

Swiss Comment to

ED 87 Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)

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1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation). The SRS-CSPCP has discussed ED 87 Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12).

2. General Remarks

As part of the major project «Natural Resources» existing standards in IFRS were analyzed. The responses to the *Consultation Paper* confirm that the adoption of the IFRS standards for accounting for the Exploration for and Evaluation of Mineral Resources (ED 86) and for Stripping Costs in the Production Phase of a Surface Mine (ED 87) are necessary also for the public sector. Both standards deal with specific requirements in the extraction of mineral resources. As they are not directly related to the planned standard on «Natural Resources», the IPSAS Board decided to submit them for consultation as stand-alone EDs. No specific public sector changes to the IFRS standards were identified; therefore, these EDs are aligned with the private sector standards.

The waiver proposed by the IPSAS Board to adapt the EDs to specific standards in the IPSAS, e.g. to Impairment (IPSAS 26), is based on the rules for alignment projects. In these projects, inter alia for reasons of efficiency, significant revisions are waived, if the standards are widely employed in the private sector and no public sector specific variant transactions exist, which require extensions. The standards of both EDS relate to a very restricted area. In the public sector such transactions are the exception, rather than the rule.

3. Specific Matter for Comment 1

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)?

If not, please explain your reasons, stating clearly what further amendments are necessary and why.

In the public sector in Switzerland the extraction of mineral resources is of little importance. Nonetheless, we recognize that such standards are very important for other states, in order to ensure consistent accounting. Taking over the standards from IFRS without significant changes is in our view appropriate.

4. Specific Matter for Comment 2

The IPSASB decided to propose the IFRIC 20-aligned guidance in ED 87 as an amendment to IPSAS 12, Inventories, by including the guidance as an Appendix (see paragraph BC11). Do you agree with the IPSASB's decision?

If not, please explain your reasons, stating clearly where the guidance should be included and why.

The addition to IPSAS 12 Inventories is in our view appropriate.

Lausanne, May 29, 2024