



Annual Reports and other End-of-Year Performance Reporting

Guidance for reporting under
the Public Finance Act 1989

July 2023

Accountability and performance management cycle



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This document supersedes the *Annual Reports and other End-of-Year Performance Reporting guidance: Guidance for reporting under the Public Finance Act 1989* released in May 2022.

1 What's New in 2023?

The Treasury encourages departments 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 department's performance.

For 2022/23 annual reports the Treasury is encouraging departments 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 practice (GAAP). PBE FRS 48 must be applied to service performance reporting in 2022/23 annual reports.

Departments 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. Departments 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 departments on how to apply PBE FRS 48 in the context of the primary legislation – the Public Finance Act 1989 (PFA). Departments are strongly advised to read the Circular which can be found on CFISnet, the [Treasury website](#), or in [annex 7](#).

Guidance on applying PBE FRS 48 to reporting on appropriations can be found in [section 8.2.1](#).

For guidance on how departments may apply the principles in PBE FRS 48 to the departmental annual report see [section 1.2.3](#).

1.2 Improvement guidance

1.2.1 Budget significant initiatives

Departments 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 funding announced. 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.

Departments 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 department 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.

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>Departments 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>

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

Departments can find their full list of initiatives in the 'new policy initiatives' table in relevant Votes in the Estimates. Departments 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. Departments should consider:

- What is important to Parliament and the public?
- What is material in the context of your department?
- What is important to the department'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. Departments should also consider significant initiatives that received funding outside the Budget process.

Departments 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 department's annual report, please contact performance.info@treasury.govt.nz.

1.2.2 Improving presentation and accessibility

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

Departments 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](#).

Departments are encouraged to use their websites to present their performance information in a more digestible and accessible way (refer to [section 6.10.5](#) 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 departments 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 departments 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 departmental annual report

Departments are only required to apply PBE FRS 48, as a part of GAAP, to end-of-year performance information reporting on appropriations. However, departments 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. Departments are encouraged to apply to their departmental annual report as a 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, departments 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 annual reports in an election year

There are no changes to the timeframes for departments to provide 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 (section 43(2)(b) of the PFA). Ministers will be operating under the caretaker convention with the election scheduled for 14 October 2023. Ministers will still be responsible for receiving annual reports from departments. 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 will likely not be in session when departmental annual reports are due for presentation. The PFA factors in that the House may not be in session. Under section 44(2)(b) 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).

If the House is not in session departments must publish their annual reports within 15 working days of receiving the audit report (section 44(4)(a) of the PFA).

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

1.4 Specified agencies

The Treasury has published [guidance](#) for specified agencies (interdepartmental executive boards, interdepartmental ventures, and departmental agencies). The guidance provides a brief overview of annual reporting requirements and notes key points of difference that apply to specified agencies. More detailed guidance for specified agencies' annual reports is provided in [Annex 5](#).

If you have queries about specified agencies and their obligations under the PFA contact boardsandventures@treasury.govt.nz.

1.5 Future reporting requirements

1.5.1 Treaty settlement commitments

In December 2022, Cabinet agreed to the He Korowai Whakamana framework for achieving oversight of Treaty settlement commitments and a consistent approach for addressing and resolving settlement issues.

Public Service departments and departmental agencies, the New Zealand Defence Force and New Zealand Police must report on the status of their Treaty settlement commitments in their annual reports from financial year 2023/24 onward. Reporting in 2022/23 is encouraged but not required.

The purpose of this reporting requirement is to enhance Crown accountability around Treaty settlement commitments, and give iwi visibility and assurance that their settlement commitments have been upheld.

Further information on the Treaty settlement commitments reporting requirement can be found in [section 7.6](#). Te Arawhiti is developing further guidance, including a template, for departments to use in their 2023/24 annual reports.

2 About This Guidance

This guidance sets out what is expected and/or required of departments, Offices of Parliament, and Specified Agencies in preparing their annual reports and other end-of-year performance reporting in accordance with the Public Finance Act 1989 (PFA) and with other legislative or administrative requirements and expectations.

For simplicity, the guidance often refers only to “departments”. In most of the guidance, this should be read as including Offices of Parliament and specified agencies unless different requirements are explicitly identified. The key differences for Intelligence and Security departments and Offices of Parliament are outlined in [Annex 4](#), and the key differences for specified agencies in [Annex 5](#).

The Crown Entities Act 2004 establishes separate but similar reporting requirements for statutory Crown entities. Annual report guidance for statutory Crown entities can be found on the [Treasury website](#).

Intended audience

This guidance should be read by those involved in preparing a departmental annual report or reporting on what has been achieved with the appropriations administered by a department.

Chief executives and senior leadership teams may benefit from reading the [What’s new in 2023?](#) section to understand new requirements.

Questions and feedback

You should use this guidance as your first point of call for questions on departmental annual reporting.

General enquiries about the information contained in this guidance can be directed to performance.info@treasury.govt.nz

Agency-specific questions should be addressed to your Treasury Vote team.

Further information

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

Legislation

- [Public Finance Act 1989](#), in particular Part 4, which details the legislative requirements for annual reports. For reporting on what has been achieved with appropriations see sections 19A, 19B and 19C.

Accounting requirements and guidance

- [Treasury Instructions](#) – generally specify what chief executives of the departments of the Crown must do. The link is to the front page not the instructions themselves as the Treasury Instructions are updated regularly.
- [Treasury Circulars](#) – provide guidance and instructional information to departments, Crown entities and State-owned enterprises and request financial information from those agencies. The Treasury year end circular including guidance on updated accounting standards may be a useful resource when preparing your annual report (for example Treasury Circular 2023/07 for the 2022/23 financial year).
- 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 the 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 [Strategic Intentions guidance](#).
- The Treasury's [Estimates and Supplementary Estimates guidance](#).

3 Purpose of Annual Reports and Other End-of-Year Performance Reporting

End-of-year performance reporting consists of two main elements:

- Annual reports for departments or specified agencies – The purpose of these documents is to enable an informed assessment to be made of the department's performance during the financial year, including how well the department is managing the resources it controls.
- End-of-Year Performance Information on Appropriations – The purpose of end-of-year performance information on appropriations is to identify what was achieved with each appropriation compared to what the appropriation was intended to achieve, as communicated to Parliament in the Estimates or Supplementary Estimates.

3.1 About departmental annual reports

A department's annual report is one of the most important ways the department is accountable to members of Parliament and the public they represent. It is a key resource for the department's responsible Minister, appropriation Ministers and for the annual review of the performance and current operations of each department conducted by select committees under the Standing Orders of the House of Representatives (the House).

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. It can create greater public trust and confidence in the work of the department and show alignment with Government priorities.

An annual report covers the department's operations, progress against its strategic intentions and its organisational health and capability. It also contains statements of expenses and capital expenditure, annual financial statements, end-of-year performance information on appropriations, and any other matters.

3.2 About end-of-year performance information on appropriations

End-of-year performance information on appropriations allows comparison between what was intended to be achieved with each appropriation with what was actually achieved.

The table below summarises who reports on appropriations and the document that contains the end-of-year performance information on appropriations. The reporting can be done in an annual report or another type of document. [Section 8](#) provides details on these requirements.

Appropriation Type	Reporter and Document
Departmental appropriations (including Departmental Capital Expenditure)	The appropriation administrator in their annual report (if specified in the Estimates)
Non-Departmental appropriations	The appropriation Minister either: <ul style="list-style-type: none"> • in a report attached to the appropriation administrator's annual report, or • in a separate Vote xx Non-Departmental annual report, or • a Crown entity or other service provider in their annual report as long as it is presented in the House
Multi Category Appropriations (MCAs) at the appropriation level and for each category	One of the following: <ul style="list-style-type: none"> • by a Crown entity, a Schedule 4 organisation (but not including a Reserves Board (as described in Schedule 4)), or a Schedule 4A company if the resources from that appropriation are used by that entity, organisation, or company only, or • by a department if the resources from that appropriation are used by that department only, or • by the appropriation administrator, in any other case

4 Roles, Responsibilities and Timelines

4.1 Roles and Responsibilities

4.1.1 The role of the Minister

The department's responsible Minister² must present a department's annual report to the House of Representatives no later than 15 working days after the audit report is provided. If Parliament is not in session, then the Minister must present as soon as possible after the commencement of the next session of Parliament.

Where the reporter on what has been achieved with an appropriation is other than a Minister, the appropriation Minister must ensure that the report on what has been achieved with an appropriation and the audit report (if applicable) are presented to the House in the document most recently specified for that purpose in the Estimates or Supplementary Estimates.

Where an appropriation Minister is the reporter on what has been achieved with an appropriation, that Minister must ensure that the report on what has been achieved with that appropriation is presented to the House within 4 months after the end of the financial year in the document most recently specified for that purpose in the Estimates or Supplementary Estimates.

4.1.2 The roles and responsibilities of the Chief Executive

The chief executive is responsible for ensuring their department has complied with the reporting requirements in the PFA and other Acts.

The responsibility for the annual report lies solely with the Chief Executive of the entity. The chief executive signs a statement of responsibility detailing their responsibility for:

- the financial statements, forecast financial statements, statements of expenses and capital expenditure and the judgements used
- the accuracy of the end-of-year performance information on appropriations that has been prepared by their department
- ensuring that the end-of-year performance information on appropriations administered by their department is provided (this includes information in Crown entity annual reports)
- having in place a system of internal control for ensuring the integrity and reliability of the reporting, and
- the information fairly reflects the financial performance of the department.

