

**FORUM OF GOVERNMENTAL  
ACCOUNTING OF LATIN  
AMERICA - FOCAL**



**COMMENTS TO EXPOSURE DRAFT 87, *STRIPPING  
COSTS IN THE PRODUCTION PHASE OF A SURFACE  
MINE (AMENDMENTS TO IPSAS 12)***

**MAY 2024**

San Salvador, May 29, 2024.

**Subject:** Comments from the member countries of the FORUM OF GOVERNMENTAL ACCOUNTING OF LATIN AMERICA (FOCAL), to Exposure Draft 87, *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12).

**Mr. Ian Carruthers**


Chairman of the International Public Sector Accounting Standards Board (IPSASB)

Dear Mr. Carruthers,

I extend cordial greetings and thanks for the technical support of the IPSASB towards FOCAL on the different topics of Public Accounting.

In this sense, I present for your consideration the comments of the member countries of the Forum of Governmental Accounting of Latin America (FOCAL), to Exposure Draft 87, *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12). With these actions, FOCAL continues to strengthen joint work with the IPSASB, providing the experience of each country in the application of Public Sector Accounting regulations.

Sincerely,



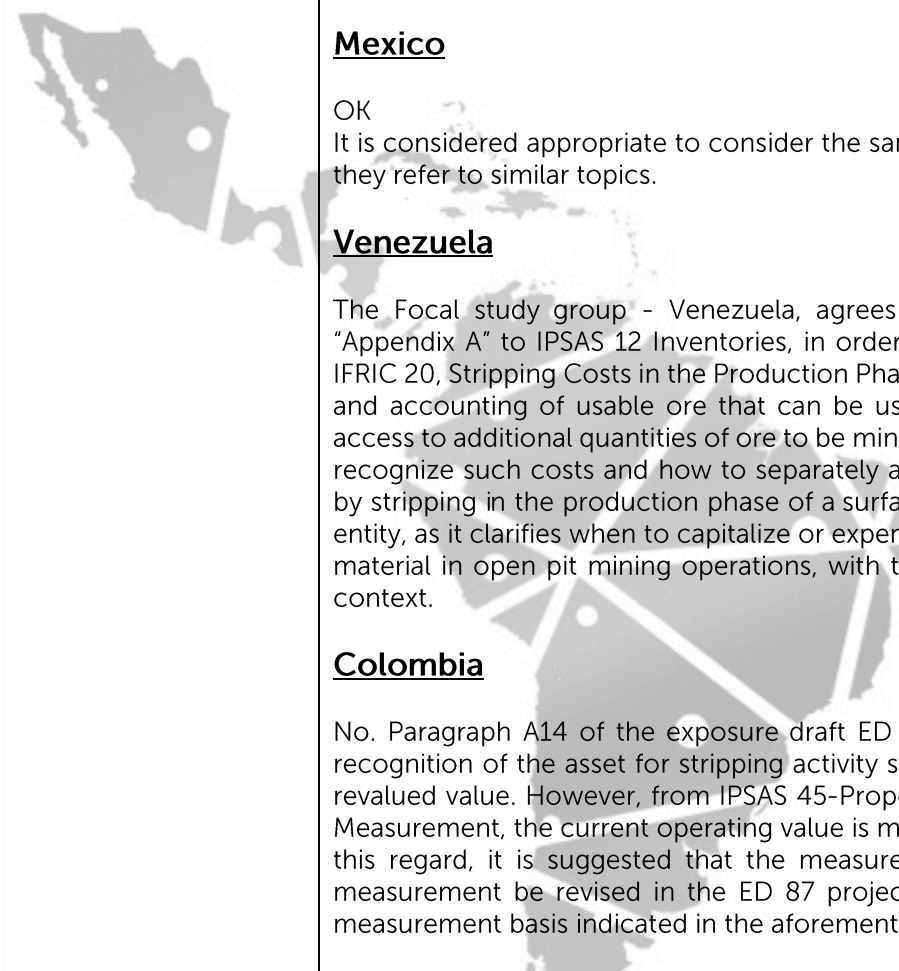
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## Comments to Exposure Draft 87, *Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)*

EXPOSURE DRAFT 87, <i>STRIPPING COSTS IN THE PRODUCTION PHASE OF A SURFACE MINE (AMENDMENTS TO IPSAS 12)</i>	
SPECIFIC MATTER	COMMENTS
<p>Amendments to IPSAS 12, <i>Inventories</i></p> <p><u>Specific Matter for Comment 1:</u></p> <p>The IPSASB decided to propose IFRIC 20-aligned guidance in ED 87 (see paragraph BC9). Do you agree that amendments to IFRIC 20, for the public sector, are limited to terminology and other IPSASB-specific formatting and consistency amendments (see paragraph BC10)?</p> <p>If not, please explain your reasons, stating clearly what further amendments are necessary and why.</p>	<p><u>Ecuador</u></p> <p><u>Yes, we agree</u></p> <p>IFRIC 20 basically deals with stripping costs in the production phase of a surface mine, clarifying in the exposure draft on Stripping costs in the production phase of a surface mine (Amendments to IPSAS 12) the treatment that stripping costs should have in the preparation phase, while maintaining the terminology that contributes to the understanding of the standard and its application, allows clarifying the treatment considering the relevant recognition and measurement phases.</p> <p><u>El Salvador</u></p> <p>Yes, we agree that the amendments to IFRIC 20 are limited to terminology and other specific formatting and consistency amendments, because the IPSASB has included in this proposal everything related to stripping costs in the production phase of a surface mine, taking into account that prior to the development of this Exposure Draft, this topic had not been considered within the framework of IPSAS, therefore, we kindly refer to the content of the Exposure Draft 87 in accordance with the provisions of IFRIC 20.</p> <p>This is a standard that will be a matter of study in our country, since we currently have a public sector institution that has among its competencies the authorization, regulation and supervision of the operation of those involved in activities related to Mines.</p> <p><u>Guatemala</u></p> <p>Yes, we agree, since the terminology used is considered adequate for operations. However, it is suggested to incorporate guidelines to facilitate the understanding of the recording of stripping costs in the production phase of a surface mine.</p>

