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Discussion Paper - Future of the Financial Reporting Panel (FRP)

Grant Thornton Australia is pleased to provide Treasury with its comments on the Discussion Paper - Future of the Financial Reporting Panel (FRP). Grant Thornton Australia's response reflects our position as auditors and business advisers to listed and privately held companies, and other businesses.

This submission has benefited with input from our clients, and discussions with key constituents including the members of the Australian Public Policy Committee that comprise the 7 large auditing firms and the professional accounting bodies.

1 Level of FRP Referrals

- a Why do you believe the level of FRP referrals has been less than initially anticipated?

Grant Thornton believes that the FRP is an important part of the financial reporting process and the small number of cases considered by the FRP reflects the deterrent effect that an FRP process has on compliance with IFRS accounting standards.

- b What factors do you believe may need to be addressed in order for the FRP to function more effectively?

Grant Thornton des believe that the membership of the FRP needs to be regularly assessed and that membership should require current active experts and in the main should have links to global organisations that are daily interpreting IFRS issues.

- 2 Do you believe that the current process and powers of the FRP are effective and appropriate, and do not require any significant reform?

Yes. We believe that the current process and powers of the FRP are effective and appropriate and therefore support Option 1 that proposes no change to the FRP's operations.

- 3 Modification of the Referral Process

- a Do you believe that disputes should be automatically referred to the FRP after a specified time period?

We see no reason why there should be a specified time period.

- b If so, what is an appropriate point for the period to commence, and how long should ASIC and the entity have to resolve the issue directly?

Not applicable – see 3 (a) above.

- 4 Allowing companies to refer matters without ASIC consent

- a Do you believe that companies should be allowed to refer cases to the FRP without ASIC's consent?

We see merit, as detailed in submissions on CLERP 9 for companies to be able to refer matters direct to the FRC without ASIC consent.

- b Do you believe that such a change would have a material impact on the number of referrals coming forward?

Given the costs to the company in making a referral to the FRP and having regard to the due process that ASIC currently follows, we do not believe that there would be a significant increase in referrals to the FRP.

- 5 Repeal of the FRP

Do you believe that the FRP's functions should be repealed and the Panel closed?

As detailed earlier, we do not support repealing the FRP as it is in Grant Thornton's view that the FRP provides an effective and efficient deterrent to non-compliance with IFRS accounting standards. We also question whether the costs of maintaining the FRP when it is not considering cases, is significant as the FRP at most times is simply a post box type operation contained within Treasury. As detailed in the Discussion Paper the annual costs are significantly less than a single court case although no costs are provided, and the lack of referrals is in fact a plus rather than a minus given the effective deterrent value that the FRC provides.

If you require any further information or comment, please contact me.

Yours sincerely
GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly
National Head of Professional Standards