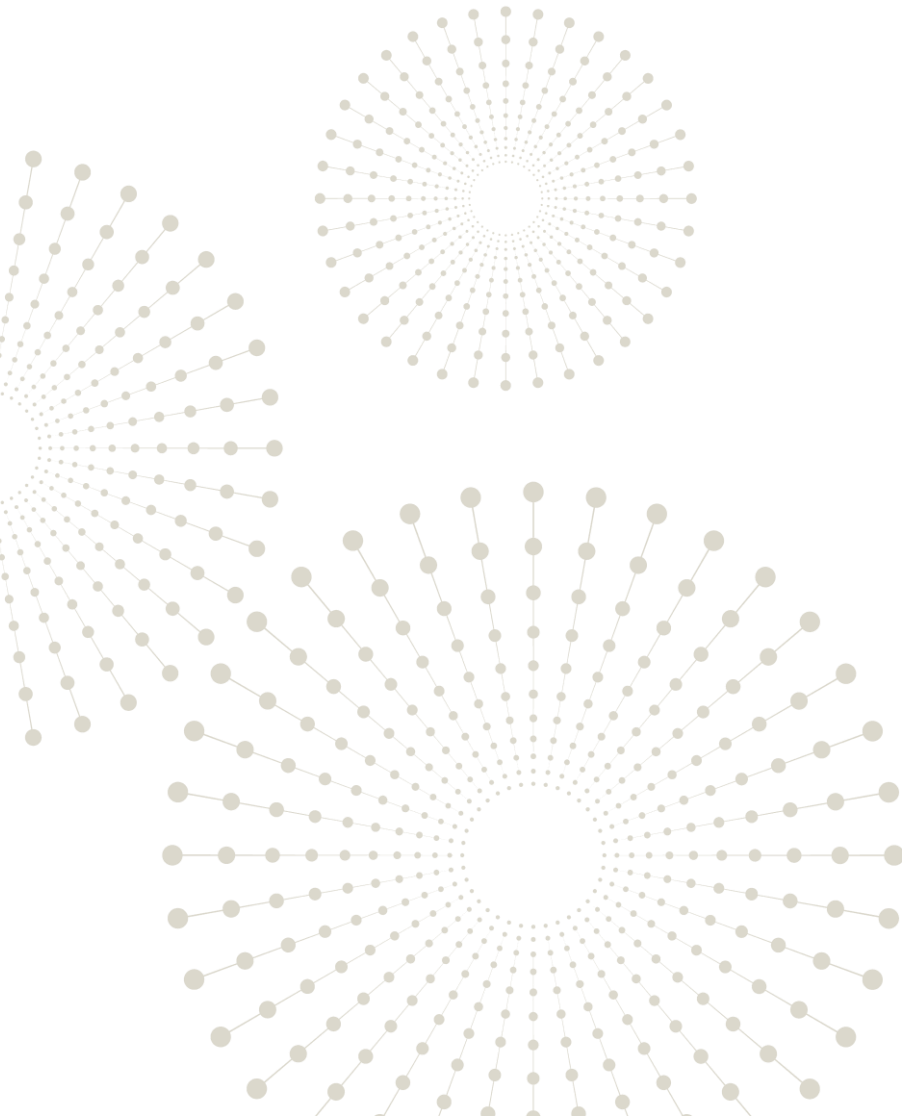


# Briefing for the Incoming Minister



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**April 2026**

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## External Reporting Board

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## **The purpose of this briefing**

### **This briefing introduces the XRB and highlights our current priorities**

This briefing provides the Incoming Minister with an introductory overview of the role of the External Reporting Board (**XRB**) and how it contributes to transparency, accountability and informed decision making across New Zealand's economy. It highlights the outcomes we seek, the frameworks and standards we set, our strategic priorities and our current and upcoming key projects.

This briefing should be read alongside the XRB's Statement of Intent (**SOI**) and Statement of Performance Expectations (**SPE**).

## **The XRB's role, functions and governance**

This section provides background on the XRB, including our statutory role, governance arrangements, funding model, and how we ensure value for money and organisational capability in delivering our functions.

