

MEDIA RELEASE

Communiqué

Public Sector Enterprises required to use IFRSs

TORONTO, October, 28, 2009 – The Public Sector Accounting Board has approved an amendment to the scope of public sector accounting standards.

The Board approved the amendment following significant consultation with stakeholders. The amendment confirms that government business enterprises (GBEs) – public sector enterprises with self-sustaining, commercial-type operations - will be required to follow International Financial Reporting Standards (IFRSs) for periods beginning January 1, 2011. This allows for a comparison of similar entities in the public and private sector.

The existing category of government business-type organizations (GBTOs) will cease to exist, and such organizations will be permitted to choose to prepare their financial statements in accordance with public sector standards or with IFRSs. This choice will depend on an evaluation of which basis will better satisfy the needs of users of their financial statements.

Adoption of new financial reporting standards for these government organizations is effective for fiscal years beginning on or after January 1, 2011. This coincides with the adoption of IFRSs in the private sector.

"It is vital for government organizations to consider the needs of users of their financial statements when determining whether government-focused standards such as those provided in the CICA Public Sector Accounting Handbook, or commercial-focused standards such as IFRSs, are more appropriate," said Terry Paton, Chair of the PSAB Task Force that developed the amendment. "We have provided guidance to assist in this determination for other government organizations."

"The Public Sector Accounting Board and its task force responded diligently in addressing this matter of great concern to the public sector community in Canada," said Tim Beauchamp, Director of Public Sector Accounting. "The amendment was supported by the majority of stakeholders we heard from."

Background:

- A GBE is a separate legal entity controlled by government that has the authority to conduct business, sells goods and services outside of government, and is self-sustaining from those sales. A public utility could be an example of a GBE.

- Other government organizations are those organizations controlled by governments that are not government business enterprises or government not-for-profit organizations.

To learn more about public sector accounting, visit www.psab-ccsp.ca.

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The Public Sector Accounting Board (PSAB) establishes accounting standards for the public sector. PSAB was created to serve the public interest by setting standards and providing guidance for financial and other performance information reported by the public sector. www.psab-ccsp.ca