



*Te Kāwai Ārahi Pūrongo Mōwaho*  
**EXTERNAL REPORTING BOARD**

# **Strategic Plan 2021-2026**

November 2020



# Introduction



This document sets out the External Reporting Board's (XRB's) Strategic Plan for the five-year period from 1 July 2021 to 30 June 2026.

The XRB's strategy aims to contribute to New Zealand's goal to create a sustainable, inclusive and prosperous economy. High-quality information is critical to ensure that decision making that impacts the wellbeing of New Zealand and New Zealanders is well informed.

Our strategy recognises that high quality information is more than financial information and includes non-financial elements of performance including; value creation, sustainability and the wider impacts an organisation has on society and the environment. Integrated, this information spans the natural, human, social, and financial capitals that support intergenerational wellbeing.

The importance of consultation, and communication and engagement with a broad cross section of stakeholders, and the consideration of a Te Ao Māori world view into our work, cannot be understated. The XRB aims to bring about operational change to enhance its consultation, communication and engagement efforts.

Equally, we will continue to focus on maintaining and building strong international connections. This is central to our role of taking international standards and making them relevant and applicable for a New Zealand context. Our focus on this recognises the importance of comparable information, and that adopting internationally recognised standards remains paramount. Alongside this, we want to maintain our role as a credible influencer on the global standard setting stage.

Relative to our size, New Zealand punches well above its weight in this area. We have a credible voice and a reputation for being fair and even handed in our approach. In the years ahead, we intend to maintain and build on our international standing.



## **Our Vision**

New Zealand prospers through effective decision making informed by high-quality, credible, integrated reporting.

## **Our purpose**

Enable the highest quality decision making for resource allocation for the benefit of Aotearoa New Zealand and New Zealanders.

## How we deliver



We enable high quality, credible, and integrated reporting through the provision of robust frameworks and standards that are internationally credible, while being relevant to Aotearoa New Zealand so that reporting and assurance in New Zealand promotes trust, confidence, transparency and accountability.

# Our context



The XRB has an enduring focus on ensuring frameworks and standards respond promptly to local and international external reporting developments. But it's a changing world. The range of stakeholders for whom reporting standards applies is broadening. Information users are increasingly demanding richer information (beyond financial reporting), and the disruptive short and long-term impacts, of for example COVID-19 and climate change, cannot be ignored. These challenges in and of themselves, heighten the need to ensure decision making is reinforced by information supplied through integrated reports that support resilience and long-term sustainability and that the interests of future generations are safeguarded.

The XRB is well placed to respond to change. We are a small organisation with an important remit, and we have advantages that can be leveraged such as the ability to be agile and adapt to events at pace. The way we responded during COVID-19 is a good example of our agility. We were prompted to be braver in our approach, as we pivoted from our usual standard taker role, to that of standard maker by issuing going concern accounting standards, supporting guidance and FAQs on emerging accounting and assurance matters, and increasing our media presence and profile to support their use. These actions were a critical step towards maintaining trust, confidence and transparency during a time of disruption and uncertainty.

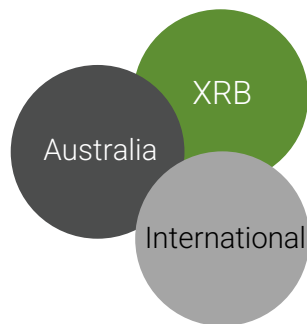
Our size also means we have good relationships with regulators, policy makers, and the wider business and Not for Profit communities. Similarly, yet despite New Zealand being a small country, the XRB has developed a strong standing and voice internationally and maintaining this credibility will be an enduring focus. This will be critical in the coming years as New Zealand leads the way on developing and implementing Climate-Related Financial Disclosures (CRFD). We realise however, that in rising to the challenge an extended mandate to develop standards on CRFD brings, that we must develop stronger and deeper relationships with a broader group of stakeholders – including Māori.

Our strategy will enable us to build on our strengths so that we can harness the opportunities that are inherent to change, and create benefit for Aotearoa New Zealand.

