



<b>Project:</b>	<b>Service Performance Reporting</b>	<b>Meeting</b>	March 2024 (M201)
<b>Topic:</b>	<b>Project plan</b>	<b>Agenda Item:</b>	3.1
		<b>Date:</b>	20 February 2024
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		<b>Decision-Making:</b>	Medium
		<b>Project Status:</b>	Consider project plan

## OVERVIEW OF PAPER

### Background and objective

1. The objective of this paper is for the Board to **consider** a staff recommended Not-for-Profit (NFP) Service Performance Reporting (SPR) project plan.

### Structure

2. This paper is structured as follows:

#### *Background and project summary*

- (a) Recent history (paragraphs 3 – 4)
- (b) Overall objective (paragraphs 5 – 6)
- (c) Justification for the project (paragraphs 7 – 10)
- (d) Key matters to be addressed (paragraph 11)

#### *Project timeline, resources and outreach plan*

- (e) Key milestones, action plan and timeframe (paragraph 12 – 13)
- (f) Project resources (paragraphs 14 – 18)
- (g) Stakeholder engagement and communication (paragraph 19)

#### *Assumptions, risks and other considerations*

- (h) Assumptions (paragraph 20)
- (i) Constraints, risks and risk mitigation (paragraph 21)
- (j) Other contextual factors, including cross-cutting projects (paragraphs 22 – 30)

## INTRODUCTION TO PROJECT PLAN

### Recent history

3. The AASB's SPR project was last active in December 2016, at which time the Board reviewed the comments it had received on AASB Exposure Draft [ED 270 Reporting Service Performance](#)

Information that had been published in August 2015. Since then, the AASB's November 2019 [Management Commentary Project Proposal](#) identified the SPR project as a cross-cutting project. Subsequently, after considering the feedback on Invitation to Comment [ITC 46 AASB Agenda Consultation 2022-2026](#) (May 2022), mainly facilitated through the June 2022 [Agenda Paper 3.2](#), the project was reactivated (as noted in the [2022-2026 AASB Agenda Consultation Feedback Statement](#)). [Agenda Paper 7.1](#) of the December 2022 Board meeting provides further background to the project.

4. The project plan in this paper reflects the Board's decisions made at its May 2023 meeting at which the Board discussed the project's pervasive issues and made decisions about whether and if so what working assumptions to make at this stage. Those decisions included the primary point of reference to adopt for the detailed work to be undertaken on the project. (See the May 2023 Agenda Papers [4.1](#), [4.2](#), [4.3](#) and [4.4](#); and the [minutes](#) to that meeting).

## Overall objective

5. There is currently no national approach to SPR in Australia. Rather, there is a diverse range of legislation, regulation and guidance addressing aspects of SPR and related matters that have been issued by individual Australian governments and industry bodies and regulators (see, for example, paragraph 26 below). Furthermore, where legislation, regulation or guidance does not apply, a diverse range of SPR practices by individual NFPs has emerged. Accordingly, this project aims to:
  - (a) develop a nationally standardised approach to NFP SPR having regard to the capacity of NFP entities to prepare service performance information, including cost/benefit considerations; and
  - (b) improve the quality of SPR for general purpose financial reports users as input to those users' decisions relating to NFPs.<sup>1</sup>
6. The overall objective of the project is the development of a SPR pronouncement suitable for the Australian context that specifies generic and scalable principles for application by NFP entities in their reporting of relevant and faithfully representative service performance information.

### Question to Board members

**Q1 Do Board members agree with how staff have articulated the project's overall objective?**

## Justification for the project

### Expected benefits

7. The expected benefits of this project include improved usefulness of service performance disclosures through better meeting the information needs of users of general purpose financial

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<sup>1</sup> Paragraph AusOB3.1 of the AASB's *Framework for the Preparation and Presentation of Financial Statements* currently states: "In respect of not-for-profit entities, users (such as certain existing and potential resource providers) are generally not concerned with obtaining a financial return on an investment in the entity. Rather, they are concerned with the ability of the entity to achieve its objectives (whether financial or non-financial), which in turn may depend, at least in part, on the entity's prospects for future net cash inflows. Users will, for example, be interested in the capability of the entity's resources to provide goods and services in the future. Accordingly, in relation to not-for-profit entities, where pertinent, references in this Framework to 'assessing prospects for future net cash inflows' (and related terms) should be read in the context of the common information needs of users of general purpose financial reports of not-for-profit entities described in this paragraph."

reporting.<sup>2</sup> Improved usefulness is expected to be derived from improved relevance and faithful representation (complete, neutral and free from error), together with enhancing qualitative characteristics of improved comparability (including consistency), verifiability, timeliness and understandability of service performance disclosures.

8. The expected benefits are consistent with the guiding principles in the AASB’s *Framework for the Preparation and Presentation of Financial Statements*<sup>3</sup> and the AASB’s Strategic Objectives (see paragraph 10 below).

### Priority

9. Page 8 of [Feedback Statement: AASB Agenda Consultation 2022-2026](#) reports that “The majority of respondents [to Invitation to Comment [ITC 46 AASB Agenda Consultation 2022-2026](#)] supported adding this project to its work program.” The Board’s discussion of the project’s priority occurred in the context of comments received during the 2022-2026 agenda consultation and was based on paragraph 14 of staff paper 8.2 of the Board’s June 2022 meeting. At the time, based on that discussion and having regard to various factors, including those identified in paragraph 7.2.3 of the *AASB Due Process Framework for Setting Standards*,<sup>4</sup> the Board rated both the importance and urgency of the SPR project as **medium** (see page 12 of the Feedback Statement). When deciding the priorities and balancing the overall work program, the Board particularly considered its commitment to completing other current NFP projects such as the NFP Reporting Framework including Tier 3 and post-implementation reviews. The medium rating also reflected the Board’s decision at its June 2023 meeting to reprioritise its projects,<sup>5</sup> and the international, national and domestic developments in SPR and related areas since ED 270 was issued for public comment.

### Consistency with AASB Strategic objectives

10. This project supports the AASB’s Strategic Objectives (2023-24)<sup>6</sup> in the following ways:

#	AASB Strategic Objectives	How this project supports the Strategic Objectives
1	Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users (including financial reports) and are capable of being assured and enforced. For ‘publicly accountable’	Direct support—by seeking to develop a SPR standard or guidance that meets the needs of general purpose external report users. This will improve the usefulness of external reporting through improved transparency and comparability

2 Indeed, a review of the literature about the information needs of users reported in [AASB Research Report 14 Literature Review: Service Performance Reporting for Not-for-Profits](#) (February 2020) shows a number of studies found that contributors to private sector NFPs and stakeholders of public sector NFPs prefer service performance information to financial statement information.

