

5 May 2014

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International Federation of Accountants
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CANADA

Submitted to: www.ifac.org

Dear Stephenie

ED 54, *Reporting Service Performance Information*

Thank you for the opportunity to comment on ED 54, *Reporting Service Performance Information* (ED 54). ED 54 was exposed in New Zealand and some New Zealand constituents may have made comments directly to you.

We are pleased that ED 54 addresses many of our comments on the Consultation Paper *Reporting Service Performance Information*.

In our view, the overall performance of public sector entities cannot be fully reflected in financial statements alone. Financial information needs to be assessed having regard to the services delivered, which are reflected in service performance information.

We understand the IPSASB's rationale for developing a Recommended Practice Guideline (RPG). We consider the RPG to be appropriate at this time and a good starting point. However, as a jurisdiction that has been doing service performance for more than 20 years, we consider that detailed guidance and enhancements will be required in the future.

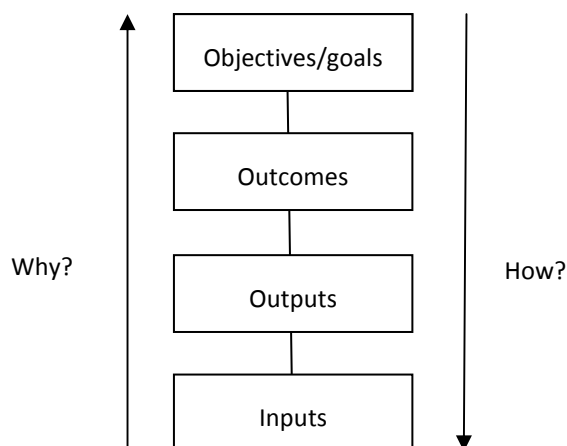
We would encourage the IPSASB to consider developing a standard on reporting service performance information at a later stage. Developing a standard would be consistent with the objective of general purpose financial reporting in that it would assist entities to provide information useful for accountability and decision making purposes. Further, the importance of information on service performance is highlighted in the IPSASB's *Conceptual Framework* (2013) which explains that the primary objective of governments and most public sector entities is to provide services to constituents¹.

We broadly support the proposals in the ED. Although we have not responded to the Specific Matters for Comment, we have one comment that we believe is important for the IPSASB to consider before finalising the RPG.

¹ IPSASB *Conceptual Framework* (2013), paragraph 2.22

We agree that an entity should be able to select the types of performance indicators that it reports. However, we consider that the RPG could provide more guidance on, or examples of, the potential linkages between the types of performance indicators to assist an entity in selecting indicators. The selection of appropriate performance indicators is fundamental to assessing how well an entity has met its objectives.

The RPG would benefit from a clear explanation of how the performance indicators are linked. Our views on the linkages are set out in the following diagram.



The “why” question will get an entity from its inputs via outputs and outcomes to its end goals or objectives; that is, the question will help an entity explain why it uses various inputs to produce certain outputs, to influence certain outcomes, to ultimately achieve its objectives. The “how” question will take an entity from its end goals or objectives via outcomes and outputs back to its inputs; that is, the question will help an entity explain how to achieve its objectives by influencing certain outcomes, by producing certain outputs, by using various inputs.

If you have any questions or require clarification of any matters in this submission, please contact Aimey Luu Huynh (aimey.luuhuynh@xrb.govt.nz) or me.

Yours sincerely

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