



Australian Government

Australian Accounting Standards Board

## Cover Memo

<b>Project:</b>	<b>Reporting service performance information</b>	<b>Meeting</b>	AASB December 2016 (M155)
<b>Topic:</b>	<b>Cover memo</b>	<b>Agenda Item:</b>	13.0
<b>Contact(s):</b>	Daen Soukseun dsoukseun@asb.gov.au (03) 9617 7633  Nikole Gyles ngyles@asb.gov.au (03) 9617 7639	<b>Project Priority:</b>	High
		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	Redeliberations

### Introduction and objective of the meeting

- 1 The objective of this meeting is to provide the Board with a summary of the feedback received on ED 270 *Reporting Service Performance Information* and obtain Board decisions on how to proceed with the project.

### Link to project summary

[http://www.aasb.gov.au/admin/file/content102/c3/SPR\\_Project\\_Summary.pdf](http://www.aasb.gov.au/admin/file/content102/c3/SPR_Project_Summary.pdf)

### Attachments

- Agenda Paper 13.1 Reporting service performance information – Comments on ED 270
- Agenda Paper 13.2 Comment letters received on ED 270 *Reporting Service Performance Information*

### Next steps for the project

### Background

- 2 The AASB received significant feedback on ED 270 *Reporting Service Performance Information*<sup>1</sup> in the form of comment letters, roundtable discussions, education sessions and individual meetings with constituents. A summary of the feedback received is contained in Agenda Paper 13.1 Reporting service performance information – Comments on ED 270.
- 3 The NZASB is also developing a similar Standard on reporting service performance information. Below is a summary of the NZASB's project to date:

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<sup>1</sup> Link to ED 270 *Reporting Service Performance Information*  
[http://www.aasb.gov.au/admin/file/content105/c9/ACCED270\\_08-15.pdf](http://www.aasb.gov.au/admin/file/content105/c9/ACCED270_08-15.pdf)

- (a) ED NZASB 2016-6 *Service Performance Reporting*<sup>2</sup> was issued in February 2016 for comment by 29 July 2016. The AASB and NZASB have worked closely in the initial development of the Exposure Draft on this issue. Consequently, ED NZASB 2016-6 and ED 270 contain many similarities;
- (b) the overall comments received on ED NZASB 2016-6 “indicate considerable support for the Board developing a standard on service performance reporting. However, a lot more work is likely to be required to address the issues raised by respondents...”<sup>3</sup>; and
- (c) the NZASB continued to deliberate the issues raised by constituents and considered an updated draft Standard PBE FRS XXX *Service Performance Reporting*<sup>4</sup> at its November 2016 meeting. The NZASB will determine the project timeline and possible reissue of the Exposure Draft at its December 2016 meeting.

## Staff analysis

- 4 Following consideration of the feedback received from submissions on ED 270 and consideration of the NZASB’s work on developing a Standard on reporting service performance information, Staff are of the view there are two possible approaches to progress this project:
  - (a) Approach 1 – continue with the project by addressing the issues raised by the constituents; or
  - (b) Approach 2 – using the forthcoming NZASB Standard as the basis for the Australian Standard on reporting service performance information for developing of an Australian Standard.

### Approach 1 – Continue with the project (see Appendix A for proposed project plan)

- 5 While the majority of the constituents support the proposed principles that entities report service performance information, the constituents expressed numerous concerns. The most significant concerns relate to:
  - (a) the overlap between the proposals in ED 270 and existing frameworks for reporting similar information of each jurisdiction (State and Commonwealth);
  - (b) costs of implementing the Standard versus the benefits of reporting the information for small to medium entities that are currently not disclosing such information; and

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<sup>2</sup> Link to ED NZASB 2016-6 *Service Performance Reporting*  
<https://www.xrb.govt.nz/includes/download.aspx?ID=144091>

<sup>3</sup> NZASB 2 September 2016 Agenda Item 7.1 Service Performance Reporting – Analysis of Submissions Received (paragraph12)

<sup>4</sup> Link to NZASB November 2016 Board meeting papers. PBE FRS XXX *Service Performance Reporting* available at page 86.  
<https://www.xrb.govt.nz/includes/download.ashx?ID=145693>

- (c) consultation between the constituents, other framework-setters of each jurisdiction (State and Commonwealth) and AASB.

6 The advantage of Approach 1 is that the AASB need not wait for the issuance of the Standard by NZASB.

7 The disadvantages of Approach 1 are:

- (a) to address the numerous concerns expressed by the constituents including the major ones in paragraph 5 would require a significant redeliberation of the proposals; and
- (b) the approach would not be consistent with the Board's decision at its December 2014 meeting to develop similar proposals to the NZASB service performance reporting project<sup>5</sup>.

