



NZ ACCOUNTING  
STANDARDS  
BOARD

# Strategic Action Plan

For the five year period

1 July 2018 to 30 June 2023

# Contents

	<b>Page</b>
<b>Introduction</b>	3
<b>Summary of NZASB's Strategic Action Plan</b>	4
<b>Specific strategies underlying the NZASB's Strategic Action Plan</b>	5
Specific Strategy 1: Maintain and Enhance Existing Standards	5
Specific Strategy 2: Influence the International Boards	10
Specific Strategy 3: Maintain and Enhance Constituency Engagement and Support	13
Specific Strategy 4: Consider the Outcomes of User-needs Research	16
<b>Appendix A — XRB Strategic Priorities 2018–2023</b>	18

# Introduction

## The NZASB

The New Zealand Accounting Standards Board (NZASB), is a standard-setting sub-Board<sup>1</sup> of the External Reporting Board (XRB).<sup>2</sup> 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's overarching strategic objective is to establish accounting standards for general purpose financial reporting which will encourage the preparation of financial reports that engender confidence in New Zealand external reporting, assist entities to compete, and enhance an entities' accountability to stakeholders.

Accounting standards that encourage high-quality financial reports, that are meaningful and well-accepted by users and recognised internationally<sup>3</sup> are crucial to the achievement of the NZASB's strategic objectives.

The NZASB develops and issues accounting standards or guidance across the business, government and not-for-profit (NFP) sectors where necessary to achieve its strategic objectives.

## The NZASB's Strategic Action Plan

The NZASB's Strategic Action Plan (the Plan)<sup>4</sup> sets out the specific strategies and underlying actions the NZASB<sup>5</sup> plans to undertake in the five-year period from 1 July 2018 to 30 June 2023 to give effect to its strategic objective and the overarching XRB strategic objectives.<sup>6</sup>

The Plan is prepared on a rolling five-yearly basis and updated annually to ensure it remains a dynamic document that reflects the achievements to date and considers new actions in response to changes in the domestic and international environment.

The NZASB strategic objectives are aligned with the XRB's Strategic Plan for the 2018–2023 period, set out in Appendix A.<sup>7</sup> In the 2018–2023 period the overarching XRB strategic objective is on “enhancing the user-needs framework” and the underlying strategic actions are focused on ensuring the New Zealand Accounting Standards Framework and underlying standards are improved and enhanced as appropriate, in order to continue to meet user needs across each sector and be resilient to disruptions.

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

<sup>2</sup> The XRB is an independent Crown Entity established under the Financial Reporting Act 1993 with continued existence under the Financial Reporting Act 2013, and subject to the Crown Entities Act 2004.

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

<sup>4</sup> Strategic Action Plans have also been prepared for the XRB and the New Zealand Auditing and Assurance Standards Board, the other standard-setting sub-Board.





<sup>5</sup> Reference to the NZASB in this Plan includes both the NZASB Board and the staff that support the NZASB Board.

<sup>6</sup> Sets out in the XRB Strategic Plan 2018–2023 – “A User-Needs Framework for New Zealand's Wellbeing”.

<sup>7</sup> As a sub-Board of the XRB, the NZASB's strategy does not include any particular strategies in respect of the XRB's Specific Strategy 5 – *To maintain capability within a financially prudent organisation*. However, from an operational perspective, the NZASB has a responsibility to operate in an efficient and effective manner when delivering on its strategic objectives. This includes considering the prioritisation of activities based on resources available and cost/benefit considerations.

## Summary of NZASB’s Strategic Action Plan

The Plan sets out five broad specific strategies of the NZASB for the 2018–2023 period.

