

## Department of Treasury and Finance

The Treasury Building  
21 Murray Street, HOBART, Tas 7000  
GPO Box 147, HOBART, Tas 7001 Australia  
Telephone: (03) 6233 3100 Facsimile: (03) 6223 2755  
Email: [secretary@treasury.tas.gov.au](mailto:secretary@treasury.tas.gov.au) Web: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)



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

Dear Ms Oyre

### **REVIEW OF THE CONSTITUTION – PUBLIC ACCOUNTABILITY AND THE COMPOSITION OF THE IASB**

The Australian Heads of Treasuries Accounting and Reporting Advisory Committee welcomes the opportunity to comment on the proposals and issues for the IASC Foundation Constitution Review. HoTARAC is an intergovernmental Committee that advises Australian Heads of Treasuries on accounting and reporting issues. The Committee is comprised of the senior accounting policy representatives from all Australian States, Territories and the Australian Government.

HoTARAC supports the proposals to create a link between the Trustees and a "Monitoring Group", to expand the composition of the IASB membership and to explicitly refer to the Board's geographical composition. These changes reflect the changing international accounting standard-setting environment, and will enhance public accountability and diversity.

However, HoTARAC believes that these proposals raise related issues, which also need to be addressed. Firstly, HoTARAC believes that, as with the IASB members, the Monitoring Group members should be required to commit themselves formally to acting in the public interest, rather than as representatives of their constituency or geographic interest. Also, in discussing the role of the Monitoring Group and its relationship with the Trustees, HoTARAC believes that explicit provision needs to be made to the independence of the IASB and its standard-setting function.

Secondly, consistent with the importance of public interest and independence, HoTARAC is concerned that the proposed composition of the Monitoring Group is too heavily weighted to representatives of regulatory and capital market agencies. HoTARAC believes that the Monitoring Group also needs to include representatives from user groups, including investors, shareholders and other resource providers.

Separately, HoTARAC has expressed concerns about the proposed primary user group of "capital providers", in its response to the IASB Exposure Draft on *An Improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information*. By adopting such a narrow primary user group, there may be the strong implication that the objective of financial reporting is to provide information for decisions about whether to buy, sell or hold securities. HoTARAC believes that the proposal to weight representatives of the Monitoring Group to regulatory and capital market agencies reinforces this view.

Finally, HoTARAC believes that it is important that the Charter of the Monitoring Group is publicly exposed for comment to ensure transparency and public accountability.

Please contact Robert Williams +6 12 9228 3019 or Dianne McHugh +6 12 9228 5340 from New South Wales Treasury if you wish to discuss these matters further.

Yours sincerely



D W Challen  
CHAIR  
HEADS OF TREASURIES ACCOUNTING AND REPORTING ADVISORY COMMITTEE

17 September 2008

Contact: Suzi Ransom  
Phone: 61 3 6233 2881  
Our Ref: D/14421 SR/CJ