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Ms K Peach  
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Dear Ms Peach

### **ED 270 Reporting Service Performance Information**

Thank you for the opportunity to comment on Exposure Draft *270 Reporting Service Performance Information* (ED 270).

As a member of the Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC), NSW Treasury supports the HoTARAC's submission on ED 270. This is an important issue and NSW Treasury would like to draw your attention to the following over which we have the most concern.

Although ED 270 is intended to express high level principles, it contains some very detailed and prescriptive disclosures, including paragraphs AG48 to AG53. For example, paragraph AG51 contains disclosures about how entities determine their cost of outputs. This paragraph suggests that entities disclose cost allocation policies, treatment of direct and indirect expenses and a reconciliation between cost of outputs and total expenses presented in the financial statements. These detailed and prescriptive disclosures may compete with existing and developing performance frameworks. Accordingly, any Standard based on ED 270 should only express high level principles.

Most public sector jurisdictions in Australia have performance reporting frameworks, and these are likely to be developed further. NSW Treasury is concerned that compliance with the requirements in ED 270 would necessitate onerous changes to disclosures and data collection practices. Given the existing performance frameworks across the Australian public sector, we are not convinced that the benefits of these proposals exceed the costs. In addition, we believe that the responsibility for these performance frameworks is the responsibility of each jurisdiction.

For these reasons, we believe that if the AASB issues a pronouncement it should be in the form of a Statement of Recommended Practice or guidance. Indeed we note that the pronouncement on which ED 270 is based, IPSASB *Recommended Practice Guideline (RPG) 3 Reporting Service Performance Information* is not mandatory. Should the AASB be of the view that a pronouncement is necessary, based on the current drafting of ED 270, then that pronouncement should not be mandatory.

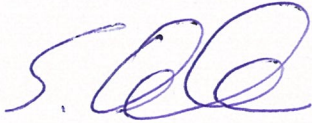
Finally, if the AASB issues ED 270 as a mandatory Standard, then that Standard should expressly require that the publication of service performance information occurs outside of financial reports. This would ensure that:

- financial reports remain focussed on financial matters, and

- auditors do not audit service performance audit disclosures unless they are given an explicit mandate to do so.

I would be happy to discuss any queries [[sean.osborn@treasury.nsw.gov.au](mailto:sean.osborn@treasury.nsw.gov.au) tel: 9228 5932] or through Martin Smith [[martin.smith@treasury.nsw.gov.au](mailto:martin.smith@treasury.nsw.gov.au) tel: 9228 5158].

Yours sincerely



S Osborn  
for Secretary