	<p><b>Maintain and Enhance Existing Accounting Standards</b></p> <p>The primary responsibility of the NZASB is to develop and issue accounting standards to support the existing financial reporting strategy, including the multi-standards, multi-tier accounting standards framework.<sup>8</sup></p>
	<p><b>Influence the International Boards</b></p> <p>This involves developing strategies to influence the work of the international standard-setting boards,<sup>9</sup> especially for projects of importance to New Zealand constituents. New Zealand accounting standards are predominately based on international accounting standards; therefore, it is important for the NZASB to seek to influence the development of international standards.</p>
	<p><b>Enhance Constituency Engagement and Support</b></p> <p>A key aspect of the NZASB’s standard-setting strategy is to ensure that standards are developed with constituents in a collaborative manner, through outreach and awareness raising activities.</p> <p>This strategy also includes maintaining relationships with key stakeholder groups to monitor any emerging issues to ensure the sets of standards in each sector continue to be “fit-for-purpose”.</p>
	<p><b>Consider the Outcomes of User-needs Research</b></p> <p>The XRB has an objective of undertaking research into the financial and non-financial information needs of users of general purpose financial reports (GPFR).</p> <p>The NZASB has a strategic objective of using the research outcomes as a basis for considering future enhancements to accounting standards, to inform efforts to influence the work of the international standard-setting boards, and to respond to developments in wider corporate reporting.</p>

<sup>8</sup> As set out in the [New Zealand Accounting Standards Framework](#), last updated December 2015.

<sup>9</sup> 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).

# Strategies underlying the NZASB’s Strategic Action Plan

## Specific Strategy 1: Maintain and Enhance Existing Accounting Standards

### Purpose of Strategy

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, so that they are of a high quality; remain consistent with international standards to the extent appropriate; and retain local relevance and acceptance.

In the 2018–2023 period, the focus of this strategy is on ensuring the accounting standards are improved and enhanced, as appropriate, in order to continue to meet user needs across each sector and to respond to local and international developments.

### NZASB’s Planned Strategic Actions

Specific Strategy 1 — the underlying actions are grouped into five main areas of planned activity.

Business as Usual Activities

Implementation Issues

PBE Policy Approach

Extended External Reporting

Post-Implementation Reviews

### Business as Usual Activities

#### Action 1.1: Maintaining 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.

NZASB actions will comprise:

- (a) incorporating into the set of accounting standards for for-profit entities any standards, or amendments to standards, issued by the IASB, including working with the AASB<sup>10</sup> to ensure these are appropriately harmonised with Australian Accounting Standards;
- (b) incorporating into the set of PBE Standards,<sup>11</sup> in accordance with the *Policy Approach for Developing the Suite of PBE Standards*,<sup>12</sup> standards, or amendments to standards, issued by the IPSASB or the IASB (where relevant);
- (c) developing domestic standards, as appropriate, to include in the sets of accounting standards for for-profit entities and PBEs;
- (d) liaising with the NZAuASB<sup>13</sup> during the development stage of new or amending accounting standards to identify any audit or assurance considerations; and
- (e) 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.

<sup>10</sup> Australian Accounting Standards Board

<sup>11</sup> 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.

<sup>12</sup> Referred to as the “PBE Policy Approach” henceforth.

<sup>13</sup> New Zealand Auditing and Assurance Standards Board

## Action 1.2: Developing other PBE guidance

Where appropriate the NZASB will prepare guidance on PBE Standards particularly for entities in the NFP sector, as a way of helping non-technical constituent groups (both preparers and users) to understand the PBE Standards.

The NZASB action will comprise developing guidance to support the implementation of PBE FRS 48 *Service Performance Reporting*, with a focus on Tier 2 NFP entities.

## Implementation Issues

### Action 1.3: 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” for the entities concerned. This strategy includes activities to identify any current implementation issues or emerging trends in practice.

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

NZASB actions will comprise:

- (a) continuing to meet with the Technical Reference Group (TRG) of the NZASB 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 in [Specific Strategy 3](#)); and
- (c) taking appropriate action in relation to any matters identified by:
  - in the case of accounting standards based on IFRS Standards, raising the issues with the IASB or via international fora (as provided for in [Specific Strategy 2](#)); and
  - in the case of PBE Standards
    - raising the issues with the IPSASB;
    - considering domestic-based amendments; or
    - issuing additional guidance; and
  - in the case of domestic standards within the set of accounting standards for either for-profit entities or PBEs, considering appropriate amendments.

### Action 1.4: 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 ambiguity and inconsistency of accounting policies and practices.

The IPSASB's current Work Plan includes a project on *Revenue* and another project on *Non-exchange Expenses*, with Exposure Drafts (EDs) expected to be issued in the second half of 2019.<sup>14</sup>

NZASB 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) making high-quality submissions on any EDs issued by the IPSASB concerning the *Revenue* and *Non-exchange Expenses* projects; and
- (c) considering any other actions, as appropriate, in accordance with the PBE Policy Approach.

