, which fulfil a cultural, social or charitable purpose (e. g. museums, nurseries, sports clubs, etc.). I am not aware of reverse cases, where the community benefits from a concessionary rent. Generally, it can be said that the community possesses a large property portfolio, which it uses for its own purposes (e. g. administration, schools, etc.). Also, almost without exception, community associations are owners of the properties (e. g. fire brigade, sewage treatment, health network with hospitals and care homes, etc.).

- (b) The community, as lessor, recognizes the preferential rent in the amount effectively invoiced. The concession is not reported in the accounts.

3. Question 2

In your jurisdiction, do you have leases for zero or nominal consideration as described in this RFI?

If yes, please:

- a) Describe the nature and characteristics of this type of lease (or similar arrangement); and
b) Describe if and how the value of the concession is reflected in the financial statements of both parties to the arrangement.*

Confederation

No leases are known of within the Federation, without consideration.

Canton of Zurich

The canton of Zurich acquired a high-quality violin from an inheritance. The violin will be made available to the Zurich Opera House free of charge.

The market rate for an annual lease for the respective violin amounts to 10 000 CHF. The Opera House does not pay any consideration. Therefore, the amount of 10 000 CHF will be accounted for in the statements of financial performance as contribution to public communities and third parties.

Dr: Contribution to public communities and third parties	10 000
Cr: Other Revenue	10 000

Canton of Bern:

1. Building rights contracts with preferential interest rates for psychiatric hospitals:
The granting of building rights and the associated transfer of ownership of the buildings takes place without compensation. In the state accounts, a revenue waiver is generally recorded as income and transfer expenses for such transactions. In terms of expenditure, the waiver of income must be approved by the relevant authority.
2. Rent waiver for certain universities:
This contribution is booked in the state accounts as transfer expenses and rental revenue and the total amount of the benefits in kind is disclosed in the annual report (in 2019 a total of around CHF 140 million including the free building rights to the psychiatric clinics).
3. Historical servitude for municipalities that have the right to use cantonal premises (e.g. meeting rooms) without compensation and indefinitely (canton is the owner). The payment in kind is not accounted for due to its immateriality.
4. An agricultural information system, which has been partially produced in-house, is available free of charge for agricultural enforcement for users in the cantons of Bern, Freiburg and Solothurn.

Canton of Basel-Stadt

The theatre buildings belong to the Canton of Basel-Stadt. The theatre cooperative does not pay rent. This is not considered in the accounting of the Canton of Basel-Stadt since the theatre cooperative depends on subsidies granted by the Canton. The rent waiver would only increase the subsidy to be granted and is therefore not accounted for.

Canton of Geneva

Des bâtiments et/ou terrains sont mis à disposition gratuitement de l'université, de l'hôpital cantonal, de la HES-SO ou encore des organisations internationales (via la fondation FIPOI). Aucun loyer n'est demandé. En revanche il existe généralement une convention qui précise à qui incombe l'entretien, les travaux, les factures (électricité, assurance, etc.) ;

- La valeur de ces mises à disposition gratuites n'est comptabilisée ni dans les comptes de l'Etat, ni dans ceux des entités (dérogation aux IPSAS). La valeur de la subvention non monétaire accordée / reçue, qui correspond au coût complet, est indiquée dans l'annexe aux comptes des deux parties.
- Pour des actifs spécifiques tels que ceux mis à disposition de l'hôpital cantonal, de l'université ou des organisation internationales, on ne sait pas déterminer quel serait un prix de marché. Le problème est d'autant plus épineux lorsque que leurs activités relèvent de missions de service public, non prises en charge par des acteurs privés.

Autres types de mises à disposition gratuites :

- Pour des terrains libres, sans emploi immédiat, l'Etat conclut avec des agriculteurs des contrats à court terme de "prêt à usage" sans contrepartie monétaire. Cela permet à l'Etat d'économiser les frais d'entretien de ces terrains.
- Les salles de sport des écoles secondaires sont mises à disposition gratuitement des associations sportives pour les jeunes, en dehors des horaires scolaires.
- Des locaux / salles des écoles secondaires sont ponctuellement mis à disposition gratuitement d'associations (par ex. associations de parents d'élèves).
- Les œuvres d'art du fonds cantonal d'art contemporain sont mises à disposition gratuitement de musées en général pour des durées limitées, parfois en dépôt illimité. Les institutions preneuses sont responsables de l'assurance des œuvres.
 - La valeur de ces mises à disposition gratuites, à priori assez peu significative, n'est comptabilisée ni dans les comptes de l'Etat, ni dans ceux des entités bénéficiaires et n'est pas indiquée dans l'annexe aux comptes

Municipality of Murten

In practice this constellation is not found, because in such a case it is the community itself or a community institution which rents and uses the locality. Imputed rent is neither recognized nor disclosed.

4. Question 3

Does your jurisdiction have arrangements that provide access rights for a period of time in exchange for consideration?

If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.

Confederation

Easements (rights of way, pipeline rights, etc.) are granted at market conditions. In connection with the renting of "areas", which must be accessible only periodically for maintenance by the lessor, e.g. for antennae, access to our property or buildings is ensured. These access rights are covered in the compensation or rents and are not recognized separately.

Canton of Zurich:

Rights entered in the land register relate to rights that are entered on third-party properties (e.g. building right in terms of distance, right of way, transmission right) and are disclosed as a contingent asset. Rights registered in the land register on the canton's own land count as real estate and increase the corresponding valuation.

