



Project:	Service Performance Reporting	Meeting:	AASB November 2025 (M216)
Topic:	Insights from Targeted Stakeholder Outreach	Agenda Item:	11.1
		Date:	3 November 2025
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		Decision-Making:	Low
		Project Status:	Decide next steps

Objective of this paper

- 1 To inform the Board of the key insights gathered from feedback from targeted stakeholder outreach, as input to a decision about the Service Performance Reporting (SPR) project's next steps addressed in Agenda Paper 11.0.

Structure of this paper

- 2 This paper is structured as follows:
 - (a) [Background](#)
 - (b) [Details of feedback from targeted stakeholder outreach](#)
 - [ACAG-FRAC and HoTARAC](#)
 - [Other stakeholders](#)
 - [SPR PAP](#)
 - (c) [Appendix A](#): Overview of the relationship between the Staff Working Draft and New Zealand (NZ) PBE FRS 48 *Service Performance Reporting*
 - (d) [Appendix B](#): Summary of targeted stakeholders' comments by key themes

Background

- 3 At the September 2024 meeting, the Board decided to gather feedback from targeted outreach on the Staff Working Draft (see Agenda Paper 11.5, Board only), which included possible generic and scalable SPR principles based on relevant paragraphs in NZ PBE FRS 48, modified (in a limited way) for the Australian context. [Appendix A](#) provides an overview of how the SPR principles and application issues addressed in the Staff Working Draft relate to the requirements of NZ PBE FRS 48.
- 4 Staff consulted with the following stakeholders:

- (a) Australasian Council of Auditors General Financial Reporting and Accounting Committee (ACAG - FRAC) and Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC);
 - (b) the SPR Project Advisory Panel (PAP); and
 - (c) other stakeholders.
- 5 Given the breadth of perspectives represented on the PAP and the consistency of feedback with earlier stakeholder input, no additional formal targeted outreach was undertaken during this period. However, staff continued to engage in informal discussions with interested stakeholders to stay informed of relevant developments and perspectives.

Details of feedback from targeted stakeholder outreach

ACAG-FRAC and HoTARAC

- 6 During a meeting with ACAG-FRAC, ACAG-FRAC members were invited to provide out-of-session feedback on the Staff Working Draft of possible SPR principles and related guidance that was based on NZ PBE FRS 48. Five of the nine ACAG-FRAC members provided their individual feedback (one of which was through the SPR PAP).
- 7 The members indicated broad support for an SPR pronouncement that is based on NZ PBE FRS 48 and applicable at an individual public sector entity level. The view was expressed that such a pronouncement should not be mandatory – the question of application of the pronouncement should be left to an individual jurisdiction to determine. It was noted that under NZ PBE FRS 48, the public sector is exempt if an entity is already subject to a legislative requirement to do something similar.
- 8 In expressing broad support, the ACAG-FRAC members noted that current long-standing legislative SPR-related requirements demonstrate the feasibility of SPR and SPR assurance in the Australian public sector context. Members pointed to relevant Auditor-General's reports on SPR-related matters as a source for the Board to consider in progressing the project. Members also highlighted that there is diversity in practice and that the AASB should engage closely with jurisdictions to ensure that any potential requirements do not duplicate existing requirements.
- 9 The feedback also highlighted other concerns about current practice, with its focus on output indicators rather than more meaningful outcomes. Overall, the feedback emphasised the need for relevant, complete, and transparent SPR, with a strong preference for outcome-focused indicators that are clearly defined and auditable.
- 10 Several of the jurisdictions proceeded to provide specific suggestions for how the Staff Working Draft could be improved for the Australian context. Given this paper's focus on the SPR project's next steps, the detailed suggestions are not included here.¹
- 11 Similarly, HoTARAC members were invited to provide feedback on the Staff Working Draft. No HoTARAC members were in a position to provide a response. Staff are, however, aware that some jurisdictions are of the view that now is not an opportune time to introduce SPR due to resource pressures and other priorities, such as climate-related disclosures.

SPR PAP

- 12 The SPR PAP comprises 14 members from diverse not-for-profit backgrounds, including representatives of peak bodies, professional bodies and NFP private and public sector entities.²

¹ Detailed feedback is available in Agenda Paper 11.6

² See the AASB website for [Service Performance Reporting Project Advisory Panel Members](#).

- 13 Staff held two meetings with the SPR PAP, in December 2024 and August 2025, to obtain feedback on the Staff Working Draft. PAP members unable to attend the meetings were provided with the agenda papers and invited to give comments out-of-session.
- 14 Feedback from SPR PAP members and related staff comments are detailed below in the [SPR PAP Feedback on the Staff Working Draft](#) section. The content of this section and meeting minutes were circulated to the PAP for out-of-session comment to ensure staff capture the insights accurately, which was summarised in Tables B1 and B2 in Appendix B.