² Or another Minister where the information is being presented in a document containing other reports or information.

4.1.3 The role of the Chief Financial Officer

The Chief Financial Officer is responsible for providing the Chief Executive with the assurance needed to sign the statement of responsibility. The Chief Financial Officer is no longer required to counter-sign the statement of responsibility.

4.1.4 The role of the auditor

The auditor provides an independent opinion about whether the financial statements, statement of expenses and capital expenditure and end-of-year performance information on appropriations present a fair reflection of the agency's performance. The auditor also considers other information in the annual report for reasonableness and consistency with the audited information (ie, financial statements, statement of expenses and capital expenditure and end-of-year performance information on appropriations). The auditor may also highlight in the audit opinion significant legislative breaches related to the annual report's content.

4.1.5 The role of the Treasury

The Treasury administers the PFA and is responsible for issuing annual reporting guidance. The Treasury does not have a formal role in commenting on the annual report or end-of-year performance information on appropriations before they are published. Departments may still consult their vote team if they wish.

4.1.6 The role of system or functional leads

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

4.2 Key timeline considerations

Departments should consider the following when planning for year end reporting:

- 1 **Information ready on time:** Ensure that all end-of-year performance information on appropriations to be reported within or attached to the department's annual report will be ready to be audited (if applicable), presented and published within the timeframes applicable to the department's annual report. This may require liaising with Crown entities, their auditors and any other information providers to ensure that all parties are aware of the deadlines and able to meet them.
- 2 **Departmental Chief Executives able to sign the statement of responsibility:** Ensure that departmental chief executives have the assurance they need at the time of signing the annual report, to attest to the fact that all end-of-year performance information for all appropriations they administer (regardless of where the information will be reported) will be provided in accordance with what has been indicated in the Estimates or Supplementary Estimates.

If a Crown entity is identified in the Estimates or Supplementary Estimates as the end-of-year performance reporter for an appropriation, then the appropriation administrator after the financial year will confirm that the Crown entity will provide performance information in accordance with sections 19A to 19C of the PFA in their annual report.

- 3 **Consultation with auditors:** Departments may need to work with their auditors to ensure that the end-of-year performance information for appropriations provided can be audited and it is clear to the reader that the information has been audited.
- 4 **Ministers' reports:** Where a department plans to attach a Minister's report on a non-departmental appropriation to their annual report, they need to ensure that:
 - a It is clear that the Minister's report is a separate report to the annual report – ie, it is not a section or an appendix to the annual report but is merely **attached** to the annual report for the purposes of presenting the document to the House. The annual report and the Minister's report need separate shoulder numbers.
 - b It is clear that the performance information contained in the Minister's report has not been audited.

4.3 Timeline for the annual report

This table outlines the key dates that departments and Ministers need to meet.

Action/event	Deadline date
End of financial year	30 June
Departments provide to the Auditor-General annual financial statements, end-of-year performance information on appropriations, and anything else to be audited	Within two months of the end of the financial year (last date 31 August)
Departments provide a copy of their annual report to the Auditor-General	In a timely manner to enable the Auditor-General to review the report prior to providing the audit report within 3 months after the end of the financial year
Audit provide audit report to departments	Within three months of the end of the financial year (last date 30 September)
Responsible Minister presents annual report to the House of Representatives	Within 15 working days of audit report being provided. If Parliament is not in session, as soon as possible after the commencement of the next session of Parliament
Departments publish annual report	As soon as practicable after presentation to the House. If Parliament is not in session, no later than 15 working days after receiving the audit report

4.4 Timeline for end-of-year performance information on appropriations

The Estimates or Supplementary Estimates set out, for each appropriation, where end-of-year performance information will be reported and who will report.

In general, (and this is discussed in more detail below), the timeframe for the completion, audit (where applicable), publication and presentation of end-of-year performance information on appropriations will be either that for a department's annual report or that for a Crown entity's annual report, depending on **who** is doing the reporting and **where** the information is being reported.

Departmental Chief Executives are responsible for ensuring that that **all** end-of-year performance information on appropriations their department administers is provided in accordance with sections 19A to 19C of the PFA **regardless of who is responsible for preparing it and the document it is being presented in**. As the deadlines for the provision of information by Crown entities and Ministers falls **after** the date at which the departmental chief executive signs the statement of responsibility, chief executives will need to ensure they receive the assurance that they need prior to signing the statement of responsibility.

Performance Reporter	Deadline for presentation to the House	Deadline for publication
Department/ Specified Agency	Not later than 15 working days after the audit report in respect of the information has been received (section 19(A)(3)). If Parliament is not in session, the information must be presented as soon as practicable once Parliament commences (section 19(A)(4)).	As soon as practicable after presentation to the House. If Parliament is not in session within 15 working days of the audit report (section 19A(5)).
Crown entity	Not later than 15 working days after the audit report in respect of the information has been received (section 19(A)(3)). If Parliament is not in session, the information must be presented as soon as practicable once Parliament commences (section 19(A)(4)).	As soon as practicable after presentation to the House. If Parliament is not in session within 15 working days of the audit report (section 19A(5)).
Appropriation Minister	Within four months after end of the financial year (section 19(B)(2)). If Parliament is not in session, the information must be presented as soon as practicable once Parliament commences (section 19(B)(3)).	As soon as practicable after presentation to the House. If Parliament is not in session within four months of the end of the financial year (section 19B(4)).

5 Scope of the Annual Report

5.1 Organisational coverage

The annual report for a department must include the activities of any bodies, statutory offices, advisory committees and anything else covered by the definition of “department” in section 33 of the PFA, whether or not they are directly accountable to the chief executive.

5.1.2 Departmental reports in relation to specified agencies

Note that departments are **not required** to include an assessment of any applicable specified agencies’ operations in their annual report as specified agencies are required to report on their own operations, organisational health and progress against its host agency’s strategic intentions (as relevant to the Specified Agency). A Specified Agency’s activities are consolidated into the results of the host department in the annual financial statements and statements of expenses and capital expenditure.

The Treasury has published on its [website](#) PFA guidance for specified agencies. [Annex 5](#) sets out the annual reporting requirements for specified agencies.

5.1.3 Crown entities and other separate legal agencies

Crown entities (and other separate legal entities) have their own annual reporting obligations. In general, a department's annual report should not duplicate the information reported to Parliament by the Crown entities or other separate legal entities for which the department has monitoring responsibilities. There may be exceptions to this, such as in the case of an MCA used primarily by a Crown entity, but where the appropriation administrator is required to report the performance information.

5.1.4 Contribution to wider objectives and strategies

Nonetheless, as part of explaining a department's functions, objectives, strategies, and operational performance, it can be particularly useful to include information in the annual report about the relevant Ministerial portfolio, cluster, sector, and the nature of the department’s relationships with other entities contributing to the same objectives.

Where a department supports its Minister by monitoring the performance of a Crown entity or entities, or funding arrangements with NGOs or other bodies, the department’s monitoring activities should be covered in the annual report.

5.2 Period covered

The annual report covers the operations of the department during the preceding financial year from 1 July to 30 June. Departments are required to include forecast financial statements, for the year immediately after the year the annual report relates to (sections 45(3) and 45BA of the PFA).

There are occasions when the annual report may cover a longer or shorter period, such as when a new department is established within 4 months before the end of a financial year, or when a department is disestablished during a financial year. The reporting obligations and options for departments that have been created or disestablished during the financial year are discussed further in [Annex 3](#).

5.2.1 Comparative information for appropriation reporting

Departments in reporting against appropriations will have experience providing results for the previous financial year along with the Budget standard stated in the Estimates or the Supplementary Estimates. This is now reinforced by PBE FRS 48 that requires comparative information, see paragraphs 36 to 39 for details on the requirement.

5.2.2 Comparative information for reporting strategic intentions progress

Departments 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.

6 Annual Report Content – PFA Requirements

6.1 Structure, format and style

The PFA specifies the information that departments must provide in their annual report, but not the form in which it must be provided. The structure of the annual report is the responsibility of each department, as the document needs to reflect the nature and complexity of each department's particular functions. Department in 2022/23 are encouraged to consider how they can improve the presentation and accessibility of their annual report. See ['Improving presentation and accessibility'](#) in 'What's new in 2023?'.

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 Strategic Intentions, 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

Departments can present and publish their annual report in a single document containing any other report or information with those of other departments or Crown entities. This flexibility allows departments 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, departments must ensure that all reports are separately identifiable within the overall document.

6.2 General content of a departmental annual report

Statutory requirement: Section 45 of the PFA

- (1) The annual report of a department must provide the information that is necessary to enable an informed assessment to be made of the department's performance during the financial year, including how well the department is managing the resources it controls.
- (2) The annual report of a department must contain the following information in respect of the financial year to which it relates:
 - (a) an assessment of the department's **operations** (excluding operations on which any specified agency hosted by the department is required to report under this Part); and
 - (b) an assessment of the department's progress in relation to **its strategic intentions**, and
 - (c) information about the department's management of its **organisational health and capability**; and
 - (d) **statements of expenses and capital expenditure** for the department that comply with section 45A; and
 - (e) **annual financial statements** for the department that comply with section 45B; and
 - (f) **a statement of responsibility** that complies with section 45C; and
 - (g) **any other matters** that relate to or affect the department's operations that the department is required, has undertaken, or wishes to report on in its annual report.
- (3) The annual report of a department must also contain, in respect of the financial year after the financial year to which the annual report relates, **forecast financial statements for the department** that comply with section 45BA.
- (4) The annual report of a department must identify any specified agency which the department is a host or relevant department.

