

**Meeting:** International Public Sector Accounting Standards Board  
**Meeting Location:** Toronto, Canada  
**Meeting Date:** September 19–22, 2017  
**From:** Mike Blake and Joanna Spencer

## Agenda Item 9

**For:**  
 Approval  
 Discussion  
 Information

### Infrastructure Assets

<b>Project summary</b>	To address issues relating to infrastructure through: (a) A revised IPSAS 17, <i>Property Plant and Equipment</i> (b) A new IPSAS; (c) A Recommended Practice Guideline; or (d) Staff paper	
<b>Meeting objectives</b>	<b>Topic</b>	<b>Agenda Item</b>
<b>Project management</b>	<a href="#">Instructions up to September 2017 meeting</a>	<a href="#">9.1.1</a>
	<a href="#">Decisions up to September 2017 meeting</a>	<a href="#">9.1.2</a>
	<a href="#">Project roadmap</a>	<a href="#">9.1.3</a>
<b>Decisions required at this meeting</b>	<a href="#">To confirm a revised [draft] Project Brief, <i>Infrastructure Assets</i></a>	<a href="#">9.2.1</a>
<b>Supporting items</b>	<a href="#">[draft] Project Brief, <i>Infrastructure Assets</i></a>	<a href="#">9.3.1</a>

# Agenda Item 9.1.1

## INSTRUCTIONS UP TO SEPTEMBER 2017 MEETING

<b>Meeting</b>	<b>Instruction</b>	<b>Actioned</b>
September 2015 - December 2015	Project await start. First discussion in September 2017	
June 2015	Revise project brief	Done

# Agenda Item 9.1.2

## DECISIONS UP TO JUNE 2017 MEETING

Date of Decision	Decision
September 2015 - December 2015	No decisions as project awaits start. First discussion will be in September 2017
June 2015	Approved the initial 'Infrastructure Assets' project brief

# Agenda Item 9.1.3

## INFRASTRUCTURE ASSETS – PROJECT ROADMAP

Meeting	Objective: IPSASB to consider:
September 2017	Revised project brief
October-December 2017	Research into Infrastructure issues
December 2017	<ol style="list-style-type: none"><li>1. Analysis of research findings</li><li>2. Project proposal as to direction of project based on research findings</li></ol>
	Once project proposal has been developed this project road map will be populated with a detail step-by-step roadmap

# Agenda Item 9.2.1

## Project on Infrastructure Assets

### Question

1. Does the IPSASB agree with the approach
2. Does the IPSAS confirm the [draft] Project brief, *Infrastructure Assets* as attached at Agenda Item 9.3.1?

### Detail

3. Staff consider that when the initial project brief was developed in 2015, it prematurely assumed that:
  - (a) A consultation paper would be developed for infrastructure assets;
  - (b) An exposure draft would then be developed for infrastructure assets; and
  - (c) IPSAS 17 would be revised with additional requirements and/or more detailed guidance on infrastructure assets.
4. Staff do not reject this approach, but are of the opinion that before a finalized project proposal is developed and agreed by the IPSASB, further research needs to be conducted to identify the actual difficulties preparers face when applying the principles of IPSAS 17 to infrastructure assets and/or if there are, in practice, any issues with the principles.
5. After this research phase, staff will develop a final project proposal with a recommendation of appropriate output.
6. At this session, staff are seeking Board input into:
  - (a) Whether or not all the relevant issues regarding infrastructure assets have been identified;
  - (b) Any particular issues encountered when applying IPSAS 17 to infrastructure assets;
  - (c) Suggested members for a Task Force; and
  - (d) An early indication of the outputs from this project – new IPSAS, revised IPSAS 17 with additional guidance, Recommended Practice Guideline or staff paper.

### Decision required

7. Does the Board agree with the approach staff have proposed?
8. Does the Board agree with the [draft] Project Brief, *Infrastructure Assets*?

# INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

## [DRAFT] PROJECT BRIEF AND OUTLINE

### Subject—Public Sector Assets: Infrastructure Assets

#### 1. Rationale for Project

- 1.1 In the public sector, infrastructure assets account for a large proportion of total assets. Although within the scope of IPSAS 17, *Property, Plant and Equipment*, this Standard only describes the characteristics of infrastructure assets but does not prescribe any specific guidance or accounting treatments.
- 1.2 The IPSASB Strategy Consultation issued in March 2014 listed Infrastructure Assets as a potential project to be added to the IPSASB's work program. Responses to this consultation document<sup>1</sup> highlighted the long-term nature of infrastructure assets and issues related to maintenance and renewal. One respondent also highlighted a post-implementation review done in their jurisdiction on IPSAS 17 that highlighted challenges in accounting for infrastructure assets. At the December 2014 IPSASB meeting the Board discussed the feedback from the strategy consultation and directed staff to add 'infrastructure assets' to the "must do" list'. The IPSASB formally added this project on infrastructure to its work plan at its June 2015 meeting.
- 1.3 At the Public Sector Standard Setters Forum in Winterthur, Switzerland in July 2017 many attendees confirmed the need for a project addressing infrastructure assets citing issues regarding lack of definition, characteristics of infrastructure assets, measurement, impairment and componentization.
- 1.4 Conversely, some attendees questioned why there was a need for the project as the principles in IPSAS 17 are appropriate and although there is little guidance within IPSAS 17, many jurisdictions have developed their own<sup>2</sup>.
- 1.5 Given the above comments the project will progress initially with a more in-depth research phase aimed at identifying the actual difficulties preparers face when applying the principles of IPSAS 17 to infrastructure assets and/or if there are in practice any issues with the principles. After this research a project proposal will be developed with a recommendation of appropriate output – new IPSAS, revise IPSAS 17 with additional guidance, standalone guides (e.g., Recommended Practice Guideline (RPG)) or staff paper.

#### 2. Current Accounting Requirements

- 2.1 IPSAS 17, was initially issued in December 2001 and was primarily drawn from IAS 16, *Property, Plant and Equipment*. A revised version that reflected changes to IAS 16, resulting from the IASB's 2002-2003 General Improvements Project, was issued in December 2006. The principal requirements of IPSAS 17 relate to:

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<sup>1</sup> A collation of responses to the IPSASB Strategy Consultation from respondents who mentioned the infrastructure project is attached as an Appendix.

<sup>2</sup> As part of the research work proposed later in this Brief, Staff will explore guidance provided in these jurisdictions.

- (a) Recognition;
  - (b) Measurement (initially and subsequently);
  - (c) Depreciation;
  - (d) Derecognition; and
  - (e) Disclosures
- 2.2 IPSAS 17 provides limited guidance on infrastructure assets but notes that there is no universally accepted definition<sup>3</sup> of infrastructure assets and therefore provides examples of such assets – road networks, sewer systems, water and power supply systems and communication networks. IPSAS 17 notes that infrastructure assets display some or all of the following characteristics:
- (a) Are part of a system or network;
  - (b) Are specialized in nature and do not have alternative users;
  - (c) Are immovable; and
  - (d) May be subject to constraints on disposal.
- 2.3 Regardless of this guidance, IPSAS 17 states that “infrastructure assets meet the definition of property, plant and equipment and should be accounted for in accordance with this Standard.”
- 2.4 Some standard setters<sup>4</sup> have (or have had) specific requirements related to infrastructure assets for example, related to componentization and enhanced or additional disclosures. Other characteristics unique to ‘infrastructure assets’ may also need to be identified including that they are normally long-lived.
- 2.5 IPSAS 17 was issued prior to development of *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (The IPSASB Conceptual Framework)*, which, therefore, must be taken into account in this infrastructure assets project. Also, when accounting for public sector assets, regard must also be had to IPSAS 21, *Impairment of Non-Cash-Generating Assets*, IPSAS 26, *Impairment of Cash-Generating Assets* and, where appropriate to IPSAS 32, *Service Concession Arrangements: Grantor*.

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<sup>3</sup> Wikipedia defines ‘infrastructure’ as ‘fundamental facilities and systems serving a country, city or area including the services and facilities necessary for its economy to function. It typically characterises technical structures such as roads, bridges, tunnels, water supply, sewers, electrical grids, telecommunications, and so forth, and can be defined as “the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions.” (<https://en.wikipedia.org/wiki/Infrastructure> sourced 14 August 2017)

<http://www.dictionary.com/browse/infrastructure>

- 1. the basic, underlying framework or features of a system or organization;
- 2. the fundamental facilities and systems serving a country, city, or area, as transportation and communication systems, power plants, and schools;
- 3. the military installations of a country.

