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XRB Stakeholder Engagement 2022

QUANTITATIVE REPORT | MAY 2022

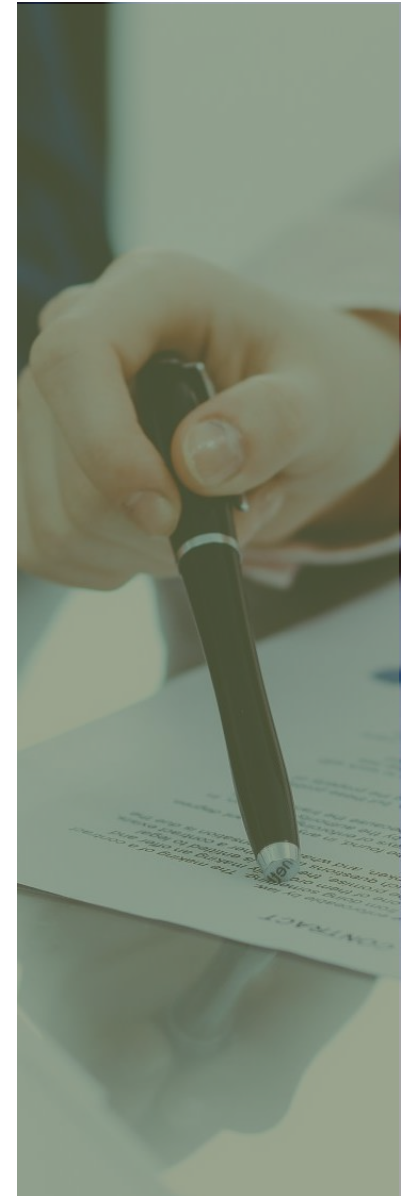


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EXTERNAL REPORTING BOARD



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01

Research overview



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Background and objectives.

The **need** for research

Provide the XRB with information to maintain strong and effective relationships with its stakeholders, and to provide an understanding of how effective its ongoing engagements and communications are.

The research also explores strategic stakeholders' perspectives on strategic issues to help inform the Board's strategic planning.

The **objectives** of this research were to understand:



Stakeholders' perceptions of the XRB in order to maintain strong and effective relationships with them.



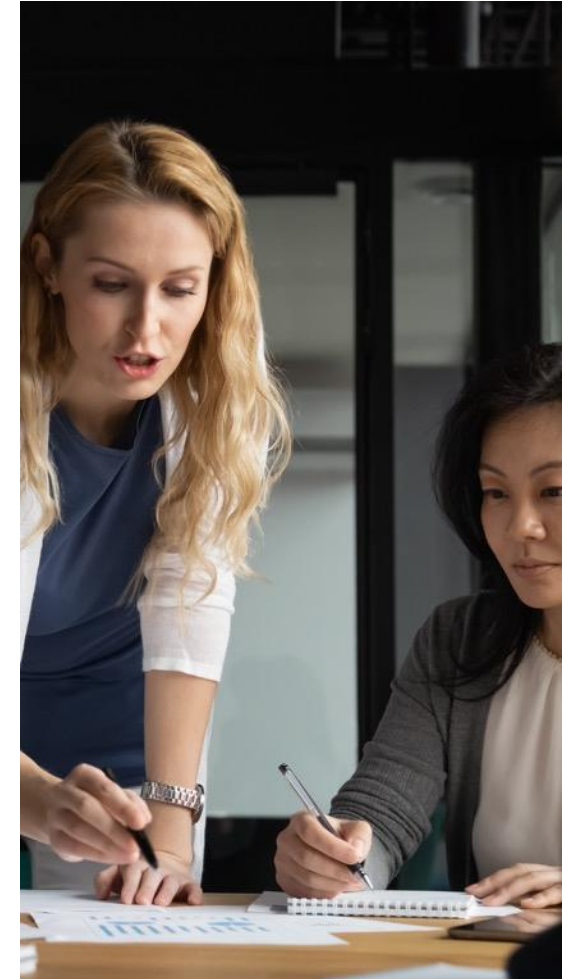
How engaged stakeholders are with the XRB and its processes.



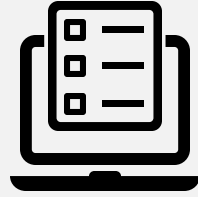
How satisfied stakeholders are with the interactions they have with the XRB.



Stakeholders' perspectives on strategic issues.



Overview of research approach



An **8-minute** online survey with **223** stakeholders



We also conducted one hour semi-structured **qualitative interviews** with **19** strategic stakeholders. The findings from the qualitative interviews are reported separately.

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Key findings

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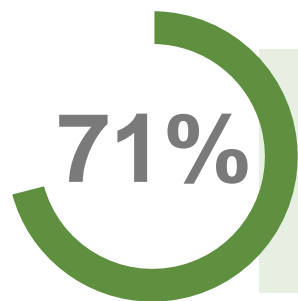
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Key Findings.

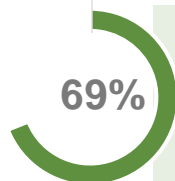
OVERALL PERFORMANCE OF THE XRB

Overall, stakeholders are satisfied with the XRB and their interactions with the organisation.



71% of stakeholders say they are satisfied with the XRB's performance when asked to consider both parts of XRB's performance statement. This level of satisfaction is in line with Kantar Public's norms for stakeholder research.

Stakeholders are slightly more satisfied with XRB's performance overall than they are with either of the two individual components of XRB's performance statement (see below). This suggests that overall satisfaction is more than the sum of its parts.



69% of stakeholders say they are satisfied with the XRB's performance on: 'develop and issue financial, climate reporting and auditing and assurance standards, and associated guidance that engender confidence in New Zealand financial and nonfinancial reporting'.



60% of stakeholders say they are satisfied with the XRB's performance on: 'assist entities to better communicate their performance, enhance entities' transparency, accountability and stewardship to stakeholders and support high performing and accountable organisations in both the private and public sectors'.

Key Findings.

INTERACTIONS



Nearly half of stakeholders interact with the XRB on at least a monthly basis and half of those (23% of all stakeholders) interact multiple times a month. One in five (22%) interact with the XRB once a year or less.

Most stakeholders interactions are via the website, newsletters or webinars / seminars. Stakeholders are satisfied with their interactions with these channels – e.g., 91% are satisfied or very satisfied with the XRB’s seminars and webinars, 88% with the website, and 83% with the newsletters.

83% of those who use the website are looking for things like standards, explanatory guidance or exposure drafts. Secondary uses for the website are to look for events or webinars information (39%), climate related disclosure information (36%) and reading online newsletters (30%). One in four website users are using the ‘Find Your Standard’ tool.

43% of stakeholders interact with people at the XRB and satisfaction with these interactions is high. 85% are satisfied overall and 30% are very satisfied.

There are two key ways stakeholders suggest the XRB can improve its interactions with them. First, is through information and education, including more workshops and seminars, examples of good practice and increasing the resources available. Second, is through better engagement and understanding of stakeholders by building relationships with multiple stakeholders and consulting more often, as well as being aware of the issues and challenges each stakeholder and their sectors face.

Key Findings.

PRODUCT PERCEPTION

- Accounting standards are used by 78% of the stakeholders who took part in the survey and 40% use audit and assurance standards.
- Overwhelmingly, stakeholders agree it is important that New Zealand adopts international standards to ensure global competitiveness. While this is true for both sets of standards it was a more contentious issue amongst those using the audit and assurance standards (17% thought that the XRB should be developing New Zealand specific standards).
- It is widely agreed that the XRB consults appropriately with stakeholders before adopting standards, and most users of either set of standards agree they understand how and when to make a submission.
- While the majority (72%) of users of audit and assurance standards agree the XRB provides good supporting information, a smaller majority (58%) agree the same for accounting standards.

Key suggestions for how the XRB can improve how they adopt and create new standards include providing more guidance and support, consulting on more challenging issues, and ensuring standards are broad enough to apply to different sectors.

STRATEGIC IMPACTS

- Climate change, followed by audit quality, and economic factors are seen as having the largest impact on reporting over the next few years. Respectively 47%, 38% and 35% rate these as having an extremely large impact.

Strategic impacts are explored and discussed in greater depth in the qualitative report.

Focus areas.