Each of the areas in the box above is covered in more detail in the rest of this section.

The annual report will be more effective when readers can see the links between the content provided.

6.3 Reporting on operations, progress against strategic intentions and organisational health

The annual report of a department must include an assessment of the department's progress against its strategic intentions. This assessment must report against performance indicators included in the strategic intentions.

6.4 Statements of expenses and capital expenditure

Statutory requirement: Section 45A of the PFA

A department's annual report must include—

- (a) a statement of the budgeted and actual expenses and capital expenditure incurred against—
 - (i) each appropriation administered by the department; and
 - (ii) each category of expenses or non-departmental capital expenditure included in a multi-category appropriation administered by the department; and
- (b) for each appropriation administered by the department, details of the document in which the end-of-year performance information for the appropriation for the previous financial year (if required) is presented to the House of Representatives; and
- (c) a statement of expenses and capital expenditure incurred without appropriation or other authority, or in excess of an existing appropriation or other authority, in relation to the activities of, or appropriations administered by, the department, together with an explanation of the reasons for the unappropriated expenses and capital expenditure; and
- (d) a statement of the amount of any capital injection authorised, under an Appropriation Act, to be made to the department compared with the actual amount of any capital injection made to the department; and
- (e) a statement of any capital injection made to the department without authority, or in excess of an existing authority, under an Appropriation Act, together with an explanation of the reasons for the unauthorised capital injection.

These statements are separate from a department's annual financial statements and replaced the statement of appropriations and statement of unappropriated expenditure which were part of a department's annual financial statements. The statement of budgeted and actual expenses and capital expenditure must provide, for each appropriation administered by the department, the details of the document in which the end-of-year performance information for each appropriation is found.

Where expenses in the statement differ to those reported in the statement of comprehensive revenue and expenses, a reconciliation should be provided. For example, this may arise where there is a re-measurement (a foreign exchange loss) that did not need a departmental appropriation.

The PFA requires departments to report actual expenses and capital expenditure against each individual appropriation administered by the department. This includes expenditure authorised by permanent legislative authority (PLA), such as departmental capital expenditure (authorised by section 24(1) of the PFA), and most borrowing expenses. Expenditure under PLAs should be separately disclosed. This requirement also relates to each category of a multi category appropriation.

When providing appropriation budgets for comparison, the department should include the appropriation figures from the last **Supplementary Estimates**, updated for any transfers between output expense appropriations made by Order in Council under section 26A of the PFA.

Where a Crown entity is identified as providing end-of-year performance information on an appropriation, the Crown entity and the appropriation administrator need to confirm the amount of expenditure to ensure that the amount is the same in the Crown entity annual report as the amount in the statement of expenses and capital expenditure.

6.4.1 Unappropriated expenses or capital expenditure

The statement should also identify all instances of unappropriated expenses or capital expenditure, the appropriation type, the Minister responsible for the expenditure, and the Vote to which it relates.

The explanation in the annual report should outline the nature and reason for, the unappropriated expenses or capital expenditure, including why it was not addressed in the Supplementary Estimates. It should include information about whether the unappropriated expenditure was approved under section 26B of the PFA or requires validation under section 26C and, if the latter, whether prior approval to the expenditure was obtained either under Imprest Supply or under other authority.

6.5 Annual financial statements

Annual financial statements are required for departments – the financial statements of specified agencies may be consolidated into the financial statements of the host department. The starting point is that the annual reports of specified agencies will include financial statements. The Minister of Finance may grant a waiver from the requirement to include financial statements in the specified agencies annual report.

Statutory requirement: Section 45AB of the PFA

- (1) The Minister may grant a waiver from the requirements to include the financial statements described in section 45AA(2)(e) and (3) if the Minister is satisfied that the preparation of separate financial statements by the specified agency is not justified having regard to—
 - (a) the functions and operations of the specified agency; and
 - (b) the materiality of the assets, liabilities, expenditure, and revenue of the specified agency.

6.5.1 Statements required by GAAP

Statutory requirement: Section 45B(1) of the PFA

A department's annual financial statements must be prepared in accordance with generally accepted accounting practice.

The annual financial statements required under the PFA must be prepared in accordance with generally accepted accounting practice (GAAP), which is a defined term in the PFA. This will typically require a department to report:

- a statement of comprehensive revenue and expense, either:
 - (i) in a single statement, with the surplus/deficit section presented first followed by the other comprehensive revenue and expense section, or
 - (ii) 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 taxpayers' funds
- a statement of cash flows
- a reconciliation of net cash flows from operating activities to the net surplus/(deficit) in the statement of comprehensive revenue and expense, and
- notes, comprising a summary of significant accounting policies and other explanatory information.

NZ GAAP for departments now requires compliance with Public Sector PBE Accounting Standards as applicable to each department. Refer to the XRB website³ or [Treasury's guidance](#) for more information about the standards.

Departments should refer to the Public Sector PBE Accounting Standards compliant model financial statements prepared by Audit New Zealand when preparing financial statements. The [model financial statements](#) should be used for guidance about information that should be disclosed.

6.5.2 Regulations and Treasury instructions

Statutory requirement: Section 81(1) of the PFA

The Governor-General may from time to time ... make regulations for all or any of the following purposes:

- (b) prescribing particular accounting policies and financial statement representations that Ministers, departments, Offices of Parliament, Crown entities, Schedule 4 organisations, or Schedule 4A companies must apply in their financial reporting:

and Statutory requirement: Section 80(1) of the PFA –

...Subject to the provisions of this Act and of any regulations made under this Act, the Treasury may—

- (1) issue instructions to departments for all or any of the purposes specified in section 81(1)(b) ...
- (2) A chief executive of a department must comply with any instructions issued under this section to the extent that the instructions apply to that department.

³ 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.

In addition to the statements required by GAAP, the annual report must include any other financial statements or disclosures required by any regulations made, or instructions issued, under the PFA. At 30 June 2023 no such regulations existed, but [Treasury Instructions](#) do impose some additional financial reporting obligations on departments. Treasury Instructions include principles for the development of departmental accounting policies and accounting policy parameters for external financial reporting as well as additional departmental financial statements to include:

- a statement of commitments
- a statement of contingent liabilities and contingent assets, and
- a statement of cost accounting policies.

Non-departmental activity

Treasury Instructions also require departments to disclose non-departmental activities they administer on behalf of the Crown in the form of schedules ([Treasury Instructions 2021](#), see section 6.2.1.2). Departments may have up to six separate sets of schedules for assets, liabilities, revenues, expenses, contingencies and commitments (if these are not fully disclosed in the end-of-year performance information on appropriations).

As these schedules are not financial statements for the purposes of the PFA, departments are not required to provide forecast results for the following financial year. If a department wishes to include forecast results for non-departmental activity, they need to follow the guidance set out below in [section 6.6](#).

Departments must also provide a statement of the accounting policies used in preparing the schedules. Although not required, it is good practice for departments to provide a statement of trust monies for any trusts they have been appointed to manage. Refer to Audit New Zealand's [model financial statements](#) for departments.

6.5.3 Financial statement comparisons

GAAP requires departments to include comparative figures from the prior period for all items in the financial statements.

In previous years, most departments chose to present a comparative column within the financial statements displaying the numbers submitted to the Treasury for the Supplementary Estimates exercise. This column has always been optional. When choosing whether to include an additional column, departments should consider the usefulness and relevance to the reader of the information in the additional column.

6.5.4 Related party disclosures

The Treasury runs a central process to collect Ministers' related party transactions which may be disclosed under [NZ 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 the department's financial statements.

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

In addition to Ministerial disclosures, departments 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.

6.5.5 Memorandum accounts

Mandatory (regulation): [Treasury Instructions in section \(6.3.7\)](#) state that:

Except where prior approval for alternative arrangements has been obtained from the Treasury, departments must use memorandum accounts to record the accumulated balance of surpluses and deficits incurred in the provision of third-party fully cost-recovered outputs.

Memorandum accounts must be presented in the information supporting the Estimates of Appropriations and annual reports. This disclosure should include a summary of movements in each memorandum account, opening and closing accumulated balances and comparative information.

Memorandum accounts are required in annual reports to provide information to fee-payers. They record the accumulated balance of surpluses and deficits incurred in the provision of third-party fully cost-recovered outputs to ensure transparency about the recovery of fees, and to ensure that fees are appropriate in the longer-term.

6.5.6 Other financial information

Statutory requirement: Section 45B(2)(a) of the PFA

A department's annual financial statements must include any other information or explanations needed to fairly reflect the department's financial operations and financial position.

This may include more specific disclosures like explanations of significant variances from forecast or a breakdown of consultant costs.

6.6 Forecast financial statements

Statutory requirement: Section 45BA of the PFA

- (1) A department's forecast financial statements must be prepared in accordance with generally accepted accounting practice.
- (2) In addition to what is required by generally accepted accounting practice, a department's forecast financial statements must include—
 - (a) a statement of all significant assumptions underlying the forecast financial statements; and
 - (b) any other information or explanations needed to fairly reflect the forecast financial operations and financial position of the department.

Forecast financial statements to be presented in a department's annual report should be those submitted to the Treasury for the purposes of consolidation into the Budget Economic and Fiscal Update (BEFU: exercise 684, OY1). The numbers should represent the forecast for the period, as distinct from the appropriation (upper limit) numbers. This approach reconciles the requirements of section 45BA of the PFA, which requires forecasts to be produced, with the requirements of section 45B(2)(a) of the PFA, which requires reporting against forecasts prepared at the start of the financial year.

