



Department of Treasury and Finance

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Mr Kevin Stevenson
 Chairman
 Australian Accounting Standard Board
 PO Box 204
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Dear Mr ~~Stevenson~~ ^{Kevin}

ED 239 Defined Benefit Plans: Employee Contributions (proposed amendments to AASB 119)

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to provide comments to the Australian Accounting Standards Board (AASB) on Exposure Draft 239 *Defined Benefit Plans: Employee Contributions (proposed amendments to AASB 119)*.

HoTARAC supports the proposed amendments and commends the IASB on identifying these areas for improvement.

Reduction in service cost

HoTARAC agrees with the proposals to amend AASB 119 *Employee Benefits* to specify that contributions from employees or third parties set out in the formal terms of a defined benefit plan may be recognised as a reduction in the service cost in the same period in which they are payable when they are linked solely to the employee's service rendered in that period.

Attribution of negative benefit

HoTARAC also agrees with the proposal to address the inconsistency in the requirements that relate to how contributions from employees or third parties should be attributed when they are not recognised as a reduction in the service cost in the same period in which they are payable.

AASB Specific Matters for Comment

HoTARAC has not identified any regulatory issues or other issues specific to public sector entities or Generally Accepted Accounting Principles – Government Finance Statistics harmonisation. HoTARAC believes the proposals would result in financial statements that

would be useful to users. HoTARAC has no comment on whether the proposals are in the best interests of the Australian economy.

If you have any queries regarding HoTARAC's comments, please contact Peter Gibson from the Australian Department of Finance and Deregulation on 02 6215 3551.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G Hehir', with a long horizontal flourish extending to the right.

Grant Hehir
CHAIR
HEADS OF TREASURIES ACCOUNTING AND REPORTING ADVISORY
COMMITTEE

18 June 2013