

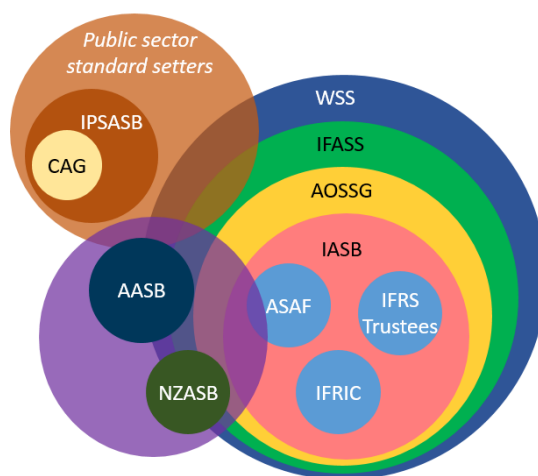
## Draft AASB International Strategy (September 2019)

### Background

1. The AASB's vision and mission are to contribute to stakeholder confidence in the Australian economy, including its capital markets, and in external reporting by:
  - (a) developing, issuing and maintaining principles-based accounting and external reporting standards and guidance, that meet user needs and enhance external reporting consistency and quality; and
  - (b) contributing to the development of a single set of accounting standards for worldwide use.
2. The AASB is part of the overall regulatory framework for the financial system in Australia. One of the strategic objectives of AASB is to promote rigorous and consistent application of its Standards and guidance.
3. The AASB International Strategy is an integral part of the AASB's strategy to actively influence IASB, IPSASB standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.
4. This strategy outlines the objectives and the process of implementing the strategy to enhance the AASB's international profile and discusses how it will lead to having a strong network of contacts throughout the international standard-setting community, which is a valuable source of collaboration and alliances.

### AASB's international stakeholder influence diagram

5. The diagram below provides a snapshot of the key international stakeholders for AASB to influence internationally<sup>1</sup>.



<sup>1</sup> See Appendix 1 for glossary of terms used in the diagram.



## **Objectives of the AASB International Strategy**

6. The objectives of the AASB International Strategy are to:
- (a) influence IASB and other relevant international standard-setters so that the standards produced are fit for purpose in the Australian context, including being broad enough to cover all the important issues for Australia (e.g. management commentary, remuneration reporting);
  - (b) identify key international stakeholders (organisations and individuals) and establish appropriate alliances to help achieve international influence; and
  - (c) outline the methods AASB applies to influence the international standard-setting process and enhance international stakeholder engagement.

## **General process for driving the AASB International Strategy**

7. The general process for driving the AASB International Strategy is outlined below:
- (a) regularly attend key meetings (physically or via conference call) and conferences of international financial reporting bodies to ensure adequate analysis and input, and express Australian views;
  - (b) regularly update and sufficiently prepare AASB Board members and technical staff to ensure they have identified major concerns with international issues;
  - (c) communicate outcomes from international engagement to the AASB Board members, technical staff and other stakeholders;
  - (d) build relationships and influence with significant international stakeholder groups relevant to AASB. For each key international stakeholder group identify whom to contact and how often to contact, with clear objectives behind communication;
  - (e) identify and designate the AASB technical staff with appropriate expertise and capacity to represent AASB internationally;
  - (f) identify and promote the appointment of high-quality Australian representatives on relevant international accounting standards bodies or groups (e.g. IPSASB, IASB, AOSSG, ASAF, CAG, IFRIC); and
  - (g) develop thought leadership papers on emerging or long-standing issues to enhance international credibility.