3 See, for example, Chapter 3 “Qualitative characteristics of useful financial information” of the Framework.

4 Paragraph 7.2.3 of the *AASB Due Process Framework for Setting Standards* states: “the AASB considers various factors, including:

- (a) the importance of the issue to those who use financial reports, including the range and extent of those to whom the issue might apply, and whether it impacts for-profit and not-for-profit entities;
- (b) the urgency of addressing the issue, considering input of other relevant regulators and evidence of the impact of not addressing the issue;
- (c) interactions with other current or possible projects;
- (d) the complexity and breadth of the problem to be resolved, and the feasibility of possible solutions being developed;
- (e) the capacity of stakeholders to respond to proposals, both as individual proposals and across the work program as a whole;
- (f) the overall balance of the work plan and the overall balance in the pipeline of research projects that may ultimately come forward to the standards-level work program, including a balance of not-for-profit, public sector and other projects; and
- (g) the availability of sufficient staff resources.”

5 The [minutes](#) for the June 2023 meeting record that: “The Board approved a revised AASB work plan in relation to sustainability reporting projects and high-priority financial reporting projects. The current projects were reprioritised to support an increased focus on sustainability reporting projects over the next year as well as reflecting the resourcing constraints that the AASB currently faces. The work plan will be reviewed regularly and updated to reflect changes in priorities.”

6 As reflected on page 12 of the AASB [Corporate Plan 2023-2024](#); and consistent with pages 351 and 352 of the Commonwealth Government’s Budget [2023-24 Portfolio Budget Statements](#) relating to the Office of the Australian Accounting Standards Board. Consistently, whilst also explicitly referring to sustainability, on page 356 the latter also describes the AASB outcome as “Developing, issuing and maintaining accounting standards, and developing sustainability standards, and related reporting requirements that apply to Australian entities subject to a statutory or other obligation to prepare financial reports and other external reports that are integral to understanding the entities’ financial and sustainability-related information.” (See [Appendix A: Agency Outcome Statements](#)).

#	AASB Strategic Objectives	How this project supports the Strategic Objectives
	entities, maintain IFRS compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance.	(including consistency) of service performance information that (i) better meets the needs of primary users; and (ii) is capable of being assured and enforced.
2	With the AUASB, play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on: <ul style="list-style-type: none"> <li>who prepares external reports (including financial reports)</li> <li>the nature and extent of assurance required on these external reports.</li> </ul>	Direct support—by seeking to address the extent and content of service performance disclosures. Throughout this project, the intention is to work with the AUASB (see paragraphs 28 and 29 below) and other relevant regulators in order to meet this strategic objective.
3	Actively influence IASB, IPSASB standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.	Indirect support—by informing other national and international standard-setters seeking to address SPR and related areas in their jurisdictions and in turn to leverage off the national and international developments in this and related areas.
4	Attain significant levels of key stakeholder engagement, through collaboration, partnerships and outreach.	Direct support—through significant collaboration with a broad range of stakeholders (see paragraph 19 below).
5	Influence initiatives to develop standards and guidance that meet user needs for external reporting integral to financial reporting.	Direct support—by aiming to develop SPR requirements or guidance to help preparers meet the evolving information needs of users.
6	Monitor and respond to, or lead on, emerging issues impacting the development of accounting and external reporting standards, including changing technologies.	Direct support—by directly addressing the emerging issues related to SPR.  See also AASB Strategic Objective #1 above.
7	Develop guidance and education initiatives, or promote development by others, to enhance the consistent application of accounting and external reporting standards and guidance.	Indirect support, as a potential consequential objective—the initial objective is to develop a suitable pronouncement on SPR. In due course, consideration could be given to the Board’s role in facilitating consistent application of the pronouncement through additional guidance and education initiatives.

### Question to Board members

**Q2 Do Board members agree that the above section adequately justifies the project; and with the staff description of how the project supports the AASB strategic objectives?**

### Key matters to be addressed

11. In pursuing the overall objective noted in paragraph 6 above, the AASB will address the key matters listed in the following table.

	Key matters
1	The meaning of ‘service’. This will help ensure a common understanding of the project scope and particularly help clarify the relationship of the SPR project to the Sustainability Reporting project [see key matter 3] and the Management Commentary project [see key matter 8].
2	A basis for initial consultation with stakeholders (i.e. a working draft of generic and scalable SPR principles, adopting NZ PBE FRS 48 <i>Service Performance Reporting</i> as the primary point of reference). That consultation will provide a basis for reassessing the suitability of adopting NZ PBE FRS 48 as the primary point of reference and the Board’s other working assumptions made at its May 2023 meeting.
3	The implications of the relationship of the draft principles arising from key matter 2 to Sustainability Reporting. This will help identify and address any overlap, duplication or inconsistencies between the SPR project and the Sustainability Reporting project.
4	The subject entities: public sector NFPs and/or private sector NFPs (charities and/or other types of NFPs).
5	Differential reporting: initially in relation to Tiers 1 and 2 entities and subsequently in relation to Tier 3 entities.
6	The appropriate status of a pronouncement that could include SPR principles: mandatory or voluntary.
7	The relationship of prescribed/encouraged service performance information to: <ul style="list-style-type: none"> <li>(a) general purpose financial statements/reports (GPFS/GPFR); and</li> </ul>

	(b) assurance.
8	The implications of the relationship of the SPR project to other AASB projects (i.e. in addition to Sustainability Reporting [to be addressed under key matter 3]). Those other AASB projects include: the Management Commentary project, NFP Financial Reporting project [which is related to Tier 3 issues to be addressed under key matter 5], and NFP Conceptual Framework project [which is related to key matter 7(a)].
9	The AASB's role in setting a SPR pronouncement.
10	The next due process document.

## THE PROJECT PLAN

### Key milestones, action plan and timeframe

12. The following table focuses on the anticipated timeframe for deliberations on the key matters listed in paragraph 11 above and the timeframe for the next due process document. The timeframe for the next due process document is dependent on outcomes from Board deliberations of the key matters and possible changes over time as more information becomes available from stakeholder outreach and other sources. The timeframe is based on the assumptions noted in paragraph 20 below and the broad approaches to the key matters (including the working assumptions for key matters 4 and 5) described in column 2 of the following table. Should the assumptions or the approaches the Board tentatively agreed to at its May 2023 meeting change, the proposed project timeframe will need to be amended. Furthermore, the timeframe is expressed as an estimate of the number of months from when the project plan is first implemented and the number of months during which each key milestone will be pursued. It does not anticipate that any of the key milestones would take 100% of project staff's time during those months. For example, time has been allowed for outsourced academic research and for stakeholders to respond to outreach. During this time, project staff can progress other AASB projects.