The date the forecast financial statements are "authorised for issue" is the date the statement of responsibility to the Treasury on the forecast financial statements was signed (or a later date if any late changes were made to the final numbers used for BEFU). The "authorised for issue" date is synonymous with the date the statements were "prepared" under [PBE FRS 42](#). PBE FRS 42 requires this date to be disclosed, which is different from the date the annual financial statements themselves are authorised for issue.

Departments must include in the annual report any other information or explanations needed to fairly reflect the forecast financial operations and financial position of the department (consistent with section 45BA(2)(b) and other disclosures required by PBE FRS 42, for example, that post-BEFU accounting adjustments to the actual balances as at 30 June 2020 (eg, year-end revaluations) have not been incorporated into these forecasts. These disclosures are likely to be met through either:

- explaining significant events/changes (eg, a narrative of significant year-end adjustments/significant accounting policy changes/major changes in approved funding/major changes in planned level of activity) that have a material impact on the BEFU forecast, or
- stating there are no significant changes that have a material impact on the BEFU forecast.

Departments are encouraged to focus on the needs of readers (eg, select committees). These needs are likely to be met by high level explanations of significant impacts since BEFU, rather than providing a further set of forecasts in addition to those for BEFU.

The legislative requirement for forecast financial statements applies only to departmental financial statements (not non-departmental activity or non-financial performance reporting). If departments choose to include forecasts for non-departmental activity or non-financial performance, they should similarly consider the points above. For example, it must be clear when these forecast financial statements were authorised for issue, the basis for their preparation, that they are unaudited and any significant events/changes since BEFU that materially impact on these forecasts should be explained.

Presentation of the forecast financial statements

It is for departments to determine how to best present the forecast financial statements and supporting information in their annual report. This is subject to the following caveats:

- the presentation must not be misleading
- regardless of location, the BEFU forecast must be clearly identified as being unaudited
- if departments, choose to present their BEFU forecasts within their financial statements as an additional column they must include a footnote stating the BEFU numbers are not audited and are encouraged to include “unaudited” in the column heading.

6.7 Statement of responsibility

Statutory requirement: Section 45C of the PFA

- (1) A statement of responsibility relating to the annual report of a department must include—
 - (aaa) a statement that, in the opinion of the department’s chief executive, the annual report fairly reflects the operations, progress, and organisational health and capability of the department; and
 - (a) a statement of the responsibility of the department's chief executive for the preparation of the financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them; and
 - (b) a statement of the responsibility of the department's chief executive for having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
 - (c) a statement of the responsibility of the department's chief executive for ensuring that end-of-year performance information on each appropriation administered by the department is provided in accordance with sections 19A to 19C, whether or not that information is included in the annual report; and
 - (d) a statement of the responsibility of the department's chief executive for the accuracy of any end-of-year performance information prepared by the department (see section 19A), whether or not that information is included in the annual report; and
 - (e) a statement that, in the opinion of the department's chief executive,—
 - (i) the financial statements fairly reflect the financial position and operations of the department for the reporting period; and
 - (ii) the forecast financial statements fairly reflect the forecast financial position and operations of the department for the financial year to which the forecast financial statements relate.
- (3) The statement of responsibility must be signed and dated by the chief executive.

The statement of responsibility accompanies the annual financial statements. It is an explicit and detailed statement of the chief executive’s responsibility for information in the annual report. It also acknowledges the responsibility of the chief executive for the completeness and accuracy of performance information for appropriations administered by the department, even when that information is reported outside of the annual report.

6.8 Other matters

Statutory requirement: Section 45(2)(g) of the PFA

A department's annual report must contain ... in respect of the financial year to which it relates ... any other matters that relate to or affect the department's operations that the department is required, has undertaken, or wishes to report on in its annual report.

Departments sometimes make voluntary commitments to the government or other stakeholders to provide specific information in their annual report. Some departments, for example, are committed to reporting on a triple bottom-line basis.

In addition, a department may have further specific reporting obligations imposed by other legislation or government requirements.

6.9 Audit report and process

The Auditor-General, or his appointed auditor, is required to provide an audit report for inclusion in the department's annual report. The legislative timetable for the audit is explained in [section 4.3](#). The auditor will send a copy of their report to be included in the department's annual report.

Not all the information provided in the annual report requires an audit opinion, but the auditor will comment if the department has not met the legislative requirements⁴, or if the information provided elsewhere in the report is not consistent with the audited financial statements, statements of expenses and capital expenditure and end-of-year performance information on appropriations.⁵

6.9.1 Audit process

Statutory requirement: Section 45D of the PFA

- (1) A department must forward to the Auditor-General:
 - (a) its annual financial statements, statements of expenses and capital expenditure, and any other information that the Auditor-General has agreed, or is required, to audit within 2 months after the end of each financial year, and
 - (b) if required to forward statements or any other information under paragraph (a) its 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).
- (1A) The department or functional chief executive most recently identified in the supporting information for an Appropriation Act as providing end-of-year performance information on an appropriation for a financial year must, within 2 months after the end of that financial year, forward that information to the Auditor-General.
- (2) The Auditor-General must:
 - (a) audit the statements referred to in subsection (1)(a) and the information referred to in subsections (1)(a) and (1A), and
 - (b) provide an audit report on them to the department or functional chief executive (as the case may be) within 3 months after the end of each financial year.

⁴ In accordance with the Auditor-General's auditing standards [AG ISA \(NZ\) 250: Consideration of Laws and Regulations](#) and [AG-2: The Appropriation Audit and the Controller Function](#).

⁵ 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](#).

A department must provide the Auditor-General (or the appointed auditor) the information noted above as being subject to audit no later than 31 August each year.

The auditor must then audit those statements and information and provide an audit report on them by 30 September each year for inclusion in the annual report. The other information in the annual report provides valuable contextual information that assists the auditor in providing assurance over the information that is subject to audit.

Forecast financial statements and forecast non-financial information are not subject to audit.

The auditor forms an opinion about whether the financial statements, statements of expenses and capital expenditure, 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 reporting entity's financial performance and cash flows for the year ended on that date
- what has been achieved with the appropriations
- the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure
- assets; liabilities; commitments; and contingent liabilities and assets for non-departmental activities which are managed by the department on behalf of the Crown as at the balance date
- expenses and revenue for non-departmental activities which are managed by the department on behalf of the Crown for the year ended on that date
- the Statement of Trust monies for the year ended on that date.

The auditor also forms a view of whether the statements of expenses and capital expenditure of the department are presented fairly and in accordance with the requirements of section 45A of the PFA.

The auditor plans and performs the audit to obtain reasonable assurance that the audited information does not contain material misstatements, whether caused by fraud or error. The auditor also forms an opinion about whether the department has complied with its legislative reporting requirements.⁶

The Auditor-General has issued an audit standard (AG-4 Audit of Performance Reports) which requires the auditor to attest to whether the end-of-year performance information on appropriations:

- complies with GAAP in New Zealand, and
- fairly reflects the public entity's service performance for the year.

Ministers' reports are **not audited**. However, if a department attaches a Minister's report to its annual report or another document containing audited information, the auditor is required to review the attached material as part of their audit process.

⁶ In accordance with the Auditor-General's auditing standards [AG ISA \(NZ\) 250: Consideration of Laws and Regulations](#) and [AG-2: The Appropriation Audit and the Controller Function](#).

6.10 Content and processes for presenting and publishing

6.10.1 Publication and copyright requirements

Departments must place a copyright statement on their annual reports and are encouraged to insert a licence setting out the terms by which this copyright work can be re-used. Departments should 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.

Departments can contact opendata@stats.govt.nz for further information.

6.10.2 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 (ISSN). If a department does not have an ISSN for their annual report, they are not required to obtain one.

If a department 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 departments have already been assigned an ISSN number, this should be printed on the cover in the bottom left-hand corner. Departments 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.

6.10.3 Presenting the annual report to the House

Statutory requirement: Section 44(1)-(3) of the PFA

- (1) The responsible Minister of a department must present the annual report of the department, and any applicable audit report, to the House of Representatives –
- (2) The responsible Minister (or the Minister referred to in subsection (3)(b) if applicable) must comply with subsection (1) –
 - (a) not later than 15 working days after the audit date; or
 - (b) if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.
- (3) A Minister other than the responsible Minister may present an annual report and audit report (if any) to the House of Representatives if —
 - (a) those reports are presented in a document that includes another report or other information (see subsection (5)); and
 - (b) that other Minister is responsible for presenting that other report or information.

Responsible ministers⁷ must present the annual report in the House **no later than 15 working days** from the time the audit report is signed unless the House is not in session, as occurs for a general election. Reports may be presented to the House on any working day, whether or not the House is sitting at the time. The only time when papers cannot be presented is between 25 December in any year and 15 January in the following year (inclusive) and if the House is not in session (for example for an election). If the House is not in session Ministers are required to present annual reports as soon as possible after the start of the next session.

A department can present and publish its annual report in a document that includes any other report or information whether or not that other report or information relates to the department. This provides greater flexibility to present annual reports with other accountability documents such as the strategic intentions or other annual reports for their sector. When using this flexibility, departments must ensure that each report or set of information is **separately identifiable** – both within the document and on the cover (section 44(5) of the PFA).

