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Subject: ED212, Not for Profit Entities within the General Government Sector

Mr Kevin Stevenson
The Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street
WEST VICTORIA 8007

Dear Mr Stevenson

ED212, Not for Profit Entities within the General Government Sector

I wish to thank you for the opportunity for the Ministry to participate in your recent round table discussions of ED212, Not for Profit Entities within the General Government Sector.

In this matter I wish to confirm the views offered at the forum that ED212 is not supported:

- The needs of the target audience must be considered when implementing any change in reporting. It is considered that present reporting satisfies these needs for the majority of readers with the possible exception of the Australian Bureau of Statistics only.
- The ABS was not present at the forum although it is possible that separate representations have been made to you. I am of the view that the requirements of the ABS for harmonised GAAP/Government Finance Statistics are satisfied through the actions of our various Treasury agencies (both NSW and Queensland made representations in this regard).
- There is no clear benefit accruing to agencies through revision of financial reporting and I do not believe the investment in developing the necessary expertise warrants the change – staff would need to fully understand the ABS GFS Manual; discern between accounting standards and GFS requirements; and be able to readily reconcile between harmonised GFS and pure GSF in order that consolidation may be achieved for the State Sector as a whole.
- Audit Office representatives from South Australia and NSW challenged the need to mandate such change. If implemented, it will be noted that a greater divergence will occur between the financial statements of Government agencies and those elsewhere prepared.

- The Ministry prefers to disclose budgetary information on the face of its principal financial statements rather than within the supporting notes, thereby giving prominence to the importance of budgetary reporting and serving to inform the reader. It is noted that the proposal requires the reporting of the original budget (Paragraph 23(e) which is linked to the Parliamentary Appropriation.

This may be appropriate for Government agencies generally but is not relevant to the various Health agencies under the Ministry's control. In these cases the revised budget is deemed to be the more appropriate inclusion and contains a series of funding adjustments which have been determined "post budget", eg in accordance with late funded Commonwealth initiatives.

- It is acknowledged that Paragraph 25 permits additional disclosures to be made to cover revised budget allocations.

In this regard I wish to repeat the view expressed at the forum that this would serve to make the statements cumbersome and unfriendly to the reader – the statements already contain six columns of financial data and any expansion will serve to detract from the present disclosure practice.

Should any clarification be required I invite you to contact me on (02) 9391 9175.

Yours sincerely

Tim Cheeseman
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