## **Process for driving the AASB International Strategy specific to international stakeholder groups**

8. The process for driving the AASB International Strategy is categorised and specific to each of the international stakeholder groups outlined below:



- (a) International Accounting Standards Board (IASB)<sup>2</sup>:
- (i) issue IASB consultation documents concurrently in Australia to seek Australian input;
  - (ii) prepare formal submissions on issues likely to be of interest to Australian entities;
  - (iii) take input received from Australian organisations and individuals into account when forming a view as to the appropriateness of options considered by the IASB and in preparing its submissions to the IASB;
  - (iv) regularly monitor the development and release of IASB board meeting agendas and other relevant communications and ensure these are adequately addressed in AASB Board meetings;
  - (v) participate in IASB outreach activities and co-host outreach activities in Australia when possible;
  - (vi) establish Australian transition resource groups, project advisory panels and investor forums to assist in providing relevant Australian input;
  - (vii) develop effective working relationships with IASB Board members and staff to provide direct input on issues of concern to Australia which provides a conduit for Australian stakeholders to raise issues directly with IASB;
  - (viii) regularly communicate with IASB Board members and technical staff;
  - (ix) seek opportunities to present directly to the IASB Board;
  - (x) promote secondments of AASB staff to the IASB to more effectively share Australian views;
  - (xi) work closely with Australian representatives on IASB to provide relevant Australian input;
  - (xii) participate in the IASB's Accounting Standards Advisory Forum (either directly if Australia is a member, or through the AOSSG working groups);
  - (xiii) develop and present thought leadership material on topics important to Australian stakeholders that are not being addressed by IASB at relevant international forums;
  - (xiv) promote the use of IFRS globally in light of Australia's adoption experience, which may be useful to transitioning jurisdictions;
  - (xv) seek membership of key advisory bodies of IASB, including IFRS Interpretations Committee, Capital Markets Advisory Group, Global

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<sup>2</sup> Information on IASB Board composition is presented in Appendix 2.



Preparers Forum, relevant Transition Resource Groups and Implementation Groups, SMEs;

- (xvi) invite IASB Board members to participate in events in Australia at least once every year;
  - (xvii) ensure Chair of IASB visits Australia at least every two years and develop a targeted outreach program to maximise the impact of the visit; and
  - (xviii) Use advisory panels to brief Australian IASB Board member(s) on Australian issues of concern before each IASB meeting.
- (b) International Public Sector Accounting Standards Board (IPSASB)<sup>3</sup>:
- (i) issue IPSASB consultation documents concurrently in Australia to seek Australian input;
  - (ii) prepare formal submissions on issues likely to be of interest to Australian entities;
  - (iii) participate in IPSASB outreach activities and co-host outreach activities in Australia when relevant;
  - (iv) provide the Australian board member with technical support. Further details on the AASB's relationship with IPSASB is set out in the AASB's Approach to IPSAS<sup>4</sup>;
  - (v) develop and present thought leadership material on topics important to Australian stakeholders that are not being addressed by IPSASB at relevant international forums; and
  - (vi) seek membership of advisory bodies of IPSASB.
- (c) New Zealand Accounting Standards Board (NZASB):
- (i) work closely with NZASB<sup>5</sup>;
  - (ii) harmonise the for-profit publicly accountable entities requirements and recognition and measurement requirements for other for-profit entities;
  - (iii) share the not-for-profit work program;
  - (iv) work together in areas of mutual interest;

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<sup>3</sup> Information on IPSASB Board composition is presented in Appendix 3.

<sup>4</sup> See The AASB's Approach to International Public Sector Accounting Standards. Available at: [https://www.aasb.gov.au/admin/file/content105/c9/ITC41\\_08-18.pdf](https://www.aasb.gov.au/admin/file/content105/c9/ITC41_08-18.pdf)

<sup>5</sup> The AASB Chair is a member of NZASB, and the Chair of NZASB is a member of AASB. Further detail of the relationship with NZASB is set out in the Australia & New Zealand Protocol.



