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Service Performance Reporting: Insights from Australia and New Zealand

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Executive Summary

This research report explores the implementation and implications of service performance reporting (SPR) in the private not-for-profit (NFP) sector in Australia and New Zealand. The study aims to develop insights into the use, preparation, and assurance of SPR, focusing on the practical experiences associated with the mandatory implementation of New Zealand's PBE FRS 48 standard and the potential adoption of a comparable standard in Australia.

Objectives and research approach

The primary objectives of this study are:

- To examine the current state of SPR in New Zealand and Australia
- To evaluate the costs, benefits, and challenges associated with the preparation and assurance of SPR
- To assess the potential impact of introducing a mandatory SPR standard for private NFPs in Australia

This research report is based on a qualitative research design employing a combination of documentary analysis and interviews. For the documentary analysis, we examined a sample of 'Statements of Service Performance' (SSPs) reported by private NFP entities in New Zealand, alongside a sample of voluntary non-financial reporting produced by private NFP entities in Australia. For the interview analysis, we interviewed 53 participants: 15 from New Zealand and 38 from Australia. Participants included donors, philanthropists, staff from philanthropic foundations and NFP entities, NFP board members, regulators, consultants, and auditors.

Key Insights from the Literature

New Zealand's experience with mandatory implementation of PBE FRS 48

- Participants generally supported the introduction of PBE FRS 48 in New Zealand.
- Participants viewed the ready availability of SPR positively, although they questioned whether the information provided under SPR was in practice actively used by anyone to inform decision-making.
- The principles-based nature of PBE FRS 48 was also positively received, with participants appreciating the flexibility it affords NFP entities to tailor the service performance information they provide to the needs of their specific stakeholders and to the organisation's specific capabilities.
- NFP entities tended to take two distinct approaches to SPR. Some approached it primarily as a compliance exercise, aiming to meet minimum reporting requirements of the standard. These SSPs tended to be concise and focused predominantly on outputs. Others integrated SPR into their broader communication strategy, producing more comprehensive SSPs that included detailed information such as outcomes and testimonials.
- Participants were generally supportive of the requirement for SPR to be audited and did not advocate for removing this requirement.
- The cost of auditing SPR was raised as a significant concern, with participants noting that the expense influenced both the length and content of reports. Some NFP entities reported deliberately reducing the complexity of SPR to minimize audit fees. Participants also noted that auditors had, at times, requested the exclusion of outcome measures and testimonials from SSPs due to verification challenges.
- Suggestions for improving the audit process included introducing limited assurance engagements for outcomes and deferring the audit requirement until several years after mandatory SPR implementation.

Current perspectives on SPR in Australia

- Participants found it challenging to identify a specific group of 'users' whose decision-making would directly benefit from SPR. Instead, participants emphasised the broader role of SPR in enhancing accountability and fostering public trust in the NFP sector. Importantly, the perceived value of SPR stemmed from the public availability of service performance information which was perceived as the main prospective benefit of a potential mandate for SPR.
- Many Australian private NFP entities already engage in voluntary non-financial reporting. Large private NFP entities often provide detailed non-financial disclosures through dedicated Impact Reports or Annual Reports. The maturity of data collection systems varies widely across private NFP entities, with larger organizations having more advanced systems, while smaller NFP entities struggle under the weight of existing compliance and reporting obligations.
- There was broad support for the notion that private NFP entities should voluntarily provide non-financial disclosures to facilitate the evaluation of their success and reinforce their accountability. However, many participants also expressed, at times substantial, concerns regarding the additional burden that a mandatory standard could impose on private NFP entities.
- The practical challenges associated with the preparation of voluntary non-financial information were particularly emphasized in relation to small- and medium-sized private NFP entities. Participants generally agreed that any reporting requirements should be proportional to the size of the organization. It was noted that many smaller private NFP entities may lack the necessary expertise, resources, and infrastructure to comply with the requirements of a mandated SPR standard.

- Participants stressed the importance of allowing private NFP entities the discretion to determine which service-related information to disclose and which metrics to use in measuring their service performance.
- Outputs were generally viewed as relatively straightforward to prepare and assure, while there was a wide range of perspectives regarding the measurement and assurance of outcomes. Voluntary assurance engagements that covered service performance were found to be almost non-existent in the private NFP sector.
- While there was in-principle support for an assurance requirement of SPR among larger private NFP entities, participants expressed significant reservations regarding the associated cost and lack of demand for such assurance engagements. Auditors highlighted the lack of clear guidance in this area, particularly when it came to the assurance of outcomes, noting that the resulting ambiguity would likely increase the complexity, risk, and cost associated with SPR assurance engagements.

Based on our empirical analysis and the resulting key findings, we make 13 recommendations. Below, we outline the five key recommendations focused on developing a mandatory SPR standard with requirements that prioritise accountability rather than decision- making usefulness, with details on all recommendations available in Section 3 of this research report.

Key recommendations

- **Recommendation 1**: For the Australian Accounting Standards Board (AASB) to consider developing a mandatory SPR standard that establishes a minimal or baseline set of service performance disclosure requirements for private NFPs.
- **Recommendation 2:** If a mandatory SPR standard is proposed, New Zealand's PBE FRS 48 is considered suitable for adoption or adaptation within the Australian private NFP context.
- **Recommendation 4:** A mandatory SPR standard (similar to PBE FRS 48) should apply exclusively to 'Large' private NFP entities (as defined by the Australian Charities and Not-for-profits Commission (ACNC)). It is recommended that 'Small' and 'Medium' private NFP entities be exempt from such a standard.
- **Recommendation 10:** The introduction of any mandatory external assurance requirement be deferred until after a post-implementation review of a mandatory SPR standard.
- **Recommendation 11:** If external assurance is eventually mandated, it should take the form of a limited assurance engagement and only apply to 'Large' private NFP entities (as defined by the ACNC).