	Key milestone	Broad approach <sup>7</sup>	Activities	Target (Board, stakeholders, other)	Timeframe
	<b>Deliberations on key matters:<sup>8</sup></b>				
1.	A working definition of 'service'	<p>Develop a working definition of 'service', to help ensure a common understanding of the project scope and to help clarify the relationship between the SPR project and the Sustainability Reporting and Management Commentary projects (see key matters 3 and 8 below).</p> <p>Build on the early thoughts on this matter summarised in paragraph 15 below.</p> <p>Exclude non-service aspects of performance, including 'fundraising' and 'management expense' performance from the scope of the project.</p>	<p>INITIALLY:</p> <p>Staff analysis of relevant existing SPR and related frameworks' explicit and implicit definitions/descriptions of 'service'.</p> <p>Staff develop a recommended working definition of 'service'.</p> <p>SUBSEQUENTLY:</p> <p>Staff analysis and recommendation of the need for a formal definition/description of 'service' in any pronouncement that might be developed.</p>	Board	<p><b>Month 1</b></p> <p>During the development of any draft pronouncement</p>
2.	A first working draft of generic and scalable SPR principles as a basis for initial consultation with stakeholders	<p>Develop a first draft of SPR principles using <a href="#">NZ PBE FRS 48 Service Performance Reporting</a> as the primary point of reference, supplemented by insights from other SPR and related frameworks.<sup>9</sup></p> <p>Use the draft principles as a basis for consultation with stakeholders, including in relation to key matters 3 to 10 below. [It is notable that NZ PBE FRS 48 is sector neutral (see key matter 4), tier neutral (see key matter 5), mandatory (see key matter 6) and regards SPR as within the scope of GPFR and subject to assurance (see key matter 7)].</p>	<p>In light of the feedback received on ED 270 and ITC 46, staff update earlier work on the demand for SPR, including understanding user needs and costs and benefits (consistent with the comment on page 8 of the Feedback Statement on Agenda Consultation <a href="#">ITC 46 AASB Agenda Consultation 2022-2026</a> that "The project should investigate the demand for service performance reporting, including understanding user needs and costs and benefits, ..." This would include a review of the current academic literature (including, for example, that listed in footnote 15 to paragraph 17(d) below).</p> <p>Within that context, staff prepare a paragraph-by-paragraph analysis of and recommendations about NZ PBE FRS 48's suitability in an Australian context.</p> <p>Staff give broad consideration to other SPR frameworks and recommendations that could enhance/adapt the NZ principles for the Australian context.</p>	Board/stakeholders	<p><b>Months 2 to 4</b>, and to be revisited as often as necessary depending on the outcome of deliberations on later key matters</p>

7 Column 2 of the table describes the broad approach to be taken to achieve each key milestone, including in relation to the key matters for which the Board made initial working assumptions at its May 2023 meeting. These working assumptions may be modified as the project progresses and further insights are gained through research and stakeholder outreach.

8 The order in which the key matters are listed reflects an expectation that, broadly, deliberations on those early in the list would inform deliberations on those later in the list. In particular, key matters 1 and 2 provide a platform for deliberations on later key matters. However, given the interrelationships, deliberations on some later matters might cause the Board to revisit earlier deliberations. Given the fundamental nature of the key matters, they will need to be resolved, perhaps tentatively, before determining subsequent steps. Furthermore, efficiencies might be gained by addressing some key matters concurrently. Despite this, the list is presented in a linear form for ease of presenting the broad timeframe.

9 May 2023 AASB Agenda Paper 4.4 provides a list of existing frameworks that could help supplement NZ PBE FRS 48 as the primary point of reference (see also paragraphs 26 and 27 Below). In addition, [comments](#) received on AASB [ED 270 Reporting Service Performance Information](#) and through further outreach to stakeholders will help inform the development of draft principles.

	Key milestone	Broad approach <sup>7</sup>	Activities	Target (Board, stakeholders, other)	Timeframe
3.	The relationship of the first working draft SPR principles developed under key matter 2 to Sustainability Reporting	<p>Clarify the relationship between SPR and Sustainability Reporting.</p> <p>On the working assumption that SPR can be distinguished from Sustainability Reporting, work alongside the Sustainability Reporting project throughout the SPR project with the aim of identifying any overlaps and keeping each other informed to avoid duplication and inconsistencies.</p>	Staff assess and continue to monitor developments in the Sustainability Reporting project to identify any overlap with or potential inconsistencies between the emerging disclosure proposals from both projects.	Board	Principally <b>month 5</b> , but also ongoing
4.	The public sector vs private sector NFP issue	<p>Consistent with adopting NZ PBE FRS 48 as the primary point of reference, initially make a <b>working assumption</b> that a sector-neutral SPR pronouncement will be developed.</p> <p>Depending on the outcome of this key matter, in due course, consider the need for separate sector-specific guidance.</p>	<p>Staff investigate the differences between the SPR experience/frameworks across the sectors and assess the degree of inter-transferability by, for example:</p> <p>(a) comparing and analysing Australian state, territory and local governments' public sector SPR frameworks</p> <p>(b) updating consideration of current practice in both sectors.</p> <p>Staff finalise an investigation into whether there is any direct or indirect implementation experience with IPSASB RPG 3 <i>Reporting Service Performance Information</i> in private or public sectors in other jurisdictions.</p> <p>Staff undertake targeted outreach with stakeholders specifically on views about differences and similarities of SPR issues between the sectors.</p> <p>Consistent with the <a href="#">AASB Evidence-Informed Standard-Setting Framework</a>, staff will monitor academic research work related to the investigations about the NZ implementation experience in applying common principles in both sectors. Research centre staff will also engage in research activities, including collaborating with academic researchers, to understand the appropriateness of the first working draft of sector-neutral SPR principles developed under key matter 2 and alternative ways of expressing them. The sector-neutral working assumption will be reassessed based on insights from the above activities prior to issuing the next due process document.</p> <p>See also paragraphs 23 and 24 below.</p>	Board	<b>Months 5 to 12</b>
5.	Differential reporting	Consistent with adopting NZ PBE FRS 48 as the primary point of reference, initially make a <b>working assumption</b> that a Tier-neutral SPR pronouncement will be developed, with an initial focus on Tiers 1 and 2.	Staff will monitor relevant academic research work related to the NZ implementation experience in all three Tiers. Research centre staff will also engage in research activities, including collaborating with academic researchers to understand the appropriateness of	Board	<b>Months 5 to 12</b>

	Key milestone	Broad approach <sup>7</sup>	Activities	Target (Board, stakeholders, other)	Timeframe
		Subsequently, resolve Tier 3 SPR differential reporting issues as the project progresses and more insights are gained.	<p>the first working draft of Tiers 1/2-neutral SPR principles developed under key matter 2.</p> <p>Depending on the outcome of that work:</p> <p>(a) assess the need for and the practicability of an ‘undue cost or effort’ relief criterion (as mooted in Appendix D of May 2023 Agenda Paper 4.2); or</p> <p>(b) reassess the suitability of the Tier 1/2-neutral working assumption.</p> <p>Subsequently, assess whether different Tier 3 principles are warranted and, if so, decide whether to develop a first working draft of Tier 3 SPR principles as a basis for consultation with stakeholders concurrently with Tiers 1/2 principles.</p>		
6.	Mandatory vs voluntary	<p>The mandatory vs voluntary issue will be resolved as the project progresses and more insights are gained, which is consistent with the comment on page 8 of the Feedback Statement on Agenda Consultation <a href="#">ITC 46 AASB Agenda Consultation 2022-2026</a> that “The project should investigate the demand for service performance reporting, including understanding user needs and costs and benefits, before committing to developing a standard.”<sup>10</sup></p> <p>It is not necessary to resolve this key matter early because the same level of rigour will be applied throughout the project irrespective of whether a mandatory or voluntary pronouncement is to be issued.</p>	<p>Consistent with the <a href="#">AASB Evidence-Informed Standard-Setting Framework</a>, staff may also engage in research activities such as collaborating with academic researchers and engaging in research that updates the knowledge base on the demand for a mandatory SPR pronouncement, including understanding user needs and costs and benefits primarily focusing on the first working draft of sector- and Tiers 1/2-neutral SPR principles based primarily on NZ PBE FRS 48 (derived from deliberations on key matters 2, 4 and 5). This will also include targeted consultation/ field testing of alternative possible approaches to articulating SPR principles that might emerge from earlier deliberations and outreach.</p> <p>Depending on the outcome of that targeted consultation, assess different approaches to mitigating any remaining concerns about undue costs of implementing a mandatory pronouncement, including relief being provided through one or more of:</p> <p>(a) differential reporting between Tiers 1 and 2 (and 3) (which is linked to key matter 5 above)</p> <p>(b) entity-specific relief through an undue cost or effort criterion (as also contemplated as part of key matter 5 above)</p> <p>(c) phased adoption</p>	Board	Months 5 to 14

