

NZASB Action Plan

In support of the XRB's Strategic Plan 2021–2026

For the five-year period

1 July 2021 to 30 June 2026

Last Updated: May 2021

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Introduction

The NZASB

The New Zealand Accounting Standards Board (NZASB) is a standard-setting sub-Board¹ of the External Reporting Board (XRB).² The NZASB has delegated authority from the XRB to develop and issue accounting standards that are appropriate for general purpose financial reporting by entities required to prepare such reports under New Zealand legislation.

The NZASB has responsibility for developing and issuing accounting standards and/or guidance across the for-profit, public, and not-for-profit (NFP) sectors. In fulfilling this standard-setting role, the NZASB has an overriding objective of establishing a suite of accounting standards that engender trust and confidence in New Zealand external reporting.

The NZASB is responsible for conducting activities and delivering outputs that support the advancement of the XRB's organisational vision, purpose, and strategic priorities. This will be achieved through the NZASB fulfilling its core standard-setting activities and through supporting the XRB in promoting high-quality, credible, integrated external reporting across all sectors.

Maintaining accounting standards that encourage high-quality, meaningful, and well-accepted financial reports which are also recognised internationally³ is crucial to the achievement of the XRB's strategic objectives.

The NZASB's Planned Actions 2021-2026

This document (the 'Plan') sets out the actions the NZASB⁴ plans to undertake in the five-year period from 1 July 2021 to 30 June 2026 to give effect to the overarching strategic objectives of the XRB.⁵

The Plan is prepared on a rolling five-yearly basis and updated annually. As a dynamic document, it is monitored continuously to ensure it reflects the actions delivered to date and considers new actions in response to changes in the XRB's strategy.⁶

The primary purpose of the Plan is to establish the NZASB's planned actions in support of the XRB's strategic objectives and priorities for the period. The XRB's strategic objectives are built around the achievement of three key external reporting outcomes.

Credible	High-quality reporting and assurance that maintains trust and confidence in reporting in New Zealand and promotes transparency and accountability across all sectors of the economy.
Informative	Reporting that generates relevant, credible, and reliable information to support informed decision making and better outcomes for New Zealand.
Integrated	Reporting that encompasses both financial and non-financial information spanning the natural, human, social, and financial capitals that support intergenerational wellbeing.

¹ The NZASB is established under Schedule 5 of the Crown Entities Act 2004, and is described as a Committee of the XRB.

² The XRB is an independent Crown entity established under the Financial Reporting Act 1993 with continued existence under the Financial Reporting Act 2013. It is subject to the Crown Entities Act 2004.

³ International recognition is of particular importance under the XRB's financial reporting strategy for developing for-profit accounting standards.

⁴ Reference to the NZASB in this Plan includes both the NZASB Board and the staff that support the NZASB Board.

⁵ Set out in the XRB Strategic Plan 2021–2026.

⁶ Based on responding to changes in the domestic and international environment.

Summary of NZASB’s planned actions

The Plan for the 2021–2026 period is built around four key themes.

	<p>Maintaining and enhancing existing accounting standards</p> <p>The primary responsibility of the NZASB is to develop and issue accounting standards to support the existing financial reporting strategy, which is based on a multi-standards, multi-tier accounting standards framework.⁷</p> <p>The NZASB has an enduring focus on ensuring the current financial reporting framework and standards respond promptly to local and international external reporting developments.</p> <p><i>Domestic standard-setting focus</i></p> <p>To enable the reporting of high-quality information that supports improved decision-making for the wellbeing of all New Zealanders, it is critical that the standards remain relevant by addressing the specific reporting needs of Aotearoa New Zealand.</p> <p>Domestic activities will include the issuance of supporting guidance and FAQ type publications in response to emerging accounting issues and trends. These activities will help promote consistent application of the accounting standards to support the maintaining of trust and confidence in New Zealand external reporting.</p> <p><i>International standard-setting focus</i></p> <p>To retain the credibility of the accounting standards issued by the XRB, it is important that New Zealand accounting standards are appropriately aligned with international standards.</p> <p>Standard-setting activities include incorporating international pronouncements into the current suite of New Zealand standards (modified as appropriate for New Zealand specific needs) and supporting the development of international standards (refer to the second output below).</p>
	<p>Influencing the development of international standards</p> <p>New Zealand accounting standards are predominately based on international accounting standards.⁸ It is therefore important that the NZASB conducts activities to maintain and enhance its current reputation as a credible influencer on the global standard-setting stage.</p> <p>The NZASB will continue to seek opportunities to influence the international standard-setting boards (especially for projects of importance to New Zealand constituents), through maintaining and building on current relationships with IASB, IPSASB, and other regional standard-setting groups.</p> <p>NZASB planned actions include supporting the development of thought leadership/research in New Zealand to help advance the international debate on specific issues.</p>

⁷ As set out in the [New Zealand Accounting Standards Framework](#), last updated December 2015.

⁸ The Plan refers to the work of the International Accounting Standards Board (IASB) and uses registered trademarks of the IFRS Foundation (for example, IFRS® Standards, IFRIC® Interpretations and IASB® papers); and the work of the International Public Sector Accounting Standards Board (IPSASB).



