



Preparing the Annual Report and other End-of-Year Performance Reporting

Guidance for Crown Entities

July 2023



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Contents

1	What's New in 2023?	1
1.1	New reporting requirements	1
1.2	Improvement guidance	2
1.3	Specific guidance for 2022/23	5
2	About This Guidance	7
	Who should read this guidance	7
	Questions and feedback	8
	Assistance	8
	Further information	8
3	Purpose of the Annual Report	9
4	Roles, Responsibilities and Timetable	10
4.1	Roles and responsibilities	10
4.2	Timetable	13
5	Scope and Coverage	16
5.1	Organisational coverage	16
5.2	Period covered	17
5.3	Reporting periods for newly established, disestablished or transferred operations	18
6	Annual Report Content – CEA Requirements	21
6.1	Structure, format and style	21
6.2	Reporting on operations and progress in relation to strategic intentions	21
6.3	Statement of performance	22
6.4	End-of-year performance information on appropriations	27
6.5	Annual financial statements	27
6.6	Audited information and the audit report	29
6.7	Directions issued by Ministers	31
6.8	Equal employment opportunities	31
6.9	Further disclosures	32
6.10	Other matters	34
6.11	Statement of responsibility	35

7	Annual Report Content – Other Requirements	36
7.1	Style and content of parliamentary papers.....	36
7.2	Publication and copyright requirements.....	36
7.3	Requirements for International standard serial numbers (ISSN)	37
7.4	Asset performance indicators	37
7.5	Carbon Neutral Government Programme reporting	37
7.6	Diversity, Equity and Inclusion	39
7.7	Māori Crown Relations capability.....	40
7.8	Māori Language Planning – Te Reo Māori Revitalisation	40
7.9	Health and safety	40
8	End-of-Year Performance Information on Appropriations.....	42
8.1	Performance information provided by Crown entities	43
9	Public Finance Act 1989 Schedule 4 Organisations.....	44
	Annex 1 – Frequently Asked Questions.....	46
	Annex 2 – Annual Report Checklist	47
	Annex 3 – Glossary and Acronyms	49
	Annex 4 – Treasury Circular 2023/09	50
	Annex 5 – Examples of PBE FRS 48 Disclosure of Judgements	54

This document supersedes the document *Preparing the Annual Report and other End-of-Year Performance Reporting: Guidance for Crown Entities* released in May 2022.

1 What's New in 2023?

The Treasury encourages Crown entities to continually improve their performance narrative to Parliament and the public in their annual reports. A good performance narrative in an annual report provides an **appropriate and meaningful** account of the Crown entities' performance.

For 2022/23 annual reports the Treasury is encouraging Crown entities to make these improvements:

- Support readers to trace information on Budget significant initiatives by identifying where in the annual report the reader can find more information. Information presented on significant initiatives should be meaningful and tell a clear story of what was delivered and what was achieved.
- Continually improve the design of their annual report document and improve how the annual report is presented on the department's website to enhance accessibility.
- Consider how the principles, in particular the qualitative characteristics, of Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48) can be applied across their annual report to provide more appropriate and meaningful information, including reporting on progress against strategic intentions.

Further guidance on these can be found below in [section 1.2](#).

1.1 New reporting requirements

1.1.1 PBE FRS 48 Service Performance Reporting

The External Reporting Board (XRB) released PBE FRS 48 in 2017. PBE FRS 48 applies to reporting periods beginning on or after 1 January 2022 and is part of generally accepted accounting practices (GAAP). PBE FRS 48 must be applied to service performance reporting in 2022/23 annual reports.

Crown entities need to become familiar with all the requirements in PBE FRS 48, alongside their other reporting requirements. PBE FRS 48 is available on the [XRB website](#) alongside their own guidance. Crown entities should discuss their approach to PBE FRS 48 with their auditors.

In June 2023 Treasury issued Circular 2023/09: *Guidance for Applying PBE FRS 48 Service Performance Reporting to Annual Reports and End-of-Year Reporting*. The Circular provides guidance to Crown entities on how to apply PBE FRS 48 in the context of the primary legislation – the Crown Entities Act 2004 (CEA). Crown entities are strongly advised to read the Circular which can be found on CFISnet, the [Treasury website](#), or in [annex 4](#).

Guidance on applying PBE FRS 48 to reporting in the statement of performance can be found in [section 6.3.1](#).

For guidance on how Crown entities may apply the principles in PBE FRS 48 to their annual report as a whole see [section 1.2.3](#).

1.1.2 Carbon Neutral Government Programme reporting

The [Carbon Neutral Government Programme](#) (CNGP) was launched in December 2020 and aims to accelerate the reduction of greenhouse gas (GHG) emissions within the public sector. It requires public sector agencies to measure, publicly report and reduce their emissions.

CNGP reporting is required for all **Crown agents** in 2022/23 (see [central government organisations](#)). In previous financial years Crown agents could choose to report under CNGP. Other Crown entities are encouraged to report under CNGP. Information to be publicly reported includes annual emissions, reduction initiatives, gross emissions reduction targets and progress over time. The reporting requirements are described in [section 7.5](#) of this guidance, and Part A of [CNGP guidance on measuring and reporting greenhouse gas emissions](#).

1.2 Improvement guidance

1.2.1 Budget significant initiatives

Crown entities are expected in their 2022/23 annual reports to identify where the reader can find more information on Budget significant initiatives from at least the previous three Budgets – Budget 2022, Budget 2021, and Budget 2020. This responds to greater interest by Parliament, the Auditor-General and the public in being able to trace announced funding. Providing links to where reporting information can be found on Budget significant initiatives supports the ability of New Zealanders to trace what difference is being made with new investment of public funds announced at Budget.

Crown entities are expected to provide the information that sets out their significant initiatives and where information on them can be found in the annual report. This could be presented in a table (example below) or other format that is appropriate for the department's stakeholders, including Parliament and the public¹. The table, or information presented in another format, should be provided in the Crown entities annual report, alongside reporting on strategic intentions and operations. This table or information should be clearly signposted in the contents page as 'Budget significant initiatives'.

The information presented in the table or other format would not form part of the performance information that is required to be audited. Wherever the information on significant initiatives is presented it should be appropriate and meaningful and in accordance with the guidance set out in this document.

¹ Appropriate meaning relevant, provides a faithful representation and is understandable.

Name of initiative	Budget year funded	Location of performance information
<p><i>Exact title given in the Estimates of Appropriations document in the 'New Policy Initiatives' and 'Current and Past Policy Initiatives' tables.</i></p> <p><i>Where the exact title may not be publicly well-known or may be a component of a wider more well-known area of work, departments might consider adding further clarity as required.</i></p>	<p><i>Budget through which funding was provided</i></p>	<p><i>Link to where information about progress of the initiative can be found in the annual report and any another publicly available resource.</i></p> <p><i>For example, the initiative might have performance information associated with it in the Estimates which will appear in the annual report's Statement of Performance; or it might form part of a wider strategy or programme of work discussed elsewhere in the annual report.</i></p> <p><i>Crown entities can also link to separate public reporting where it exists; this would be in addition to providing key information in the annual report.</i></p>

Crown entities can find their full list of initiatives in the 'new policy initiatives' table in relevant Votes in the Estimates. Crown entities will need to use their judgment about what initiatives are 'significant' to their agency and their stakeholders. Significant implies selecting the few most important initiatives. Crown entities should consider:

- What is important and meaningful to Parliament and the public?
- What is material in the context of your entity?
- What is important to your entity's priorities and strategic intentions?
- What is important to the delivery of Government priorities?
- Is it still relevant/ongoing?

The prompts above should be used to balance how many Budget initiatives to reference. Crown entities should also consider significant initiatives that received funding outside the Budget process.

Crown entities should consider providing 'Notes' to provide contextual information to support traceability, such as other commonly known names for the initiative, or indicating where:

- multiple initiatives have been funded over a series of Budget years towards the same programme
- different components of the same programme have been funded separately within the same Budget
- there has been a mixture of baseline funding and new Budget funding put towards the same programme.

If a table is used, the 'Notes' could be presented in additional columns or below the table.

If you have queries or would like any support on reporting significant initiatives in your agency's annual report, please contact performance.info@treasury.govt.nz.

1.2.2 Improving presentation and accessibility

Crown entities are encouraged to consider how they present and format their annual report to ensure the information is accessible, understandable and useable to the reader.

Crown entities should consider how their stakeholders engage with information. The OAG, Audit NZ, and the Treasury have jointly developed [good practice guidance](#) on performance reporting, based on insights and examples from recent annual reports. Further, you may find helpful the recent report published by OAG [Māori Perspectives on Public Accountability](#).

Crown entities are encouraged to use their websites to present their performance information in a more digestible and accessible way (refer to [section 4.2.4](#) for more information on accessibility standards). Further, consideration should also be given to how the annual report document can be made more navigable.

The table below provides examples from 2021/22 annual reports that demonstrate other agencies' practice. What has been identified in the table is not an exhaustive list of ideas, and Crown entities are encouraged to come up with other ways to present information in light of their key stakeholders. Note these examples do not reflect any judgements on the actual performance of these agencies, or their annual report as a whole.

Practice demonstrated	Links to examples
Use of website to present performance information. These agencies have used their website to present key achievements or sections from their annual report in a way that is easier for the reader to use.	Office of the Auditor-General Inland Revenue Ministry for Business, Innovation and Employment The Treasury Outdoor Access Commission Environmental Protection Authority
Providing forewords and summaries of annual report information for readers on their website.	Ministry for Culture and Heritage Ministry of Education Public Service Commission
Improving navigation in a PDF document. These agencies have used aids in their annual reports to support readers to navigate their way through the document.	Kāinga Ora Ministry for Primary Industries New Zealand Customs Service

Although this guidance focuses on annual reports, the Treasury also encourages Crown entities to explore additional approaches to reporting their performance. Agencies presenting performance information may extend further to the use of video and social media.

1.2.3 Applying PBE FRS 48 principles to the entity annual report

Crown entities are only required to apply PBE FRS 48, as a part of GAAP, to end-of-year performance information reporting on appropriations and their statement of performance. However, Crown entities are encouraged to apply the principles of PBE FRS 48 to their annual report as a whole, to the extent that it is relevant.

PBE FRS 48 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. It provides desired qualities of information (such as relevance and reliability) and the need to apply the concept of materiality. It uses the phrase 'appropriate and meaningful' as a reminder to think about all of these things when applying PBE FRS 48.

PBE FRS 48 also sets out principles for the selection, measurement, aggregation, and presentation of this service performance information. Crown entities are encouraged to apply to their annual report as whole the qualitative characteristics of performance information and the pervasive constraints identified in the Public Benefit Entities' Conceptual Framework. The qualitative characteristics are:

- relevance
- faithful representation
- understandability
- timeliness
- comparability
- verifiability.

The pervasive constraints are:

- materiality
- cost-benefit
- balance between the qualitative characteristics.

1.3 Specific guidance for 2022/23

1.3.1 North Island weather events

Many agencies will have been impacted by North Island weather events in 2022/23 and will have to consider how this could be reflected in the content for their 2022/23 annual report.

In developing their annual reports, Crown entities will have needed to consider two broad questions:

- what is the balance between reporting business-as-usual operations and activities, and reporting on their response to North Island weather events
- what performance information is used to report on North Island weather events related work.

1.3.2 Presenting and publishing in an election year

There are no changes to the timeframes for Crown entities to send their annual reports to their Minister for presentation to the House in an election year – within 15 working days of the audit report being received (CEA, section 150(1)(b)). Ministers may be operating under the caretaker convention when annual reports are due to the Minister, following the election scheduled for 14 October 2023. Ministers will still be responsible for receiving annual reports from Crown entities. Under the caretaker convention the ‘day-to-day administration of public service agencies and other agencies in the public sector will (in general terms) continue’ (see [Cabinet Manual 6.31](#)).