<sup>4</sup> France and Austria have limited additional guidance for infrastructure assets and Australia has a standard for Land under Roads.

### 3. Project Objectives

#### Project Objective

- 3.1 The project objective is to continue research and determine the actual issues preparers have when applying IPSAS 17 to infrastructure assets and whether there are any problems with the principles in IPSAS 17. Once this research is completed a project proposal will be developed with a recommendation of how to proceed (if necessary) and, if required, what output should be developed—either more detailed requirements and guidance on accounting for infrastructure assets as revisions to IPSAS 17, or other appropriate IPSAS standard(s), or an RPG. This does not preclude the possibility of a stand-alone standard dealing with infrastructure assets.

#### *Objectives to be achieved*

- 3.2 Conduct and analyze research into issues preparers have in applying IPSAS 17 to infrastructure assets.
- 3.3 Prepare a project proposal with recommendations for required output.
- 3.4 If deemed necessary, the intermediate objectives are to produce a Consultation Paper (CP) of viable options for accounting and disclosure (if required) and an Exposure Draft (ED) of proposed revisions to IPSAS 17 related to infrastructure assets or of an IPSAS specific to infrastructure assets. However, if research determines that only additional guidance is required, a CP may not be warranted.
- 3.5 The ultimate objective is to issue a revised IPSAS 17 (or other IPSAS), with additional requirements and/or more detailed guidance on accounting for infrastructure assets, or a RPG or a new IPSAS.

#### Link to the IPSASB's Strategic Objective

- 3.6 The IPSASB's Strategy for 2015 Forward: *Leading through Change* cites a single strategic objective: "Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSAS by:
- Developing high-quality public sector financial reporting standards;
  - Developing other publications for the public sector; and
  - Raising awareness of the IPSAS and the benefits of their adoption."
- 3.7 This project is consistent with the IPSASB's strategic objective because:
- Developing high-quality public sector financial reporting standards and/or developing other publications for the public sector will be achieved by addressing issues with infrastructure assets through either, a new IPSAS, improving IPSAS 17 with additional guidance or providing guidance via other means (RPG or staff paper); and
  - The project will raising awareness of IPSASs and the benefits of their adoption, because infrastructure assets are particularly significant in the public sector.

## 4. Outline of the Project

### Project Scope

- 4.1 The scope of this project is to clearly identify/articulate what infrastructure assets are and then to provide more detailed requirements and guidance for accounting for them addressing the key issues below.

### Key Issues

- 4.2 The key issues are listed below:

#### *Key Issue #1—Definition*

- 4.3 Paragraph 1.2 above gives the characteristics of infrastructure assets identified in IPSAS 17. The project will develop a definition of infrastructure assets that seeks a balance between being too broad, and therefore risks including inappropriate items, and one that is too restrictive.
- 4.4 The project will also seek to provide details of some of the most common categories of infrastructure assets and, at a high level, the data necessary for an inventory and to maintain valuations and assess maintenance needs and provide input to the estimation of depreciation and impairment. Such an inventory should be part of the overall stewardship, decision-making and management of infrastructure assets, rather than information maintained for purely accounting purposes.

#### *Key Issue #2— Measurement at initial recognition and subsequently*

- 4.5 The project will consider measurement requirements and guidance for infrastructure assets taking into account the measurement bases identified in Chapter 7, Measurement of Assets and Liabilities in Financial Statements of the *IPSASB Conceptual Framework* and the Public Sector Measurement project
- 4.6 It has been suggested that the Infrastructure Assets project be subsumed into the Public Sector Measurement project. However, measurement is only one aspect of the issues to be addressed in this project. Therefore while there may be some cross-over between the two projects, they will remain separate, at least in this phase, but with appropriate liaison between staff, Task Force Chairs and Task Force members.
- 4.7 While the Public Sector Measurement project is broader than just infrastructure assets, feedback from a survey undertaken as part of that project has indicated that in respect of infrastructure assets, issues raised were:
- (a) Initial measurement where historical cost is not available, and, subsequent measurement where a measurement basis other than historical cost is used;
  - (b) The concepts of 'replacement cost' and 'optimized replacement cost' when measuring assets;
  - (c) Application of depreciated replacement cost; and
  - (d) Whether subsequent current value measurement should solely be depreciated replacement cost, or whether a commercial based valuation or another approach is more appropriate.