Enhancing constituency engagement and support

A key XRB strategic objective is ensuring that its standard-setting activities are conducted with constituents in a collaborative manner, through outreach and awareness-raising activities.

This strategy includes maintaining relationships with key stakeholder groups in each sector. Doing so enables the NZASB to monitor any emerging issues and ensure each sector's set of standards remain "fit-for-purpose". It also recognises that the range of stakeholders for whom reporting standards apply is broadening, which requires continual development of new and innovative engagement strategies.

NZASB engagement with key constituent groups will encompass activities over the entire lifecycle of the standard-setting process, including:

- (a) identifying emerging issues and/or concerns with existing accounting standards;
- (b) consulting on draft international and domestic pronouncements;
- (c) promoting awareness of new pronouncements (with a focus on explaining why they have been issued); and
- (d) supporting the consistent application of new standards issued through awareness-raising activities.

NZASB constituency engagement activities will include a broad cross-section of stakeholders, including a focus on increasing our engagement with Māori to help bring the Te Ao Māori world view into the standard-setting process.

Planned actions will also include activities to improve the accessibility and usability of the accounting standards issued by the XRB (for example, considering the feasibility and benefits of introducing fully integrated digitised standards).



Research to support standard-setting developments

The XRB has a strategic focus on monitoring the outcome of research conducted in New Zealand and internationally on matters related to financial and non-financial information user needs.

Research outcomes are an important input into the standard-setting process because they provide evidence-based information to support future developments. When relevant and timely, research outcomes can be used as a basis for considering future enhancements to accounting standards, to inform efforts to influence the work of the international standard-setting boards (through thought leadership), and to respond to wider external reporting developments.

Planned actions

1: Maintaining and enhancing existing standards

Overview

The NZASB has an overarching responsibility for ensuring that the existing sets of accounting standards are maintained on an ongoing basis, in accordance with the XRB's financial reporting strategy. The XRB recognises that the development of high-quality and credible accounting standards is supported through appropriate alignment with international standards; together with a focus on retaining their local relevance and acceptance.

The focus of the NZASB planned actions in support of the XRB strategy is on ensuring the accounting standards are improved and enhanced, as appropriate, to continue meeting user needs across all sectors in response to local and international developments.

Domestic activities will include the issuance of supporting guidance and FAQ publications in response to emerging accounting issues and trends.

NZASB's planned actions

The planned actions are grouped into five main areas of activity.

Business as usual activities

Implementation issues

Supporting consistent application

Post-implementation reviews

Integrated reporting initiatives

Business as usual activities

Action 1.1: Maintaining and enhancing New Zealand accounting standards

The NZASB will amend the sets of accounting standards for for-profit entities and public benefit entities (PBEs) to ensure that the existing sets of standards are maintained on an ongoing basis.

The development and issuance of accounting standards for general purpose financial reports (GPFRs) is based on the [New Zealand Accounting Standards Framework](#) (ASF).⁹ The ASF is based on a multi-standards approach with different suites of standards for different sectors and uses a multi-tiered approach to balance the costs and benefits of reporting.

Alignment with international standards

The ASF uses International Financial Reporting Standards (IFRS Standards) for developing for-profit accounting standards, and International Public Sector Accounting Standards (IPSAS) as the starting point for developing PBE Standards.¹⁰

⁹ The ASF was originally issued in April 2012 and last updated in December 2015. A targeted post-implementation review of the ASF was conducted over the 2019-2020 period. Constituent feedback received confirmed the key components of the ASF remained in principle fit-for-purpose. As a result, no amendments to the ASF were proposed following this review.

¹⁰ PBE Standards are standards issued by the XRB which Tier 1 and Tier 2 PBEs (including both public sector and not-for-profit entities) are required to follow when preparing GPFRs.

Harmonisation with Australia

A key element of the current ASF is the harmonisation of for-profit accounting standards issued by the XRB with for-profit accounting standards issued by the AASB¹¹ to the extent appropriate.

In July 2020 the XRB agreed not to harmonise the disclosure requirements for Tier 2 for-profit entities (NZ IFRS RDR) following the introduction in Australia of a new Tier 2 disclosure standard¹², and instead wait for the IASB project *Disclosure initiative—Subsidiaries that are SMEs* to be completed, as that might provide a reduced disclosure framework for both countries.

NZASB planned actions will comprise:

- (a) incorporating into the set of for-profit accounting standards any standards, or amendments to standards, issued by the IASB, including working with the AASB to ensure these are appropriately harmonised with Australian Accounting Standards;
- (b) incorporating into the set of PBE Standards, in accordance with the PBE Policy Approach,¹³ standards, or amendments to standards, issued by the IPSASB and/or the IASB (where relevant);
- (c) developing domestic standards and amendments to standards, as appropriate, to include in the sets of for-profit and PBE accounting standards to reflect the New Zealand context; and
- (d) ensuring that all appropriate due process requirements are satisfied in accordance with section 22 of the Financial Reporting Act 2013 and associated XRB guidelines before a new standard (or amendment, authoritative notice, or other pronouncement) is approved for issue.