### **The XRB is an independent Crown entity under the Crown Entities Act**

The XRB was initially established under the Financial Reporting Act 1993, with continued existence provided for under section 11 of the Financial Reporting Act 2013 (**Financial Reporting Act**).

### **We set reporting and assurance standards for New Zealand**

Our main statutory functions are to issue:

- Reporting strategies and frameworks for the issue of standards
- Financial reporting standards that describe how to report an entity's financial activities to make financial information meaningful and comparable for users
- Climate reporting standards that describe how to report an entity's climate-related risks and opportunities
- Auditing and assurance standards that establish the objectives and requirements for conducting audits and other assurance engagements
- Professional and ethical standards that apply to assurance practitioners applying the XRB auditing and assurance standards
- Non-binding guidance on a wider range of non-financial matters

The XRB is not a regulator; monitoring and enforcement functions are carried out by regulators such as the Financial Markets Authority and Charities Services. We work closely with the regulators to keep the reporting system clear, consistent and workable in practice.

### **Our strategy is to align with international standards and make changes to reflect New Zealand's context**

The XRB works in a fast-changing environment, shaped by evolving stakeholder expectations, legislative change, rapid shifts in technology, and a demand for clear, trusted decision-useful reporting.

Our underpinning strategy is to ensure that our reporting frameworks and standards are aligned with international standards and function effectively in the New Zealand context. We recognise the importance of capital flows and global trade to the New Zealand economy. This approach ensures the credibility of our standards, and the consistency, and comparability of financial and non-financial information across borders, fosters investor and user confidence and supports efficient capital markets.

We engage with our stakeholders to ensure the requirements of standards meet user needs and strike the right balance between benefits of the reporting and costs of preparing it. This engagement underpins the work we do in developing and issuing frameworks and standards to fit New Zealand's context and supporting their effective implementation. We also ensure that the New Zealand context is reflected in global standard setting through our membership and involvement in international bodies and forums.

Our tiered financial reporting framework allows us to take a tailored approach to different sectors and sizes of entities to meet user needs and appropriately balance cost and benefit. Our auditing and assurance standards enable mutual recognition of audits and build a more resilient audit market by having audit standards that are harmonised with standards used in other jurisdictions. In climate reporting we are taking a dynamic and adaptive approach to respond to the changing international landscape. We have made changes in response to stakeholder feedback about implementation challenges and will be consulting soon on a draft climate reporting roadmap to ensure our standards continue to remain internationally aligned.

### **We consult widely and set standards independently, in the public interest**

The XRB is required under the Financial Reporting Act to consult affected parties before issuing standards and to act independently. These requirements help ensure that standards are credible, high quality and not unduly influenced by interested parties (for example, the accounting profession, reporting entities and regulators). Independent standard setting has long been accepted as best practice for international and national standard setters. Our 2024/25 performance survey showed that overall satisfaction of stakeholders with our contribution towards our purpose was 83%, our strongest result since 2018.

### **The XRB Board provides governance and is supported by three technical boards and a stakeholder advisory group**

The XRB's powers are exercised by, or under the authority of, the XRB Board. The Governor-General appoints up to nine members to the XRB Board on the recommendation of the Minister of Commerce and Consumer Affairs.

The XRB Board is responsible for the overall governance of the organisation, reporting and standard-setting strategy and oversight of its subsidiary technical boards (see below). The Board has appointed a Chief Executive responsible for the management of the organisation. The XRB Board used its powers under the Crown Entities Act to establish three subsidiary boards as committees of the XRB Board (technical boards), and has delegated the following functions to these technical boards under the Act:<sup>1</sup>

- New Zealand Accounting Standards Board (**NZASB**): prepare and issue financial reporting<sup>2</sup> standards and authoritative notices
- New Zealand Auditing and Assurance Standards Board (**NZAuASB**): prepare and issue auditing, assurance, professional and ethical, and other related services standards
- Sustainability Reporting Board (**SRB**): prepare and issue climate standards, authoritative notices and non-binding guidance on non-financial reporting

All three technical boards liaise with international or national organisations that perform corresponding or similar functions.

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<sup>1</sup> Subject to the requirements and expectations in the respective terms of reference for each board. These are available on our [website](#).