Parliament may not be in session when Crown entities’ annual reports are due for presentation. The CEA factors in that the House may not be in session. Under section 150(3) the responsible Minister, if the House is not in session, must present the annual report as soon as possible after the commencement of the next session of Parliament ([Standing Order 14](#) refers).

The timeframe for Crown entities to publish their annual report does not change in an election year. Annual reports must be published no later than 10 working days after the annual report has been received by the Minister (CEA section 150(4)).

See [Parliament’s website](#) for information on the timeline for the election.

2 About This Guidance

This guidance provides advice to boards, chief executives and staff of statutory Crown entities (Crown agents, autonomous Crown entities, and independent Crown entities) and Schedule 4A organisations on preparing their annual reports² and satisfying their requirements to provide end-of-year performance information on appropriations (where required). Some sections of this guidance apply to Schedule 4 and 4A organisations as these organisations have reporting requirements prescribed in the Crown Entities Act 2004 (CEA), including providing end-of-year performance information on appropriations (where required).

This guidance sets out what is required of Crown entities in terms of content and process in accordance with the CEA with explanations of the main provisions and associated expectations.

Crown entities should also refer to:

- the Crown entity's establishing legislation, which may add to, or modify, the CEA requirements, and
- Subpart 1 of Part 5 of the Public Finance Act 1989 (PFA) for the first annual report for newly established Crown entities, the final annual report for disestablished Crown entities, and for annual reports where functions have been transferred to another entity.

This guidance should not be used as a substitute for reading the relevant legislation.

The table below provides information on which government organisation can provide help to other types of Crown entities:

Agencies not covered by this guidance	Who provides advice and outlines requirements for the annual report
Crown Research Institutes	Ministry of Business, Innovation and Employment
Other Crown entity companies	The Treasury
School Boards of Trustees	Ministry of Education
Tertiary Education Institutions	Tertiary Education Commission

Who should read this guidance

Those working on the annual report should read this material to ensure they understand the requirements and the expected standards of reporting.

Crown entity board members and senior managers of Crown entities may benefit from reading the overview to understand the purpose and overall content requirements of the annual report and note any new requirements that are highlighted in the "What's new" section.

² Throughout this guidance, references to "Crown entity" should be read as applying to "statutory Crown entities" (as defined under section 7(1)(a) of the CEA); and references to the "board" of a Crown entity should be read as also applying to the member of a corporation sole.

Questions and feedback

Answers to frequently asked questions (FAQs) can be found in annex 1 of this guidance.

General enquiries not addressed in this guidance can be directed to performance.info@treasury.govt.nz

Assistance

Crown entities should seek assistance about preparing the annual report from their monitoring department(s). Monitoring departments should consult central agencies, as necessary, before providing advice.

Further information

Links to further planning and reporting information and guidance is provided below:

Legislation

- [Crown Entities Act 2004](#) in particular Part 4, which details the legislative reporting requirements.
- Subpart 1 of Part 5 of the [Public Finance Act 1989](#) for those Crown entities that have been recently established, disestablished, have functions transferred, or for organisations named in Schedule 4 or 4A of this legislation. For reporting on what has been achieved with appropriations see sections 19A, and 19C.

Accounting guidance

- [Treasury Circulars](#) on accounting standards covering changes to accounting standards and also details on Crown reporting.
- PBE accounting standards can be found on the [XRB website](#).
- Public Sector PBE Accounting Standards compliant [model financial statements](#) are available on the Audit New Zealand website.

Auditing information

- The Auditor-General's auditing standards [AG-4 Audit of Performance Reports](#).

Parliamentary requirements

- Requirements for presenting the annual report to the House are set out in on Parliament's website [Presentation of papers to the House](#).

General reporting guidance from OAG and Treasury

- [General OAG resources](#) and guidance on performance reporting.
- [General Treasury resources](#) and guidance on performance reporting.

Guidance for documents reported against in the annual report

- The Treasury's [Statement of Intent guidance](#).
- The Treasury's [Statement of Performance Expectation guidance](#).

3 Purpose of the Annual Report

Statutory requirement: Section 151(2) of the CEA:

The annual report must provide the information that is necessary to enable an informed assessment to be made of the entity's operations and performance for that financial year, including an assessment of the entity's progress in relation to its strategic intentions as set out in the most recent statement of intent.

An annual report is one of the most important ways Crown entities are accountable to Members of Parliament and the public. The annual report is a key resource for select committees conducting annual reviews of Crown entities.

A good annual report can be a powerful way to promote better understanding and debate about, how resources and powers were used, and how to improve future performance. The reporting in the annual report should give a clear picture of the overall performance for the Crown entity. So, in addition to the financial statements, the annual report must report on progress against the strategic intentions detailed in the Statement of Intent, the Statement of Performance Expectations and any other information necessary.

4 Roles, Responsibilities and Timetable

4.1 Roles and responsibilities

Statutory requirement: Section 150(1) of the CEA:

- (1) A Crown entity must—
 - (a) as soon as practicable after the end of each financial year, prepare and report on the affairs of the Crown entity; and
 - (b) provide the report to its responsible Minister no later than 15 working days after receiving the audit report provided under section 156.

4.1.1 Responsibility of the Crown entity board

Statutory requirement: Section 151(3) of the CEA:

- (1) An annual report must be in writing, be dated, and be signed on behalf of the board by 2 members, or, in the case of a corporation sole, by the sole member.

Under section 150 of the CEA, the obligation to prepare an annual report is on the Crown entity, which in practice means the board. The expectation that boards are involved in the annual report process is reflected by the requirement that the annual report is signed and dated by two of the Crown entity's board members (or by the member of a corporation sole). This requirement can be met by having the board members sign and date a simple statement that they are pleased to present the annual report of the Crown entity, though normally the statement would also provide an overview of the Crown entity's achievements and challenges during the financial year.

Statutory requirement: Section 155(d) of the CEA:

The statement of responsibility must—...

- (d) be dated and signed on behalf of the board by 2 members, or, in the case of a corporation sole, by the sole member.

Two board members must sign the statement of responsibility, which is an explicit and detailed statement of the board's responsibility for the annual financial statements, the statement of performance (non-financial performance) and end-of-year performance information on appropriations provided by the Crown entity.

The board's collective duties

Statutory requirement: Section 50 of the CEA:

The board of a statutory entity must ensure that the statutory entity performs its functions—

- (a) efficiently and effectively; and
- (b) in a manner consistent with the spirit of service to the public; and
- (c) in collaboration with other public entities (within the meaning of that term in the Public Audit Act 2001) where practicable.

Statutory requirement: Section 51 of the CEA:

The board of a statutory entity must ensure that the entity operates in a financially responsible manner and, for this purpose, that it

- (a) prudently manages its assets and liabilities; and
- (b) endeavours to ensure –
 - i) its long term financial viability; and
 - ii) that it acts as a successful going concern.

Two of the board's collective duties are that the Crown entity's functions must be performed efficiently, effectively and consistently with the spirit of service and that the Crown entity must operate in a financially responsible manner. The annual report is one way a board can demonstrate that it is meeting these collective duties.

4.1.2 Responsibility of the Auditor-General

Statutory requirement: Section 156(2) of the CEA:

The Auditor-General must—

- (a) audit the statements referred to in subsection [156] (1)(a); and
- (b) provide an audit report on them to the Crown entity within 4 months after the end of each financial year.

The Auditor-General must audit all Crown entities. The Auditor-General appoints auditors to undertake this function on his behalf.

The auditor's role is to audit the financial statements, statement of performance of the Crown entity, including end-of-year performance information that the Crown entity is required to provide under section 19A of the PFA, and any other material they have agreed or are required to audit. The auditor, on behalf of the Auditor-General, must then provide an independent audit report by the end of October each year for inclusion in the annual report.

While the auditor is required to attest only to the audited information, the auditor has a responsibility to consider whether other information in the annual report (that they do not audit) is consistent with the audited information³. Therefore, the auditor may ask questions about other matters in the annual report.

Recently established or disestablished Crown entities or Crown entities which have had functions transferred may have slightly different requirements (refer to [section 5.3](#)).

³ In accordance with the External Reporting Board Auditing Standard [ISA \(NZ\) 720: The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements](#).

4.1.3 Responsibility of the Minister

Statutory requirement: Section 150(3) of the CEA:

A responsible Minister of a Crown entity (or another Minister, if subsection (6) applies) must present the entity's annual report to the House of Representatives within 5 working days after the responsible Minister receives the annual report or, if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.

The Crown entity's responsible Minister must present the annual report to the House. This reflects the Minister's own accountability to Parliament.

Where an annual report is being presented in a single document that contains other report(s) or set(s) of information, and another Minister is responsible for presenting the accompanying report(s) or set(s) of information then the other Minister may assume responsibility for presenting the annual report to the house.

4.1.4 Role of the monitoring department

Statutory requirement: Section 27A of the CEA:

The role of the monitor is, in relation to the monitored statutory entity,—

- (a) to assist the responsible Minister to carry out his or her role (which is described in section 27); and
- (b) to perform or exercise any or all of the following functions, duties, or powers:
 - (i) administering appropriations:
 - (ii) administering legislation:
 - (iii) tendering advice to Ministers:
 - (iv) any other functions, duties, or powers in this Act or another Act that may, or must, be performed or exercised by the monitor.

The monitoring department provides advice to the responsible Minister, as required, on key aspects of a Crown entity's performance. If requested by the Crown entity, the monitoring department may assist the Crown entity in the production of the annual report. It can be useful for the Crown entity to advise the monitoring department as soon as possible of any issues arising from the annual report and to provide the monitoring department with a near-final copy of the annual report, so that the responsible Minister can be briefed on key issues in the report before it is presented to the House.

Crown entities should seek assistance from their monitoring department, in the first instance. Monitoring departments will consult central agencies, in particular the Treasury, as required before providing advice.

4.1.5 Role of the central agencies

The Treasury's role is to provide advice on the legislative requirements set out in Part 4 of the CEA. Part 4 includes the annual report, and its companion accountability documents, the Statement of Intent and the Statement of Performance Expectations. The Treasury also provides guidance and information on accounting policies for external financial reporting through its circulars.

Te Kawa Mataaho Public Service Commission's role is to provide advice on the legislative requirements set out in Parts 1-3 of the CEA. These parts of the CEA include some areas that are required to be reported on in the annual report eg, the remuneration of board members (section 47) and where permission to act despite being interested in a matter is given to a board member (section 68). Te Kawa Mataaho Public Service Commission also have responsibilities in terms of the reporting requirements in relation to Diversity, Equity and Inclusion – see the next section on system and functional leadership.

4.1.6 Role of system or functional leads

The reporting requirements for annual reports are not only set in the CEA but can be based in obligations in other Acts or be from other mandates. Most of these other mandates relate to a system or functional lead. System or functional leads with a reporting requirement for annual reports have a role to provide guidance and advice to agencies on meeting those reporting requirements. This includes providing material for the Treasury's annual report guidance (ie, this document), but should also include other support for entities.

4.1.7 Role of the Office of the Clerk

The Office of the Clerk manages the process for presenting annual reports to the House. The requirements for printing and presenting annual reports, which covers size, number of copies and delivery requirements as outlined on Parliament's website section [Presenting papers to the House of Representatives](#). Questions on the presentation of reports should be directed to the Office of the Clerk.

4.2 Timetable

The sections below contain the legislative requirements and any other expectations about presentation of the annual report to the House, and the publication of the annual report by the Crown entity. Refer to [Presenting and publishing in an election year](#) for further advice on presentation and publishing an annual report when the House is not in session for an election.