Action 1.2: Working together with the NZAuASB

The NZASB recognises the importance of working closely with the New Zealand Auditing and Assurance Standards Board (NZAuASB) toward maintaining and enhancing the current suites of accounting standards. The XRB's *Financial Reporting Strategy*¹⁴ objective of promoting trust and confidence in financial reporting across all sectors can only be achieved when both the ASF and the Auditing and Assurance Framework work together.

NZASB planned actions will comprise:

- (a) liaising with the NZAuASB during the development stage of new or amending accounting standards to identify any audit or assurance considerations; and
- (b) periodically meeting with the NZAuASB and staff to provide an update on the NZASB Work Plan (and vice versa receiving an update on the NZAuASB Work Plan).

¹¹ Australian Accounting Standards Board.

¹² AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit Tier 2 Entities*

¹³ [Policy Approach for Developing the Suite of PBE Standards](#)

¹⁴ The XRB *Financial Reporting Strategy* sets down the overall framework for the requirements for entities to externally report their financial results, and involves establishing and maintaining two frameworks—an Accounting Standards Framework and an Auditing & Assurance Standards Framework.

Action 1.3: Monitoring legislative developments impacting the financial reporting obligations of different entities

The XRB is currently aware of two significant legislative developments that may impact the future requirement for certain entities to prepare GFRs in accordance with accounting standards issued by the XRB.

Incorporated Societies Bill

The Government wants to put in place a modern framework of basic legal, governance, and accountability obligations for incorporated societies and those who run them. The new legislation will replace the Incorporated Societies Act 1908.

In November 2015 the Ministry of Business, Innovation and Employment (MBIE) issued a draft Bill for public comment. In relation to financial reporting the draft Bill proposed mandatory annual financial reporting requirements for incorporated societies, consistent with the financial reporting requirements of registered charities.

In March 2021 the Incorporated Societies [Bill](#) was introduced to Parliament. The Bill proposes that incorporated societies be required to apply XRB Standards. However, it proposes that 'small' incorporated societies¹⁵ have the option of using the Tier 4 Simple Format Reporting Standard or the proposed minimum reporting requirements in the Bill.¹⁶

The legislation, when enacted, is expected to have a four-year implementation period.

Charities Act 2005 Review

In February 2019 the Department of Internal Affairs (DIA) issued a discussion paper, [Modernising the Charities Act 2005](#) for public comment.¹⁷ In relation to financial reporting the discussion paper noted that some smaller charities are not complying with current minimum reporting requirements and asked for feedback on whether reporting requirements for smaller charities should be reduced.

DIA is currently working with the Minister for the Community and Voluntary Sector on a draft Bill. No timing expectations have been made public.

NZASB planned actions will comprise:

- (a) monitoring the development of the Incorporated Societies Bill into legislation by maintaining a relationship with MBIE staff managing the project;
- (b) monitoring the outcomes of the Charities Act 2005 Review by maintaining a relationship with DIA staff managing the project;
- (c) working with other key stakeholder groups to ensure informed decisions are made as part of these legislative reforms as they relate to external reporting;
- (d) continuing to monitor any other legislative developments (in conjunction with the XRB Board) for any reforms that may have implications for the work of the NZASB; and
- (e) considering, as new statutory financial reporting requirements are finalised (or get closer to finalisation), the extent to which amendments to accounting standards are needed or additional guidance developed.

¹⁵ The Bill defines a small incorporated society as having: (i) total operating payments less than \$10,000 in each of the preceding two periods; (ii) total assets less than \$30,000 in each of the preceding two periods; and (iii) not being a donee organisation.

¹⁶ The proposed minimum reporting requirements are (a) income and expenditure for the year (b) the assets and liability of the Society; and (c) all mortgages, charges, and securities of affecting any of the property of the Society.

¹⁷ The comment period closed 31 May 2019.

Implementation Issues

Action 1.4: Monitoring of implementation issues

The NZASB will monitor the application of the sets of accounting standards in each sector to ensure that they continue to be “fit-for-purpose”. Planned actions include activities to identify any current implementation issues or emerging trends in practice.

The NZASB will develop appropriate actions in response to any implementation issues or emerging trends identified.

The identification of implementation issues or emerging trends in practice will be supported by the planned actions provided for under the theme of [maintaining and enhancing constituency engagement and support](#).

NZASB planned actions will comprise:

- (a) continuing to meet with the Technical Reference Group (TRG) of the XRB on a quarterly basis;
- (b) meeting regularly with the regulators, professional bodies and other key stakeholders of each sector to discuss implementation issues arising in practice (as provided for under [maintaining and enhancing constituency engagement and support](#)); and
- (c) taking appropriate action concerning matters identified in:
 - for-profit accounting standards based on IFRS by raising the matters with the IASB or via international fora (as provided for in under [Influencing the development of international standards](#)); and
 - PBE Standards by:
 - raising the matters with the IPSASB;
 - considering domestic-based amendments; or
 - issuing additional guidance; and
 - domestic standards for either for-profit entities or PBEs, by considering appropriate amendments.

