

5 August 2014

Ms Stephenie Fox
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International Public Sector Accounting Standards Board
International Federation of Accountants
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Dear Stephenie

IPSASB Strategy Consultation

Thank you for the opportunity to comment on the International Public Sector Accounting Standards Board (IPSASB) Strategy Consultation paper (the Consultation Paper). CPA Australia and Chartered Accountants Australia and New Zealand have considered the Consultation Paper and our comments are as follows.

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

We welcome the IPSASB's request for input in shaping its strategic objective and work programme for 2015–2019.

Our 2012 submission to the IPSASB work programme consultation emphasised the importance of the IPSASB completing the Conceptual Framework project. We are therefore pleased that this project will be completed by the end of 2014. In 2012, we encouraged the IPSASB to consider how its relationship with the International Accounting Standards Board (IASB) might be demonstrated in a future work programme. While progress has been made, the full potential of this relationship has not been realised and we would encourage the IPSASB to reflect on how this might be advanced. We note that the existing Memorandum of Understanding (MoU) between the IASB and the International Federation of Accountants (IFAC) will be reviewed by both parties prior to the end of 2014. We suggest that the IPSASB's relationship with the IASB, particularly in respect to a future work programme, might be usefully addressed in the new MoU.

Representatives of the Australian Accounting Profession



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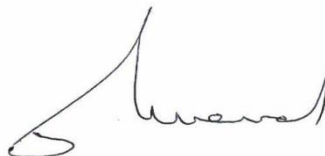
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More specific, detailed comments which address the questions posed in the Consultation Paper are set out in the Appendix. If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at mark.shying@cpaaustralia.com.au or Michael Fraser (Chartered Accountants Australia and New Zealand) at michael.fraser@charteredaccountantsanz.com.

Yours sincerely



Paul Drum
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Rob Ward
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Question 1

Do you agree with the IPSASB's tentative view on its strategic objective for the period from 2015 forward? If not, how should it be revised?

Yes, we agree with the IPSASB's tentative view on its strategic objective to strengthen public financial management and knowledge.

Question 2

Do you think that the two outcomes identified are appropriate for achieving the strategic objective? If not, what outcomes do you think are more appropriate?

Yes, we think the two outcomes "improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand" and "increased awareness of IPSASs and their public finance management benefits in order to influence their adoption" are appropriate for achieving the strategic objective.

Question 3

Do you think the outputs identified will assist in achieving the outcomes? If not, what outputs do you think the IPSASB should focus on?

Yes, we think the development of high-quality financial reporting standards for the public sector is critical to achieving the outcomes. We agree that a full range of outreach activities to raise awareness of IPSASs and the benefits of their adoption will play an important role in enhancing public sector financial management, as will the development of other publications.

Question 4

What changes to feedback mechanisms should the IPSASB make to ensure it is fully informed about the views of its stakeholders?

Currently, the IPSASB receives feedback through its standards development processes and outreach activities. We think these will continue to play an important role.

We believe that there would be a number of benefits for the IPSASB if it were accountable to a governance body (or separate IPSASB monitoring and oversight bodies). One of those benefits would be enhanced feedback from a governance body with a broad membership.

There will be occasions when issues arise in the application of IPSASs. An Interpretations Committee could play a number of useful roles in such situations, including that of feedback mechanism.

Question 5

Do you agree with the five key factors the IPSASB considers in deciding to initiate a project and assessing its priority? Are there other factors you think should be considered?

Yes, we agree with the five key factors to be considered in deciding whether to initiate a project and assess its relative priority. We would like the description of the key factor "IFRS convergence" to make clear that the goal is ongoing convergence with IFRS rather than convergence with IFRS at a particular point in time. We agree with the proposal that the key factors include "Alignment with GFS". We understand that reducing the divergence between IPSASs and GFS might be difficult in respect to recognition and measurement. For this reason it might be useful if the description of "Alignment with GFS" included a reference to disclosures.

Question 6

Do you think the Cash Basis IPSAS is a valuable resource in strengthening public finance management and knowledge globally by increasing the adoption of accrual-based IPSASs?

No, we do not think the Cash Basis IPSAS is a valuable resource in strengthening public finance management and knowledge globally.

Question 7

Of the three options identified in relation to the Cash Basis IPSAS, which would you recommend the IPSASB select? Please provide the rationale for your recommendation.

We recommend the IPSASB withdraw the Cash Basis IPSAS from the IPSASB Handbook as we do not think it makes a useful contribution to the improvement of public sector financial management. Subject to budget considerations, we believe a publication on accrual accounting in the public sector would be a valuable resource.

Question 8

Considering the various factors and constraints, which projects should the IPSASB prioritize and why? Where possible please explain your views on the description and scope of the project.

We would like the IPSASB to give priority to public sector-specific measurement. Measurement of heritage, infrastructure and military assets would appear to warrant particular attention. We encourage the publication of a standard with an objective the same as that of IFRS 13 *Fair Valuation Measurement* in the for-profit sector. We would also like the IPSASB to address non-exchange expenses and revenue, the role of government as owner, employee benefits (IPSAS 25) and leases (IPSAS 13).