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*Charities # CC11104*

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External Reporting Board  
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Tēnā koutou

Thank you for the opportunity to provide comment on the proposal to change lease accounting standards for public benefit entities (PBE IPSAS 43 Leases). Family Planning provides brief, high level comment on this proposal. Overall, Family Planning is concerned that this proposal will not provide any benefit to charitable organisations such as ours but will instead result in increased costs and complexity related to accounting and audit processes.

Family Planning is New Zealand's largest provider of sexual and reproductive health services and information. We are a non-governmental organisation (NGO) and a charity operating 28 health care clinics throughout Aotearoa New Zealand, as well as services in schools and through community partnerships. We offer accredited clinical courses and training workshops for doctors, nurses, midwives, and other clinicians working in sexual and reproductive health, as well as professional development for teachers providing relationships and sexuality education in schools. Family Planning is a Tier 2 public benefit entity (PBE).

Family Planning maintains leases across Aotearoa. If the proposed accounting standard for leases is adopted, it will result in our organisation needing to recalculate liabilities and assets. This will be a major expense for our organisation. It will require significant staff time, and we will also need to pay for third-party input into the relevant interest rate to be relied by the auditors. Additionally, the proposed change in accounting standards will result in a highly

complex accounting process and, therefore, annual audit process, taking more time, money, and staff time than the current accounting standard.

Family Planning raises questions about the benefit of this new approach for the charities sector. We note the consultation document indicates that greater transparency and comparability is considered a leading benefit of the new approach. Charitable organisations are already required to prepare financial reports under GAAP for public readership and transparency.

If Charities Services is concerned about the use of funds by a particular charity, the Charities Services already has broad powers to investigate.<sup>1</sup> We note that charities often have far fewer resources than for-profit organisations and government entities and so it is not always justifiable or beneficial to apply the same standards across these sectors.

Thank you again for the opportunity to comment.

Ngā mihi nui

Jackie Edmond  
Chief Executive

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<sup>1</sup> Charities Services (2019) Charities Services Compliance Approach.  
<https://www.charities.govt.nz/assets/Charities-Services-Compliance-Approach-V1.0.pdf>