- 4.8 Given the nature of infrastructure, for jurisdictions adopting a current value accounting policy, depreciated replacement cost is expected to be the appropriate measurement basis. The project will seek to provide guidance on the application of depreciated replacement cost at initial recognition, when the historical cost is not known and for subsequent measurement.

*Key Issue #3 —Depreciation and infrastructure*

- 4.9 Some argue that infrastructure assets should be subject to the same depreciation requirements as other assets. There is also a view that depreciation requirements should be aligned to asset management policies.
- 4.10 Some standard setters<sup>5</sup> have developed approaches (or have previously had approaches in place) that permit entities not to depreciate infrastructure assets if they meet specified conditions. Such conditions typically relate to the maintenance of up-to-date inventories, the completion of regular condition assessments and financing the maintenance and preservation of such assets at a specified level in accordance with such condition assessments. Such depreciation requirements are not in accordance with the existing depreciation requirements of IPSAS 17. The project will examine whether there is a public sector rationale for differential depreciation requirements for infrastructure assets.

*Key Issue#4—Componentization*

- 4.11 Componentization is not an issue specific to infrastructure assets. However, because of their nature it has a particular significance for infrastructure assets and has major cost implications for preparers. Componentization involves the disaggregation of an overall network into different parts with different useful lives and replacement costs. There can be diversity of practice in what constitutes a component. Unnecessarily detailed disaggregation of a network can lead to increased costs, as each component has to be valued and has a separate useful life. The project will consider whether high-level guidance can be developed that is useful for preparers, while acknowledging that the development of detailed schedules of components for common infrastructure assets is likely to be inappropriate for a principles-based standard setter.
- 4.12 The Public Sector Measurement project survey also identified that the identification of components for depreciation as an issue for infrastructure assets.

*Key Issue#5—Disclosures*

- 4.13 There is a view that the disclosure requirements in IPSAS 17 are insufficient for infrastructure assets and that additional disclosures need to be developed. Such a view is based on the fact that infrastructure assets are often part of a network delivering essential services. Disclosures of condition assessments and maintenance backlogs are regarded as necessary for accountability purposes, so that users can assess whether the entity is able to provide essential services in the future. The need for additional disclosures is countered by the recent emphasis on “disclosure overload”.
- 4.14 Other issues we may need to explore include, but might not be limited to, the following:
- (a) Infrastructure assets managed by for-profit public sector entities bearing in mind IPSAS explicitly excludes for-profit government businesses but which are consolidated at the whole of government level.

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5 The UK's FRS 15 *Tangible Assets* (now superseded) allowed Renewals Accounting as an alternative to depreciation

- (b) Infrastructure assets within the scope of IPSAS 32, Service Concession Arrangements: Grantor.
- (c) Impacts of changing technologies on optimized replacement costs
- (d) Revaluation intervals.

## 5. Describe the Implications for any Specific Persons or Groups

### Relationship to IASB

- 5.1 There are links to IAS 16, *Property, Plant and Equipment*, and IFRS 13, *Fair Value Measurement*. However, neither IPSAS 17 nor IFRS 13 address infrastructure assets separately from other items of property, plant and equipment.

### Relationship to Other Standards, Projects in Process or Planned Projects

- 5.2 There are links to the Conceptual Framework and, in particular, to the project on Public Sector Measurement., particularly on the application of depreciated replacement cost and valuations for subsequent measurement. The timetable indicates that the project will not start until the project on Public Sector Measurement is well advanced.

### Other—Government Finance Statistics

- 5.3 The definition and measurement requirements in the Government Finance Statistics Manual and other sources of statistical accounting will be considered. The *Process for Considering GFS Reporting Guidelines during Development of IPSASs* (2014) will guide the approach to evaluating approaches in the GFSM.
- 5.4 In evaluating statistical accounting approaches the standing tracking table will be a useful source.

## 6. Development Process, Project Timetable and Project Output

### Development Process

- 6.1 The development of any proposed outputs will be subject to the IPSASB's formal due process with input from the Consultative Advisory Group (CAG). The approval of any CP and/or ED will be subject to the usual IPSASB voting rules. As the project progresses, regular assessments will be made to confirm that the proposed path in the project timetable remains the most appropriate.

### Project timetable

- 6.2 This project will be informed by the project on Public Sector Measurement, so it will be inappropriate to activate it until the Public Sector Measurement Project is well developed. This is not estimated to be before Q3 2017.