- (v) use AASB Chair position as NZASB member to ensure AASB views are shared;
  - (vi) conduct regular liaison meetings with NZASB staff;
  - (vii) consider joint Board meetings every two to three years;
  - (viii) consider joint submissions to IASB and IPSASB on key areas of interest;
  - (ix) consider joint projects of mutual interest; and
  - (x) consider a joint application for ASAF membership.
- (d) Asian-Oceanian Standard-Setters Group (AOSSG):
- (i) assist developing countries in adopting IFRS smoothly;
  - (ii) build credit with IASB via helping influence AOSSG to resolve issues of concern to IASB;
  - (iii) maintain membership of the Chair's advisory committee;
  - (iv) lead at least one working group of AOSSG to maintain indirect influence at ASAF;
  - (v) determine the working groups of which AASB should be a member;
  - (vi) strategically consider the role of Chair or Vice-Chair position every two years and when the maximum benefit to AASB (i.e. when AASB does not have a seat on ASAF, as Chair AOSSG manages ASAF seat unless already has a seat); and
  - (vii) regularly assess the cost/benefit of participation in AOSSG.
- (e) International Forum of Accounting Standard Setters (IFASS):
- (i) participate in IFASS forums when agenda relevant;
  - (ii) use IFASS to share thought leadership documents;
  - (iii) develop international alliances through IFASS; and
  - (iv) consider geographic location and ASAF's level of influence with IASB when assessing whether to seek a Chair.
- (f) Accounting Standards Advisory Forum (ASAF):
- (i) Seek direct membership of ASAF (membership is rotated every three years). Consider whether joint application with NZASB enhances chances of appointment;



- (ii) if not direct member deliver thought leadership directly where possible;
  - (iii) use other channels (e.g. AOSSG) to maintain profiles;
  - (iv) seek opportunities to present directly at the ASAF; and
  - (v) be a leader of at least one AOSSG working group as the leader presents directly at ASAF on those topics.
- (g) IFRS Interpretations Committee (IFRIC):
- (i) build a pool of good Australian candidates for IFRIC membership;
  - (ii) respond to requests for information; and
  - (iii) monitor the work program and if an area of significance to Australia share views.
- (h) Other national standard-setters (NSS)<sup>6</sup>:
- (i) AASB's liaison with other national standard-setters is driven by their countries' economic significance, IFRS adoption status, significant influence in IASB and IPSASB and well established and credible standard-setting programs;
  - (ii) identify key influencers at the national standard-setter, develop and maintain relationships, have regular meetings, share work programs, explore opportunities for face-to-face meetings and where appropriate enter bilateral arrangements;
  - (iii) identify opportunities to conduct bilateral and multilateral projects with other national standard-setters globally to establish alliances on key topics of concern to Australia;
  - (iv) regularly analyse the list to ensure AASB liaises with the right countries; and
- (i) International Financial Reporting for Non-Profit Organisations:
- (i) support the Group for greater harmonisation of funders' requirements to save time and administrative costs for funders and not-for-profit entities;
  - (ii) membership of Technical Advisory Group (TAG);
  - (iii) influence the standards for the not-for-profit sector through thought leadership in TAG;

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<sup>6</sup> List of key national standard-setters, their area of interest to AASB regularity of contact and key stakeholders, is presented in Appendix 4.



- (iv) make appropriate submissions; and
  - (v) build an alliance with the TAG.
9. AASB will consider engagement with international stakeholders related to external reporting (e.g. International Integrated Reporting Council, Corporate Reporting Dialogue, Global Reporting Initiatives, United Nations Sustainable Development Goals) in a separate document.

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## Appendix 1: Glossary of terms used in the diagram

<i>Standard setters</i>	
AASB	Australian Accounting Standards Board
IASB	International Accounting Standards Board
IPSASB	International Public Sector Accounting Standards Board
NZASB	New Zealand Accounting Standards Board
<i>Interpretive Committees</i>	
IFRIC	IFRS Interpretations Committee
<i>Advisory/Consultative Groups</i>	
ASAF	Accounting Standards Advisory Forum
CAG	Consultative Advisory Group
<i>Standard-setter Forums</i>	
AOSSG	Asian-Oceanian Standard-Setters Group
IFASS	International Forum of Accounting Standard Setters
WSS	World Standard Setters
<i>Oversight</i>	
IFRS Trustees	Trustees of the IFRS Foundation