Other stakeholders

- 15 Staff met with nine individuals (across three meetings) involved in the NFP private sector in varying capacities, including staff of charities, funders and academics who expressed an interest in talking to staff about the SPR project.
- 16 Feedback from those stakeholders was as follows:
 - (a) All stakeholders acknowledged the importance of private sector NFPs to be accountable and transparent about the services they provide. The stakeholders were conscious of the lack of resources available to charities to implement SPR, in particular for smaller entities and agreed that any SPR pronouncement should not be mandatory at this stage.
 - (b) Some suggested that better SPR could lead to more efficient resource allocation and noted that grantors and funders already require service performance information from charities.
 - (c) Other stakeholders, however, were strongly opposed to any form of mandatory pronouncement for the NFP private sector, particularly if it was to extend to outcomes and impact reporting, and irrespective of the size of the entity. They questioned whether it was possible to develop a standardised pronouncement that would allow for sufficient flexibility, which would lead to meaningful disclosures and avoid unintended consequences.

SPR PAP Feedback on the Staff Working Draft

- 17 The Staff Working Draft considered six broad questions:
 - (a) three questions on **SPR-related principles**, i.e. **why**, **what** and **how** SPR information should be reported; and
 - (b) three questions on **SPR-related application issues**, i.e. **who** should report, **where** SPR information should be reported and **whether** SPR principles should be reported on a mandatory or voluntary basis and, if on a mandatory basis, whether it should include options and encouragements.

Main Insight 1 – Why

This insight arose from the Panel’s discussion of whether there is an SPR problem to solve through an AASB pronouncement and if so, how the objective of such a pronouncement could be articulated. It addresses problem articulation, identification of users and user needs of SPR.

Staff Working Draft

- 18 Paragraph 1 of the Staff Working Draft states that the objective of SPR is to be “useful for decision-making purposes (including assessing managements’ stewardship of the entity’s economic resources)”.³

3 For the purposes of the Staff Working Draft, the objective of SPR was expressed to be consistent with the Board’s decisions to date in the NFP Conceptual Framework project. Those decisions have given prominence to stewardship over accountability in articulating the objective of NFP general purpose financial reporting, noting that both stewardship and accountability are encompassed by the overarching notion of information that is useful for making decisions about the allocation of resources.

- 19 The Staff Working Draft does not list users of service performance information and their information needs. This is because the NZ SPR Standard does not explicitly list them.⁴
- 20 In effect, the Staff Working Draft asserts rather than justifies the objective of SPR.

Panel comments

- 21 Noting the general exploratory nature of the Project without a pre-conceived outcome, there was broad agreement among Panel members that the Project is worth pursuing.
- 22 Some Panel members commented that there has not been an adequate articulation of the problem that the SPR project is aiming to solve. A comment was made that some 'users' would not use information prepared under an Australian SPR pronouncement – they would make decisions without reference to prescribed service performance information or have other reliable sources for the information they need. In making this observation, the Panel noted the existence of service performance information made available under existing frameworks, such as that published by the ACNC and in the public sector. The Panel expressed concern about potential duplication of reporting efforts if the AASB were to develop an SPR pronouncement.
- 23 Even though it is reasonable to assume that there are users who do not currently have reliable sources of the service performance information they need, it is questionable whether there is adequate evidence of the types of users and the types of decisions they make, that are implied by the Staff Working Draft's objective. Therefore, it is questionable whether the stated objective is valid and if it is, whether it would be met. This concern was mostly raised in the NFP private sector context. In contrast, some members with experience in public sector SPR commented that it is axiomatic that SPR is useful and that it is reasonable to assume in the public sector that SPR is for parliament [and the general public] and therefore identification of users becomes less important [in the public sector] as SPR serves general transparency and accountability purposes.

Staff comments

- 24 Staff think that the identification of users and user needs is more readily accepted for NFP public sector entities, due to the nature of the sector that is funded by taxpayers. Staff acknowledge that it is more challenging to clearly identify users of SPR information, in particular in the NFP private sector.
- 25 At the same time, however, staff have heard from NFP private sector stakeholders that, in principle, there is a need for accountability/transparency that goes beyond that provided by financial statements because, for example, many NFP private sector entities, as well as donors, are subject to tax concessions and public sector grants.
- 26 The need for some kind of a SPR pronouncement, and the users of service performance information and their needs, have been identified (see e.g., the Treasury Executive minute referred to in footnote 2 above, and AASB [Research Report 14: Literature Review: Service Performance Reporting for Not-For-Profit Entities](#)).
- 27 In addition, staff anticipate that the AASB-commissioned research initiated in late 2024 [Staff note: As summarised in Agenda Paper 11.2] will provide further insights to inform the Board's consideration of whether and, if so, how to develop an SPR pronouncement. Specifically, the research is expected to clarify whether a problem currently exists and, if so, guide the articulation of any pronouncement's objective and assess its justification on cost/benefit grounds. It will also help identify the preparers, users and uses of service performance information.

4 Instead, the NZ SPR Standard refers to users and their needs in the Introductory paragraphs, which are not part of the Standard. The NZ Standard does not need to explicitly identify users of SPR because it requires SPR to be included in GPFR and thereby equates users of SPR with users of GPFR. In contrast, consistent with the AASB's working assumptions to date, the Staff Working Draft does not take a view on the location of service performance information (whether in GPFS, GPFR or elsewhere – see Main Insight 5 below).