<sup>10</sup> This Project Plan anticipates the investigation of the demand for SPR, including understanding user needs and costs and benefits, occurring primarily as part of deliberations on key matter 2 (see the description of the first activity in Column 3 of key matter 2 above). A decision about whether to commit to developing a Standard (i.e. a mandatory pronouncement) or voluntary guidance as key matter 6 can then be informed by the outcome of the deliberations and activities undertaken as part of key matter 2.



	Key milestone	Broad approach <sup>7</sup>	Activities	Target (Board, stakeholders, other)	Timeframe
			(d) extended transition period, with early adoption allowed. Depending on the outcome of that assessment, assess the relative merits of developing a mandatory or voluntary pronouncement.		
7.	Assess the relationship of service performance information to GPFS/GPFR and assurance	Determine these relationships as the project progresses and more insights are gained, in conjunction with the: (a) NFP Conceptual Framework <sup>11</sup> and Management Commentary projects; and (b) AUASB. <sup>12</sup>	(a) See paragraph 30(a) and (d) below. (b) See paragraphs 28 and 29 below.	Board	Months 15 & 16
8.	The relationship with other projects (Management Commentary, NFP Conceptual Framework, NFP Financial Reporting Framework, IASB's Primary Financial Statements)	Monitor the projects to identify any cross-cutting issues (see paragraph 30 below) and keep each other informed. Address cross-cutting issues as they arise.	See 'cross-cutting projects' discussed in paragraph 30 below.	Board	Throughout
9.	AASB's role	AASB play a leading role in developing a draft due process document.	Collaborate with other regulators and relevant stakeholders throughout the project (see paragraph 19 below). <sup>13</sup>	Board	Throughout
10	The next due process document	Subject to the outcome of deliberations on key matter 9, decide on the next due process document.	Engage with stakeholders throughout the project to help assess whether the project should continue and, if so, whether the next due process document should be a Research Report, Discussion Paper, Invitation to Comment or Exposure Draft. (Depending on the outcome of engagement with stakeholders, it is conceivable that the next due process document could be NZ PBE FRS 48 issued as	Board	Month 17

- 11 Questions about the relationship between SPR and general purpose financial reporting will potentially be informed mutually with the AASB's NFP Conceptual Framework project. For example, as noted in paragraph 30(a) below, as part of the NFP Conceptual Framework project, staff recommended in the September 2020 Agenda Paper 10.2 that, if the AASB identified SPR as a necessary component of general purpose financial reporting by some, or all, NFP entities (as part of another project), then the outcome of the NFP Conceptual Framework project should acknowledge explicitly the relevance of information about service performance to users of GPFR of NFP entities, and the reasons why it is relevant.
- 12 Although any resulting pronouncement on SPR would be expected to be capable of assurance, the project will aim to address whether the reporting should be subject to assurance requirements in consultation with the AUASB.
- 13 The Feedback Statement on Agenda Consultation [ITC 46 AASB Agenda Consultation 2022-2026](#) notes on page 8 that "The majority of respondents supported the Board adding this project to its work program." The AASB's role in relation to the development of a SPR pronouncement was confirmed when the Board decided to reactivate the SPR project in response to respondents' support. Appendix A of May 2023 AASB Agenda Paper 4.2 lists arguments for and against the AASB being the body to specify a SPR pronouncement. In addition to those arguments, recent changes to the:
- (a) ASIC Act to address the AASB's functions and powers in relation to making and formulating sustainability standards in addition to accounting standards, including the amendment to s224(a) to read "The main objects of this Part are: (a) to facilitate the development of accounting standards, and sustainability standards, that require the provision of financial and other related information..."; and
- (b) the Office of the AASB's Outcome Statement in the Commonwealth Government's [Budget Paper No. 4 Appendix A: Agency Outcome Statements](#), which states: "Developing, issuing and maintaining accounting standards, and developing sustainability standards, and related reporting requirements that apply to Australian entities subject to a statutory or other obligation to prepare financial reports and other external reports that are integral to understanding the entities' financial and sustainability-related information" (see also the footnote to paragraph 10 of this paper above), provide further support for the AASB playing a key role in specifying a SPR pronouncement. Given the nature of the arguments, the Board decided to proceed with the project in collaboration with other regulators.

	Key milestone	Broad approach <sup>7</sup>	Activities	Target (Board, stakeholders, other)	Timeframe
			an Invitation to Comment or even an Exposure Draft with a description of how it could be adapted to the Australian context.)		
	<b>Assuming a decision is made to proceed with the project: Draft the next due process document and targeted outreach</b>	<p>Based on the outcome of the deliberations on key matters 1-10 listed above, draft a document for targeted consultation.</p> <p>Depending on the outcome of deliberations on key matter 5, the focus could be only on Tier 1 and 2, with Tier 3 to be dealt with later.</p> <p>Depending on the outcome of deliberations on key matter 10, the next due process document could be a Research Report, Discussion Paper, Invitation to Comment or Exposure Draft.</p>	Staff prepare a first draft of the next due process document, develop a targeted outreach plan, and undertake targeted outreach with the project advisory panel.	<p>Board</p> <p>Panel</p> <p>Other targeted stakeholders</p>	<b>Months 17 to 19</b>
	<b>Receive feedback from the targeted outreach and decide how to proceed</b>	Decide on the form, scope and content of the public consultation document based on the feedback from targeted outreach.	Staff collate feedback received.	Board	<b>Month 20</b>
	<b>Develop and approve the due process document</b>	Staff to develop solutions based on outcomes of project deliberations and outreach.	Staff draft the due process document that will be issued for public comment.	Board	<b>Months 20 to 23</b>
	<b>Conduct outreach on the due process document</b>	<p>Develop and issue communications, including details of outreach events, upon publishing the due process document.</p> <p>Outreach.</p>	Facilitate stakeholder engagement (for example, see paragraph 30 below).	Stakeholders	<b>Months 23 to 29</b>
	<b>Summary of feedback and deliberation</b>	<p>Summary of outreach results.</p> <p>Project redeliberations.</p>	<p>Staff analysis of feedback to the due process document.</p> <p>Board project redeliberations based on feedback to the due process document.</p>	Board	<b>Month 30</b>
	<b>Decide next step – whether to cease the project, issue a subsequent due process document, or issue a final pronouncement</b>	Be informed by the preceding consultation and deliberations.	<p>Staff analysis of alternative ways forward, including:</p> <p>(a) proceed to a final pronouncement</p> <p>(b) issue a subsequent due process document</p> <p>(c) cease the project: draft and publish an agenda decision (and perhaps provide findings as input to another authority).</p>	Board	<b>Month 30</b>

13. Decisions made about the next due process document will influence subsequent key milestones and activities. For example, if an Invitation to Comment rather than an Exposure Draft is issued, an Exposure Draft would subsequently need to be issued and subjected to the usual due process.<sup>14</sup> Even once a final pronouncement is issued consideration might need to be given to the need for non-authoritative guidance such as implementation guidance. Also, depending on the outcome of deliberations on key matter 5, consideration would need to be given to Tier 3 SPR.

