



NZ ACCOUNTING  
STANDARDS  
BOARD

# **Strategic Action Plan**

**For the five-year period**

**1 July 2019 to 30 June 2024**

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# 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 entity's 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.

In addition to its core standard-setting role, a key function of the NZASB is supporting the delivery of XRB organisational projects which align with its strategic objective of encouraging high-quality general purpose financial reports (GPFRs).

## 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 2019 to 30 June 2024 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 2019–2024 period, set out in Appendix A.<sup>7</sup>

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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> Set out in the XRB Strategic Plan 2019–2024: *"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.

## The XRB's Strategic Plan

In the 2019–2024 period the overarching XRB strategic objective has a focus on *A User-Needs Framework Contributing to New Zealand's Sustainable and Inclusive Economic Goals* to ensure that the XRB's standards frameworks (and underlying standards) meet user needs and continue to:

- engender confidence in New Zealand external reporting;
- assist New Zealand entities to compete; and
- enhance entities' accountability to New Zealand stakeholders,

thereby contributing to sustainable and inclusive economic goals of New Zealanders.

To meet these objectives the XRB is conscious of the need to ensure its standards frameworks (and standards) are flexible enough to respond promptly to, and are resilient against, local and international external reporting developments and any significant international disruptions in the standard-setting structures.

The XRB expects changes and developments in external reporting resulting from the need for entities to report more widely about their strategies, business models, risks and impacts, not just on financial capital, but on other capitals, (as they relate, for example, to environmental, social, governance and other related matters). Entities are expected, within their "corporate" reports, to complement the reporting of their financial results with non-financial information to give a more comprehensive picture of their performance and impact. The XRB plans to continue an active role in leading the development of this extended external reporting (EER) in New Zealand as it relates to users of "corporate" reports.

During 2019–2020, the XRB is conducting a targeted review of its accounting standards framework. Besides ensuring that the accounting standards framework remains fit-for-purpose and meets user needs, the XRB will also review its policy of international convergence. It will consider the most effective way to invest its resources in respect of its international and domestic influencing strategies.

The XRB expects to remain effective, efficient, sustainable, resilient and adaptable as an organisation when faced with these reporting developments and disruptions.

# Summary of NZASB's Strategic Action Plan

The Plan sets out five broad specific strategies of the NZASB for the 2019–2024 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 Extended External Reporting (EER).</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 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 2019–2024 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.

The development and issuance of accounting standards for GPFRs is based on the [New Zealand Accounting Standards Framework](#) (ASF).<sup>10</sup> The ASF is based on a multi-standards' approach with different suites of standards for different sectors and uses a multi-tiered approach to match costs and benefits. The XRB is conducting a Post-implementation Review (PiR) of the ASF over the 2019–2020 period. The PiR of the ASF is a targeted review, rather than a first principles review (refer to [Action 1.8](#)).

The NZASB actions set out below are based on the existing ASF. Whether or not any changes to these actions are needed will be considered after the PiR has been concluded.

A key aspect of the current ASF is the harmonisation of for-profit accounting standards issued by the XRB with for-profit accounting standards issued by the AASB to the extent appropriate.

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>11</sup> to ensure these are appropriately harmonised with Australian Accounting Standards;

<sup>10</sup> The ASF was originally issued in April 2012 and last updated in December 2015.

<sup>11</sup> Australian Accounting Standards Board.

- (b) incorporating into the set of PBE Standards,<sup>12</sup> in accordance with the *Policy Approach for Developing the Suite of PBE Standards*,<sup>13</sup> standards, or amendments to standards, issued by the IPSASB and/or the IASB (where relevant);
- (c) developing domestic standards and amendments to standards, as appropriate, to include in the sets of accounting standards for for-profit entities and PBEs to reflect the New Zealand context; and
- (d) 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.

### 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.

### Action 1.3: Working together with the NZAuASB

The NZASB recognises the importance of continuing to work closely with the New Zealand Auditing and Assurance Standards Board (NZAuASB) for the purpose of maintaining and enhancing the current suite of accounting standards. The XRB's *Financial Reporting Strategy*<sup>14</sup> of promoting trust and confidence in financial reporting across all sectors can only be achieved when both the ASF and the Auditing and Assurance Framework work together.

NZASB actions will comprise:

- (a) liaising with the NZAuASB during the development stage of new or amending accounting standards to identify any audit or assurance considerations; and
- (b) periodically meeting with the NZAuASB and staff to provide an update on the NZASB Work Plan (and vice versa receiving an update on the NZAuASB Work Plan).

## Implementation Issues

### Action 1.4: 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.

<sup>12</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>13</sup> Referred to as the “PBE Policy Approach” henceforth.

