Australian Government
Australian Accounting Standards Board

Staff Paper

Project:	**Service Performance Reporting**	**Meeting:**	AASB November 2025 (M216)
Topic:	**Overview of AASB-commissioned research**	**Agenda Item:**	11.2
		Date:	3 November 2025
Contact(s):	Robert Keys rkeys@aasb.gov.au Sabine Schuhrer sschuhrer@aasb.gov.au Eric Lee elee@aasb.gov.au	**Project Priority:** **Decision-Making:** **Project Status:**	Medium Low Research

Objective of this paper

1 The objective of this paper is to provide the Board with an overview of the AASB-commissioned Service Performance Reporting (SPR)-related research projects, together with a staff analysis that is focused on providing input to the Board's consideration of the SPR project's next step (which is the subject of Agenda paper 11.0 of this meeting).

Structure

2 The remainder of this paper is structured as follows:

(a) Background

(b) Summary of key findings and recommendations from the research

(c) Appendix A SPR-related literature reviews

(d) Appendix B The other SPR-related research projects

(e) Appendix C Summary of key findings and recommendations – supporting table

Background

3 In February 2020, following mixed reactions from stakeholders to the proposals in AASB Exposure Draft ED 270 *Reporting Service Performance Information* (August 2015), the AASB commissioned a literature review to present, describe and synthesise existing research to help inform its decisions on the SPR project. The findings and recommendations were published in Research Report 14 *Literature Review: Service Performance Reporting for Not-for-Profits*.

4 Aside from the research that gave rise to Research Report 14, the Board placed the SPR project on hold due to higher priorities. The Board did not resume work on the project until June 2022, prompted by feedback received on Invitation to Comment ITC 46 *AASB Agenda Consultation 2022–2026* (published in 2021, with the Feedback Statement released in 2022).

5 In March 2024, the Board developed an SPR Project Plan that included commissioning further research to update, expand and supplement Research Report 14.

6 By early 2025, following a tender process, the AASB awarded several SPR-related research projects to academic researchers. Table 1 lists those projects that are analysed in this paper.

Table 1: AASB-commissioned research projects[1]

Research project	Original research scope	Actual research scope	Lead research organisation
4	Lessons from New Zealand's PBE FRS 48 *Service Performance Reporting* experience, current practices among Australian private sector entities and assurance considerations	As the original scope	Monash Western Sydney University (WSU) Swinburne University of Technology (Swinburne)
5	Literature Review on SPR – to update and supplement Research Report 14	Narrower than the original scope – only addressed the NFP private sector	Auckland University of Technology (AUT) WSU (2x) Swinburne
6	Benchmarking Report – a comprehensive review of SPR requirements and practices in the Australian public sector	Different from the original scope – focused on perspectives on non-financial reporting in the public sector	Swinburne
9	Connectivity of non-financial and financial information in NFP private sector reporting	As the original scope	WSU

7 As evident from Table 1, the research was primarily focused on the NFP private sector.

8 Staff had limited involvement in the development of the reports that resulted from the research, aside from participating in briefing sessions and reviewing some early drafts. Staff primarily focused on maximising the usefulness of the reports for the Board's decision-making. Staff did not influence the findings or recommendations.

9 To date, only Research Report 14 has been published by the AASB. Given the interrelated nature of the newer reports, decisions are pending on whether—and how—they will be published. Regardless of publication status, staff have used the submitted reports (Agenda Paper 11.7) as the basis for analysis in this paper.

10 This paper summarises the key findings and recommendations of the research projects. More details about the literature reviews are provided in Appendix A: SPR-related literature reviews. More details

1 As is clear from Table 1, some research gaps remain, particularly in relation to the public sector. Agenda paper 11.3 addresses how they could be filled.

about the other research projects are provided in Appendix B: The other SPR-related research projects.[2]

Summary of key findings and recommendations from the research

11 The research projects were designed to generate empirical and conceptual evidence to inform the Board's deliberations on the SPR project.

