

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates, 2 - 3 November 2005

Question: SBT 35

Topic: FRC & AASB

Hansard Page: E97

Senator Wong asked:

Senator WONG—That is the context of my question to the FRC. Are you aware of work the AASB is doing, in the context of your oversight role, in relation to mutuals and cooperatives?

Mr Murphy—I would have to go back through the meetings. The FRC plays an oversight role and discusses current issues in the adoption of IFRS. The Chairman of the AASB is in the meetings where these issues are bandied about and, where people are having difficulties in complying, the AASB is put on notice. If there is need for action, they would be the ones to issue guidance—less so than the FRC.

Senator WONG—Perhaps you could take this on notice. I assume, as the overseeing body, you can take on notice not only what the FRC is doing but also what the AASB is doing. Is that right?

Answer:

The Financial Reporting Council (FRC) has made representations to the International Accounting Standards Board (IASB) regarding concerns expressed in Australia about the application of International Financial Reporting Standards to investment schemes during meetings between the FRC Chairman and the IASB in June and November 2005. The AASB has indicated that it has also made representations on these issues to IASB staff and Board members by emails and at least one telephone conference between late 2004 and mid 2005. The Australian IASB Board member, Mr Warren McGregor, has been kept informed on these issues.

In terms of the work that is being progressed in this regard, the New Zealand standard setter (the Financial Reporting Standards Board) is currently leading a project looking at some of the issues regarding the application of International Financial Reporting Standards to co-operatives and investment schemes. The AASB is playing a support role in this project as part of the cooperative relationship between the AASB and the New Zealand standard setter.