- 28 Accordingly, the Board should consider the research findings, together with previously collected evidence and the Panel insights outlined in this paper, before deciding the project's next step.
- 29 If the Board decides to proceed and use the Staff Working Draft as the basis for its consultation, that Draft could be enhanced by clarifying potential users and the types of decisions SPR could support. For instance, it could reference paragraph IN4 of the NZ SPR Standard, which identifies primary users of general purpose service performance reports as resource providers (e.g. taxpayers, donors, grantors and lenders) and service recipients, noting that financial statements alone do not meet all user information needs.⁵ Paragraph IN5 further explains that while user interests vary depending on factors such as the entity's functions and funding arrangements, common concerns include whether funds were used as intended, what was achieved with available resources, and what could be achieved with additional resources.⁶
- 30 The following Main Insights 2 to 6 into 'what' and 'how' issues related to SPR principles; and the 'who', 'where' and 'whether' issues related to SPR application were provided by the Panel based on the assumption that there is sufficient evidence to justify continuing the project.

Main Insight 2 – What

This insight arose from the Panel's discussion of:

- a definition of 'service' and 'service performance reporting'
- whether service performance information should be presented for the same reporting entity and reporting period as the financial statements
- useful contextual information and information about what the entity has 'done' (outputs, outcomes, impact) in working towards its service objectives
- an appropriate and meaningful mix of service performance measures and/or descriptions
- comparative information
- correction of errors
- reporting against budget
- events after reporting date
- disclosure of judgements
- disclosure of risks and uncertainties and an analysis of results
- repetition of disclosures

Staff Working Draft

- 31 The main discussion in this section related to outputs vs outcomes vs impact.
- 32 Paragraph 15(b) of the Staff Working Draft states that SPR provides users with information about what the NFP has 'done' during the reporting period in working towards its service objectives. However, the paragraph does not clarify whether 'done' relates to outputs, outcomes and/or impacts.⁷ In providing commentary to paragraph 15(b), albeit avoiding the terms 'outputs', 'outcomes' and 'impacts', paragraph 19(a) of the Staff Working Draft implies

5 Paragraph AusOB2.1 of AASB *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 contrast to the NZ SPR Standard's reference to 'their representatives', the AASB *Framework* explicitly refers to users as including parties performing a review or oversight function.

6 If an Australian SPR pronouncement is to be developed and include information about users and their needs, it should ensure that it is consistent with what the AASB Framework says about the objective of general purpose financial reporting (for example, paragraph AusOB2.1 and other related paragraphs of the AASB *Framework*).

7 The Staff Working Draft does not clarify whether 'done' relates to outputs, outcomes and/or impacts because it is based on NZ PBE FRS 48, which intentionally does not use any of those terms (see for example paragraphs BC25 to BC28 that accompany the NZ Standard). Notably, the NZ XRB June 2025 Consultation Paper *Reporting and Assurance of Service Performance Information* explicitly states under the section on potential targeted amendments that "Modifying the objective and scope of the standard to emphasise that the core purpose of this reporting is for accountability and that this does not include long-term impact reporting which entities are not accountable for".

that an NFP has regard to its specific accountabilities/ responsibilities in deciding whether to put the emphasis of its disclosures on outputs, outcomes and/or impacts.⁸ The Staff Working Draft also canvassed views on reporting against budget, events after reporting date, and disclosure of judgements, risks, uncertainties and an analysis of results.

Panel comments

- 33 Panel members broadly supported the way the Staff Working Draft articulates the ‘what’ principle and related guidance. The main exception related to outputs vs outcomes vs impact.

Outputs vs Outcomes vs Impact

- 34 Consistent with Main Insight 1 above, the information to be disclosed about what an NFP has ‘done’ should be defined by reference to the needs of users. Although users are interested in outputs (e.g. the number of distributed bed nets), they are ultimately interested in outcomes/impacts (e.g. the reduced number of malaria cases). Accordingly, users might be interested in both outputs and outcomes/impacts.
- 35 Sometimes the disclosure of outputs provides a sufficient (and cost-effective, measurable and verifiable) basis for users to make their own assessments of outcomes/impacts. That information can be conveyed using a mix of qualitative/narrative and quantitative measures, providing information that can help users assess efficiency and effectiveness.
- 36 The Staff Working Draft does not adequately balance the emphasis on disclosing outputs versus outcomes/impacts in the Australian context, because paragraph 19(a) of the Staff Working Draft is based on the NFP’s specific accountabilities/responsibilities and is not flexible enough to accommodate both types of disclosures based on an NFP’s goals. Any SPR pronouncement should acknowledge that outputs, which are under the control of an NFP, are necessary to achieve outcomes/impacts, which are less likely to be under the control of an NFP and more difficult to identify/attribute to an NFP and measure (whether quantitatively or qualitatively). Furthermore, verifiability of outcomes/impacts can be particularly challenging (irrespective of whether they are to be subject to audit). Accordingly:
- (a) in relation to attribution, although not all perceived outcomes/impacts can be reliably attributed to an NFP, information about an entity’s contribution towards them is useful to users; and
 - (b) in relation to verifiability/assurability/auditability, the Staff Working Draft should encourage/require more detailed disclosures about the judgements, assumptions and basis used to determine any outcomes/impacts that an NFP discloses. This would provide a framework and thereby make it easier for verifiers to assess the reasonableness of the outcomes/impacts reported. As noted in Panel meeting 1 minutes: “While auditing non-financial information presents unique challenges, the key is to have a well-defined framework and appropriate evidence to support the reported performance”.