Conclusion

While the introduction of a mandatory SPR standard for larger private NFPs in Australia offers potential benefits, it is essential to carefully consider the existing reporting landscape, the diverse nature of the private NFP sector, and the resource constraints faced by smaller private NFP entities. A flexible and proportionate approach, similar to New Zealand's PBE FRS 48, is recommended to strike an appropriate balance between the benefits of enhancing accountability and the practical challenges associated with the implementation of a SPR mandate. This includes addressing mixed views from various stakeholders on the value and feasibility of any external assurance mandate

1.   Introduction

1.1 Objectives of the research

The objective of this research project is to gain insights into using, preparing and auditing service performance reporting (SPR) by private NFPs in Australia and New Zealand. For the purpose of this research, we consider SPR as the disclosure of quantitative and/or qualitative information about what a private NFP entity has done during a reporting period in working towards its aims and objectives. SPR is typically carried out by private NFP entities on a voluntary basis. Some jurisdictions, such as New Zealand, have recently mandated a standard on SPR for certain types of NFP entities. SPR is one aspect of non-financial performance reporting, which itself forms part of the broader concept of performance reporting. Depending on the reporting objectives, SPR may or may not include elements of outcome or impact reporting, which in turn may or may not involve formal outcomes measurement.

To gain insights on using, preparing and auditing SPR, we examine the mandatory implementation of PBE FRS 48 Service Performance Reporting in New Zealand, and explore the potential applicability of a similar SPR standard in Australia. Specifically, the research project addresses the following key questions:

Experiences with PBE FRS 48 in New Zealand

- What does SPR look like in New Zealand today?
- What have been the biggest changes experienced during the mandatory implementation of PBE FRS 48?
- What have been the costs and benefits of implementing PBE FRS 48?
- What has worked well, what hasn't, and what should have been different (if anything)?
- What issues (if any) have arisen in auditing SPR?

Perspectives on SPR in Australia

- What does SPR look like in Australia today?
- What benefits and costs might arise in introducing a mandatory SPR standard in Australia?
- What issues might arise in preparing mandatory SPR?
- What types of entities should any mandatory SPR apply to?
- Would PBE FRS 48 provide a good basis to determine the SPR information to be reported by private not-for-profit entities in Australia?
- What issues might arise in assuring SPR and should assurance be mandatory?

To answer these research questions, we used a qualitative research methodology employing a combination of documentary analysis and interviews. For the documentary analysis, we examined a sample of 'Statements of Service Performance' (SSP) reported by private NFP entities in New Zealand, and a sample of voluntary SPR produced by private NFP entities in Australia. For the interview analysis, we interviewed 53 participants: 15 in New Zealand and 38 in Australia. Participants included donors, philanthropists, staff from philanthropic foundations and NFP entities, NFP board members, regulators, consultants, and auditors.[1]

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[1] Full details on the methodology is contained in Section 4, and the list of participants is contained in Appendix 5.2.

1.2 Context for reporting by private NFP entities in Australia

In Australia, as in many other countries, the NFP sector is immensely important in terms of both size and nature (Australian Charities Report-10th edition, 2024, ACNC; Cortis. et al., 2015; Powell et al., 2017). Australia's NFP sector is diverse, ranging from small community groups through to large, multi-branch organisations. It does not have a single, uniform regulatory framework for SPR but faces a set of reporting obligations, which do not (yet) systematically encompass a mandatory standard on SPR.

(a)   General purpose financial reporting

Under Australian Accounting Standards, NFP entities that are considered a 'reporting entity' are required to prepare a General Purpose Financial Report (GPFR). Based on certain thresholds (defined by annual revenue), NFP entities are required to prepare general purpose financial statements in line with either Tier 1 (GPFR based on all Australian Accounting Standards) or Tier 2 Reduced Disclosure Requirements (SAC 1 and AASB 1053).[2] The Reduced Disclosure Requirements comprise the full recognition, measurement, and presentation requirements of Tier 1 accounting standards but contains substantially reduced disclosure requirements. In this way, current standards acknowledge that smaller NFP entities typically engage in activities that are less complex, have transactions that are less material and face less risks (Adam & Heiling, 2024). However, they do not cover information on service performance. In practice, service performance information, if reported, has been voluntary, and typically tailored to the specific requirements of various funders or regulators.

(b)   Regulatory reporting requirements

Private NFP entities in Australia may have to comply with other regulatory filings. Charities registered under the Australian Charities and Not-for-profits Commission (ACNC) regime face one set of lodging requirements, while other not-for-profit entities may be subject to various state or federal regulators depending on their legal structure. These regulatory filings do not mandate service performance reporting.

ACNC Requirements. Australian NFPs registered as charities have been regulated by the ACNC since 2012. To stay registered as a charity (and receive preferential tax treatments), charities must submit an annual financial report consistent with accounting standards and basic performance information in an Annual Information Statement (AIS). The financial reports may have to be audited or reviewed depending on the charity's size (medium or large, as defined by annual revenue thresholds). The performance information includes details on their "main activities", "locations of main activities" and "main beneficiaries" from pre-populated lists when submitting their annual registration documents. Charities are also invited to provide "a short paragraph or 2–3 dot points detailing how your charity's work helped achieve its mission and main aims", which is publicly released on the Charity Register, but which is not reviewed, checked or audited (ACNC 2019). As providing information about a charity's performance is voluntary and there is no uniform, standardized service performance reporting requirement under current ACNC rules, these service performance disclosures vary widely.

Office of the Registrar of Indigenous Corporations (ORIC). An Indigenous not-for-profit entity can choose to incorporate under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act). In this case, they fall under ORIC's jurisdiction rather than the ACNC's unless they voluntarily

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[2] Statement of Accounting Concepts 1 (SAC 1) and AASB 1053 Application of Tiers of Australian Accounting Standards, Available at: http://aasb.gov.au

register as charities with the ACNC as well. ORIC's requirements include lodging financial statements, along with culturally relevant governance rules (e.g., membership provisions, community-based dispute resolution), in line with its tier classification, which may involve a formal audit or review for the larger tiers. Reporting requirements are defined by the registered sized (small, medium, or large based on revenue, assets, and/or number of employees or members) and the gross operating income[3]. ORIC does not impose a formal service performance standard. Such disclosures remain largely voluntary and driven by the entity's own priorities or funding agreements.

ASIC Regulation for Companies Limited by Guarantee. Some NFP entities, especially larger or more complex ones, choose to register as companies limited by guarantee under the Corporations Act 2001. If they are also charities, they will usually register with the ACNC, which generally takes precedence as the primary regulator for their ongoing obligations. However, if such a company limited by guarantee is not a registered charity, then it remains subject to the oversight of the Australian Securities and Investments Commission (ASIC). These entities must comply with the financial reporting and governance requirements of the Corporations Act, preparing accounts in accordance with Australian Accounting Standards if they are deemed reporting entities. Although they file directors' reports and may include narrative around their mission, there is no explicit mandate under the Corporations Act or ASIC guidance requiring service performance reporting. Any information about their programs, social impact, or mission effectiveness is included at the directors' discretion or in response to funder expectations.