12 Overall, the research confirms widespread support for improving transparency and accountability in the NFP sector through clearer reporting of service performance information. While current SPR practices are fragmented and largely voluntary in the NFP private sector, there is consensus that a well-designed, principles-based framework—tailored to organisational size and capacity—would enhance public trust and comparability. However, the studies also caution against premature standard-setting without sufficient sector readiness, assurance infrastructure and cost-benefit evidence.

13 Despite that broad assessment of the research, the main recommendations of the studies differ as follows:

(a) two research teams (Monash University (Monash) and Western Sydney University (WSU)) across five studies recommend that the AASB develop or consider developing a mandatory SPR standard for private sector NFPs, adapted from the NZ model, with phased and tiered roll-outs, or limited to larger NFPs, piloting scalable models, deferred assurance or alternatives to assurance;

(b) one research team (Swinburne University of Technology (Swinburne)) across three studies does not recommend a mandatory standard and instead, in two of those studies, suggests that non-mandatory SPR guidance would be welcome for private sector NFPs, and in the third study recommends non-mandatory guidance for public sector NFPs; and

(c) one research team (Auckland University of Technology (AUT)) in one study (a literature review) recommends that the AASB gather further evidence on the need for AASB regulation of SPR, including on cost/benefit considerations, in the NFP private sector.[3]

14 The different recommendations can be explained by different scopes, research methods, data collection, analysis and interpretation.

15 Broadly consistent with the studies in paragraph 13(a), AASB Research Report 14 *Literature Review: Service* Performance *Reporting for Not-for-Profits* (February 2020) recommended mandatory SPR for both public and private sector NFPs, tiered to reflect cost-benefit concerns for smaller entities, and supported by appropriate guidance.

16 To facilitate the Board's decision on the next steps, staff have summarised the key insights into the key themes that emerged from the research in Appendix C.

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2 Tables A1 and B1 in the Appendices provide a simplified comparison of costs and benefits identified by each researcher, rather than replicating their full findings. This is because staff regard the costs and benefits as being the most relevant to a decision about the SPR project's next step. Accordingly, although the studies provide insights into specific aspects of SPR principles and application issues they have been excluded from the Tables. To keep the summaries concise, some details about research methods and their limitations are also excluded. However, some limitations (e.g. small sample sizes) are evident from the brief research method section included in Table B1.

3 All but one of the research studies only considered SPR from an NFP private sector perspective. Therefore, the research provides limited insights into the sector-neutrality issue.

Appendix A SPR-related literature reviews

Table A1 provides a side-by-side comparison of the literature reviews, highlighting their high-level findings and recommendations most relevant to a Board decision about whether and how to progress the SPR project.

- Light blue highlights indicate where a reviewer recommends a mandatory SPR pronouncement be considered or developed, and rolled out in some way.
- Light green highlights indicate where a reviewer recommends a voluntary SPR pronouncement be developed.
- Light grey highlights indicate where a reviewer recommends further research or other caution (e.g. in relation to audits) be undertaken before the Board makes a final decision about whether to continue the project.

Table A1: Literature Reviews

	AASB Research Report 14 Ella Johansen et al. (2020)	**Tender project 5 Lit Review on SPR** Tom Scott (2025)	**Tender project 5 Lit Review on SPR** Ushi Ghoora et al. (2025)	**Tender project 5 Lit Review on SPR** Christine Jubb et al. (2025)	**A lit review that was part of tender project 4** Ushi Ghoora et al. (2025)
Lead research organisation	Deakin University	Auckland University of Technology(AUT)	Western Sydney Uni (WSU)	Swinburne University of Technology	WSU
Scope of research	1982 – 2019 literature **Public and private** sector NFPs	1990 – 2024 literature **NFP private sector** (mainly charities)	2019 – 2024 literature **NFP private sector**	2019 [if not included in AASB Research Report 14]– 2025 **NFP private sector**	Recent literature **NFP private sector**
Key messages					
SPR – general recommendation	• mandatory SPR for both public and private sector NFPs, tiered to reflect cost-benefit concerns for smaller entities, and supported by appropriate guidance	• Conduct further research on the demand for SPR and costs and benefits • Funding providers should work together to standardise their own expectations, rather than imposing a top-down accounting standard	• Adopt mission-centric, principles-based reporting framework • Mandate SPR through a phased rollout (e.g. allow smaller NFPs to adopt voluntarily with support)	• Guidance on SPR is recommended for Tier 1 charities, companies limited by guarantee and incorporated associations. • Guidance and resources issued by the AASB or ACNC for those looking to initiate or improve their SPR efforts would likely be well received • Greater emphasis on financial reporting quality is needed before any mandate for SPR becomes implementable	• Effective SPR requires balancing standardisation with flexibility, ensuring proportionality and supporting sector readiness. • Emerging best practices support a flexible yet credible model of performance disclosure, one that is narrative-rich, contextually anchored, and driven by user relevance and strategic purpose. These approaches aim to promote reflection, accountability, and learning, while avoiding

