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Washington, DC 20548

February 11, 2016

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

Dear Mr. Chairman,

**International Public Sector Accounting Standards Board Consultation Paper:  
*Recognition and Measurement of Social Benefits***

This letter provides the U.S. Government Accountability Office's (GAO) comments on the International Public Sector Accounting Standards Board's (IPSASB) Consultation Paper (CP) entitled *Recognition and Measurement of Social Benefits*. The CP builds on IPSASB's previous work and develops new ideas for consideration. As such, the CP advances the discussion of possible treatment for social benefits and considers matters such as the scope of a future standard on social benefits and related definitions, the extent to which liabilities of social benefits arise, and the recognition and measurement of any such liabilities.

Overall, we strongly support the recognition of a liability for social benefits in the financial statements when all eligibility requirements to receive the next benefit have been satisfied, including approval of the benefit claim where such approval is more than merely administrative. In addition, we believe it is important to make appropriate disclosures in the financial statements, general purpose financial reports, or both to help users assess the sustainability of social benefit schemes and their impact on a public sector entity's financial performance and financial position. Such disclosures could include the following:

- the funding status of the social benefits;
- potential actions that may be taken if benefits are projected to exceed dedicated revenue sources; and
- expected cash flows of the social insurance schemes or fiscal sustainability reporting under Recommended Practice Guideline (RPG) 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*.<sup>1</sup>

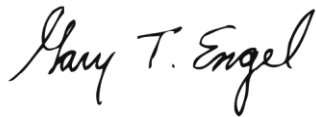
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<sup>1</sup>RPG1 provides information on the effect of current policies and decisions on future inflows and outflows and supplements information in the financial statements.

It is also our view that the recognition and measurement of non-exchange revenues directly related to the funding of non-exchange social benefits should be consistent (1) across all social benefit schemes and (2) with the IPSASB's current project on non-exchange revenues.

We believe that this CP represents important progress on significant issues related to the recognizing and measuring social benefits. We support this work and appreciate the opportunity to provide comments, which are included in the enclosure. Please contact Robert Dacey, Chief Accountant at (202) 512-7439 or [dacey@gao.gov](mailto:dacey@gao.gov) or me at (202) 512-2600 or [engelg@gao.gov](mailto:engelg@gao.gov) if you have questions on GAO's perspectives.

Sincerely,

A handwritten signature in cursive script that reads "Gary T. Engel".

Gary T. Engel  
Managing Director  
Financial Management and Assurance  
Enclosure

**Enclosure: GAO Comments on the International Public Sector Accounting Standards Board's Consultation Paper, *Recognition and Measurement of Social Benefits***

**Specific Matter for Comment 1 (following paragraph 2.50)**

**(a) In your view, is the scope of this Consultation Paper (CP) appropriate? (i.e., excluding other transfers in kind, collective goods and services, and transactions covered in other IPSASs)?**

**Response:**

We believe that it is important that the International Public Sector Accounting Standards Board's (IPSASB) position for recognizing and measuring non-exchange social benefits is conceptually consistent with the position that the board will take relating to its current project for recognizing and measuring other non-exchange expenses. The objective of the non-exchange expenses project is to develop a standard(s) that will provide recognition and measurement requirements that are applicable to non-exchange transactions, with the exception of social benefits. As the board develops these two standards, it is essential that they are consistent to avoid differences in the recognition treatment for conceptually similar programs and the user confusion that would likely result. We urge the board to consider the extent to which the standards for non-exchange social benefits and other non-exchange expenses should be developed in tandem.

**(b) In your view, do the definitions in Preliminary View 1 provide an appropriate basis for an IPSAS on social benefits? Please explain the reasons for your views.**

**Response:**

We do not have specific comments on the definitions.

**Specific Matter for Comment 2 (following paragraph 3.4)**

**(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; and**
- (iii) The insurance approach.**

**Please provide reasons for your views, including the conceptual merits and weaknesses of each option; the extent to which each option addresses the objectives of financial reporting; and how the different options might provide useful information about the different types of social benefit.**

**Response:**

Overall, we support the obligating event approach and believe that it is an appropriate accounting treatment for the recognition and measurement of the wide range of non-exchange social benefits. Specifically, as discussed more fully in our response to Specific Matter for Comment 4 below, we support recognition of a liability for non-exchange social benefits when all of the eligibility criteria to receive the next benefit have been satisfied, including approval of the benefit claim where such approval is more than merely administrative. We believe that this obligating event approach, supported by appropriate disclosures in the financial statements and/or the general purpose financial reports (GPFR), best achieves the objectives of financial

reporting and provides information about the public sector entity that is most useful to users of financial statements and GPFRs for accountability and decision-making purposes.