State regulators of incorporated associations. Many smaller NFP entities choose to incorporate under state or territory legislation as incorporated associations, rather than at the federal level. In each state jurisdiction, regulatory agencies such as NSW Fair Trading, Consumer Affairs Victoria, or the Queensland Office of Fair Trading administers the relevant legislation (e.g., the Associations Incorporation Act) governing how these entities are formed, operated, and wound up. These agencies require annual reporting on incorporated associations, which are typically scaled to their size or revenue, which can involve submitting simple financial statements or, for larger bodies, audited accounts. However, there is no standardized obligation to disclose detailed service performance information. Instead, the focus remains on baseline financial and governance matters, leaving any further service performance reporting to the association's own initiative or to specific funder or contractual requirements.

In summary, in Australia's NFP environment, regulatory obligations can vary significantly depending on legal structure and charity status. Collectively, this creates a patchwork of different reporting obligations, none of which systematically mandate service performance reporting.

(c)   Acquittals and reporting to funders

In addition to regulatory filings, many NFP entities are required to submit specific "acquittal" or accountability reports to their funding bodies (e.g., government agencies or private philanthropic organizations), designed to confirm that the funds received have been expended in accordance with the terms of the grant agreement. For example, the Community Grants Hub specifies that a non-audited financial acquittal report must adhere to applicable Australian Accounting Standards and be based on proper accounts and records, verifying that the funding has been spent on the activity as per the agreement.[4] However, the acquittal reporting process often involves customised templates that

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[3] https://www.oric.gov.au/for-corporations/reporting-and-stakeholders/annual-reporting/what-reports-you-need-lodge

[4] https://www.communitygrants.gov.au/information/info-grantees/accounting-report-requirments/non-audited-financial-acquittals

vary significantly between funders, leading to a lack of standardisation and increased administrative burdens for NFP entities, as they must tailor their reporting to meet differing requirements. In this connection, the Productivity Commission concluded that the requirements imposed on NFP entities for funding purposes are often poorly designed and unduly burdensome considering the funding they receive (Productivity Commission, 2010). In general, acquittals require financial and non-financial information related to services. The absence of uniform reporting also hampers the comparability and consistency of reports across the sector.

(d)   Voluntary reporting

Many private NFP entities engage in voluntary reporting to demonstrate accountability and communicate their achievements to stakeholders. This self-initiated disclosure includes financial and non-financial information in various forms, such as through storytelling (Merchant et al., 2010), by making social media posts (Guo & Saxton, 2014), through formal communications such as annual reports (Gordon et al., 2010), imagery (Yang & Northcott, 2019), personal testimonies (Yang & Northcott, 2019), and through accounting narratives (Connolly & Dhanani, 2006). This supplementary information often goes beyond what is mandated in financial statements to illustrate mission-related successes or social impacts, varying in style and drawing also on graphical representations. The practice of voluntary reporting is emergent, diverse and dynamic, including a wide range of possible disclosures about an entity's activities, stakeholder engagement, and social or environmental outcomes (Nicholls, 2009). Although there are various tools, guides, and methodologies available for voluntary reporting (Cordery & Sinclair, 2013) they also differ according to philosophical positions and practical purposes (Chenhall et al., 2013). A diversity of disclosures has also raised concerns about the reliability and substance of voluntary reporting. Scholars have noted that broader forms of non-financial reporting, such as corporate social responsibility (CSR) disclosures, can be prone to greenwashing. This refers to activities of entities aimed at portraying them as more socially or environmentally responsible than they are in practice, including disclosures to positively spin an entities image (e.g., Lyon & Montgomery, 2015; Shi, Wu, & Zhang, 2020) and investment in projects with little real impact on an entities' social or environmental performance (e.g., Li & Wu, 2020; Wu, Zhang, & Xie, 2020).

In practice, NFP entities often tailor their voluntary reporting to funders, donors, and beneficiaries who have differing expectations. For example, individual donors are often influenced by personal empathy, familiarity with a cause, or relevant life experiences (Bennett, 2003; Wymer et al., 2014). While they can be influenced by financial efficiency and effectiveness measures (e.g., Bennett & Savani, 2003; Hyndman & McConville, 2016; Zhuang et al., 2014) individual donors also look for clear stories and visuals about mission achievements (He et al., 2021). Because individuals do not typically seek out annual reports on their own (He et al., 2021), they benefit from easily accessible narratives and updates, which are not always captured by legally required statements. In contrast, philanthropists, foundations, and institutional donors often take a more formal approach to assessing a NFP's governance, financial health, and alignment with their own mission or policies (Connolly & Hyndman, 2013; Zainon et al., 2014), requesting specific performance data to assess an NFP's capability and ability to deliver "bang for their buck" (Baker et al., 2016, p. 47). Current regulatory filings rarely provide the level of mission-centric data that these stakeholders find most informative. Finally, corporate donors, who are driven by objectives such as brand visibility, public goodwill, and corporate social responsibility alignments (Candid Learning, 2025), typically look to voluntary reporting for evidence of shared values and community impact.

1.3 Existing standards and guidance on SPR in other jurisdictions

Debate continues over whether service performance reporting for private NFP entities should be mandated and standardized. On one hand, formal regulation can potentially improve transparency, comparability, and the auditability of disclosures, especially when combined with supporting institutional systems, organizational capabilities, and robust incentives for reporting (Doni et al., 2020; McConville & Cordery, 2018; Soderstrom & Sun, 2007). On the other hand, critics question whether mandating such disclosures can stifle autonomy and lead to unintended or negligible impacts on reporting quality (Carungu et al., 2021; Jackson et al., 2020; McConville & Cordery, 2018; Stubbs & Higgins, 2018). Deliberations over standardized service performance reporting is not unique to Australia. Several national and international frameworks have emerged to guide NFP and public-benefit entities in service performance reporting:

1. ### PBE FRS 48 in New Zealand

   Enacted by the New Zealand Accounting Standards Board (NZASB) for Tier 1 and Tier 2 public benefit entities, PBE FRS 48 requires presenting contextual and service-focused data alongside financial statements. It took effect from 1 January 2022, with many NFP entities now in their second reporting cycle. The impetus behind PBE FRS 48 was the need for consistent, decision-useful information on service outcomes, beyond financial inputs and outputs.

