



12 March 2009

**Finance & Administration
Corporate Planning, Accounting & Admin**

*Corporate Accounting
35/242 Exhibition Street
Melbourne 3000, Victoria
Australia*

The Acting Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

Dear Sir,

Proposed Interpretation – Australian Superannuation Contributions Tax for Defined Benefit Plans

We are pleased to respond to the AASB Proposed Interpretation on Australian Superannuation Contributions Tax for Defined Benefit Plans.

We agree with the proposal that the impact of contributions tax payable by a defined benefit plan should be taken into account by the employer sponsor. This proposal is consistent with the requirement of AASB 119 paragraph Aus 55.1 that was deleted by the Board in AASB 2005-3 *Amendments to Australian Accounting Standards [AASB 119]* and the manner in which actuaries reflect the impact of contributions tax into the calculation of the defined benefit obligation.

We understand that in the development of the proposed interpretation Board members agreed with including contributions tax payable when a defined benefit plan is in a liability position. However, the Board had mixed views on whether the potential saving in contributions tax should be recognised when a defined benefit asset arises. We believe that the potential saving in contributions tax should be taken into consideration in the measurement of the defined benefit plan as it represents an asset to the entity. To avoid any confusion on the appropriate accounting treatment and ensure consistency across the financial reports of entities with defined benefit assets, we recommend the proposed interpretation should specifically address the issue. This could be achieved by providing commentary paragraphs under the consensus in paragraph 11 or in the Basis for Conclusions.

Please contact me on (03) 9634 6470 if you need any further explanation of the letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Anderson'.

David Anderson
Director Corporate Accounting