

24 June 2004

Ms Andrea Pryde
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By email: CommentLetters@iasb.org

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Dear Ms Pryde

Strengthening the IASB's Deliberative Processes

Thank you for the opportunity to comment on the proposals to strengthen the IASB's deliberative processes. We strongly support the proposed initiatives and note that many of them are already being implemented.

Successful development of accounting standards requires active participation from the reporting community in the development and application of Standards, and we consider that active participation can only arise when the standard-setter is open to comment from its constituency. With the imperative of the 2005 stable platform passing, now is the time for the IASB to develop ongoing and constructive relationships with its constituents.

We support the IASB's existing due process as described in the *Preface to International Financial Reporting Standards*. We do not support the removal of any of the mandatory steps presently required by the IASC Foundation Constitution and we support the continued inclusion of a number of possible additional activities depending on the nature of the project. We do not support the development of a large number of additional mandatory activities that would have to be pursued by the IASB regardless of the nature of a specific project, as we consider that consultative processes should be "principles-based" rather than "rules based".

There are three areas where we support enhancements to the IASB's processes in order to enhance the dialogue between the IASB and its constituency. First, we would prefer that all Exposure Drafts are open for comment for at least four months. This will provide time for the proposals to be analysed and comments to be prepared whilst also allowing for regional differences such as the timing of major reporting deadlines and holiday periods. We consider that an extended comment period is especially appropriate for those jurisdictions using a language other than English.

Second, Australia has benefited in recent months from having a member of the IASB staff based in Melbourne. As a result, there is more opportunity to have direct dialogue with someone who understands the thinking of the IASB and can explain the rationale behind decisions in the context of the changes to local GAAP from the adoption of IFRSs. We urge the IASB to consider making similar opportunities available to other jurisdictions where appropriate staff members are available for out-posting.

Third, we encourage increased broad consultation related to setting the priorities and reviewing the processes of the IASB, such as is done through this consultative document. Some standard-setters or their oversight bodies provide an opportunity for the broader community to comment on priorities and other matters of general interest. For example, the AASB has surveyed its constituency on a couple of occasions seeking input on its priorities and other matters. We acknowledge that the IASB has an extensive range of formal channels for soliciting comments, but we consider that some individuals may find it difficult to use these channels to provide comments other than on particular documents. Such individuals would be able to express their views through a broad consultative mechanism. Accordingly, we recommend that consideration be given to exploring the usefulness of a regular (say, annual or biannual) survey of the broader constituency.

We appreciate the opportunity to comment at this time and look forward to continuing the dialogue with the IASB.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Larsen'.

Greg Larsen, FCPA
Chief Executive
CPA Australia