



Objective reference A 1451240

The Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West Victoria 8007  
AUSTRALIA

Dear Mr Chairman,

**Comment on Exposure Draft 212**

I am writing to you as Chief Financial Officer of the NSW Department of Transport, to provide comment on Exposure draft 212 Not-For-Profit (NFP) entities within the General Government Sector (GGS).

The NSW government is restructuring its transport portfolio, and as of 1 November 2011 I will have overall financial responsibility for "Transport for NSW" being a government entity with operating expenditure of approximately \$9 billion per annum and encompassing 9 different entities being the:

- NSW Roads and Maritime Authority
- NSW Rail Corporation
- Transport Construction Authority
- Public Transport Ticketing Corporation
- Sydney Metro
- Department of Transport
- Country Rail Infrastructure Authority
- State Transit Authority
- Sydney Ferries

I do not support ED 212 for the reasons outlined below.

ED 212 will *not* lead to an overall improvement in general purpose financial reporting for any GGS entity, and if approved there will be very significant staff and audit costs incurred in preparing accounts. ED 212 will require significant effort to:

- fully understand the ABS GFS manual
- fully understand where accounting standards and GFS differ
- be able to distinguish between transactions and other economic flows under GFS to permit calculation of the GFS "Net Result from Transactions"
- be able to reconcile between harmonised GFS and pure GFS to facilitate consolidation by NSW Treasury under AASB 1049.

The costs incurred in complying with ED212 requirements far outweigh any perceived benefit. I support the alternative view of Mr Williams, as set out at page 51-53 of ED 212, and agree with Mr Williams that ED 212 should be rejected for the same reasons given at paragraph BC 3 of ED 174, being:

***Para BC 3 of ED 174:** Instead, the Board decided that GAAP/GFS harmonisation could be achieved in a more relevant and cost-effective way for entities within the GGS by simply specifying that their financial statements adopt the format specified in AASB 1049 for whole of governments and GGSs, excluding the key fiscal aggregates section at the foot of the financial statements. The Board noted that a benefit to users of this approach is that the broad format of the financial statements prepared for entities within the GGS coincides with the format of those prepared for the whole of government and GGS into which entities within the GGS are consolidated. However, the Board noted that the approach would not preclude an entity within the GGS from adopting the net cost of services format for its statement of comprehensive income. A benefit of the approach is that GAAP/GFS harmonisation can be achieved in a manner that is consistent with GAAP, and therefore consistent with the Board's transaction-neutral approach to developing Australian Accounting Standards.*

I would appreciate it if you could ensure that my comments are carefully considered.

Yours sincerely



28/10/11

Arthur Diakos  
Chief Financial Officer  
NSW Department of Transport