



3 August 2011

Mr Bruce Donald
c/- The Treasury
Langton Crescent
Canberra ACT 2600
Australia

Email: Bruce.Donald@treasury.gov.au

Dear Bruce

Integrated Reporting

The External Reporting Board (XRB) is pleased to respond to John Stanhope's request for information about our entity's involvement, actions and views on integrated reporting.

The XRB is an independent Crown Entity responsible for financial reporting strategy and the development and issuance of both accounting and auditing and assurance standards in New Zealand. The XRB came into being on 1 July 2011 when the Accounting Standards Review Board (ASRB) was reconstituted as the XRB with a broadened set of functions and responsibilities.

Our responses to the questions follow.

(a) List any bodies/associations through which you may be discussing integrated reporting

The XRB has not had formal discussions on integrated reporting with any bodies/associations.

In New Zealand, the Sustainable Future Institute (www.sustainablefuture.info) is actively working on various projects relating to a sustainable future. It conducts research and produces reports, papers, think pieces and background information on sustainability issues and integrated reporting. In January 2011, the Institute published a report on its survey, *Integrated Annual Report Survey of New Zealand's Top 200 Companies: Exploring Responses from Chief Financial Officers on Emerging Reporting Issues*¹. The Report represents the completion of the first phase of its ongoing project, One Integrated Report. Further project phases are expected later this year.

The Chairman of the XRB and former Chairman of the Securities Commission, Jane Diplock, were amongst the parties consulted by the Institute in developing its report.

Key recommendations in the Report were:

- That the government should clarify whether integrated reporting (whichshould occur through the primary annual report of an organisation) is included as an area of responsibility for the new External Reporting Board. If not, that the government should confirm what institution is responsible for the content and quality of such reports.

¹ The report is accessible at <http://sustainablefuture.info/includes/download.aspx?ID=114348>.

- That the government should prepare a discussion paper on the creation of a filing programme for annual integrated reports.
- That a government organisation (or a quasi-government organisation) be made responsible for monitoring international progress in this area. (It was noted that consistent with the earlier recommendation, the most appropriate body may be the XRB.)

(b) List any actions that you may have taken that may relate to integrated reporting

Integrated reporting has not been on the active agenda of our predecessor body, the ASRB, or the Financial Reporting Standards Board (FRSB), the financial reporting standards-setting board of the New Zealand Institute of Chartered Accountants.

However, it is likely that the XRB will take an active interest in this area. As a starting point, the XRB proposes to monitor the work of the Sustainable Future Institute and that of the International Integrated Reporting Committee (IIRC).

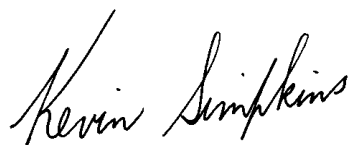
(c) Note any views or positions of principle that your organisation may have come to regarding the potential merits and/or risks of integrated reporting

The XRB has not formed any views or positions of principle regarding the potential merits and/or risks of integrated reporting.

There are some New Zealanders involved in developments in relation to Integrated Reporting, albeit wearing international hats. Ian Ball (Chief Executive of IFAC) is a Co-Chair of the IIRC's Working Group and Alan Teixeira (IASB Director of Technical Activities) is a member of that Working Group. Ian Ball made a presentation on Integrated Reporting to a lunchtime seminar hosted by the Sustainable Future Institute in December 2010. We have also made enquiries and we are not aware of any entity in New Zealand that is participating in the IIRC's Pilot Programme.

Please contact me at kevin.simpkins@xrb.govt.nz if you have any queries or require clarification on any matters contained in this letter.

Yours sincerely



Kevin Simpkins
Chairman
External Reporting Board