4.2.1 Annual report provided to the Minister

Statutory requirement: Section 150(1)(b) of the CEA:

- (1) A Crown entity must—...
 - (b) provide the [annual] report to its responsible Minister no later than 15 working days after receiving the audit report under section 156.

Crown entities have 15 working days from the time the audit report is provided to finalise and print their annual report as well as provide it to their responsible Minister so that the Minister can present it to the House.

4.2.2 Annual report presented to the House

Statutory requirement: Section 150(3) of the CEA:

A responsible Minister of a Crown entity (or another Minister, if subsection (6) applies) must present the entity's annual report to the House of Representatives within 5 working days after the responsible Minister receives the annual report or, if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.

The CEA provides that annual reports may be presented to the House on any working day, whether or not the House is sitting at the time.

4.2.3 Annual report to be published

Statutory requirement: Section 150(4) of the CEA:

A Crown entity must publish its annual report as soon as practicable after it has been presented to the House of Representatives, but in any case not later than 10 working days after the report is received by the Minister, in a manner consistent with any instructions given under section 174.

Section 174 of the CEA provides for the Minister of Finance to issue instructions on minimum requirements for publications, and the ability to prescribe non-financial reporting standards. To date no instructions have been issued by the Minister of Finance.

4.2.4 Electronic and other copies

As annual reports are public documents, they are required to be published. The version of the annual report that is published by a Crown entity must be the version that is presented to the House. Staff who are most likely to respond to public enquiries should be aware of the annual report, and the expectation that the annual report is made available for the public. Crown entities also need to ensure that they have sufficient printed copies to meet expected demand (where soft copies are not appropriate).

Crown entities are encouraged to comply with [New Zealand Government Web Standards](#)⁴. [Web Accessibility Standard 1.1](#) came into effective on 1 July 2019. Meeting Web Content Accessibility Guidelines (WCAG) 2.1 at level AA is a key part of the Web Accessibility Standard. For Crown entities to meet WCAG the general requirement is that public documents required by statute (including annual reports), published in PDF or Word files, must be accompanied by an accessible alternative. PDF and Word files are not fully accessible on many platforms, including accessibility supported technologies. Crown entities are advised that html is an appropriate alternative.

The auditors will insert a disclaimer into the audit reports for reports published electronically. The current Statement of Intent, Statement of Performance Expectations and previous versions of those documents and annual reports should also be available so that a reader can see the performance story over the longer term.

⁴ Departments are required to comply under [CAB Min \(03\) 41/2B](#).

4.2.4 Combined presentation and publication timetable

The table below provides the timetable of the legislative requirements discussed in this section.

Action		Final Date	
A. Provide annual financial statements, statement of performance and end-of-year performance information that the Crown entity is required to provide to the Auditor-General [section 156(1)(a)].*		By 30 September (within 3 months of the end of the financial year – 30 June).	
B. Provide draft annual report to Auditor-General [section 156(1)(b)].		By early October.	
C. Receive audit report from the Auditor-General [section 156(2)(b)].		By 31 October.	
D. Provide annual report to responsible Minister [section 150 (1)(b)].		Within 15 working days of C.	
The House is in session		The House is not in session, having been dissolved for a general election	
Action	Final Date	Action	Final Date
E. Responsible Minister presents annual report to the House [section 150(3)].	Within 5 working days of D.	F. Crown entity publishes the annual report [section 150(4)].	Within 10 working days of D.
G. Crown entity publishes the annual report [section 150(4)].	Within 10 working days of D.	H. Responsible Minister presents annual report to the House [section 150(3)].	On second day of the meeting of the new Parliament.**

* All sections of legislation referred to in this timetable relate to the CEA.

** As soon as possible after the commencement of the next session of Parliament.
Standing Order 14 refers.

5 Scope and Coverage

5.1 Organisational coverage

The annual report focuses on the Crown entity's performance. It encompasses the whole of the Crown entity's business, including interests in other entities.

5.1.1 Single-parent subsidiaries

Statutory requirement: Section 156A of the CEA:

- (1) A Crown entity (entity A) that is a member of a Crown entity group need not comply with this subpart except as required by this section and section 156B.
- (2) Entity A must prepare a statement or report under this subpart if, at the relevant time,—
 - (a) entity A has 1 or more subsidiaries; and
 - (b) entity A is not a subsidiary of another Crown entity.
- (3) If entity A is required by this section to prepare a statement or report, this subpart—
 - (a) must be read as if it required the statement or report to include consolidated information in respect of the Crown entity group comprising entity A and its subsidiaries, rather than information in respect of entity A only; and
 - (b) otherwise applies with any necessary modifications

Section 156B of the CEA:

- (1) Despite section 156A, the Minister of Finance may, by notice in writing, require entity A or any other member of a Crown entity group (a specified entity) to prepare 1 or more statements or reports under this subpart as if it were not a member of a Crown entity group.

Group reporting by the parent entity is now the default position. The Minister of Finance does, however have the right to require, in writing, any member of a Crown entity group to report separately. Such a notice must specify which statements and/or reports the Crown entity are required to produce and for which financial years the statements and/or reports are required.

Sections 7(1)(c) and 8 of the CEA define Crown entity subsidiaries as companies incorporated under the Companies Act 1993 that are controlled by one or more Crown entities.⁵

Where a subsidiary is controlled by a single parent, for reporting purposes it forms part of that parent's "Crown entity group" (as defined in section 136(1) of the CEA). This term also includes any entity that is a subsidiary for the purpose of a financial reporting standard that applies to the Crown entity under GAAP. This captures non-company subsidiaries such as trusts and incorporated societies, as well as companies that are not Crown entity subsidiaries

⁵ As defined in sections 5-8 of the Companies Act 1993.

5.1.2 Multi-parent subsidiaries (other than those part-owned by School Board of Trustees or Tertiary Education Institutions)

Statutory requirement: Section 157(A) of the CEA:

- (1) This section applies to a multi-parent subsidiary other than a multi-parent subsidiary to which section 157 applies.
- (2) The multi-parent subsidiary need not comply with this subpart except as required under this section.
- (3) The Minister of Finance may, by notice in writing, require the multi-parent subsidiary to prepare 1 or more statements or reports (as defined in section 156A(4)).
- (4) A notice must specify—
 - (a) which statements or reports are required; and
 - (b) the financial years or other period (which may be until further notice) for which each statement or report is required.
- (5) Before issuing a notice, the Minister of Finance must—
 - (a) consider the operations and functions of the multi-parent subsidiary; and
 - (b) consult the responsible Minister for each parent Crown entity of the multi-parent subsidiary; and
 - (c) be satisfied that each statement or report is necessary or desirable to enhance public accountability of the multi-parent subsidiary.

Group reporting by each parent entity is now the default position. The Minister of Finance does, however have the right to require, in writing, any member of a Crown entity group to report separately. Such a notice must specify which statements and/or reports the Crown entity are required to produce and for which financial years the statements and/or reports are required.

5.1.3 Multi-parent subsidiaries with more than one entity group

Some multi-parent subsidiaries have parents in more than one entity group. In these cases, reporting requirements must be established by reference to the CEA and any entity-specific provisions in the parent's establishing Act(s).

5.2 Period covered

The annual report covers the operations of the Crown entity during the preceding financial year, which for most Crown entities is from 1 July to 30 June.

For Information on annual reports of newly-established Crown entities, disestablished Crown entities, and operations that have been transferred to another entity, refer to [section 5.3](#).

5.2.1 Comparative information

Crown entities in reporting against appropriations and in their statement of performance will have experience providing results for the previous financial year, along with the Budget standard or forecast standards stated in the Estimates or the Supplementary Estimates or SPE. This is now reinforced by PBE FRS 48 that requires comparative information, see paragraphs 35 to 39 for details on the requirement.

Crown entities may also wish to consider presenting their new Statement of Performance Expectations, containing forecast financial information, along with their annual report to provide more information.

5.2.2 Comparative information for reporting strategic intentions progress

Crown entities are encouraged to include comparative (trend) information from earlier years to give a fuller picture of long-term progress when reporting against progress on strategic intentions in their statement of intent.

5.3 Reporting periods for newly established, disestablished or transferred operations

There are occasions when the annual report may cover a longer or shorter period than normal, such as when a Crown entity is established or disestablished during the financial year or when operations are transferred to another entity. These are discussed below.

5.3.1 First annual report of newly-established Crown entities

Statutory requirement: Section 45I of the PFA:

- (1) The Minister may (at the Minister's discretion) exempt an entity that is established during the last 4 months of a financial year from the obligation to provide an annual report for that financial year.
- (3) An entity that is exempted under subsection (1) must, after the end of the entity's first full financial year, provide an annual report that covers the period from the date on which the entity is established until the end of the entity's first full financial year.
- (4) To avoid doubt, the annual report referred to in subsection (3) must contain the information required to be included in the entity's annual report (except that the information must be in respect of the period referred to in that subsection).
- (5) Subsections (1) to (4) also apply to an entity that, during the last 4 months of a financial year, becomes subject to the requirement to provide an annual report for presentation to the House of Representatives.

The Minister of Finance may exempt a newly established Crown entity from the requirement to provide an annual report, where the Crown entity has been established during the last four months of a financial year.

Where an exemption has been granted, the first annual report for the following year must cover the entire period of the Crown entity's operations to that date.

Where an exemption is sought, the Crown entity should contact its monitoring department in the first instance. That monitoring department should liaise with the Treasury to organise an exemption.

5.3.2 Final annual report for disestablished Crown entities

Statutory requirement: Section 45J of the PFA:

- “(1) An entity that is disestablished must provide a final report for the period—
 - “(a) commencing at the start of the financial year in which the entity is disestablished; and
 - “(b) ending on the date on which the entity is disestablished (the disestablishment date).
- “(2) The final report must be—
 - “(a) prepared as if it were an annual report; and
 - “(b) provided not later than 3 months after the disestablishment date.
- “(3) If the Minister is satisfied that it is necessary or expedient to transfer some or all of the responsibility for providing a final report to another party,—
 - “(a) the Minister may approve the transfer of that responsibility; and
 - “(b) if the Minister does so, each party with responsibility for providing the final report must sign the statement of responsibility for the report in respect of the matters in the report for which the party is responsible.

A Crown entity that is disestablished prior to the end of a financial year must still produce an annual report for the period up until the date of disestablishment.

Where the Minister of Finance has approved the transfer of some or all of the responsibility for completing a final report to another party, the party that assumes responsibility must sign the statement of responsibility.

5.3.3 Transferred operations

Statutory requirement: Section 45L of the PFA:

- (1) This section applies if—
 - (a) an entity is disestablished during the entity's financial year; and
 - (b) that entity's operations are transferred to 1 or more entities; and
 - (c) those operations are, at the time of the transfer, to be carried out on substantially the same terms by the entity to whom they are transferred.
- (2) The Minister may exempt the entity from whom operations are transferred from the requirement to include in its final report—
 - (a) a statement of service performance; and
 - (b) a full report on its operations.
- (3) The Minister may grant an exemption under subsection (2)—
 - (a) on the condition that—
 - (i) the information referred to in subsection (2)(a) and (b) is subsequently included, at the end of that financial year, in the annual report of the entity to whom the operations are transferred; and
 - (ii) the entity to whom those operations are transferred has not been exempted under section 45I; and
 - (b) only if the Minister is satisfied that the inclusion of that information in the other entity's annual report in accordance with paragraph (a)(i) does not unreasonably compromise accountability for the performance of those operations during that financial year.

