



The International Public Sector Accounting Standards Board (IPSASB)

Website submission

Preface

The Pan African Federation of Accountants (PAFA) is a network partner of the International Federation of Accountants (IFAC) and the regional organisation for the accountancy profession in Africa. Our membership consists of 56 professional accountancy organisations in 45 countries in Africa. Through these organisations we reach more than 125 000 professional accountants in Africa – all potential agents of change.

PAFA's vision is sustainable value creation to benefit the citizens of Africa. We achieve this by strengthening the influence and capacity of the accountancy profession to enhance trade, the quality of services, and trust in institutions. Our strategic actions aimed at promoting and supporting good governance, transparency, and accountability in the public sector are integrated into our three strategic areas of focus—Effective PAOs | Technical Excellence | Quality & Mobility.

Presented below is PAFA's response to the Specific Matters for Comment raised in the Exposure Draft (ED) 87, *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12), developed and approved by the International Public Sector Accounting Standards Board (IPSASB). The responses detailed below have been prepared in consultation with our members and other stakeholders in the region.

Specific Matter for Comment 1:

The IPSASB decided to propose an IFRIC 20-aligned guidance in ED 87 (see paragraphs 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.

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Response

While PAFA agrees that the primary amendments to IFRIC 20 for the public sector, as outlined in BC10, should be limited to terminology and IPSASB-specific formatting for the sake of consistency and clarity, it is crucial to ensure that any unique public sector considerations are also adequately addressed.

For example, the public sector might operate under different regulatory or environmental obligations compared to the private sector, which could impact the accounting treatment of stripping costs. Additionally, public sector projects may be subject to different funding arrangements or budgetary constraints, potentially requiring modifications in the recognition and measurement criteria.

If there are significant public sector-specific issues not covered by the current scope of IFRIC 20, further amendments may be necessary to ensure that the guidance is fully relevant and applicable. In this context, it would be beneficial for the IPSASB to thoroughly review any distinctive aspects of public sector operations that might necessitate additional guidance, thereby ensuring that the adapted standard fully meets the needs of public sector entities.

Specific Matter for Comment 2:

The IPSASB decided to propose an IFRIC 20-aligned guidance in ED 87 as an amendment to IPSAS 12, Inventories, by including the guidance as an Appendix (see paragraphs BC10). Do you agree with the IPSASB's decision?

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



Response

The decision to include IFRIC 20-aligned guidance as an Appendix to IPSAS 12 is sensible. It ensures alignment with IFRS, provides detailed and clear guidance without overcomplicating the main body of the standard, and allows for flexibility in updates. While integrating the guidance directly into the main text could potentially increase its visibility, this could also make the standard unnecessarily complex for users who do not deal with stripping costs.

PAFA therefore, agrees with IPSASB's decision to include the guidance as an Appendix and sees it as a pragmatic approach that balances clarity, specificity, and flexibility. However, it is crucial that the Appendix is well-referenced, and its importance is highlighted in the main body of IPSAS 12 to ensure that users are aware of and utilize this guidance appropriately.