**Question to Board members**

**Q3 Do Board members have any comments or questions on the anticipated milestones, broad approach, the activities to be undertaken and the timeframes?**

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14 Note that the anticipated timeframe reflected in this paper would be subject to the [AASB Due Process Framework for Setting Standards](#). For example, this paper does not provide details about the potential need for the proposals to be re-exposed.

## Project resources

### AASB Staff

14. The project team will comprise:

Name	Title	Project responsibility
Fridrich Housa	Director	<ul style="list-style-type: none"> <li>• Strategic and technical advice</li> <li>• Review and project direction</li> <li>• Planning and resource oversight, including resource allocation</li> <li>• Content expert</li> <li>• Outreach with key/strategic stakeholders</li> <li>• Liaison with related project teams, including the NFP Conceptual Framework, Sustainability Reporting, and Management Commentary project teams to help ensure consistency</li> </ul>
Eric Lee	Research Director	<ul style="list-style-type: none"> <li>• Strategic and evidence-gathering advice</li> <li>• Review evidence-gathering direction</li> <li>• Planning and resource oversight for research needs</li> <li>• Liaison with domestic and international researchers</li> </ul>
Robert Keys	AASB Principal Fellow	<ul style="list-style-type: none"> <li>• Review technical drafting and recommendations (for example, Board papers and submissions to other standard-setting bodies on SPR related matters)</li> <li>• Content expert</li> <li>• Support and input into project planning and management</li> <li>• Coordination of any commissioned project-specific academic research</li> <li>• Support outreach with stakeholders</li> <li>• Support stakeholder engagement</li> </ul>
TBD	Project Manager	<ul style="list-style-type: none"> <li>• Project planning and management</li> <li>• Technical drafting and recommendations</li> <li>• Manage outreach with stakeholders</li> <li>• Manage stakeholder engagement</li> </ul>
Jia Wei	Assistant Project Manager	<ul style="list-style-type: none"> <li>• Assisting with research activities</li> <li>• Assisting with technical drafting and/or recommendations</li> <li>• Assisting with stakeholder engagement and outreach</li> </ul>

### Specialist knowledge and how to source it

15. As noted as key matter 1 in the table in paragraph 12 above, the project will initially develop a working definition of 'service' to help ensure a common understanding of the project scope and clarify the relationship between the SPR, Sustainability Reporting and Management Commentary projects. Without pre-empting that work, previous project work suggests that service performance information could comprise financial and non-financial information, whether quantitative or qualitative/narrative in nature and that the focus of a SPR pronouncement could be on a NFP's 'non-financial principal objectives and their financial implications' rather than simply 'non-financial information'. Given the potential breadth of service performance information, a constraining principle along the lines of 'service performance information that relates to an entity's principal objectives' could be adopted. Although it might be reasonable to anticipate that principles for the reporting of financial information could be applied by analogy to developing principles for the reporting of non-financial information, it is likely that those more experienced with non-financial reporting could be called on for insights – whether practitioners or academics, including for example impact reporting specialists.
16. Accordingly, subject to available resources and where appropriate, the expertise of specialists will be sought to assist with the development of a SPR pronouncement relating to the reporting of both financial and non-financial service performance information.

## Research

17. To supplement the insights from SPR specialists, the project will also leverage off and update existing research including:
- (a) continuing to monitor NZ implementation experience with PBE FRS 48. For example, to date, a report entitled *Early Implementation Experiences with PBE FRS 48 in New Zealand* (17 April 2023) has been prepared by a Monash University research team and provided to project staff. NZ experience with assurance issues (an aspect of key matter 7) will also inform the AASB's SPR project;
  - (b) assessing the extent to which there is any evidence of direct or indirect adoption of IPSASB Recommended Practice Guide 3 *Reporting of Service Performance Information* (RPG 3) in the NFP public or private sectors;
  - (c) assessing implementation experience with ACNC Annual Information Statements requirements related to SPR, including the reporting of charitable programs;
  - (d) updating AASB Research Report 14 *Literature Review: Service Performance Reporting for Not-for-Profits* (February 2020);<sup>15</sup>
  - (e) testing different ways of expressing SPR principles and presenting related information with a range of stakeholders (including preparers and users, particularly in the medium-sized category); and
  - (f) benchmarking studies of SPR frameworks adopted by Australian state, territory and local governments.

The research activities relating to the project's key matters are identified in column 3 of the table in paragraph 12 above.

### *Not-for-Profit Project Advisory Panel*<sup>16</sup>

18. The Not-for-Profit Project Advisory Panel is an expert panel advising the AASB on NFP projects. The Panel is an informal consultative group only, not a formal decision-making group. In relation to the SPR project, panel members can be asked to act in an advisory capacity, providing specific and industry technical expertise and the perspective(s) of the Panel member and their organisation.

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15 Including, for example, some of the literature identified by the Productivity Commission's [Future Foundations for Giving Draft Report](#) (November 2023):

- Berman, J.Z., Barasch, A., Levine, E.E. and Small, D.A. (2018), 'Impediments to effective altruism: the role of subjective preferences in charitable giving', *Psychological Science*, vol. 29, no. 5, pp. 834-844;
- Karlan, D. and List, J.A. (2020), 'How can Bill and Melinda Gates increase other people's donations to fund public goods?', *Journal of Public Economics*, vol. 191, p. 104296;
- Karlan, D. and Wood, D.H. (2017), 'The effect of effectiveness: donor response to aid effectiveness in a direct mail fundraising experiment', *Journal of Behavioral and Experimental Economics*, vol. 66, pp. 1-8;
- McGregor-Lowndes, M., Cristal, M., Conroy, D., Keats, R., Baker, C., Barraket, J. and Scaife, W. (2017), *Giving Australia 2016: individual giving and volunteering*, Background paper, September, Australian Centre for Philanthropy and Non-Profit Studies, Queensland University of Technology, Brisbane;
- Metzger, L. and Günther, I. (2019), 'Making an impact? The relevance of information on aid effectiveness for charitable giving, a laboratory experiment', *Journal of Development Economics*, vol. 136, pp. 18-33; and
- Nonprofit Tech For Good (2020), *2020 global trends in giving report*.