Based on stakeholder perceptions and suggestions, we have identified some key areas the XRB could focus on in order to further improve performance:

1

GUIDANCE, SUPPORT AND EDUCATION

There is a consistent theme throughout the survey results that stakeholders want more support and guidance from the XRB, particularly when it comes to interpreting standards and applying them to their sectors, as well as providing best practice exemplars that are relevant to them. Webinars and seminars are a key channel for stakeholders to learn more about the standards and what is expected from them. We know that satisfaction with this channel is high among those who use it, but with 42% of stakeholders using this channel there is room to educate more stakeholders in this way.

2

INCREASE ENGAGEMENT

Stakeholders want the XRB to take a more consultative approach when working with them to create and implement standards, particularly around more challenging or complex issues. This is supported by satisfaction for part two of the XRB's performance statement being lower than that for part one (and even more so among senior stakeholders). Further, there is a desire for the XRB to be more outward looking and continue to raise their profile to be seen as leaders in this space and as one stakeholder commented 'to own their voice'.

3

CONSIDER THE NEW ZEALAND CONTEXT

Most stakeholders agree that international standards should be adopted, however here is still a need to consider the New Zealand situation to ensure that standards are appropriate and relevant for multiple sectors and businesses. Among a few there is a perception that standards are geared towards bigger organisations and do not consider the context of New Zealand SMEs.

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03

Performance
perceptions

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XRB's performance statement.

TWO COMPONENTS TO THE PERFORMANCE STATEMENT

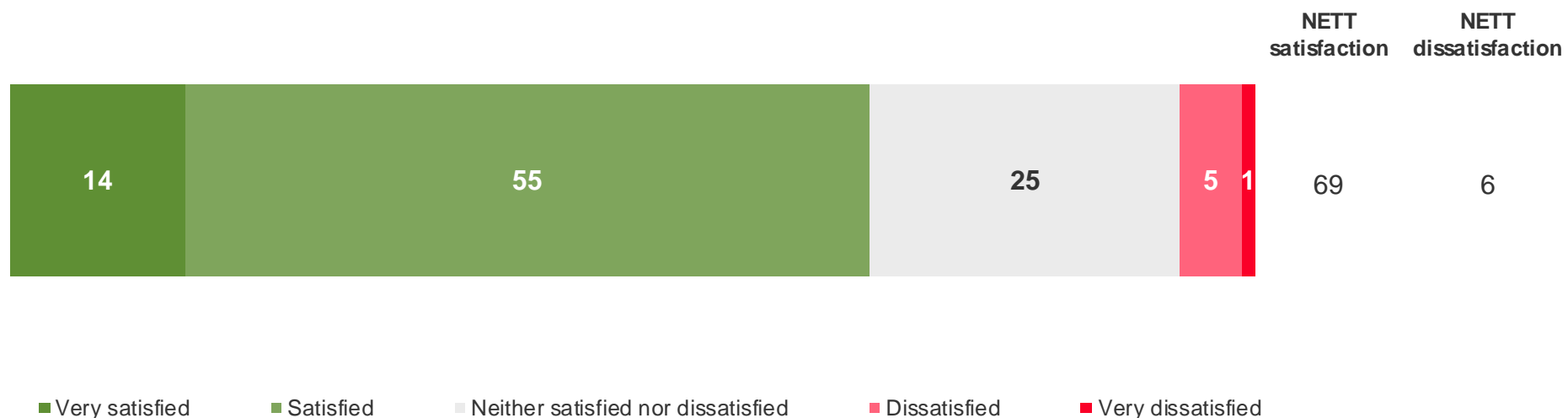
- 1 Develop and issue financial, climate reporting and auditing and assurance standards, and associated guidance that engender confidence in New Zealand financial and nonfinancial reporting.
- 2 Assist entities to better communicate their performance, enhance entities' transparency, accountability and stewardship to stakeholders and support high performing and accountable organisations in both the private and public sectors.

Around seven in ten stakeholders are satisfied with the XRB's performance on the first part of its performance statement. Only 6% of stakeholders are dissatisfied.

SATISFACTION WITH PART ONE OF THE XRB'S PERFORMANCE STATEMENT

%

Develop and issue financial, climate reporting and auditing and assurance standards, and associated guidance that engender confidence in New Zealand financial and nonfinancial reporting

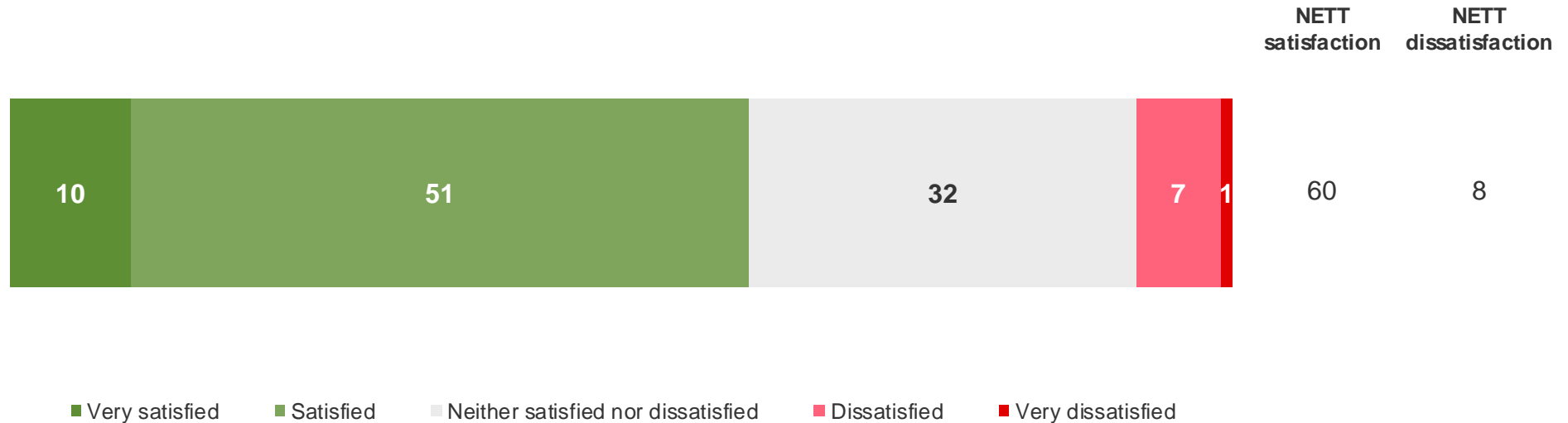


Satisfaction with the XRB's performance on the second part of its performance statement is slightly lower than the first part (60% compared to 69%).

SATISFACTION WITH PART TWO OF THE XRB'S PERFORMANCE STATEMENT

%

Assist entities to better communicate their performance, enhance entities' transparency, accountability and stewardship to stakeholders and support high performing and accountable organisations in both the private and public sectors.



Stakeholders in CFO or director roles have lower than average satisfaction with part two of the performance statement (42% vs 60%). They also had slightly lower than average satisfaction with part one (58% vs 69%) but this difference was not statistically significant.

When asked about their overall satisfaction with XRB, thinking about both elements of XRB's performance statement, 71% of stakeholders were satisfied. This is in line with Kantar Public's norm of 70% for stakeholder surveys.

