



Chief Executive  
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25 July 2016

### **Exposure Draft NZASB 2016-6: Service Performance Reporting**

Dear Warren

We thank the NZASB for releasing this exposure draft on Service Performance Reporting. We are making a submission on this draft from the perspective of having to apply the standard as performance reporting practitioners in a public sector Department.

We are broadly supportive of the intent and direction of the draft, but there are some points we consider worth raising. We have not sought to respond to every question listed on page 6, instead we have confined ourselves to discussing points most relevant to us.

In summary, we consider that:

- References to 'outcomes', 'impacts' and 'outputs' should be removed and the standard aligned with the current terms in the Public Finance Act
- Depending on whether there is an expectation to set performance information prior to the year, a two-year implementation period may not be adequate. At the very least, we consider that it would be useful to provide guidance early on in the process to allow entities to plan and report
- Some consideration should be given to whether performance information should be set also, as the standard refers to reporting information and not setting it in the first place.

Thank you for the opportunity to comment on Exposure Draft NZASB 2016-6: Service Performance Reporting.

Yours sincerely

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Director, Strategic Business Performance - Chief Financial Officer and  
Melanie Phelan, Senior Performance Analyst Business and Finance  
Ministry for the Environment

### **1) Question 4 – Do you agree with the proposed information to be reported?**

[Refer to paragraph 33 of the ED]

The draft contains multiple references to 'outcomes', 'impacts' and 'outputs', terms which were removed from the Public Finance Act in 2013. While the intent of this reporting is clear, for the sake of consistency and ease of reporting, it seems reasonable to align the requirements to the approach used in the Act, which is now less prescriptive.

We note too that paragraphs 18 and 19 refer to 'impacts' and 'intermediate outcomes' but these terms do not appear in the definitions list in paragraph 24.

We ask that you make the draft consistent with the Public Finance Act and remove references to the more prescriptive terms of 'outcomes', 'impacts' and 'outputs'. Should you decide to retain these terms, they should at the very least be very clearly defined to allow those not familiar with them to more easily apply the standard.

### **2) Question 7: Do you agree that a two year implementation period would be appropriate?**

Paragraph 32 of the summary (covering the ED) explains that guidance will be developed. If a two-year implementation period applies, we suggest it would be useful to provide guidance relatively early on in that two-year period. This would be especially useful for those new to this type of reporting. It can take at least a year to undertake strategic through to more detailed planning. Good guidance, with best practice examples, is a helpful way to ensure faster and higher quality implementation.

Please also see our comment below, which may affect this two-year implementation period.

### **3) Question 10: Do you have any other comments on ED NZASB 2016-6?**

Although the focus of the ED is on service performance reporting, there has been little reference to setting direction against which to report.

Paragraph 3 of covering note to the ED refers to 'selecting and presenting aggregated service performance information' and refers to one of the benefits of introducing this kind of performance reporting as a way of 'assessing whether a PBE has done what it said it would'. It is not clear how this kind of assessment would be done without first setting performance information before the year begins to allow the audience to make this assessment.

It may be useful to provide some expectation for setting performance information prior to reporting on it. If this is the case, then a two-year implementation period (as referred to above) may not be sufficient, because an entity would likely need to conduct planning during year one, publish said plan, and at the end of the two-year period, begin reporting.