



Australian Government
Department of Finance and Administration

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Professor David Boymal
Chairman
Australian Accounting Standards Board
PO Box 204
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Dear Professor Boymal *David*

Exposure Draft 156

I am writing with respect to Exposure Draft 156 *Proposals Arising from the Short-term Review of the Requirements in AAS 27, AAS29 and AAS31*.

The Commonwealth has contributed to the response of the Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC), and broadly agrees with the matters considered in that response.

However, there is an additional point that Finance would particularly like to make with regard to the proposals.

We agree with the HoTARAC submission that it is imperative that the longer term review work on the public sector requirements commence as soon as possible, and note that some work has already commenced on the issue of non-exchange revenue.

However, Finance considers that further consideration needs to be given to the concept of administered items. In this context we note the proposal under ED156 for a separate standard on this topic.

Finance strongly believes that the distinction between controlled (departmental) and administered is outdated in that prime user focus is on overall resources passing through or managed by a reporting entity (at an entity level) and on resources used in the delivery of programs (at the disaggregated level). Further the concept is problematic in its application in that situations do exist where it is particularly difficult to apply the control differentiation principles to actual situations.

I note that the Commonwealth currently has a very large proportion of its activities as administered, and we do not believe it is appropriate to report this level of activity solely by way of schedules and notes to the financial statements.

Finance will continue to pursue this issue through the Heads of Treasuries group (HoTs) and its Accounting and Reporting Advisory Committee (HoTARAC).

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Campbell', written in a cursive style.

Kathryn Campbell
Deputy Secretary
General Manager, Financial Management Group

4 September 2007