

12 May 2016

Ms Kris Peach

Chair Australian Accounting Standards Board

Online submission via [aasb.gov.au](http://www.aasb.gov.au)

<http://www.aasb.gov.au/Work-In-Progress/Submit-Comment-Letter.aspx?id=1897>

Dear Kris

AASB ED 270 Reporting Service Performance Information

We are pleased to provide the Australian Accounting Standards Board (AASB) with our comments on Exposure Draft 270 Reporting Service Performance Information (the ED) as based on Recommended Practice Guideline (RPG 3) Reporting Service Performance Information of the International Public Sector Accounting Standards Board (IPSASB), published by the International Federation of Accountants (IFAC) in March 2015. We have considered the ED, as well as the accompanying draft Basis for Conclusions.

This submission reflects our position as consultants to business including Not-for-Profits (NFPs), and their own advisers including auditors. This submission has also benefited with input from discussions with key constituents, and in particular we appreciated the opportunity to be a participant at the AASB's Sydney Roundtable on 11 November 2015 where the ED was extensively discussed and was attended by representatives from some of the AASB members and staff. We note that at the Sydney Roundtable, the non-AASB participants did not support ED 270 being a mandatory accounting standard, and also argued for significant amendments to better reflect the role of non-public sector NFPs who are mostly contributing to charitable and other ancillary activities for the public good.

We do not support ED 270 for the following reasons:

- (a) ED 270 if issued as a Framework document should not be in the format of a mandatory accounting standard as the costs of complying with ED 270 far outweigh the benefits, and consequently it would reduce the services that an NFP currently provides due to what we consider is unnecessary compliance costs;
- (b) ED 270 as a mandatory accounting standard is contrary to the Commonwealth Government's policy of reducing unnecessary red tape compliance costs;
- (c) ED 270 is closely based on the IPSASB's Recommended Practice Guideline (RPG 3) Reporting Service Performance Information which as the title states, is guidance and not mandatory;

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- (d) ED 270 requires significant amendment as the changes to RPG 3 which is only designed for public sector entities, are minimal, and hence not specifically relevant to the activities on non-public sector NFPs.

The Corporations Act already requires appropriate disclosures for entities that are companies limited by guarantee (Section 300B):

- short and long term objectives;
- the strategy for achieving those objectives;
- its principal activities,
- how those activities assisted in achieving the entity's objectives and;
- how its performance is measured, including any key performance indicators.

We believe that such information provides a simple and appropriate framework for the smaller NFPs and allows NFPs to provide sufficient information where its constituents require, on service performance.

If you require any further information or comment, please contact us.



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