

21 January 2010

Mr Kevin Stevenson  
 Chairman  
 Australian Accounting Standards Board  
 Level 7  
 600 Bourke Street  
 Melbourne VIC 3000

Dear Kevin

**Re: Exposure draft on management commentary**

The National Institute of Accountants (NIA) is pleased to provide comments to the Australian Accounting Standards Board (AASB) regarding the exposure draft on management commentary issued by the International Accounting Standards Board (IASB).

These proposals are relevant to our members - who work in a range of entities including accounting firms of all sizes, listed entities and small businesses. Our remarks have been prepared following consultation with stakeholders, including our Faculty of Accounting Regulation.

**General comments**

The NIA considers the document a valuable addition to the literature related to corporate reporting.

The suggestion for the guidance to be non-mandatory is supported. It provides a degree of flexibility within the reporting framework and is consistent with the general approach taken to management commentary in Australia as evidenced by the approach recommended by the Australian Securities Exchange's Corporate Governance Council (CGC). A non-mandatory approach also provides entities with an opportunity to compete in the marketplace in relation to the quality of financial reporting and disclosure they provide to stakeholders.

A non-mandatory approach to this guidance also allows jurisdictions a choice regarding whether the document should apply to entities within their country. The contents can be adopted as a whole by a jurisdiction as a recommended set of guidelines, mandated by a jurisdiction via a standard setting authority or, alternatively, parts of the document could be incorporated into a jurisdiction's securities regulations or exchange listing rules. Another advantage of this approach is that guidance can be delivered without countries having to be IASB format specific.

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The NIA is willing to discuss the above remarks further with you if you wish.  
Contact our Head of Research, Tom Ravlic, either by phone on 03 8665 3143  
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Yours sincerely,



Andrew Conway