OVERALL SATISFACTION WITH THE XRB'S PERFORMANCE

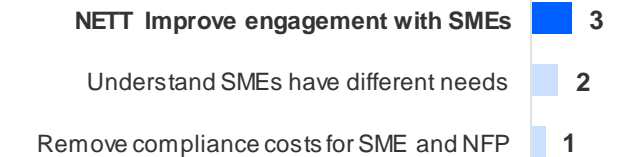
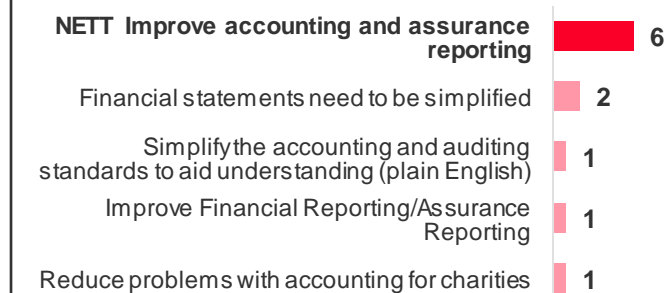
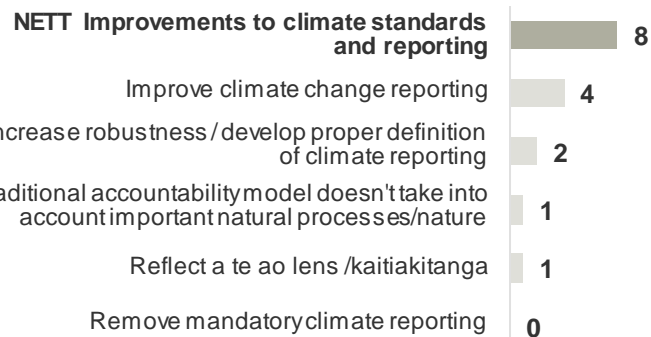
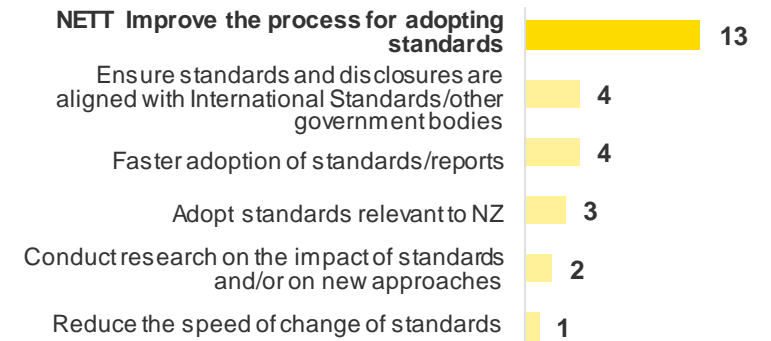
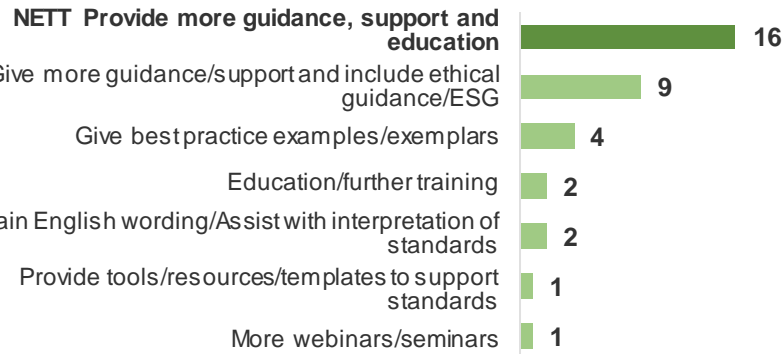
%



Suggestions for the XRB to improve its performance fell into three main categories: provide more guidance and support to stakeholders, improve communication and increase engagement, and improve the process for adopting standards.

60% OF STAKEHOLDERS HAD SUGGESTIONS FOR WHAT THE XRB COULD DO TO IMPROVE PERFORMANCE*

%



*33% said there was nothing the XRB needed to improve and 7% said they didn't know

In their own words...

VERBATIM SUGGESTIONS FOR IMPROVING PERFORMANCE

Somehow provide **more communications to entities themselves**. It appears the XRB's messages get out to accountants/auditors etc. but clients rely almost completely on us for advice. If that advice could get to clients independently from the XRB and then be supported by us that would be better. – Auditor, For profit small or medium sized entity

Ensure **international harmonisation remains paramount** - we have an exceptionally complex reporting regime - and it is important that our disclosures are consistent with the rest of the world. – Auditor/Professional accountant, Multiple sectors

Inclusive of academic community in its communication. It's critical we are updated with the right and latest information to train the future accountants/auditors. – Academic/Researcher/Student, Education

Would be good to understand how the XRB assists entities outside of simply providing standards. Most of my assistance would come from CAANZ, as opposed to XRB - would be good to understand how these entities work together, and what the XRB's strategy is to support high performing organisations. For instance, how does XRB deal with low performing organisations? – Preparer of financial information/Professional accountant, Large non-issuer for profit

We seem to be a little slow on getting standards in place for "hot topics", e.g., accounting for carbon credits (something that I am dealing with) where I cannot find any definitive statements on where that should land; how do we generate "interim" advice that can be generally applied prior to full standards being prepared. – Professional accountant, Public Sector
I would have thought that by now, the XRB would be looking at ESG reporting, not only climate reporting. It has been around for a while and is something investors are demanding. – Professional Accountant, Public Sector



I've put down "satisfied" in respect of the XRB's performance. My opinion has been expressed in the context of the traditional accountability model. But we need to acknowledge that we are in a period of tremendous upheaval and that the **traditional accountability model is under threat**. In summary:

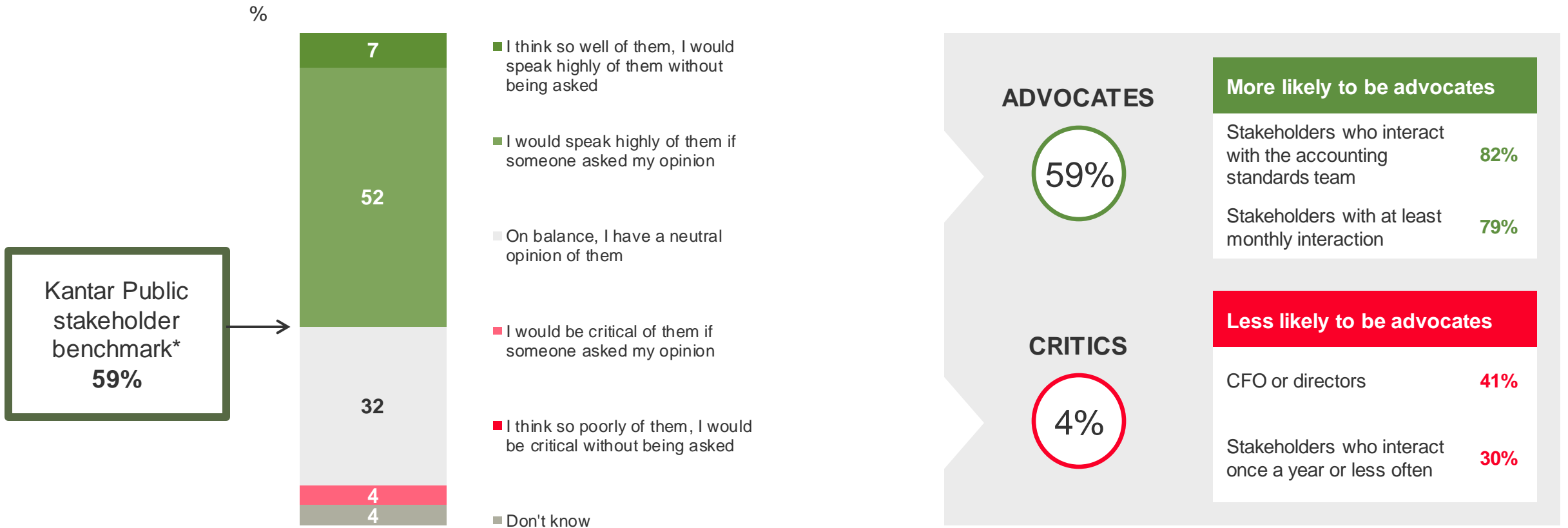
- financial statements have become so detailed that we can't distinguish the wood from the trees. In short, they are not useful to the layperson.
- in the not-for-profit space it is not clear to see what an entity is trying to achieve and to be able to assess what it has achieved given its resources.
- in the government space, where individual entities have a specific role to play, one cannot assess the collective results that the individual entities are having as a collective.
- the traditional accountability model is currently seen as encompassing all of the accountability needs of users. However, it is simply an input into the accountability process. I really think we need to explore the notion of "kaitiakitanga" (which embraces our wider responsibilities as guardians, custodians and stewards) as a way forward.

So, the entire accountability model is being questioned. **I would really like the XRB, working with others with a deep interest in the wider notion of accountability, to develop an accountability model that suits New Zealand and that embraces the notion of "kaitiakitanga"**. - Auditor, Public Sector

Climate reporting is at an early stage of development. But so far it doing a great job. Financial reporting and assurance it is largely a standard taker of international standards. So, it is difficult to add value to these. Standards for lower tiered entities need to meet user needs. Not-for-profit and PBE Tier 3 and 4 are currently being examined. **All-in-all the XRB is functioning as it should**. – Academic/Researcher/Student/Investor/Shareholder, Education

59% of stakeholders are advocates of the XRB meaning they would speak highly of them. This is on par with the average for other stakeholder studies. Advocacy increases with frequency of interaction.

