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To: AASB Mailbox
Subject: ED 212 Submission

Australian Accounting Standards Board
PO Box 204
Collins Street West Victoria 8007
AUSTRALIA
To the Chairman,

I am a Director of the Office of Financial Management, NSW Treasury responsible for the management of the NSW Self Insurance Corporation (SICorp). SICorp is a not-for-profit statutory body which mainly provides self-insurance coverage for the general government agencies of the NSW Government.

I am writing to provide comments on the proposals of ED 212 and would like to state on the outset that I am not in support of the Draft. I believe if ED 212 is accepted and the new standard to harmonise GAAP/GFS reporting is implemented, it would be an operational and compliance nightmare.

There have been extensive discussions with my finance staff (certified and chartered accountants) and other key personnel involved in the preparation of SICorp's financial statements on the proposals of ED 212. My expressed view is representative of all those involved in these discussions.

On ED 212, I have the following comments:

1. Understanding ABS GFS Manual to produce financial statements that complies with both the Manual and Accounting Standards will require expert knowledge. Currently SICorp accountants have only general working knowledge of GFS accounting impacts. If implemented, staff (of all government agencies) will need significant training and/or increased reliance on ABS for advice. If seeking for advice from the private sector, it is questionable whether if major private accounting firms currently have the necessary knowledge to advice on certain complex matters under GSF; especially those involving a large NFP insurance agency.
2. Following from above, it is expected that agency costs will also increase. Certainly there will be pressures from cost increases to train staff, to engage consultant/expert advice in the interpretation and/or application of both the standards and the Manual. Audit costs will likely rise due to increased complexity in the statements.
3. The proposals in ED 212 will not result in improved quality of financial reporting. In particular, proposal to provide further disclosure at the line item level would complicate the financial statements rather than help to make it more readable for users of the financial statements. Certain information while useful to the ABS for statistical purposes, is irrelevant / useless to most users. The length of the statements will grow which again, will lead to higher audit and compliance costs. The ABS may, within its discretion and power, request the information it requires when the need/purpose arise.
4. A requirement to comply with accounting standards as well as the Manual will result in increased complexity in the financial statements. The time to prepare annual reports and have them audited will increase which goes against the NSW Government's aim of more timely reporting. Furthermore, the proposal to only introduce this standard to NPF entities and not across the board will further increase the reporting disparity between government and public and private sector accounting.

I thank you for the opportunity to comment on ED 212.

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