## Appendix 2: IASB Board members

Board member	Term began	Term ends	Region
Hans Hoogervorst (Chair)	July 2011	June 2021	'At large'
Sue Llyod (Vice-Chair)	January 2014	December 2023	'At large'
Nick Anderson	September 2017	August 2022*	Europe
Martin Edelmann	July 2012	June 2021	Europe
Tadeu Cendon	July 2019	June 2024*	Americas
Françoise Flores	January 2017	December 2021*	Europe
Jianqiao Lu	August 2017	July 2022*	Asia-Oceania
Gary Kabureck	April 2013	June 2022	Americas
Darrel Scott	October 2010	June 2020	Africa
Tom Scott	April 2017	March 2022*	Americas
Chungwoo Suh	July 2012	June 2022	Asia-Oceania
Rika Suzuki	July 2019	June 2024*	Asia-Oceania
Ann Tarca	July 2017	June 2022*	Asia-Oceania
Mary Tokar	January 2013	June 2022	Americas

\* Indicates the person is eligible for reappointment

## Appendix 3: IPSASB Board members

Name	Country
Ian Carruthers, Chair	United Kingdom
Mike Blake, Deputy Chair	Australia
Stuart Barr	Canada
Todd Beardsworth	New Zealand
Lindy Bodewig	South Africa
Michel Camoin	France
Francesco Capalbo	Italy
Luzvi Chatto	Philippines
Adrienne Cheasty	United States
Do-Jin Jung	Korea, Republic of
Neema Kiure-Mssusa	Tanzania, United Republic of





Aracelly Méndez	Panama
Rod Monette	Canada
Leonardo Nascimento	Brazil
Christopher Nyong	Nigeria
Lynn Pamment	United Kingdom
Bernhard Schatz	Austria
Marc Wermuth	Switzerland

**Appendix 4: List of key national standard-setters (NSS), their area of interest to AASB regularity of contact and key stakeholders**

Country and NSS	Area of interest for AASB	Regularity of contact	Key stakeholders
Japan - ASBJ	For-profit, intangibles	Semiannually video conference, annual visit	Chair (Atsushi Kogasaka), Vice-Chair (Yasunobu Kawanishi)
China Ministry of Finance - Accounting Regulatory Department	For-profit	Annually video conference, biennial visit	Minister of Finance (Liu Kun), Assistant Minister
USA Financial Accounting Standards Board (FASB)	For-profit and not-for-profit private sector	Annually video conference, biennial visit during American Accounting Association Congress	Chair (Russell Golden), Vice-Chair (James Kroeker)
USA Governmental Accounting Standards Board (GASB)	Public sector	Annually video conference, biennial visit during American Accounting Association Congress	Chair (David Vaudt), Vice-Chair (Jeffrey Previdi)
UK Financial Reporting Council (FRC)	For-profit	Annually video conference, biennial visit	Chair (Winfried Bischoff), CEO (Stephen Haddrill)
UK Chartered Institute of Public Finance and Accountancy (CIPFA)	Not-for-profit private	Annually video conference, biennial visit	Chair (Carolyn Williamson), Vice-President (Andrew Hardy)
UK Treasury	Public-sector	Annually video conference, biennial visit	Permanent Secretary (Tom Scholar), Director General, Financial Services (Katharine Braddick)



Germany - Accounting Standards Committee of Germany (ASCG)	For-profit	Biennially video conference, biennial visit	Chair (Ralf Thomas), Deputy Chair (Dieter Truxius)
European Financial Reporting Advisory Group (EFRAG)	For-profit, research	Annually video conference, annual visit	President (Jean-Paul Gauzes), Vice President (Andreas Barckow)
Hong Kong Institute of Certified Public Accountants (HKICPA)	For-profit	Annual video conference, biennial visit	President (Patrick Law Fu Yuen), vice President (Johnson Kong)
Canada Accounting Standards Board (AcSB)	For-profit and not-for-profit	Annual video conference, biennial visit	Chair (Linda Mezon), Vice-Chair (Armand Capisciolto), Principal Grace Flis)
South Africa Accounting Standards Board (ASB)	Public sector	Annual video conference	Chairperson (Vincent Ngobese), Technical Director (Jeanine Poggiolini)

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