8 Para 19(a) of the Staff Working Draft states: “The nature of the information that an entity provides to meet the requirements of paragraph 15(b) will depend on the circumstances of the entity. An entity shall consider all of the following factors in deciding what to report.

(a) *What it is accountable/responsible for.* Some entities have responsibility for working towards particular improvements in the health, education, welfare and/or social or economic well-being of individuals or a segment of society. For example, a public sector entity may be required to target its controlled or administered resources to reduce disparity in educational achievement between different groups in society. In this case, the entity’s service performance information is likely to focus on whether and the extent to which those particular improvements occurred. In other cases, entities are primarily responsible for the delivery of specific types and/or volume of goods or services to a target population, rather than trying to bring about particular improvements in the health, education, welfare and/or social or economic well-being of the recipients of those goods and services. For example, an entity may be required to provide support services to elderly people in a city. In that case, the entity’s service performance information is likely to focus on the delivery of the specified goods or services. Even in cases where an entity determines the nature and extent of its service performance itself, it considers the nature of its accountability to funders and service recipients....”

- 37 In acknowledging the recent ED for the UK Charities Statement of Recommended Practice (SORP), which uses the term 'impact' and proposes a more prescriptive approach to impact reporting than the current SORP, there is a need for detail on how such a prescription would work in practice before it should be accepted in the Australian context.
- 38 In relation to cost/benefit issues, recent research commissioned by the AASB on SPR might help identify some of the costs and benefits associated with SPR. The Panel noted that not all costs or benefits are necessarily financial in nature. One Panel member commented that "... a delicate balance is needed in any cost-benefit compromise, as while the effort of the reporting might be reduced by simplifying or only leaving this [*i.e. what has been 'done'*] aspect at a very high level, this negates the overall benefit of the reporting to the extent that the reduced costs are not justified".
- 39 If the AASB proceeds to develop an SPR pronouncement, it should allow SPR flexibility (e.g. using language like 'where reasonably practicable' and 'if appropriate to the entity') because of the diverse types of preparers, users and their information needs. This would also help ensure that any pronouncement is not overly burdensome for preparers while still addressing the needs of a wide range of users.
- 40 *Events after reporting date:* The Panel noted that the NZ SPR Standard does not require disclosure of events after the reporting date that affect service performance but not financial performance and likely future developments. A general view expressed by the Panel was that any SPR pronouncement should not mandate (nor proscribe) such disclosures because it may be too onerous, for example in relation to applying the notions of adjusting and non-adjusting events.
- 41 *Budget vs actual:* The Panel noted that an unintended consequence of requiring an NFP to report against budgets could be that NFPs that currently publish service performance budgets would no longer do so.
- 42 *Disclosure of risks, uncertainties and analysis:* The Panel questioned the need to disclose risks and uncertainties that affect an entity's service performance and an analysis of the service performance information.
- 43 *Repetition of disclosures:* An NFP should not need to repeatedly include the entity's fundamental reason for existence in each service performance report, because it is unlikely to change significantly over time. A cross-reference to a stable governing document should be sufficient.

Staff comments

- 44 Staff agree that the Staff Working Draft could be amended to acknowledge a wider range of NFPs that might disclose information about both outputs and outcomes/impacts (irrespective of whether or not that specific terminology is used), whether of a quantitative or qualitative/narrative nature, to meet their users' needs.⁹ Therefore, the Staff Working Draft could give more explicit guidance on:
 - (a) the importance to users of SPR information and the relationship between outputs and outcomes/impacts that might be disclosed, including that the outputs that might be achieved in the short term might not translate into related outcomes/impacts until the long term;
 - (b) an NFP's obligation to consider its users' needs, including, especially if the NFP finds that users need information about outcomes/impacts, how best to balance the potentially

⁹ Staff note that there are uncertainties with regard to the 'architecture' of outcome/impact reporting, including its location, such as whether outcome/impact reporting should form part of financial reporting/SPR or whether it would be better located in management commentary or general environmental, social and governance (ESG) or sustainability reporting.

conflicting objectives of relevance and faithful representation (including the degree of attribution to the NFP); and

- (c) in relation to paragraphs 44 to 47 of the Staff Working Draft, disclosing the most critical judgements and assumptions, and the basis used to determine any outputs and outcomes/impacts that the NFP presents as service performance information – to help ensure there is an adequate framework that could provide a basis for any verification work that might be undertaken.
- 45 Furthermore, the ‘what’ principles in the Staff Working Draft should be reviewed to ensure they are articulated in a way that explicitly allows enough flexibility so that an NFP could use its judgement to adapt its SPR to its particular circumstances and the needs of its users. That review should aim to balance the need for flexibility relative to the benefits of achieving consistency/comparability.
- 46 *Events after reporting date:* Further consideration, including consultation with users of SPR, should be undertaken before a decision is made on this issue.
- 47 *Budget vs actual:* Further research should be undertaken to gain an understanding of NFPs’ processes for setting and publishing service performance targets/budgets and reporting against actual results. This is not research that was explicitly undertaken through the research that was commissioned in late 2024.
- 48 *Disclosure of risks, uncertainties and analysis:* These types of disclosures could be more suitably located in the management commentary section of annual reports and therefore it would not be necessary for any SPR pronouncement to specify such disclosures.
- 49 *Repetition of disclosures:* Concerns about repetition could be dealt with through cross-referencing. However, it might be appropriate to specify certain cross-referencing criteria along the lines of those specified in [AASB S2 Climate-related Disclosures](#), such as that the cross-referenced information is available on the same terms and at the same times, does not compromise understandability, includes a precise reference to the specified part of the report, and explains how to access the cross-referenced report. Paragraphs 33 and 34 of the Staff Working Draft also provide some guidance where cross-referencing is used.