The Minister of Finance may exempt a Crown entity that is being disestablished during the financial year, and whose operations are transferred to another entity, from the requirement to include a statement of performance and a full report on its operations in its final report. If an exemption is granted, the information for the period up to the point of transfer must instead be included in the annual report of the entity to which the operations were transferred.

Crown entities that wish to seek an exemption or transfer of responsibility under any of these sections are advised to contact their monitoring department in the first instance. That department should liaise with the Treasury to organise an exemption.

6 Annual Report Content – CEA Requirements

6.1 Structure, format and style

The CEA specifies the information that Crown entities must provide, but not the form in which it must be provided. The structure of the annual report is the responsibility of each Crown entity, as the document needs to reflect the nature and complexity of each entity's particular functions.

While there is no prescribed format for the annual report in the legislation, it is sensible that:

- the annual report reflects the framework of the Statement of Intent and Statement of Performance Expectations
- reportable outputs in the annual report are aligned with those in the Statement of Intent, Statement of Performance Expectations and in the Estimates of Appropriations, and
- the information is set out in a way that is clear, accessible, concise, relevant, and focused on meeting the needs of Members of Parliament and the public.

Including a glossary and/or defining specialised terms is also useful.

6.1.1 Presenting reports in the same document

Crown entities can present and publish their annual report in a single document containing any other report or information with those of other Crown entities or departments. This flexibility allows Crown entities to present readers with a more complete picture of performance where multiple entities work towards the same outcomes. It also allows annual reports to be presented in the same document as strategic intentions. When utilising this flexibility, Crown entities must ensure **that all reports are separately identifiable within the overall document**.

6.2 Reporting on operations and progress in relation to strategic intentions

The annual report must provide sufficient information to allow the reader (particularly Ministers, MPs and select committees) to make an informed assessment of the Crown entity's performance during the financial year. This expectation is explicitly reflected in the CEA.

Statutory requirement: Section 151(2) of the CEA:

The annual report must provide the information that is necessary to enable an informed assessment to be made of the entity's operations and performance for that financial year, including an assessment of the entity's progress in relation to its strategic intentions as set out in the most recent statement of intent.

The annual report must include an assessment against the relevant intentions, and performance indicators set out in the Crown entity's Statement of Intent and Statement of Performance Expectations. Where Statement of Intent strategic intentions and objectives affect future years, the Crown entity should report on progress made towards meeting those future strategic intentions and objectives.

Crown entities should ensure that non-audited information in the annual report is consistent with the audited statements and the substance of the underlying information, and show the links between financial and performance information. Auditors are required to read the information provided elsewhere in the annual report to ensure it is not inconsistent with the audited statements⁶.

6.3 Statement of performance

Statutory requirement: Section 153 of the CEA:

A statement of performance must, in relation to a Crown entity and a financial year, —

- (a) be prepared in accordance with generally accepted accounting practice; and
- (b) describe each reportable class of outputs for the financial year; and
- (c) include, for each reportable class of outputs identified in the entity's statement of performance expectations for the financial year, —
 - (i) the standards of delivery performance achieved by the entity, as compared with the forecast standards included in the entity's statement of performance expectations for the financial year; and
 - (ii) the actual revenue earned and output expenses incurred, as compared with the expected revenues and proposed output expenses included in the entity's statement of performance expectations for the financial year.

A statement of performance reports on the Crown entities performance against expectations set out in the Statement of Performance Expectations.

Reportable class of outputs, in respect of a financial year, means a class of outputs:

- that the Crown entity proposes to supply in the financial year
- that is directly funded (in whole or in part) by the Crown in accordance with an appropriation for the purpose, or by grants distributed under any Act, or by levies, fees, or charges prescribed by or under any Act, and
- that is not exempted for that financial year by the Minister of Finance under section 149F.

Where a Crown entity does not supply any reportable outputs during the financial year, they are exempt from the requirement to produce a Statement of Performance (section 151 (1A) of the CEA).

The emphasis in preparing the annual report should be on providing a coherent account of achievement. Crown entities are required to present information to make clear how their work made an impact and advanced strategic objectives.

Auditors will provide detailed feedback on the Statement of Performance in accordance with the audit standard ([AG-4 Audit of Performance Reports](#)). They audit service performance reporting and may include recommendations for improvement. The auditors will form an opinion on whether the service performance report:

- complies with GAAP, and
- fairly reflects the performance of the Crown entity for the period.

⁶ In accordance with the External Reporting Board Auditing Standard [ISA \(NZ\) 720: The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements](#).

6.3.1 Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48)

PBE FRS 48 Service Performance Reporting is a new accounting standard that forms part of GAAP. PBE FRS 48 establishes requirements for service performance information. End of year performance information reporting in the statement of performance (and on appropriations) is required to comply with GAAP and in particular PBE FRS 48. Crown entities should read this guidance alongside [PBE FRS 48](#) itself, the XRB's [Guidance for entities applying PBE FRS 48 Service Performance Reporting](#), and [Treasury circular 2023/09](#).

The table below provides guidance on specific key paragraphs in PBE FRS 48 but is not a substitute for reading the standard itself.

Paragraph	Requirement	Guidance
Contents of performance information		
7	'Apply the qualitative characteristics of information and the pervasive constraints on information identified in the Public Benefit Entities' Conceptual Framework...'	Crown entities must consider if the set of performance information presented for each output class applies the characteristics in light of the pervasive constraints.
20	'In reporting on what an entity has done during the reporting period an entity shall provide users with an appropriate and meaningful mix of performance measures and/or descriptions for the reporting period...'	<p>Crown entities through their SPE set out the details of what and how they report end of year performance information in their statement of performance, including how performance will be assessed at the end of the financial year. Crown entities will need to report against that performance information.</p> <p>Where the end of year performance information set in the SPE does not enable reporting on an appropriate and meaningful mix of measures and descriptions, a Crown entity may need to provide additional information to meet the requirement.</p> <p>Crown entities should consider if performance information used for reporting on progress against strategic intentions or their operations is directly relevant to understanding what has been achieved with an output class. Cross referencing or adding this information is appropriate where there is a clear and defined relationship with the output class. Refer to paragraph 19 of PBE FRS 48, in light of Treasury circular 2023/09.</p>

Paragraph	Requirement	Guidance
15a	'Sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this'	<p>As set out in Treasury Circular 2023/09, PBE FRS 48 applies to end of year performance reporting in the statement of performance. Entity focussed information of the type referred to in paragraph 15a of PBE FRS 48 is likely to be provided by a Crown entity elsewhere in its annual report (for example in its reporting on strategic intentions and operations) but is not required to comply with GAAP.</p> <p>When reporting on an output class Crown entities should consider whether the information provided to the reader enables them to understand why the output class exists and what it intended to achieve.</p> <p>Crown entities should consider linking the statement of performance and the rest of their annual report. For example: Is it clear which output classes contribute towards the achievement of which strategic objectives? Is there a clear narrative from the contextual part of the report through to output class reporting?</p>
15b	'Information about what the entity has done during the reporting period in working towards its broader aims and objectives'	<p>As set out above, PBE FRS 48 applies to end of year performance reporting in the statement of performance. Entity focused information of the type referred to in paragraph 15b of PBE FRS 48 is likely to be provided by a Crown entity elsewhere in its annual report (for example in its reporting on strategic intentions and operations) but is not required to comply with GAAP.</p> <p>PBE FRS 48 provides further guidance in paragraph 19 about the matters that should be considered in determining what to report to meet the requirements of paragraph 15b. The matters set out in paragraph 19, when applied in the context of end of year performance information on output classes, are likely to enable the end of year performance information to be appropriate and meaningful to readers, and assist the information to comply with PBE FRS 48.</p> <p>For reporting on output classes, the information that is provided on what has been achieved will depend on their nature, significance, and complexity. Crown entities will need to use their judgment about what to include for each output class.</p> <p>In some instances, output classes will not have broader aims and objectives that can be referenced (for example where an output is largely administrative). In other instances, there will be clear linkages between a Crown entities' aims and objectives, what the output class is intended to achieve and therefore the performance information. In these circumstances, it is likely to be appropriate for the agency to include or cross-reference information on progress against aims and objectives for output classes in the statement of performance. Where information has been cross referenced from another part of the annual report that information must comply with GAAP (including PBE FRS 48) and is required to be audited.</p>

Paragraph	Requirement	Guidance
		Crown entities should consider what information is reported where to ensure a consistent and logical narrative across all parts of the annual report. This may result in some overlaps between reporting on progress against strategic intentions and reporting on what was achieved with an output class.
36-39	Provide comparative information in respect of the preceding period, and prospective service performance information (also referred to as budget versus actual)	Crown entities will have experience providing comparative performance information.
Presentation		
29	'clearly identify the service performance information presented in accordance with this Standard'	<p>Crown entities need to identify what information, including any cross-referenced information, they are presenting under PBE FRS 48.</p> <p>Crown entities will need to agree with their auditors what service performance information is being presented in accordance with PBE FRS 48. This will be based on what is appropriate and meaningful service performance information for each output class.</p> <p>PBE FRS 48 does not specify what identification must look like in the document. Crown entities should confirm their identification approach with their auditors.</p>
32-35	Some cross-referencing to other information is permitted, but this is subject to a number of requirements	<p>PBE FRS 48 allows for cross-referencing to information both within the annual report document itself and with other material. As stated in PBE FRS 48 cross-referencing can improve understandability for the reader. Requirements for cross-referencing are specified in paragraphs 33 and 35.</p> <p>Crown entities should note that cross referenced information forms part of the complete set of information that must comply with GAAP, including PBE FRS 48, and is required to be audited.</p>

Paragraph	Requirement	Guidance
Disclosure and judgements		
43	'An entity shall correct material prior period errors, in the first service performance information authorised for issue after the discovery of the errors...'	Crown entities will need to inform readers in the subsequent annual report where <i>material</i> errors were made in previous statement of performance reporting.
44-47	'Disclose those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information'	<p>Crown entities will need to disclose the significant judgements they have made. Crown entities are advised to discuss their judgments with their auditor to identify those that are significant and must be disclosed.</p> <p>There is a balance between disclosing too much and too little information. PBE FRS 48 provides information on a meaningful approach to disclosures. PBE FRS 48 does not require a Crown entity to disclose everything, just those aspects that have the most significant effect and relevance to a reader's understanding.</p> <p>Disclosing information on the reasons for every indicator would likely be too much information to report (though collecting this information may be useful for other purposes, such as for audit).</p> <p>For examples from early adopters of PBE FRS 48 see Annex 5.</p>

6.3.2 Exemptions from the statement of performance

Statutory requirement: Section 149F of the CEA:

- (1) The Minister of Finance may exempt, for 1 or more financial years or until further notice, 1 or more classes of outputs from—
 - (a) any statement of performance expectations required under section 149C or 149D; or
 - (b) any statement of performance required under section 151(1)(b).
- (2) The Minister of Finance must not exempt a class of outputs from a statement of performance expectations or a statement of performance unless he or she is satisfied that—
 - (a) the class of outputs is not material to the statement; or
 - (b) the class of outputs will be adequately reported on to the House of Representatives by a Minister, a department, or another public entity; or
 - (c) for any other reason, the exemption does not unreasonably compromise accountability for the performance of the Crown entity.

Outputs that are exempt from the Statement of Performance Expectations need not be included in the Statement of Performance.

Financial reporting requirements remain unchanged even when an exemption is granted under section 149F.

Where a Crown entity believes that it may qualify for an exemption, it should approach its monitoring department in the first instance. The monitoring department will liaise with the Treasury as required.

6.4 End-of-year performance information on appropriations

Statutory requirement: Section 151 of the CEA:

(1B) An annual report may contain end-of-year performance information that the Crown entity is required to prepare under section 19A of the Public Finance Act 1989.