<sup>14</sup> The XRB *Financial Reporting Strategy* sets down the overall framework for the requirements for entities to externally report their financial results, and involves establishing and maintaining two frameworks—an Accounting Standards Framework and an Auditing & Assurance Standards Framework.

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 for, 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
  - PBE Standards
    - raising the issues with the IPSASB;
    - considering domestic-based amendments; or
    - issuing additional guidance; and
  - domestic standards within the set of accounting standards for either for-profit entities or PBEs, considering appropriate amendments.

### Action 1.5: 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>15</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.

<sup>15</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.



## Action 1.6: Monitoring legislative developments impacting the financial reporting obligations of different entities

The NZASB is currently aware of two significant legislative developments that may impact the future requirement for certain entities to prepare GPFRs in accordance with accounting standards issued by the XRB.

### Incorporated Societies Bill

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

MBIE is working towards the Bill being introduced into the House in late 2019. The new legislation when issued is expected to have at least a two-year implementation period.

### Charities Act 2005 Review

In February 2019 the Department of Internal Affairs issued a discussion paper, [Modernising the Charities Act 2005](#) for public comment.<sup>16</sup> In relation to financial reporting the discussion paper noted that some smaller charities are not complying with their current minimum reporting requirements and asked for feedback on whether reporting requirements for smaller charities should be reduced?

NZASB actions will comprise:

- (a) monitoring the development of the Incorporated Societies Bill into legislation by maintaining a relationship with MBIE staff managing the project;
- (b) monitoring the outcomes of the Charities Act 2005 Review by maintaining a relationship with the Department of Internal Affairs Policy Department staff;
- (c) continuing to monitor any other legislative developments (in conjunction with the XRB Board) for any reforms that may have implications for the work of the NZASB; and
- (d) considering, as new statutory financial reporting requirements are finalised, whether any amendments to the current suite of accounting standards are needed or additional guidance developed.

## 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>17</sup> among New Zealand constituents.

#### XRB EER Position Statement (issued March 2019)

The External Reporting Board (XRB) strongly supports the reporting of EER information by entities within their annual report to the extent that the information is relevant to the intended users of annual reports.

The XRB considers that other types of, or more detailed, EER information, which may be demanded by other stakeholders, may be better located outside of the annual report.<sup>18</sup>

<sup>16</sup> The comment period closed 31 May 2019.

<sup>17</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>18</sup> The [XRB's EER Position Statement](#) distinguishes between:

The XRB's EER strategy is currently built around the delivery of three key objectives.

- Developing an EER navigational resource to help encourage the reporting of EER information within an entity's annual reports.
- Using our resources to influence the IASB's project to revise its IFRS Practice Statement on *Management Commentary* with the aim of adopting/using it as a base for developing New Zealand EER high-level principles-based guidance.
- Considering the assurance implications of EER (which will be considered by the NZAuASB).

It is expected that the implementation of the XRB's EER strategy will be largely operationalised 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 has ultimate responsibility for the direction and management of the project.

NZASB actions will comprise:

- (a) building on the EER navigational resource available on the XRB's website to provide guidance on "getting started", in the form of a navigational roadmap;
- (b) actively monitoring and seeking opportunities to provide input into the work and research undertaken by the IASB on its project to update its *Management Commentary Practice Statement*,<sup>19</sup>
- (c) developing high-level principles-based guidance<sup>20</sup> for reporting EER information within the annual report (with the aim of using the IASB's updated *Management Commentary Practice Statement* as a base for developing such guidance);
- (d) working collaboratively with the regulators — Financial Markets Authority (FMA), New Zealand Stock Exchange (NZX) and New Zealand Reserve Bank (RBNZ); and
- (e) establishing an EER Advisory Panel comprising members representing a wide variety of EER stakeholders.<sup>21</sup>

## 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 ASF<sup>22</sup> in the 2019–2020 period, to ensure the XRB's broad strategy for developing accounting standards continues to be appropriate from 2021 onwards.

The XRB Board has agreed that the PiR of ASF should be a "targeted review", rather than a first-principles review. The overall objective of the targeted review is to check-in on whether the ASF is

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- (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> This will include monitoring and seeking to provide input into the IASB's *Management Commentary Consultative Group*.

<sup>20</sup> The guidance will not mandate who should publish EER information, the frequency of reporting of EER information, or the level of assurance.

<sup>21</sup> Such as investors, analysts, directors, preparers, regulators, accountants, auditors and lawyers.

<sup>22</sup> The *New Zealand Accounting Standards Framework* was originally issued by the XRB in April 2012 and updated in December 2015.

functioning as intended and/or whether there are any unintended consequences or emerging issues arising in practice indicating that refinements might be needed.

