

19 April 2006

Mr David Boymal  
Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins St West  
MELBOURNE VIC 8007

PRIVATE AND CONFIDENTIAL

Dear David

**AASB ED145 Operating Segments**

We herein provide comments as requested in ED145 released January 2006. We provide a response to the AASB's specific matter for comment "(a) Whether the proposed scope is appropriate, whether the existing scope of AASB 114 should be retained or whether an alternative scope is more appropriate". We provide no comments in relation to other matters in the exposure draft.

Our response: The existing segment reporting standard requires entities whose equity or debt securities are publicly traded and entities that are in the process of issuing equity or debt securities in public securities markets to disclose segment information. The proposed draft standard extends the scope to also include entities that hold assets in a fiduciary capacity for a broad group of outsiders.

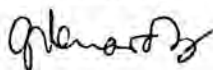
The draft then describe entities that are considered to hold assets in a fiduciary capacity for a broad group of outsiders as "a bank, insurance company, securities broker/dealer, pension fund, mutual fund or investment banking entity."

We believe that the reference to an "insurance company" in the scope paragraph is too broad. While a life insurer will generally be acting in a fiduciary capacity on behalf of policyholders and customers, a general insurer is typically not.

The assets held by a general insurer are not held in the capacity as a fiduciary. The assets are held to meet obligations to creditors including policyholder liabilities of the general insurer (if no claim is made the general insurer retains the assets) with all other assets forming the equity of the shareholders.

We recommend that either what amounts to guidance in the scope paragraph be removed or that the wording be clarified to refer to a life insurer. We believe this would be a useful clarification.

Yours sincerely



George Venardos  
**Chief Financial Officer**

CC: Kil-woo Lee, International Accounting Standards Board