When a Crown entity is funded by an appropriation and has been identified in the Estimates as the provider of the end of year appropriation performance information in its annual report, it must transparently report the relevant information in its annual report. This means that the information in the annual report is consistent with information in the Estimates.

The auditor will form an opinion on whether this information presents fairly:

- what has been achieved with the appropriation, and
- the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.

Further guidance on reporting end-of-year performance information for appropriations can be found in [section 8](#).

6.5 Annual financial statements

6.5.1 Reporting for a Crown entity group

Unless otherwise required by the Minister of Finance, a parent entity of a Crown entity group is required to produce **consolidated financial statements only**. See section 5.1 for more information.

6.5.2 Statements required by GAAP

Statutory requirement: Section 154(3)(a) of the CEA:

(3) The financial statements must—

- (a) comply with generally accepted accounting practice;

Statutory definition: Section 136 of the CEA:

generally accepted accounting practice has the same meaning as in section 8 of the Financial Reporting Act 2013

In this Act, financial statements, group financial statements, a report, or other information complies with generally accepted accounting practice only if the report, statements, or information comply with—

- (a) applicable financial reporting standard; and
- (b) in relation to matters for which no provision is made in applicable financial standards, an authoritative notice.

The annual financial statements required under the CEA must be prepared in accordance with GAAP. NZ GAAP for Crown entities, designated as public benefit entities, requires compliance with Public Sector PBE Accounting Standards as applicable. Refer to the XRB⁷ or the Treasury's guidance⁸ for more information regarding these standards.

This typically requires the Crown entity to report:

- a statement of comprehensive revenue and expense, either:
 - in a single statement, with the surplus/deficit section presented first followed by the other comprehensive revenue and expense section, or
 - in two statements: A statement of financial performance displaying the components of surplus/deficit and then a statement of comprehensive revenue and expense beginning with surplus/deficit and then displaying components of other comprehensive revenue and expense.
- a statement of financial position
- a statement of changes in equity
- a statement of cash flows
- a reconciliation of net cash flows from operating activities to the net surplus or deficit in the statement of comprehensive revenue and expense, and
- notes, comprising a summary of significant accounting policies and other explanatory information.

When preparing financial statements, Crown entities should refer to the [model financial statements](#) prepared by Audit New Zealand.

6.5.3 Related party disclosures

The Treasury runs a central process to collect Ministers' related party transactions which may need to be disclosed under [PBE IPSAS 20: Related Party Disclosures](#). The Treasury will ask Ministers to complete a Ministerial Certificate about transactions which may have to be disclosed as related party transactions in a Crown entity's financial statements.

The Treasury will advise entities of any relevant related party transactions for the year by 31 July.

In addition to the Ministerial disclosures, entities need to identify transactions with government related entities (entities that are controlled, jointly controlled, or significantly influenced by the Crown) that are required to be disclosed in their individual annual reports.

⁷ The XRB's [website](#) provides an overview of the XRB's Accounting Standards Framework.

The [Accounting standards](#) of particular relevance include Tier 1 - for entities with public accountability or with total expenses above \$30 million.

⁸ [Transition to the New Public Benefit Entity \(PBE\) Accounting Standards for the Public Sector](#).

The Crown [accounting policies](#) are also relevant here, as they are based on PBE Tier 1 accounting standards. Chief Executives must follow these policies when they report financial information through CFISnet for consolidation purposes and the Financial Statements of the Government.

6.5.4 Financial statement comparisons

Statutory requirement: Section 154(3)(c) of the CEA:

- (3) The financial statements must—...
 - (c) include the forecast financial statements prepared at the start of the financial year, for comparison with the actual financial statements.

GAAP requires entities to include comparative information from the prior reporting period for all items in the financial statements. In addition, the CEA requires the inclusion of the forecast financial statements for the reporting period.

6.5.5 Other financial information

Statutory requirement: Section 154(3)(b) of the CEA:

- (3) The financial statements must —...
 - (b) include any other information or explanations needed to fairly reflect the financial operations and financial position.

This might include more specific disclosures eg, explanations of significant variances from forecast or a breakdown of consultant costs.

6.6 Audited information and the audit report

Statutory requirement: Section 156(1) of the CEA:

- (1) A Crown entity must forward to the Auditor-General,—
 - (a) within 3 months after the end of each financial year,—
 - (i) the Crown entity's annual financial statements and statement of performance (if applicable); and
 - (ii) any end-of-year performance information that the Crown entity is required to provide under section 19A of the Public Finance Act 1989; and
 - (iii) any other information that the Auditor-General has agreed, or is required, to audit; and
 - (b) the Crown entity's annual report in a timely manner to enable the Auditor-General to review that report before providing the audit report required under subsection (2)(b).

The Auditor-General is the Crown entity's auditor (see [section 4.1.2](#) for the role of the Auditor-General). The Auditor-General will appoint one of his auditors to act on his behalf. The Crown entity is responsible for producing its annual report and providing the relevant material to the auditor in a timely manner.

6.6.1 Audit report

Statutory requirement: Section 151(1)(e) of the CEA:

- (1) An annual report must contain...in respect of the financial year to which it relates...
- (e) the audit report in accordance with section 156.

The appointed auditor is required to provide an audit report for inclusion in the Crown entity's annual report.

The auditor forms an opinion about whether the financial statements, statement of performance, end-of-year performance information on appropriations and specified supplementary schedules comply with GAAP and presents fairly:

- the financial position of the reporting entity as at the balance date
- the financial performance and cash flows for the year ended on that date
- the standards of performance achieved as compared with the forecasts included in the Statement of Performance Expectations for the financial year
- the actual revenue and output expenses, compared with the forecast revenues and output expenses outlined in the Statement of Performance Expectations for the financial year
- the end-of-year performance information on appropriations for the year ended (if required), including:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.

The audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied
- the reasonableness of the significant accounting estimates and judgements made by the governing body
- the adequacy of disclosures in the financial statements and statement of performance, and
- the overall presentation of the financial statements and statement of performance.

6.6.2 Non-audited information

Not all the information provided in the annual report requires a formal audit opinion. However, the auditor is required to read the information provided elsewhere in the annual report to ensure it is not inconsistent with the audited statements.⁹

It is important that readers can see the links between the audited information and the other information provided on the Crown entity's operations and performance, as well as the links between financial and non-financial information in the audited statements.

⁹ In accordance with the External Reporting Board Auditing Standard [ISA \(NZ\) 720: The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements](#).

6.7 Directions issued by Ministers

Statutory requirement: Section 151(1)(f) of the CEA:

- (1) An annual report must contain ... in respect of the financial year to which it relates...
 - (f) any new direction given to the entity by a Minister in writing under any enactment during the financial year; as well as other such directions that remain current;

Any written direction issued by a Minister must be reported in the annual report.

Responsible Ministers can direct a Crown agent to give effect to, or an autonomous Crown entity to have regard to, government policy. Ministers do not have the power to direct an independent Crown entity to have regard to, or give effect to a government policy, unless the Crown entity's own establishing Act specifically provides for this (sections 103 – 105 of the CEA).

The Ministers of Finance and State Services may jointly issue whole-of-government directions, which may apply to a Crown entity or a specified group of Crown entities (section 107 of the CEA). As at May 2023, directions were in effect relating to all-of-government shared authentication services, procurement, ICT, property, the New Zealand Business Number and the Carbon Neutral Government Programme. These directions and information on them is available on [Te Kawa Mataaho's website](#).

The Carbon Neutral Government Programme (CNGP) direction was issued on 31 May 2022 and requires Crown agents to add information from their 2022/23 annual report onwards. Further information on what this direction requires is covered in the CNGP information provided in [Section 7.5](#).

6.8 Equal employment opportunities

Statutory requirement: Section 151(1)(g) of the CEA:

- (1) An annual report must contain ... in respect of the financial year to which it relates ...
 - (g) information on compliance with its obligations to be a good employer (including its equal employment opportunities programme);

Crown entities are required to be good employers (section 118 of the CEA). Crown entities must include in their annual report's information on compliance with the obligation to be a good employer including its equal opportunities programme.

The Equal Employment Opportunities Commissioner (EEO Commissioner) holds statutory responsibility under the Human Rights Act 1993 to provide advice and leadership on equal employment opportunities. The EEO Commissioner offers [guidance to Crown entities](#) to uphold their responsibilities to being a 'good employer'. Crown entities should report against the criteria developed by the EEO Commissioner.

The HRC, which the EEO Commissioner is part of, has advised that they are no longer updating the [Good Employer progress tracker](#). However, entities' past results are still available.

6.9 Further disclosures

All Crown entity spending must meet standards of probity that enable their spending to withstand Parliamentary and public scrutiny. Crown entities are also required to provide information in their annual report on payments to board and committee members, and payments to some employees, as well as information about indemnities provided or insurance cover effected.

6.9.1 Disclosure of payments in respect of members and committee members

Statutory requirement: Section 152(1)(a),(b),(d),(e),(f) and (1A) of the CEA:

- (1) The annual report must include, in respect of the Crown entity,—
 - (a) for each member, the total value of the remuneration (other than compensation or other benefits referred to in paragraph (d)) paid or payable to the member in his or her capacity as a member from the entity during that financial year; and
 - (b) for each committee member who is not a board member or an employee, the total value of the remuneration (other than compensation or other benefits referred to in paragraph (d)) paid or payable to the member in his or her capacity as a committee member from the entity during that financial year; and
 - (d) the total value of any compensation or other benefits paid or payable to persons who ceased to be members, committee members, or employees during the financial year in relation to that cessation and the number of persons to whom all or part of that total was paid or payable; and
 - (e) details of any indemnity provided by the entity during the financial year to any member, office holder, or employee; and
 - (f) details of any insurance cover effected by the entity during the financial year in respect of the liability or costs of any member, office holder, or employee.
- (1A) Despite section 156A, the annual report of a Crown entity that has 1 or more subsidiaries must include the information specified in subsection (1) in respect of each subsidiary as well as in respect of the Crown entity.

In the case of a Crown entity group, the annual report must include the disclosures above for each Crown entity in the group.

6.9.2 Disclosure of payments in respect of employees and office holders

Statutory requirement: Section 152(1)(c),(d),(e),(f) of the CEA:

- (1) The annual report must include, in respect of the Crown entity or, in the case of a Crown entity group, for each Crown entity in the group, —
 - (c) the number of employees to who, during the financial year, remuneration (other than compensation or other benefits referred to in paragraph (d) was paid or payable in their capacity as employees, the total value of which is or exceeds \$100,000 per annum, and the number of those employees in brackets of \$10,000; and
 - (d) the total value of any compensation or other benefits paid or payable to persons who ceased to be ... employees during the financial year in relation to that cessation and the number of persons to whom all or part of that total was paid or payable; and
 - (e) details of any indemnity provided by the entity during the financial year to any..., office holder or employee; and
 - (f) details of any insurance cover effected by the entity during the financial year in respect of the liability or costs of any..., office holder or employee.

The Public Services Commissioner annually discloses the remuneration of chief executives and other senior personnel in the Public Service and State sector. The disclosures include information about the remuneration of the chief executives of Crown entities and Crown entity subsidiaries where the Public Services Commissioner has an influence over a chief executive's remuneration. This reflects the requirement for the boards of Crown entities to consult the Public Services Commissioner on their chief executive's remuneration.

The publication of this information by the Public Services Commissioner does not remove the responsibility from Crown entities to publish in their own annual reports all the information required under section 152 of the CEA.

6.9.3 Disclosure of ultra vires transactions with natural persons

Statutory requirement: Section 151(1)(i) of the CEA:

- (1) An annual report must contain ... in respect of the financial year to which it relates:
 - (i) information required by section (20)3 (which relates to the enforcement of certain natural person transactions);

Statutory requirement: Section 20(3) of the CEA:

A statutory entity must report, in its annual report, each transaction that the entity has performed in the year to which the report relates that was invalid under section 19 but was enforced in reliance on this section.

