

June 6, 2019

International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto, ON M5V 3H2 Canada

**Re: PSAB Staff Comments on Exposure Draft 67 (ED 67), “Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)”**

Thank you for the opportunity to comment on the proposed amendments to IPSAS 19.

We agree with the conclusion of the International Public Sector Accounting Standards Board (IPSASB) that there should be no provision recognized for collective and individual services. We also agree with proposed accounting for emergency relief.

We have provided some suggestions regarding the definition of collective services, and have also offered some other minor suggestions on the amendments to IPSAS 19.

Please note that this letter and the comments within represent the views of PSAB staff and not those of the Public Sector Accounting Board.

We hope you find our comments helpful. Should you have any questions on the comments outlined in our response, please feel free to reach out to me.

Sincerely,

Thaksa Sethukavalan  
Principal,  
Public Sector Accounting Board.  
[tsethukavalan@psabcanada.ca](mailto:tsethukavalan@psabcanada.ca)

**Specific Matter for Comment 1**

Do you agree with the definitions of collective services and individual services that are included with this Exposure Draft?

If not, what changes would you make to the definitions?

PSAB staff agrees with the definitions of collective and individual services presented as an addition to paragraph 18 of IPSAS 19, as well as the definition of individual and collective services provided in paragraphs AG2 to AG9 of the Application Guidance. The definitions are clear and easy-to-understand. PSAB staff feels that the table following paragraph AG6 is particularly helpful in understanding the differences between social benefits, individual services and collective services.

We do have one change to propose, however. We have noted that the definition of collective services only includes services, while the definition of individual services includes goods and services. The reason for this distinction is not outlined in the Application Guidance or the Basis for Conclusions. PSAB staff feels that there are many examples of what some might consider a “collective good.” For example, paragraph AG5 outlines that street lighting and defense are considered collective services. Would it not be the case, then, that lamp posts and military tanks be considered collective goods? We recommend including both goods and services in the definition of collective services. If it is not included, a clear reasoning why should be included as part of the Basis for Conclusions.

Also, the implications for the rest of the IPSAS where the term “services” is used should be considered. If “services” sometimes includes both goods and services but doesn’t in other instances, how will this distinction be obvious to readers? How will this nuance be reflected in the IPSAS glossary? Will all references in the IPSAS to “services” have to be read as meaning “goods and services”? Or just when in IPSAS 19 in relation to individual services? And if only in this one case – why? Perhaps the terms should be updated to read “Collective Goods and Services” and “Individual Goods and Services.”

**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?

We agree with the IPSASB’s decision that there should be no provision recognized for collective services. We agree with reasons mentioned under BC7 – BC13. We agree with IPSASB’s position that collective services are ongoing activities of the government, and that recognizing a provision for collective services would be contrary to paragraph 26 of IPSAS 19.

**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?

We agree with the IPSASB's decision that there should be no provision recognized for individual services. We agree with reasons mentioned under BC7 – BC13. Similar to collective services, we agree with IPSASB's position that individual services are also ongoing activities of the government, and that recognizing a provision for individual services would be contrary to paragraph 26 of IPSAS 19.

**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?

We agree with the proposed accounting for emergency relief, and do feel that in some circumstances a present obligation requiring the recognition of a provision may exist. The examples provided in paragraph AG20 are useful, and we agree that reference should be made to IPSAS 19 paragraphs 22 – 34 to provide guidance on when a provision should be recognized.

We agree with the IPSASB's position that if an event does not give rise to a present obligation that satisfies the criteria for the recognition of a provision, an entity should still consider whether a contingent liability exists and whether disclosure is required. We agree that reference should be made to IPSAS 19 paragraphs 35 – 38 to provide guidance on whether disclosure should occur. We also agree with IPSASB's note in AG21 that the nature of the obligation may change as a result of announcements or actions, and agree that an entity will need to reassess whether a provision should be recognized at each reporting date.

We also agree with the IPSASB position that in cases where the delivery of emergency relief is an ongoing activity, it may be considered analogous to the delivery of collective and/or individual services, and therefore no provision is needed for the same reasons mentioned under BC7 – 13.

**Other PSAB Comments:**

While not specifically asked for, PSAB staff have some other comments to share on ED 67.

- PSAB staff notes that the definitions of collective services and individual services are being added to paragraph 18 of IPSAS 19. This is the paragraph that defines the terms used in the standard. PSAB feels that if collective and individual services are being defined in this paragraph, IPSASB should also consider defining emergency relief here as well. If there is a reason why it should not be included, then the Basis for Conclusions should say why it is not defined when collective and individual services are.
- PSAB staff notes that IPSASB should also consider adding disease outbreaks to paragraph AG17 as another example of a situation where emergency relief may be

required. The examples provided relate to natural disasters and the displacement of individuals and/or households, but emergency relief is more encompassing.

- Similar to paragraph AG20, consider adding an example of when emergency relief may be considered analogous to collective or individual services in paragraph AG22. The example in BC21 should suffice. Providing an example in the Application Guidance as opposed to the Basis for Conclusions makes it easier for entities to find and better apply the standard.