### **Action 1.5: Monitoring developments in incorporated societies' financial reporting requirements**

The Incorporated Societies Bill (the Bill) was released in November 2015 by the Ministry of Business, Innovation and Employment (MBIE) for public comment. The draft Bill proposed mandatory annual financial reporting requirements for incorporated societies, consistent with the financial reporting requirements of registered charities.

At this stage, MBIE is working towards the Bill being introduced into the House in early 2019, with a view to enactment later that year. The new legislation when issued is expected to have at least a two-year implementation period.

NZASB actions will comprise:

- (a) monitoring development of the Bill into legislation by maintaining a relationship with MBIE staff managing the project; and
- (b) considering, as new statutory financial reporting requirements are finalised, whether current accounting standards are appropriate for the users of financial reports prepared by incorporated societies that are not registered charities.

## **PBE Policy Approach**

### **Action 1.6: Reviewing the PBE Policy Approach**

The PBE Policy Approach was developed by the XRB Board and the NZASB in 2013 to assist the NZASB in making consistent decisions when developing and enhancing PBE Standards.

The PBE Policy Approach's overarching *development principle*, when considering whether to initiate a PBE project, is whether the potential development will lead to higher quality financial reporting by PBEs that better meet the needs of PBE user groups. In applying this principle, the underlying factors include whether the benefits of potential development will outweigh the costs, relevance to the PBE sector, coherence of the suite of PBE Standards, the impact on mixed groups and consideration of the IPSASB's likely response to a new or amended IFRS Standard.

The PBE Policy Approach provides a series of rebuttable presumptions in applying the development principle. The NZASB considers it timely that the rebuttable presumptions be reviewed to consider if

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<sup>14</sup> IPSASB Consultation Paper *Accounting for Revenue and Non-Exchange Expenses* was issued for comment in August 2017 with a comment date ending on 15 January 2018.

any amendments are required. This would include considering the NZASB’s experience in applying the PBE Policy Approach and the current and future strategic focus of the IPSASB.<sup>15</sup>

The NZASB action will comprise reviewing the PBE Policy Approach and considering whether any amendments are required (specifically the rebuttable presumptions underlying the overarching development principle).

## Extended External Reporting (EER)

### Action 1.7: Supporting the XRB Board in implementing its EER Strategy

The XRB has a strategic objective of taking a proactive leadership approach to promoting the awareness, understanding and wider implementation of EER<sup>16</sup> among New Zealand constituents. This objective includes developing guidance to support New Zealand entities in reporting EER information within the annual report that is relevant to users of GPFRs.

It is expected that the implementation of the XRB’s EER strategy will be largely performed by the NZASB, through the provision of support at both staff and Board level. The NZASB will seek input from across the XRB organisation (including working closely with the NZAuASB) and other key stakeholders. The XRB Board will have ultimate responsibility for the direction and management of the project.

NZASB actions will comprise:

- (a) actively monitoring the work and research undertaken by the IASB on its project to update its *Management Commentary Practice Statement*;<sup>17</sup>
- (b) developing EER navigational resources to promote awareness of existing prominent international EER frameworks and to assist EER stakeholders in distinguishing between these existing frameworks;
- (c) developing an EER Position Statement to clarify the types of “EER information relevant to the users of GPFRs”;<sup>18</sup>
- (d) developing high-level principles-based guidance<sup>19</sup> for reporting EER information within the annual report;
- (e) working collaboratively with the regulators — Financial Markets Authority (FMA), New Zealand Stock Exchange (NZX) and New Zealand Reserve Bank (RBNZ); and
- (f) establishing an EER Consultative Group comprising members representing a wide variety of EER stakeholders.<sup>20</sup>

<sup>15</sup> The IPSASB issued for public consultation its *Proposed Strategy and Work Plan 2019–2023* in January 2018.

<sup>16</sup> Described by the IASB as “wider corporate reporting”, which is a broad term used to refer to any reporting by entities that falls outside the primary financial statements and the notes, and includes integrated reporting, sustainability reporting, management discussion and analysis (MD&A).

<sup>17</sup> This will include monitoring the work of IASB’s Management Commentary Consultative Group.