	AASB Research Report 14 Ella Johansen et al. (2020)	**Tender project 5 Lit Review on SPR** Tom Scott (2025)	**Tender project 5 Lit Review on SPR** Ushi Ghoora et al. (2025)	**Tender project 5 Lit Review on SPR** Christine Jubb et al. (2025)	**A lit review that was part of tender project 4** Ushi Ghoora et al. (2025)
				• Not an opportune time to introduce new SPR requirements	the pitfalls of box-ticking compliance
Process	N/A	If developing guidance or standard: • Develop stakeholder engagement process • Guidance or standard should be sector-led	• Stakeholder-led co-design • Support sector-capacity and ensure reporting accessibility (plain language guidance, training resources, sector examples, online tool kits, peer learning and 'Community of Practice')	• More education and training in the sector are needed before imposing a new standard on SPR • Co-creation	
Content	• Support narrative reporting	• Support narrative reporting • Allow for flexibility in reporting	• Strengthen connectivity between financial and non-financial reporting	• Framework, context-sensitive systems and co-created, ethical measurement tools for performance measurement, as well as assistance in choosing an appropriate tool	• Principles-based guidance alone is not enough, tailored support is key.
Assurance			• Defer mandatory assurance & pilot scalable models • Assurance builds trust but remains limited		• Credible, but not mandatory forms of assurance to avoid focus shift from impact to compliance
Other key insights					
External users and user needs	• Current practice is insufficient to address user needs • Stakeholders prefer NFPs to report on service performance information	Recognises challenges in identifying specific users and user needs • Fund providers: limited use for public information, require direct engagement and tailored disclosure • Donors and beneficiaries: prefer narrative reporting, only want information that affects them personally.	Recognises challenges in identifying specific users and user needs • Funders • Regulators • Donors • Beneficiaries • Members • Volunteers • Philanthropists • General public	• Information needs vary by context and type, influencing donor behaviour and public perception • Donor power influences internal practice and accountability practice at expense of beneficiaries.	Recognises challenges in identifying specific users and user needs • Donors • Preparers • Beneficiaries

