

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates, 15 February 2006

Question: AT 15

Topic: *AFR article re prescriptive changes*

Hansard Page: **E105**

Senator WONG asked:

The article in the *Australian Financial Review* of 4 November describes the comment from the FRC that I outlined earlier—that is, that it would investigate whether the changes were too prescriptive. Can you identify for me where they came from? Is that from a report or a media statement?

Ms Wijeyewardene—I am not sure if it is in the FRC's actual report. I would have to take that on notice.

Answer:

In the FRC's 2004-05 Auditor Independence Report, under the heading 'Overall Conclusion', it is noted in the context of the auditor independence framework in Australia that the FRC considers 'there are risks of having a too prescriptive approach to regulation and welcome(s) the actions that are being taken to address some unintended consequences of the legislation.'

The 'actions that are being taken' mentioned in the report refer to work by the Treasury in assessing, in consultation with stakeholders, the legislation and considering measures to overcome any unintended consequences of the auditor independence provisions.