<sup>18</sup> The EER project plan distinguishes between:

- (a) EER information relevant to the annual report — information that supplements and complements the financial statements, to help investors make better long-term investment and other-economic decisions.
- (b) Other types of EER information — focused on information needs wider than readers of the annual report, such as information for public policy purposes.

<sup>19</sup> The guidance will not mandate who should publish EER information, the frequency of reporting of EER information, or the level of assurance.

<sup>20</sup> Such as investors, analysts, directors, preparers, regulators, accountants, auditors and lawyers.



## Post-implementation Reviews

### Action 1.8: Supporting the XRB in implementing its post-implementation review of the New Zealand Accounting Standards Framework

The XRB Board has previously communicated its plan to conduct a post-implementation review (PiR) of its financial reporting strategy and the New Zealand Accounting Standards Framework<sup>21</sup> in the 2019–2020 period. The objective of the PiR is to ensure the XRB’s broad strategy for developing accounting standards continues to be appropriate from 2021 onwards.

The PiR will be undertaken at an XRB organisational level, with the support from both the NZASB and the NZAuASB. It is expected that the NZASB will play a significant role in implementing the XRB’s PiR strategy and will be actively involved throughout the project.

NZASB actions will comprise two distinct steps.

- (a) Providing the XRB with support throughout the implementation of the PiR project. This support will include:
  - providing feedback on any draft PiR consultation papers which the XRB intends to issue;
  - assisting in the delivery of outreach activities and analysis of submissions; and
  - developing recommendations for any resulting amendments to the New Zealand Accounting Standards Framework (for the XRB’s consideration) to give effect to any changes that the XRB intends to propose.
- (b) Considering whether any amendments to the underlying accounting standards are required, following the completion of the PiR.

### Action 1.9: Conducting a post-implementation review of Tier 3 and Tier 4 PBE Accounting Requirements

Following the completion of the XRB’s PiR of the New Zealand Accounting Standards Framework (discussed under Action 1.8), the NZASB will complete a separate PiR of the Tier 3 and Tier 4 PBE Accounting Requirements. This PiR is considered important because the reporting requirements under these tiers were developed domestically and the NZASB is aware of some current implementation issues arising in practice.

The outcomes of this separate PiR will be used to determine whether any amendments to the Tier 3 and Tier 4 PBE Accounting Requirements are required.

NZASB actions will comprise:

- (a) undertaking a PiR of the Tier 3 and Tier 4 PBE Accounting Requirements; and
- (b) determining whether any amendments to the Tier 3 and Tier 4 PBE Accounting Requirements are required, based on the outcomes of the PiR.

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<sup>21</sup> The *New Zealand Accounting Standards Framework* was originally issued by the XRB in April 2012 and updated in December 2015.

## Specific Strategy 2: Influence the International Boards

### Purpose of Strategy

A key aspect of the New Zealand Accounting Standards Framework is the use of international standards as the basis for developing New Zealand accounting standards. To help ensure that those international standards are appropriate in New Zealand, it is important for the NZASB to seek to influence the development of international standards “at the front end” (i.e. during their development stage).

The purpose of this strategy is to establish influencing strategies specific to each international board based on two broad (and interconnected) approaches: relationships and participation.

### NZASB’s Planned Strategic 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 NZASB’s influencing strategies are therefore targeted at the two international accounting standards boards, the IASB and the IPSASB.

Specific Strategy 2 — the underlying actions are grouped into four main areas of planned 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 actions will comprise:

- (a) taking opportunities to meet or liaise with IASB members and staff;
- (b) attending relevant IASB meetings and events, including the Accounting Standards Advisory Forum (ASAF) meetings and World Standard-setters annual conference;
- (c) seeking opportunities to present the results of the XRB’s research on user needs at relevant IASB events and other international forums;
- (d) hosting IASB members and staff that visit New Zealand;
- (e) responding, as appropriate, to requests for information from the IASB and other regional groupings, including the Asian-Oceanian Standard Setters Group (AOSSG), ASAF and any other relevant working groups; and
- (f) contributing to the work of the AOSSG, where appropriate, in supporting the work of the IASB.