	AASB Research Report 14 Ella Johansen et al. (2020)	**Tender project 5 Lit Review on SPR** Tom Scott (2025)	**Tender project 5 Lit Review on SPR** Ushi Ghoora et al. (2025)	**Tender project 5 Lit Review on SPR** Christine Jubb et al. (2025)	**A lit review that was part of tender project 4** Ushi Ghoora et al. (2025)
		• Questions demand and need for regulation, as funders rely on direct engagement			
Benefits of SPR	Recognises general importance of SPR • Improved comparability • Drives efficiency improvements • Enhances public trust and confidence in NFPs • Attracting donations to private NFPs	Recognises general importance of SPR • Potentially improves SPR practices and standardised reporting • Can facilitate comparison across NFPs • More efficient resource allocation • Mitigation of mission drift	Recognises general importance of SPR • Reduce occurrences of misreporting in the sector • SPR could mitigate concerns that reporting is dominated by the information needs of donors over those of beneficiaries • Refers to XRB (2022)[4]: albeit costs and challenges, funders and donors found SPR under NZ PBE FRS 48 highly relevant and appreciated its understandability, particularly for non-accountants	Recognises general importance of SPR • Shapes trust, reputation, and stakeholder engagement. • Highlights transparency, accountability and ethical governance as vital for NFP legitimacy. • Emphasises proactive trust maintenance and donor-tailored communication.	Recognises general importance of SPR • To assess performance or public benefit in a meaningful way (financial statements are ill-suited to convey organisational impact or public value).
Costs	• Time • Resources • Operational strain particularly on smaller NFPs • Proprietary costs	• Could pose an extra burden on preparers and disproportionally disadvantage smaller NFPs	• Highlights the increase in audit costs in NZ experience	• Notes auditing costs as a key consideration.	• Costs may outweigh benefits for smaller NFPs
Other		• Australia could learn from overseas experience • Universal prescriptive, rules-based standard maybe unattainable due to the heterogeneous nature of NFPs and challenges with efficiency and effectiveness measurement	• International models demonstrate feasibility • Narrative reporting enhances relevance	• SPR may become ‘automatable’ in the future • Emerging technology reshaping accountability, efficiency and decision-making	• Aust practice is inconsistent and fragmented • Emerging best practices support a flexible yet credible model of SPR

4 XRB, The External Reporting Board (2022). Post-implementation Review of Simple Format Reporting Standards. XRB New Zealand, Wellington, New Zealand.

Appendix B The other SPR-related research projects

Table B1 summarises the research undertaken as part of Research Projects 4, 6 and 9. The Table adopts a similar light blue, light green and light grey highlights system to provide a visual summary of the broad nature of each of the studies' key findings and the authors' recommendations.

Table B1: The other research projects

	Research Project 4 **Lessons from NZ** Matthew Hall (2025)	**Research Project 4** **Private sector practices & assurance matters** Ushi Ghoora et al. (2025)	**Part of Research Project 4** **Perspectives on SPR in the NFP sector** Christine Jubb et al. (2025)	**Part of Research Project 6** **Perspectives on SPR in the public sector** Christine Jubb et al. (2025)	**Research Project 9** **Connectivity of non-fin and fin info in NFP private sector** Ushi Ghoora et al. (2025)
Lead research organisation	Monash University	WSU	Swinburne University of Technology	Swinburne University of Technology	WSU
Scope of research	Implementation of NZ PBE FRS 48 in the private sector	Private sector	Private sector	Public sector	Private sector
Research method	Qualitative: Documentary analysis; 53 interviews (15 NZ; 38 Australia) with donors, philanthropists, staff from philanthropic foundations and NFPs, NFP board members, regulators, consultants and auditors	Mixed methods: Analysis of 309 annual reports (Australia, NZ, Canada, US, South Africa); Focus groups (85 interviewees); Survey with donors, preparers, auditors, regulators, directors and representatives from peak bodies	Qualitative: Semi-structured interviews (6 one-on-one and 3 focus groups; 15 interviewees) with board members, executives, auditors and consultants	Qualitative: 9 semi-structured interviews with senior officials at state and local government level and consultants to the sector	Literature review Annual report analysis Surveys Stakeholder focus groups with donors, regulators, preparers, auditors and directors
Key messages					
SPR -general recommendation	• For AASB to consider developing a mandatory SPR standard that establishes a baseline set of disclosure requirements, adapted from the NZ standard.	• Implement a phased and tiered rollout.	• AASB to develop voluntary tiered guidance for service performance reporting tailored to organisational size and capacity in conjunction with the ACNC. • Majority of participants do not support mandatory standard	• The AASB is encouraged to develop practical, tiered, principle-based guidance for SPR for use by both not-for-profit entities and public sector entities.	• Adopt a principles-based, proportional framework; Introduce a flexible, tiered approach (similar to New Zealand's model) that reflects organisational size and capacity.
Process			• Engage stakeholders in the development of reporting frameworks and tools to ensure ownership, relevance and usability by the sector.		