With respect to the social contract approach, we have concerns that it is difficult to analogize this approach to the executory contract model and it may not fully meet the objectives of financial reporting. Further, the “approved claim” sub-option (d) under the obligating event approach would yield results similar to the alternative sub-option of the social contract approach discussed in the CP, whereby liabilities are recognized when all eligibility criteria are met and claims are approved.

With respect to the insurance approach, the present obligation and therefore a liability for social benefits is calculated based, in part, on estimates of future benefits for which all eligibility criteria to receive the next benefit would not have been satisfied. Consequently, we do not support the insurance approach. In addition, as noted in the CP, the insurance approach is most suited to contributory benefits and cannot be used for all types of social benefits schemes, such as those for noncontributory benefits. Therefore, we have concerns that the application of both the insurance approach and obligating event approach could result in different outcomes for conceptually similar programs. Further, in our view, recognition and measurement of dedicated non-exchange revenues specifically associated with the funding of social benefit schemes should be consistent (1) across all social benefit schemes and (2) with the IPSASB’s current project on non-exchange revenues.

**(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.**

**Response:**

We are not aware of any additional approaches to accounting for social benefits.

#### **Specific Matter for Comment 3 (following paragraph 3.4)**

**Having reviewed the three options in Chapters 4 to 6, are you aware of any social benefits transactions that have not been discussed in the CP, and which could not be addressed by one or more of the options set out in the CP? If so, please provide details of the social benefit transactions you have identified and explain why the options set out in the CP do not adequately cover these transactions.**

**Response:**

We are unaware of any social benefits transactions that have not been discussed in the CP and that could not be addressed by one or more of the options set out in the CP.

#### **Specific Matter for Comment 4 (following paragraph 4.69) (Part 1)**

**In your view, at what point should a future IPSAS specify that an obligating event arises under the obligating event approach? Is this when:**

- (a) Key participatory events have occurred;**
- (b) Threshold eligibility criteria have been satisfied;**
- (c) The eligibility criteria to receive the next benefit have been satisfied;**

- (d) A claim has been approved;**
- (e) A claim is enforceable; or**
- (f) At some other point.**

**In coming to this conclusion, please explain what you consider to be the relative strengths and weaknesses of each view discussed in this chapter.**

**Response:**

It is our view that an obligating event arises and therefore a liability would be recognized for non-exchange social benefits under the obligating event approach when all eligibility criteria to receive the next benefit have been satisfied, including approval of the benefit claim where such approval is more than merely administrative. We believe that an entity has an obligation to provide non-exchange benefits at this obligating event, for both noncontributory and contributory social benefit schemes. If the beneficiary fails to meet any of the eligibility criteria, the beneficiary would not be entitled to receive a benefit. In the United States, for example, one of the eligibility criteria for receiving monthly Social Security payments is that the beneficiary is alive. Consequently, we do not believe that there is a present obligation and a liability until all eligibility criteria to receive the next benefit are met, including approval of the benefit claim where such approval is more than merely administrative.

If claim approval is merely administrative, it would be insignificant to the recognition treatment of an obligation. If claim approval is more than administrative and the public sector entity exercises judgment in approving the claim by determining whether the beneficiary meets all of the eligibility criteria to receive the next benefit, then there is no obligation until such approval is finalized. An example of a social benefit scheme where approval typically is more than administrative is a disability scheme where the public sector entity determines whether the beneficiary meets the disability eligibility criteria. In addition, it is our view that revalidation is an eligibility criterion that needs to be met before a present obligation is incurred.

Non-exchange social benefits and other non-exchange transactions are unique to public sector entities and are fundamentally different from exchange transactions. Although beneficiaries may have expectations that benefits will be provided in the future, it is our view that a valid expectation does not occur until a beneficiary has met all eligibility criteria to receive the next benefit, including approval of the benefit claim where such approval is more than merely administrative. Although past practice may indicate that the government has accepted a responsibility to provide social benefits, a public sector entity has a realistic alternative to avoid an outflow of resources, for example, by modifying legislation, until all eligibility criteria to receive the next benefit have been satisfied. Beneficiaries should be on notice of social benefit eligibility criteria and the public sector entity's ability to subsequently change the criteria and benefits.

