18 November 2010

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

Via "Open to comment" page on www.iasb.org
and ifric@ifrs.org

Dear Sir David

Comments on D1/2010/1 Stripping Costs in the Production Stage of a Surface Mine

Thank you for the opportunity to comment on the IASB Draft Interpretation D1/2010/1Stripping Costs in the Production Stage of a Surface Mine. CPA Australia, The Institute of Chartered Accountants (The Institute) and the National Institute of Accountants (the Joint Accounting Bodies) have considered this draft interpretation (DI) and our comments follow.

The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

We do not support the issue of the interpretation, as we do not consider there to be significant divergence in practice amongst entities currently applying IFRS. The majority of entities in Australia apply IFRSs through the capitalisation of stripping costs and amortising these across the life of the mine. This approach recognises the mine as a whole rather that the components of mineral ore that become accessible. This approach is well understood by preparers and users of financial statements.

On discussion with members in the mining industry, we are told that the illustrative example provided is unlikely to practically depict a typical mining operation and therefore is unlikely to illustrate the point being made by the IASB on specific identification of components. Typical mining operations could change in size and scale during the operation, will comprise various qualities of ore, will likely contain multiple economic deposits areas within a pit and thereby any separation of costs on stripping versus routine waste clearing is near impossible. Further these practical considerations mean that specific identification of the ore body cannot be reliably determined.

To the extent that the costs can be directly attributable to the body of ore as a whole, we consider that the requirements of paragraphs 7, 16 and 17 of IAS 16 *Property, Plant and Equipment* are sufficiently clear to recognise and enable capitalisation. We do not consider that a separate interpretation is needed in this regard.

Further the introduction of terminology such as 'systematic process', 'incidental operations' 'more aggressive process' is likely to result in different interpretations as what is expensed versus capitalised, thereby the interpretation is unlikely to add any new logic or explanation over and above what exists currently.

If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying - (CPA Australia) at mark.shying@cpaaustralia.com.au, Kerry Hicks (The Institute) at kerry.hicks@charteredaccountants.com.au or Tom Ravlic (NIA) at tom.ravlic@nia.org.au.

Yours sincerely

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Graham Meyer
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Andrew Conway
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cc: Kevin Stevenson - Chairman of the Australian Accounting Standards Board