

12 December 2014

Ms Stephenie Fox
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International Federation of Accountants
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Dear Stephenie

Consultation Paper – The Applicability of IPSASs to Government Business Enterprises and Other Public Sector Entities

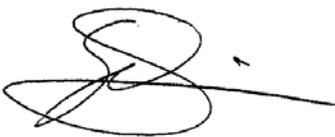
CPA Australia and Chartered Accountants Australia and New Zealand (Chartered Accountants ANZ) represent over 250,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia.

Thank you for the opportunity to comment on the *Consultation Paper – The Applicability of IPSASs to Government Business Enterprises and Other Public Sector Entities*. We agree with the IPSASB that it would be beneficial to provide greater clarity on the applicability of IPSASs to Government Business Enterprises (GBEs) and other public sector entities.

We agree with the IPSASB's preliminary view that Approach 1 is most appropriate because it focuses on the characteristics of public sector entities for which IPSASs are intended and that approach will be useful to the IPSASB when setting standards. This approach is also helpful for regulators and other relevant authorities in determining which entities should apply IPSASs, and of assistance to preparers. We support Option 1a as it uses principles based on IPSASB's current and developing terminology that focus on the characteristics of public sector entities and will determine when IPSASs should be applied.

The attachment to this letter (**Attachment A**) sets out our comments on the specific matters for comment. If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) mark.shying@cpaaustralia.com.au or Michael Fraser (Chartered Accountants ANZ) michael.fraser@charteredaccountantsanz.com.

Yours sincerely



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Specific Matters for Comment 1

Do you agree with the IPSASB's PV? If so, do you prefer Option 1a or Option 1b? Please give the reasons for your view.

The Consultation Paper describes two approaches to provide greater clarity on the applicability of IPSASs to Government Business Enterprises (GBEs) and other public sector entities:

- Approach 1 that uses a principles basis to describe the characteristics of the public sector entities for which the IPSASB is developing IPSASs
- Approach 2 that would modify the current definition of a GBE and then use the modified definition to describe the characteristics of public sector entities for which IPSAS are *not* intended.

We agree with IPSASB that it would be beneficial to provide greater clarity and that the best way to achieve this clarification is Approach 1, which describes the characteristics of public sector entities for which IPSASs are intended. We believe that Approach 1 will assist the IPSASB in the development of standards, will help 'educate' regulators and other relevant authorities in determining which entities should apply IPSASs, and assist preparers.

We support Option 1a as it uses principles based on IPSASB's current and developing terminology that focus on the characteristics of public sector entities and will determine when IPSASs should be applied.

Option 1b proposes using the International Monetary Fund's Government Finance Statistics (GFS) reporting guidelines and explanatory guidance for determining which entities should apply IPSASs. We do not support this approach because the basis of the proposed criteria under Option 1b would be the current and developing GFS terminology that is developed specifically for statistical reporting and not for financial reporting purposes. We think it is important that the IPSASB retain its responsibility and control over the terminology used in its accounting standards.

Specific Matters for Comment 2

If you do not agree with the IPSASB's PV, please indicate whether you support Option 2a or Option 2b in Approach 2 or identify an alternative approach. Please give the reasons for your view.

We agree with the IPSASB's PV for the reasons described in our response to Specific Matters for Comment 1.