Non-exchange social benefits differ from employer-provided social benefit plans, which are considered exchange transactions. Under a typical non-exchange social benefit program, the individual does not exchange his or her taxes and/or contributions for a benefit from the public sector entity. Rather, collectively the citizenry pays taxes to fund social benefits for those that meet eligibility criteria. Accordingly, the compulsory payment of taxes by an individual and the subsequent receipt of social benefits by that same individual in a typical social benefits scheme constitute separate non-exchange transactions. For example, in the United States, the compulsory payment of Social Security taxes does not entitle an individual to a benefit in a legal, contractual sense, and benefits paid to an individual are not directly based on taxes paid

by that individual. Therefore, in those programs, the U.S. government has an obligation for the benefits only when all eligibility criteria to receive the next benefit have been satisfied.

Further, recognizing a liability for social benefits only when all eligibility criteria to receive the next benefit have been satisfied, including approval of the benefit claim where such approval is more than merely administrative, provides information that is most consistent with the objectives of financial reporting and qualitative characteristics. This approach is straightforward, is easy to understand, is simple to calculate, can result in information being reported in a timely manner, and can be verified.

It is our view that the creation and recognition of a present obligation or liability for social benefits before all eligibility criteria have been met (referred to herein as future benefits) do not represent present obligations. Further, the recognition of future benefits does not reflect the true nature of social benefit programs, the extent of the government's responsibilities for these and other programs, or the government's ability to revise these responsibilities. Just as future government spending on programs, such as defense, that is relatively certain to continue is not a present obligation of the government, future social benefits spending is also not a present obligation. Consequently, we do not support the accounting treatment for recognition of liabilities for social benefits when key participatory events have occurred (sub option (a)) or when threshold eligibility criteria have been satisfied (sub option (b)).

In addition, it is our view that the recognition of future social benefits would result in an inconsistency between the costs of services recognized during the year and the services provided during the year. The statements of financial position and of financial performance provide information for assessing the costs of providing goods and services during the period. Generally, a public sector entity has little exchange revenue and no profit motive, but instead has the goal of providing services collectively chosen to improve the well-being of its citizens. Accordingly, the accounting treatment for recognizing costs should be consistent with the delivery of related services year by year. Thus, costs can be associated with program delivery and analyzed in relation to outputs, outcomes, and relevant performance measures. These measures could assist in improving (1) resource allocation and program management, (2) the effectiveness and efficiency of service delivery, (3) the accountability to citizens for service delivery during the year, and (4) the adequacy of revenues to cover services provided during the year.

Recognition of future social benefits without recognition of the future tax revenues related to the public sector entity's power to tax would not provide relevant information, would diminish significantly the relative size and importance of other liabilities and expenses shown on the financial statements, and would include long-term estimates that may be highly uncertain. Also, such estimated liabilities may be subject to significant volatility based on changes in underlying assumptions and would not provide information that is useful for accountability purposes. In addition, to the extent that a social benefit scheme is not sustainable based on dedicated tax revenues or other contributions, the amounts of social benefits that would be provided are also highly uncertain and may not be reliably estimable. Further, the time horizon for recognizing a liability for social benefits may be difficult to determine.

Social benefit programs, as currently structured, may be clearly unsustainable (as are Social Security and Medicare (Part A) in the United States), and reforms in these programs are a near certainty. For example, under current law, the trust funds for Social Security and Medicare Part A are projected to be exhausted in the future, after which only a portion of current benefits could be paid. However, it is not possible to predict what specific actions the government will

undertake to modify or change future benefits or taxes. Consequently, the inherent uncertainty surrounding agreement and settlement for amounts of future social benefits does not lend itself to recognizing a liability and expense for future benefits.

We have concerns about whether there is sufficient utility to financial statement users in recognizing social benefit obligations based on key participatory events or threshold eligibility. A public sector entity typically has significant discretion in determining whether to continue or to modify social benefits. Therefore, recognizing liabilities for social benefits based on the threshold eligibility and continuous entitlement sub approaches might not represent a likely or even reasonable policy option for policymakers or users to consider. Further, recognizing a liability for future social benefits does not faithfully represent an entity's financial position or performance and presents a misleading view of the entity's financial position. For these reasons, we do not believe that it is prudent to recognize, in the financial statements, future social benefits that have yet to be delivered and consequently do not support the key participatory events or threshold eligibility sub approaches.