Once annual reports of departments and Offices of Parliament have been presented to the House, they are treated as Parliamentary papers and ordered to be published by the House. Hence they must conform to the requirements of the Office of the Clerk for Parliamentary papers outlined in information on [Parliament's website](#). The information covers requirements such as the size, number of copies and delivery requirements for papers presented to the House.

⁷ Or another Minister where the Department is presenting their Annual Report in another document and another Minister is responsible for presenting that document (section 44(3) of the PFA).

6.10.4 Publishing the annual report

Statutory requirement: Section 44(4) of the PFA

- (4) A department must publish its annual report and any applicable report –
 - (a) as soon as practicable after the annual report has been presented to the House of Representatives, but, if subsection 2(b) applies, not later than 15 working days after the audit date; and
 - (b) in accordance with the manner (if any) –
 - (i) prescribed by regulations made under this Act; or
 - (ii) specified in instructions issued by the Minister under section 80A.

Parliament will likely not be in session when department's annual reports are due for presentation. The PFA factors in that the House may not be session. Under section 44(2)(b) 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.

Departments publish their annual reports, if the House is not in session, within 15 working days of receiving the audit report (PFA section 44(4)(a)). For more context on the presentation and publication of annual reports when the House is not in session for an election see 'presenting and publishing an annual report in an election year' in the 'what's new in 2022/23?' section.

The PFA allows the Minister of Finance to specify minimum requirements (section 80A(3) and section 81(1)(ac) of the PFA) for the publication of annual reports, but this power has not been exercised to date.

6.10.5 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 department 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. Departments also need to ensure that they have sufficient printed copies to meet expected demand (where soft copies are not appropriate).

The auditors will insert a disclaimer into the audit reports for reports published electronically. The current Strategic Intentions 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.

Cabinet requirement: Cabinet minute [CAB Min \(03\) 41/2B](#) directs in paragraph 3 that:

'All Public Service Departments, the New Zealand Police, the New Zealand Defence Force, the Parliamentary Counsel Office, and the New Zealand Security Intelligence Service to implement the guidelines as follows:

- 3.1 all new or revised content produced for existing non-Guideline compliant websites after 1 April 2004 should comply with the Guidelines as closely as possible;
- 3.2 existing websites should become compliant with Version 2.1 of the guidelines on the next occasion of a complete website redevelopment occurring before 1 January 2006;
- 3.3 all websites must comply with at least version 2.1 of the guidelines by 1 January 2006;
- 3.4 all websites must comply with subsequent versions of the Guidelines produced after 1 January 2006 subject to the revision and version control practices outlined in paragraph 6'

Departments are required to comply with [New Zealand Government Web Standards](#), following Cabinet direction. [Web Accessibility Standard 1.1](#) came into effective on 1 July 2019. As a part of the Web Accessibility Standard, departments must meet Web Content Accessibility Guidelines (WCAG) 2.1 at level AA. For departments 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. Departments are advised that html is an appropriate alternative.

7 Annual Report Content – Other Requirements

7.1 Equal employment opportunities

Statutory requirement: Section 73(1) of the Public Service Act 2020

The chief executive of a Department and a board of an interdepartmental venture must –

- (a) operate an employment policy that complies with the principle of being a good employer; and ...
- (c) ensure its compliance with that policy (including its equal employment opportunities programme) and report in its annual report on the extent of its compliance.

Under Section 74 of the Public Service Act 2020,

- (2) In this section and section 73, **equal employment opportunities programme** means a programme that is aimed at identifying and eliminating all aspects of policies, procedures, and other institutional barriers that cause or perpetuate, or tend to cause or perpetuate, inequality with respect to the employment of a person or group of persons.

Public service departments are required to report in their annual report on their compliance with their personnel policy (including their equal employment opportunities programme).

The requirements in the Public Service Act 2020 continue equivalent requirements from the State Sector Act 1988.

Departments should contact the Te Kawa Mataaho Public Service Commission if they have any questions about their EEO responsibilities.

7.2 Delegation of functions or powers under the Public Service Act 2020

Statutory requirement: Schedule 2 of the Public Service Act 2020

- (5) A chief executive may also **delegate a clearly identified function or power to a person outside the public service**, but only after—
- (a) obtaining the appropriate Minister’s prior approval; and
 - (b) being satisfied that any potential conflicts of interest will be avoided or managed...
- (8) A delegation described in subclause (5) must be noted, with a description of an assessment of how effectively the delegated function or power was performed or exercised, —
- (a) if it was made by the chief executive of a department, in the annual report of that department; or
 - (b) if it was made by the chief executive of a departmental agency, in the annual report of that departmental agency; or
 - (c) if it was made by a functional chief executive, in the annual report of the host department.

Chief executives of departments and departmental agencies, and functional chief executives can delegate functions or powers, under the Public Service Act 2020 or another Act, to a person outside the public service. Where functions or powers have been delegated, a description of the effectiveness of that delegation must be made in the appropriate annual report.

7.3 Legislative requirements on some departments

Some departments are required by legislation to include additional content in their annual report. Departments need to be aware of these reporting obligations, including in legislation they administer.

An example of an annual reporting require is found in section 101 of the Policing Act 2008 that states the annual report for the Police:

- must include an account of the performance of the Police and its operations during the period under review
- must include any information required under any other enactment, and
- may include any other matters affecting the Police or policing that the Commissioner thinks fit.

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 Māori language planning – Te Reo Māori Revitalisation

Cabinet requirement: Cabinet minute [MCR-18-MIN-0012](#) states that all departments of the public service be required to develop a te reo Māori language plan by 30 June 2021, and be required to reflect these in their accountability documents, including Annual Reports and Strategic Intentions

[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](#).

The legislation also requires that the Minister for Māori Development issue, on behalf of the Crown, a Maihi Karauna Strategy that sets out:

- the Government's objectives and policies, and related matters, relevant to the revitalisation of the Māori language
- the Government's long-term strategic direction, and the current and medium-term priorities, to support that revitalisation.

In approving the Maihi Karauna on 14 December 2018, Cabinet agreed that all departments of the public service be required to develop a te reo Māori language plan by 30 June 2021, and be required to reflect these in their accountability documents, including Annual Reports and Strategic Intentions.

Departments **should** (where possible) report on:

- specific evidence or examples of action that demonstrate progress against the goals set out in the agency's Māori language plan
- opportunities to learn te reo Māori available to staff of the agency, including the percentage of staff who have signed up to te reo training and at what levels
- (if the Department has not developed a te reo Māori language plan) language revitalisation activities the agency has undertaken in 2022/23, eg, introducing bilingual signage, including te reo Māori on the agency's website, organising events for Te Wiki o te Reo Māori.

For further guidance and help with annual reporting on Māori language planning, refer to Te Taura Whiri Te Reo Māori [website](#).

It is intended that this section of the guidance will be refreshed each year to reflect public sector progress.

7.6 Treaty settlement commitments

Cabinet requirement: Cabinet Minute [MCR-22-MIN-0023](#) states that:

Core Crown agencies to begin reporting in their annual reports on the status of their commitments from financial year **2023/24**.

7.6.1 He Korowai Whakamana framework

In December 2022, Cabinet agreed to the He Korowai Whakamana framework for achieving oversight of Treaty settlement commitments and a consistent approach for addressing and resolving settlement issues.

The He Korowai Whakamana framework:

- provides guidance and tools to support settlement delivery
- requires agencies to track the status of their commitments using Te Haeata, and report on these from financial year 2023/24 onwards
- requires Te Arawhiti to collate a system-wide report on settlement delivery, and
- establishes an issue resolution process for post-settlement governance entities and Crown agencies.

The He Korowai Whakamana Cabinet Paper is available on [Te Arawhiti's website](#).

7.6.2 Treaty settlements reporting requirement

Public Service departments and departmental agencies, the New Zealand Defence Force and New Zealand Police must report on the status of their Treaty settlement commitments in their annual reports from financial year 2023/24 onward.

Agencies are required to enter their status information on to Te Haeata and present a summary through their annual report. Agencies can determine the appropriate place for this information within their annual report.

[Te Haeata](#) an online database of Treaty of Waitangi settlement commitments, will be used to help organisations maintain oversight of their commitments. Agencies are required to enter their status information on to Te Haeata and present a summary through their annual report from 2023/24 annual reports onward. Te Arawhiti is developing further guidance, including a template, for departments to use.

Te Haeata has a progress status function and a high-level overview on the homepage dashboard, which is unique to each agency. This dashboard can be used as an easy way to visually present the overall status of an agencies' delivery of settlement commitments.

Guidance for agencies on updating the status of commitments on Te Haeata, and the dashboard, is available on [Te Arawhiti's website](#).

Te Arawhiti will report on the status of its Treaty settlement commitments in its 2022/23 annual report. Te Arawhiti is currently developing and testing a template for this. Once this template has been refined and approved, Te Arawhiti intends on developing a generic template to help guide agencies report on the status of their Treaty settlement commitments.

Te Arawhiti will also provide standard text for agencies who are not responsible for settlement commitments in financial year 2023/24.

7.7 Carbon Neutral Government Programme reporting

Cabinet requirement: Cabinet minute [CBC-21-MIN-0030](#) states:

Public service departments, departmental agencies and non-public service departments (excluding the Office of the Clerk of House of Representatives and Parliamentary Service) must:

- report their emissions;
- set gross emissions reduction targets for 2025 and 2030, in accordance with guidance to be provided by the Ministry for the Environment;
- develop and implement credible 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 (currently the Ministry for the Environment) by 1 December each year, commencing in December 2022, in accordance with guidance to be provided by the Ministry for the Environment; and
- include summarised information provided to the Ministry for the Environment in their annual reports, from the 2021/22 financial year onward.