## IPSASB

NZASB 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) hosting IPSASB members and staff that visit New Zealand;
- (f) fostering relationships with the Australian IPSASB member and other members with issues of mutual interest;
- (g) responding, as appropriate, to requests for information from the IPSASB and groups connected to IPSASB members;
- (h) seeking opportunities to provide staff secondments to IPSASB to further enhance the relationship and to support the work of 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/or where we can add value.

The planned actions relate to the NZASB contributing to the development or amendment of international standards through submissions.

## IASB & IPSASB

NZASB actions will comprise:

- (a) promoting awareness of IASB and IPSASB due process documents and encouraging constituents to make submissions directly to the international boards and/or to the NZASB;<sup>22</sup>
- (b) responding to IASB and IPSASB due process documents where the matter is of importance to New Zealand and/or where we can add value;<sup>23</sup> and
- (c) participating, as appropriate, in roundtables and other due process related meetings organised by the IASB or IPSASB.

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

#### IASB

*Contributing to the IASB's Better Communication in Financial Reporting theme*

The NZASB has identified the IASB's projects related to its *Better Communication in Financial Reporting*<sup>24</sup> theme as being of high importance to New Zealand constituents and where the NZASB

<sup>22</sup> Specific Strategy 4 includes actions to encourage constituent submissions on international due process documents.

<sup>23</sup> These responses will be undertaken in coordination with the AASB when appropriate.

<sup>24</sup> 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*.

has the ability to add value and contribute to the project development. A number of constituents have raised concerns about the extent of disclosures required by IFRS Standards and the consequential implication for the understandability of general purpose financial reports (GPFRs).

NZASB actions will comprise:

- (a) actively monitoring the work being undertaken by the IASB, and engaging with the 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) conducting targeted outreach activities with key for-profit constituents to promote discussion of and feedback on IASB due process documents, to assist in drafting NZASB submissions to the IASB.

#### *Contributing to the development of other IASB projects*

The NZASB will actively look for opportunities to contribute to other IASB projects to illustrate its ability to contribute to the work of the IASB in a constructive and high-quality way.

The NZASB action will comprise identifying other appropriate mutually-beneficial IASB projects and contributing, as appropriate and achievable, support for those 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 working with the IPSASB in a constructive and high-quality way. The objective of this strategy is to assist the IPSASB, to the extent appropriate and achievable, in developing high-quality standards.

The NZASB action will comprise identifying appropriate, mutually-beneficial IPSASB projects and contributing, as appropriate and achievable, support for those projects.

### **Action 2.4 Maintaining and enhancing relationships with national standard setters**

The XRB as a strategic objective of maintaining and enhancing regional relationships with like-minded countries, as a contingency plan in the event of a need to return to national standard setting or a move away from principles-based standards.

To support this strategic objective, the NZASB will maintain and enhance relationships with national standard setters in the for-profit, public and NFP sectors.

The NZASB action will comprise continuing to seek opportunities to maintain and strengthen relationships with other national standard setters, e.g. by meeting to discuss matters of mutual interest.

## Specific Strategy 3: Maintain and Enhance Constituency Engagement and Support

### Purpose of Strategy

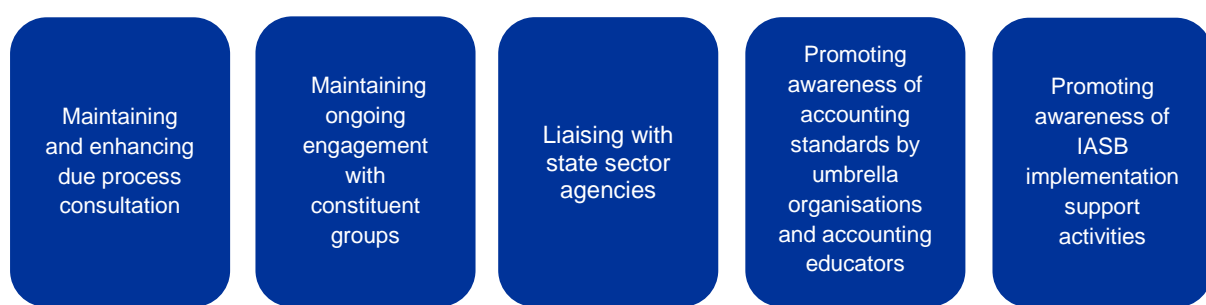
A key aspect of the NZASB standard-setting strategy is to ensure that standards are developed with constituents in a collaborative manner, through constituency engagement and awareness raising activities.