<sup>2</sup> Financial reporting includes service performance reporting.

The External Reporting Advisory Panel (**XRAP**) is a forum where the XRB Board and its technical boards can consult with individuals and representatives of organisations affected by our work. The XRAP is a key part of the XRB's strategy to meaningfully engage with our stakeholders via a collective forum, in addition to our other stakeholder engagement mechanisms.

### **We are funded through a single appropriation that funds one reportable output class**

The XRB is funded by an appropriation, Commerce and Consumer Affairs: External Reporting and Assurance Standard Setting under Vote Business, Science, Innovation administered by MBIE.

Our 2025/26 appropriation was \$8.319m.

### **We have delivered target savings and continue a strong focus on value for money**

As a small organisation with specialist statutory responsibilities, we prudently manage the resources provided through our appropriation, through a strong value for money lens and disciplined prioritisation across our work programme.

We have delivered target savings for our appropriation. These savings have been achieved through productivity and efficiency initiatives, including the use of technology and a sustained focus on value for money and prioritisation. Ongoing inflationary pressures, alongside a rapidly evolving global and domestic environment and rising stakeholder expectations, present increasing risks to delivery over time, which we are continuing to carefully manage.

### **We proactively manage our organisational capability and resources**

Maintaining strong organisational health and capability is essential to our ability to deliver high-quality, internationally credible and locally relevant standards. As set out in our 2025-2030 Statement of Intent, we focus on ensuring that our governance, people, and ways of working are fit for purpose and able to support high-quality standard setting.

Our governance arrangements are designed to support sound decision making, meet our statutory obligations, and reflect good governance practice. A key area of focus is maintaining appropriate capability and expertise on our technical boards, including through proactive succession planning.

XRB is a small, highly expert organisation of around 30 full-time equivalent staff. Our size means we operate in an agile way with a strong focus on prioritisation, collaboration, and clear accountabilities, while maintaining the breadth of expertise needed to steward complex financial, assurance, and climate reporting standards. We rely on deep technical capability, strong relationships, and effective ways of working to maximise our impact and deliver value for money across the system.

Our people underpin our success as an organisation. We are committed to being a good employer and to providing a caring and inclusive environment that supports high performance and professional development.

### **Work is underway to ensure our standards and processes meet legislative requirements**

There are new legislative requirements under the Regulatory Standards Act 2025, Parliamentary Counsel Office (**PCO**) secondary legislation website specifications and NZ Government Web Standards.

We are reviewing and updating our processes to align to the new requirements. We are also progressing a website upgrade to strengthen our ability to meet the requirements relating to accessibility, transparency and regulatory good practice ensuring our standards (secondary legislation) and guidance are accessible, navigable and usable by all users. The upgrade will also support our obligations under the Regulatory Standards Act 2025 by improving the accessibility and transparency of information across the regulatory lifecycle.

## Our strategic framework

The strategic framework diagram below describes our purpose, the outcomes we seek, what we aim to achieve, what and how we deliver, and approach our work.

### Our purpose is to promote trust in external reporting and assurance

Promoting trust and confidence, transparency and accountability through high-quality external reporting and assurance.

We do this by establishing and maintaining robust frameworks and standards that are internationally credible and relevant to New Zealand.

### The outcome we seek is that New Zealand benefits from trusted, informative and integrated reporting



#### Trusted

Reporting and assurance that promotes confidence, transparency and accountability across all sectors of the economy



#### Informative

Reporting and assurance that generates relevant and useful information to support informed decision making



#### Integrated

Reporting that encompasses financial and non-financial information that supports good governance, stewardship and intergenerational wellbeing

### We aim to build a trusted external reporting and assurance system that supports transparency, accountability and informed decision making

Our ultimate objective is an external reporting and assurance system in New Zealand that enables sustainable economic growth, transparency, accountability and informed decision making through the provision of trusted, integrated information that meets users' needs.

We enable trust and confidence in the external reporting and assurance system by setting high-quality standards that are internationally credible and locally relevant.