Main Insight 3 – How

This insight arose from the Panel’s discussion about whether service performance information should:

- satisfy the qualitative characteristics identified in the Conceptual Framework
- be clearly identified as such
- reported consistently

and how any pronouncement should deal with multi-period considerations.

Staff Working Draft

- 50 The Staff Working Draft adopts an Australianised version of the NZ SPR Standard’s ‘how’ principles, including: the AASB’s Conceptual Framework’s qualitative characteristics, clear identification of service performance information (and separate from general commentary), a statement of compliance, consistency, changes to comparative information and correction of prior period errors.

Panel Comments

- 51 The Panel was broadly supportive of the ‘how’ aspects of the Staff Working Draft, with some suggestions for making improvements, as noted in the following.

- 52 It is appropriate to apply the AASB's Conceptual Framework's qualitative characteristics to SPR, although there is a need to address nuances in the context of sector-specific and multi-period considerations. For example, the Panel commented that the multi-year nature of some NFP projects gives rise to some challenges, including for decisions about the frequency of reporting and comparability over time and with other NFPs. Clear identification of service performance information, a statement of compliance and consistency of reporting is also appropriate. An observation was made that comparative information is easier to ascertain in relation to financial information than service performance information.
- 53 Regarding a link to financial statement information, a linkage from service performance information is desirable, although there are challenges in achieving that.

Staff comments

- 54 Staff think that the draft 'how' principles in the Staff Working Draft would be suitable for the Australian context, although consideration should be given to whether there is a need for additional sector- and even sub-sector-specific guidance on how those principles should be applied, including in the linking of service performance information to financial information.
- 55 In relation to multi-year projects, staff agree that any SPR pronouncement should allow for an NFP to effectively communicate the 'work in progress' nature of multi-year projects, which may affect the comparability of information between NFPs. Staff think that the Staff Working Draft adequately addresses this issue in paragraph 14, assuming that the SPR period will align with the financial reporting period.¹⁰

Main Insight 4 – Who

This insight arose from the Panel's discussion about who should potentially be subject to SPR, including whether there should be differential reporting based on tiers or sectors.

Staff Working Draft

- 56 The Staff Working Draft adopts the Boards' working assumption of sector- and Tier 1 and 2-neutrality. This is broadly consistent with the NZ SPR Standard, although paragraph 3(b) of that Standard has a legislative override for public sector entities that the Staff Working Draft did not adopt (because AASB pronouncements do not typically contemplate legislative overrides, instead adopting an 'in addition to, not in lieu of' principle).¹¹

Panel comments

- 57 The Panel's views were mixed, especially in relation to sector neutrality. Some members broadly supported the approach, with one noting that any development of principles should be underpinned by empirical evidence of current practices. Others noted that there are practical complexities in developing a single SPR pronouncement for public sector and private sector NFPs due to the varying levels of maturity in SPR across the different sectors and jurisdictions. Any SPR pronouncement should have regard to the differences in current SPR frameworks, terminology, practices and experiences across the public and private sectors.
- 58 A strong view was expressed that "... the public sector and NFP sector, while sharing some characteristics, are so different in terms of users and context that sector neutrality is likely to

10 Paragraph 14 of the Staff Working Draft states: "This Working Draft articulates principles for reporting on an entity's service performance for a reporting period. However, not-for-profit entities often have long-term service performance objectives. Judgement is applied in deciding how much information to provide about the entity's service performance in the current reporting period and how much information to provide about progress towards its long-term service objectives. In reporting on its current period's service performance an entity is likely to provide information that relates to previous periods or future periods (such as trend data) to provide context." It was the subject of question 6 in the Staff Working Draft.

11 Paragraph 3 of the NZ SPR Standard states: "This Standard applies to (a) All Tier 1 and Tier 2 not-for-profit public benefit entities; and (b) Tier 1 and 2 public sector public benefit entities **required by legislation** to provide information in respect of service performance in accordance with generally accepted accounting practice (GAAP). If an entity is **required by legislation** to report service performance information on only some of its activities, this Standard applies only to those activities." (emphasis added). Paragraph 5 goes on to state: "Nonetheless, application of the principles and requirements of this Standard to service performance information outside the scope of this Standard is encouraged to the extent applicable."

be an abstract goal that leads to impractical and potentially unworkable outcomes”. It was argued that the scope of the SPR project should be limited to private sector NFPs, with the public sector dealt with at a later stage, if needed. There was a sense that prescribed SPR already exists in the public sector, albeit differing across jurisdictions, and therefore the need is less urgent than in the private sector.

