



**The Institute of  
Chartered Accountants  
in Australia**

22 September 2008

Sir David Tweedie  
International Accounting Standards Board  
30 Cannon Street  
LONDON EC4M 6XH  
United Kingdom

Via "Open to comment" page on [www.iasb.org](http://www.iasb.org)

Dear Sir David

**Request for comment on IASB Discussion Paper *Preliminary Views on Amendments to IAS 19 Employee Benefits***

Thank you for the opportunity to comment on the IASB Discussion Paper *Preliminary Views on Amendments to IAS 19 Employee Benefits*.

The Institute's comments are confined to some general comments on the 'corridor' method, since the use of defined-benefit plans are not common in Australia. We therefore do not offer comments to the fifteen questions asked.

We support the elimination of the 'corridor' method. The corridor method encourages smoothing of actuarial gains and losses which is not available in any other standard. This method increases complexity and reduces comparability and results in financial statement balances that do not reflect the substance of the arrangements in place. Further we consider this method is at odds with the Conceptual Framework and therefore should be withdrawn as a matter of priority.

Less clear is the issue regarding presentation of changes in the value of plan assets and obligations, as being required in the profit or loss versus other comprehensive income or some combination of these two alternatives. Ideally presenting all these changes through the profit or loss is best aligned with the Conceptual Framework and reflects better information to users. However critics of this approach are concerned about the volatility this may create. We consider that this argument is better debated as part of the Financial Statement Presentation project – however we understand this issue has been pushed back to a later stage of that project. We encourage the IASB to consider these issues sooner rather than later, in conjunction with the conceptual framework project.

If you have any queries on our comments please contact Ms Kerry Hicks, the Institute's Head of Reporting via email at [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au).

Yours sincerely

Bill Palmer  
General Manager Standards and Public Affairs

Cc: David Boymal, AASB

33 Erskine Street  
Sydney NSW 2000  
GPO Box 3921  
Sydney NSW 2001  
service> 1300 137 322  
phone> 61 2 9290 1344  
fax> 61 2 9262 1512

27–29 Napier Close  
Deakin ACT 2600  
phone> 61 2 6282 9600  
fax> 61 2 6282 9800

L32, 345 Queen Street  
Brisbane Qld 4000  
phone> 61 7 3233 6500  
fax> 61 7 3233 6555

L11, 1 King William Street  
Adelaide SA 5000  
phone> 61 8 8113 5500  
fax> 61 8 8231 1982

TCCI, 30 Burnett Street  
North Hobart Tas 7000  
phone> 1800 014 555  
fax> 61 3 9670 3143

L3, 600 Bourke Street  
Melbourne Vic 3000  
phone> 61 3 9641 7400  
fax> 61 3 9670 3143

Grd, 28 The Esplanade  
Perth WA 6000  
phone> 61 8 9420 0400  
fax> 61 8 9321 5141