	Research Project 4 **Lessons from NZ** Matthew Hall (2025)	**Research Project 4** **Private sector practices & assurance matters** Ushi Ghoora et al. (2025)	**Part of Research Project 4** **Perspectives on SPR in the NFP sector** Christine Jubb et al. (2025)	**Part of Research Project 6** **Perspectives on SPR in the public sector** Christine Jubb et al. (2025)	**Research Project 9** **Connectivity of non-fin and fin info in NFP private sector** Ushi Ghoora et al. (2025)
Content		• Flexible yet credible model of performance disclosure, one that is narrative-rich, contextually anchored, and driven by user relevance and strategic purpose.	• Encourage integration of financial and service performance information as nonfinancial reporting to enhance transparency, modelling the approach on that of NZ PBE FRS 48. • Provide links to online resources to build reporting capacity in NFPs. • Need for clearer guidance and templates to support consistent reporting.	• Qualitative guidance and capacity-building support. • Address measurement complexities	• Promote user-focused and flexible presentation styles • Support layered, narrative, and visual reporting formats tailored to diverse stakeholder needs. • Include templates and examples to encourage accessibility and meaningful engagement while supporting consistency • Allow flexibility in language and performance descriptors
Assurance	• Mandatory assurance should be deferred until a post-implementation review of a mandatory standard. • If introduced, should be limited assurance engagement	• Support alternative forms of credibility (peer review, community feedback, board-level validation coupled with investment in sector capability) • Mandatory assurance is considered premature	• Participants raise audit as an issue. For example, what would be audited, at what level of assurance, question value or even whether audit is possible? • Audit of SPR is done by going back to grant agreement • Costs of audit	• Auditability was another major challenge	• Strengthen auditability through scalable verification pathways • Offer guidance on proportionate assurance options • Increase in costs due to assurance, enforces need for scalable and proportionate approach
Other key insights					
External users and user needs	• Funders • other NFP organisations • Regulator • Society at large • Recognises challenges in identifying specific group of users whose decision making would directly benefit from SPR • Uses and user needs unclear and existing users may have access to a variety of information (as outlined in	• Donors, Preparers: prefer qualitative indicators over formal performance metrics • Board, public, donors: transparency around organisational impact and mission alignment rather than financial compliance	• Funders: require quantitative information	• More than capital providers and investors • General public • Parliamentarians, particularly Senate Estimates	• Donors: prioritise trust, mission alignment and ethical reputation over formal disclosures • Regulators • Auditors

	Research Project 4 **Lessons from NZ** Matthew Hall (2025)	**Research Project 4** **Private sector practices & assurance matters** Ushi Ghoora et al. (2025)	**Part of Research Project 4** **Perspectives on SPR in the NFP sector** Christine Jubb et al. (2025)	**Part of Research Project 6** **Perspectives on SPR in the public sector** Christine Jubb et al. (2025)	**Research Project 9** **Connectivity of non-fin and fin info in NFP private sector** Ushi Ghoora et al. (2025)
	Productivity Commission, 2024, p. 320)[5]				
Benefits	Recognises general importance of SPR • SPR to attract additional funding • Enhance accountability • Foster public trust • Larger NFPs that already possess relevant and meaningful service performance information and therefore reporting the information publicly would not require substantial changes to existing practices	Recognises general importance of SPR • Enhanced accountability through contextual disclosures • Provides evidence of effectiveness • Guides funding decisions • Assurance benefits	Recognises general importance of SPR • Enhances accountability • Is essential for building trust and demonstrating impact in the NFP sector • Would address the increasing expectations from funders and stakeholders for transparent reporting on service delivery and impact	Recognises general importance of SPR	Recognises general importance of SPR • Enhance the quality of disclosure, improve stakeholder trust and support the sector's ability to demonstrate its contribution to social impact
Costs	Cost of audit	Administrative and financial burden, including data collection Cost of audit	Cost of audit		
Other	In NZ: • General support for introduction of PBE FRS 48 • Questions whether SPR is used for decision making • Some treat it as a compliance exercise (and focus on outputs) • Some integrate with broader communication (and provide information on outcomes) In Australia:	• The study confirms both the appetite for and complexity of introducing a national framework for SPR	• Encourage integration of financial and service performance information as nonfinancial reporting to enhance transparency, modelling the approach on that of NZ PBE FRS 48. • Finds that SPR information in Australia is currently not audited • Lack of skills and resource constraints in the sector	• Resource implications, particularly for smaller councils and agencies • Some would argue that public sector reporting for any level of government should be exemplary, since governments have resources and expertise at their disposal to comply with whatever the reporting requirements might be.	• Strategic value of linking service outcomes to resource use, with a view to reinforcing organisational accountability • Current disclosure practices lack this linkage, creating a disconnect between funding and impact. Connectivity between financial & non-financial (SPR) information • NZ reports demonstrated stronger integration between financial and non-financial