- 59 On the question of tier neutrality, the discussion focused on practical issues and noted that Tier1 and 2 neutrality would be achievable, but only if the requirements are proportionate and introduced in a phased approach.

Staff comments

- 60 The Panel did not identify any conceptual reasons for treating the two sectors and two tiers differently. As a result, staff think that, at this stage of the project, there is merit in continuing to assess whether high-level sector- and Tier 1 and 2-neutral principles are achievable.
- 61 Accommodations for sectors and tiers could be made in a number of ways. For example, the Board could develop sector-specific (and even sub-sector-specific) supporting application guidance or disclosure relief for Tier 2 entities. In addition, mandatory or voluntary application for different sectors and tiers should be considered (see also [Main Insight 6](#) below).

Main Insight 5 – Where

This insight arose from the Panel’s discussion of where service performance information should be presented – in GPFS, GPFR or elsewhere – and related cross-referencing issues.
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Staff Working Draft

- 62 Despite the NZ SPR Standard requiring service performance information to be included in GPFR (whether directly or by cross-reference), the Staff Working Draft does not reflect any working assumption on this issue.

Panel comments

- 63 There was broad support for the inclusion of service performance information in GPFR – although strong caution was expressed about the implications for audit.
- 64 Including service performance information in GPFR makes sense, although doing so could unduly delay finalisation of financial reports. One way to limit such a delay would be to, at least initially, not subject SPR to assurance (and instead place the emphasis on the information being assurable rather than assured).
- 65 If service performance information is to be included in the GPFR, the question arises as to whether cross-referencing to service performance information outside the GPFR would be appropriate.

Staff comments

- 66 Given that service performance information is integral to an understanding of the financial information in GPFR, staff think service performance information should be included in the GPFR, directly or by cross-reference (as noted in paragraph 49 above, the criteria for cross-referencing adopted in [AASB S2 Climate-related Disclosures](#) and paragraphs 33 and 34 of the Staff Working Draft are suitable for ensuring the appropriate and pragmatic use of cross-referencing).
- 67 The suggestions for less onerous forms of assurance than an ‘audit’ that have emerged from the research should be considered.

Main Insight 6 – Whether

This insight arose from the Panel’s discussion of whether an SPR pronouncement should be mandatory or voluntary, and the implications of that decision for the level of assurance that is

warranted. (Issues relating to interim, prospective, summarised, concise and condensed SPR and the application of SPR principles to service performance information outside the scope of an SPR pronouncement have not been discussed.)

Staff Working Draft

- 68 Despite the NZ SPR Standard being mandatory, the Staff Working Draft makes no working assumption on this issue.

Panel comments

- 69 The Panel's views were mixed on whether an SPR pronouncement should be voluntary or mandatory, particularly depending on how a pronouncement might be rolled out.
- 70 One alternative would be a phased approach of any mandatory pronouncement with an initial period of non-mandatory encouragement (pilot phase).
- 71 Some members felt that, if a pronouncement is to be mandatory, the AASB needs a stronger mandate at a public-policy level, particularly for the private NFP sector.
- 72 There was some debate about the merits of leaving SPR to the market to decide, with one view that the market provides sufficient incentive for adequate SPR. In contrast, another view pointed to concerns that market forces have not been effective in other circumstances, such as digital financial reporting.
- 73 In relation to whole-of-government SPR, Panel comments included that the reporting would be complex and potentially meaningless – SPR is most relevant at the individual entity level.

Staff comments

- 74 In relation to Panel comments about a public-policy mandate: the AASB working on non-financial reporting by NFPs was endorsed in 2009 by the Senate Standing Committee on Economics review of *Disclosure regimes for charities and not-for-profit organisations* (which noted that stakeholders in the NFP sector want different information to that of shareholders in the for-profit sector). More recently (May 2024) the Productivity Commission's [Future foundations for giving](#) report acknowledged the Board's role in providing guidance on SPR, emphasising the need for evidence that costs would not outweigh benefits.¹² These provide public-policy endorsement for the AASB undertaking an SPR project.
- 75 Given the overall objective of the project is to improve the quality of SPR by developing a nationally standardised approach having regard to the capacity of NFP entities, staff think the phased approach of the Panel noted in paragraph 70 above are worth considering.
- 76 In relation to whole-of-government SPR, which is linked to the issue of sector-neutrality (see [Main Insight 4](#)), staff suggest deferring consideration of this until draft SPR principles and related guidance are sufficiently developed. The Board has previously noted the issue, and the possibility of relying on the Productivity Commission's Report on Government Services ([RoGS](#)) instead of an SPR pronouncement at the whole-of-government level.

Other matters raised by Panel members

- 77 Table 3 summarises a list of some of the other matters raised by Panel members.

Table 3 Other matters raised by Panel members

Matter	Staff comment
1. Terminology/definitions: There is a need to define and clarify some terminology, including	A glossary of terms would be useful and further clarification could be provided in guidance. Terminology

12 Page 339 of the Productivity Commission's report states: "The Commission recognises that there can be benefits to enhancing the quality and comparability of how charities report on their performance, but also notes that any additional reporting requirements would place a burden on charities, particularly smaller charities. Therefore, the introduction of any further requirements should be based on evidence that the benefits of additional reporting requirements would exceed the costs, including the benefits to donors."