ADVOCACY FOR THE XRB



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Interactions



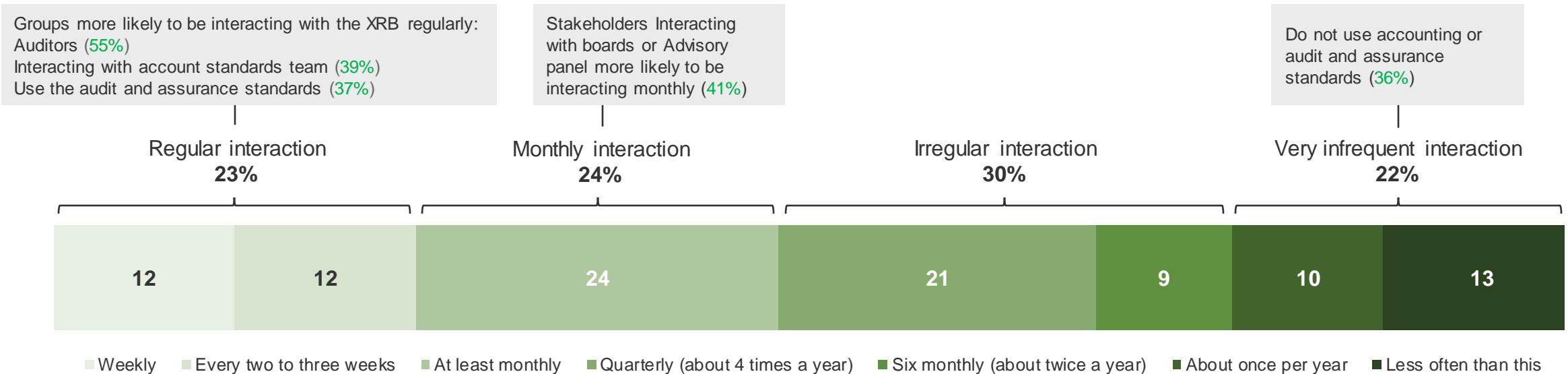
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Nearly half of stakeholders interact with the XRB on at least a monthly basis, while 1 in 5 (22%) are once a year or less often. Stakeholders who interact with the accounting or audit and assurance teams have the most frequent interactions with the XRB.

FREQUENCY OF INTERACTIONS

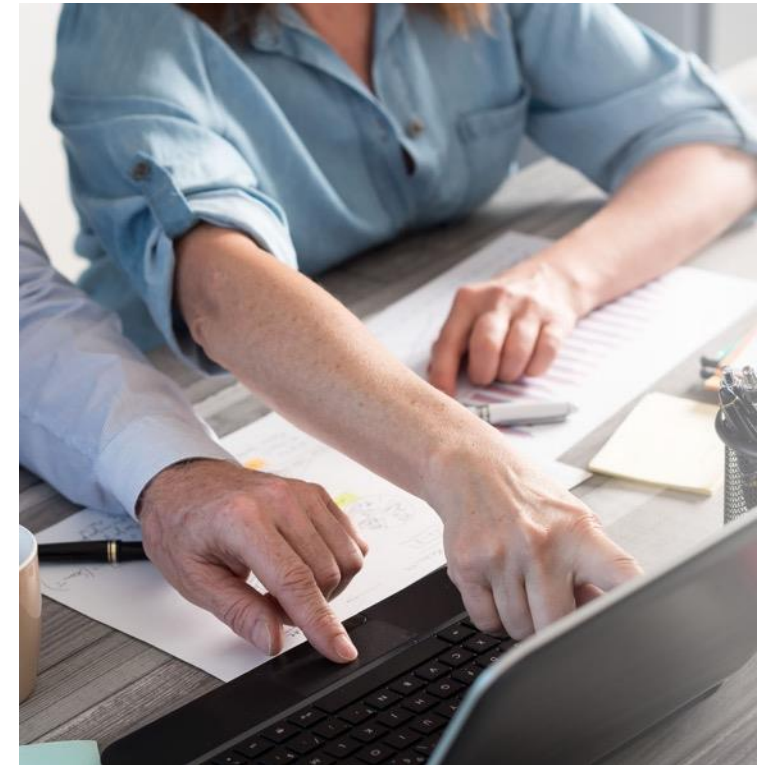
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Over three quarters of stakeholders visit the website, read the newsletter or attend webinars or seminars. The website is used most often and on a regular basis; 83% of stakeholders who interact at least weekly with the XRB use the website (compared to 61% overall).

WHO AND WHAT STAKEHOLDERS ARE INTERACTING WITH

%



The website is used predominantly to look for standards, explanatory guidance and exposure drafts. Secondary to that is finding information about events, looking for climate related information or reading the online newsletter. One in four are using the ‘Find Your Standard’ tool.

61% OF STAKEHOLDERS TYPICALLY USE THE XRB WEBSITE

%

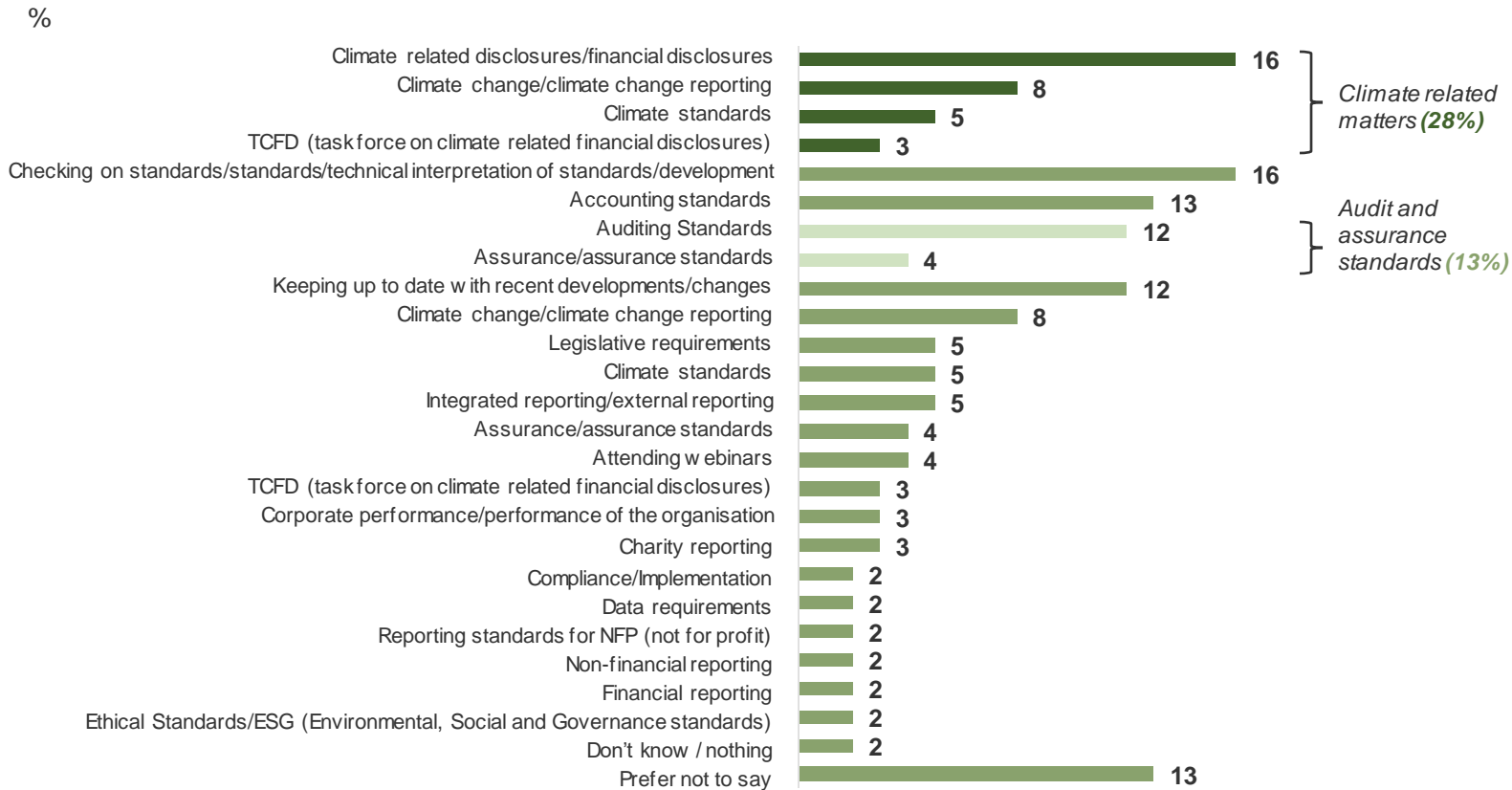


Stakeholders who use accounting or audit and assurance standards are more likely than average to look for standards and guidance on the website (90% and 92% respectively, vs. 83% overall).

