

# Habitat For Humanity New Zealand Submission on ED NZASB 2016-6

## Questions for Respondents

	Paragraphs
1. Do you agree that the dimensions of service performance in the ED are a useful way of identifying the information to be reported by public benefit entities? If not, why not?  <i>Yes we agree that these are useful.</i>  <i>The difficulty comes in measuring impact that may not be quantitative, or may only occur over significantly longer than one reporting period. For instance, Habitat for Humanity has a model whereby we partner with families for a period of up to 10 years. During this time, the qualitative outcomes of home ownership would be difficult to measure on an annual basis, but only become apparent over the life of the partnership.</i>	12-13
2. Do you agree that application of the qualitative characteristics and appropriate balancing of the pervasive constraints on information will result in appropriate and meaningful service performance information? If not, please explain why not and identify any alternative proposals.  <i>Not necessarily. It may be that a better outcome would be to directly link the reporting information to the Mission Statement of the entity – this keeps it at a high level and would assist users to understand if the mission is achieved.</i>	14-15
3. Do you agree with the use of the term “appropriate and meaningful”? If not, please explain why not and identify any alternative proposals.  <i>“Appropriate and meaningful” could better be defined by linking it directly to the mission statement of the organization.</i>	14-15
4. Do you agree with the proposed information to be reported? If not, please explain why not and identify any alternative proposals.  <i>Limiting the information to the reporting period only does not take into account much more complex models like Habitat’s that last for 10 years, where outcomes are not necessarily matched with financial reporting periods. It would be good to have multiyear outcomes.</i>	16-17
5. Do you agree that cross referencing to information outside of the service performance section of the general purpose financial reports should be permitted? If not, why not?	18

*Yes, if there is a direct relationship between the financial information and the service performance information.*

6. Do you agree with the proposed scope in relation to:
- (a) public sector public benefit entities with existing legislative requirements to report service performance information;
  - (b) public sector public benefit entities currently without existing legislative requirements to report service performance information; and
  - (c) not-for-profit public benefit entities?
- 19-22

The NZASB would welcome information on the costs and benefits of the proposals in relation to specific types of entities. If you do not agree with the proposed scope, please explain why not and your views on what the scope should be.

*We agree with the proposed scope. Although there will be an associated cost. The current best practice amongst charities is to report this information already. The additional cost will be around the compilation of such information and the audit fee associated with auditing these figures. This could prove difficult for both the auditor and the client with respect to non-qualitative figures or as discussed above those that need to be measured over a period greater than the financial reporting period. Perhaps there could be an option to opt out of having the Statement of Service Performance audited to reduce the compliance costs.*

7. Do you agree that a two year implementation period would be appropriate? 23

*Yes we agree this is appropriate*

8. Do you agree with the proposal to change the title of PBE IPSAS 1 *Presentation of Financial Statement* to *Presentation of Financial Reports* and the proposed amendments to that Standard? If not, please explain why not and indicate your preferred alternative approach. 24-26

*Yes, but we would note the discussion in 6 above regarding possible difficulty for an auditor to express an opinion on some of the non-qualitative information.*

9. What type of guidance should the NZASB develop to support entities preparing service performance information in accordance with the proposed standard? 32

*The guidance should have a range of qualitative and non-qualitative information, including performance information that spans over multiple years, ie that does not just sit one financial reporting period.*

10. Do you have any other comments on ED NZASB 2016-6?  
*No*

