

Agenda Item 2: Social Benefits

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IPSASB Meeting

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Toronto, Canada

Session objective

- **To seek the IPSASB's approval of the staff approach in this Issues Paper**
- **To approve the Consultation Paper (CP) *Recognition and Measurement of Social Benefits*.**

Highlight new thinking (Issues Paper paras 5–8)

Additional Paragraphs 1.4 & 1.5

- Highlight new thinking since 2008
- Corresponding changes in Executive Summary

Additional Paragraphs 1.27–1.32

- RPG 1, *Reporting on the Long Term Sustainability of an Entity's Finances*
- Link to OECD Accruals Symposium

Paragraph 3.1 Amended

- How new developments have influenced options

Matter for Consideration 1

- Does the IPSASB support the amendments made by staff to highlight the developments and new thinking?
- Are any changes required?

Structure of Chapter 1 (Issues Paper para 9) and Matter for Consideration 2

The IPSASB is asked **to indicate** whether it wishes to restructure Chapter 1, and if so, how.

Retain Current Structure

Place History in Appendix

- Paragraphs 1.8–1.17

Alternative Structure

- Introduction (paragraphs 1.1–1.7)
- Project Objective (paragraphs 1.33–1.35)
- Approach Taken in this CP (paragraphs 1.36–1.39)
- History (paragraphs 1.8–1.17)
- Conceptual Framework (paragraphs 1.18–1.26)
- RPG 1 (paragraphs 1.27–1.32)

Social insurance and social security (Issues Paper paras 10–12)

- Alternatives to CP definitions of Social Security
- No separate definition of social insurance:
- Separate definition of social insurance:

Social Security Programs are defined as:

“Programs providing social benefits:

Where the benefits received are conditional on participation in the program, evidenced by way of actual or imputed contributions made by or on behalf of the recipient;

That arise outside of an employer-employee relationship;

Which cover the community as a whole, or large sections of the community; and

That are imposed and controlled by a government entity.”

Social Security Programs are defined as:

“Social insurance programs:

That arise outside of an employer-employee relationship;

Which cover the community as a whole, or large sections of the community; and

That are imposed and controlled by a government entity.”

Matter for Consideration 3

The IPSASB is asked **to indicate** whether:

- a) It supports the amendments made by staff to paragraphs 2.19, 2.20, 2.47 and 2.48 regarding social insurance and social security;
- b) It supports the deletion of the social insurance definition, and the use of the social security definition in Appendix A; or
- c) Alternatively, to agree any changes that are required.

Guiding feedback (Issues Paper paras 13–19)

Preliminary View 2

The IPSASB considers that a mixed approach to recognizing and measuring social benefit programs is likely to be required to reflect the different economic circumstances arising in respect of social benefits. The IPSASB considers that a combination of option 1 (obligating event approach) and (for some or all contributory schemes) option 3 (insurance approach) is most likely to be appropriate.

Specific Matter for Comment 2

- (a) Based on your review of Chapters 4 to 6, which approach or approaches do you support?
- (i) The obligating event approach;
 - (ii) The social contract approach;
 - (iii) The insurance approach

Please provide your reasons for your views, including the conceptual merits and weaknesses of each option.

- (b) Are you aware of any additional approaches to accounting for social benefits that the IPSASB should consider in developing an IPSAS? If yes, please describe such approach(es) and explain the strengths and weaknesses of each.

Matter for Consideration 4

The IPSASB is asked to indicate whether:

- (a) Whether it supports the inclusion of PV 2 and the amendments made to SMC 2 by staff;
- (b) Whether it wishes to include additional PVs at the end of Chapters 4–6 (see Appendix B); and
- (c) Whether it wishes to
 - (i) Include an additional summary chapter (see Appendix C);
 - (ii) Include an SMC about the strengths and weaknesses of an option at the end of Chapters 4–6; or
 - (iii) Retain SMC 2 in its current format and location.

Matters for Consideration 5–7

The IPSASB is asked to indicate whether

5. It supports the amendments made by staff to Chapter 4
6. It supports the changes to the diagram (see Appendix D)
7. Paragraphs 4.90 – 4.93 should be retained, deleted or amended; and if amended, in what manner.

Clarification of Option 3 and Matter for Consideration 8 (Issues Paper paras 25–27)

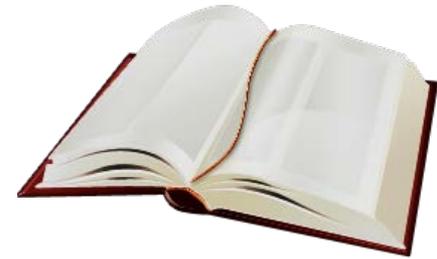
The IPSASB is asked **to indicate** whether:

- a) It supports amendments to paragraphs 6.36 and 6.37;
or
- b) It wishes to adopt the alternative, simplified approach,
(see Appendix E)

Page-by-page review and approval – Matters for Consideration 9 & 10 (Issues Paper paras 28 & 29)

9. Page-by-page review to identify any changes that are required.

10. Approve the CP for issue and to agree the response period





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