

25 July 2016

Mr Warren Allen
The Chief Executive
External Reporting Board
PO Box 11250
Manners St Central
Wellington 6142

Dear Sir

Requests to comment on Exposure Draft Service Performance Reporting (ED NZASB 2016-6)

Thank you for the opportunity to comment on the above Exposure Drafts.

We are making this submission to you to assist the New Zealand Accounting Standards Board (NZASB) with the above Exposure Drafts. We are happy for you to publish our comments publicly.

In responding we have addressed the specific questions for respondents in Appendix 1.

We hope that our responses and comments are helpful. Should you wish to discuss any of the points we have raised please contact me (michael.rondel@bdo.co.nz) should you have any queries or require further information.

Yours faithfully,
BDO New Zealand



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Appendix 1 - Comments on specific matters in Invitation to Comment

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?

Yes, we agree that the three dimensions of service reporting being outputs, outcomes and impacts are useful in identifying the information that is to be reported by public benefit entities.

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.

Yes, we 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.

3. Do you agree with the use of the term “appropriate and meaningful”? If not, please explain why not and identify any alternative proposals.

We do not have any issue with the use of the words “appropriate and meaningful”, however it should be emphasised that this should be from the user of the financial statements point of view, and not only from the point of view of the entity/preparer.

4. Do you agree with the proposed information to be reported? If not, please explain why not and identify any alternative proposals.

We agree that the proposed information to be presented is acceptable, however we note due to the qualitative nature of Service Performance reporting, this may result in varying degrees of reporting and usefulness to the readers of the financial reports.

We do note, however, that providing concise and useful information to users may be challenging for those organisations that have multiple and diverse service offerings.

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?

We note that paragraph 53 of the Exposure Draft states that an entity should include cross references between the service performance information and the

financial statements so that users can assess the service performance information within the context of the financial statements.

We agree that this is appropriate to ensure that this increases the understandability of the service performance information. The guidance in paragraphs 54 to 56 is useful.

6. Do you agree with the proposed scope in relation to:
- Public sector public benefit entities with existing legislative requirements to report service performance information;
 - Public sector public benefit entities currently without existing legislative requirements to report service performance information; and
 - Not-for-profit public benefit entities?

Yes, we agree with the proposed scope of the Exposure Draft.

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

Yes, we agree that a two year implementation period would be appropriate.

8. Do you agree with the proposal to change the title of PBE IPSAS 1 Presentation of Financial Statements to Presentation of Financial Reports and the proposed amendments to that standard? If no, please explain why not and indicate your preferred alternative approach.

Yes, we agree with the proposed changes.

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

We note that there is limited guidance regarding specific presentation of the Service Performance Reporting included in the Exposure Draft. This may lead to preparers being unsure of how to actually present the information they have.

A guide that has some examples included for difference types of entities and how these examples meet the different requirements of the Exposure Draft would be useful for preparers who have not done Service Performance Reporting in the past.

This guidance could be included as an appendix to the standard, or an explanatory guide separate from the standard.

10. Do you have any other comments on ED NZASB 2016-6?

We are pleased to see that the NZ AUASB has an active project on service performance reporting and believe that the development of an auditing standard and review standard on service performance information should be given priority.

We have no further comments on ED NZASB 2016-6.

Appendix 2 - Information on BDO

1. BDO New Zealand is a network of eleven independently owned accounting practices, with fifteen offices located throughout New Zealand.
2. BDO firms in New Zealand offer a full range of accountancy services, including business advisory, audit, taxation, risk advisory, internal audit, corporate finance, forensic accounting and business recovery and insolvency.
3. BDO in New Zealand has 91 partners and over 750 staff.
4. BDO firms throughout New Zealand have a significant number of clients in the not-for-profit sector.
5. Five BDO firms in New Zealand (BDO Auckland, BDO Christchurch, BDO Northland, BDO Waikato and BDO Wellington) are registered audit firms and twelve audit partners are licensed auditors.
6. Internationally, BDO is the fifth largest full-service audit, tax and advisory firm in the world, with almost 64,300 people in 1,400 offices across over 154 territories.