SPECIFIC MATTER	COMMENTS
	<p><b><u>Mexico</u></b></p> <p>OK                      It is considered appropriate to consider the same requirements in both standards, since they refer to similar topics.</p> <p><b><u>Venezuela</u></b></p> <p>The Focal study group - Venezuela, agrees with the inclusion of the guidance as "Appendix A" to IPSAS 12 Inventories, in order to include the aspects contemplated in IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine, for the identification and accounting of usable ore that can be used to produce inventory, or to improve access to additional quantities of ore to be mined in future periods, determining when to recognize such costs and how to separately account for these two benefits generated by stripping in the production phase of a surface mine, which flow to the public sector entity, as it clarifies when to capitalize or expense the costs incurred to dispose of waste material in open pit mining operations, with the changes specific to the public sector context.</p> <p><b><u>Colombia</u></b></p> <p>No. Paragraph A14 of the exposure draft ED 87 guidance states that the subsequent recognition of the asset for stripping activity shall be accounted for either at cost or at revalued value. However, from IPSAS 45-Property, Plant and Equipment and IPSAS 46-Measurement, the current operating value is mentioned as the basis of measurement. In this regard, it is suggested that the measurement basis associated with subsequent measurement be revised in the ED 87 project, since we find it inconsistent with the measurement basis indicated in the aforementioned IPSAS.</p>
<p>Amendments to IPSAS 12, <i>Inventories</i></p> <p><b><u>Specific Matter for Comment 2:</u></b></p> <p>The IPSASB decided to propose the IFRIC 20-aligned guidance in ED 87 as an amendment to IPSAS 12, <i>Inventories</i>,</p>	<p><b><u>Ecuador</u></b></p> <p><b><u>Yes, we agree</u></b></p> <p>Because having a guide aligned with IFRIC 20 in the Exposure Draft 87 as an amendment to IPSAS 12 contributes to the recording of economic facts that reflect the reality in the public sector, which is reflected in the Financial Statements.</p>

SPECIFIC MATTER	COMMENTS
<p>by including the guidance as an Appendix (see paragraph BC11). Do you agree with the IPSASB decision?</p> <p>If not, please explain your reasons, stating clearly where the guidance should be included and why.</p>	<p><b><u>El Salvador</u></b></p> <p>Yes, we agree with the incorporation of a guide to be presented as an Appendix within IPSAS 12, as it provides greater clarity on the criteria to be considered for the recognition, initial measurement and subsequent measurement of stripping costs in the production phase of a mine, which is in line with IFRIC 20.</p> <p>While it is true that in our jurisdiction there are no public sector institutions engaged in activities related to open pit or subway mining, we believe that this proposed regulation will be very useful for those countries that do engage in such activities, so we have no objection to the decision taken by the IPSASB.</p> <p><b><u>Guatemala</u></b></p> <p>Yes, we agree with the proposed amendment, considering that the guides facilitate the understanding of the application of IPSAS.</p> <p><b><u>Mexico</u></b></p> <p>OK              Including the aligned guide as an appendix to IPSAS 12 Inventories will provide more elements for the proper presentation of financial information.</p> <p><b><u>Venezuela</u></b></p> <p>The Focal study group - Venezuela, agrees with the inclusion of the alignment of stripping costs (debris extraction) in which ultimately end up forming part of the costs of the extracted inventory, and therefore should be accounted for by applying the principles set out in IPSAS 12 Inventories, therefore, the proposed "Appendix A" guidance proposes that when the when the cost of the stripping activity improves access to the ore, the costs should be recognized as a non-current "stripping activity asset"; otherwise, the costs should be recognized as an expense.</p> <p><b><u>Colombia</u></b></p> <p>No. Although the exposure draft ED 87 guide addresses the recognition of inventories</p>



SPECIFIC MATTER	COMMENTS
	<p>when minerals (usable material) are found in the land-clearing activity that should be recognized under the criteria of IPSAS 12-Inventories, it also addresses the recognition of other types of assets that could fall within the scope of other standards and that are not related to the aforementioned IPSAS, for example, the recognition of non-current assets generated in the land-clearing activity as tangible or intangible.</p> <p>Therefore, we suggest evaluating the relevance of modifying IPSAS 12 or whether some type of interpretation document separate from IPSASs should be contemplated.</p>
	<p><b><u>Additional Comments Colombia</u></b></p> <p>In the Colombian context, no government entities have been identified whose economic activity is the exploitation of open-pit mineral resources. Instead, government entities are the ones who grant exploitation rights to public or private companies. In this regard, we suggest assessing whether in other countries there are cases of government entities that carry out open-pit mining activities, in order to determine the need to amend IPSAS.</p>