# Reporting system Overview

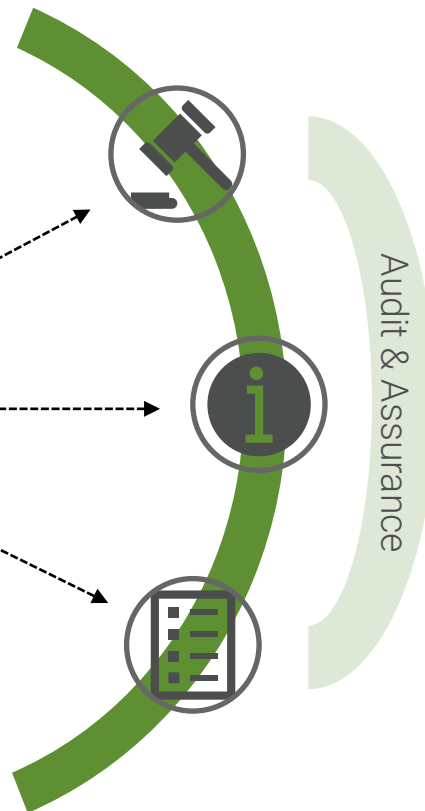
## Australian bodies

- Financial reporting Council (FRC)
- Australian Accounting Standards Board (AASB)
- Auditing and Assurance Standards Board (AuASB)
- Accounting Professional and Ethical Standards Board (APESB)



## International bodies

- International Accounting Standards Board (IASB)
- International Audit and Assurance Standards Board (IAASB)
- International Public Sector Accounting Standards Board (IPSASB)
- International Ethics Standards Board for Accountants (IESBA)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Climate Disclosure Standards Board (CDSB)



## Regulatory bodies

- Financial Markets Authority
- Office of the Auditor General
- Commerce Commission
- MBIE
- NZX
- Charities Services (Department of Internal Affairs)
- Professional bodies
- Reserve Bank of New Zealand

## Information users

- Investors
- Directors
- Reserve Bank of New Zealand
- Government
- Public/consumers
- Funders

## Reporting Organisations/Preparers

- Public Sector entities
- Not for Profit organisations
- Private sector

- Audit and Accounting firms

## Our 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.

# Strategy at a glance

## Vision

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

## Outcomes

CREDIBLE

INFORMATIVE

INTEGRATED

## Strategic Pillars



## Key Outputs

### Reporting Strategy

- CRFD Strategy
- Integrated Reporting
- Accounting
- Audit & Assurance

### Frameworks & Standards

- Accounting
- Audit & Assurance
- Ethics
- CRFD

### International Liaison

- Liaison and feedback
- Membership of Boards

## Operational Levers

- Acting on the findings of the efficiency & effectiveness review
- Review of committee structure
- Greater emphasis on engaging with Māori
- Refreshed communication & engagement strategy
- Website enhancement to improve accessibility & usability



# Priority focus areas

## Climate Related Financial Disclosures

Development of a strategy and guidance which encompasses a broad range of stakeholder views.

## Audit & Assurance

Strong leadership & voice to influence delivery of high- quality audit and assurance services

## Engagement & Influence

Stimulate dialogue nationally and internationally to inform domestic standard setting, and give New Zealand a credible and influential voice on the international standards setting stage.



- Consult on and amend Professional and Ethical Standard 1 for the provision of Non- Assurance Service and Fees
- Issue an alternative engagement standard for small not-for-profits
- Issue a review standard on Service Performance Information
- Influence IAASB projects, consult on and issue the proposed international auditing standards on:
  - ISA 600 Group Audits (Revised) Special Considerations – Audits of Group Financial Statements
  - Less Complex Entities
  - ISA 500 (Revised) Audit Evidence
  - Fraud and Going Concern matters

- Monitor integrated reporting developments and develop assurance standards/guidance where necessary
- Post-implementation Review of Tier 3 and Tier 4 Standards
- Influencing the IPSASB's Projects on: Revenue and Transfer Expenses, Measurement, and Leases
- Developing a public sector insurance standard
- Provide input into IASB's 2021 consultation on its future work plan
- Promote awareness of the new standard on service performance reporting (PBE FRS 48)