16 Details of the Not-for-Profit Project Advisory Panel and its membership can be found [here](#).

**Question to Board members**

**Q4 Do Board members have any comments or questions on the project resources section above?**

**Stakeholder engagement and communication**

19. As indicated in column 3 of the Key milestones, action plan and timeframe table in paragraph 12 above, the Board will collaborate with regulators and stakeholders (including users and preparers of GPFS/GPFR) throughout the project. To obtain detailed and useful feedback on all aspects of the anticipated proposals from both accountants and non-accountants, the project will consider engaging in the following outreach where appropriate:<sup>17</sup>
- (a) **Proactive stakeholder engagement**—for example, through virtual or actual one-on-one meetings, meetings with existing AASB advisory committees, tailored outreach events and requesting submissions directly from performance reporting stakeholders. Staff intend to target specifically:
    - (i) those stakeholders (both accounting and non-accounting) that provided feedback on ED 270 and SPR aspects of ITC 46; and
    - (ii) other NFP particularly non-financial performance reporting stakeholders (both accounting and non-accounting) such as impact reporting experts and regulators.
  - (b) **Survey**—for example, through the development of a survey aimed at engagement with those stakeholders that lack the time and resources to engage with the AASB directly or prepare a formal submission.

**Question to Board members**

**Q5 Do Board members have any comments or questions on the stakeholder engagement and communication section above?**

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<sup>17</sup> Consistent with paragraphs 28 and 29 below, where appropriate staff will also include and liaise with the AUASB staff as part of all planned outreach.

## CONTEXTUAL FACTORS AFFECTING THE PLAN'S IMPLEMENTATION

### Assumptions

20. The main assumptions made in this project plan are:
- (a) the Board will continue to be the government body responsible for developing a SPR pronouncement, whether as a Standard or guidance (which is related to key matter 9);
  - (b) there will be sufficient human (see Project Resources section above) and funding resources to complete this project;
  - (c) the priority of the project will not be further significantly adversely affected by the emergence of other higher priority projects (see paragraph 9 above);
  - (d) NZ PBE FRS 48 continues to provide the most suitable primary point of reference for the detailed project work (as adopted as a working assumption by the Board at its May 2023 meeting);<sup>18</sup> and
  - (e) the level of rigour applied throughout the project will be the same irrespective of whether a mandatory or voluntary pronouncement is to be issued (as decided by the Board at its May 2023 meeting in the context of key matter 6).

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<sup>18</sup> Depending on when this project plan is implemented, as indicated in paragraph 27 below, it might be that international developments, including progress on the International Financial Reporting for Non-Profit Organisations (IFR4NPO) initiative (currently in the form of International Non-Profit Accounting Guidance Exposure Draft 1 (INPAG ED1)) is able to substantially supplement the insights from NZ PBE FRS 48.

## Constraints, risks and risk mitigation

21. The identified key project constraints, delivery risks and mitigation strategies include:

Constraint/Risk	Risk assessment	Potential impacts	Mitigation strategy	Residual risk
Low engagement during field testing of alternative approaches and outreach as a result of stakeholder burnout (i.e., due to the pace of developments there has already been increased outreach on a range of publications such as exposure drafts, discussion papers and other consultation papers) and, ultimately, in implementing any resulting pronouncement.	High	The quality of feedback available to the Board could be adversely affected due to the lack of resources in the NFP sector, particularly the private NFP sector. Issues may not be identified and resolved in a timely manner, causing delays and possible implementation issues.	Build on and continue to manage the existing stakeholder database and develop targeted communication strategies based on the outreach being sought.  Identify and target subject matter experts.	Moderate
Low engagement during outreach as a result of not having access to the most appropriate stakeholders, perhaps due to lack of stakeholder resources in the face of other priorities	High	Issues may not be identified and resolved in a timely manner, causing delays.  The quality of feedback may be compromised by irrelevant feedback.	Build on and continue to manage the existing stakeholder database.  Leverage off relationships with existing stakeholders and identify and build relationships with appropriately qualified and opinionated stakeholders.	Low
Change in perceived project priority, particularly with overlapping or otherwise related projects (e.g. Sustainability Reporting and Management Commentary) [see paragraph 30 on cross-cutting projects below]. This risk is related to any risk related to AASB funding.	High	Significant delay caused by redirecting staff resources to higher priorities.	Keeping informed of cross-cutting projects.  Continually assess project priorities.	Moderate
Interdependency between the SPR project and other projects, including the NFP Conceptual Framework project in resolving the relationship of SPR to GPFS/GPFR; and the outcomes of other authorities' activities (e.g. the Productivity Commission's Philanthropic Inquiry, and the Blueprint Expert Reference Group's [BERG's] work on developing a NFP Blueprint) <sup>19</sup> .	Low	A delay in the NFP Conceptual Framework project could cause a delay in the SPR project.  The outcome of the Philanthropic Inquiry and the NFP Blueprint could have as yet unknown implications for the SPR project. The AASB's submissions, noting the links between the SPR project and both the Inquiry and the draft Blueprint are provided in agenda item 12 of this meeting.	Keep each other informed of progress.	Low

19 In collaboration with the Commonwealth Department of Social Services, the Community Services Advisory Group (CSAG) established BERG to develop the NFP Blueprint. The BERG will deliver advice to the government including the development of a fully consulted Blueprint charting out a better future for the Australian NFP and charities sector. The [Not-for-Profit Sector Development Blueprint Issues Paper](#), published in October 2023 for comment by 20 December 2023 is seeking feedback on the principles and priorities of a Blueprint for Australia's NFP sector. The Issues Paper (accompanied by a summary vision document) seeks views from stakeholders on range of topics, including:

- Measurement, outcomes and quality of services
- Philanthropy and volunteering
- Governance, organisation and legal environment.



Constraint/Risk	Risk assessment	Potential impacts	Mitigation strategy	Residual risk
Although many international developments (such as work on sustainability reporting, management commentary, the International Financial Reporting for Non-Profit Organisations (IFR4NPO) initiative [currently in the form of INPAG ED1 and ED2], and the current review of impact reporting under the UK FRC Charities SORP) will help inform and provide insights to the SPR project, their timing might not coincide with the timing of the different stages of the SPR project.	Moderate	The timing and outcomes of international developments might cause a rethink of SPR work and thereby strain the timely completion of the project.	Monitor international developments throughout the project.	Low
Staff and other human resourcing (i.e. AASB staff not being available to work on the project without distraction from competing priorities; and the types of specialists referred to in paragraph 15 above not be identifiable, accessible or available)	High	Delays caused by lack of staff and other human resources.	Securing sufficient staff and other contacts with the relevant level of expertise.	Moderate
Staff resourcing changeover	Low	Delays caused by handover activities.	Detailed project planning and documentation for managed handovers.	Low
Unexpected feedback/intractable issues causing delay	High	More resourcing and/or time may be required to resolve and consult on solutions to identified issues resulting in delays.	<p>Ongoing communication and liaison with other regulators that are or have potential to be active in this area.</p> <p>Adoption of well-informed working assumptions on key matters at appropriate times, informed by the type of academic research anticipated in paragraph 17(e) above about alternative ways of expressing SPR principles.</p> <p>Early engagement with stakeholders to ensure, for example, sector neutrality; Tier neutrality; scope of GPFS/GPFR and assurance; and mandatory vs voluntary issues are fully deliberated on and any stakeholder concerns addressed.</p> <p>Periodic review of working assumptions (e.g. sector neutrality; Tier neutrality) in light of new insights gained as the project progresses. (See the table in paragraph 12 above).</p> <p>Timely outreach on key proposals and publications to identify and manage any issues early.</p>	Moderate