Matter	Staff comment
stewardship vs accountability; service vs activities and purpose; recipients vs beneficiaries; done vs achieved; outputs vs outcomes (most common in public sector) vs impact (most common in private sector).	should be consistent with the AASB NFP Conceptual Framework.
2. Level of guidance: Whether an Australian SPR pronouncement needs to be more explicit than the NZ SPR Standard about preparers having flexibility, needing to periodically review the suitability/relevance of SPR, and needing to be told about the trade-off between comparability and relevance. Also, whether additional guidance on materiality is warranted.	No. To do so would not be consistent with the AASB's principles-based approach. Furthermore, the current guidance on materiality is readily translatable to an SPR context.
3. For-profit subsidiaries: While the Staff Working Draft covers situations where a for-profit entity administers an NFP program, it may not adequately address the reverse scenario. Consideration might need to be given to clarifying the expectations for NFP parent entities in relation to their for-profit subsidiaries.	As noted in the Panel minutes of meeting 1, in many cases an NFP parent with a for-profit subsidiary could still be considered an NFP group if the subsidiary's profits are ultimately used to further the parent's NFP objectives. For completeness and the removal of doubt, the Staff Working Draft could be amended to explicitly acknowledge that, in circumstances when an NFP group includes a for-profit subsidiary, the principles would apply to the NFP group but not necessarily the for-profit subsidiary.
4. Transition: Should first year comparatives be required.	Transition will need to be considered in due course, including whether first year comparatives would be too onerous.

Appendix A: Overview of the relationship between the Staff Working Draft and NZ PBE FRS 48 Service Performance Reporting

Key question	Key SPR question	The relevant NZ Standard's sections and paragraphs that address the key SPR question
Why	Why should NFPs report service performance information?	Objectives: para 1
What	What service performance information should NFPs report?	Objectives: para 2 (which provides a definition of service performance information) Information to be Reported: paras 11 to 28 Comparative Information and Consistency of Reporting: paras 36 to 39 (which address comparatives) Disclosure of Judgements: paras 44 to 46
How	How should NFPs report service performance information?	Principles: paras 6 to 10 Presentation: paras 29 to 35 Comparative Information and Consistency of Reporting: paras 40 to 43 (which address consistency of reporting)
Who	Who (i.e. which NFP sectors and tiers) should report service performance information? (Related to Key matters 4 and 5 of the SPR Project Plan)	Scope: para 3
Where	Where should service performance information be reported (i.e. within or separately from an NFP's GPFR)? (related to key matter 6) [Although this key SPR question encompasses whether service performance information should be located within or outside condensed, prospective, summarised, interim and full year GPFR, the focus of the staff's work to date has been on the question as it relates to full year GPFR].	Objective: para 1 Scope: paras 4 and 5
Whether	Whether a pronouncement on service performance information should be voluntary or mandatory and, if mandatory, whether it should include options and encouragements (related to Project Plan Key matter 7) [Although this key SPR question encompasses whether service performance information should be mandatory or voluntary for condensed, prospective, summarised, interim and full year reporting, the focus of the staff's work to date has been on the question as it relates to full year reporting].	Objective: para 1 Scope: paras 3 to 5 Presentation: para 32 Comparative Information and Consistency of Reporting: paras 38A and 42
When	When should a pronouncement on service performance information become operative?	Effective Date: paras 48 and 49

Appendix B: Summary of targeted stakeholders' comments by key themes

- 78 To facilitate the Board's decision on the next steps, staff have summarised the insights from the targeted stakeholder outreach into the key themes that emerged from that outreach.¹³
- 79 Overall, the SPR PAP's feedback covered a wide range of perspectives that are largely consistent with feedback the Board had previously heard in the [feedback](#) to the [AASB Agenda Consultation 2022-2026](#) and as incorporated into the SPR [Project Plan](#)'s key milestones.
- 80 In particular, the targeted stakeholders, although not identifying conceptual differences, noted significant practical differences for SPR between the not-for-profit (NFP) *public* and *private* sectors, as summarised in separate columns of Table B1. The remaining key themes were raised by stakeholders largely irrespective of sectors and are presented in one column.

Table B1: Comments by key themes from targeted stakeholder outreach – NFP public versus private sectors [Project Plan Key milestone 4]

Key themes	NFP public sector	NFP private sector
Users and user needs [Project Plan Key milestone 4]	• SPR as an important instrument to discharge accountability to Parliament and the general public appears to be accepted as sufficient grounds to justify an SPR pronouncement • The value of SPR is agreed with by public sector SPR PAP members	• While the need for general accountability is recognised, there is unclear evidence of specific user needs/decisions • Some argue that users may be sufficiently served by existing requirements or other means • There is not an urgent need for an SPR pronouncement.
Existing SPR frameworks [Project Plan Key milestone c]	• Governments across Australia have different requirements in place. • In addition, the Commonwealth publishes a yearly Report of Government Services, which provides service performance information on Childcare, Education and Training, Justice, Emergency Management, Health, Community Services, Housing and Homelessness for Commonwealth, State and Territory governments.¹⁴ • The RoGS focuses on Social Services provided by Governments and are, therefore, not comprehensive. In addition, a public sector SPR PAP member noted that SPR is more relevant at the individual entity level. • There is a research gap with regard to investigating SPR requirements across jurisdictions	• The ACNC requires information that the Annual Information Statement (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. While these requirements are not comprehensive, they may meet the information needs of many stakeholders • There is, however, limited SPR-related guidance for NFP private sector entities that are not charities
NZ PBE FRS 48 as an appropriate basis	• Broad agreement that NZ PBE FRS is appropriate for the public sector with specific guidance or modifications	• Stakeholders who considered the principles outlined in NZ PBE FRS 48 broadly agreed that the standard is an

