

14 July 2025

Mr Ian Carruthers
Chairman
International Public Sector Accounting Standards Board
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Submission via website: <https://www.ipsasb.org/publications/ipsas-exposure-draft-ed-93-definition-material-amendments-ipsas-1-ipsas-3-and-conceptual-framework>

Dear Ian

Exposure Draft 93, Definition of Material

CPA Australia and Chartered Accountants Australia and New Zealand (CA ANZ) represent over 310,000 professional accountants who work in diverse roles across public practice, commerce, industry, government and academia throughout Australia, New Zealand and internationally. We welcome the opportunity to provide feedback on the above Exposure Draft ("the ED"). We make this submission on behalf of our members and in the public interest.

CPA Australia and CA ANZ broadly support the proposed amendments set out in the ED, which aim to enhance consistency in the definition of materiality across the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities ("the Conceptual Framework") and the IPSAS standards. We agree with the ED's objective to ensure that materiality assessments reflect the information needs of primary users and to align the language used across the Conceptual Framework and IPSAS 1 *Presentation of Financial Statements* ("IPSAS 1"). The proposed below refinements to terminology are positive developments that can enhance clarity and practical application:

- The addition of "primary" ahead of "users";
- The clarification to "could reasonably be expected to influence"; and
- The inclusion of "obscuring" as a materiality factor

We also acknowledge and support the IPSASB's intention to progress to Phases 2 and 3 of the Making Materiality Judgements Project, including the development of non-authoritative guidance to assist entities in applying the revised definition and to extend this guidance to sustainability reporting in due course.

We have the following two suggestions for improving the proposals in ED 93:

Distinction Between "Users" and "Primary Users"

We note a concern regarding the proposed footnote to paragraph 2.4 of the Conceptual Framework, as outlined in the proposed additions to paragraph BC3.32K. We agree that this footnote is useful to avoid making largescale changes to the references to "users" in the Conceptual Framework. However primary users are a subset of all users, a distinction that is important to maintain, especially in the context of materiality assessments. Paragraph 2.6 of the Conceptual Framework makes it clear that

only the information needs of primary users are the focus of General Purpose Financial Reports (GPFR), not those of other users such as regulators, analysts, or media.

Therefore, we recommend that the IPSASB considers clarifying the language in paragraph BC46 of IPSAS 1. Its current wording referencing the footnote states that “these terms are intended to be interpreted in the same way” may imply that “users” and “primary users” are completely interchangeable. This could lead to interpretive confusion.

Additional wording clarifications

We also suggest the IPSASB considers amending paragraph 3.32 of the Conceptual Framework to more clearly reflect the dual purpose of GPFRs, which is to support both accountability and decision-making. Specifically, adding the phrase “*to primary users*” after “*the discharge of accountability by the entity*” would reinforce the focus on primary users as identified in paragraph 2.4 of the Conceptual Framework. This paragraph recognises that GPFRs are developed primarily to respond to the information needs of primary users who rely on these reports for both accountability and decision-making purposes. This clarification would help ensure consistent emphasis throughout the Conceptual Framework on who the intended users are.

Should you have any questions or wish to discuss further, please contact either Ram Subramanian at ram.subramanian@cpaaustralia.com.au (CPA Australia) or Amir Ghandar at amir.ghandar@charteredaccountantsanz.com (CA ANZ).

Yours sincerely

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