For profit issuers are more likely than average to use the website to look for climate-related disclosure information (51% vs. 36% overall) or look for information on integrated reporting (31% vs. 18% overall).

When interacting with people at XRB, stakeholders discuss a wide range of topics and issues. Climate related matters are the main things being discussed, followed by accounting, audit and assurance standards.

43% OF STAKEHOLDERS TYPICALLY INTERACT WITH PEOPLE AT the XRB



Issues surrounding standards and external reporting, guest speakers for events. – Another role, Public Sector, Monthly interaction

Interactions with XRB people have been limited to getting an understanding of the direction of new climate reporting requirements. – CFO or Director, For profit issuer, Very infrequent interaction (once a year or less often)

Accounting and audit standards; corporate performance; changes to standards and implementation. – Public Sector, Irregular interaction (2-4 times a year)

Checking of rules and regulations for audits and preparation of accounting reports. – Professional Accountant, Working in multiple sectors, Monthly interaction

The vast majority is a resource for accounting and assurance standards along with education material. – Auditor, Working in multiple sectors, Regular interaction (weekly or every 2-3 weeks)

The performance of the organisation, any significant issues or changes that are coming up, and how we can help them. – Auditor, Public Sector, Irregular interaction (2-4 times a year)

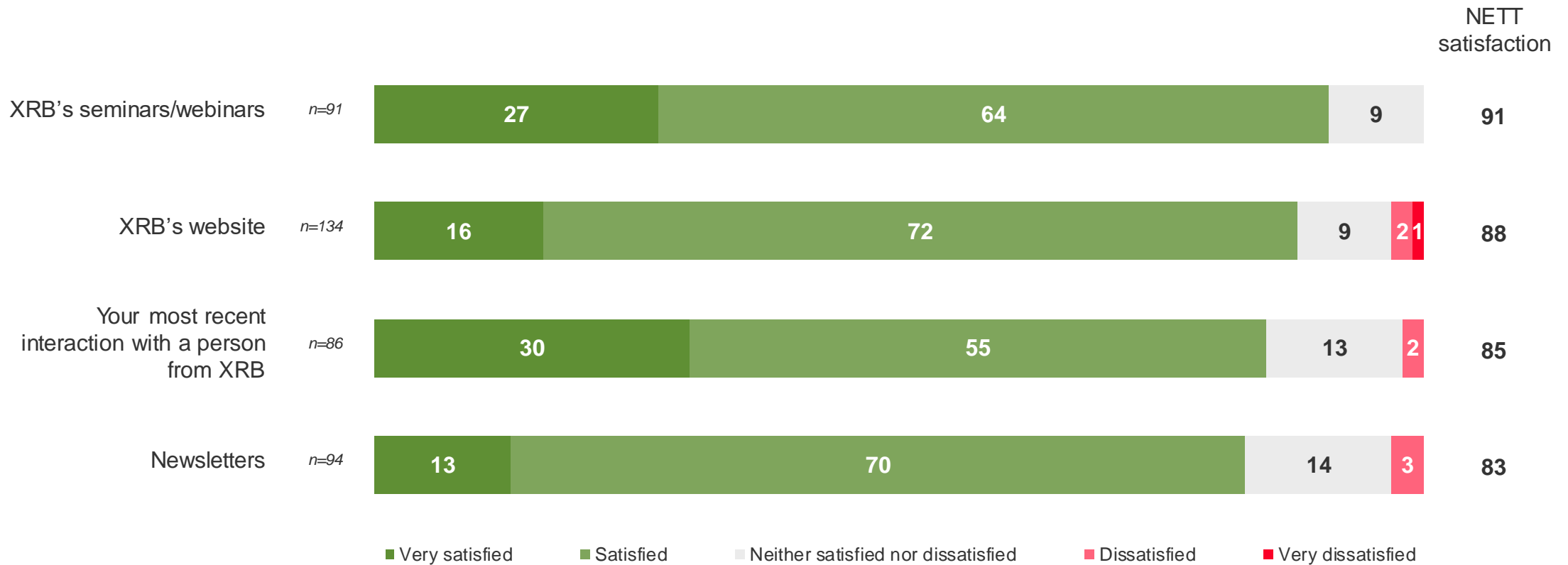
Upcoming standards, outreach, future plans. – Another role, Another sector, Regular interaction (weekly or every 2-3 weeks)

Keeping up to date with latest changes, submissions on current issues. – Professional accountant, Non charity NFP entity, Regular interaction (weekly or every 2-3 weeks)

Most stakeholders who attend the XRB's seminars and webinars are satisfied with them (91%). There is also high satisfaction with the website and newsletters (88% and 83% respectively). 85% of stakeholders say they are satisfied with the interactions they have with people at the XRB, and a third of those are *very satisfied*.

STAKEHOLDER SATISFACTION WITH THEIR INTERACTIONS WITH THE XRB

%



Comments from stakeholders about what the XRB is currently doing well.

The XRB are seen as good communicators particularly with regards to climate reporting. Stakeholders also commented on their interactions with the website and newsletter.

STAKEHOLDERS' VIEWS ON WHAT THE XRB IS CURRENTLY DOING WELL

Providing clear timelines for their work and engaging with the public.. – **Multiple sectors, Interactions are at least weekly**

Update of standards integrating international standards, while keeping the NZ standards relevant and workable in the NZ environment. – **Professional accountant, Non charity NFP entity, Interactions are at least weekly**

Leading the climate-change disclosures, there's a lot for organisations to think about - the consultation sections seem right – **ESG senior leader, Interactions are at least weekly**

Communications re climate standards - very clear, well signalled, doing a good job getting stakeholders together, bringing everyone on the journey - also really well presented comms– **Public sector, Interactions are at least weekly**

Updating and developing accounting and assurance standards in a timely and cohesive manner. – **Sustainability Adviser, Public Sector, Interactions are monthly**

Communicating about changes eg climate standards - the information provided in the webinars is clear and easy to understand by a variety of users. – **Auditor/Professional Accountant, Public Sector, Interactions are at least weekly**

The XRB deals with the technical stuff well. However, the relevance of its work to the public is not obvious.– **Auditor, Public sector, Interactions are at least weekly**



Providing a framework of audit standards to ensure openness in business dealings - CFO or Director, Registered charity, Very infrequent interaction (once a year or less often)

Understanding that entities are on a journey and are at different stages of maturity..– **Multiple sectors, Irregular interaction (2-4 times a year)**

I think that XRB is doing fine in a rapidly changing environment however it is sometimes difficult to know how to engage with it and how I am supposed to be engaging with it - it feels a bit "ivory tower" at times..– **Professional accountant, Public sector, Interactions are monthly**