## Questions to Board members

**Q6 Are there any additional risks that Board members expect could affect project delivery that have not been identified by staff?**

**Q7 Do Board members have any additional views on how the risks identified can be best mitigated? For example, do Board members have any additional views on how best to mitigate the risk of low stakeholder engagement due to stakeholder fatigue or lack of stakeholder resources?**

## Other contextual factors

### Key stakeholders

22. SPR will impact a broad range of stakeholders due to the nature of the topic and public interest. The main groups of impacted stakeholders are:

Impacted stakeholders <sup>20</sup>	Relationship to GPFS/GPFR
Existing and potential resource providers (such as investors, lenders and other creditors, donors and taxpayers). These could also include employees and volunteers.	Users
Recipients of goods and services (such as beneficiaries, for example, members of the community).	Users
Parties performing a review or oversight function on behalf of other users (such as advisers and members of parliament). This may include regulators like the Australian Charities and Not-for-profits Commission (ACNC), the Office of the Registrar of Indigenous Corporations (ORIC), state regulators and public sector regulators of NFPs.	Users
NFP private sector entities—charities and other NFPs.	Preparers
NFP public sector entities.	Preparers
Professional services firms and professional bodies (including non-accounting professional services firms and bodies).	Assurance providers, consultants & advisors

### Specific sector and jurisdictional considerations

23. As a rebuttable working assumption, the project seeks to develop a single SPR pronouncement for NFP private sector and public sector entities, at least initially for Tier 1 and Tier 2 entities<sup>21</sup> (see paragraphs 26 to 36 of May 2023 Agenda Paper 4.2). As noted in those paragraphs, it might transpire that evidence emerges to suggest that it is not feasible to achieve such a broadly scoped pronouncement, in which case consideration would then be given to focusing on only one sector and considering the need for differential reporting. The project will proceed in collaboration with other regulators, including regulators of NFP public sector entities (including the Productivity Commission [responsible for [RoGS](#) and undertaking the [Philanthropic Inquiry](#)], Commonwealth and State Treasuries [through Public Governance, Performance and Accountability Rules ([PGPA](#)) and similar state and territory frameworks applicable to public sector NFP entities including local governments] and ACNC [through the Annual Information Statements (AIS) applicable to NFP private sector charities]).
24. Although NZ PBE FRS 48, together with any implementation experience, will be the primary point of reference for the detailed project work, the focus will be on the Australian context. Therefore, other available SPR or related frameworks (see the table in paragraphs 26 and 27 below) will be considered in terms of what insights they could provide in addition to NZ.

20 Paragraph AusOB2.1 of the AASB's [Framework for the Preparation and Presentation of Financial Statements](#) states: "Among the users of financial information about a not-for-profit reporting entity are existing and potential resource providers (such as investors, lenders and other creditors, donors and taxpayers), recipients of goods and services (such as beneficiaries, for example, members of the community) and parties performing a review or oversight function on behalf of other users (such as advisers and members of parliament) ... In relation to not-for-profit entities, where pertinent, all references in this Framework to 'existing and potential investors, lenders and other creditors' (and related terms) should be read as a reference to this broader range of users."

21 Tier 3 issues will be considered as the project progresses and more insights are gained.

## Relevant Domestic Standards, Legislation and Regulations

25. As noted in paragraph 5 above, there is currently no national approach to SPR in Australia, which has led to a diverse range of practice developed in Australia.
26. The Australian legislation and guidance identified in the table below were not developed for broad application. The current key Australian legislation and guidance generally applies to specific entities and are not broadly applied outside of their intended scope. However, the existence of those frameworks will inform the AASB SPR project.

Relevant Australian legislation and guidance	Reason relevant
Productivity Commission's Report on Government Services (RoGS)	It is a national framework developed and managed by the Australian Productivity Commission for measuring, reporting and disseminating information about government services. It will be particularly relevant in the context of NFP public sector entities but also might provide insights for NFP private sector entities.  See section 4.2 of May 2023 Agenda Paper 4.4.
Corporations Act 2001 – Section 299A	It specifies requirements for the directors' report to include information about an entity's operations, which might provide some insights for NFP SPR.  See section 3.1 of May 2023 Agenda Paper 4.4
ASIC Regulatory Guide – <a href="#">Regulatory Guide 247 Effective disclosure in an operating and financial review</a> (RG 247)	It requires a narrative overview and analysis of an entity's business performance, which might provide some insights for NFP SPR.  See section 3.1 of May 2023 Agenda Paper 4.4.
Corporations Act 2001 – Section 300B	It specifies requirements for the directors' report for a company limited by guarantee to include information about performance, which encapsulates service performance, and therefore might provide some insights for NFP SPR.  See section 2.1 of May 2023 Agenda Paper 4.4.
ACNC Annual Information Statements	The AIS must report how the entity's activities and outcomes helped achieve its purpose and information about the charities' programs, which has some relationship to SPR.  See sections 2.1 and 4.8 of May 2023 Agenda Paper 4.4.
The Commonwealth Government's Public Governance, Performance and Accountability Rule 2014 (updated Feb 2020)	It is applicable to Commonwealth Government entities. It requires a Commonwealth entity's corporate plans to detail how the entity's performance in achieving the entity's purposes will be measured and assessed. It also requires annual reports for a non-corporate Commonwealth entity to include a report on the performance of the entity. Its approach to performance reporting could help inform an approach to SPR in both the public and private sectors.  See section 1.1 of May 2023 Agenda Paper 4.4.
Requirements/guidance applicable to Australian State, Territory and Local Governments	Each Australian jurisdiction has issued requirements/guidance on SPR or related areas.  Given the volume of material, it is not summarised in this table. Instead, see section 4.3 of May 2023 Agenda Paper 4.4.  As noted in the table in paragraph 12 and in paragraph 17(f) above, a benchmarking study will be undertaken as part of this project to identify insights from these requirements/guidance for the SPR project.

