

## **Funding standard setting in Australia**

*“I set the \$2 million funding conditions”, Campbell reveals.*

Conditions placed on a \$2 million injection of funds for standard setting were set by the parliamentary secretary to the federal treasurer, Senator Ian Campbell. Senator Campbell revealed his involvement in the setting of the conditions for the release of the \$2 million pool of funds to the Financial Reporting Council during a hearing of the Senate estimates committee.

Revelations of the Senator’s pivotal role and setting down the adoption date of January 2005 as a condition for the FRC to obtain access to the funds came as Senator Stephen Conroy inquired into how the funding scheme was arrived at.

Those details also follow the publication in this newsletter and other media of details of a letter from the Australian Stock Exchange to the FRC specifying conditions for the adoption project.

That correspondence to the FRC called for the establishment of milestones in a business plan in order for the council to receive access to the funds from the national guarantee fund.

The Senator said the funds had to receive his approval because they come from a fidelity fund administered by the Australian Stock Exchange (ASX) known as the National Guarantee Fund (NGF).

Money is held in that fund so investors can be compensated if they suffer losses as a result of the conduct of a broker or if the broker becomes bankrupt.

Senator Campbell said the use of any surplus funds must be authorised by him following submissions by the stock exchange.

“They come forward with proposals from time to time. As I recall, I have approved most of the proposals they have put forward over the last year. I knocked back one of them. You have to be careful, now that the ASX has competitors, that the funds are being used for general market development and not just promotion of the ASX,” the Senator said.

Senator Campbell told the committee he set the conditions for adoption by January 2005 and for the amount of funds to be given to the FRC to not exceed \$1 million in either of the 2003 or 2004 financial years.

Senator Campbell placed on the record details of his correspondence during the Senate hearing.

“I have the relevant extract from the letter I have written, and I am happy to put that on the record. It is fairly clear. I responded to a letter from the ASX restating the fact that

they are very committed to getting to international standards as soon as possible,” the Senator said.

“I am on the record, back in the discussions on CLERP 1, as wanting Australia to adopt international accounting standards by January 1999. I created a lot of angst in the industry when I was pushing for that, but I have always felt that if you do not have some clear goals to achieve these things then they just never happen.”

Senator Campbell told the committee he thought the adoption of the European deadline of January 2005 was a good goal.

“In my letter I have said that the conditions would include, firstly, the FRC agreeing to the goal of adopting IAS within Australia by January 2005 and, secondly, that the amount of excess money passed to the FRC towards this project must not exceed \$2 million in total and must not exceed \$1 million in either of the financial years over which the funding is sought—that is, 2002-03 and 2003-04.”

The Senator said the ASX must report to the Financial Markets Division of the Treasury providing details of the amount of money transferred to the Council in each period and the use to which the funds have been put.

This article was supplied by Tom Ravlic. Tom is a financial journalist who has spent the past seven years covering the accounting profession, accounting and audit standard setting and corporate governance. His work has appeared in various publications including *Business Review Weekly*, *Personal Investment* (now *Personal Investor*), *The Age*, *CFO Magazine*, the *Australian CPA*, the *Company Director Journal* and the newsletters of the internationally renowned Lafferty Group. In addition to his freelance commitment to a wide range of publications, Tom has recently accepted an appointment to be editor of *Chartac Accountancy News*, published by Melbourne-based publisher Crown Content.