We also believe that it is important that there are appropriate disclosures in the financial statements or GPFRs to provide the users with information for assessing the sustainability of the social benefit schemes, which could include the following:

- the funding status of the social benefits;
- potential actions that may be taken if benefits are projected to exceed dedicated revenue sources; and
- expected cash flows of the social insurance schemes or fiscal sustainability reporting under Recommended Practice Guideline 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*.

We believe that it is also important to disclose the nature and amount of any assets held to pay social benefits (reported under other IPSASB standards).

We agree that financial statements cannot satisfy all users' needs on social benefits, as noted in the CP. General purpose financial reports prepared in accordance with RPG 1 would provide information about expected obligations to be settled in the future, including obligations to individuals who have not met the eligibility criteria for a scheme, or who were not currently contributing to a scheme that would entitle them to future benefits. Such obligations do not meet the definition of a present obligation, and so are not recognized in the financial statements. In accordance with RPG 1, reporting would also include information about expected resources to be realized in the future that will be used to finance social benefits, or the right to tax. Because the entity does not currently control these resources, they are not recognized in the financial statements.

Therefore, in addition to disclosures providing information about the sustainability of social benefit schemes in the financial statements, a report or statement of fiscal sustainability with estimates of future costs, including social benefits, and future revenues, including dedicated revenues, would help provide a comprehensive perspective of the government's financial condition and its ability to continue to provide and finance social benefits.

It is our view that "financial condition" is a forward-looking indicator that should provide predictive information about a government's long-term capacity to sustain and finance its current programs, including social benefits—information that is not conveyed in the financial statements. For example, financial statements do not reflect an asset for the government's right to tax. Consideration of future taxes and other receipts are critical to assessing financial condition. In addition, the financial statements do not provide sufficient information for users to

assess the extent that financial burdens have or will be passed on by current year taxpayers to future taxpayers without related benefits. Many countries face long-term challenges, including demographic and socioeconomic change with rapid increases in the old-age dependency ratio, that will affect future fiscal health, level of spending for goods and services, and level of future receipts. Consequently, it is critical that the future impact of these challenges be considered when making a comprehensive assessment of a government's financial condition.

In conclusion, governments establish eligibility criteria for determining whether and when an individual is entitled to receive a benefit. Accordingly, a liability should not be established and recognized until the beneficiary meets all of the eligibility criteria to receive the next benefit, including approval of the benefit claim where such approval is more than merely administrative. We do not consider estimates for future benefits to be present obligations because these future benefits have not been established by the government as present obligations and can be modified or eliminated by the government if it so chooses. Moreover, recognition of future social benefits as a liability may result in a substantial inconsistency between costs and delivery of services to the public.

#### **Specific Matter for Comment 4 (following paragraph 4.69)**

**If, in your view, a future IPSAS should consider that an obligating event can arise at different points depending on the nature of the social benefit or the legal framework under which the benefit arises, please provide details. Please explain the reasons for your views.**

#### **Response:**

We do not support a view that an obligating event can arise at different points depending on the nature of the social benefit or the legal framework under which the benefit arises. Further, we believe that recognizing a present obligation or liability for social benefits when all of the eligibility criteria to receive the next benefit have been satisfied, including approval of the claim where such approval is more than merely administrative, provides an appropriate basis across the wide range of different types of social benefit schemes. While we are not aware of any examples, if a legal obligation would arise before all of the eligibility criteria to receive the next benefit have been satisfied, it would be appropriate to recognize a liability for the amount that was legally obligated.

#### **Specific Matter for Comment 5 (following paragraph 4.76)**

**In your view, does an obligating event occur earlier for contributory benefits than non-contributory benefits under the obligating event approach? Please explain the reasons for your views.**

#### **Response:**

We make no distinction between the treatment of obligating events for contributory and noncontributory social benefits. For contributory and noncontributory social benefits, we hold the view that an obligating event can only occur when each requirement of the eligibility criteria to receive the next benefit have been satisfied, including approval of the benefit claim where such approval is more than merely administrative. At that point, the entity has an obligation to provide social benefits. If the beneficiary fails to meet any of the eligibility criteria to receive the next



benefit, the beneficiary would not be entitled to receive a benefit. Funding does not affect the obligation.