Action 1.5: Improving the PBE Standards on Revenue and Non-exchange Expenses

An ongoing implementation issue highlighted by constituents in both the public and NFP sectors is the accounting for revenue and non-exchange expenses by PBEs. Concerns raised by New Zealand constituents include:

- problems experienced by preparers in determining whether revenue transactions are exchange or non-exchange and the value of that distinction to users of GPFRs;
- implementation issues with the recognition of non-exchange revenue; and
- gaps in the current IPSASB literature on non-exchange expenses leading to the inconsistency of accounting policies and practices.

The IPSASB’s Work Plan includes an ongoing project on *Revenue and Transfer Expenses*. The IPSASB issued the Consultation Paper *Accounting for Revenue and Non-Exchange Expenses* in August 2017 and three EDs on *Revenue and Transfer Expenses* were issued in February 2020.¹⁸ Final pronouncements are expected to be issued near the end of 2021.

¹⁸ ED 70 *Revenue with Performance Obligations*, ED 71 *Revenue without Performance Obligations*, ED 72 *Transfer Expenses*.

NZASB planned actions will comprise:

- (a) actively monitoring the work being undertaken by the IPSASB as part of the *Revenue and Non-exchange Expenses* projects, and engaging with the IPSASB staff on matters relevant to New Zealand, including contributing to the IPSASB work as appropriate and achievable;
- (b) meeting with New Zealand stakeholders who submitted on IPSASB ED 70 – ED 72 to better understand the basis for their views and the extent of differences. This will assist the New Zealand member to the IPSASB as the final international pronouncements are developed;¹⁹ and
- (c) when final pronouncements are issued by the IPSASB considering the next steps in accordance with the PBE Policy Approach.

Supporting the consistent application of accounting standards

Action 1.6: Development of guidance material to support the consistent application of accounting standards

The XRB recognises that its role in promoting relevant, credible, informative, and integrated external reporting does not end when an accounting standard is issued. Fostering the consistent application of accounting standards across all sectors is a key objective of the XRB.

The NZASB will support the consistent application of new and existing accounting standards over the period through the issuance of supporting guidance and FAQ type publications in response to emerging accounting issues and trends. This strategy will also involve promoting awareness of the implementation support activities of the IASB²⁰ and IPSASB.

The selection of guidance material will be based on responding to emerging issues and implementation challenges identified through [maintaining and enhancing constituent engagement and support](#) related activities.

NZASB planned actions will comprise:

- (a) developing staff FAQs and other non-authoritative guidance material to support the consistent application of new and existing standards (where deemed required); and
- (b) promoting awareness of IASB implementation support activities through XRB constituency engagement activities.

Action 1.7: Improving the accessibility and usability of accounting standards

A key element in promoting the consistent application of new and existing accounting standards is maintaining and enhancing the accessibility and usability of the accounting standards issued by the XRB.

The XRB website is the main source of accounting standards and other authoritative accounting pronouncements issued in New Zealand. It is therefore critical that the XRB explore opportunities to improve the accessibility and usability of accounting standards in response to evolving user expectations.

¹⁹ New Zealand submission on ED 70 – ED 72 included the NZASB, the New Zealand Treasury, The New Zealand Office of the Auditor-General, and Auckland City Council.

²⁰ A series of significant accounting standards has been issued by the IASB over the last few years, with equivalent NZ IFRS being issued by the NZASB. The IASB, through its strategy of *continued development of implementation support material*, is actively developing resources to support the consistent application of significant new IFRS Standards.

NZASB planned actions will comprise:

- (a) complete a feasibility assessment of the costs and benefits of introducing fully integrated digitised standards across all standards issued by the XRB;²¹ and
- (b) explore other opportunities to increase the accessibility and usability of accounting standards.

Post-implementation reviews

Action 1.8: Post-implementation review of Tier 3 and Tier 4 standards

The XRB issued a Request for Information: Simple Format Reporting Standards — Post-implementation Review (PiR) in September 2020. This PiR is an important project for the XRB because of the significant number of PBEs using these standards, the XRB's ability to amend these domestically developed standards, and the XRB's awareness of some ongoing implementation challenges arising in practice (especially smaller NFPs using the Tier 4 Standard).

The outcomes of this PiR will be used to determine the extent of any amendments to the Tier 3 and Tier 4 standards and associated guidance material (including the template reports).

NZASB planned actions will comprise:

- (a) undertaking a PiR of the Tier 3 and Tier 4 standards;²²
- (b) determining the extent of amendments required to the Tier 3 and Tier 4 standards, based on the outcomes of the PiR;
- (c) developing and proposing for public consultation amendments to the Tier 3 and Tier 4 standards, based on the outcomes of the PiR; and
- (d) considering other actions to support the consistent application of the Tier 4 standards by small NFP entities.

Integrated reporting initiatives

Action 1.9: Supporting XRB-led integrated reporting initiatives

The XRB recognises that integrated reporting encompasses both financial and non-financial information and spans the natural, human, social, and financial capitals that support intergenerational wellbeing. Developments in the integrated reporting space is of significant importance and interest to New Zealand constituents. The XRB has therefore commenced an integrated reporting initiative to ensure that external reporting remains relevant and continues to meet increasing user expectations.