5 Productivity Commission (2024). Future foundations for giving. Inquiry report No. 104. Canberra.

	Research Project 4 **Lessons from NZ** Matthew Hall (2025)	**Research Project 4** **Private sector practices & assurance matters** Ushi Ghoora et al. (2025)	**Part of Research Project 4** **Perspectives on SPR in the NFP sector** Christine Jubb et al. (2025)	**Part of Research Project 6** **Perspectives on SPR in the public sector** Christine Jubb et al. (2025)	**Research Project 9** **Connectivity of non-fin and fin info in NFP private sector** Ushi Ghoora et al. (2025)
	• The maturity of data collection systems varies widely, related to size of NFP • Concern about additional burden of a mandatory standard • Reporting requirements should be proportional to size of NFP • Outputs easier to report than outcomes Benefits of SPR may not be realised without clearly identifying the users and the motivations underpinning the use of these reports		• Mandate: Most participants accepted that the issue falls within AASB remit and could see no other body capable of taking on the task • SPRs increasingly viewed as a critical component of accountability.	• Risk of misinterpretation or even deliberate manipulation, particularly in politically sensitive contexts, due to non-financial data being less robust and verifiable than financial data • Overemphasis on comparability could lead to 'mediocrity' in reporting, stifling innovation and adaptation to local needs • Need to develop technical capacity and systems	domains, positioning 'performance' as a bridging construct, whereas Australian reports showed more compartmentalised approaches • In Australia, connectivity is currently fragmented

Appendix C: Summary of key findings and recommendations – supporting table

To facilitate the Board's decision on the next steps, staff have combined the detailed insights from targeted stakeholders (Agenda Paper 11.1) and findings from AASB-commissioned research (Agenda Paper 11.2) in Table C1. Some themes varied significantly between dependent on whether the NFP *public* or *private* sector would be affected. These themes are presented in separate columns. Other themes emerged largely independent of the sector and are presented in one common column.

Table C1: Insights into key themes from the AASB-commissioned research – NFP public versus private sectors

Themes	**NFP public sector** *[Staff note: only one study focused on the public sector]*	**NFP private sector**
Users and user needs	• More than capital providers and investors • General public • Parliamentarians, particularly Senate Estimates	• The research consistently identified funders, donors, regulators and the broader community as key external users of SPR information • While some studies recognised challenges in identifying users that would directly benefit from SPR and they seldomly make resource-allocation decisions solely on SPR data, the studies found that SPR is critical for accountability, legitimacy and transparency
Existing SPR frameworks [Project Plan Key milestone 4]	• N/A	• The studies noted the absence of existing SPR frameworks in the Australian NFP private sector • Studies found that current practices in Australia are inconsistent and fragmented and would benefit from improvement, including connectivity to financial information and assurance/assurability of service performance information • Studies also identified doubts about whether it is possible to develop an appropriate framework for efficiency and effectiveness measurements • All but one study encouraged the development of a principle-based, flexible, tailored and contextually anchored framework that allows for meaningful narrative disclosures. Supporting materials such as qualitative guidance, illustrative examples, templates, educational resources and practical tools would assist preparers across the sector
New Zealand PBE FRS 48 as an appropriate basis for Australian pronouncement	• N/A	• Two studies investigated whether PBE FRS 48 is an appropriate basis for an Australian pronouncement and found support for this perspective