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

### NZASB’s Planned Strategic Actions

The NZASB’s planned actions reflect the need to continue raising awareness of the New Zealand Accounting Standards Framework, current standard-setting projects in progress and recently issued accounting standards. The NZASB will seek to maintain and enhance consultation with major preparers and user groups across all sectors on specific issues relating to accounting standards, and to encourage feedback on due process documents.

Specific Strategy 3 — the underlying actions are grouped into five main areas of planned activity.



#### Action 3.1: Maintaining and enhancing due process consultation

The purpose of this strategy is to increase constituents’ awareness of the:

- current standards in development and the reasons for, benefits to be achieved by and potential costs of any changes; and
- importance of constituent contributions to the standard-setting due process, to encourage an increase in constituent submissions and engagement.

NZASB actions will comprise:

- (a) continuing to identify and implement innovative, targeted consultation methods that are high value added but relatively low effort from the constituents’ point of view; 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 constituent groups

The NZASB will continue to undertake ongoing dialogue with relevant constituent groups across all sectors on matters relating to accounting standards. The objective of this activity includes building awareness of new standards or amendments issued and why these changes have been introduced.

NZASB actions will comprise:

- (a) continue to publish, on a regular basis, online newsletters (*NZASB Updates*) to promote an awareness of the NZASB's activities, any new standards or interpretations issued, and other standard-setting developments;
- (b) meeting with major constituent groups and/or industry/sector representatives on a rolling basis as part of the NZASB's regular meetings; and
- (c) taking opportunities to meet with major constituent groups in other fora, including at events hosted by those groups.

### **Action 3.3: Liaising with state sector agencies**

The purpose of this strategy is to continue working with state sector agencies<sup>25</sup> to ensure the linkages between their work and that of the NZASB in the financial reporting area are identified and gaps addressed.

NZASB actions will comprise:

- (a) actively engaging with state sector agencies about any specific technical or implementation issues in relation to financial reporting;
- (b) taking opportunities to attend state sector agencies' technical reference group meetings; and
- (c) seeking feedback from state sector agencies on proposed new accounting standards and/or guidance, 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 this strategy is to continue promoting an awareness of accounting standards by constituents by working with umbrella organisations (and other relevant organisations) and accounting educators who support our constituents through the provision of professional development training or education.

It is not within the XRB's legislative mandate to provide training on which standards entities are required to follow and how to apply the standards. However, as part of its awareness raising activities, the NZASB (and the XRB) will actively encourage, facilitate and support others, as appropriate, in the provision of such training or education.

#### *Umbrella organisations*

NZASB actions will comprise:

- (a) working with umbrella organisations (and other relevant organisations) to help them ensure that their members are aware of the accounting standards as part of their professional development;
- (b) meeting periodically with umbrella organisations to update them on accounting standards developments;
- (c) encouraging those organisations to include relevant accounting standards and related content in their professional development programmes and any regular newsletters/updates; and

<sup>25</sup> For the purpose of this strategy reference to "state sector agencies" includes MBIE, FMA, RBNZ, Charities Services, Office of the Auditor-General New Zealand, and Treasury.

- (d) supporting umbrella groups, particularly those in the NFP sector, to deliver seminars, and other awareness raising activities that inform constituents about the accounting standards.

#### *Accounting educators*

NZASB actions will comprise:

- (a) meeting periodically with tertiary institutions and other professional accounting bodies to update them on accounting standards developments so that they can consider the implications for course syllabi;
- (b) taking opportunities to engage with tertiary educators about accounting standards requirements and trends, including at relevant events and academic fora; and
- (c) encouraging tertiary institutions and professional accounting bodies to include relevant accounting standards related content in their professional development programmes.

#### **Action 3.5: Promoting awareness of IASB implementation support activities**

A series of significant accounting standards has been issued by the IASB over the last few years,<sup>26</sup> with equivalent NZ IFRS being issued by the NZASB. The IASB, through its strategy of *continued development of implementation support*,<sup>27</sup> is actively developing resources to support the consistent application of significant new IFRS Standards.