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 and demonstrate government leadership and action on climate change.

All government departments, departmental agencies and the executive branch must report under the CNGP in their annual reports. See: [New Zealand's central government organisations](#).

The key requirements are to measure, verify and report the organisation's emissions annually, set gross emissions reduction targets in line with a 1.5 degree pathway, and set reduction plans to reduce the organisation'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.

7.7.1 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 (%)
<p>Qualitative commentary on results: the organisation must explain</p> <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](#).

7.7.2 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](#).

7.7.3 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.

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 contact cngp@mfe.govt.nz.

7.8 Māori Crown Relations capability

Expectation: Māori Crown Relations capability is expected to be covered in a stand-alone section. Section 14 of the Public Service Act 2020 (the Act) places explicit responsibilities on public service leaders to build and maintain the capability of the public service to engage with Māori and understand Māori perspectives.

Te Arawhiti is the system lead for the Māori Crown Relationship and provides guidance on the content of annual reports in relation to Māori Crown Relations. Section 14 of the Public Service Act 2020 (the Act) places explicit responsibilities on public service leaders to build and maintain the capability of the public service to engage with Māori and understand Māori perspectives.

Māori Crown Relations capability is expected to be covered in a stand-alone section. This section should include reference to the two specific programmes of work underway to support public service leaders to build their own personal Māori Crown Relations capability and that of their people:

- Whāinga Amorangi Phase One: Empowering People, and
- Māori Language Planning (see [7.5 Māori language planning](#) – Te Reo Māori Revitalisation).

Departments may also wish to highlight initiatives and commitments they have made towards building Māori Crown Relations capability outside of these two specific work programmes.

7.8.1 Whāinga Amorangi Phase One: Empowering People

In 2021 Chief Executives committed to implementing Whāinga Amorangi Phase One: Empowering People. This requires Chief Executives to build their own Māori Crown relations capability and develop a plan for their department to do the same. All plans include outcomes, aspirations, actions, measures, and timeframes for building capability.

There are two competencies that departments are required to build the capability of their people in: Te Reo Māori (reported separately through Māori Language Planning) and New Zealand history/Treaty of Waitangi literacy.

There are additional Māori Crown Relations capability areas that may be included in department's Whāinga Amorangi Plan:

- Engagement with Māori
- Understanding racial equity and institutional racism
- Worldview knowledge, and
- Tikanga/kawa.

The priority focus for reporting progress made implementing Whāinga Amorangi plans is to evaluate how departments actions and activities are building their Māori Crown Relations capability.

7.8.2 Agency progress against your Whāinga Amorangi plan

Te Arawhiti acknowledges the progress reported in last year's annual reports with implementing Whāinga Amorangi plans. For 2022/23 annual reports Te Arawhiti are recommending that departments focus on the effects on capability to date and how they are identifying and addressing capability gaps in their forward plans.

Departments should summarise how in the past year they have implemented their Whāinga Amorangi Phase One plan and identify what progress has been made towards each outcome and why. As departments grow their Māori Crown Relationship capability using Whāinga Amorangi, they should show how the implementation of their plan has contributed to their confidence and focus in leading and growing capability building to engage with Māori.

It is recommended that departments provide percentages of their people that have undertaken capability building and describe how that has improved and built capability, specifically:

- The percentage of staff that have completed a te reo Māori training; provide details about the training and staff feedback on the training.
- The percentage of staff that have completed a training course on New Zealand history and the Treaty of Waitangi. Provide details about the training and how confident their staff are in articulating their understanding of how it impacts delivery or services.
- The percentage of staff who have moved from unfamiliar to comfortable in these two competency areas, and
- The percentage of staff that have completed training to build their capability in any of the other four Māori Crown Relations competency areas and provide details about the training, and how this has built staff understanding.

The approximate amount of investment in implementing your Whāinga Amorangi plan should be provided (eg, people, finance, time, policies etc).

To see progress year on year, departments should summarise and provide data on their people's current Māori Crown relations capability level, and how this is growing.

Te Arawhiti encourages departments to profile or give specific examples of Māori Crown relations capability building activities and its effect on their people's practice (eg, case studies, feedback from service users or Māori, their staff and how it has helped them).

Te Arawhiti acknowledges that translating learning into practise takes time but encourages departments to share how their leaders have been able to role model Whāinga Amorangi in practice?

7.9 Diversity, Equity and Inclusion

Expectation: Section 75 of the Public Service Act 2020 requires "Chief executives ... to promote diversity and inclusiveness." Chief executives have committed to implementing and reporting on progress with Papa Pounamu and Kia Toipoto at their agencies.

Te Kawa Mataaho Public Service Commission provides guidance on the content of departmental annual reports in relation to diversity, equity and inclusion (DEI).

DEI should be covered as a stand-alone section, including:

- [Papa Pounamu](#)
- [Kia Toipoto](#)
- Demographic profile

The tables in [Annex 6](#) sets out the minimum reporting expectations for these three parts. They also provide suggestions for how departments can exceed the minimum expectations, recognising some agencies are further along in their DEI journey.

Departments may highlight other specific commitments the department has made such as the Accessibility Charter, the Panel Pledge, etc. Departments can also include memberships to Champions for Change, Rainbow Tick etc.

7.9.1 DEI reporting in the 2022/23 Annual Report

Te Kawa Mataaho Public Service Commission expects departments to include more information in their 2022/23 Annual Report on the impact of Papa Pounamu initiatives and support this with evidence, including data. Departments are asked to provide more information on their demographic profile including a breakdown by multiple metrics. For leadership, this will include a breakdown across leadership levels by gender and ethnicity.

7.10 Health and safety

Recommendation: Public service departments should consider including in their annual reports how they manage health and safety. This may be included under reporting on the department's management of its organisational health and capability.

The Health and Safety at Work Act 2015 places specific accountabilities and duties on public service chief executives as officers, and departments 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 departments should consider describing:

Wellbeing, health and safety governance arrangements

- The department's 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 department's 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 department's 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.

8.1 Scope and content of end-of-year performance information on appropriations

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

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 appropriations).
- Who will report on performance for the appropriation and the document this information will be presented to the House (not required for exempt appropriations).

The appropriation administrator is required to record the details of the document in which end-of-year performance information can be found in the statement of expenses and capital expenditure in their annual report (refer to [section 6.4](#) for more details).

The end-of-year performance information for an appropriation must also 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.

8.2 Performance information provided by departments or specified agencies

Where a department or Specified Agency has been identified as the performance reporter, it needs to 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), and
- provided to the auditor general no later than 31 August (section 45D(1A)) of the PFA.

Once an audit report in respect of the above information has been received by the department no later than 30 September 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
- 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 and the audit report are presented to the House of Representatives in the document most recently specified for that purpose in the supporting information for an Appropriation Act (either the Estimates or Supplementary Estimates).

Performance information provided by a department or specified agency for appropriations (both financial and non-financial) is audited and this information must be clearly identifiable to the reader.

8.2.1 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 on an appropriation is required to comply with GAAP and PBE FRS 48. Departments 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 following table provides guidance on specific key paragraphs in PBE FRS 48 but is not a substitute for reading the standard itself.

Paragraph	Requirement	Guidance
Content of performance information		
7	‘Apply the qualitative characteristics of information and the pervasive constraints on information identified in the Public Benefit Entities’ Conceptual Framework...’	Departments must consider if the set of performance information presented for each appropriation 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>Departments through the Estimates and Supplementary Estimates set out the details of what and how they will report end of year performance information for appropriations, including how performance will be assessed at the end of the financial year. Departments will need to report against that performance information.</p> <p>Where the end of year performance information set as part of the Estimates / Supplementary Estimates does not enable reporting on an appropriate mix of measures and descriptions, then a department may need to provide additional information to meet the requirement.</p> <p>Departments should consider if performance information used for reporting on progress against strategic intentions or the department’s operations is directly relevant to understanding what has been achieved with an appropriation. Cross referencing or adding this information is appropriate where there is a clear and defined relationship with the appropriation. Refer to paragraph 19 of PBE FRS 48, in light of Treasury Circular 2023/09.</p>
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 on appropriations. Entity focussed information of the type referred to in paragraph 15a of PBE FRS 48 is likely to be provided by a department 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 appropriations, departments should consider whether the information provided to the reader enables them to understand why the appropriation exists and what it intended to achieve.</p> <p>Departments should consider linking the reporting on appropriations and the rest of their annual report. For example: Is it clear which appropriations contribute towards the achievement of which strategic objectives? Is there a clear narrative from the contextual part of the report through to appropriation reporting? It is recommended that agencies include the appropriation scope and intention statements as part of the performance reporting on the appropriation to help users understand the context of the appropriation.</p>

Paragraph	Requirement	Guidance
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 on appropriations. Entity focused information of the type referred to in paragraph 15b of PBE FRS 48 is likely to be provided by a department 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 appropriations, 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 appropriations, the information that is provided on what has been achieved will depend on their nature, significance, and complexity. Departments will need to use their judgment about what to include for each appropriation.</p> <p>In some instances, appropriations will not have broader aims and objectives that can be referenced (for example where an appropriation is largely administrative). In other instances, there will be clear linkages between a department's aims and objectives, the appropriation's intention statement 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 in the performance information on the appropriation. 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> <p>Departments 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 appropriation.</p>
36-39	Provide comparative information in respect of the preceding period, and prospective service performance information (also referred to as budget versus actual)	Departments will have experience providing comparative performance information.