Major Project Milestones	Expected Completion
Present draft Project Brief	September 2017
Continue research into existing practices and identification of specific issues with identified areas of concern	October-November 2017
Present updated Project Proposal (CAG and IPSASB)	December 2017

Development of Consultation Paper (CP)/Exposure Draft (ED) – whichever is deemed appropriate	October 2017-June 2018
Approve CP/ED (four month comment period)	June 2018
Review of responses to CP/ED	January 2019-June 2019
Develop Exposure Draft (ED)	July 2019-December 2019
Approve ED (four month comment period)	December 2019
Reviews of responses to ED	May-September 2020
Approve revisions to IPSAS 17 (or new IPSAS)	December 2020

### Likely Project output

- 6.3 The initial output will be a CP or an ED. If a CP is issued, following analysis of responses to that CP, an ED will be developed. Revised requirements, if warranted, will be finalized following analysis of responses to the ED.

## 7. Resources Required

### Task Force

- 7.1 A Task Force will oversee the project. This could include experts from the valuation and engineering professions and statistical accountants.

### Board Working Group

- 7.2 Consideration could be given to development of a Board Working Group, however, staff consider that at the early stages of this project involvement should only be from the Task Force and whether a Board Working Group should be established will be considered later in the project.

### Staff

- 7.3 It is envisaged that 0.4 Full Time Equivalent (FTE) staff member will be required to resource the project.

### Factors that might add to complexity and length

- 7.4 The range of infrastructure assets. The extra coordination and consultation related to a Task Force compared with a Task Based Group.
- 7.5 Developing a Consultation Paper will extend the length of this project by 12months.

## 8. Important Sources of Information

- 8.1 The principal information sources of information will be the literature of public sector standard setters and statistical accountants. These include but are not means to:
- Conseil de Normalisation des Comptes Publics (CNOCP), Standard 6, *Tangible Assets* in particular paragraph 1.6
  - Chartered Institute of Public Finance and Accountancy (CIPFA): *Code of Practice on Transport Infrastructure Assets (and also Guidance Notes)*

- CIPFA Local Authority Technical Bulletin 100, *Project Plan for Implementation of the Measurement Requirements for Transport Infrastructure Assets by 2016/17*
- South African Accounting Standards Board (SAASB), *Accounting for Infrastructure Assets - Facts and Fiction*
- SAASB, *Summary of Results of the Post-implementation Review of Selected Standards of GRAP*
- CPA Canada, *Accounting for Infrastructure Assets*
- CPA Australia, *Guide to Valuation and Depreciation under the International Accounting Standards for the Public Sector*
- Queensland Treasury, *Non-Current Asset Policies for the Queensland Public Sector*
- New South Wales Treasury, *Policy and Guidelines Paper, Valuation of Physical Non-Current Assets at Fair Value*
- International Monetary Fund, *Government Finance Statistics Manual 2014*
- AASB paper on impairment related matters resulting in its development of “Simplified impairment requirements bring cost savings to Australian NFPs+ - refer <http://www.aasb.gov.au/News/Simplified-impairment-requirements-bring-cost-savings-to-Australian-NFPs?newsID=213529>
- EPSAS Working Group, *EPSAS issue paper on the accounting treatment of infrastructure assets, April 2017*

## 9. Other matters

9.1 Examples of infrastructure assets – refer table below:

Storm-water systems
Roads and motorways – national, state, local government and some in national parks
Bridges
National parks
Tunnels
Prisons
Dams
Communications, telephone, other
Railways
Ports
Airports
Power generation, distribution, transmission and retail
Water and sewerage

## For information

### Responses to IPSASB Strategy Consultation 2014

The IPSASB Strategy Consultation 2014 provided a list of potential projects that could be undertaken. Infrastructure assets was one project listed under the heading “*Projects to Address Public Sector Specific Issues*”. The following information regarding Infrastructure Assets was provided in an appendix to the strategy consultation.

Infrastructure Assets In the public sector, the infrastructure assets account for a large part of the total assets. Infrastructure assets are included in the scope of IPSAS 17, Property, Plant and Equipment. However, some stakeholders have proposed a specific standard to deal with the recognition, measurement and disclosure of infrastructure assets on the basis that, given the nature of infrastructure assets they may require longer implementation periods. In addition, there is some question about whether there should also be more information for depreciation, tear and wear, revaluations and, the treatment of improvements, which in most cases result in maintenance expenses of service potential. There is some evidence of varying accounting treatments for infrastructure assets between countries. For example, some jurisdictions require revaluation at the replacement cost; others do not require such revaluations (or allow entities to measure assets at historical cost basis).