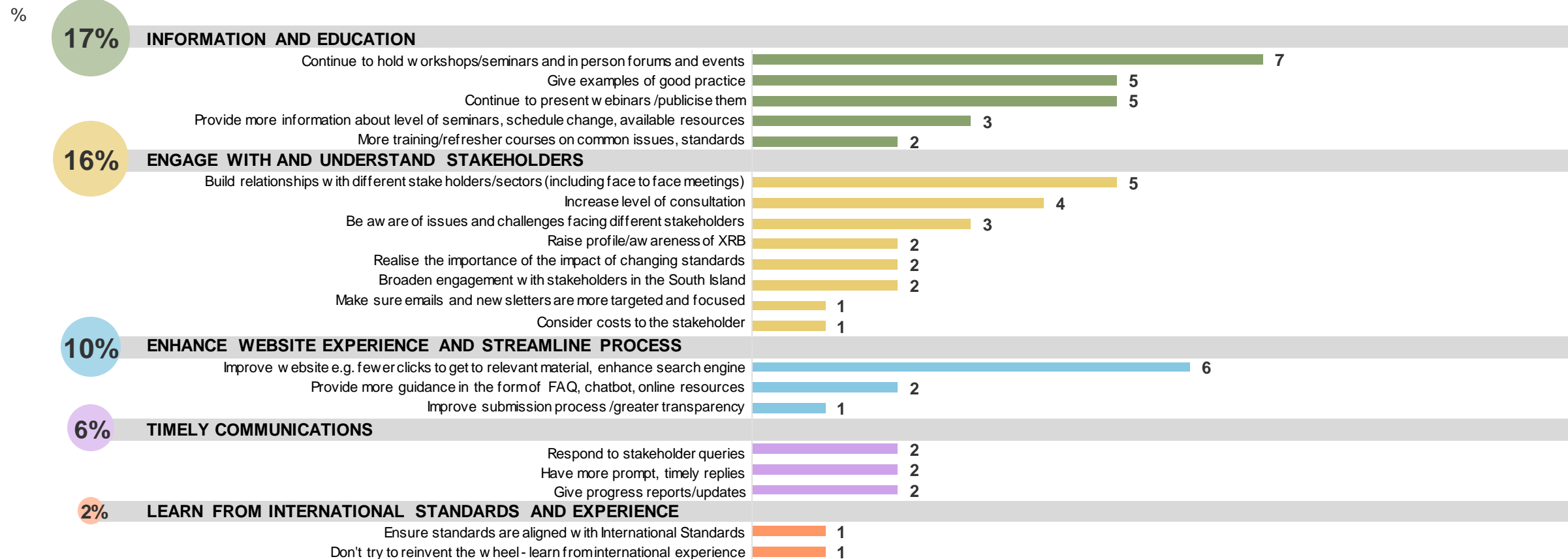
XRB is currently at the forefront of engagement with relevant stakeholders to ensure that any changes to the existing accounting and auditing frameworks used in New Zealand enhances the competitiveness of financial markets and the confidence of the investors..– **Registered charity, Interactions are monthly**

Enjoy the changed website. Keeps up well with the changes..– **Professional accountant, For profit issuer, Interactions are at least weekly**

the newsletter is very easy to read and informative - **CFO or Director, Non charity NFP entity, Irregular interaction (2-4 times a year)**

Stakeholders want more information and education from the XRB in the form of workshops, seminars and visible exemplars of good practice. There is also a desire for the XRB to keep building relationships with stakeholders in multiple sectors and increasing their level of consultation.

SUGGESTIONS FOR HOW THE XRB CAN IMPROVE THEIR INTERACTIONS WITH STAKEHOLDERS



In their own words...

SUGGESTIONS FOR HOW THE XRB CAN IMPROVE THEIR INTERACTIONS WITH STAKEHOLDERS



Make the current standards easier to access. Currently search function throws up too many options without clearly defining current standards and having a ready trail to look at earlier versions/ equivalent. The PCO legislation website is an excellent model to follow. – Professional body representative, Law, Irregular interaction (2-4 times a year)

Ensure webinar recordings are available as soon as possible. – Preparer of financial information, For profit user, Irregular interaction (2-4 times a year)

I think more face-to-face meetings with other corporates when there is a topical issue to discuss, or new workstream. I learn a lot from listening to both the XRB and the other issuers. – Preparer of financial information, For profit users, Monthly interaction

As the standard setter I think its important that the XRB holds a position on the interpretation of the standards or clauses within the standards that it adopts so that people using them have a clear understanding of what is required. – Preparer of financial information, Registered charity, Monthly interaction

It could be helpful if technical staff were able to build more general relationships with a variety of relevant public sector people, to be more aware of the reporting issues and challenges in that sector. – Preparer of financial information, Public Sector, Monthly interaction

Broaden its engagement and explanation of its functions and work programmes, and also the relevance of its work to broader public audiences rather than just the industry specialists. – Public Sector, Irregular interaction (2-4 times a year)

I wasn't convinced that they actually listened to the issues raised but stuck to their pre-conceived positions. – Professional accountant, Public Sector, Very infrequent interaction (once a year or less often)

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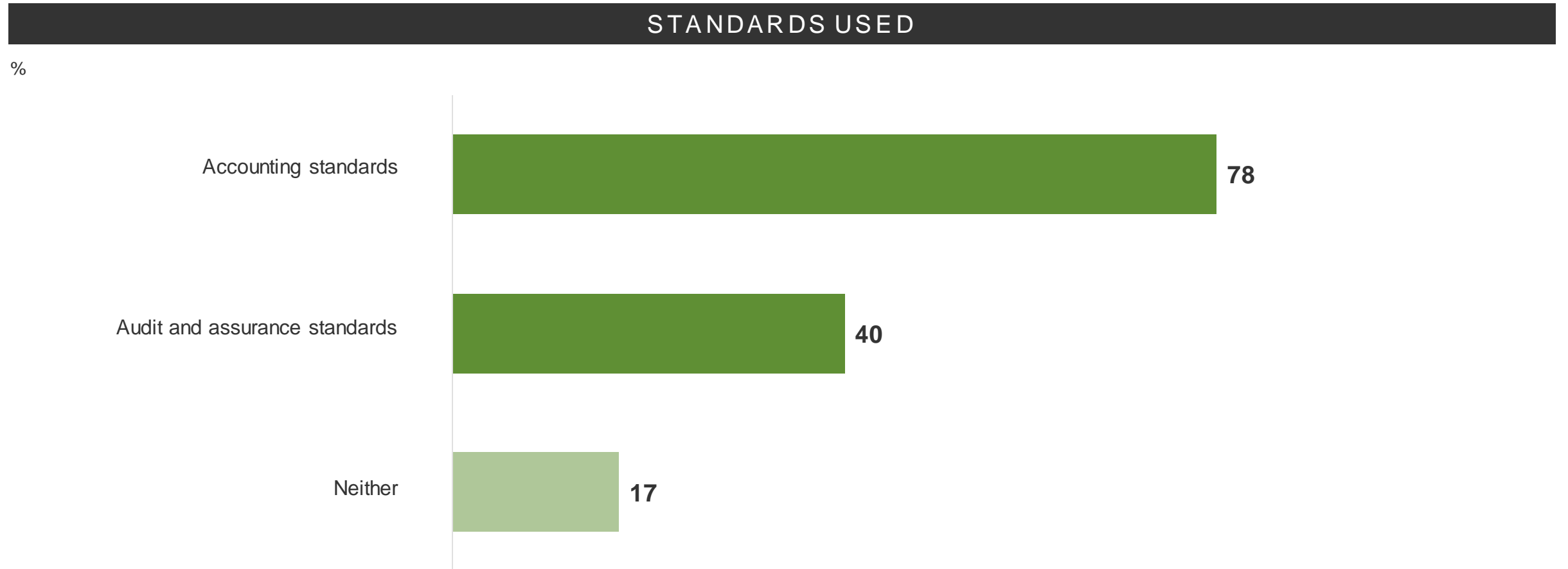
Perceptions of products



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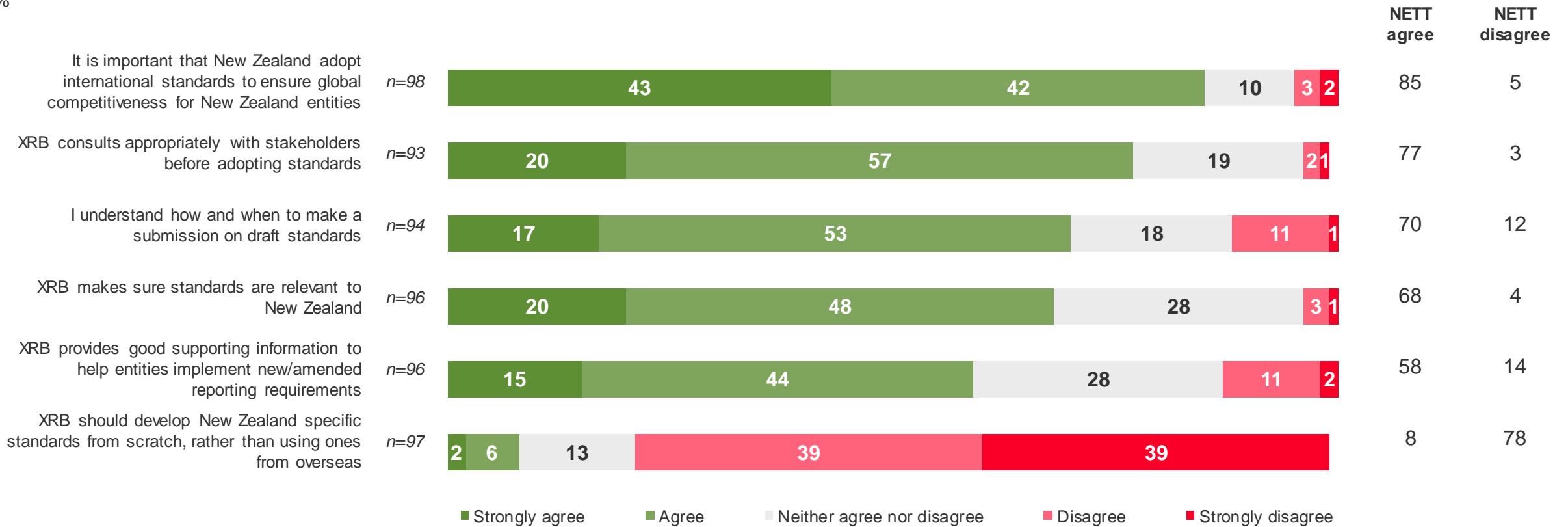
The stakeholders surveyed are twice as likely to be using accounting standards than audit and assurance standards. 17% said they used neither.