Paragraph	Requirement	Guidance
Presentation		
29	'An entity shall clearly identify the service performance information presented in accordance with this Standard'.	<p>Departments need to identify what information, including any cross-referenced information, they are presenting under PBE FRS 48.</p> <p>Departments 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 appropriation.</p> <p>PBE FRS 48 does not specify what identification must look like in the document. Departments should confirm their identification approach with their auditors.</p>
6	'An entity shall present service performance information that is useful for accountability and decision-making purposes in the same general purpose financial report as its financial statements...'	<p>Performance reporting on appropriations can be in another document, as allowed for by the PFA.</p> <p>Where performance information is presented elsewhere, departments should consider cross referencing, as allowed for by PBE FRS 48.</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>Departments 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>
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...'	Departments will need to inform readers in the subsequent annual report where <i>material</i> errors were made in previous appropriation reporting.
44-47	'Disclose those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information'	<p>Departments will need to disclose the significant judgements they have made. Departments 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 department 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 Annex 8.</p>

8.3 Performance information provided by ministers

Unlike performance information prepared by departments and Crown entities, Ministers' reports are **not audited**, but must comply with GAAP, including PBE FRS 48.

Where an appropriation Minister has been nominated as the performance reporter, that Minister must prepare the information required by section 19C and ensure that the information is presented to the House by 31 October each year in the document specified for this purpose in the Estimates or Supplementary Estimates (section 19B(2) of the PFA). The information must be published as soon as practicable following presentation (section 19B(3) of the PFA). Ministers' reports are presented to the House by the relevant appropriation Minister as identified in the Estimates or Supplementary Estimates.

8.3.1 Shoulder numbers

Ministers' reports are required to be separately identifiable and to have their own shoulder number.

When presenting Ministers' reports with other documents, it may be appropriate to include a covering contents page setting out the documents contained and the shoulder numbers of each document.

The Bills Office has confirmed that the correct shoulder number for Minister's reports is B.14 (Vote XX).

8.3.2 Banner

Ministers' reports are presented to the House of Representatives pursuant to section 19B of the PFA. If this is a separate report the cover of the Ministers' report should state this at the bottom of the page. If the Minister's report is attached to a department's annual report then the statement should be on the cover of the department's annual report.

Annex 1 – Annual Report Checklist

Not all the items on the checklist will be applicable for all departments. Consult the relevant section in the guidance for more details.

General content	
Statement of responsibility – signed by CEO (section 6.7)	
Audit report (section 6.9)	
An assessment of the department's operations (section 6.3)	
An assessment of a department's progress in relation to its' strategic intentions (section 6.3)	
Information about the department's management of organisational health and capability (section 6.3)	
Any other performance information (sections 6 and 7)	
Equal employment opportunities (section 7.1)	
Delegation of functions or powers under the Public Service Act (section 7.2)	
Reporting on other legislation requirements (section 7.3)	
Asset performance indicators (section 7.4)	
Māori language planning (section 7.5)	
Carbon Neutral Government Programme (section 7.7)	
Audited information	
Financial Statements required under GAAP (section 6.5)	
Statement of commitments (section 6.5.2)	
Statement of contingent liabilities and contingent assets (section 6.5.2)	
Statement of cost accounting policies (section 6.5.2)	
Non-departmental schedules (section 6.5.2)	
Actual figures from the previous year for comparison (section 6.5.3)	
Forecast financial statements for the following financial year (section 6.6)	
Statements of Expenses and Capital Expenditure (section 6.4)	
Any other information needed to reflect financial operations or fiscal position (section 6.5.6)	
Memorandum Account disclosure (section 6.5.5)	
End-of-year performance information on appropriations, where required to be included in the annual report (section 8)	
Process requirements	
Presented to Parliament within the correct timeframes (section 6.10.3)	
Published within the correct timeframes (section 6.10)	
Consistent with presentational requirements (section 6.10)	

Annex 2 – Disclosure for Appropriations

Section 45A of the PFA requires departmental annual reports to include a statement of expenses and capital expenditure incurred against each appropriation and each category of a multi-category appropriation.

Multi-category appropriations (MCA)

MCAs can be used to provide increased financial flexibility across several categories of expenses and non-departmental capital expenditure that all contribute to a single overarching purpose, while preserving transparency about what is achieved with each category of an MCA.

The following reporting on each MCA must be provided by the appropriation Administrator:

- actual expenses incurred on, and what was achieved with, the MCA as a whole
- actual expenses incurred on, and what was achieved with, each category of the MCA.

Multi-year appropriation (MYA)

Multi-year appropriations give departments flexibility to manage expenses over a number of years (up to five). Departments should report the following information:

- amount of total appropriation
- actual expenses or expenditure incurred over the period covered by the annual report
- expenses or expenditure forecast for the period covered by the annual report
- total actual expenses or expenditure incurred from the start of the MYA to the end of the period covered by the annual report, and
- the period of the MYA.

Expenses restricted by revenue

Departments are required to report actual expenses against forecast levels of expenditure. Because the amount for this appropriation type is limited by the amount of revenue earned, departments must also report the level of revenue earned for that particular output expense as part of the disclosure in the annual report.

Annex 3 – Information for New, Disestablished or Restructured Agencies

Newly established entities (section 45I of the PFA)

The Minister of Finance may exempt an entity that is established within four months of the end of the financial year from the obligation to provide an annual report for that financial year. However, if this occurs:

- if the entity administers an appropriation it must, as soon as practical after the end of the financial year provide the following as if they were an annual report
 - a statement of expenses and capital expenditure (see section 3.4)
 - an audit report on those statements
- the entity must, as soon as practicable after the end of the next financial year, provide an annual report that covers the period from the date on which it was established until the end of that next financial year.

Final annual report for disestablished entities (section 45J of the PFA)

A department that is disestablished prior to the end of a financial year must, as soon as practicable after the date on which it is disestablished, provide a final report (as if the final report were an annual report) for the period up until that date.

The Minister of Finance may approve the transfer of some or all of the responsibility for completing a final report to another party. If this occurs, the party who assumes responsibility must sign the statement of responsibility.

The report must be prepared as if it were an annual report and be provided not later than 3 months after the disestablishment date.

Transferred operations (section 45L of the PFA)

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

Departments that might wish to seek an exemption or transfer of responsibility under any of these sections are advised to contact their Treasury vote team or performance.info@treasury.govt.nz.

Annex 4 – Information for Intelligence and Security Departments and Offices of Parliament

The following describes the annual reporting requirements for Offices of Parliament and intelligence and security departments.

Offices of Parliament

Offices of Parliament are required to prepare and publish information on future operating intentions and annual reports in much the same way as departments. The modified reporting requirements applying to Offices of Parliament are set out in section 45F of the PFA, and generally reflect the fact that Offices of Parliament are primarily accountable to the House of Representatives, not the Government.

Intelligence and security departments

Intelligence and security departments (currently the NZSIS and the GCSB) are also required to prepare and present annual reports. These annual report obligations are governed by each department's enabling legislation, respectively section 4J of the NZSIS Act 1969, and section 12 of the GCSB Act 2003. They differ in a number of ways from section 45E of the PFA that provides the standard departmental annual reporting requirements. In particular, the legislation provides that:

- an annual report may not contain all the financial statements required by GAAP (if the Minister is satisfied that they still fairly reflect the department's financial operations and financial position), but otherwise conforms with the content requirements of the PFA
- performance information is not required for appropriations
- the Minister immediately forward this annual report to members of the Intelligence and Security Committee established under legislation for the purpose, and
- the Minister present a copy of the annual report to the House within 30 sitting days of receiving it, but with the Minister able to direct the removal of sensitive information prior to presentation, as well as the departments financial statements (other than total expenditure against the department's appropriation).

The legislation for both departments also requires specific annual report disclosures relating to powers exercised by the relevant department.

Annex 5 – Information for Specified Agencies

The following describes the annual reporting requirements for specified agencies. The Public Service Act 2020 created organisation forms that are collectively called Specified Agencies. The additional Specified Agencies are Interdepartmental Executive Boards, Interdepartmental Ventures and Joint Operational Agreements. Departmental agencies are also specified agencies.

The reporting requirements for a Specified Agency are broadly the same as for a department, in terms of general content and the statement of responsibility.

If you have queries or would like further advice on preparing a specified agency annual report contact performance.info@treasury.govt.nz.

General content of a specified agency annual report

Statutory requirement: Section 45AA of the PFA

- (1) The annual report of a specified agency must provide the information that is necessary to enable an informed assessment to be made of the specified agency's performance during the financial year, including how well the specified agency is managing the resources it controls.
- (2) The annual report of a specified agency must contain the following information in respect of the financial year to which it relates:
 - (a) an assessment of the specified agency's **operations**; and
 - (b) an assessment of the specified agency's progress in relation to **its strategic intentions**, or if the specified agency is not required to provide information on its own strategic intentions under section 38, in relation to, -
 - (i) in the case of a departmental agency, any of the host department's strategic intentions that are relevant to the departmental agency:
 - (ii) in the case of an interdepartmental board or an interdepartmental venture, any of its relevant departments' strategic intentions that are relevant to the specified agency, and
 - (c) information about the specified agency's management of its **organisational health and capability**; and
 - (d) if the specified agency **administered an appropriation** in that financial year, statements of expenses and capital expenditure for the specified agency that comply with section 45A, and
 - (e) if the specified agency **managed assets or liabilities** in that financial year (and does not have a waiver under section 45B), annual financial statements for the specified agency that comply with section 45B, and
 - (f) if the specified agency has a waiver under section 45AB, information about where financial information about the specified agency's assets, liabilities, expenditure, and revenue can be found (see section 45B(3)); and

- (g) **a statement of responsibility** that complies with section 45CA; and
 - (h) **any other matters** that relate to or affect the operations of the specified agency that the specified agency is required, has undertaken, or wishes to report on in its annual report.
- (3) If the annual report must contain annual financial statements under subsection (2)(e), the annual report must also contain, in respect of the financial year after the financial year to which the annual report relates, **forecast financial statements for the specified agency** that comply with section 45BA.
- (4) The annual report must identify the specified agency's host or relevant department.

