



Bruce Porter
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27 March 2009

Dear Bruce

***Exposure Draft ED 176 Proposed Amendments to Australian Accounting Standards –
Borrowing Costs of Not-for-Profit Public Sector Entities***

We write in response to the request for comments contained in the February 2009 Australian Accounting Standards Board (AASB) Exposure Draft 176 *Proposed Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities*.

We support the Board's decision to delay mandatory capitalisation of borrowing costs for not-for-profit public sector entities. While we believe that departures from International Financial Reporting Standards should be kept to an absolute minimum, we consider it appropriate for the Board's final decision to be informed by the work of the FRSB on depreciated replacement cost and for the option to expense borrowing costs to be retained pending completion of the FRSB's work.

Furthermore, we urge the Board to proceed with the proposed changes as a matter of priority to avoid any implementation issues for 30 June 2009 financial reports or budgets for the 30 June 2010 financial year.

We would welcome the opportunity to discuss our views at your convenience. Please contact me on (03) 8603 3868 if you would like to discuss this further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jan McCahey'.

Jan McCahey
Partner
Assurance