The PiR of the ASF 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:

- (a) providing the XRB with support throughout the implementation of the PiR project. This support will include:
  - developing draft PiR public consultation papers for XRB Board approval;
  - developing the PiR communication plan and assisting in the delivery of outreach activities; and
  - analysing constituent feedback received.
- (b) developing recommendations for any resulting amendments to the ASF and/or the PBE Policy Approach<sup>23</sup> (for the XRB's consideration) to give effect to any changes that the XRB intends to propose; and
- (c) 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 ASF (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.

<sup>23</sup> [Policy Approach to Developing the Suite of PBE Standards](#) (the PBE Policy Approach) was originally 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.

## Specific Strategy 2: Influence the International Boards

### Purpose of Strategy

A key aspect of the ASF 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 through:

- (a) maintaining and enhancing relationships with international standard-setting boards and staff; and
- (b) participating in the international standard-setting process when appropriate and where the NZASB can add value.

### 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 the 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; and
- (e) responding, as appropriate, to requests for information from the IASB and other regional groupings, including the Asian-Oceanian Standard-Setters Group (AOSSG) and any other relevant working groups.

## 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; and
- (g) responding, as appropriate, to requests for information from the IPSASB and groups connected to IPSASB members.

### 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>24</sup>
- (b) participating, as appropriate, in roundtables and other due process related meetings organised by the IASB or IPSASB;
- (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; and
- (d) making high-quality submissions on any consultation documents issued by the IASB where the matter is of importance to New Zealand and/or where we can add value.<sup>25</sup>

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

## IASB

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

The NZASB will actively look for opportunities to contribute to IASB projects to illustrate its ongoing commitment to working with the IASB in a constructive and high-quality way. The objective of this strategy is to assist the IASB, to the extent appropriate and achievable, in developing high-quality standards.

<sup>24</sup> Specific Strategy 4 includes actions to encourage constituent submissions on international due process documents.

<sup>25</sup> Submissions will be undertaken in coordination with the AASB when appropriate.

Under this strategy the NZASB has identified the IASB's projects related to its *Better Communication in Financial Reporting*<sup>26</sup> theme as being of high importance to New Zealand constituents and where the NZASB 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 GPFRs.

NZASB actions will comprise:

- (a) actively monitoring the work undertaken by the IASB, and engaging with IASB staff on matters relevant to New Zealand, including continuing to contribute to the IASB work as appropriate and achievable; and
- (b) making high-quality submissions on any consultation documents issued by the IASB as part of the *Better Communication in Financial Reporting* theme.

## 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 of actively monitoring the work undertaken by the IPSASB, and engaging with IPSASB staff on matters relevant to New Zealand, including continuing to contribute to the IPSASB work as appropriate and achievable.

## 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.

A key element of this strategy is continuing to maintain and enhance our relationship with the Australian national standard setter — the Australia Accounting Standards Board (AASB). In the for-profit sector, because both jurisdictions follow IFRS based accounting standards there are opportunities to achieve enhanced efficiency and effectiveness by working together in a collaborative manner.

NZASB actions will comprise:

- (a) monitoring the AASB Work Plan for projects of mutual importance across both jurisdictions and consider the benefits of working collaboratively;
- (b) taking opportunities to meet and liaise with AASB members and staff;
- (c) continuing to seek opportunities to maintain and strengthen relationships with other national standard setters, e.g. by meeting to discuss matters of mutual interest; and
- (d) contributing to the work of the AOSSG, where appropriate, in supporting the work of the IASB.

<sup>26</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*.

## 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.

To maintain the support of key constituent groups and the continued confidence in the accounting standards issued by the NZASB, the NZASB considers that constituency engagement activities should need to be conducted across three key stages in the standard-setting process for significant new standards or amending standards.

- (a) Seeking constituent feedback on proposals to issue new standards or amendments;
- (b) Promoting awareness of new standards or amendments when issued; and
- (c) Encouraging entities to prepare for the implementation of new standards or amendments as they become effective.

A primary objective of conducting constituent engagement activities across all three stages is promoting awareness and communicating why a new standard or amendment has been proposed and/or issued — addressing the stakeholder question of how a new pronouncement will improve accountability, transparency and better decision making by users of the GPFRs.

This strategy also includes maintaining relationships with key stakeholder groups to monitor any emerging issues to ensure the sets of accounting 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 ASF, current standard-setting projects in progress, recently issued accounting standards and accounting standards soon to be effective. 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) promoting awareness of significant new standards or interpretations issued closer to the effective date, with a focus on communicating why the changes have been introduced;
- (c) meeting with major constituent groups and/or industry/sector representatives on a rolling basis as part of the NZASB's regular meetings; and
- (d) 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>27</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.

