

Press Releases

19/12/02

ASRB recommends compulsory adoption of International Financial Reporting Standards

Mr John Hagen, Chairman of the Accounting Standards Review Board (Board) announced today that following consultation with many interested parties, the Board intends to broaden the scope of its earlier decision to recommend to the Government the compulsory adoption of International Financial Reporting Standards (IFRS) by listed issuers by 1 January 2007 and extend the recommendation to both the public and private sectors with entities having the option to adopt IFRSs from 1 January 2005.

Following the earlier announcement by the Board on 21 October, which was in response to the Australian decision to adopt IFRS by 1 January 2005, the Board has, together with the Financial Reporting Standards Board of the Institute of Chartered Accountants, consulted with a wide group of interested parties including Government, the Securities Commission, the Stock Exchange, the Controller and Auditor General, Treasury, INFENZ, Local Government NZ, SOLGM, the Big 4 accounting firms, and a range of private sector interests.

Mr Hagen said, "The degree of support for our initial position was very strong. The major messages were that our decision should have a wider application and an earlier adoption if possible."

He said, "The major concerns came from the public sector and from those representing smaller entities. There is strong support for New Zealand continuing to have a single set of sector neutral standards that apply to both the public and private sectors. However, smaller entities are concerned with the cost/benefit trade-off of having to apply IFRSs."

"IFRSs are developed by the International Accounting Standards Board (IASB) for profit-oriented entities. However, not-for-profit entities, including public sector entities, can be accommodated in the new regime of standards by including any requirements specific to them alongside the corresponding requirements of the IFRSs," said Mr Hagen.

"For smaller entities, the Board will have to develop a basis for full or partial exemption from application of IFRSs. We will consider the possibility of more closely aligning ourselves with the Australian approach on this issue, from an efficiency and practical viewpoint. This is still being researched but resolution is expected to be reached early in the New Year," said Mr Hagen.

"Closer liaison with Australia makes good sense for the country as a whole and the capital markets specifically, not just in an accounting standards sense," he said.

"This is a very major step for New Zealand in that we will cede a significant degree of responsibility for standard setting to the IASB. For that reason we must ensure that we maintain our role in the international standard setting arena where we have had a greater influence than the size of NZ would indicate for a number of years," said Mr Hagen.

"The Board will need to identify what, if any, legislative changes are required to facilitate this decision and discuss them with the Government in the New Year," he said.

“Following resolution of the smaller entities issue, the Board, together with the Financial Reporting Standards Board, will announce the programme for implementation of international standards,” said Mr Hagen.

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21/10/02

NZ could comply with International Financial Reporting Standards as early as 2005

The Accounting Standards Review Board met today with representatives of the Financial Reporting Standards Board to discuss New Zealand's response to decisions taken in Australia to adopt International Financial Reporting Standards by 1 January 2005.

The Board resolved to recommend to Government and other affected bodies that listed issuers be required to comply with International Financial Reporting Standards by 2007 and have the option to adopt earlier, say by 2005, said the Chairman, John Hagen.

The Board confirms its policy of aiming for a single set of sector neutral standards to apply to both the public and private sectors. This is vital for the future, said John Hagen.

The Board is aware that the adoption of International Financial Reporting Standards will raise significant issues for the public sector and smaller entities. These issues will require special attention in the future, he said.

The Board now proposes to consult on this in-principle decision with Government, the NZ Stock Exchange, the Securities Commission, the Office of the Auditor General and others.

The Board intends to work closely with its counterpart in Australia in addressing the many transitional issues that will arise from this significant step towards international harmonisation of accounting standards.

Contact [John Hagen](#) for further information.