2. ### IPSASB's RPG 3

   The International Public Sector Accounting Standards Board (IPSASB) has published a voluntary Recommended Practice Guideline (RPG) 3, titled *Reporting Service Performance Information*. Although originally designed for public sector bodies, it signalled a growing international emphasis on performance accountability.

3. ### IFR4NPO Project

   Jointly managed by Humentum and CIPFA, the IFR4NPO (International Financial Reporting for Non-Profit Organisations) initiative aims to create international guidance for NFP accounting. While still in development, the project acknowledges the significance of performance reporting in addition to purely financial data.

4. ### United Kingdom Charity SORP

   Charities in the UK follow a Statement of Recommended Practice (SORP), which includes a requirement for trustees' annual reports to discuss achievements and performance. The Charity SORP is currently under review.[5]

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[5] See https://www.charitysorp.org/, accessed 6 May 2025.

2. Findings

2.1 New Zealand

Overall, participants were supportive of the introduction of service performance reporting (SPR) in New Zealand, in particular expressing support for the principles-based nature of PBE FRS 48, which allowed NFP organisations flexibility in the manner in which they prepared their statement of service performance (SSP). Despite this broad support for SPR participants were unable to clearly identify specific users who would rely on the SSP, noting that large donors (with only one exception) continue to ask for specific information and that it was unlikely that small donors would rely on the SSP to make donation decisions. Concern was also raised at the cost of auditing the SSP and how the auditing process was resulting in a predominant focus on output reporting and curtailing some charities who wished to report outcomes.

2.1.1 Analysis of examples of statements of service performance

We analysed a sample of 58 statements of service performance from New Zealand from 2022 to 2024. In our analysis, we included reports from the winners and runners-up of the CA Charity Reporting Awards, as well as reports from randomly selected organisations of various sizes (see section 4.1 for details on the approach).

Variation in Reporting Depth and Length

In comparing the "awarded" and "non-awarded" samples, we observed that the "not-awarded" reports were significantly less sophisticated. These reports were often highly descriptive, spanning only one or two pages, and presented outcomes and outputs supported by fewer than a handful of measures. In these reports, the primary focus appeared to be on meeting reporting requirements.

The "awarded" samples show two trends. One approach involved opting for shorter versions of the statement or presenting a similar volume of content in a more visually engaging format. The other approach framed their statements with rich and detailed content, and incorporated narratives about achievements, quotes, or case studies.

Differences in Presentation of Service Performance Information

Across the analysed SSPs, there is a clear variation in the extent to which entities elaborate the linkage between their different performance measures and their organisational objectives. Some entities made a concerted effort to link their strategy, goals, outputs and outcomes. Larger entities in the sample tend to make the most effort in presenting their purpose and a diverse range of measures.

In our sample, entities also varied in how they presented their service performance content. Some entities opted for a clearly demarcated statement positioned at the end of the annual report, just before the financial statements. Others integrated the statement more seamlessly into a narrative about their story and achievements within the annual report. These entities presented a narrative without using the terms "statement of service performance" or "service performance" at all in their reports.

Entities using pre-existing service performance information

For some entities, there is a noticeable trend that when SPR became mandatory, they continued to use pre-existing service performance information in their annual reports but simply re-labelled it. For instance, a pre-standard annual report presented service performance information under the heading "Achievements", which was re-labelled as "Statement of Service Performance" in a 2023 report. This suggests that these entities can comply with the standard using pre-existing service performance information that they already reported.

Reporting of Comparisons

While some statements of service performance present only the actuals for their output and outcome measures, many statements offer a structured comparison of actuals to prior year(s). Less often, statements of service performance also provided a comparison to targets. However, even if they offer a comparison to targets not many highlight a failure to meet targets.

2.1.2 Insights on using SPR

Who are the users?

There was no general consensus among participants as to who the users of the SSP may be, with different participants offering different potential users including government, society at large, funders, other NFP organisations, and potential organisational staff.

Funders are often seen as "one of the main user groups" for the SSP (NZ 2), especially for charities seeking diverse funding sources. However, many participants were unclear about the actual users of SSPs. As noted by an audit partner at a mid-tier firm:

> "Yeah, we had a bit of a debate about that at the external reporting board's session … I think the challenge was around who… would go and read this [the SSP] , or go and read the entities financial statements before donating $50, for example, and if that's not your audience, then what is, and if it's your [large] funders, well they're already dictating what they want from you through their contracts, so there was quite a lot of debate around that." (NZ 2)

As highlighted in the above quote and noted in several interviews it is unlikely that a small donor would read the SSP prior to making a donation decision (*who … would go and read this [the SSP] … before donating $50*). Furthermore large donors, such as philanthropic organizations and foundations, were with one exception, "*dictating what they want from you through their contracts*" and as such did not rely on the SSP.

Through the participants, the research team was made aware of one large funder that accepted SSPs without requiring additional outcome reporting. This funder, who we interviewed, in an attempt to lessen the reporting costs of NFP organizations, grants funds without requiring recipients to report on their specific use. The funder emphasized their reliance on SSPs and highlighted their particular approach to requesting information requests from charities during and after funding. Noting that they considered themselves more progressive in accepting the SSP than other funders who still required NFP organizations to provide specific detailed information:

> "we're probably a more progressive funder in that we are trying to lessen the funder burden. We're trying to have a more relational engagement … There are a lot of other funders who are

… more conservative or traditional in that they are … groups who in a reporting sense will have to have receipts and accountability reports that says, yes, we spent the money exactly as we said, and here's all the receipts." (NZ 4)

In addition to funders, given that charities "need a licence to operate" (NZ 3), society-at-large and government funders were also sometimes identified as potential users. Additionally, one small charity noted they use SSPs to benchmark against others: "when we started doing our performance report, we looked at other people's reports and, or other organisations' reports and picked out bits that we liked and didn't like so much" (NZ 1).

Given this inability to clearly articulate users (with only one large funder accepting the SSP), users were seen more as a theoretical concept. For example, an advisor who is a partner at a mid-tier firm noted, "*in reality, I don't know who ends up being the user of them [SSPs] in terms of whether those two groups [donors and government funding agencies] see them*" (NZ 8). Despite this, there is a belief that many donors receive a charity's SSP "*as part of their regular reporting to the donor or grant agencies to say, this is our end-of-year financial statements*" (NZ 13). Overall, it was seen as positive that SSPs are readily available to donors and other interested parties, despite the fact that it is questionable whether anyone was actually relying on the information in SSPs.

