

International Seminar on  
Strengthening Public Investment and Managing  
Fiscal Risks from Public-Private Partnerships

Budapest, Hungary  
March 7–8, 2007

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# International Public Sector Accounting Standards Board (IPSASB)

*PPPs and International Public Sector Accounting  
Standards*

*March 7-8, 2007*

*Mike Hathorn – IPSASB Chair*

## *IPSASB Concerns*

- Potential for:
  - Liabilities understated
  - Assets overstated
- Substance over form might not be reported
- Public/Private sector accounting treatments can differ
- IASB would not consider Public Sector in its IFRIC review despite pressure from IPSASB and a number of National Standard Setters

## *IFRIC 12*

- Effective date – annual periods beginning on or after 1 January 2008
- Some IPSASB concerns
  - does not deal with grantors (typically the public sector)
  - scope of arrangements
  - notion of the ‘control’ approach used as a basis for infrastructure recognition

## *What's the IPSASB doing? (1/3)*

- Currently – No IPSAS or IPSASB Guidance
- Joint project with IASB failed
- Monitoring IFRIC development and commenting as appropriate
- IPSASB project now underway – early stages
- Project brief approved – November 2006

## *What's the IPSASB doing? (2/3)*

- Project brief – outlines:
  - consultative approach
  - broad scope of the project
  - issues for consideration
  - possible outputs
  - 1<sup>st</sup> stage – consultative paper

## *What's the IPSASB doing? (3/3)*

- Project brief – outlines:
  - proposed subcommittee
    - IPSASB members &
    - National Standard Setters and similar organizations (NSS)
  - proposed project advisory panel (PAP)
  - close liaison with IASB

# *Subcommittee*

## IPSASB



Canada (Chair)



Australia



Switzerland



Italy

## NSS



United Kingdom



IMF



Eurostat



South Africa



IASB



## *PAP*

- Spain - Ministry of Economy/Finance 
- USA - Public Member IPSASB 
- New Zealand – Institute of Chartered Accountants 
- France - Ministry of Finance 

## *Consultative Paper (1/5)*

- DRAFT - provide underlying principles
  - Key attributes of SCAs
  - Key issues in accounting for attributes
  - International responses on the issues
  - Possible solutions within the IPSAS framework
  - IASB involvement - crucial

## *Consultative Paper (2/5)*

- DRAFT - provide underlying principles
  - Grantors AND Operators
  - GBEs
  - Asset recognition
  - Liability recognition
  - Revenues and expenditures

## *Consultative Paper (3/5)*

- DRAFT timetable
  - 2007 drafts considered by subcommittee
    - August – 1<sup>st</sup> draft
    - October – 2<sup>nd</sup> draft
  - 2007 draft approved by IPSASB November for public comment

## *Consultative Paper (4/5)*

- DRAFT timetable
  - Issued for comment – December 2007
  - Comment period – Q1 2008
  - Next steps considered by IPSASB Q2 2008

## *Consultative Paper (5/5)*

### WONT:

- Be constrained by any existing SCA standards (incl IFRIC 12)
- Be constrained by symmetry
- Have final answers
- Necessarily be the views of the IPSASB
- Necessarily lead to an IPSAS
- Be the end of an IPSASB project

## *Stay Informed*



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