Statutory requirement: Section 19(1) of the CEA:

- (1) An act of a statutory entity is invalid, unless section 20 applies, if it is—
 - (a) An act that is contrary to, or outside the authority of, an Act [of Parliament]; or
 - (b) An act that is done otherwise than for the purposes of performing its functions...

Ultra vires is a Latin phrase for *beyond the powers*. Each Crown entity must report in its annual report each transaction it has performed in the year that was invalid under section 19 (because it was outside its authority/function) but enforced under section 20 of the CEA¹⁰.

¹⁰ For a definition of a natural person transaction, refer section 24 of the CEA.

6.9.4 Permission to act despite being interested in a matter

Statutory requirement: Section 151(1)(i) of the CEA:

- (1) An annual report must contain ... in respect of the financial year to which it relates ...
 - (j) information required by section 68(6) (which relates to the permission to act despite being interested in a matter).

Statutory requirement: Section 68(6) of the CEA:

The board must disclose an interest to which a permission relates in its annual report, together with a statement of who gave the permission and any conditions or amendments to, or revocation of, the permission.

Interests if not disclosed, registered and managed properly have the potential to lead to conflicts that could undermine decisions taken by a board and the confidence held by Ministers, stakeholders and the public in the actions of the Crown entity. Therefore, a member who is interested in a matter relating to a Crown entity must not vote or take part in any discussion or decision of the board or any committee relating to that matter (section 66 of the CEA). However, the chairperson of a Crown entity, or a deputy or temporary deputy chairperson or in particular circumstances the responsible Minister, may exempt one or more board members from this requirement if it is in the public interest to do so (section 68 (1) of the CEA). Where such an exemption is given, this must be disclosed in the annual report.

6.10 Other matters

Statutory requirement: Section 151(1)(k) of the CEA:

- (1) An annual report must contain ... in respect of the financial year to which it relates...
 - (k) any matters that relate to or affect the entity's operations that the entity is otherwise required, or has undertaken, or wishes to report on in its annual report.

Crown entities are required to report on many matters outside the requirements set out in CEA. Information on reporting requirements that apply to multiple Crown entities is provided in [section 7](#) of this guidance. Note some reporting requirements will only be specific to a particular agency, for example through its own legislation, and these are not covered by this guidance.

As well as this required reporting, sometimes Crown entities make voluntary commitments to provide specific information in their annual reports. For example, some Crown entities report on a triple bottom-line basis. In addition, a Crown entity may have specific reporting obligations imposed by other legislation or government requirements. Crown entities need to comply with these when preparing their annual reports.

6.11 Statement of responsibility

Statutory requirement: Section 155 of the CEA:

The statement of responsibility must—

- (a) contain a statement of the signatories' responsibility for the preparation of the financial statements and statement of performance, and for the judgements made in them; and
- (b) contain a statement of the signatories' responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
- (c) contain a statement that, in the opinion of the signatories, the financial statements and statement of performance for the financial year fairly reflect the financial position and operations of the Crown entity; and
- (ca) **contain a statement of the signatories' responsibility for any end-of-year performance information provided by the Crown entity under section 19A of the Public Finance Act 1989, whether or not that information is included in the Crown entity's annual report; and**
- (d) be dated and signed on behalf of the board by 2 members, or, in the case of a corporation sole, by the sole member.

The Statement of Responsibility accompanies the annual financial statements and Statement of Performance. It is an explicit and detailed statement of the Board's responsibility for these other statements – both of which are audited by the Auditor-General.

The Statement of Responsibility requires the signatories to take responsibility for end-of-year performance information provided by the Crown entity, whether or not that information is included in the Crown entity's annual report.

7 Annual Report Content – Other Requirements

7.1 Style and content of parliamentary papers

Some Crown entity annual reports, once presented to the House, are treated as parliamentary papers and published under the authority of the House. **These annual reports must** conform to requirements for parliamentary papers, as specified by the Office of the Clerk. These requirements are outlined on Parliament's website section [Presenting papers to the House of Representatives](#).

The title page should include the formal name of the Crown entity and the financial year to which the annual report relates. It should also indicate that it is presented to the House of Representatives pursuant to section 150(3) of the CEA. Crown entities are advised to contact the Office of the Clerk if they are unsure whether their annual report is a parliamentary paper.

7.2 Publication and copyright requirements

As well as placing a copyright statement on the annual report agencies are **also encouraged** to insert a licence setting out the terms by which this copyright work can be re-used. Please refer to the [New Zealand Government Open Access and Licensing framework](#) (NZ GOAL) which is government guidance approved by Cabinet ([CAB Min \(10\) 24/5A](#) refers) for agencies to follow when releasing copyright works and non-copyright material for re-use by others.

NZGOAL seeks to standardise the licensing of government copyright works for re-use using Creative Commons New Zealand law licences and recommends the use of 'no-known rights' statements for non-copyright material. Creative Commons licences are freely available copyright licences that enable the sharing of copyright works for re-use in a standardised way and in forms that are human, machine and lawyer readable.

Cabinet has:

- directed all Public Service departments, the New Zealand Police, the New Zealand Defence Force, the Parliamentary Counsel Office, and the New Zealand Security Intelligence Service
- strongly encouraged other State Services agencies (other than school boards of trustees), and
- invited school boards of trustees

to:

- familiarise themselves with NZGOAL, in its current form and as may be updated from time to time, and
- take NZGOAL into account when releasing copyright material and non-copyright material to the public for re-use.

Crown entities can contact opendata@stats.govt.nz for further information.

7.3 International standard serial numbers (ISSN)

An ISSN is a worldwide identification code for serial publications. There is no requirement for annual reports to have International Standard Serial Numbers (ISSNs). If a Crown entity does not have an ISSN for its annual report, it is not required to obtain one.

If a Crown entity has an ISSN for its annual report, and wishes to continue to use this, it may do so. The ISSN for the annual report does not change between years. Where Crown entities have already been assigned an ISSN number, this should be printed on the cover in the bottom left-hand corner. Crown entities that do not have an ISSN number for their annual report but wish to do so (there are a number of benefits to having an ISSN in terms of referencing and research), may obtain a number from the National Library of New Zealand within the Department of Internal Affairs.

7.4 Asset performance indicators

Cabinet requirement: Cabinet Office Circular CO (19)6: *Investment Management and Asset Performance in the State Services*

Expectations relating to reporting on investment performance by agencies.

Paragraph 76: Agencies must report on relevant asset performance indicators in their Annual Reports.

[Cabinet Office Circular CO\(19\)6](#) requires agencies to report appropriately on asset performance in annual reports.

Consistent with recent guidance on annual reports, [investment-intensive agencies](#) must publish relevant information on asset performance indicators for critical and key assets in their annual reports. Agencies that are not classified as investment-intensive are not required to include asset performance indicators in their annual reports.

Details of this requirement and guidance on asset performance reporting is available on the [Treasury website](#).

7.5 Carbon Neutral Government Programme reporting

Cabinet direction: On 31 May 2022, [a whole of government direction](#) was issued under section 107 of the CEA. The direction requires **Crown agents** to follow Carbon Neutral Government Programme (CNGP) requirements from the **2022/23 financial year onwards** to:

- report their emissions;
- set gross emissions reduction targets for 2025 and 2030;
- develop and implement emissions reduction plans to help them reach their gross emissions reduction targets;
- report their emissions, reduction plans and progress towards their gross emissions reduction targets to the Programme Lead by 1 December each year, commencing in December 2023; and
- include specified information in their annual reports (see table in section 7.5.1 below).

All [Crown agents](#) must report under the Carbon Neutral Government Programme (CNGP) from the **2022/23** financial year onwards, which includes adding information in the 2022/23 annual report. Other Crown entities are encouraged to report under CNGP.

The CNGP was launched in December 2020 and aims to accelerate the reduction of greenhouse gas (GHG) emissions within the public sector and demonstrate government leadership and action on climate change.

The key requirements are to measure, verify and report the Crown agent's emissions annually, set gross emissions reduction targets in line with a 1.5 degree pathway, and set reduction plans to reduce the Crown agent's emissions. The intention is to offset remaining gross emissions from 2025 to achieve carbon neutrality.

More information can be found on the [CNGP website](#). Every organisation in the CNGP has a designated CNGP contact(s), who is the key contact on the information required for inclusion in the annual report.

7.5.1 CNGP reporting requirements

The CNGP requires participants to publicly report organisational-level GHG emissions in their annual report.

Table 2 of [CNGP A guide to managing your greenhouse gas emissions – measuring, reporting, target-setting and reduction planning](#) sets out the information to provide in the annual report and is noted below.

Mandatory information to provide each year in the annual report

Information required
Total annual emissions (including all mandatory and material emissions scopes/sources) for the financial year, reported as total tonnes of carbon dioxide equivalent units (tCO ₂ e)
Emissions profile broken down by emissions source/scopes (tCO ₂ e)
Restatement of historical emissions (if relevant)
Base year period and total emissions for that year (tCO ₂ e)
Full-time equivalent of staff (FTE)* in the reporting period
Total expenditure* in the reporting period
2025 and 2030 gross emissions reduction targets (%)
Progress towards 2025 and 2030 targets compared to base year (%)
Qualitative commentary on results: the agency must explain <ul style="list-style-type: none"> • their initiatives for reducing emissions and progress towards these, and • the context of their emissions inventory and progress, for example, any data gaps, emissions sources excluded and why, challenges or significant changes experienced, and plans for improvement over time.

*FTE and total expenditure information is expected to be included in other sections of the annual report so does not need to be repeated in this section.

In addition to public annual reporting, each CNGP organisation needs to submit full verified GHG emissions inventory and information to the Programme Lead (Ministry for the Environment) by 1 December each year (including the organisation's emissions reduction plan and its assurance statement or verified disclosure statement). See pages 8-10 of [CNGP: A guide to measuring and reporting greenhouse gas emissions](#).

7.5.2 CNGP standards and guidance

The annual GHG emissions inventory must be prepared using the criteria stated in the international greenhouse standards: the [Greenhouse Gas Protocol](#), ISO 14064-1:2018 or aligned sector standards.

Detailed guidance for CNGP agencies on emissions reporting and verification is available on the [CNGP website](#).

7.5.3 Verification of emissions reporting

The CNGP recommends independently verifying emissions information to be included within your organisation's annual report. See pages 21-22 of the [CNGP: A guide to measuring and reporting greenhouse gas emissions](#) for details.

Recognising this is the first year of emissions reporting for many organisations, the Programme Lead's position is that unverified emissions data is permissible, but not preferred, within 2022/23 annual reports. It is important that any unverified information is clearly described as "provisional and unverified".

When organisations submit full information to the Programme Lead by 1 December, the data must be verified (including for your base year emissions data). See pages 8-10, 14 and 21-22 of [CNGP: A guide to measuring and reporting greenhouse gas emissions](#) for details, including for where allowances are made.

For any questions about the CNGP requirements, please contact cngp@mfe.govt.nz.

7.6 Diversity, Equity and Inclusion

Expectation: The Government expects Crown entities to ensure their workplaces are diverse and inclusive, and to make progress to close gender, Māori, Pacific and ethnic pay gaps. It is expected that Crown entities report on their progress and achievements in these areas.

Crown entities may use the guidance for DEI reporting set out in the guidance for [2022/23 departmental annual reports](#), including reference to their actions under [Kia Toipoto](#).