What are the potential benefits to users?

There were mixed views on the potential benefits of the SSP, with some participants noting how they had successfully used the SSP as part of funding applications. However, it was noted that only one large funder accepted the SSP without requiring additional reporting and that other funders were still requiring the provision of substantial amounts of additional information.

The research team was only able to secure an interview with one funder, who was to all participants knowledge, the only funder in New Zealand that accepted the SSP and did not require additional reporting on specific outcomes by the NFP organisations they funded. This funder noted that the SSP was crucial in their decision-making during the initial grant application. In this regard, the SSP may serve as an assessment tool to demonstrate evidence of need and validate the scale of the organisation's work. In addition, the SSP may support a charity's storytelling:

> "There've been some really good examples of people using their data to support their narrative and their storytelling, which can be quite compelling for a funder … you know, smart organisations are using [the SSP] in a really clever way because they're using it as an evidence base for why they need to do things differently" (NZ 4)

Despite only being able to speak directly to one funder, some participants specifically noted a similar use of the SSP to attract additional funding. A staff member at a large charity stated, that "*a number of funders have really appreciated the extra information they get about organisations applying to them for funding*" (NZ 3). A small charity that had received awards for the quality of its SSP explicitly noted that:

> "There's not one single application that we go for that we don't [include the SSP]. Or every time we have a meeting or discussion with a potential funder, donor, supporter, we always front it [the SSP] alongside our annual performance report. It's like, this is us, this is what we do. It's kind of, I guess, the window to our organization" (NZ 1)

The charity noted that this approach had "*definitely increased our revenue as far as funding and donations*" (NZ 1). Similarly, we heard of other instances where for small charities as a result of preparing a SSP they were able to demonstrate they "*had quite a broad community impact [and consequently] ... they got better funding support*" (NZ 3). In this way, the SSP can be used to provide general information as a potential evidence base to funders to support the specific stories charities may include when requesting funding. Tentative findings suggest this link between the SSP and storytelling is important in securing funding.

However, not all funders have embraced the SSP. As a staff member from a large charity commented, some funders have not used the SSP much in their decision-making, as they "*are still requiring lots of other information as well*" (NZ 3). This sentiment resonates with an advisor from a consulting firm specialising in services for the NFP sector who commented that "[if] you ask a funder what they want, they'll give you a different answer" (NZ 15).

What type of information should be reported?

There was no clear consensus on what information should be included in the SSP. It was assumed that charities could infer the types of information required by users. As noted by the partner of a mid-tier audit firm, through frequent discussions with donors, charities may "*naturally end up sort of knowing what they want to put in*" (NZ 2). However, our interviews revealed that in preparing their SSP, NFP organisations typically do not directly seek users' opinions on what to include. For example, one large public sector entity noted it had "*minimal contact with donors*" (NZ 11).

The NFP organisations we spoke to expressed a desire for including outcomes in the SSP to highlight the benefits of their services. As stated by a staff member from a small charity "w*e like to report on not just what we're doing but the difference that that's made to the actual family as well*" (NZ 1). However, it was also acknowledged in interviews that "e*xpecting all organisations to be able to do sensible outcome reporting is unrealistic*" (NZ 3). Examples were provided of NFP organisations working in various areas, for example housing and mental health, where the outcomes achieved by service recipients depended on a whole of service approach and as such it was not practical to attribute outcomes to one particular organisation.

The single funder we interviewed shed some light on the types of information that they found useful. This funder appreciated the flexible standard for SSPs, allowing charities to determine the information they include. This flexibility helped the funder learn about the charity: "*I'm learning about the organisation simply on the basis of what things they've chosen to count*" (NZ 4). At the same time, this funder noted that they relied on output data, not outcomes, in making funding decisions:

> "When you got into the output data and you went, oh, actually this is four people over four weeks for four hours per week or something. It totalled about, you know, whatever the number of hours were for four people. And that's when you go, hang on a minute, the scale of this is not significant enough to really warrant funding. So, output data enables us to think about the scale and then the potential of that impact over time. It also allows us to see the trends, which is really important, and we do look at where things are declining and where things are increasing." (NZ 4)

This quote demonstrates that output information and comparative data helped this funder determine the scale of the entity, its decision whether or not to fund, and appropriate funding levels. Surprisingly, outcome information is treated differently by this funder. While outcome information helps to

understand if the strategies and objectives of the charity align with those of the funder, it is less important overall:

> "I suppose that's because the application form is asking those questions. We are asking people directly to talk about how what they do aligns to our strategy. And so we're actively looking for that information through their narrative. SSP is giving us something else. It's giving us an evidence base of data that supports that." (NZ 4)

In relation to whether it was appropriate for the SSP to include case studies, testimonials or highlights there was again no clear consensus. The preparers we interviewed included testimonials and stories as part of their SSP noting that hearing the benefits of the services provided by their charities from recipients, "*really shows the difference [the charity is making] when you've actually got those stories*" (NZ 1). Preparers believed testimonials and case studies were appreciated by funders. However, the one funder we interviewed did not consider case studies as being appropriate or important. They viewed the SSP as consisting solely of "*the things you can count.*" (NZ 4)

However, in relation to the auditing of the SSP, auditors often expressed concern at the inclusion of outcomes and testimonials in the SSP and as such many NFP organisations in New Zealand do not include such details in the SSP (see below for additional details).

2.1.3 Insights on preparing SPR

Our conversations with charities illustrated their appreciation of the principles-based nature of the standard, which allowed them to tell their own story. The two charities we interviewed varied in size from small (NZ Tier 3) to one that operates globally and receives substantial amounts of funding (Tier 1). Both charities had received awards for their SPR and were early adopters of reporting service performance, presenting information on service performance prior to it being mandated. The "*exceptionally principles-based*" approach of PBE FRS 48, in which the standard-setter "*didn't want to specify with huge preciseness about what people should report*" (NZ 3), was seen as being extremely positive as it allowed charities of different size and function to adapt their SSP to match their particular circumstances, which could be quite different from other charities.

However, this principles-based approach contrasts with some charities' requests for specific models to follow, which would seemingly make compliance with the standard easier.