¹³ Some additional themes were identified that relate to more technical aspects of the Staff Working Draft, such as budget to actual comparison. These are not included in Tables 1 and 2, as staff focused those Tables on themes that facilitate the Board's decision regarding the next steps. The themes are, however, included in the Detail of feedback from targeted stakeholder outreach further below in this paper.

¹⁴ In November 2024, The Treasury (CW) released a [Report Review of the Report on Government Services and the Performance Reporting Dashboard](#) which makes recommendations for improvement.

Key themes	NFP public sector	NFP private sector
for Australian pronouncement [Project Plan Key milestone 2 and 4]		appropriate basis for an Australian pronouncement. Some stakeholders who were less familiar with the NZ PBE FRS 48 questioned whether it is possible to develop an appropriate framework for efficiency and effectiveness measurements.
Skills, capacities, systems by preparers and auditors [Project Plan Key milestone 4]	Public sector entities already prepare and audit (service) performance information¹⁵	- Gaps in skills, capacity and systems of preparers - NZ experience suggests challenges with assurance, particularly with narrative information
Cost pressures/resources [Project Plan Key milestone 2 and 4]	Public sector is better resourced for SPR than private sector NFPs, as evident from current frameworks and practice	- NFP private sector entities already face significant cost pressures - Skills and capacity building and potential assurance would add significant costs
Cost/benefit considerations [Project Plan Key milestone 2 and 4]	Existing SPR requirements together with the value attributed to SPR as presented under 'User and user needs' (see above) could be seen as evidence that the benefits outweigh the costs.	Some stakeholders question whether the benefits would outweigh the costs of SPR, in particular for smaller private sector NFPs
Mandatory versus voluntary [Project Plan Key milestone 4 and 6]	Only a few stakeholders commented on the proposed status of SPR for the public sector and suggested that any AASB pronouncement should not be mandatory at this stage. This decision should be left to jurisdictions.	There was a strong view that any pronouncement should not be mandatory for the NFP private sector at this stage
Connection between SPR and Environmental, Social and Governance (ESG) Sustainability Reporting [Project Plan Key milestone 3]	SPR is an evolving area and stakeholders have pointed out that there is a need to clarify the relationship between SPR and ESG sustainability reporting or management commentary.	
Outputs, outcomes, impacts	- Users value information about outputs (e.g. services delivered) and outcomes/impacts (e.g. results achieved) - Outputs are easier to measure and verify; outcomes/impacts are more complex to attribute and audit. - A view has been expressed that currently SPR in practice is too focused on outputs and would be more useful if also focused on outcomes/impact	
Smaller entities [Project Plan Key milestones 2 and 5]	- Smaller entities may be significantly more affected by additional costs, which may not outweigh the benefits. - Considerations for smaller entities should include proportionality and exemptions.	
Assurance	Challenges include	

15 See Agenda Paper 11.4 Minutes of SPR PAP meeting 1, p. 5.

Key themes	NFP public sector	NFP private sector
[Project Plan Key milestones 6 and 7]	○ Costs ○ Audit of qualitative information ○ Audit of impacts and outcomes • Key is to have a well-defined framework and appropriate evidence to support the reported performance • Emphasis should be on ‘assurable’ rather than ‘assured’ • Any assurance requirements should be deferred • Less onerous forms of assurance should be considered	
Role of the AASB [Project Plan Key milestone 9]	Some stakeholders argued that: • SPR is not strictly what is traditionally thought of as an accounting issue. It involves broader performance and impact reporting, which may fall more appropriately under the remit of regulators like the ACNC or government departments • there may be a need for a stronger mandate for the AASB before addressing SPR in the NFP private sector Other stakeholders noted that • the AASB is the standard-setting expert and the ACNC’s regulation is focused on charities <u>[Brief background to this matter:</u> <i>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.¹⁶</i> <i>The AASB working on non-financial reporting by NFPs was endorsed in 2009 by the Senate Standing Committee on Economics review of Disclosure regimes for charities and not-for-profit organisations (which noted that stakeholders in the NFP sector want different information to that of shareholders in the for-profit sector)</i> <i>In May 2024, the Productivity Commission’s Future foundations for giving report acknowledged the Board’s role in providing guidance on SPR, emphasising the need for evidence that costs would not outweigh benefits.</i> <i>These provide public-policy endorsement for the AASB undertaking an SPR project.</i> <i>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.” (SPR Project Plan, p. 9, Key matter 9)]</i>	

16 See section [224\(a\)](#) and [227\(1\)\(c\)](#) of the ASIC Act.