For the Demographic Profile set out in Annex 6 of the departmental guidance, Crown entities are advised in their annual report to include:

- a total employee headcount,
- a headcount for Tier 1-3 leaders - this is employee headcount, not FTE count,
- permanent, fixed-term, and secondees out of the Crown entity in their headcounts, and exclude secondees into the Crown entity.

These headcounts, in combination with the demographic profile, contribute to mapping diversity across Crown entities' workforce and leadership.

7.7 Māori Crown Relations capability

Encouraged: Crown entities are encouraged to report on progress made towards building the Māori Crown Relations capability of their people.

The Government expects Crown entities to honour Te Tiriti o Waitangi/the Treaty of Waitangi and contribute towards strengthening the Māori Crown relationship. Building people capability in Crown entities in Māori Crown Relations will lead to improved services and outcomes for Māori.

Crown entities should refer to the guidance for Māori Crown Relations reporting set out in [the Treasury's annual report guidance for departments](#).

7.8 Māori Language Planning – Te Reo Māori Revitalisation

Encouraged: Crown entities are encouraged to report on their agency's activities that were undertaken to support the revitalisation of te reo Māori in 2022/23

[Te Ture mō Te Reo Māori 2016](#) created a partnership for the revitalisation of te reo Māori between the Crown and iwi and Māori. The legislation acknowledges that iwi and Māori are the *kaitiaki* (guardians) of te reo Māori, while recognising that the Crown is able to advance the revitalisation of the Māori language by promoting strategic objectives in wider New Zealand society. The two parties are therefore required to work in active partnership to promote the revitalisation, knowledge and use of te reo Māori, see the [Crown's Strategy for Māori Language Revitalisation 2019-2023](#).

Statutory Crown entities in the [enduring letter of expectations](#) are expected “to embody the Government's good-faith and collaborative approach to Māori Crown relationships by” (among other actions) “supporting the *Maihi Karauna* by promoting and supporting the revitalisation of te reo Māori”.

Crown entities are encouraged to report on their agency's activities that were undertaken to support the revitalisation of te reo Māori in 2022/23.

Crown entities may wish to use the guidance for Māori Language Planning set out in [the Treasury's annual report guidance for departments](#).

7.9 Health and safety

Encouraged: Crown entities should consider including in their annual reports how they manage health and safety. This may be included under Section 151(1)(k) of the CEA.

The Health and Safety at Work Act 2015 places specific accountabilities and duties on crown entity board members and chief executives as officers, and crown entities as Persons Conducting a Business or Undertaking.

In 2017, the Public Service Commissioner appointed a [functional lead for health and safety](#) to strengthen public service and sector performance.

The functional lead recommends that Crown entities consider describing:

Wellbeing, health and safety governance arrangements

- The Crown entities' health and safety governance arrangements, including how officers have met their duties.
- How workers have been engaged in health and safety.

Wellbeing and health management activities

- The Crown entities' critical risks to worker wellbeing and health and what progress has been made in the reporting year.
- Outline the vision and values with regard to [Positive Workplace Cultures?](#)
- What support do you have in place to equip leaders in leading positive work and teams?

Safety management activities

- The Crown entities' critical risks to worker health & safety and what work has been done in the reporting year.

Specific measures of performance should also be considered in areas such as

- training delivered to workers, managers and officers
- inspections and reviews undertaken
- accidents
- health monitoring
- lost time injuries
- major incidents.

Useful resources:

O'Neill, S & Wolfe, K, [Measuring and reporting on health and safety](#), Canberra, Safe Work Australia, 2017.

Reporting Performance, Guidance on including health and safety performance in annual reports. Institute of Occupational Safety and Health, 2015.

8 End-of-Year Performance Information on Appropriations

Statutory requirement: Section 19C of the PFA –

- (1) The end-of-year performance information for an appropriation must include the following:
 - (a) an assessment of **what has been achieved with the appropriation** in the financial year; and
 - (b) a comparison of the **actual expenses or capital expenditure incurred** in relation to the appropriation in the financial year with the **expenses or capital expenditure that were appropriated** or forecast to be incurred.
- (2) In the case of a multi-category appropriation, subsection (1)(a) and (b) must be read as if the references in those paragraphs to an appropriation included a reference to each category of expenses or capital expenditure within that appropriation.
- (3) The end-of-year performance information for an appropriation must be prepared in accordance with generally accepted accounting practice, to the extent that the information is of a form or nature for which provision is made in financial reporting standards that form part of generally accepted accounting practice.

The information for an appropriation must include a comparison of the **actual expenses or capital expenditure** incurred for the appropriation in the financial year with the **expenses or capital expenditure that were appropriated or forecast to be incurred**.

The “*What is Intended to be Achieved with this Appropriation*” and “*How Performance will be Assessed*” supporting information, in the Estimates or updated in the Supplementary Estimates, provide the basis for end-of-year performance reporting on what was achieved with appropriations.

The Estimates of Appropriations (or Supplementary Estimates) must contain, for each appropriation (or category of a multi-category appropriation).

- What is intended to be achieved with an appropriation.
- How performance will be assessed (not required for exempt appropriation).
- Who will report on performance for the appropriation and the document this information will be presented to the House (not required for exempt appropriations).

Reporting on appropriations must comply with GAAP, which includes PBE FRS 48. For guidance on PBE FRS 48 refer to [section 6.3.1](#).

For more information on the estimates process, refer to the [Treasury website](#).

8.1 Performance information provided by Crown entities

Where a Crown entity has been identified as the performance reporter for an appropriation, it must ensure that the information specified above is:

- prepared as soon as practicable after the end of the financial year (section 19A(2)) of the PFA
- provided to the Auditor-General no later than **30 September each year** (three months following the end of the financial year) – although it may be helpful to share drafts earlier than this.

Once an audit report in respect of the above information has been received by the Crown entity (which shall occur no later than **31 October each year**, the following must be completed within **15 working days** (section 19A(3)):

- (a) the performance reporter must, unless the performance reporter is the appropriation administrator, provide the information and the audit report to the appropriation administrator (monitoring department), and
- (b) the appropriation administrator must provide the information and the audit report to the appropriation Minister, and
- (c) the appropriation Minister must ensure that the information is presented to the House of Representatives in the document most recently specified for that purpose in the supporting information for an Appropriation Act.

Where a Crown entity is funded by an appropriation and has been identified in the Estimates as the provider of the end of year appropriation performance information in its annual report, it must report the relevant information in its annual report. When choosing a suitable way to present this information within their annual report, Crown entities should consider the needs of the reader and the need to tell a complete and meaningful performance story.

There should be a clear line of sight between the relevant appropriation in the Estimates and the actual performance reported in the Crown entity annual report. This information should be transparent and easy to find in the Crown entity annual report.

Financial and performance information in the Estimates may not be the same as in the Crown entities '*Statement of Performance Expectations*'. Section 19C of the PFA requires the Crown entity to report on the financial and performance information for the relevant appropriation in the Estimates, possibly updated in the Supplementary Estimates. This may require separate or additional disclosure of financial and performance information.

8.1.1 Reporting on Multi Category Appropriations (MCAs) by Crown entities

The department that is appropriation administrator is typically responsible for reporting performance information for MCAs. This information is reported in a department's annual report. Departmental annual reports are usually presented to the House **before** Crown entity annual reports. Where a Crown entity is providing performance information that is to be reported in a departmental annual report or presented with a departmental annual report, it is advisable to liaise with the applicable department to ensure that the appropriate timeframes are met.

From 2019/20, if resources from an MCA are used **only** by a Crown entity, then that Crown entity **must provide** the end-of-year performance information (section 15C(2)(a)(i) of the PFA). This means the Crown entity reports end-of-year performance information in their annual report. This change only affects a handful of MCAs and Crown entities.

9 Public Finance Act 1989 Schedule 4 Organisations

Schedule 4A companies are non-listed companies in which the Crown is a majority or sole shareholder. These companies are subject to the annual reporting requirements of the CEA (section 45OA of the PFA) as detailed in the first sections of this guidance.

Reporting requirements for organisations in Schedule 4 of the PFA are outlined below. This information covers only **reporting** requirements for information on other requirements, organisations should refer to Part 5 (Schedule 4 organisations) and Part 5AAA (Schedule 4A organisations) of the PFA.

Statutory requirement: Section 45M(1)(b) of the PFA:

- (1) The following provisions of the Crown Entities Act 2004, and any regulations that apply to the matters in those sections, apply to a Schedule 4 organisation as if the organisation were a Crown entity under that Act:
 - (b) Sections 154 to 156 (which relate to annual financial statements, statements of responsibility, and audit reports):

An organisation named or described in Schedule 4 must comply with sections 154 to 156 of the CEA as if the organisation were a Crown entity. These sections require the Schedule 4 organisation to:

- prepare annual financial statements (refer to section 154)
- include a statement of responsibility with the annual financial statements (refer to section 155), and
- obtain an audit report on the annual financial statements from the Auditor-General (section 156).

Statutory requirement: Section 45M(1) (d) and (f) of the PFA:

- (1) The following provisions of the Crown Entities Act 2004, and any regulations that apply... to those sections, apply to a Schedule 4 organisation as if the organisation were a Crown entity under the Crown Entities Act 2004:...
 - (d) if there is a tick in a column of the table in Schedule 4 of this Act alongside the name or description of the organisation, the section indicated in the heading of that column:
 - (f) if section 150 of the CEA...applies to the organisation under paragraph (d), sections 151 (other than subsection (1)(b), 152 and 154 to 157A of that Act (which also relate to annual reports).

Schedule 4 organisations need to read the current version of the PFA to know which of the following sections of the CEA apply to it.

If the organisation is required to prepare, present and publish an annual report (section 150 of the CEA) then it must also comply with the following:

- form and content of the annual report (other than the requirement to include a statement of performance) (refer to section 151 of the CEA)
- disclosure of payments in respect of members, committee members, and employees (refer to section 152 of the CEA)

- annual financial statements, statement of responsibility and an audit report (refer to sections 154-156 of the CEA)
- reporting by multi-parent subsidiaries (refer to section 157 of the CEA).

Schedule 4 organisations that are required to produce a statement of performance must present that statement to the House of Representatives with the annual financial statements required above.

Schedule 4 and 4A organisations **must** transparently report end-of-year performance information on appropriations if they are identified, in the Estimates or Supplementary Estimates, as a performance reporter.

Annex 1 – Frequently Asked Questions

Question	Guidance Reference
What has changed since last year?	Refer to the “What’s new” section.
How long should my annual report be?	There is no set length or page restriction. However, the annual report must provide the information necessary to enable an informed assessment of the Crown entity’s performance as compared to the Crown entity’s statement of intent, Statement of Performance Expectations and any other information necessary to enable an informed assessment of the entity’s operations and performance.
Are diagrams and graphs okay in the annual report?	Yes, where they help to illustrate a point or situation. They are also very useful for showing longer-term trends over time.
Does the annual report have to follow a particular template?	No, the document should be structured in a way that best communicates the performance story of the Crown entity. It is however sensible that the annual report align as much as possible with the preceding year’s Statement of Performance Expectations and latest Statement of Intent.
Who do I talk to if the Crown entity wants to seek any exemptions in relation to the annual report from the Minister of Finance?	In the first instance, the Crown entity should talk to your monitoring department, who in turn will liaise with the Treasury.
Can the annual report be presented in a document containing the annual reports of other Crown entities and/or departments as well as our SOI and SPE?	Yes – the annual report can now be presented in a document containing any other set of information or report provided that all individual reports and sets of information remain separately identifiable.

Annex 2 – Annual Report Checklist

Users of this checklist should not lose sight of the need for the annual report to tell the entity's performance story.