The implementation of non-financial information reporting strategies will be led by the XRB Board. The priority focus of the XRB Board over the next period is the development of a strategy and guidance for climate related financial disclosures (CRFD).

The NZASB has an important role to play in ensuring financial and non-financial reporting standard-setting developments remain connected to support an integrated approach to external reporting.

²¹ Currently standards issued by the XRB are made freely available on the XRB website as individual PDF documents for each standard. Full digitisation would involve converting these PDF documents into HTML format, which would then allow for the standards to be fully integrated with internal links across the whole suite of standards. The conversion into HTML format will also significantly increase the user's ability to search the standards. This project would be managed at a XRB organisational level across all standards (i.e. both accounting and assurance standards), including the management of copyright restrictions for XRB standards based on international standards.

²² Included in the scope of the PiR is the Standard, Guidance, and Template Performance Report for each tier.

The IASB's ongoing *Management Commentary* project connects to the XRB initiatives in relation to non-financial reporting. The project scope includes consideration of how broader financial reporting could complement financial statements prepared using IFRS Standards.

NZASB planned actions will comprise:

- (a) actively monitoring the work undertaken by the IASB on its *Management Commentary* project;
- (b) actively monitoring XRB-led initiatives in relation to non-financial reporting and considering the impact on the suites of accounting standards for GPFRs prepared by for-profit, public sector, and NFP entities; and
- (c) providing input into XRB-led initiatives on non-financial reporting (as requested by the XRB Board).

2: Influencing the development of international standards

Overview

A key objective of the XRB Strategy is enabling high quality and credible reporting by New Zealand entities through the provision of accounting standards that are internationally aligned while remaining relevant to Aotearoa New Zealand. The ASF notes the importance of using international standards as the starting base for which most New Zealand accounting standards are developed.

To help ensure that international standards are appropriate in New Zealand, the XRB needs to seek to influence their development before they become final international pronouncements.

The purpose of NZASB's planned actions under this section is two-fold:

- (a) maintaining and enhancing relationships with international standard-setting boards and staff; and
- (b) participating in the international standard-setting process where the topic is relevant to New Zealand and where the XRB can add value.

NZASB's planned actions

The planned actions reflect the NZASB's responsibility for maintaining for-profit accounting standards converged with IFRS Standards and PBE Standards based on IPSAS (to the extent appropriate). The planned actions are therefore targeted at the two international accounting standards boards, the IASB and the IPSASB.

The planned actions also recognise the importance of maintaining relationships with other national standard setters. Participation in the activities of standard setters from different jurisdictions provides an additional mechanism for influencing international boards.

The planned actions are grouped into four main areas of activity.

Maintaining and enhancing relationships with IASB and IPSASB

Contributing to IASB and IPSASB due process

Contributing to the development of IASB and IPSASB projects

Maintaining and enhancing relationships with national standard setters

Action 2.1: Maintaining and enhancing relationships with the IASB and IPSASB

The NZASB will seek to maintain and enhance relationships with IASB and IPSASB members and staff.

IASB

NZASB planned actions will comprise:

- (a) taking opportunities to meet or liaise with IASB members and staff;
- (b) attending relevant IASB meetings and events, including the International Forum of Accounting Standard Setters (IFASS) meetings and the World Standard-setters annual conference;
- (c) seeking opportunities to present the results of XRB research (and other thought leadership) on topics of global interest at relevant IASB events and other international fora;

- (d) inviting IASB members and staff to present at NZASB meetings and other XRB constituent outreach events; and
- (e) responding, as appropriate, to requests for information from the IASB and other regional groupings, including the Asian-Oceanian Standard-Setters Group (AOSSG) and any other relevant working groups.

IPSASB

NZASB planned actions will comprise:

- (a) maintaining current New Zealand representation on the IPSASB Board;
- (b) providing technical support to the New Zealand representative on the IPSASB Board;
- (c) taking opportunities to meet or liaise with IPSASB members and staff;
- (d) attending IPSASB meetings and other relevant events;
- (e) inviting IPSASB members and staff to present at NZASB meetings and other XRB constituent outreach events;
- (f) fostering relationships with the Australian IPSASB member and other members by collaborating on issues of mutual interest; and
- (g) responding, as appropriate, to requests for information from the IPSASB.

Action 2.2: Contributing to IASB and IPSASB due process activities

The NZASB will actively contribute to the due process activities of the IASB and the IPSASB where the matter is of importance to New Zealand and where we can add value.

The planned actions relate to the NZASB contributing to the development or amendment of international standards through making and encouraging submissions to the relevant international Boards.

IASB & IPSASB

NZASB planned actions will comprise:

- (a) promoting awareness of IASB and IPSASB due process documents and encouraging New Zealand constituents to make submissions directly to the international boards and/or to the NZASB;²³
- (b) participating, as appropriate, in roundtables and other due process related meetings organised by the IASB or IPSASB;
- (c) conducting targeted outreach activities with New Zealand constituents to promote discussion of and feedback on IASB and IPSASB due process documents, to assist in drafting NZASB submissions; and
- (d) making high-quality submissions on any consultation documents issued by the IASB and IPSASB where the matter is of importance to New Zealand and/or where we can add value.²⁴

²³ Planned actions under [maintaining and enhancing constituency engagement and support](#) are provided to encourage constituent submissions on international due process documents.

