



A new standard for service performance reporting

Overview for departments and Crown entities

October 2021

URL at 6 October:

<https://www.treasury.govt.nz/publications/guide/new-standard-service-performance-reporting>

Purpose of this factsheet

This factsheet provides an overview of the new accounting standard for service performance reporting and what it will mean for all departments and many Crown entities.

About the standard for service performance reporting

The External Reporting Board (XRB) released *PBE FRS 48 Service Performance Reporting* ('the standard') in 2017. The standard applies to reporting periods beginning on or after 1 January 2022 and is part of generally accepted accounting practices (GAAP).

When and where it will need to be applied

The standard *must* be applied to department and Crown entity 2022/23 annual reports.

Agencies must consider the impact of the standard when developing their 2022/23 Estimates and/or Statement of Performance Expectations, because these documents will have information on how performance will be assessed. The new standard should also be considered when developing new Statements of Intent or Strategic Intentions.

What the new standard means for departments and Crown entities

The standard is intended to be applied by a range of entities, including departments and Crown entities that are already subject to various legislative reporting requirements. Agencies will need to become familiar with all the requirements in the standard, alongside their other reporting requirements. The standard sets new requirements or increased expectations for:

- **identifying and selecting** appropriate and meaningful performance information
- **disclosing judgements** made in selecting, aggregating and presenting performance information
- providing **comparative performance information**, and
- ensuring **consistency** of reporting.

The Treasury is providing more detailed guidance on applying the standard

The Treasury will provide detailed guidance documents in 2021/22 for departments and Crown entities on applying the standard to their reporting under the Public Finance Act or Crown Entities Act. The Treasury will release guidance to match the cycle of agency accountability processes and products, as outlined below. It will be on the Treasury's website at [Reporting: Performance \(https://www.treasury.govt.nz\)](https://www.treasury.govt.nz):

- Estimates planned for release in November 2021
- Strategic Intentions, and on Statements of Performance Expectations in December 2021, and
- Annual reports in the first quarter of 2022.

Key requirements of the standard and where to find further information

The standard establishes requirements for the reporting of service performance information so that it meets the needs of users from an accountability and decision-making perspective. The standard provides high-level principles to recognise that service performance reporting continues to evolve, and that flexibility enables entities to report performance in the most appropriate and meaningful way.

The standard is on the XRB website¹ as well as an XRB explanatory guide.² The guide is an easy read and gives a good overview of the standard, even though it was written to assist smaller not-for-profit entities preparing service performance information for the first time. The accounting firm BDO has also published a handy one-page summary.³ A summary of the key principles in the standard is provided in the table below.

Figure 1: Service Performance Information reporting requirements



Table 1: Summary of key principles

Summary of Key Principles
An entity must present service performance information that is useful for accountability and decision-making purposes in the same report as the financial statements.
An entity should enable users to make assessments of the entity’s performance through the presentation of contextual information about what the entity is trying to achieve, service performance information, and financial statements.
In selecting and presenting service performance information an entity should apply the qualitative characteristics of information (relevant, faithful representation, understandability, timeliness, comparability, and verifiability) and the pervasive constraints on that information (materiality, cost-benefit and balance between the qualitative characteristics).
Application of the qualitative characteristics and appropriate balancing of the constraints should result in service performance information that is appropriate and meaningful to users.
An entity must disclose the judgements it made in selecting and presenting service performance information that had the most significant effect on the information it is providing and are relevant to a user’s understanding.
An entity must report comparative information for the preceding period. It must also report service performance information consistently and explain changes in what it reports or how it reports its service performance information.

1 <https://www.xrb.govt.nz/accounting-standards/public-sector/pbe-frs-48/>

2 <https://www.xrb.govt.nz/accounting-standards/public-sector/explanatory-guide-eg-a10/>

3 http://www.bdo.nz/BDO_NZ/media/bdo/PBE-FRS-48.pdf