CEA Section	Information required to be included in the annual report	Index	Area covered
151, 152	Coverage of the annual report.	5.1 & 5.2	
151(2)	Information to enable an informed assessment of performance.	3 & 6.2	
151(1)(f)	Directions issued by Ministers.	6.7	
151(1)(g)	Compliance with EEO policies.	6.8	
151(1)(k)	Other matters relating to the Crown entity's performance.	6.10	
151(1)(h), 152(1)(a),(b)	Remuneration to board / committee members.	6.9.2	
151(1)(h), 152(1)(c)	Number of employees earning over \$100,000.	6.9.2	
151(1)(h), 152(1)(d)	Compensation and other benefits.	6.9.1 & 6.9.2	
151(1)(i)	Disclosure of ultra vires transactions with natural persons.	6.9.3	
151(1)(j)	Permission to act despite being interested in a matter.	6.9.4	
	Specific information to be included in the annual report covered by the Audit opinion		
151(1)(c), 154(3)(a)	Financial statements comply with GAAP.	6.5.2	
151(1)(c), 154(3)(c)	Forecast financial statements for comparison.	6.5.4	
154(3)(b)	Other financial information.	6.5.5	
151(1)(b), 153	Statement of Performance.	6.3	
19(c) (of the PFA)	End-of-year performance information in for appropriations (where required).	6.4	
	Other legislative requirements		
151(1)(d), 155	Statement of Responsibility – signed by two board members.	6.1.1	
151(1)(e), 156	Audit Report.	6.6	
151(3)	Annual report signed and dated by two board members.	6.1.1	
156(1)	Financial statements and annual report provided to the Auditor-General.	4.1.2	
150(1)	Annual report provided to the responsible Minister.	1.3.1 4.1.3	
150(3)	Annual report presented to the House.	4.2.2	
150(4)	Annual report published.	4.2.3	
150(4)	Annual report available publicly as soon as it is published.	4.2.3	

CEA Section	Information required to be included in the annual report	Index	Area covered
	Other reporting obligations		
N/A	Asset performance indicators (investment intensive agencies only).	7.4	
N/A	Carbon neutral government programme (Crown agents only).	7.5	

Annex 3 – Glossary and Acronyms

CEA	Crown Entities Act 2004 and its amendments
Monitoring department	A department or agency that provides support to a Minister in carrying out that Minister's role and responsibilities in relation to Crown entities.
PFA	Public Finance Act 1989 and its amendments
Reportable Outputs	Reportable class of outputs, in respect of a financial year, means a class of outputs— (a) that the Crown entity proposes to supply in the financial year, and (b) that is directly funded (in whole or in part) by the Crown in accordance with an appropriation for the purpose, or by grants distributed under any Act, or by levies, fees, or charges prescribed by or under any Act, and (c) that is not exempted for that financial year by the Minister of Finance under section 149F.
Schedule 4 organisation	Organisations listed or described in Schedule 4 of the Public Finance Act
SPE	Statement of Performance Expectations.

Annex 4 – Treasury Circular 2023/09

Unrestricted Distribution

Chief Executives

Directors of Finance/Chief Accountants

Other staff with responsibility for preparing annual reports under the Public Finance Act 1989 and the Crown Entities Act 2004

Contact for Enquiries: Performance Reporting team at the Treasury
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GUIDANCE FOR APPLYING PBE FRS 48 SERVICE PERFORMANCE REPORTING TO ANNUAL REPORTS AND END-OF-YEAR REPORTING

Purpose

1. Public Benefit Entity Financial Reporting Standard 48 - Service Performance Reporting ([PBE FRS 48](#)) applies for the first time this year to end of year reporting. The purpose of this circular is to clarify how to apply PBE FRS 48 considering the requirements in the Public Finance Act 1989 and Crown Entities Act 2004.
2. PBE FRS 48 applies to reporting on appropriations, and/or the statement of performance. Other performance information included in annual reports on operations or progress against strategic intentions is not required to comply with PBE FRS 48, nor required to be audited.

Applicability

3. This Circular is applicable to departments, specified agencies, Crown entities, as well as Public Finance Act schedule 4 organisations and schedule 4A companies that are required to publish annual reports. This circular collectively refers to these as agencies.

Scope of PBE FRS 48

4. In the context of agencies reporting under the Public Finance Act 1989 (PFA), or the Crown Entities Act 2004 (CEA), PBE FRS 48 only applies to reporting on appropriations (departments and Crown entities) and the statement of performance (Crown entities).
5. The Treasury advises that other performance information included in annual reports on operations or progress against strategic intentions is not required to comply with PBE FRS 48, nor required to be audited.
6. While PBE FRS 48 acknowledges legislation applicable to an entity might require performance information on only some of its activities to comply with Generally Accepted Accounting Practice (GAAP), the standard does not address how such performance information is to be provided. This is due to its focus on the reporting entity's overall service performance information.
7. This means departments and Crown entities, in reporting on appropriations or classes of outputs in accordance with PBE FRS 48, may need to interpret several paragraphs of PBE FRS 48 in the context of the legislative requirements.
8. Annex One of this circular explains the rationale of this scope guidance and provides interpretation guidance for some paragraphs of PBE FRS 48.

Meaningful reporting

9. The Treasury encourages agencies to consider the overall objectives of PBE FRS 48 when producing their annual and year-end reports. Even where PBE FRS 48 does not apply, agencies are encouraged to consider whether applying the principles or other elements of the standard would make the report more meaningful to readers.

Consultation

10. The Office of the Auditor-General has been consulted in the development of this advice.

Further guidance on PBE FRS 48

11. Further guidance for departments and Crown entities can be found on the External Reporting Board's (XRB's) website at [PBE FRS 48 » XRB](#), and in the Treasury's annual report/year-end reporting guidance on the Treasury website at [Reporting: Performance \(treasury.govt.nz\)](#).

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For Secretary to the Treasury

Annex One

Background information on legislation and PBE FRS 48

The Public Finance Act 1989 (PFA) sets out the end of year reporting requirements for departments, including specifying the content of annual reports (section 45 of the PFA), and what information must be reported on appropriations (section 19A of the PFA). It includes requirements for end of year performance reporting on appropriations, which will also apply to Crown entities where they are required to report on end of year performance.

The Crown Entities Act 2004 (CEA) sets out the end of year reporting requirements for Crown entities, including specifying the content of annual reports (section 151 of the CEA), and the statement of performance (Section 153 of the CEA).

The PFA requires end of year performance reporting on appropriations be prepared in accordance with GAAP (section 19C(3) of the PFA), which includes PBE FRS 48. Similarly, the CEA requires that the statement of performance must be prepared in accordance with GAAP (section 153(a) of the CEA).

Both the end of year performance information on appropriations and the statement of performance are audited (section 45D(2)(a) of the PFA, and section 156 of the CEA), with the exclusion of section 19B reports by Ministers which are required to comply with GAAP but not audited (section 19B(2)(a) of the PFA).

The XRB is responsible for issuing accounting standards which form part of GAAP (section 12 of the Financial Reporting Act 2013). Accounting standards issued by the XRB are secondary legislation (section 25 of the FRA).

The XRB issued PBE FRS 48 Service Performance Reporting in November 2017. PBE FRS 48 applies to Public Benefit Entities, which includes government departments and Crown entities. PBE FRS 48 applies for reporting periods starting on or after 1 January 2022. Therefore, departments and Crown entities are required to comply with PBE FRS 48 for their 2022/23 annual reports onwards.

Scope of PBE FRS 48

The scope of PBE FRS 48 is set out in paragraph 3(b):

'applies to Tier 1 and Tier 2 public sector benefit entities required by legislation to provide information in respect of service performance in accordance with 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'.

The XRB's intention for scope paragraph 3(b) is also set out in their basis for conclusions to PBE FRS 48 in BC (basis of conclusion) 17:

'Based on feedback from respondents the NZASB refined the scope requirements for public sector PBEs to more closely link the scope with legislative requirements. For example, only some legislation requires service performance information in accordance with GAAP and legislation may require service performance information on only some of an entity's activities'.

In the context of agencies reporting under the PFA or CEA PBE FRS 48 only applies to reporting on appropriations (departments and Crown entities) and the statement of performance (Crown entities).

PBE FRS 48 contemplates legislation applicable to an entity will require performance information only on some of its activities to comply with GAAP. However, it does not address how such performance information must be provided, as it focuses on the reporting agency's overall service performance information.

When reporting on appropriations or their statements of performance in accordance with PBE FRS 48 departments and Crown entities will need to interpret several paragraphs of the standard in the context of the primary legislative requirements.

The section below provides guidance on certain paragraphs in PBE FRS 48.

PBE FRS 48 paragraphs 15a and 15b

Paragraphs 15(a) and 15(b) of PBE FRS 48 requires an entity's service performance information to provide users with:

- sufficient contextual information to understand why the entity exists,
- what it intends to achieve in broad terms over the medium to long term and how it goes about this; and
- information about what the entity has done during the reporting period in working towards its broader aims and objectives.

In addition, PBE FRS 48 paragraphs 16 to 19 provide guidance on the application of paragraph 15 which entirely focuses on the 'whole' reporting entity.

The Treasury advises other performance information included in annual reports on operations or progress against strategic intentions (sections 45(2)(a) and (b) of the PFA and sections 151(2)(a) and (2) of the CEA) is not required to comply with PBE FRS 48, nor required to be audited.

Although other performance information included in annual reports on operations or progress against strategic intentions is not required to comply with GAAP and be audited; these legislative reporting requirements mean readers of department and Crown entity annual reports will receive similar information to what is required by PBE FRS 48 in relation to the whole reporting entity.

In summary, the information prepared by entities that is required to comply with GAAP and be audited remains the reporting on appropriations, and/or the statement of performance, statements of expenses and capital expenditure (where appropriate) and financial statements.

Agencies are reminded that under auditing standard ISA 720 auditors review an agency's full annual report document. This is to ensure it is not materially inconsistent with audited information, or with other information discovered during the auditing process.

PBE FRS 48 paragraph 6

The PFA allows for departmental appropriation reporting to be in a document other than the entity's annual report, if that document is identified in the Estimates (section 15C(1)(d) of the PFA).

PBE FRS 48 paragraph 6 requires the presentation of service performance information in the same document as the financial statements of the entity. Paragraph 33 allows an entity to incorporate, by cross-reference, information outside the annual report when presenting service performance information. While PBE FRS 48 does not appear to have specifically considered the PFA allowing appropriation reporting outside of the entity's annual report, the cross-referencing option in PBE FRS 48 (under certain circumstances) is consistent with the PFA option on the location of departmental appropriation reporting.

In other words, agencies can report on departmental appropriations in a document outside the entity's annual report and cross-reference to this document in their entity's annual report.

Annex 5 – Examples of PBE FRS 48 Disclosure of Judgements

This section provides examples of three universities who adopted the standard and how they have approached disclosure of judgements.

University of Otago

The University of Otago early adopted the standard in 2019. For the [2022 annual report](#) they cross-referenced to a [separate methodology document](#) available on their website, describing their service performance reporting methodology and how it meets the different elements of the standard. This is allowed for in the standard (see paragraph 33). The University of Otago also included high level information on PBE FRS 48 and its requirements in 'Notes to Service Performance Reporting' on page 88.

Victoria University of Wellington

Victoria University of Wellington early adopted the standard in 2019. Their [2022 annual report](#) provides information on the standard, including a section about the adoption of the standard, a section on disclosures of judgements and a section on the link between financial and non-financial information (refer to page 12).

University of Canterbury

The University of Canterbury early adopted the standard for the first time in their [2019 annual report](#) (see page 40). For the approach taken in their [2022 annual report](#) see pages 63-64. The University of Canterbury included a basis of preparation with information on performance measure selection as well as a section on judgements, estimates and assumptions.