> "One issue which I think you need to be very cognisant of is this cry for specificity and give us the models and give us the examples, when really the answer is actually it's about you answering those core questions rather than following a specific model." (NZ 3 Preparer)

Interestingly, the general sentiment among auditors was also against making the standard more prescriptive. For example, one auditor questioned what a more prescriptive standard would entail and outlined some negative consequences of such an approach:

> "I'm actually in favour of the flexible approach. Why do I say that? Because I feel that at the moment, the way it is worded, it allows for all sectors and all types and sizes of organisations of varying complexities and varying dollar amounts or varying sizes for the data being able to report. Because the standard at the moment, to me, is more like a principles-based [one]. So for me, prescriptive would be what? Thou shalt report on two quality measures or two quantity measures, something like that? Now, I would think that it would be harder for a standard setter

to be prescriptive in a wide space like that because every organisation is quite unique and different." (NZ 13 Auditor)

In line with this sentiment in favour of a principles-based approach, there was a general feeling among the charities and advisors involved in the preparation of the SSP that the standard should not be made more rigid than it currently is. If anything, it seems that the standard could be even shorter. As one advisor who worked as a senior manager at a mid-tier accounting firm noted, "*in some ways it could actually achieve its objectives better if it sharpened up on some of the wording*" (NZ 6). Even including definitions of outputs and outcomes was often viewed as problematic by auditors, such as this partner who worked at a mid-tier firm, who does not view the distinction as helpful: "*I call it 'results': when you start wordsmithing it, you start losing the plot*" (NZ 13).

There are some consequences of the principles-based approach to the standard, however. Particularly, there was a strong sense among participants that many charities had contrasting perspectives on how they view SPR in this context.

Compliance vs. Strategic Communication

Participants noted that the principles-based approach of PBE FRS 48 and the flexibility this provided charities in terms of how they prepare their SSP resulted in a dichotomy between those viewing the SSP as a compliance exercise and those viewing it as part of their broader communication strategy, and potentially even an opportunity to attract additional funding.

Participants noted that the decision was typically based on a consideration of the benefits versus costs of preparing a compliance focused SSP versus a more strategically focused one. As noted by an advisor that assisted charities with the preparation of their SSP the costs of preparation are often weighed against what a charity would otherwise spend its money on. This decision to do the basics for compliance is also related to the issue of funding:

> "Consider it as a cost-benefit situation, what are the benefits of having a glossy versus, etc, etc. If they're a government-funded one, they don't need any glossy [reports], they just want to do the basics" (NZ 6)

Similarly an audit partner of a mid-tier firm stated they always commenced an engagement by discussing with a charity what they were trying to achieve with their SSP:

> "That's what I always talk to them about. Are you looking to essentially tick a box and comply with legislation? … At a minimum, the legislation required them to do it. Some of those entities have other mechanisms of marketing and fundraising and find they have already enough funding coming in and feel like they don't need to go and do it another way. Others saw it as a great opportunity to use it as a marketing tool, as sort of a shopfront, if you like, to showcase their entity." (NZ 2 Auditor)

As indicated in the above quotes a compliance approach was not seen as being negative, as it often made sense for the charity to only comply with the minimum requirements of PBE FRS 48 as to do otherwise would potentially incur additional costs for no benefit. Those viewing the SSP as a compliance exercise tend to understandably produce relatively concise reports, including mostly output-related information in an attempt to reduce their reporting cost.

While acknowledging that the costs of moving from output reporting to outcome reporting may be significant, the preparer from a large charity saw this more as a one-off implementation cost as charities learn about the standard and potentially install new systems and internal controls surrounding the data collection of service performance information. For example, for the charity they worked for which was clear on the reason for their existence, their theory of change[6], and their KPIs, the SSP "*just becomes an aggregation or a summation of some of those key numbers at the end of the year, those key information sources that you're being reported through management to governance anyway*" (NZ 3). Similarly, for a small charity, the introduction of the standard did not change much of what they did in terms of SPR. However, they had a pre-established deep engagement with funders and feel a strong need to provide them with information about how they have made a difference. For charities such as this one, the standard was not onerous, and they already included comparative data based on feedback as part of their reporting process.

Charities that view the SSP as a strategic communication device tend to produce lengthier reports that combine multiple types of information, namely outputs, outcomes and testimonials or case studies. For example, the small charity we interviewed that provides its SSP to current and potential funders includes a range of information, including not only what they have done but measures of the effect of their activities on beneficiaries supplemented with case studies. This charity makes a glossy report that looks "*very readable and very attractive*" (NZ 1), which has been recognised with several awards. This approach highlights that viewing the SSP as a strategic communication device appears to be based on its potential to attract funding.

The auditability effect

Participants identified that there is often tension in the auditor-client relationship, partly due to the highly principles-based nature of PBE FRS 48. According to our discussions with charities and auditors, a predominant concern among charities surrounds the audit aspect. Ultimately, "*the data has got to be verifiable, and you don't want to create a $20,000 audit bill*" (NZ 6). One participant, who was involved in the standard-setting process and has a prominent role at a large charity, noted that the audit concern was always considered:

> "We always knew that we ran the risk of the auditors killing the golden goose of good reporting. And I think that's something which unfortunately with the larger entities has a little bit come home to roost. So the main complaint that we've had with larger entities, once they got their heads around that and actually saw there was value in this reporting, has been dealing with their auditors who are very good at auditing metrics and are not so good at auditing things which are more descriptive or non-metrical in nature … In some cases, in some of the worst cases, auditors have just flat out told clients they can't report various things in their service performance. And it's more from them not being easily auditable than it is from actually being something that should not be reported." (NZ 3)

The above quote highlights how in some instances auditors asked charities to exclude outcome measures from the SSP as they were "*not easily auditable*". Similarly auditors asked charities to remove case studies or testimonials from the SSP as they cannot be audited as they are "*not numbers*". As some auditors noted during interviews, it comes down to a cost-benefit decision as

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[6] A theory of change outlines how and why the services, programs, policy and/or interventions of a NFP are expected to lead to specific outcomes and impacts.

inclusion of these items would increase the cost of the audit. Auditors were also concerned with meeting the requirements of the auditing standards (see below for detailed discussion).