Themes	NFP public sector *[Staff note: only one study focused on the public sector]*	NFP private sector
[Project Plan Key milestone 2]		
Skills, capacities, systems by preparers and auditors [Project Plan Key milestone 4]	• Need to develop technical capacity and systems	• Studies identified challenges associated with SPR, including sector capability, absence of data collection systems and sector resourcing • NZ experience suggests challenges with assurance, particularly with narrative information
Cost pressures/resources [Project Plan Key milestone 2]	• Public sector is better resourced for SPR than private sector NFPs, as evident from current frameworks and practice	• All studies recognised resource and cost pressures of NFP private sector entities, in particular for smaller entities
Cost-benefit considerations [Project Plan Key milestone 2]	• Resource implications, particularly for smaller councils and agencies • The study found that some would argue that public sector reporting for any level of government should be exemplary, since governments have resources and expertise at their disposal to comply with whatever the reporting requirements might be	• The studies noted that implementation costs—especially for smaller entities—could be significant. Consequently, a **tiered or phased approach** is widely recommended to ensure proportionality and avoid over-burdening smaller entities • Benefits identified include enhanced public trust, comparability, improved governance and more efficient resource allocation
Mandatory versus voluntary [Key milestone 6]	• The study encouraged the AASB to develop practical, tiered, principle-based guidance	• There was a strong view that any pronouncement should not be mandatory for the NFP private sector at this stage
Smaller entities [Project Plan Key milestones 2 and 5]	Studies noted for both sectors • that implementation costs—especially for smaller entities—could be significant • costs relate mainly to data collection systems, upskilling and assurance • a **tiered or phased approach** is widely recommended to ensure proportionality and avoid over-burdening smaller entities	
Process for developing a pronouncement	Studies highlighted the need for in-depth and inclusive stakeholder engagement, including the possibility of stakeholder-led development of any SPR framework or pronouncements, and the development of NFP private sector-specific support in the form of guidance, examples, templates and easily accessible online tools.	

Assurance
 	
[Project Plan Key milestones 6 and 7]
	• The studies recognised challenges relating to assurance and the ability to obtain assurance (irrespective of sectors)
	• Challenges include:
	  ○ Costs
	  ○ Audit of qualitative information
	  ○ Audit of impacts and outcomes
	• Deferred assurance requirements or alternative mechanisms to enhance the credibility of SPR may be warranted	

Role of the AASB	• One study suggested that the AASB develop voluntary tiered guidance for service performance reporting tailored to organisational size and capacity in conjunction with the ACNC	

<table>
<tr><th>Themes</th><th>NFP public sector
[Staff note: only one study focused on the public sector]</th><th>NFP private sector</th></tr>
<tr><td>[Project Plan Key milestone 9]</td><td colspan="2">
Other studies, including one study that focused on the public sector, found that most proponents supported the AASB’s role to develop a (voluntary or mandatory) SPR pronouncement, as the ACNC’s regulations are focused on charities
<u>[Brief background to this matter:</u>
The AASB’s authority extends to formulating a pronouncement that specifies the reporting of non-financial information that is integral to an understanding of financial information in GPFR.[6]
The AASB working on non-financial reporting by NFPs was endorsed in 2009 by the Senate Standing Committee on Economics review of <u>Disclosure regimes for charities and not-for-profit organisations</u> (which noted that stakeholders in the NFP sector want different information to that of shareholders in the for-profit sector)
In May 2024, the Productivity Commission’s <u>Future foundations for giving report</u> acknowledged the Board’s role in providing guidance on SPR, emphasising the need for evidence that costs would not outweigh benefits.
These provide public-policy endorsement for the AASB undertaking an SPR project.
In the SPR project plan, the Board’s broad approach was that the “AASB play a leading role in developing a draft due process document". (<u>SPR Project Plan</u>, p. 9, Key matter 9)
Staff acknowledge the current consultation on ‘Positioning Australia’s financial reporting system for the future – draft legislation’, which may be relevant in this context. Staff will monitor the process for the purpose of the SPR project]
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6 See section 224(a) and 227(1)(c) of the ASIC Act.