It is important to use a consistent accounting approach for recognizing non-exchange revenues across the broad range of social benefit schemes to avoid inconsistent recognition treatment among similar programs. Public sector entities have significant flexibility in determining how they will generate non-exchange revenue. For example, a public sector entity determines whether social benefits and other programs will be funded solely through dedicated taxes, fees, and/or contributions; solely through general tax revenues; or some other combination. In addition, although the public sector entity may use different types of non-exchange revenues, such as taxes and contributions, it should account for these non-exchange revenues and recognize them consistently. Also, the public sector entity can decide whether to raise tax revenues, reduce benefits, or borrow/issue debt to finance its programs, including social insurance benefits. This is true whether the social benefit scheme is designed to be fully funded from contributions or not. Further, social benefit schemes may communicate that benefits depend on the availability of funding or other caveats that may limit the payment of benefits. We do not believe that the contributory nature of a social benefit scheme affects a beneficiary's expectation of receiving benefits. Consequently, we do not believe that funding from contributions affects when a present obligation occurs for social benefits. We do believe that it is important to recognize dedicated non-exchange revenues consistently across all social benefit schemes and consistent with the IPSASB's current project on non-exchange revenues.

As noted above, we also support disclosures to assist users in assessing the sustainability of the social benefit schemes, such as the funding status of the social benefits, potential actions to be taken if benefits are projected to exceed dedicated revenue sources, and expected cash flows of the social insurance. We believe that it is also important to disclose the nature and amount of any assets held to pay social benefits (reported under other IPSASs). In addition, the inclusion of a report or statement of fiscal sustainability with estimates of future costs, including social benefits, and future revenues, including dedicated revenues, would be an appropriate solution to provide a comprehensive perspective of the government's financial condition and its ability to continue to provide and finance social benefits.

#### **Specific Matter for Comment 6 (following paragraph 4.80)**

**In your view, should a social benefit provided through an exchange transaction be accounted for:**

- (a) In accordance with a future IPSAS on social benefits; or**
- (b) In accordance with other IPSASs?**

**Please provide any examples you may have of social benefits arising from exchange transactions. Please explain the reasons for your views.**

#### **Response:**

We hold the view that non-exchange transactions relating to social benefits have significantly different accounting considerations related to recognition of the obligating event and measurement of the obligation than social benefits provided through exchange transactions. We believe that social benefits provided through an exchange transaction should be accounted for in accordance with other IPSASs rather than be included in the social benefits IPSASs that account for the recognition and measurement of non-exchange transactions. Further, we are not aware of any exchange social benefit schemes.

**Specific Matter for Comment 7 (following paragraph 4.91)**

**In your view, under the obligating event approach, when should scheme assets be included in the presentation of a social benefit scheme:**

- (a) In all cases;**
- (b) For contributory schemes;**
- (c) Never; or**
- (d) Another approach (please specify)?**

**Please explain the reasons for your views.**

**Response:**

We believe that any scheme assets should be reported according to other IPSASB standards, with any restrictions on the use of such assets disclosed.

**Specific Matter for Comment 8 (following paragraph 5.38)**

**In your view, under the social contract approach, should a public sector entity:**

- (a) Recognize an obligation in respect of social benefits at the point at which:**
  - (i) A claim becomes enforceable; or**
  - (ii) A claim is approved?**
- (b) Measure this liability at the cost of fulfillment?**

**Please explain the reasons for your views.**

**Response:**

If the IPSASB determines that the social contract approach is appropriate, a present obligation should be recognized at the point at which a claim is approved, or when all eligibility criteria to receive the next benefit are met in cases where claim approval is merely administrative.

**Specific Matter for Comment 9 (following paragraph 6.24)**

**Do you agree with the IPSASB's conclusions about the applicability of the insurance approach? Please explain the reasons for your views.**

**Response:**

With respect to the insurance approach, the present obligation and therefore a liability for non-exchange social benefits, whether subsidized or not, is calculated based, in part, on estimates of future benefits for which all eligibility criteria to receive the next benefit would not have been satisfied. For the reasons noted in our response to Specific Matter for Comment 4 above, an obligating event does not arise and therefore a liability would not be recognized until all eligibility criteria to receive the next benefit have been satisfied, including approval of the benefit claim where such approval is more than merely administrative.