A consequence of rejecting difficult-to-verify information is the splitting of information between the front-end of annual reports (which is not audited) and the audited SSP, which may be viewed as a practical solution. For example, one charity decided to include snippets of some case studies they conducted with beneficiaries in its SSP and did not face questions from the auditor (NZ 1). However, in general, our interview data reveals that charities tended to encounter resistance from auditors regarding the inclusion of case studies in the SSP.

The tension between charities and auditors does not apply universally due to the variability in what different audit firms may accept. For one small charity (Tier 3), which views the SSP as a strategic communication device, the auditors asked to see documentation and the internal process behind the production of the information included in the SSP. In terms of reporting outcomes, this charity uses Google Forms as 'outcome forms,' completed by their own workers, to extensively track how they are helping beneficiaries.

> "In this last year, they've certainly been checking, I guess, just to make sure that when we are reporting things, that we are reporting them correctly as well, and accurately. So they were asking questions around our processes, which I explained to them around the Google Forms. So, they're happy with that." (NZ 1)

In this way, the reporting of outcomes, while potentially more difficult to verify compared to outputs, may still be verifiable if a charity is keen to report. However, this needs to be accompanied by the auditors' pragmatic acceptance of different types of evidence (in this case, even evidence entered by the staff at a charity).

The SPR journey

While the flexible, principles-based approach taken in NZ allows for variability in the level of reporting, this was seen as being beneficial in terms of encouraging charities to engage with SPR. The broad nature of PBE FRS 48 was seen as facilitating charities to come on board who were initially reluctant to engage with SPR. Consequently many participants viewed the principles-based approach adopted in the standard as facilitating a journey where SPR by charities will mature over time with more charities using it as a strategic communication and consequently providing greater levels of detail on their performance.

2.1.4 Insights on auditing SPR

Interviews revealed the pivotal role played by auditing in the SSP reporting landscape in New Zealand. Accordingly, this section outlines not only the issues faced by auditors when auditing the SSP, but also the reporting implications associated with the efforts involved in producing a verifiable SSP. The key themes identified in interviews related to the audit fees and issues associated with verification to achieve the required level of reasonable assurance.

The impact of the audit fee

The central role that the audit fee plays is noted by an advisor from a mid-tier accounting firm who assists charities in preparing the SSP:

"The first discussion with the client is, look, all these good measures you're talking about, are we going to be able to get them in state that they can be audited? And part of that discussion is, the more measures that you've got … the more this, no doubt, is going to add to your audit fee." (NZ 8)

This quote clearly identifies the association between the length of the SSP and the resultant audit fee that a charity must pay. The importance of the audit fee is clearly articulated by noting that it is the "*first discussion with the client*". Another audit partner elaborated on how such discussions would result in charities, especially smaller ones, changing their SSP:

"Rightly or wrongly, when a relatively small organisation might have presented a very lengthy report and when they sort of discovered their audit fee might essentially double, they would rethink and reshape." (NZ 2)

Similarly, an advisor who assisted charities in preparing their SSPs noted that faced with the prospect of high audit fees, charities would reduce the length of the report (NZ 6). Another advisor reflected on instances of the auditor explicitly asking charities to reduce the length of their SSP so as to minimise the cost of the audit:

"We've also seen auditors pushing back and trying to get clients to slim down what they've put in there because from their point of view it's more work, obviously, to audit more measures. So it does feel like there is a push from some audit firms to say, look, just keep it really simple, small number of measures because that's simpler for us and cheaper." (NZ 8)

As noted in the above quotes a charity's wish to minimise its audit fee results in charities adopting a compliance approach reporting a limited number of output measures that could be easily verifiable even though the charity may have initially wished to report on a more extensive list of measures including potentially outcome measures. This reduction in measures and the complexity of these measures makes the auditing of the SSP "*simpler*" and therefore "*cheaper*". As such it is clear that discussions surrounding the audit fee play a central role in charities' decisions as to what to report and how much to report.

The verification of outputs, outcomes and narratives

Our interview data points to a perceived preference by some auditors towards the reporting of output-related numeric information on the basis of verifiability. An audit partner of a mid-tier firm noted based on initial discussions between the charity and auditors regarding the first draft of an SSP that some charities "might have scaled back some of the measures around what was actually verifiable" (NZ 2). This was reiterated by a consultant who assists charities preparing SSPs who categorically stated there were instances in which charities wanted to report on outcomes but the auditors have not allowed it.

"What ended up happening is the auditors, because they are afraid of the regulator, they took out a lot of that. To me, that's the value add, some of the outcome impact reporting. They took a lot of that out. And so that's why you ended up with a product that isn't necessarily meeting the requirements of some users." (NZ 5)

It was also noted by an advisor that helps charities prepare SSPs that the systems used by some charities decrease the verifiability of the outcome measures they report.

"Their data sources are things like, you know, particularly these live systems where numbers have been updated all the time. They're not fixed. You can't go back and run a report as at a point in time. Those have caused real issues because the auditors come in here, you know, three or four months after year end. They're trying to replicate the numbers that are appearing in there and they just can't get them close. So there have been some real issues." (NZ 8)

This above quote specifically reflects on the live nature of a particular charity's reporting system and how this meant that when it was time to conduct the audit several months after year end there was no easy manner in which the auditor could verify that the reported number was the actual number at the year end. As such the charity could not report the number as the auditor could not verify it.

An audit partner of a mid-tier firm specifically reflected on this issue of verifiability, attributing a reluctance for the inclusion of outcome measures by auditors to the different obligation levels between the accounting standard for SPR and the auditing standard related to SPR. The partner reflected that charities under the accounting standard "*don't really have the same level of obligation*" (NZ 2) as auditors do under the auditing standards in which they need to provide reasonable assurance. As such, the partner reflected on how in auditing a charity's SSP they are playing a balancing role in trying to align the auditing and accounting standards to provide an appropriate level of assurance without costing the charity too much in audit fees.

"So I'm trying to have those two standards aligning across accounting and audit, to give a level of assurance out to the public, but not overdo it, essentially, in terms of that cost benefit." (NZ 2)

Yet by no means do all auditors place a strong emphasis on the reporting of outputs rather than outcomes by charities. Our interview data illustrates how some auditors have utilised pragmatic ways to audit outcome information. In theory, it can be straightforward to audit outcome information if the entity's systems are set up well, which in the view of one audit partner may include surveys managed by external parties, which are far easier to verify in terms of the metrics produced by the charity.