8 Staff note that, depending on the extent of changes following Board deliberation, another Exposure Draft may need to be issued for public comment

Approach 2 – Use the forthcoming NZASB Standard as the basis for an Australian Standard (see Appendix B for proposed project plan)

9 The NZASB also received numerous concerns raised by its constituents on ED NZASB 2016-6 and has been addressing the concerns as it develops the Standard, including the possibility of re-exposing the Exposure Draft. If no re-exposure is considered necessary, the final Standard is expected to be issued by the NZASB in February 2017.

10 The advantages of Approach 2 are that it:

- (a) involves the use of the NZASB Standard as the basis for the Australian Standard on reporting service performance information, by adopting where possible the principles that the NZASB standard have used to address its constituents' concerns. This would be a more effective and efficient approach, as the AASB would not need to 'reinvent the wheel' in addressing the constituents' concerns. This is particularly relevant for addressing areas of concerns that are similar to both Australia and New Zealand; and
- (b) would be consistent with the Boards' previous decision to consider the principles in NZASB's service performance reporting project.

11 The disadvantage of this approach is the delay in the project until the NZASB issues its Standard, and would also likely involve re-exposure of the proposals. Staff are of the view that drawing on the experience and principles of the NZASB on service performance information is a more effective and efficient manner in progressing the project. This approach would also serve as a sound basis for developing the Australian equivalent Standard.

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<sup>5</sup> Link to AASB Action Alert December 2014  
[http://www.aasb.gov.au/admin/file/content102/c3/SPR\\_Project\\_Summary.pdf](http://www.aasb.gov.au/admin/file/content102/c3/SPR_Project_Summary.pdf)

*Staff recommendation*

- 12 Staff recommend **Approach 2** of using the forthcoming NZASB Standard as the basis for the Australian Standard on reporting service performance information for developing of an Australian Standard for the reasons outlined in paragraphs 10-11 above.

**Question to the Board**

- Q1 Does the Board agree with the staff recommendation of using the forthcoming NZASB Standard as the basis for the Australian Standard on reporting service performance information?

## Appendix A: Draft Project Plan for Approach 1 – Continue with Project

The table below summarises the main areas for Board consideration and deliberations if the Board prefer to adopt Approach 1 of continuing with the project by addressing the issues raised by constituents. The draft project plan does not take into consideration any potential re-exposure of the proposals.

Board meeting 2017	Actions
2-3 May	Staff to provide Board with a summary of the overlap between ED 270 and existing frameworks and government reporting requirements. Board to decide how to address the above overlap and the manner of consultation between the constituents, other framework-setters of each jurisdiction (State and Commonwealth) and the AASB.
27-28 June	Board to consider staff's report on results of action items as decided by the Board at the May 2017 meeting. Board to deliberate on issues raised by constituents on: (a) use of efficiency and effectiveness as performance measures; (b) requiring service performance reporting at the WoG and GGS level, as they were of the opinion that this would be difficult for preparers; (c) proposed mandatory status of the draft Standard; and (d) proposed application date of 1 July 2018.
15 August	Board to deliberate on issues raised by constituents on: (a) cost of implementing the Standard outweighing the benefits of the information, in particular for small and medium entities; and (b) sweep issues.
10-11 October	Board to consider draft Standard.
November/December	Issue Standard

## **Appendix B: Draft Project Plan for Approach 2 – Use the forthcoming NZASB Standard as the basis for an Australian Standard**

The table below summarises the main areas for Board consideration and deliberations if the Board prefer to adopt Approach 2 using the forthcoming NZASB Standard as the basis for an Australian Standard. The draft project plan takes into consideration the likely need to issue another Exposure Draft.

<b>Board meeting</b>	<b>Actions</b>
2-3 May 2017	Staff to provide: (a) a comparison of the areas of similarities and differences between the NZASB's Standards (if issued) and ED 270; (b) assess the comparison against the comments received from constituents on ED 270; and (c) seek Board's decisions on how to address the differences.
27-28 June 2017	Board to consider redeliberate issues based on outcome of May Board meeting.
15 August 2017	Discuss / approve Exposure Draft (assume a 120 day comment period)
December 2017	Comments received on Exposure Draft
February 2018	Discuss feedback received on Exposure Draft
March 2018 – June 2018	Redliberations of key issues
August 2018	Board to consider sweep issues and draft Standard.
September/ October 2018	Issue Standard