

Current Affairs Noticeboard

Increasing US influence on IFRS

Australian companies are concerned at the increasing power of the United States in the setting of international accounting standards, according to the Group of 100, a corporate finance executives pressure group.

John Stanhope, the G100 president, said companies were concerned about the intense focus the International Accounting Standards Board has on bringing the standards in the largest capital market significantly into line with the IASB's own literature.

Stanhope told the audience at the G100 Congress held in Sydney during September that a focus on working closely with the United States was being given greater priority than listening to the concerns of those jurisdictions that have already decided to adopt the IASB's product.

'While resolving issues with US generally accepted accounting principles is required in the longer term, it is important that the existing adherents remain committed to the process without being disenfranchised,' Stanhope, the chief financial officer of telecommunications giant Telstra, said.

Stanhope said the corporate community in Australia needed to be actively engaged in the process of lobbying the international standard setter from the inception of projects rather than buying into the debate when most of the decisions had already been made between bodies such as the IASB and the US Financial Accounting Standards Board.

That need to think more about how best to influence the IASB was also raised by PricewaterhouseCoopers partner, Jan McCahey.

She said the present system of standard setting in Australia needed to change if it wants to be regarded as a strong and relevant standard setter.

McCahey said companies needed to form a part of a coalition of interested groups and individuals that provide feedback to the international accounting standard setting regime on proposed standards.

She said Australia has much experience in the introduction, and implementation of accounting standards and greater participation by companies in the field

testing of proposals was likely to be more relevant to the IASB than written responses from Australia to exposure drafts.

The G100 also had several presenters such as Cathy Walter, a former director of the National Australia Bank, who focused on corporate governance. Walter told the audience that the business community – including the accounting profession – receives the laws it deserves.

She said tougher corporate governance regimes requiring companies to think more about whether they should grant non-audit service engagements to their external auditors came about because the issue of independence was not properly considered.