



22 December 2005

Professor David Boymal
Chairman
Australian Accounting Standards Board
PO Box 204
Collins St West
VICTORIA 8007

Dear Professor Boymal

**EXPOSURE DRAFT 142 - FINANCIAL REPORTING OF GENERAL GOVERNMENT
SECTORS BY GOVERNMENTS**

The South Australian Department of Treasury and Finance welcomes the opportunity to comment on *Exposure Draft 142 - Financial Reporting Of General Government Sectors By Governments*.

I would like to fully endorse the comments forwarded to you by Ken Henry, on behalf of Australian Heads of Treasuries.

We note the considerable progress that has been made by the AASB in resolving a number of conceptual and technical issues in the development of ED142, but, as with other Treasuries we have a number of concerns with some of the proposals.

South Australia looks forward to an exposure draft from the AASB which

- Recognises the General Government sector as a reporting entity
- Fully harmonises GFS and GAAP
- Provides for an auditable general purpose financial report, but excludes the need for explanations of variance between budget and actual to be audited
- Consolidates investments in entities in other sectors as a single line based on either fair value or net assets of those entities
- Requires separate identification in the operating statement of those items that, under the GFS framework, are transactions and those that are other economic flows, and with an equivalent distinction (ie between equity/accumulated funds derived through transactions and other economic flows) in the balance sheet
- Presents on the face of the financial statements certain significant GFS-based measures
- Permits but does not require the inclusion of performance indicator information

- Requires the disclosure of expenses, net acquisition of non financial assets and user charges by function (purpose)
- Otherwise complies with accounting standards

The South Australian Treasury and Finance Department has been an active contributor to the work of the HOTs GFS/GAAP convergence working group, and we look forward to a satisfactory outcome to this important project.

Yours sincerely



Andrew Blaskett
GENERAL MANAGER
GOVERNMENT ACCOUNTING & REPORTING