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Our ref: KPMG Feedback
Public interest definition.docx

15 November 2017

Dear Sir

KPMG welcomes the opportunity to provide comments on the proposed amendments to the public interest entity definition. We have reviewed the exposure draft, and our comments are set out below.

1. Do you agree with the proposal to amend the New Zealand definition of a 'public interest entity' so that "voluntary" PIEs are no longer automatically caught within the public interest entity definition?

Yes, we agree with the proposal to amend the definition of a public interest entity so that "voluntary" PIEs are no longer automatically included.

We do not agree however, that the definition refers to the criteria of Tier 1 of the accounting framework. We believe it would be more appropriate to define a PIE as an entity that is classified as having higher public accountability by the Financial Markets Authority. As a regulator of the market the Financial Markets Authority have determined which entities are of public interest and require additional oversight. This approach would not only be consistent with the approach by international regulators but that of the NZAuASB in ISA (NZ) 701 *Communicating Key Audit Matters in the Independent Auditor's Report* and ISA (NZ) 720 *The Auditor's Responsibilities Relating to Other Information*.

2. Do you agree with the proposed effective date? If not, why not, and what alternative do you propose?

We agree with the proposed effective date.

Yours faithfully

Darby A Healey
Partner