Since infrastructure assets are addressed in IPSAS 17, the project would need to start with research of the specific problems related to accounting for infrastructure assets in practice. This would assist in determining whether any issues could be handled through a revision of IPSAS 17.

Respondents were asked the following question:

*Considering the various factors and constraints, which projects should the IPSAS prioritize and why? Where possible please explain your views on the description and scope of the project.*

Below is the feedback received from the respondents that commented that a project on Infrastructure Assets should be added to the agenda.

No.	Respondent	Comments
4	Swedish National Audit Office	The list of potential project are all relevant and important. Indicates which projects should be given the highest priority: Projects to address public sector specific issues <ul style="list-style-type: none"> <li>• Measurement – public sector specific</li> <li>• Non-exchange expenses</li> <li>• Infrastructure assets, heritage assets and other related asset related projects</li> </ul>

No.	Respondent	Comments
8	FEE	FEE also believes that “infrastructure assets” and “military assets” are useful projects because, although other IPSASs and IFRSs can be adapted to deal with these issues, there is currently considerable divergence between jurisdictions as to how these are accounted for.
10	PwC - Belgium	Infrastructure and military assets are a major source of government spending with high transaction frequency. Additional guidance is desirable, whether in specific standards or supplementary implementation guidance provided as part of the existing standard on property, plant and equipment (that latter option might be sufficient).
11	Swiss Public Sector Financial Reporting Advisory Committee	<p>The Committee supports in each of the four categories mentioned the following projects:</p> <ul style="list-style-type: none"> <li>• Infrastructure Assets: these assets are typical for public entities; they represent more or less what is called ‘administrative assets’ (or productive investment) in the Swiss entities; compared to ‘non-administrative assets’ (that include financial investments).</li> </ul>
14	Accounting Standards Board – South Africa	<p>The issues identified by our constituents as priority projects are as follows:</p> <p>Public sector specific projects</p> <ul style="list-style-type: none"> <li>• Infrastructure assets.</li> </ul> <p><u>Infrastructure assets</u></p> <p>8.4 During discussions with our constituents on the application of our Standards (which are based on IPSASs), accounting for infrastructure assets is consistently raised as an issue. Issues are raised regarding the level of componentisation required, that the annual assessment of residual values and useful lives is onerous, that it is difficult to make clear decisions about whether subsequent expenditure on an asset is repairs and maintenance or of a capital nature, and a number of issues have been raised on the impairment of these assets. 8.5 We recently completed a post-implementation review of our equivalent Standards on Property, Plant and Equipment and Investment Property. The results of this review may be useful in identifying key issues to include in this project. These results can be accessed on our website. 8.6 Given that a number of issues exist in this area for which clear guidance is needed, we believe this is a high priority project.</p>

No.	Respondent	Comments
16	CIPFA	<p>All the projects listed have merit as future projects for IPSASB, but on balance we suggest that priority should be given to the following projects.</p> <p><u>Public Sector Specific Issues</u></p> <p>Non-exchange expenses</p> <p>Measurement – public sector specific</p> <p>Infrastructure assets</p>
22	Institute of Chartered Accountants India	<p>All projects mentioned under the '<i>Projects to address public sector specific issues</i>' are important. In this regard, it may be suggested that given below projects can be taken up on priority considering their importance and need for public sector in the following order:</p> <ul style="list-style-type: none"> <li>• Infrastructure Assets</li> <li>• ...</li> </ul> <p>It may also be mentioned that various projects under this head such as Infrastructure Assets, Intangible Assets-Public Sector Specific which are addressed in the relevant existing IPSAS. As per the Exposure Draft some research is required in regard to such subjects as to whether these can be handled through revision in the respective existing IPSAS. Such research may also be undertaken on priority basis so as to make the position clear. Subsequently, on the basis of the research findings the projects may be taken up for formulation of new IPSASs or revision of existing IPSAS as the case may be.</p>