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<sup>27</sup> For this strategy the reference to "state sector agencies" includes MBIE, FMA, RBNZ, Charities Services, Office of the Auditor-General New Zealand, and Treasury.



### 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 or education on the application of accounting standards by different entities. However, as part of its awareness raising activities, the NZASB 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 issued by the NZASB as part of their professional development; and
- (b) meeting periodically with umbrella organisations to update them on accounting standards developments.

#### *Accounting educators*

NZASB actions will comprise:

- (a) meeting periodically with tertiary institutions and other professional accounting bodies to update them on accounting standards developments and to encourage the inclusion of relevant accounting standards' content in their accountancy course syllabi; and
- (b) taking other opportunities to engage with tertiary educators about accounting standards requirements and trends, including at relevant events and academic research fora.

### 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>28</sup> with equivalent NZ IFRS being issued by the NZASB. The IASB, through its strategy of *continued development of implementation support material*,<sup>29</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.

<sup>28</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>29</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 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>30</sup> since the ASF was established. In addition, it is expected that proposed reforms to the legislation governing incorporated societies 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.

The research of the NFP tier population was completed by the XRB in December 2018.<sup>31</sup>

<sup>30</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>31</sup> The outcomes of this research have not been publicly reported and instead are being used internally to inform the current and future strategies of the XRB Board and NZASB.

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

- (a) the PiR of the ASF ([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 Strategic Priorities 2019–2024

The XRB's outcome goal in the period 2019–2024 will be achieved through several 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 changing international environment and external reporting landscape</li> </ul>	
Specific Strategy	To be achieved by....
<b>Specific Strategy 1:</b>  <b>Standards are Fit-for-Purpose</b>	<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 NZ's legislative frameworks; and</li> <li>• Responsive to legislative changes and stakeholder input (including the Targeted Review of the Accounting Standards Framework).</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.</li> </ul> <p>Ensuring transparent due process and consultation.</p> <p>Reviewing the existing "standard taker" policy, understanding the ramifications of change and discussing with policy makers.</p>
<b>Specific Strategy 2:</b>  <b>Standards are Evidence-Informed as to User Needs.</b>	<p>Undertaking organised research into the financial and non-financial information needs of users of our standards:</p> <ul style="list-style-type: none"> <li>• As a basis for enhancing the financial reporting framework or specific standards;</li> </ul>

	<ul style="list-style-type: none"> <li>• To inform efforts to influence the work of the international standard-setting boards;</li> <li>• To respond to developments in corporate reporting; and</li> <li>• To provide thought leadership.</li> </ul> <p>Undertaking a Targeted Review of the Accounting Standards Framework during the period 2019–2020.</p>
<b>Specific Strategy 3: High-Quality Global Standards Applicable in New Zealand</b>	<p>Seeking to influence the work of the international boards during appropriate stages of standards development to ensure high-quality global standards that are both applicable in New Zealand and in the public interest:</p> <ul style="list-style-type: none"> <li>• Using targeted “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>Anticipating, 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. The XRB remains alert to the need for any resultant changes in strategies and/or actions.</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. This activity needs to be sustainable and in the public interest in a constrained resource environment. A prioritisation exercise maybe needed and domestic influencing re-considered.</p>
<b>Specific Strategy 4: Standards Developed Collaboratively with Constituency</b>	<p>Developing standards in a collaborative manner with the constituency by:</p> <ul style="list-style-type: none"> <li>• Implementing new engagement strategies (perhaps “labs” or “think tanks”) to enhance the depth and breadth of constituency engagement (including all participants in the financial reporting process); and</li> <li>• Increasing awareness raising activities across all participants of the financial reporting process, throughout the life-cycle of developing standards, including detailing “why the change”.</li> </ul> <p>Promoting the awareness, understanding and implementation of EER among New Zealand constituents by:</p> <ul style="list-style-type: none"> <li>• Maintaining a proactive approach to EER, considering investor versus broader stakeholder requirements;</li> <li>• Continuing to respond to user demands for EER; and</li> </ul>

	<ul style="list-style-type: none"> <li>Increasing the collaborative approach with other key stakeholders to EER.</li> </ul> <p>Working with other agencies, including other standard setters, to ensure external reporting and assurance gaps are identified, understood, researched and if necessary addressed.</p> <p>The XRB and the technical boards working together to create the power of “one voice” and the full utilisation of our “levers” in the constituent’s awareness of the legislative nature of the standards ensuring consistent, timely and effective implementation.</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>
<b>Specific Strategy 5: Capable, High-Performing and Financially Prudent Organisation</b>	<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 (both Board and staff) needed to deliver the outputs.</p> <p>Strengthening, widening and improving the relationship matrix.</p> <p>Seek specialist digital capability to provide timely and expert advice on technological improvement to XRB’s output.</p>