²⁴ Submissions will be undertaken in coordination with the AASB when appropriate.

Action 2.3: Contributing to the development of IASB and IPSASB projects

IASB

Contributing to the development of IASB projects

The NZASB will actively pursue opportunities to contribute to IASB projects to illustrate its ongoing commitment to constructively working with the IASB. The objective of this strategy is to assist the IASB, to the extent appropriate and achievable, in developing high-quality standards.

The NZASB has identified the IASB's projects related to its *Better Communication in Financial Reporting*²⁵ theme as being of high importance to New Zealand constituents and where the NZASB can add value and contribute to the project development. Several constituents have raised concerns about the extent of disclosures required by IFRS Standards and the consequential implication for the understandability of GPFRs.

As part of monitoring the outcomes of the IASB's Fourth Agenda Consultation (i.e. changes to the IASB future Work Plan and Strategy for the next five-year period), the NZASB will seek to identify future projects of specific importance to New Zealand and where it can add value. This may provide opportunities for the NZASB to actively contribute to the development of the new IASB project's.

NZASB planned actions will comprise:

- (a) actively monitoring the work being undertaken by the IASB, and engaging with IASB staff on matters relevant to New Zealand, including continuing to contribute to the IASB work as appropriate and achievable;
- (b) making high-quality submissions on any consultation documents issued by the IASB as part of the *Better Communication in Financial Reporting* theme; and
- (c) monitoring the outcomes of the IASB's Fourth Agenda Consultation to identify future projects specific importance to New Zealand and where it can add value, for the purpose of pursuing opportunities to contribute to the development of new IASB projects.

IPSASB

Contributing to the development of IPSASB projects

The NZASB will actively look for opportunities to contribute to IPSASB projects to illustrate its ongoing commitment to constructively working with the IPSASB. The objective of this strategy is to assist the IPSASB, to the extent appropriate and achievable, in developing high-quality standards.

The NZASB has identified the IPSASB's project on *Revenue and Transfer Expenses* as being of high importance to New Zealand constituents and where the NZASB can add value and contribute to the project development. NZASB staff will pursue opportunities to influence the development of final pronouncements.²⁶ ([Refer to Action 1.5](#))

NZASB planned actions will comprise actively monitoring the work being undertaken by the IPSASB and engaging with IPSASB staff on matters relevant to New Zealand, including continuing to contribute to the IPSASB work as appropriate and achievable.

²⁵ The IASB's [Better Communication in Financial Reporting](#) theme encompasses a number of ongoing projects to help make financial information more useful and improve the way financial information is communicated to users of the financial statements. The IASB strategy currently includes projects on *Primary Financial Statements*, *Disclosure Initiative*, and *Management Commentary*.

²⁶ The IPSASB issued three EDs on Revenue and Transfer Expenses in February 2020. Final pronouncements are expected to be issued near the end of 2021.

Action 2.4: Maintaining and enhancing relationships with national standard setters

The XRB has a strategic objective of maintaining and enhancing relationships with national standard setters in the for-profit, public, and NFP sectors.

A key element of this strategy is to maintain and enhance our relationship with the Australian national standard-setter — the AASB. In the for-profit sector, because both jurisdictions follow IFRS-based standards there are opportunities for enhanced efficiency and effectiveness by working together in a collaborative manner.

NZASB planned actions will comprise:

- (a) monitoring the AASB Work Plan for projects of mutual importance on which there may be benefits to working collaboratively.
- (b) taking opportunities to meet and liaise with AASB members and staff (including attending AASB meetings);
- (c) continuing to seek opportunities to maintain and strengthen relationships with other national standard setters, through attending regional and international events, and meeting to discuss matters of mutual interest; and
- (d) contributing to the work of the AOSSG, where appropriate, in supporting the work of the IASB.

3: Maintaining and enhancing constituency engagement and support

Overview

Accounting standards are best developed by working with a broad range of stakeholders in a collaborative manner, through maintaining and enhancing constituency engagement and awareness-raising activities. Constituency engagement is required to ensure the standards retain general acceptance and to identify any issues or challenges in a timely manner.

The XRB has a strategic focus on developing stronger relationships with key stakeholder groups across the reporting cycle, including regulators, policymakers, government, and the wider business and NFP communities.

A priority outcome over this period is increasing engagement with Māori, to better understand the extent to which the accounting standards address the information needs of Māori entities and reflect the Māori world view.

Constituency engagement activities will be conducted to support:

- (a) seeking constituent feedback on proposals to issue new standards or amendments;
- (b) promoting awareness of new standards or amendments when issued;
- (c) encouraging entities to prepare for the implementation of new standards or amendments as they become effective; and
- (d) receiving constituent feedback on emerging trends and issues/challenges with the current suite of accounting standards.

The above activities will include communicating why a new standard or amendment has been proposed and/or issued. It is important to explain how new pronouncements will improve accountability, transparency, and better decision making by users of GPFRs.

