21 March 2013

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

Dear Sir,

Response to the AASB's Exposure Draft (ED 233) *Australian Additional Disclosures - Investment Entities*

This letter sets out the response from AMP Limited (AMP) to the Australian Accounting Standards Board's (AASB's) Exposure Draft (ED 233) *Australian Additional Disclosures – Investment Entities* dated December 2012.

It is AMP's view that:

1- It is inappropriate to have Australian Specific requirements for this matter, as there are no significant Australian specific circumstances which support divergence from the IFRS treatment;
2- Comparability for Australian Funds in international markets is reduced by having Australian specific disclosures; and
3- The proposed disclosure requirements for investment entities in most cases are not relevant to the users of the statutory accounts. We consider the fair value to be more relevant to users than the net assets in most cases.

We provide further details on these matters on the attached Appendix, which sets out AMP's responses to the specific questions for respondents included in the ED.

AMP would like to thank the AASB for this opportunity to provide input on the changes proposed in the ED. We would appreciate any further opportunity to assist the AASB in further developing its final standard.

Further discussion
Please do not hesitate to contact either myself or Graham Duff (Head of Accounting Policy and Advice) at graham_duff@amp.com.au or on (02) 9257 6784 if you would like to discuss any of the matters in this document.

Yours sincerely

Simon Hoole
Finance Director

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Appendix: Specific matters for comment

1) **The appropriateness of the proposed Australian additional disclosures and whether such disclosures are warranted;**

It is AMP's view that:

- *Australian specific disclosures should be limited to circumstances which are specific to Australia. In the case of investment entities we do not believe that there are any circumstances that would warrant an Australian specific disclosure.*
- *These additional disclosures will reduce comparability of Australian funds financial information when compared to other funds in international markets.*
- *These disclosures are not information that would generally be useful to the users of the accounts.*

2) **Whether there are any alternative approaches/disclosure strategies that can be employed to minimise the adverse impact on decision making on the loss of consolidation information;**

Given investment decisions of most fund investors are made based on fair value information there would not be a significant adverse impact on decision-making due to the removal of consolidated financial information on investment entities. In funds where investment decisions are not made based on fair value information (e.g. property funds) fund investors would be able to elect not to adopt this exemption and continue to present consolidated financial information. Therefore, there would not necessarily be a loss of consolidation information.

3) **If the AASB's proposals proceed, whether you agree with not providing relief to Tier 2 entities from any of the proposed Australian additional disclosure requirements;**

No comment.

4) **Whether there are any regulatory issues or other issues in the Australian environment that may affect the implementation of the proposals, particularly any issues relation to:**

(a) Not-for-profit entities; and
(b) Public sector entities.

We have not identified any regulatory issues or other issues arising in the Australian environment that might affect the implementation of the proposals.

5) **Whether, overall, the proposals would result in financial statements that would be relevant to users;**

We believe that the proposed additional disclosure requirements for investment entities in most cases are not relevant to the users of the accounts and this would result in financial statements that would not necessarily be relevant to the users. Except for property funds, where consolidated information would be relevant, fair value is more relevant to investors than net assets.

6) **Whether the proposals are in the best interests of the Australian economy;**

The proposed additional disclosures are almost a full set of consolidated financial statements. Therefore, it is our view that this would be detrimental to the Australian economy, as it would result in:

a) Higher costs for many Australian funds while adding limited value; and

b) *The Australian funds financial statements being less comparable with those financial statements of funds domiciled in other jurisdictions.*

7) Unless already provided in response to specific matters for comments 1- 6 above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative.

It is our view that in most cases these disclosures do not add value to the users of the accounts and create an unnecessary cost to Australian funds. Therefore, on a cost-benefit analysis we believe these disclosures are detrimental to most Australian funds.