

31 May 2024

The International Public Sector Accounting Standards Board (IPSASB)
277 Wellington Street West
Toronto, ON M5V 3H2
Canada

EXPOSURE DRAFT 87, STRIPPING COSTS IN THE PRODUCTION PHASE OF A SURFACE MINE (AMENDMENTS TO IPSAS 12)

1. The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to make submissions to the IPSASB on Exposure Draft 87, *Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)* (ED 87)
2. SAICA is South Africa's pre-eminent accountancy body and is widely recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 50 000 members who are chartered accountants [CAs(SA)], associate general accountants [AGAs(SA)] and accounting technicians [ATs(SA)] who hold positions as chief executive officers, managing directors, board members, entrepreneurs, chief financial officers, auditors, and leaders in their respective spheres of operation.
3. Our work in the public sector goes beyond member support but also includes a significant focus on advocacy and capacity building to support and encourage an improvement in public finance management.
4. SAICA welcomes the publication of ED 87 as this assists in the development of a public sector guidance for stripping costs in the production phase of a surface mine which previously did not exist. This guidance will also assist with creating a single reference point for public sector entities for the recognition and measurement of stripping costs assets.
5. Our specific comments on the ED are included below in **Annexure A: Comments on Specific Matters for Comment**.
6. We would also appreciate the opportunity to engage further, and we would be willing to discuss the comments if required. Please do not hesitate to contact Odwa Benxa (odwab@saica.co.za) in this regard.

Kind regards,



Natashia Soopal
Executive: Ethics Standards and Public Sector

ANNEXURE A: Comments on Specific Matters for Comment

| No. | Specific Matter for Comment | Comment | Recommendation |
|-----|--|--|----------------|
| 1. | <p>The IPSASB decided to propose IFRIC 20-aligned guidance in ED 87 (see paragraph BC9).</p> <p>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)?</p> <p>If not, please explain your reasons, stating clearly what further amendments are necessary and why?</p> | <p>SAICA agrees that the public sector guidance should align to IFRIC 20 as there are essentially no major differences in surface mine stripping activities between the private and public sector. Therefore, the accounting treatment for stripping costs should be the same.</p> | None. |
| 2. | <p>The IPSASB decided to propose IFRIC 20-aligned guidance in ED 87 as an amendment to IPSAS 12, <i>Inventories</i>, by including guidance as an Appendix (see paragraph BC11).</p> <p>Do you agree with the IPSASB's decision?</p> <p>If not, please explain your reason, stating clearly where the guidance should be included and why.</p> | <p>SAICA agrees with the IPSAB's conclusion as stated in paragraph BC11 of ED 87 as stripping costs ultimately end up in the cost of mineral inventory produced by a surface mine.</p> | None. |