This strategy also includes maintaining relationships with key stakeholder groups to monitor any emerging issues to ensure the suite of accounting standards in each sector continue to be “fit-for-purpose”.

NZASB’s planned actions

The NZASB’s planned actions reflect the need to continue raising awareness of standard-setting projects in progress, recently issued accounting standards, and accounting standards soon to be effective. The NZASB will seek to maintain and enhance consultation with key stakeholder groups across all sectors to receive feedback on specific issues relating to accounting standards, and to encourage feedback on due process documents.

The planned actions are grouped into four main areas of activity.

Maintaining and enhancing due process consultation

Maintaining ongoing engagement with key constituent groups

Liaising with state sector agencies

Promoting awareness of existing accounting standards

Action 3.1: Maintaining and enhancing due process consultation

The purpose of these planned actions is to increase constituents' awareness of:

- the current standards in development and the reasons why a new standard or amendment is being developed; and
- the importance of constituent contributions to the standard-setting due process, to encourage an increase in constituent submissions and engagement.

NZASB planned actions will comprise:

- (a) continuing to identify and implement innovative, targeted consultation methods that encourage a broad range of stakeholder feedback; and
- (b) continuing to proactively engage with relevant constituent groups about specific technical issues or matters being considered domestically or internationally.

Action 3.2: Maintaining ongoing engagement with key constituent groups

The NZASB will continue to maintain contact with key constituent groups across all sectors, including Māori, on matters relating to accounting standards.

NZASB planned actions will comprise:

- (a) continuing to publish regular online newsletters and alerts to promote an awareness of the NZASB's activities, any new standards or interpretations issued, and other standard-setting developments;
- (b) promoting awareness of significant new standards or interpretations issued closer to the effective date, with a focus on communicating why the changes have been introduced;
- (c) meeting with major constituent groups and/or industry/sector representatives as part of the NZASB's meetings;
- (d) proactively seeking opportunities to engage the regulators — Financial Markets Authority (FMA), New Zealand Stock Exchange (NZX) and New Zealand Reserve Bank (RBNZ).
- (e) proactively seeking opportunities to engage with those involved in the external reporting of Māori incorporated entities²⁷ – including preparers, advisors, and users; and
- (f) taking opportunities to meet with other key constituent groups (including at events hosted by those groups).

²⁷ Māori incorporated entities are organisations whose kaupapa are whānau, hapū, iwi, and/or hapori Māori-based. Examples include, but are not limited to: Ahu Whenua Trusts, Asset Holding Companies, Crown Forest Rental Trust, Iwi Authorities, Māori Council, Māori Wardens, Māori Women's Welfare League, Marae Trusts, NZ Māori Council, Post-settlement Governance Entities, Rūnanga, Tribal Committees, Trust Boards, Urban Māori Authorities, and Whānau Trusts.

Action 3.3: Liaising with state sector agencies

The purpose of these planned actions is to maintain and build stronger relationships with key state sector agencies²⁸ to ensure the linkages between their work and that of the NZASB are identified and any gaps addressed.

NZASB planned actions will comprise:

- (a) actively engaging with state sector agencies about any specific technical or implementation issues in relation to financial and service performance reporting; and
- (c) seeking feedback from state sector agencies on proposed new accounting standards, as appropriate during the due process stage of development.

Action 3.4: Promoting awareness of accounting standards by umbrella organisations and accounting educators

The purpose of these planned actions is to promote increased constituent awareness of accounting standards by working with umbrella organisations²⁹ and accounting educators in the tertiary sector.

The NZASB will actively encourage, facilitate, and support these organisations in their efforts to promote improved financial reporting through the application of accounting standards issued by the XRB.

Umbrella organisations

NZASB planned actions will comprise:

- (a) working with umbrella organisations (and other relevant organisations) to help them promote awareness of the accounting standards issued by the XRB amongst their membership base and wider stakeholders; and
- (b) meeting periodically with umbrella organisations to update them on standard-setting developments, and to discuss any emerging trends and/or concerns with the current suite of accounting standards.

Accounting educators

NZASB planned actions will comprise of meeting periodically with tertiary institutions to update them on standard-setting developments, and to discuss any emerging trends and/or concerns with the current suite of accounting standards.

4: Research to support standard-setting developments

Overview

The XRB has a strategic focus on monitoring the outcome of research conducted in New Zealand and internationally on matters related to the financial and non-financial information user- needs.

Research outcomes are an important input into the standard-setting process because they provide evidence-based information to support future developments. Where relevant and timely research outcomes can be used as a basis for considering future enhancements to accounting standards, to

²⁸ For this strategy the reference to “key state sector agencies” includes MBIE, FMA, DIA - Charities Services, IRD, Office of the Auditor-General New Zealand, and Treasury.

²⁹ Such as Chartered Accountants Australia and New Zealand, CPA Australia, and other sector representative groups (for example the Institute of Directors and Taituarā – New Zealand Society of Local Government Management).

inform efforts to influence the work of the international standard-setting boards (through thought leadership), and to respond to wider external reporting developments.

Action 4.1: Considering the outcomes of academic research

The purpose of these actions is to identify and consider academic research that will support future standard-setting developments. Considering the outcomes of academic research on financial and non-financial matters assists in enhancing the NZASB's understanding of user-needs and identifying weaknesses in the current accounting standards.

