

30 January 2006

ITC - Interpretations sub 13

Professor David Boymal FPNA
Chairman
Australian Accounting Standards Board
Level 4
530 Collins Street
Melbourne VIC 3000

Dear David

Re: Supplementary submission regarding UIG reform

The National Institute of Accountants (NIA) makes this further submission in relation to the reform of the process to determining whether issues raised by the constituents of the Australian Accounting Standards Board (AASB) require an interpretation to be issued by the AASB.

At the centre of this supplementary submission is a concern that in proposed the structure the AASB has not considered the best practice governance procedures available in accounting standard setting, which are those of the International Accounting Standards Board (IASB).

The governance structure of the IASB requires the members of the various committees such as the advisory council and the International Financial Reporting Interpretations Committee (IFRIC), to be appointed by the Board of Trustees and not the standard setter itself. The AASB should give serious consideration to this prior to making any recommendation for reform.

Our initial submission suggested four models that could be applied to choosing panels to make decisions. The model most suited for appointments to be made by the Financial Reporting Council (FRC) would be the model we have termed 'pool of 50'. Our 'pool of 50' suggestion would involve 50 individuals to be chosen from various backgrounds so that the AASB would have a pool of talent from which it can draw to choose an appropriate panel to settle an issue.

Thank you in advance for considering this additional point in conjunction with our other submission. If you wish to discuss our views further please contact me on either 03 8665 3143 or 0407 408 000.

Kindest Regards

Tom Ravlic PNA
Policy Adviser – Financial Reporting and Governance
National Institute of Accountants