



Australian Government
Department of Finance and Deregulation

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Mr Bruce Porter
Acting Chairman
Australian Accounting Standards Board
PO Box 204
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Dear Mr Porter

Exposure Draft 174 Amendments to Australian Accounting Standards to facilitate GAAP/GFS Harmonisation for Entities within the GGS

I am writing to provide additional support to the submission made by the Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) in its response to ED 174 *Amendments to Australian Accounting Standards to facilitate GAAP/GFS Harmonisation for Entities within the GGS* and to highlight three key issues from the Commonwealth's perspective.

The three issues are:

- Maintaining consistency with AASB 1049 in terms of the selection of accounting policies that align with the GFS framework;
- Making explicit that the Net Cost of Services presentation format is acceptable under the proposed standard; and
- Not requiring the inclusion of budget information on the face of the statements.

Where Australian accounting standards allow choice in the treatment of particular transactions, or where there is no standard covering a particular transaction, I believe that the requirement to adopt accounting policies that align with GFS provides a sensible approach in determining how to account for those items. By including this requirement in the entity level standard, this will ensure consistency in approach across jurisdictions and ensure the comparability of financial statements between jurisdictions.

The Australian Government recently moved to the Net cost of services presentation for the income statement for all non-profit general government sector entities. This change was made in recognition that the policy, service delivery and regulatory role of government is not

well suited to the concept of profit or loss. Instead, it is the cost of delivering these services that is of relevance to the users of entity level financial statements. I note from the ED's Basis for Conclusions that it is the Board's intention not to preclude the Net Cost of Service presentation format, however specific recognition in AASB 101 *Presentation of Financial Statements* will minimise any uncertainty on this issue.

I do not support the inclusion of budgetary information on the face of the financial statements. Budget information is publicly available in a range of other documents, including the Annual Report in which agency financial statements are published. The inclusion of budget information on the face of the financial statements will duplicate information that is readily available in other forms.

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

Yours sincerely



Tim Youngberry
First Assistant Secretary
Financial Reporting & Cash Management
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