



Opening Address

Lynn Wood, Chair of the Financial Reporting Council

It gives me great pleasure to welcome you as members of AOSSG to Melbourne and to this third annual conference of the group. Welcome also to other members of the audience.

I recently returned from overseas having met many people involved in standard-setting and it is quite clear that AOSSG has made its mark very quickly on the global scene. Your views are being recognised and other regional groups are being set up, following your example, such as the Latin American group (GLASS).

Why has this happened so quickly?

Firstly, it is a reflection of the rapidly increasing importance of this region as the “engine of the world economy.” As you know, we are seen to have more growth opportunities than Europe and the US and are not burdened with the significant sovereign debt problems that they have at this time.

Secondly, it is due to the increased recognition of the importance of diversity in achieving effective decision-making and our region, as you know, has very diverse membership.

Thirdly, it is because global standard-setting has a very practical need to deal with collections of jurisdictions in addition to individual jurisdictions. The realisation has hit home that domestic standard-setting is a vital arm in global standard-setting and this need can be better co-ordinated within a grouping of jurisdictions such as AOSSG

Fourthly, and most importantly, it is a compliment to you – that you have the talent, the organisational skills, the shared culture and the dedication to public service needed to be a coherent and effective group.

Each of you is at a stage along the way to making IFRS work. Some of you have been applying it for some years, some are in the throes of implementation and others are planning for transition. But all of you are at the same stage when it comes to participating in the current projects of the IASB. Your working groups are testimony to this shared experience.

It is recognised that not all jurisdictions have the same capacity at present to participate and that is understandable given the different starting points and histories that have existed. I recently met Daniel Woker, the Swiss Ambassador to Australia, and was interested in his views on dealing with differences in multilateral arrangements. He made the point that explicit recognition and acceptance of the differences between parties is a critical feature of a successful multilateral structure provided

that such differences stay within a commonly accepted, and acceptable, framework. In other words: not everything can, and has to be, accepted just because it is suggested.

There are absolute limits set, for example, by common sense.

In my view, the central challenges for AOSSG will be to both have a common voice that is heard when standards are being developed or interpreted and to achieve consistency in the application of those standards. The former will come if your voice is respected for its quality and objectivity. The latter will require much hard work but ultimately will distinguish you from others and will demand that your voice is heard.

Implicit in this observation is that every member of AOSSG has a responsibility to develop standard-setting not only in your own jurisdiction but also to assist in the jurisdictions of the other members. You are already doing that to an impressive degree through the working groups, the sharing of views and the making of submissions. You can enhance your contribution by being innovative in thought leadership matters such as thinking of new initiatives that will serve you and others well.

I am told that the real strength of the group is a shared commitment to serving the public interest. This commitment over-rides any differences we have. When emotions are running high around controversial topics we should all remind ourselves that we have a much higher order responsibility—the public interest. I am quickly coming to appreciate the passion that drives standard-setters and interested parties and why such emotions can surface. I am sure you are aware, however that winning one's way on an individual topic can also prove to be the way that shared culture is lost through dysfunctional behaviour. When working in groups, I believe it is very important to think carefully about how to object without being objectionable!

I have also been told that your conferences have been marked by a high degree of interaction with the IASB Board members and staff who attend. And I have observed, at the recent regional policy forum so well hosted by Indonesia, that the IASB has been very encouraging of the AOSSG members to express their views. This implies considerable mutual trust and good communications skills. The latter seem to exist irrespective of the number of first languages across the group.

I can see from your agenda that you will be addressing all of the prominent topics on the IASB's current and possibly future agendas. I am sure we all have the same objectives in ensuring that the core projects receiving so much attention are completed well and that the future agenda of the IASB leads to a rationalisation and enhancement of IFRS over time.

The current stock of standards is the result of history – no one planned the totality of where we are today. Thus whilst we have coverage of many of the key areas, they can still be improved. We can work to reduce complexity and to increase consistency, particularly given some standards are now very old. The challenge is to revitalise IFRS, while having regard to the very great challenges faced by jurisdictions as they assimilate change.

Until the global financial crisis hit, the moves towards global standards were the result of many years of efforts by far sighted people, many working out of devotion to the accounting profession and financial reporting. The IASB was the product of their efforts.

The financial crises we had in financial markets and are continuing to see as a result of sovereign debt issues has added urgency to the task of achieving global high quality standards. This has meant we have witnessed real tensions between the need for attention to the areas thought to be critical in the crises and orderly development of standards. At the same time, work on convergence of US GAAP and IFRS as well as the transitional needs of many countries moving to IFRS has strained resources. The challenges have been enormous, testing everyone's patience and even confidence.

We now appreciate that the global markets embrace both the private and public sectors and that good financial reporting is vital in both. I commend AOSSG for flagging the importance of the public sector in their vision statement.

I also believe history will show that standard-setting came of age in dealing with the tensions I have mentioned and that efforts such as yours are vital in ensuring our continuing success.

I wish you well with your technical deliberations, your building of domestic and regional standard-setting and with the further development of the very strong AOSSG and IASB relationships that have served you, and will continue to serve you, so well in the future.

Tonight, at the dinner, you will have the opportunity to meet Members of the Financial Reporting Council that I chair, the Australian Accounting Standards Board that Kevin Stevenson chairs, the New Zealand External Reporting Board that is chaired by Kevin Simpkins and the New Zealand Accounting Standards Board chaired by Michele Embling – so that you will know a little more about our part of Oceania.

It gives me great pleasure to declare this third annual conference of AOSSG open.