Statement of responsibility in relation to specified agencies

Statutory requirement: Section 45 CA of the PFA

- (1) A statement of responsibility relating to the annual report of a specified agency must include—
 - (a) a statement that, in the opinion of the specified agency's chief executive, the annual report fairly reflects the operations, progress, and organisational health and capability of the specified agency; and
 - (b) if the annual report contains statements of expenses and capital expenditure, —
 - (i) a statement of the responsibility of the specified agency's chief executive for the preparation of the statements of expenses and capital expenditure and for the judgements expressed in them; and
 - (ii) a statement of the responsibility of the specified agency's chief executive for ensuring that end-of-year performance information on each appropriation administered by the specified department is provided in accordance with sections 19A to 19C, whether or not that information is included in the annual report; and
 - (c) if the annual report contains financial statements, —
 - (i) a statement of the responsibility of the specified agency's chief executive for the preparation of the financial statements and for the judgements expressed in them; and
 - (ii) a statement that, in the opinion of the specified agency's chief executive, the financial statements fairly reflect the financial position and operations of the specified agency for the reporting period; and
 - (iii) a statement that, in the opinion of the specified agency's chief executive, the forecast financial statements fairly reflect the forecast financial position and operations of the specified agency for the financial year to which the forecast financial statements relate; and
 - (d) if the annual report contains statements of expenses and capital expenditure or financial statements (or both), a statement of the responsibility of the specified agency's chief executive for having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
 - (e) a statement of the responsibility of the specified agency's chief executive for the accuracy of any end-of-year performance information prepared by the specified agency (see section 19A), whether or not that information is included in the annual report.
- (2) The statement of responsibility must be signed and dated by the chief executive of the specified agency.

Annex 6 – Diversity, Equity and Inclusion Minimum Reporting Expectations

Part 1 – Papa Pounamu	
When reporting on Papa Pounamu, agencies must focus on the impact achieved for each commitment and where possible include:	
Impact	<ul style="list-style-type: none"> • Statement about the strategic approach the department has taken to focus its efforts (eg, a summary of the departments equity, diversity and inclusion plan and/or a link if it has been published publicly, executive sponsor, which departments you are collaborating with – for counter terrorism agencies this includes how they are also working as a collective, how they are improving data collection, key initiatives to enhance workforce and leadership composition, etc). • Statement about the impact of the Papa Pounamu commitments and broader equity, diversity and inclusion work programme for the department. This can include supporting data (eg, what improvements there are in recruitment processes to encourage diverse people to apply, how the department works on retention of diverse talent, what career development and progression departments make available to support their people, steps taken for equitable pay, etc). • Statement about the impact of the workplace experience on the department’s people which can be substantiated with evidence (eg, improvements to inclusive environments and belonging, the departments Te Taunaki results for ‘feeling accepted as a valued member of the team,’ etc). • Statement about impact on service delivery and/or client’s experience of service (eg, improvements in client feedback and satisfaction, etc).
Addressing Bias	<ul style="list-style-type: none"> • A key element when reporting on addressing bias, is to reflect on the impact of the work taken to address bias. For example, when reporting on what change this focus has brought to the organisation, consider examples related to the changes made in your organisational context. • Departments can include how the agency keeps the awareness of bias and its relationship to discrimination in their day-to-day operations, policies and practices. For example, how to keep staff aware of bias and its impact on their work, <i>“we have conversation starter resources for people leaders to use with their teams”</i>; <i>“after staff complete learning modules which are done through team cohorts, we ask cohorts to discuss what this means for the work we are involved with”</i>. • Departments can report on the % of people who have engaged in training this year, cumulative % of workforce who have had training and plans to cover any remaining staff without training. • If the impact is unclear or the department is developing the programme options, it can report on plans to roll out programmes, expected numbers, intended impact and how it will determine impact.

Part 1 – Papa Pounamu

When reporting on Papa Pounamu, agencies must focus on the impact achieved for each commitment and where possible include:

Cultural Competence	<ul style="list-style-type: none"> • Key to reporting on cultural competency is reporting on impact of any awareness/training. • When showing impact, the department can use examples to illustrate the impact of any changes. For example, <i>“staff completing the (named) programme reported having an understanding and tools to navigate different cultural situations. This allowed for understanding and appreciation of different perspectives within a team context”</i>. • If the impact is unclear or the department is developing the programme options, it can report on plans to roll out programmes, expected numbers, intended impact and how it will determine impact. • Statement about any action to embed learning in policies and practices. • % of people who have engaged in training this year to build cultural competence and how many have completed the training – includes training embedded into core learning and development. • % of people who have engaged in training in previous two years as a percentage – includes training embedded into core learning and development.
Inclusive Leadership	<ul style="list-style-type: none"> • Report on the impact of inclusive leadership training to the department. • When reporting, the focus should be total number of leaders who have completed the training and the % of current leadership cohort who have completed any training. Consider including leaders who have completed similar training in other agencies. • When reporting on this area, consider how this awareness is built into the day-to-day practice of leaders. • If the impact is unclear or the department is developing the programme options, it can report on plans to roll out programmes, expected numbers, intended impact and how it will determine impact.
Building Relationships	<ul style="list-style-type: none"> • Report on any new or ongoing action taken by the agency to build positive and inclusive relationships.
Employee-led Networks	<ul style="list-style-type: none"> • List the employee-led networks (ELNs) in your agency. List all the ELNs in your organisation and be as specific as possible about the people those networks are for, eg, members of the disability or rainbow communities. • The maturity of an ELN is reflected in the types of work it does. You can provide examples of the work that ELNs are doing and the impact this has delivered. • To illustrate the maturity in the relationship between the agency and the ELN, the department can provide examples of how both parties work together, or/and how the department has responded to recommendations from an ELN. • If there are low numbers of ELNs in relation to the departments size, report on what the department will do to increase the numbers of ELNs.

Important notes

Calculate % as the number of people divided by agency headcount as at 30 June 2023.

If unable to report training engagement/completion as a %, use the categories ‘most’, ‘more than half’, ‘less than half’, ‘few’. Provide a statement about any reporting expectations that the department cannot meet and what measures are being put in place to increase impact.

Part 1 – Papa Pounamu

When reporting on Papa Pounamu, agencies must focus on the impact achieved for each commitment and where possible include:

Part 2 – Demographic Profile

When reporting on demographic profile, agencies must include:

Impact	<ul style="list-style-type: none"> • Statement about representation across all levels of the department compared to the previous year/s • Statement about representation across T1-3 of the department compared to the previous year/s 		
Workforce	<p>Ethnicity</p> <ul style="list-style-type: none"> • % European • % Māori • % Pacific • % Asian • % MELAA • % Other Ethnicity 	<p>Gender</p> <ul style="list-style-type: none"> • % Male • % Female • % Another gender <p>For more information see the standard.</p>	<p>Disability</p> <ul style="list-style-type: none"> • Where available, report on disability as a %. <p>For more information, see the standard.</p>
Leadership	<p>Ethnicity for tiers 1-3</p> <ul style="list-style-type: none"> • % European • % Māori • % Pacific Peoples • % Asian • % MELAA • % Other Ethnicity 	<p>Gender for tiers 1-3</p> <ul style="list-style-type: none"> • % Male • % Female • % Another gender 	

Where possible, agencies should also include:

- Further information such as breakdown by leadership levels, regional location, religion, age, sexual identity, languages spoken, etc.
- Further breakdown by multiple metrics eg, demographic profile across all levels of the organisation, leadership by gender and ethnicity, progression by ethnicity and/or gender, etc.
- Statement about what your agency has done to enhance the collection of disability data.

Important notes

- Use the [Information Standards and Guidance](#) and confidentiality rules to maintain privacy.
- Calculate % as the number of people divided by agency headcount as at 30 June 2023. Include permanent and fixed term staff, including secondees out, but excluding secondees into your agency and excluding those staff whose diversity status is unknown – round to 1 decimal point.
- Departments must provide a statement about any reporting expectations that they cannot meet and what is being put in place.

Part 3 – Kia Toipoto – Public Service Pay Gaps Action Plan 2021-24

When reporting on Kia Toipoto, agencies must include:

Impact	Gender, Māori, Pacific and ethnic pay gaps by median and mean at an organisational level. For guidance on calculating pay gaps see the PSC website . If the department has too few employees to calculate any or all of these pay gaps, include a note to this effect.
Plan	Link to departments agency's pay gaps action plan.
Progress	A statement about progress towards closing the departments pay gaps and towards meeting Kia Toipoto's milestones.

Annex 7 – 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
performance.info@treasury.govt.nz

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 \(treasury.govt.nz\)](#).

Stacey Wymer
Director Budget Management
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 8 – 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.