

3 October 2006

Mr Jorge del Busto
Secretary
Financial Reporting Council
C/- The Commonwealth Treasury
Langton Crescent
PARKES ACT 2600

The Group of 100 Incorporated
Level 28, 385 Bourke Street
Melbourne VIC 3000 AUSTRALIA
www.group100.com.au

Telephone: (03) 9606 9661
Facsimile: (03) 9670 8901
Email: g100@group100.com.au
ABN: 83 398 391 246

Dear Mr del Busto

The use of a sector neutral framework for the making of Australian Accounting Standards

The Group of 100 (G100) which represents the interests of CFOs of Australia's major business enterprises is pleased to provide comments on the Discussion Paper.

The G100 strongly believes that under a principles-based standard setting regime the method of accounting for like transactions and events should be the same irrespective of the type of entity. A policy which delivers different accounting outcomes for like transactions and events serves to erode the credibility of financial statements, the standard setting process and the accounting profession.

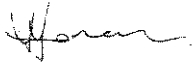
We strongly believe that different recognition and measurement requirements are not justified in respect of for-profit and not-for-profit entities irrespective of the sector in which they operate and what constitutes an asset, liability, revenue, expense and equity should be the same in each case. However, we acknowledge that application of the concepts and the recognition and measurement requirements may present practical difficulties for some classes of entities and a pragmatic approach may be appropriate in some circumstances. For example, this may give rise to industry/sector specific standards dealing with the application of the principles to particular situations such as presently occurs in respect of insurance contracts and extractive activities. In addition, the level and nature of disclosures required may differ depending on the type of entity, its accountabilities and the sector in which it operates.

On the basis that the Australian Accounting Standards Board has embraced a principles-based approach to developing and setting Accounting Standards we support a continuation of the development of a single set of standards. Good accounting involves the consistent application of an agreed set of the definitions of the elements of financial statements.

The G100 believes that the users of general purpose financial reports are best served by providing useful information to facilitate decisions about an entity's performance, including stewardship and accountability, financial position and condition and the investment of resources. We consider that assessment of performance should be viewed more broadly and related to an entity's success at meeting the objectives of the entity. As such performance assessment is not limited to the generation of profit.

The G100 considers that the requirements for entities should be located in accounting standards and interpretations emanating from a common source. The issue of non-standard guidance carries with it the risk of the erosion of the effect of adopting IFRSs as the basic building block and the source of concepts. The provision of non-authoritative guidance increases the risk of creating inconsistencies between the guidance, the concepts and the requirements of the standards.

Yours sincerely



Tom Honan
National President