

24 March 2009

Ms Tamara Oyre
Assistance Corporate Secretary
IASC Foundation
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

Dear Ms Oyre

Review of the IASCF Constitution

The Group of 100 (G100) is an organization of chief financial officers from Australia's largest business enterprises with a purpose of advancing Australia's financial competitiveness. The G100 is pleased to provide comments on the review of the IASCF Constitution.

The G100 considers that:

1. The primary objective of the organization should continue to focus on participants in world capital markets. Developing standards in respect of not-for-profit entities and public sector entities would divert resources and focus from achieving the primary objective. The priority should continue to be developing standards for application by listed companies.
2. The Constitution should specifically refer to a commitment to drafting standards based on clear principles and the adoption of a principles-based approach to developing Standards.
3. The Constitution should acknowledge the need for close collaboration with accounting standard-setting and other relevant bodies.
4. The Constitution, as occurs in respect of other components of the organization, should explain the composition, role and powers of the Monitoring Group.
5. The G100 believes that the composition of the Trustees should be reviewed and that the membership in each of paragraphs 6(a), (b) and (c) should be reduced by one trustee and the positions allocated specifically to Central and South America and Africa. This would indicate that the Trustees are internationally representative of all regions/continents and would be consistent with statements about the composition of the IASB.

6. The statement in brackets in paragraph 8 is now redundant.
7. The G100 believes there should be greater transparency in how the IASB sets its agenda and priorities. The G100 agrees that the Trustees should not be able to direct the IASB to include on, or remove a project from, its agenda. However, we do not see that this precludes the Trustees from providing input to the agenda-setting process by suggesting topics in the same way that constituents may do so.
8. The G100 supports the normal due process of the IASB. However, the G100 is particularly concerned about the IASB making amendments to IFRSs without any formal due process. As has been demonstrated in respect of the reclassification of financial assets, the absence of due process has given rise to further questions and uncertainty about the application of the amendments, necessitating clarification and subsequent amendments – problems which would have been identified if due process were followed.

The G100 agrees that to deal with cases of great urgency a ‘fast-track’ due process should be available to the IASB where certain criteria are met. In any ‘fast-tracking’ procedure it is important to ensure that the project is truly urgent and that the process is not being used to induce or encourage the IASB to agree a particular outcome. In short, any such mechanism should have protections to ensure that the independence of the standard-setter is not being compromised while providing constituents with a reasonable time to undertake an appropriate analysis of the proposals. This did not occur with the recent exposure drafts on debt instruments and embedded derivatives.
9. The G100 strongly believes that the IASB should not issue IFRSs, or amendments to IFRSs, which apply retrospectively unless relief is being provided from an existing requirement. For example, the proposals included in Exposure Drafts issued at the end of 2008, if adopted, were to apply for periods ending on or after 15 December 2008. If proceeded with, companies with a December 2008 year-end would have completed their financial statements before the changes were issued by the IASB.

A further concern in the Australian context is that in the process of adopting IFRSs they become part of the law. As the Australian Accounting Standards Board is precluded from making legal requirements which apply retrospectively, it is likely that in these cases the ability of some Australian companies to claim compliance with IFRSs will be impaired.

The issues relating to retrospective application are also likely to arise in other jurisdictions where accounting standards are given legal effect.

Yours sincerely



Tony Reeves
National President