



**Senator the Hon Nick Sherry
Minister for Superannuation and Corporate Law**

19 MAR 2009

Ms Tamara Oyre
Assistant Corporate Secretary
Trustees of the IASC Foundation
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

Dear Ms Oyre

I am writing to you on behalf of the Australian Government in relation to the International Accounting Standards Committee Foundation's request for comments on part two of its constitutional review. I understand the Australian Accounting Standards Board and the Australian Financial Reporting Council are providing similar comments separately.

I would like to start by acknowledging the part that the IASC Foundation and the International Accounting Standards Board have played, and continue to play, in the international response to the recent financial crisis. A healthy financial system relies on investors being properly informed, which is why high-quality accounting standards are so important. The growing convergence towards International Financial Reporting Standards is a recognition of the quality of the standards and constitutes an important step in a more global approach to regulation.

Given the importance of IFRS, Australia is of the opinion that the integrity of the IASC Foundation and IASB is essential. Australia believes that the current geographical distribution of trustees helps maintain this integrity by ensuring that all regions are adequately represented. As noted in my letter of 2 September 2008 to Mr Gerrit Zalm, Australia supports the view that appropriate geographical representation is as important for the Monitoring Board as it is for the trustees.

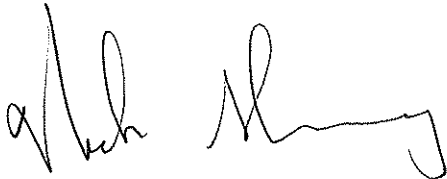
However, Australia believes that the current voluntary funding model may affect perceptions of the IASC Foundation's independence. There are also doubts about whether such a model provides sufficiently stable and sustainable funding. As a result, Australia suggests that the IASC Foundation may wish to consider a model which directly levies funds from adopting jurisdictions.

Australia also believes that a commitment to rigorous due process is critical to the continued quality and credibility of IFRS, particularly in relation to attempts to promote its uptake in new jurisdictions. Nonetheless, there is a clear need for a more abridged process to deal with urgent issues. Australia suggests that the specifics of such a process be developed in close consultation with national standard setters and other key stakeholders, with particular attention being given to maintaining the integrity of IFRS.

Finally, Australia acknowledges the importance of dealing with private sector accounting standards in the short term, but recommends that the constitution allow for the consideration of a broader range of issues, such as public and not-for-profit sector accounting standards, in the medium term as resources permit.

Thank you for this opportunity to comment on these issues. I would be grateful if you could keep me informed of any future developments in this area.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Sherry', written in a cursive style.

NICK SHERRY