To support the NZASB's strategic objective of promoting awareness of new standards issued and the reasons for these new standards, the NZASB will seek opportunities to actively promote an awareness of IASB implementation support activities.

The NZASB action will comprise promoting an awareness of IASB implementation support activities through XRB communication strategies.

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<sup>26</sup> Recently issued significant IFRS Standards include: IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers*, IFRS 16 *Leases* and IFRS 17 *Insurance Contracts*.

<sup>27</sup> IASB Work Plan 2017–2021—*Feedback Statement on the 2015 Agenda Consultation* issued November 2016, highlights the key strategic objectives of the IASB over the next five years, which includes the continued development of implementation support material.

## Specific Strategy 4: Consider the Outcomes of User-needs Research

### Purpose of Strategy

The XRB has a strategic objective of undertaking deliberate and organised empirical research into the financial and non-financial needs of users of GPFRs:

- as a basis for enhancing the financial reporting framework or specific standards;
- to inform efforts to influence the work of the international standard setting boards;
- to respond to developments in EER; and
- to provide thought leadership.

Previous research has focused on the for-profit sector. Over the 2019–2020 period the XRB will continue its user-needs research programme, with a focus on the public and NFP sectors.

As a sub-Board of the XRB, the NZASB has a responsibility for considering the outcomes of any XRB research and whether any amendments are required to the underlying accounting standards.

### Action 4.1: Considering the outcomes of the XRB’s user-needs research

The purpose of these actions is to enhance the NZASB’s understanding of user-needs for each sector to ensure the underlying accounting standards remain fit-for-purpose and high quality.

NZASB actions will comprise of considering the outcomes of user-needs research completed by the XRB:

- (a) as a basis for considering enhancements to accounting standards;
- (b) to inform the NZASB’s activities regarding EER ([Action 1.7](#));
- (c) to help inform efforts to influence the work of the international standard-setting boards ([Specific Strategy 2](#)); and
- (d) to assist in the development of domestic projects.

### Action 4.2: Analysing NFP tier populations

The XRB expects that there could be changes to the composition of the NFP sector<sup>28</sup> since the New Zealand Accounting Standards Framework was established. In addition, it is expected that proposed reforms to the legislation governing incorporated societies<sup>29</sup> will introduce requirements for incorporated societies to prepare GPFRs 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.

In the 2018/2019 period, research of the NFP tier population will be completed by the XRB.

<sup>28</sup> 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 entities being registered charities.

<sup>29</sup> MBIE is working towards the Bill being introduced into the House in early 2019, with a view to enactment later that year.



The NZASB actions will comprise of considering the outcomes of the NFP tier population research completed by the XRB for the purpose of providing input to support the following NZASB strategies:

- (a) the PiR of the New Zealand Accounting Standards Framework ([Action 1.8](#))
- (b) the PiR of the Tier 3 and Tier 4 PBE Accounting Requirements ([Action 1.9](#)); and
- (c) consideration of the implications of proposed reforms to incorporated societies' legislation on accounting standards ([Action 1.5](#))

## Appendix A — XRB’s Strategic Priorities for 2018–2023

The XRB’s outcome goal in the period 2018–2023 will be achieved through a number of specific strategies, as set out below:

