

## Department of Treasury and Finance

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Mr Kevin Stevenson  
 Chairman  
 Australian Accounting Standards Board  
 PO Box 204  
 COLLINS ST WEST VIC 8007

Dear Mr ~~Stevenson~~ *Kevin*

### **ED 219 AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13: Tier 2 Proposals***

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to provide comments to the Australian Accounting Standards Board (AASB) on the Exposure Draft: *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13: Tier 2 Proposals*. HoTARAC provides the following comments in respect to both Parts A and B of the exposure draft.

While it is unlikely at this stage that HoTARAC jurisdictions will early adopt the Reduced Disclosure Requirements (RDR), HoTARAC undertook a high level review to determine whether the AASB Tier 2 proposals may create particular difficulties or concerns for HoTARAC jurisdictions in future.

HoTARAC is generally supportive of the ED's proposals and is of the opinion that they will result in some reduced disclosure for Tier 2 entities.

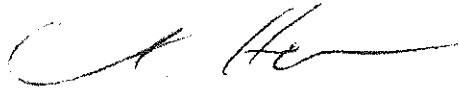
HoTARAC continues to have reservations about the cost versus benefit of the extensive disclosures for fair value measured assets in both the public and private sectors where there are a significant number of assets measured at the level 3 fair value (non-market) category. Therefore, HoTARAC supports the exemption of such disclosures at the Tier 2 level. As reflected by previous HoTARAC submissions about the disclosures associated with fair value measurement (e.g., ED 181 *Fair Value Measurement* (June 2009)), HoTARAC does not support these disclosures by Tier 1 entities either.

However, if RDR were to be adopted by HoTARAC jurisdictions, HoTARAC notes that in the public sector it is most likely that some of the exempted disclosures may still be required for consolidation purposes. Therefore, the benefits of the reduced disclosure could be somewhat limited.

While the majority of HoTARAC acknowledges and supports the proposed addition of AASB 7 paragraph RDR27.1, a minority is of the view that including this paragraph in AASB 7 is inconsistent with the proposed exemption of paragraph 93(d) of AASB 13.

If you have any queries regarding HoTARAC's comments, please contact Veronique Row from the Australian Department of Finance and Deregulation on 02 6215 2104.

Yours sincerely

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

Grant Hehir

**CHAIR**

**HEADS OF TREASURIES ACCOUNTING AND REPORTING ADVISORY  
COMMITTEE**

5 December 2011