



Department of Treasury and Finance

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Mr Kevin Stevenson
 Chairman
 Australian Accounting Standards Board
 PO Box 204
 Collins Street West Victoria 8007

Dear Mr ^{Kevin}Stevenson

Exposure Draft 215: Mandatory Effective Date of IFRS 9

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to respond to the Australian Accounting Standards Board (AASB) on the Exposure Draft 215: *Mandatory Effective Date of IFRS 9*.

HoTARAC supports the International Accounting Standards Board's (IASB's) proposal to defer IFRS 9 *Financial Instruments* application from 1 January 2013 to the periods beginning on or after 1 January 2015, given the delay in the completion of the IAS 39 replacement project beyond June 2011. This proposal aligns with HoTARAC's recommendation in its submission to the IASB's Request for Views on *Effective Dates and Transition Methods*. HoTARAC commends the IASB for considering constituents' views on this matter.

HoTARAC also supports the requirement for entities adopting IFRS 9 on or after 1 January 2012 to state comparatives.

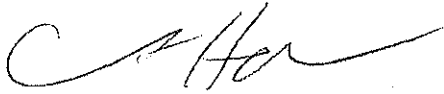
In addition, although HoTARAC would prefer finalisation of the project to replace IAS 39 as soon as possible, consistent with its previous comments, HoTARAC strongly agrees that the IASB should consider adequate consultation with its constituents for the development of high quality standards and welcomes the Board's decision to re-expose specific areas of its financial instruments project.

HoTARAC agrees with IASB's intention to allow entities to apply all requirements originating from the project to replace IAS 39 at the same time.

HoTARAC's responses to the AASB's Specific Matters for Comment are attached.

If you have any queries regarding HoTARAC's comments please contact Peter Gibson from the Australian Department of Finance and Deregulation on 02 6215 3551.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G Hehir', written in a cursive style.

Grant Hehir

CHAIR

HEAD OF TREASURIES ACCOUNTING AND REPORTING ADVISORY

COMMITTEE

6 October 2011

HoTARAC comments on AASB Specific Matters for Comment

1. Whether, overall, the proposals would result in financial statements that would be useful to users

Overall, HoTARAC believes the proposed delay in application date potentially results in financial statements that would be useful to users by:

- facilitating consistency by allowing the concurrent application of all new requirements to replace IAS 39; and
- giving entities additional lead time to prepare for implementation

2. Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:

- (a) not-for-profit entities; and**
- (b) public sector entities;**

HoTARAC does not consider there to any regulatory issues affecting implementation of the proposals for the public sector. HoTARAC is not in a position to comment on other not-for-profit entities.

3. Whether there are any implications for GAAP/GFS harmonisation;

HoTARAC does not believe there are implications for GAAP/GFS harmonisation. HoTARAC notes that the introduction of new standards may create convergence issues between GFS and GAAP, but does not believe this is relevant to the proposals in ED 215.

4. Whether the proposals are in the best interests of the Australian economy; and

HoTARAC does not offer any comments on whether the proposals are in the best interests of the Australian economy.

5. unless already provided in response to specific matters for comment 1 – 4 above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative.

HoTARAC has no additional comments.