Overarching Strategy – Broad strategic approach	
<ul style="list-style-type: none"> <li>• Maintaining the existing financial reporting strategy including the two-sector, multi-standards, multi-tier Accounting Standards Framework</li> <li>• Continuing, as appropriate, the convergence and harmonisation approach for both accounting and auditing &amp; assurance standards</li> <li>• Responding to the rapidly changing international environment and external reporting landscape</li> </ul>	
Specific Strategy	To be achieved by....
<p><b>Specific Strategy 1: Maintain and Enhance Existing Standards</b></p>	<p>Enduring policy of sector-specific standards and Tier Structure.</p> <p>Maintaining a financial reporting strategy and standards frameworks that are:</p> <ul style="list-style-type: none"> <li>• Reliable and require infrequent changes;</li> <li>• Consistent with legislative frameworks; and</li> <li>• Responsive to legislative changes and stakeholder feedback.</li> </ul> <p>Appropriate policy of international convergence/harmonisation.</p> <p>Maintaining existing accounting and auditing &amp; assurance standards (and associated pronouncements) so that:</p> <ul style="list-style-type: none"> <li>• They are of high quality;</li> <li>• They remain consistent with international standards, as appropriate; and</li> <li>• There is local relevance and acceptance.</li> </ul> <p>Enhancing existing accounting and auditing &amp; assurance standards (and associated pronouncements) by:</p> <ul style="list-style-type: none"> <li>• Identifying and addressing any New Zealand-specific deficiencies or gaps; and</li> <li>• Expanding, where necessary, the XRB’s legal mandate in relation to the issue of standards, for example, in relation to pronouncements on EER.</li> </ul> <p>Ensuring transparent due process and consultation.</p> <p>Reviewing the existing “standards taker” policy, understanding the ramifications of change and discussing with policy makers.</p>
<p><b>Specific Strategy 2: Undertake User-needs Research</b></p>	<p>Undertaking organised research into the financial and non-financial information needs of users of financial statements:</p> <ul style="list-style-type: none"> <li>• As a basis for enhancing the financial reporting framework or specific standards;</li> <li>• To inform efforts to influence the work of the international standard setting boards;</li> <li>• To respond to developments in wider corporate reporting; and</li> <li>• To provide thought leadership.</li> </ul>

	<p>Undertaking a post-implementation review of the standards frameworks in the period 2019–2020, including the costs and benefits aspects of those frameworks.</p> <p>Investigating the hosting of “labs” or “think tanks” to bring fresh thinking for consideration.</p>
<p><b>Specific Strategy 3: Influence the International Boards</b></p>	<p>Seeking to influence the work of the international boards during appropriate stages of standards development to ensure high-quality global standards that are applicable in New Zealand:</p> <ul style="list-style-type: none"> <li>• Using “influencing strategies” specific to each international board; and</li> <li>• By participating, building relationships, and, where appropriate, being represented on international boards.</li> </ul> <p>Monitoring and responding to major disruptions and developments in the international standard setting structures and environment, particularly in the audit market, and ensuring that stakeholders are well informed.</p> <p>Maintaining and enhancing regional relationships with like-minded countries, as a contingency plan in the event of a return to national standard setting or a move away from principles-based standards.</p> <p>Reconsidering the most effective investment of resources in respect of our influencing strategies, whether this be at the commencement of the standard setting process, the end of the standard setting process or working more closely with regional groups.</p>
<p><b>Specific Strategy 4: Enhance Constituency Engagement and Support</b></p>	<p>Developing standards in a collaborative manner with the constituency by:</p> <ul style="list-style-type: none"> <li>• Implementing engagement strategies to enhance the depth and breadth of constituency engagement; and</li> <li>• Increasing awareness raising activities, including through a communication strategy for social media.</li> </ul> <p>Promoting the awareness, understanding and implementation of EER among New Zealand constituents by:</p> <ul style="list-style-type: none"> <li>• Adopting a proactive leadership approach to EER, giving consideration to investor versus broader stakeholder requirements;</li> <li>• Considering and implementing a strategy for EER in response to user demands; and</li> <li>• Adopting a collaborative approach to EER with other key stakeholders.</li> </ul> <p>Working with other agencies, including other standard setters, to ensure external reporting and assurance gaps are identified and addressed.</p> <p>Providing a thought leadership role involving bold thinking, being proactive and facilitating meetings with key stakeholders to make a difference.</p> <p>Encouraging, facilitating and supporting other relevant organisations to provide appropriate training and professional development activities relating to external reporting.</p>

<p><b>Specific Strategy 5: Maintain Capability within a Financially Prudent Organisation</b></p>	<p>Maintaining a high-performance culture to achieve the XRB's outcome goals in a rapidly changing environment.</p> <p>Operating in a financially prudent manner.</p> <p>Maintaining the level of capability needed to deliver the outputs.</p> <p>Reviewing at least annually the External Reporting Advisory Panel (XRAP) membership to ensure an appropriate representation of all stakeholders.</p> <p>Strengthening, widening and improving the relationship matrix.</p> <p>Ensuring prompt commencement of the preparations for the post-implementation review of the standards framework in 2019/2020.</p> <p>Considering use of a digital specialist or specialised advisory group to provide timely and expert advice on technological challenges to the XRB's work.</p> <p>Strengthening the risk register for wider issues affecting the XRB.</p>
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