No.	Respondent	Comments
23	The Japanese Institute of Certified Public Accountants	<p>We recommend that the following projects should be given priority.</p> <p>(1) Heritage Assets                      (2) Infrastructure assets Public sector entities hold many infrastructure assets, and compared to other assets they hold, many of these assets have more qualitative and quantitative materiality. Measuring the service potential of numerous infrastructure assets that do not directly generate revenue (e.g.: roads, river and sea banks, harbor facilities, bridges, and tunnels) is a critical challenge.</p> <p>Going forward, many issues related to aging and obsolete infrastructure built up during earlier decades of development are certain to emerge as conspicuous problems in many jurisdictions around the world. To address these problems, estimates for the renewal and reconstruction of this infrastructure will be essential. The recognition, measurement, and depreciation of these infrastructure assets may have significant effects on the accuracy of government estimates for renewal and reconstruction.</p> <p>We believe that there are a lot of other issues to be addressed, including the evaluation of gratis transfer and the adoption of the replacement approach for network assets such as railroads.</p> <p>As we stated in our comments on “Consultation on IPSASB Work Program 2013-2014,” the current status of accounting for infrastructure assets should be investigated and the needs of the users of financial information should be analyzed in order to assess whether an accounting treatment different from that for ordinary fixed assets will be required.</p>
26	EY - Global	<p>As noted previously, we believe that the IPSASB should focus on addressing public sector-specific financial reporting gaps where there is a lack of guidance in current IPSAS literature. In terms of priority, we believe non-exchange expenses and revenue recognition – including improvements to IPSAS 23 Revenue from Non-exchange Transactions - should be of top priority.</p> <p>The next group of topics that are of importance would be standards addressing the recognition and measurement of assets specific to public sector entities such as infrastructure and military assets and other intangible assets of public sector entities. In our view the project on intangible assets (public sector specific) is closely linked to the projects on sovereign powers and their impact on financial reporting. Therefore we recommend that the Board consider taking these projects on board collectively.</p>

No.	Respondent	Comments		
27	CPA/ICAA	We would like the IPSASB to give priority to public sector-specific measurement. Measurement of heritage, infrastructure and military assets would appear to warrant particular attention. We encourage the publication of a standard with an objective the same as that of IFRS 13 Fair Valuation Measurement in the for-profit sector. We would also like the IPSASB to address non-exchange expenses and revenue, the role of government as owner, employee benefits (IPSAS 25) and leases (IPSAS 13).		
29	Denise Silva Ferreria Juvenal	Infrastructure assets - I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.		
30	Colegio de Contadores Públicos de Costa Rica	We think a guide would be a great help. However, we do not think a new standard would be needed. Priority - Medium		
31	SAICA		We believe the potential projects should be prioritised in the following order: - +10 [ranked first]	
Significance in the public sector / impact on financial reporting	In South Africa, there have been a number of enquiries raised regarding infrastructure assets. The ASB in South Africa issued a separate FAQ guide, Accounting for Infrastructure Assets - Facts and Fiction which is available on: <a href="http://www.asb.co.za/index.php?option=com_content&amp;view=article&amp;id=80&amp;Itemid=109">http://www.asb.co.za/index.php?option=com_content&amp;view=article&amp;id=80&amp;Itemid=109</a> Infrastructure assets usually carry high values and therefore its accounting treatment may consequently have significant impact on public sector financial reporting.		+2	
Urgency	The ASB already had to address uncertainties with a local publication. Moreover, the ASB's recent post-implementation review highlighted the issue. It would therefore be beneficial to South Africa if this is dealt with sooner.		+2	
Gaps in Standards	Infrastructure assets are dealt with to a very large extent in IPSAS 17. Some questions about infrastructure assets are contained in the abovementioned guide. Though some of the underlying issues might be a matter of training or competence, many of the issues or questions do indicate a standards-issue because IPSAS 17 does not provide sufficient guidance. We are therefore of the view that there are some gaps in existing standards		+1	

Project Brief - Public Sector Assets–Infrastructure Assets  
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No.	Respondent	Comments		
		IFRS Convergence	On certain aspects (e.g. componentisation) there is a possibility of IFRS convergence.	+1
		Alignment with GFS	We believe this project may impact GFS alignment	+1
		Development	Our view is that this issue’s significance and impact may develop, and may not be solved without guidance.	+1
		Constraints	The project deals with only certain aspects of financial reporting of a certain type of property, plant and equipment. The ASB in South Africa issued FAQ guidance on this topic already which the IPSASB may leverage off from.	+1