In addition, recognizing the net liability (subsidy) for a scheme without recognizing as an offsetting asset the right to future tax or other revenue that will finance that liability does not faithfully represent the overall financial position of an entity. The entity generally would reform the programs (e.g., increase taxes or contributions, decrease benefits) to bring revenues and expenses in line. Consequently, while such approach would be appropriate for an exchange

program, we do not support the insurance approach for recognizing non-exchange social benefits. Also, as noted in the CP, the insurance approach cannot be used for all types of social benefits, and therefore we are concerned that the application of both the insurance approach and the obligating event approach could result in different outcomes for conceptually similar programs. In addition, non-exchange revenues related to social benefit schemes should be consistently recognized across all social benefit schemes. Further, we think that recognition of liabilities under the obligating event approach appropriately addresses the economic circumstances of the various types of social benefit schemes.

**Specific Matter for Comment 10 (following paragraph 6.35)**

**Under the insurance approach, do you agree that where a social security benefit is designed to be fully funded from contributions:**

- (a) Any expected surplus should be recognized over the coverage period of the benefit; and**
- (b) Any expected deficit should be recognized as an expense on initial recognition?**

**Please explain the reasons for your views.**

**Response:**

For the reasons noted in our response to Specific Matter for Comment Response 9 above, we do not support the insurance approach. However, if the IPSASB determines that the approach is appropriate, we believe that any expected surplus or deficit should be recognized over the coverage period of the benefit.

**Specific Matter for Comment 11 (following paragraph 6.37)**

**In your view, under the insurance approach, what is the appropriate accounting treatment for the expected deficit of a social security benefit that is not designed to be fully funded from contributions:**

- (a) Recognize an expense on initial recognition;**
- (b) Recognize the deficit as an expense over the coverage period of the benefit;**
- (c) Offset the planned subsidy and the liability only where this is to be received as a transfer from another public sector entity;**
- (d) Offset the planned subsidy and the liability irrespective of whether this is to be received as a transfer from another public sector entity or as an earmarked portion of general taxation; or**
- (e) Another approach?**

**Please explain the reasons for your views.**

**Response:**

For the reasons noted in our response to Specific Matter for Comment 9 above, we do not support the insurance approach. However, if the IPSASB determines that the approach is appropriate, we believe that it would be appropriate to offset the planned subsidy and the liability irrespective of whether this is to be received as a transfer from another public sector entity or as an earmarked portion of general taxation.

**Specific Matter for Comment 12 (following paragraph 6.43)**

**In your view, under the insurance approach, should an entity use the cost of fulfillment measurement basis or the assumption price measurement basis for measuring liabilities?**

**Please explain the reasons for your views.**

**Response:**

Yes. Regardless of the approach used, the cost of fulfillment is an appropriate measurement basis.

**Specific Matter for Comment 13 (following paragraph 6.63)**

**Do you agree that, in those cases where the link between contributions and benefits is not straightforward, the criteria for determining whether the insurance approach is appropriate are:**

- **The substance of the scheme is that of a social insurance scheme; and**
- **There is a clear link between the benefits paid by a social security scheme and the revenue that finances the scheme.**

**If you disagree, please specify the criteria that you consider should be used. Please explain the reasons for your views.**

**Response:**

For the reasons noted in our response to Specific Matter for Comment 9 above, we do not support the insurance approach. Further, we believe that non-exchange revenues should be accounted for consistently across social benefit schemes and other non-exchange transactions.

**Specific Matter for Comment 14 (following paragraph 6.72)**

**Do you support the proposal that, under the insurance approach, the discount rate used to reflect the time value of money should be determined in the same way as for IPSAS 25?**

**Please explain the reasons for your views.**

**Response:**

If the IPSASB determines that the insurance approach is appropriate, we agree that the discount rate used to reflect the time value of money should be determined in the same way as for IPSAS 25.

**Specific Matter for Comment 15 (following paragraph 6.76)**

**Under the insurance approach, do you support the proposals for subsequent measurement set out in paragraphs 6.73–6.76? Please explain the reasons for your views.**

**Response:**

For the reasons noted in our response to Specific Matter for Comment 9 above, we do not support the insurance approach and have no comments on this Specific Matter for Comment.