



Australian Account Standards Board
Exposure Draft – ED 270 – Reporting Service Performance Information

Introduction

CORE Community Services Ltd is a large multi-discipline organisation working in South Western Sydney. Our organisation has a long history of over 30 years. We provide a wide range of services to all members of the community with a specialisation in working with diverse communities.

We have an annual turnover of over \$13 million, over 100 staff and a wide range of funding sources. We submit these comments for your consideration:

Paula Chegwidden, Operations Manager
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Specific Matters for Comment

The AASB would particularly value comments on the following:

1 Paragraph 20 proposes the principles for reporting service performance information. These principles state that an entity reports service performance information that: (a) is useful for accountability and decision-making purposes; (b) shall be appropriate to the entity's service performance objectives; (c) clearly shows the extent to which an entity has achieved its service performance objectives; and (d) should enable users to assess the efficiency and effectiveness of the entity's service performance. Do you agree with these principles? Why or why not?

Yes. I agree with these principles. What would be more interesting is that the report from various organisations for specific programs / projects / objectives / sector should be in a prescribed format and industry comparisons should be made so that a meaningful analysis can be made. Also information for the past two years should be given. And if possible forecast for the coming two years should also be given. The reason that the format should be prescribed is that organisations cannot report something that is meaningless, not material, worthless. If tight tolerances are not prescribed the report would become just another formality.

2 It is proposed that the [draft] Standard will be applicable to NFP entities in both the private and public sector. The performance of these entities cannot typically be evaluated from the financial statements alone. Accordingly, users of NFP entity reporting require further information for accountability and decision-making purposes. Do you agree that it is appropriate that the [draft] Standard apply to NFP entities in both the private and public sectors? Why or why not?

Yes. It should be applicable to both sectors so that comparisons can be made and users from both the sectors can benefit from these reports.

3 The AASB discussed whether this [draft] Standard could be applied by for-profit entities at a future date. The Board noted that the principle objectives of NFP entities and for-profit entities are different and, therefore, user needs are potentially different. However, the Board is of the view that users of for-profit reporting may also benefit from for profit entities reporting service performance information. Do you agree that the application of this [draft] Standard could be extended in the future to include for-profit entities? Why or why not?

The for profit sector is driven by profit and growth. They have these indicators available to them already. The cost of reporting Service Performance will be much more than the benefit derived. Also for profit sector is not utilising public money. In my humble opinion for profit sector may optionally provide these reports and I am sure they already have some kind of Service Performance Information being provided to users but this AASB should not be made mandatory. If it is made mandatory then what next? Should they be punished or reprimanded for wrong information or being inefficient or ineffective?

4 The AASB discussed whether the requirements of this [draft] Standard should apply to entities that prepare consolidated financial statements including whole-of-government (WoG) and the general government sector (GGS) financial statements. The Board decided that if the [draft] Standard did not apply to entities preparing consolidated financial statements, some important information might not be reported, particularly if a controlled entity was not required to apply this [draft] Standard. Further, it was noted that some governments prepare a strategic plan for the WoG (not just individual agencies). Therefore, this [draft] Standard could be applied in relation to those WoG plans. Do you agree that this [draft] Standard should apply to all NFP entities that prepare consolidated general purpose financial statements (including WoG and GGS financial statements)? Why or why not?

Yes it should apply to all NFP entities. The whole of NFP sector could benefit from such reporting. They should report sector wise to be useful and comparative.

5 This [draft] Standard proposes that the reporting entity for which service performance information is reported shall be the same as that used for the entity's financial statements. Do you agree with this proposal? Why or why not?

Yes the reporting entity should be same but the reporting should be done programs / projects / objectives / sector wise so that the reports are useful and standard or prescribed for each sector / type of service.

6 This [draft] Standard allows an entity to present its service performance information in: (a) the same report as the financial statements; (b) a separately issued report; or (c) in a variety of different

reports. Do you agree that this [draft] Standard should not specify the location of service performance information? Why or why not? If you disagree with the approach proposed in this [draft] Standard how do you consider entities should present service performance information and why?

In my opinion it should be included in the financial reports as most users would be using both the report. Also correlation and reference between the financial statements and service performance report needs to be made. It also puts a check that the reports are correct , consistent and related.

7 This [draft] Standard allows for an entity's service performance information to be reported for a different time period to that of the entity's financial statements. Do you agree with this proposal? Why or why not?

No. The reporting has to be as far as possible for the same time period as the Financial Statement. Where for some reason the reports cannot be made for the same time period then the Financial Statements should be made for the same time period as the service performance report. Otherwise the information / report would be meaningless.

8 The [draft] Standard includes defined terms in Appendix A. Do you agree that the proposed defined terms in Appendix A appropriately explain the significant terms in the [draft] Standard? Why or why not? Do you agree with these defined terms? Why or why not? Are there additional terms that should be defined in Appendix A to assist application of the [draft] Standard?

Defined terms should be more detailed. For example "outputs" for different sectors should be clearly specified and "units" should be defined for each sector, to maintain tight tolerance or else the reporting will be vague and not of much help to the user. The reporting has to be cost effective and not just for compliance. Standard units should also be specified for each sector for example one organisation reports number of Vaccines other organisation reports Litres of Vaccine. For this AASB to be effective a lot more research and work has to be done to make it water tight.

9 The AASB's view is that this [draft] Standard should be mandatory as it, in conjunction with an entity's financial statements, provides useful information for users to assess the performance of NFPs in relation to an entity's service performance objectives. Providing this information will further assist users for accountability and decision-making purposes. Do you agree that this [draft] Standard should be mandatory for NFP entities? Why or why not?

Yes. For non discriminatory reasons it should be made mandatory. But where the cost to benefit ratio is un favourable then it should be recommendatory. Example organisation with turnover below 10 million.

10 It is proposed that this [draft] Standard will be applicable for annual reporting periods beginning on or after 1 July 2018. Early application will be permitted. Do you agree with the proposed application date of 1 July 2018? Why or why not?

I would think of doing more research and more work on this AASB and issue sub AASB which are specific to each sector and roll out sector wise first recommendatory and then mandatory. Example

first Aged Care then Disability Care then Housing then Domestic Violence then Drug and Alcohol sector etc.

General Matters for Comment The AASB would particularly value comments on the following:

11 Whether: (a) there are any regulatory or other issues arising in the Australian environment that may affect the implementation of the proposals by not-for-profit entities, including any issues relating to public sector entities, such as GAAP/GFS implications? (b) overall, the proposals would result in reporting that would be useful to users? (c) the proposals are in the best interests of the Australian economy?

12 Unless already provided in response to the matters for comment 1-10 above, the costs and benefits of the proposals relative to the current Australian Accounting Standards, whether quantitative (financial or non-financial) or qualitative. In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

In my opinion if properly implemented the benefits would exceed the costs as efficiencies would improve and effectiveness would improve also wastages and expenses would be curtailed. But again if implemented properly.