## International standards and frameworks

27. The following relevant leading international and jurisdictional pronouncements on SPR or related areas, with NZ as the primary point of reference, will be considered in developing an Australian SPR pronouncement:

Relevant Standards	Reason relevant
NZ PBE FRS 48	As reflected in May 2023 Agenda Paper 4.4, on balance, relative to other alternative frameworks that could be the primary point of reference for the AASB's SPR project, NZ PBE FRS 48 is most consistent with:

Relevant Standards	Reason relevant
	<ul style="list-style-type: none"> <li>• the working assumptions noted in the table in paragraph 12 above (sector neutral, and Tiers 1/2 neutral)</li> <li>• is reasonably contemporary in its thinking</li> <li>• can provide insights through emerging early implementation experience</li> <li>• is adopted in a jurisdiction with many similarities to Australia and with which Australia has agreed the <a href="#">Trans-Tasman Protocol</a></li> <li>• is focused on SPR</li> <li>• is cohesive</li> <li>• is best placed to facilitate an efficient and timely project.</li> </ul> <p>Sections 1.3 and 2.3 of May 2023 Agenda Paper 4.4 provide a summary of NZ PBE FRS 48 requirements.</p>
<p>International:</p> <p>(a) IPSASB RPG 3</p> <p>(b) INPAG ED1</p>	<p>(a) IPSASB RPG 3: was used as the primary point of reference for AASB ED 270. However, respondents to ED 270 raised a number of concerns about its suitability in the Australian context. Also, there is limited if any direct or indirect implementation experience with IPSASB RPG 3. Despite this, there may be some aspects of IPSASB RPG 3 that could help inform the AASB SPR project.</p> <p>Sections 1.7 and 4.1 of May 2023 Agenda Paper 4.4 provide further information about IPSASB RPG 3.</p> <p>(b) INPAG ED1: addresses a broader notion of performance than service performance. Despite this, whilst not as relevant as NZ PBE FRS 48, INPAG and the future progress on ED1 has the potential to provide insights given that it is more contemporary and is addressing issues beyond an individual jurisdiction.</p> <p>See also May 2023 Agenda Paper 4.3. Section 4.6 of May 2023 Agenda Paper 4.4 provides a summary of requirements/proposals.</p>
<p>Other national jurisdictions: (eg Canada, South Africa, UK, USA)</p>	<p>The SPR-related pronouncements in other national jurisdictions provide a useful point of reference against which to 'test' the suitability of NZ PBE FRS 48 in the Australian context.</p> <p>See section 1 re NFP public sector and section 2 re NFP private sector of May 2023 Agenda Paper 4.4 for a summary of requirements in different national jurisdictions. See also section 4.7 of May 2023 Agenda Paper 4.4, for a summary of the progress made to date on the review of the UK FRC Charities SORP.</p>

### Interaction with the AUASB

28. Respondents to ED 270 and ITC 46 highlighted that as the Board considers the development of a SPR pronouncement, it should also consider the assurability of such information. The feedback highlighted a number of concerns in relation to whether ED 270 would provide a suitable basis for auditors and regulators to be able to assess compliance.
29. Where appropriate, staff will liaise with relevant AUASB staff, both directly and through the Project Advisory Panel (see paragraph 18 above). Relevant AUASB staff will also be invited to attend and participate in outreach meetings where appropriate.

### Cross-cutting projects

30. The table in paragraph 12 above identifies a number of existing and potential cross-cutting projects that could affect the SPR project in different ways. The cross-cutting projects and their implications for the SPR project include:
- (a) the AASB NFP Conceptual Framework project, which is particularly related to key matter 7 on the relationship of service performance information to GPFS/GPFR and, consequently, implications for the assurance of that information. The AASB (and IPSASB and IASB) continue to evolve views on conceptual framework issues, including those in relation to private sector NFPs and, for example, the scope of GPFS. For example, in relation to the scope of GPFS, the [comparison of AASB and IPSASB Conceptual Frameworks in staff paper 10.2](#) of the September 2020 AASB meeting noted that if the AASB were to identify SPR as a necessary component of general purpose financial

reporting by some, or all, NFP entities (as part of another project)<sup>22</sup> staff recommend that the NFP Revised Conceptual Framework acknowledges explicitly the relevance of information about service performance to users of GPFR of NFP entities and the reasons why it is relevant;

- (b) the AASB NFP Financial Reporting project, which is particularly related to the Tier 3 differential reporting question to be addressed as part of key matter 5. In particular, paragraphs 1.9 to 1.11 of AASB [Discussion Paper – Development of Simplified Accounting Requirements \(Tier 3 Not-for-Profit Private Sector Entities\)](#) – published in 2022 and open for comment until 31 March 2023 make it clear that the Board does not intend to develop proposals for reporting service performance information as part of its Tier 3 project, effectively leaving the issue to the SPR project. This was supported by the feedback on the Discussion Paper summarised in [paper 3.1 for the May 2023 Board](#) meeting. However, consideration of Tier 3 issues as part of the SPR project will need to take account of the context of the non-SPR aspects of the AASB NFP Financial Reporting project to help ensure consistency in Tier 3 reporting pronouncements;
- (c) the AASB Sustainability Reporting project.<sup>23</sup> Consistent with the [\[draft\] Sustainability Reporting project plan](#), the Board will continue to deliberate its long-term approach to developing sustainability reporting requirements in Australia. In particular, the Board is initially focusing on a ‘climate-first’ approach to sustainability reporting<sup>24</sup> to address the demand for climate-related financial disclosure requirements, and continuing to redeliberate its approach to broader sustainability reporting. As noted in relation to key matter 3, the SPR project will monitor closely the developments in sustainability reporting to identify any overlap and ensure consistency in outcomes and avoid duplication;
- (d) the Management Commentary project. The IASB is revising its Practice Statement 1 *Management Commentary*. The outcome of that project could influence the way forward on SPR as there may be overlap given that the proposed key disclosures in management commentary are – entity purpose, strategies and business models to achieve purpose, outcomes of current year towards purpose, and linking with financial outcomes. The IASB Management Commentary project will help inform the SPR project about the extent of overlap and the risk of inconsistencies or duplication; and
- (e) IASB’s Primary Financial Statements (PFS) project, which is particularly related to key matter 1. It includes work being undertaken on Management Performance Measures reported by preparers and their relation to subtotals specified by IFRS Standards as well as presentation of operating expenses. Also, it is expected that INPAG ED 3 will include a section on classification of expenses that may reflect the outcomes of IASB’s PFS project.<sup>25</sup>

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22 Although not explicitly stated in staff paper 10.2, depending on the outcome of key matter 7, the SPR project could be that ‘other project’. Therefore, it will be necessary for the SPR project to work in conjunction with the AASB NFP Conceptual Framework project.

23 See the AASB’s [Sustainability Reporting Project Summary](#). This project was added to the AASB work plan in February 2022.

24 See the AASB’s [Climate-related Financial Disclosure Project Summary](#). This project was added as a separate project to the AASB work plan in February 2023. In October 2023, the AASB published for public comment [ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information](#). The comment period closes 1 March 2024.

25 INPAG ED 3, mainly on presentation, will focus on the classification of expenses, fundraising costs, transition to INPAG and inventory.

**Questions to Board members**

**Q8 Do Board members have any comments or questions on the other contextual factors (key stakeholders; specific sector and jurisdictional considerations; relevant domestic standards, legislation and regulations; international standards and frameworks; interaction with the AUASB; and cross-cutting projects) section above?**

**Q9 Do Board members have any other comments or questions on the [staff recommended] project plan?**

**Q10 Do Board members agree to proceed with implementing the [staff recommended] project plan?**