### The work we deliver

Reporting strategies and frameworks

Financial reporting standards

Climate standards

Auditing and assurance standards

### How we deliver our work

Our governance, people and ways of working

Our relationships and how we engage and influence

Our financial and physical resources and use of natural resources

### How we approach our work

- Open, engaging and transparent
- Agile and pragmatic
- Attuned to user needs, costs and benefits
- Responsive to changing global and local context

## Our key current and planned projects

We outline below our strategic priorities and the key current and planned projects within these priority areas.

### Strategic priority: fit for purpose

Ensuring standards remain fit for purpose is central to maintaining trust and confidence in New Zealand's external reporting and assurance system. As the reporting environment becomes more complex, the XRB adds value by testing whether requirements remain relevant, proportionate, and workable in practice. Our focus is on stewarding standards over time, so they continue to deliver genuinely decision-useful information for users, while carefully balancing system-wide benefits with the costs for preparers and assurance practitioners.

#### Reviewing the accounting standards framework

- We have begun a review of New Zealand's tiered, multi-standard, sector-based accounting standards framework, as signalled in our Statement of Intent 2025–2030. Through this review, we will be testing whether the framework is still achieving the balance it was designed to deliver: high-quality, decision-useful reporting that is internationally aligned while remaining practical and proportionate for New Zealand entities.
- A targeted review in 2019 found the framework was broadly working as intended. However, the reporting environment has evolved significantly since then. We look forward to engaging you as this work progresses.

#### Setting a clear, phased direction for climate reporting

- By the end of June, we intend to publish a draft climate reporting roadmap for consultation and engagement with our stakeholders. As the national standard-setter we aim to provide certainty about the future direction of climate reporting and supporting efficient investment in systems, skills, and assurance capability.
- The roadmap is being informed by our consultation on international alignment last year, early implementation experience, feedback from reporting entities and practitioners, regulatory insights, and evolving international developments. By setting out a clear, phased path for how climate reporting is expected to evolve, we aim to improve disclosure quality over time while avoiding unnecessary cost and disruption as practices mature.

#### Responding to feedback and evaluating how the climate-related disclosures regime is operating

- We continue to respond to stakeholder feedback about implementation challenges relating to the climate-related disclosure framework. We will shortly consult on a targeted amendment to the climate standards to ensure the requirements remain internationally aligned in relation to scope 3 greenhouse gas emissions disclosures.
- We are also continuing to learn about the effectiveness of the framework. In 2023, the XRB commissioned the University of Otago to independently evaluate how the climate-related disclosures regime is operating in practice. Given the regime was new, early evidence was important to test whether it is meeting user needs and operating as intended.
- An interim report was published in 2024, and the final report is due in 2026. The findings will inform our future standard-setting and implementation work. Your office will receive the final report ahead of publication as part of our no-surprises approach.

### Reviewing auditing and ethical standards

- We will be undertaking post-implementation reviews of auditing and ethical standards. This work will help us understand where standards are operating effectively and where further guidance or refinement may be needed, ensuring requirements remain proportionate and workable.

### Responding to technology and AI developments

- We are actively monitoring and responding to developments in technology, including automation and artificial intelligence (AI), particularly for assurance engagements in the current period. Through our participation in international standard-setting forums and engagement with domestic stakeholders, we shape how standards evolve in response to technological change.
- Our focus is on supporting innovation while managing emerging risks, avoiding unnecessary compliance burden, and ensuring assurance engagements continue to deliver trust and economic value as tools and practices change.

### Strategic priority: supporting adoption and implementation

Supporting effective adoption and implementation of our standards is a key strategic priority for the XRB. High-quality standards only deliver benefits when they are well understood, applied consistently, and embedded into practice. Our focus is on providing practical support that helps preparers, assurance practitioners, and users navigate change in a way that improves reporting quality without unnecessary cost or complexity.

### Supporting incorporated societies to implement new reporting requirements

- We are supporting incorporated societies to implement new reporting requirements introduced by new legislation in 2022, by providing targeted guidance, and accessible resources that reflect the capability and scale of the sector. Our implementation work focuses on helping societies understand how the requirements apply in practice, supporting consistent reporting, and reinforcing the value of clear financial information for members, funders, and the wider community.