NZASB planned actions will comprise:

- (a) developing strategies for monitoring and identifying financial and non-financial reporting academic research being conducted here in New Zealand that is useful for:
 - (i) informing the development of current and future NZASB projects; and
 - (ii) identifying any emerging weaknesses standards.
- (b) promoting research on projects of importance to the NZASB through the activities of the XRB Academic Advisory Panel.³⁰
- (c) taking other opportunities to engage with tertiary educators to identify research opportunities to support future standard-setting developments.

Action 4.2: Analysing NFP tier populations

The XRB expects that there could be changes to the composition of the NFP sector³¹ since the New Zealand Accounting Standards Framework was established. It is expected that proposed reforms to the legislation governing incorporated societies will introduce requirements for a number of incorporated societies to prepare GPFR in accordance with standards issued by the NZASB.

In response to potential future changes to the composition of the NFP sector, the XRB has a strategic objective of periodically reviewing the number and types of entities that make up the NFP populations in each tier of the PBE Accounting Standards Framework.

Research into the NFP tier population was last completed by the XRB in December 2018.³²

The NZASB planned actions will comprise of considering the outcomes of the NFP tier population research to provide input to support the following actions:

- (a) conducting a PiR of the Tier 3 and Tier 4 PBE Accounting Standards ([Action 1.8](#)); and
- (b) considering the implications of proposed reforms to incorporated societies' legislation on accounting standards issued by the NZASB ([Action 1.3](#)).

³⁰ The XRB Academic Advisory Panel provides a forum where the three XRB Boards can consult with individuals and representatives of academia. It meets twice a year, usually in March and September, and provides input into XRB projects when appropriate.

³¹ The term "NFP Sector" refers to those NFP entities in the private sector that have a statutory obligation, or that opt under an enactment, to prepare financial statements or financial reports that comply with GAAP or non-GAAP standards that are issued by the XRB — the main group of such entities being registered charities.

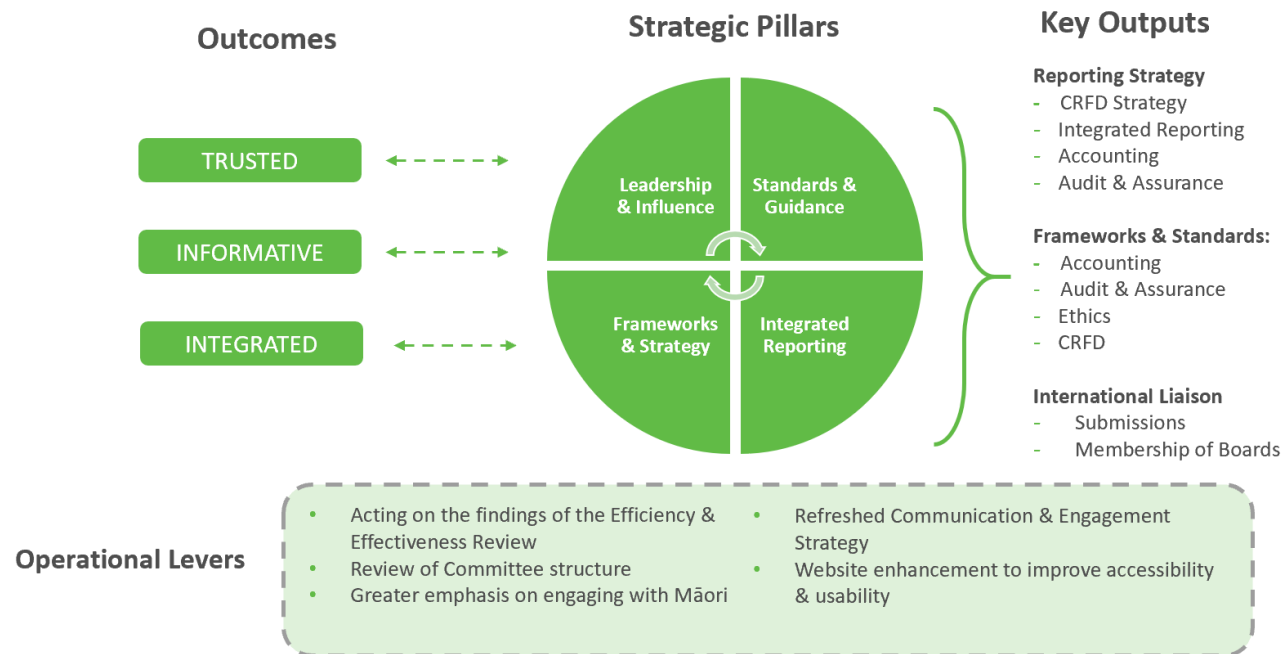
³² The outcomes of this research have not been published and instead are being used internally to inform the current and future strategies of the XRB. The research focused on tier population of registered charities.

Appendix A — XRB Strategic Plan 2020–2021: At a Glance

Strategy at a glance



Vision New Zealand prospers through effective decision making informed by high quality, trusted, and integrated reporting.



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