The majority of stakeholders agree the XRB should be adopting international accounting standards and that the level of consultation is appropriate.

PERCEPTIONS OF ACCOUNTING STANDARDS PRACTICE

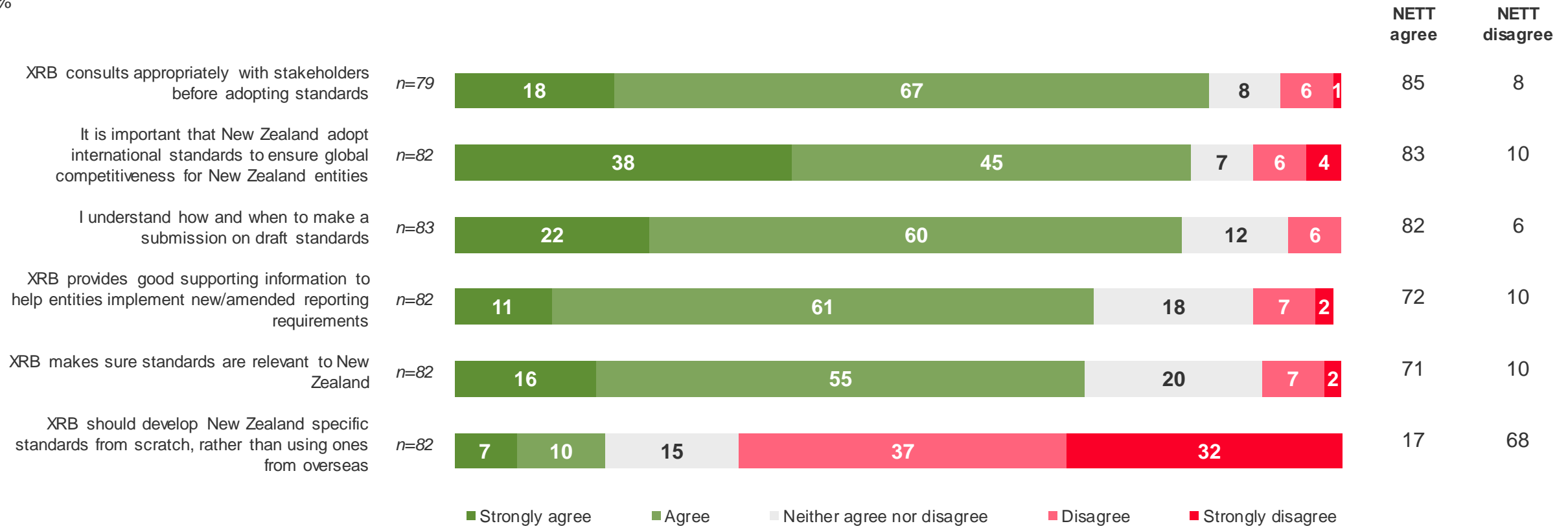
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Similarly, the level of consultation for audit and assurance standards is appropriate for most stakeholders. Conversely, stakeholders are less certain whether New Zealand should adopt international standards for audit and assurance standards than they were for accounting standards (see previous page).

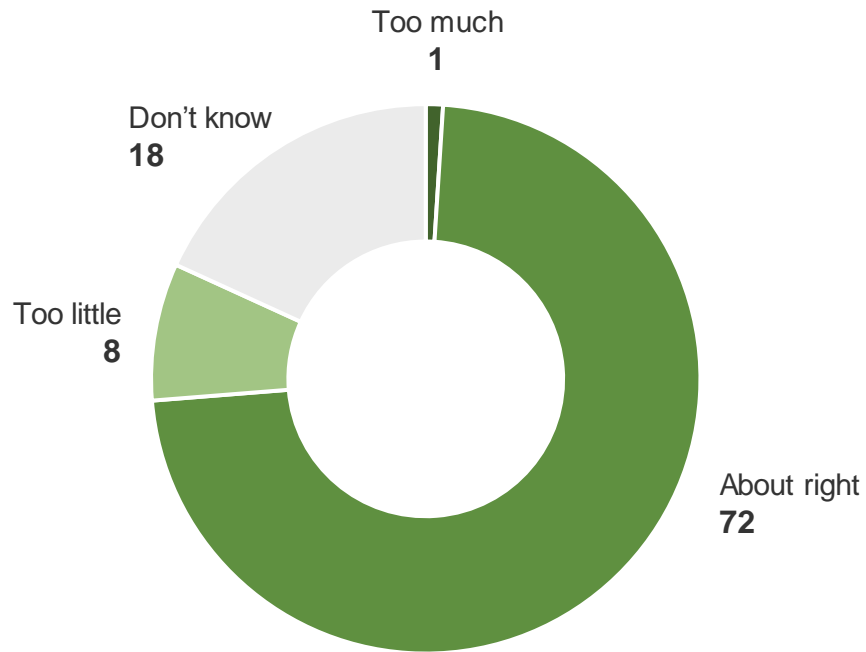
PERCEPTIONS OF AUDIT AND ASSURANCE STANDARDS PRACTICE

%

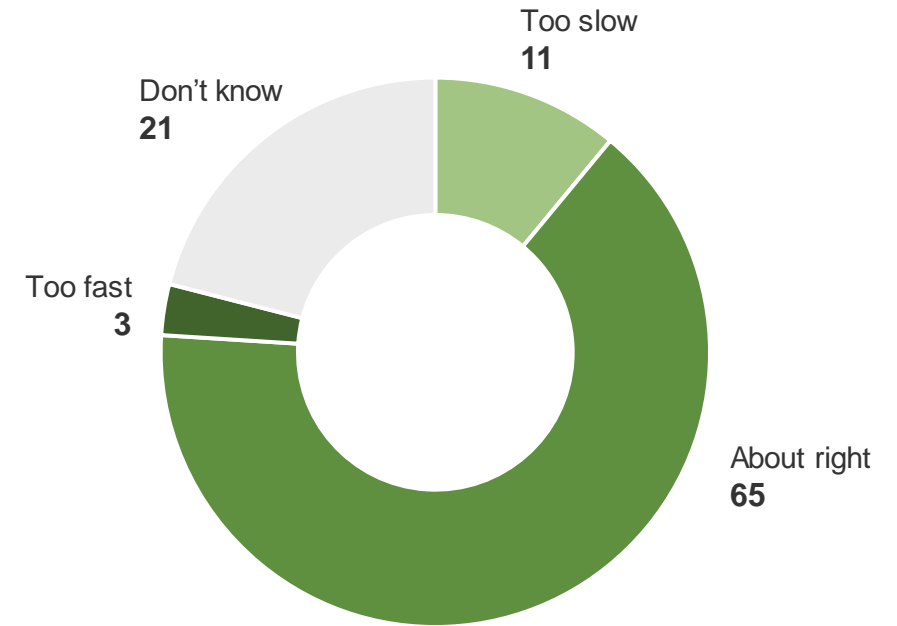


Most (72%) agree the amount of consultation the XRB does before adopting a new standard is appropriate and that the time it takes is about right (65%).

DO YOU THINK THE AMOUNT OF CONSULTATION THE XRB DOES BEFORE ADOPTING A NEW STANDARD IS...