### Helping for-profit entities prepare for NZ IFRS 18

- We are supporting for-profit entities, directors and assurance practitioners to prepare for the adoption of NZ IFRS 18 *Presentation and Disclosure in Financial Statements*, which will introduce significant changes to how for-profit entities present and explain their financial performance. Our focus is on helping stakeholders understand what the new requirements mean in practice, how they differ from existing presentation and disclosure approaches, and what preparatory steps are most important.
- Through guidance, engagement, and collaboration with the market, we are helping entities plan their transition in a proportionate way, reducing the risk of late or inconsistent adoption and supporting clearer, more comparable financial reporting when the standard takes effect next year. This approach is intended to minimise disruption, avoid unnecessary re-work, and support confidence among users of financial information.

### **Supporting proportionate audits for less complex entities**

- We are supporting auditors with the new auditing standard for audits of less complex entities that is available for use for entities that meet the definition. Our implementation work focuses on helping practitioners understand how the standard is intended to be used, where it provides flexibility, and how it enables audit effort to be better aligned with the nature and complexity of the entity being audited.
- By supporting clear and consistent implementation, we aim to help auditors focus their effort where it matters most, reduce unnecessary complexity, and maintain audit quality for less complex entities without defaulting to requirements designed for large or highly regulated organisations.

### **Supporting implementation of sustainability assurance standards**

- We are supporting assurance practitioners and affected entities to prepare for the implementation of new internationally aligned sustainability assurance standards by focusing on practical application at different levels of assurance maturity. Our implementation work is designed to help practitioners understand what is changing, how the requirements apply in practice, and how to scale their approach appropriately as sustainability reporting continues to evolve.
- Through guidance, engagement, and alignment with international developments, we are helping the market build capability over time in a way that supports confidence and consistency, avoids unnecessary cost, and strengthens trust in sustainability-related disclosures as assurance practices mature.

### **Strategic priority: public benefit entities**

Public benefit entities play a vital role in delivering services and outcomes that support communities and the public interest, using resources provided by taxpayers, ratepayers, donors and grant funders. High-quality reporting and assurance are essential to maintaining trust and confidence that these resources are being used effectively and as intended. Our focus is on supporting clear, meaningful and proportionate reporting by public benefit entities, recognising the diversity of the sector and the importance of service performance information alongside financial reporting.

### **Contributing to the evolution of public sector performance reporting**

- The XRB has contributed to the Parliamentary inquiry into public sector performance reporting and public accountability, drawing on our experience in standard setting and reporting frameworks.
- Our submission highlighted three key opportunities for reform – a system that better meets user needs for outcome-focused, long-term information; better clarity about the purpose of the different types of reporting and a simplification of the landscape; and improving the current capability of the system to report non-financial information. We will continue to play our part in any future work arising from the inquiry, as appropriate.

### **Progressing revenue and transfer expense standards for public benefit entities**

- We are working through feedback received in response to our consultation on the exposure drafts of two public benefit entity standards (PBE IPSAS 47 *Revenue* and PBE IPSAS 48 *Transfer Expenses*). These proposed standards are aimed at improving the clarity, consistency, and usefulness of information provided about how public benefit entities receive and use resources, while ensuring requirements remain proportionate and workable in practice.

## **Strategic priority: integrated reporting**

There has been growing demand for reporting that goes beyond traditional financial information to provide a clearer picture of organisational performance, value creation and long-term impacts. Integrated reporting brings together financial and non-financial information to support better governance, accountability and decision making, including consideration of intergenerational wellbeing. Our focus is on supporting the development of integrated reporting practices that provide meaningful, connected and decision-useful information for users across the public, private and not-for-profit sectors.

### **Positioning He Tauira to complement existing reporting practices**

- We have completed the trial of *He Tauira*, a voluntary conceptual reporting framework grounded in te ao Māori that supports entities to articulate their intergenerational impacts. While the framework draws on mātauranga Māori, it has wider applicability and is available to all reporting entities seeking to better communicate long-term value, impacts and stewardship across generations. We are now focused on supporting early adoption, sharing lessons learned from the trial, and positioning He Tauira alongside existing reporting requirements, so all interested entities can use it in a way that complements established reporting practices.