Canton of Bern:

Various rights of use, which are included in the income statement:

- Usage rights in gravel mining (2018: CHF 0.3 million).
- Water usage rights in the form of concessions (2018: CHF 4.8 million).
- Sales taxes from private operators of the cantonal motorway service stations.
- Fishing patents (duration less than a year) (2018: CHF 1.7 million)
- Hunting patents (2018: CHF 2.2 million)
- Cattle trading patents (2018: TCHF 77), etc.

Canton of Basel-Stadt:

A NGO association is organising events in different parks of the city where children can work, paint, play etc. and are coached or taken care of. The use of these parks is below market price, on occasion free of charge. This is not considered in the accounting of the Canton of Basel-Stadt; the amounts are estimated to be not material.

Canton of Geneva

En ce qui concerne les terrains de l'Etat, il existe des "servitudes d'empiétement" inscrites au Registre foncier. Cela arrive lorsqu'un tiers a construit un bâtiment en dépassant la limite de sa parcelle et en débordant sur une parcelle de l'Etat.

- Ces servitudes ne font l'objet d'aucune comptabilisation et ne sont pas mentionnées dans l'annexe aux comptes. A priori il s'agit de montants peu significatifs.

5. Question 4

In your jurisdiction, do you have arrangements with the same or similar characteristics to the one identified above?

If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.

Confederation

The Confederation does not provide regular specific services in buildings of third parties, without paying compensation at market rates.

Canton of Bern:

Special case amortization between a power plant and the Canton of Bern:

In addition to the planned replacement of the dam, an amortization agreement was concluded between the power plant and the Canton of Bern (as the concessionaire). The agreement regulates the details of a remuneration that the canton of Bern has to pay to the licensee if it exercises its right to buy back the licensed facilities before the license expires or if the license is not renewed in favour of the previous licensee after the remaining term of 16 years. These amortization agreements are shown as a contingent liability in the notes to the cantonal financial statements (around CHF 342 million as of 2019).

Canton of Geneva

L'Etat utilise temporairement des propriétés privées lors de travaux de génie civil / chantiers d'infrastructure, par exemple pour poser des cabanes de chantier ou faire passer une ligne électrique temporaire. L'accord du propriétaire est demandé, mais il ne fait l'objet d'aucune contrepartie.

- Ces droits d'usage ne font l'objet d'aucune comptabilisation et ne sont pas mentionnés dans l'annexe aux comptes. A priori il s'agit de montants peu significatifs.

6. Question 5

In your jurisdiction, do you have arrangements involving social housing with lease-type clauses or other types of lease-like arrangements with no end terms?

If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of the social housing provider.

Confederation

The Confederation supports social housing indirectly by granting guarantees, but itself does not let social housing to third parties.

Canton of Zurich

Since 2019 Zurich has a centralised property management. All properties from the central government were transferred to the property management department. A lot of buildings (e.g. schools, jails) are specified and can only be leased by a defined department. However, several departments do not rent a "specified asset" but rather a specified size of the area that will be provided by the centralised property management. It is possible that the property management can decide to relocate certain departments to other buildings/areas. The lease contracts do not have a specified lease term as they are indefinite.

Canton of Basel-Stadt:

1. The centralised property management leases social housing to the department for economics, social issues and environment with an internal rate that is lower than the market rate. The subletting might also be below market rate or even free of charge. The differences between market and internal rate are not posted.
2. A new property strategy is developed where low-priced living space is created. This will lead to rents below market rates. The difference between market rate and the collected rent will be disclosed in the annual financial statement. The accounting treatment has not yet been defined.

Canton of Geneva

Les servitudes inscrites au Registre foncier sont en général sans date de fin.

- Ces servitudes ne font l'objet d'aucune comptabilisation et ne sont pas mentionnées dans l'annexe aux comptes.

La mise à disposition des bâtiments pour l'université est inscrite dans une base légale (loi sur l'Université), elle est donc considérée comme étant sans date de fin.

- Voir au point 2 ci-dessus, la non comptabilisation de cette mise à disposition sans contrepartie.

Municipality of Murten

The municipality has no property of its own, where the rent is subsidised. There are however private housing cooperatives, which benefit from housing subsidies (subventions or federal tax relief) and offer their lessees subsidised rents. But they are all for a limited term.

7. Question 6

In your jurisdiction, do you have arrangements involving the sharing of properties without a formal lease contract? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.

Confederation

Toward third parties there are no informal agreements for the use of assets. Buildings and property let to others are always let under written contracts.

8. Question 7

In your jurisdiction, do you have other types of arrangements similar to leases not mentioned in this RFI?

If so, please describe the characteristics of these arrangements and how they are presently being reflected in the financial statements of both parties to the arrangement.

Confederation

Within the Federal Administration there are no further significant arrangements, with a lease-like character, and which would not be covered by the above points.

Canton of Bern

1. Electric charging stations at motorway service stations in the canton of Bern. When materiality is reached (TCHF 100), it is treated as a finance lease.
2. Sourcing model services in ICT (the problem is the division of the payment into a leasing and a service component, for example in the case of so-called "cost-per-click" agreements. Another problem: Due to the tender, the total price is decisive to receive the bid. The service providers thus have free choice in allocating the costs for transition and costs of the actual service.
3. Refinancing of the PPP Burgdorf (Public-Private Partnership) in 2018 through early repayment (closing out the current right of use by means of SWAP and new contract): During the term (2009-2035) the conditions of the right of use were renegotiated. By a one-off payment (around CHF 5 million) the annual right of use (interest payments) will be lower in the future. Is treated as a finance lease.

Canton of Basel-Stadt:

A church has been renovated and modified in order to integrate artist workshops. The lease complies with the artist workshop support program and is considered to be below market rates. This is not considered in the accounting of the Canton of Basel-Stadt; the amounts are estimated as not material.