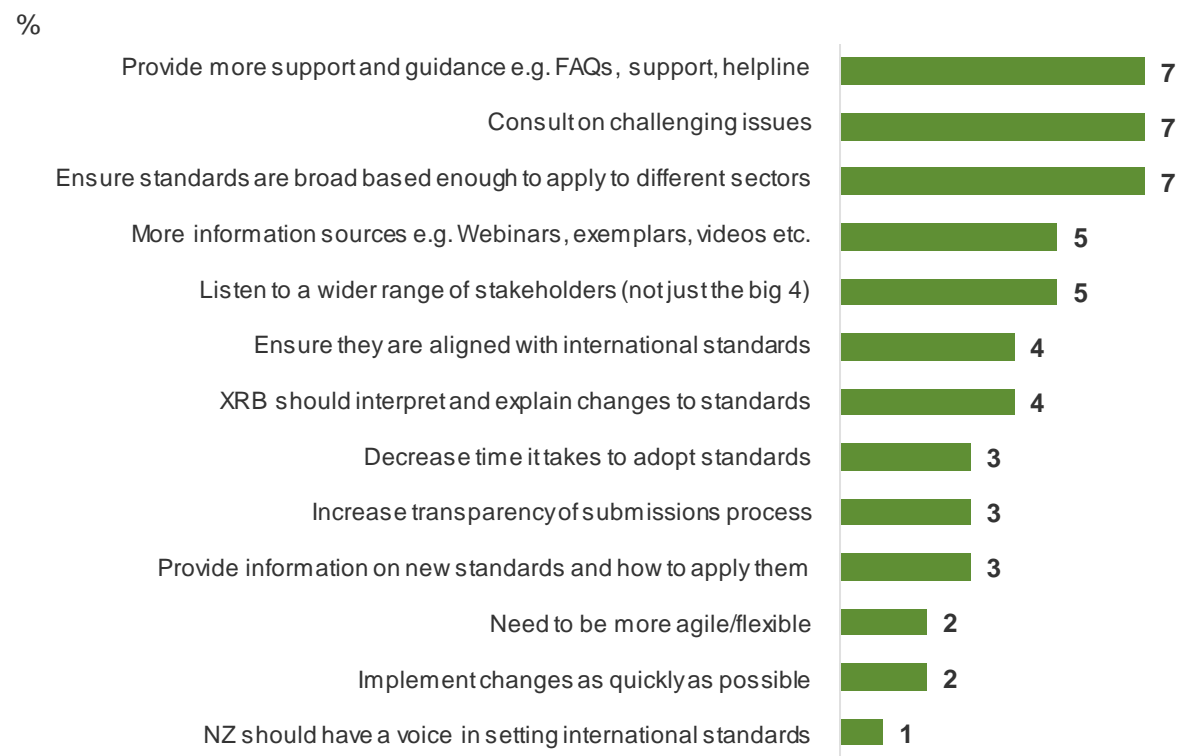


WHEN IT COMES TO THE TIME IT TAKES XRB TO ADOPT A NEW STANDARD, DO YOU THINK XRB IS ...



Most stakeholders did not have suggestions for how the XRB could improve the adoption and creation of standards. Of those who did, consultation on more challenging issues came through as did a desire for more support and guidance.

38% OF STAKEHOLDERS HAD SUGGESTIONS FOR HOW TO IMPROVE THE ADOPTIONS AND CREATION OF STANDARDS



More consultation with organisations that actually have to use them, as a co-design approach. - Another role, Registered charity, Monthly interaction

The consultation process for the climate standards has been really good - **would suggest following this for accounting standards** i.e., webinars, talking to industry groups etc. - Professional accountant/Preparer of financial information, Another sector, Monthly interaction

More practical guidance scenarios to illustrate their application. For example, NZ IAS 16 paragraphs 67 and 68. These are excellent, but unfortunately a bit few and far between. Sometimes in a standard the meaning may be obscured due to limitations of the English language; practical illustrations clear that up. – Another role, Public Sector, Monthly interaction

Consider the NZ situation more. we are characterised by small enterprises, yet the standards are typically for large to very large and don't fit the NZ situation. Perhaps give more consideration to raising threshold requirements to implement. - Auditor, For profit small or medium sized entity, Irregular interaction

More consultation with the OAG and respective users of the auditing standards. – Auditor, Public Sector, Regular interaction

NZ is mostly made up of SME's. International standards are mostly aimed at large corporates who misrepresent the truth for short term gain, or act without regard to the wider issues of their organisation's activities, such as with global warming or human slavery issues. **Many SMEs often lack the resources to implement some reporting changes...** – Professional accountant, Another sector, Irregular interaction

Particularly in relation to climate the standards are already too late as the market wants transparent reporting now - **the traditional cycle for preparing standards is no longer relevant - we need a much more agile, flexible approach...** then consult on the more challenging issues and implement changes as quickly as possible. Don't wait to you have the perfect standard as by the time it is perfect it will be out of date. – Auditor, For profit issuer/Registered charity/Non charity NFP entity, Irregular interaction

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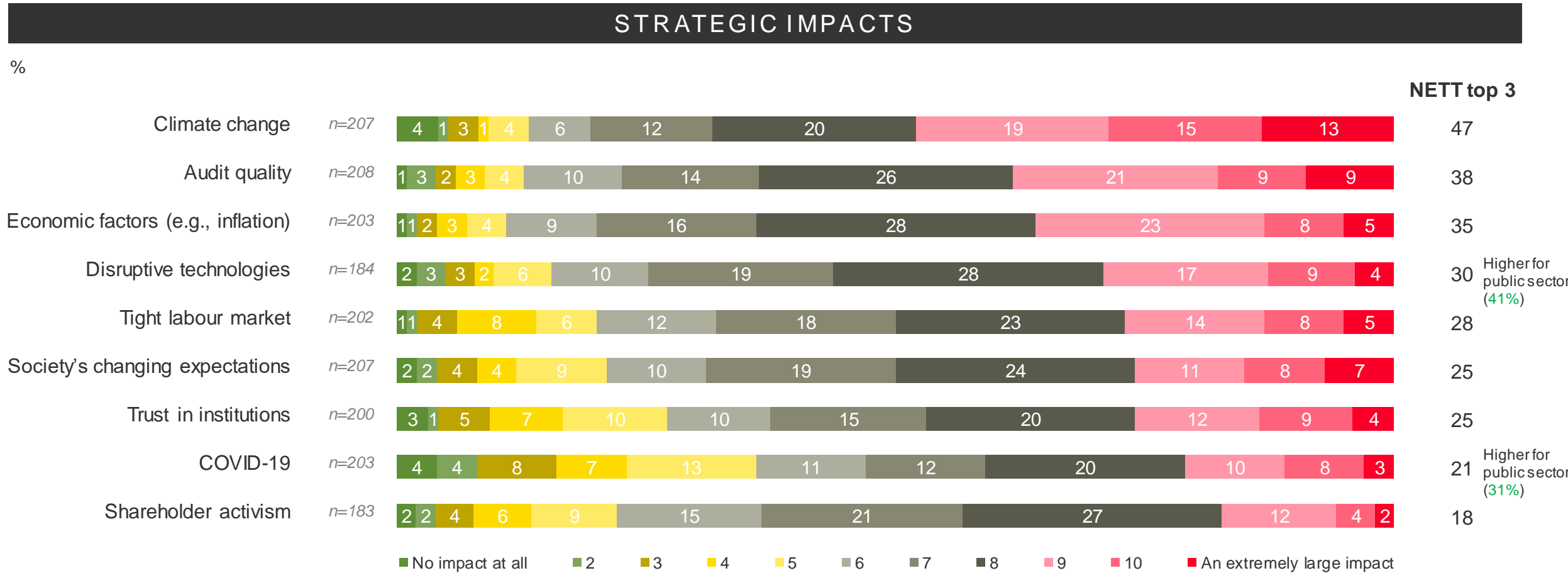
Strategic impacts

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Stakeholders think climate change will have the largest impact on reporting over the next few years, followed by audit quality and economic factors. Although COVID-19 is perceived to be fairly low risk compared to other factors, it is seen as having a larger impact within the public sector.





FOR FURTHER INFORMATION PLEASE CONTACT

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IMPORTANT INFORMATION

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Confidentiality

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- b. Publish the appropriate details of the project
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