At the same time, there are other pragmatic ways to verify outcome type information. For example, one auditor allowed a charity to infer its outcomes in terms of improving the lives of beneficiaries through the reporting of output information on the number of meals provided to beneficiaries:

"If you can say, hey, look, you know, we have delivered 500 meals in the last month to this group of people. And that has meant that people who would otherwise have been hungry have been fed or, you know, you know, I mean, sometimes you can say, well, we don't need to get any more audit evidence for that. That's pretty much, you know, fait accompli, arguably sort of thing, right. So we have allowed them to draw that dotted line between outputs and what an outcome might be without measuring, you know, putting specific measurements, if you like on the outcome." (NZ 10)

The effect of the auditor on the information reported in an SSP may also be observed on the topic of testimonials and whether to include those. According to one advisor from a mid-tier accounting firm, they had initially heard that testimonials were a good thing to include in an SSP and as a result they recommended that charities include some. However, then one of the charities received strong pushback from the auditors who believe that it was hard to verify a testimonial and since then the

consultant has not recommended testimonials, which according to them, are rarely included in SSPs due to this reason of auditors perception that testimonials are hard to verify. An audit partner of a mid-tier firm provides further insight:

> "I feel a bit harsh, you know, because I understand why people want to include that [testimonials] in there. But in my view, that's not and that's one, unless you only do one thing, that's what you, you know, I'm in my balance sheet, I'm not highlighting one transaction, right? You know, I'm trying to give a snapshot. So, again, my advice to them, my personal view is that that's really in your annual report, you may want to have a couple of specific stories. But that is not a statement of service performance in my view, right? You know, if you've had 100 people on a course, and you've somehow got some feedback on those 100 people, that's, you know, that 90% of people rated at five out of five, then I can include that in there. But what one person, the other 95 may have thought it was rubbish or whatever." (NZ 10)

The above quote highlights that the SSP may be viewed by auditors in a similar way as financial statements, in providing a high-level summary of performance rather than emphasizing specific aspects like testimonials or case studies. This point also links to the above discussion on the movement of case study information to the front-end of annual reports in some cases, a sentiment also supported by the comments of another audit partner when reflecting on how they handle clients who wish to present data that cannot be verified or stories they believe are not supported by the quantifiable data.

> "So I talk to them and say, okay, if you really want to talk about these things, can you think about putting it somewhere else, either on your website, where I don't give an opinion on, or some other place, maybe in a brochure, that, you know, is not somewhere close to my audit opinion. So you can talk about all of these things without affecting the, you know, the real picture." (NZ13)

However, this same audit partner noted that they had a clear preference for testimonials and case studies that are combined with other contextual information and quantitative measurements, rather than presented on a stand-alone basis, so long as the data all told a consistent story.

> "if it's a testimonial or a case study, it may reflect one point of view only, because it's only one case study. But …when I look at the performance reporting, I look at the overall picture. So if there's a testimonial in there, or if there's a case study in there, it needs to be wrapped around a lot of contextual information and some other supporting outcomes or some other sort of reporting on the widgets to say, you know, this was the overall outcome, this is the case study…to support the overall outcome."

The above quote highlights that this audit partner takes a holistic approach to assess the overall picture being presented in the SSP to ensure that the testimonial aligns with what the quantified output and/or outcome measures are revealing about the performance of the charities. If the testimonial is consistent with the numeric data then this audit partner will not only allow it to be reported, but encourage charities to do so. Interestingly, this audit partner had previously in his career worked in the Office of the Auditor General, noting that service performance reporting regime is "*quite mature in the New Zealand public sector*" (NZ 13) due to public sector organisations having now done it for "*over 10 years*".

The contrasting examples presented above of one audit partner not allowing testimonials to be included in the SSP, whereas another one encourages them highlights the variability in auditing perspectives, yet it also reiterates the pervasive role of auditing and auditors in the eventual contents of an SSP. In the words of one audit partner, "*there's quite a wide range in terms of auditors and what they're willing to accept and what they're not*" (NZ 2).

Despite the extensive focus on the problems associated with auditing outcomes and testimonials, it was also acknowledged there are sometimes problems associated with auditing output information, much of which relates to the underlying systems used by charities to collect such information, which may not allow auditors to run checks of what the number was at on a particular date, and where the systems are not consistent across the charities' various sites. Yet auditors have deployed pragmatic ways of verifying output data. For example, as expressed by an audit partner of a mid-tier firm, on the surface, auditing an output number on a spreadsheet may be challenging as "i*f it's just an Excel spreadsheet that says 200 people came to [an event], how do we know you haven't just made that number up?*" However, they continue on to explain that there are other ways to verify such numbers through estimation techniques and having "*another independent person to confirm*" (NZ 10).

Some participants noted that the audit verifiability requirements could perversely be resulting in some charities reporting less details than prior to the implementation of PBE FRS 48. As expressed by one audit partner, due to the audit requirements, "*I think we're [auditors] sort of pushing people more towards the shorter end if anything, which I do think they [the XRB] need to look at*" (NZ 2). However, the audit partner went on to note as indicated previously that charities could move information to the front end of the report which is not audited. This implies that the unintended push to shorter output focused SSPs was not necessarily a problem and charities could report whatever they wished in the un-audited parts of annual reports.

The value of audited Statements of Service Performance

Despite the difficulties and consequences associated with the different audit firms having different interpretations of the auditing standards, particularly in regards to the requirements regarding the verifiability of measures required to meet reasonable assurance, participants were supportive of requiring the SSP to be audited and did not suggest removing this requirement.

The audit process was appreciated by the one funder interviewed who commented that the audit provides them with a level of confidence that they would otherwise not receive from charities presenting them with an application form. Noting, however, that this funder only relied on quantified output data in their decision making and did not use outcome measures or testimonials in their decision making process. As such the issues associated with some audit firms not allowing testimonials or outcome measures would not have impacted this funder.

Similar to this funder, preparers who exhibit a strategic communication approach towards the SSP also seem to believe that auditing the SSP is a good thing as they believe that "*for a funder, it probably just gives them a little bit more reassurance*" (NZ 1). The auditor for this charity allowed them to report outcome measures and testimonials. It would be interesting to see if charities who experienced auditors pushing back on them wishing to report outcomes and testimonials shared similar views on the audit process. However, we are unable to determine this due to not interviewing any such charities.

Even though participants were supportive of the requirement to audit SSPs, two suggestions were put forth regarding potentially improving the audit requirement. An advisor recommended having limited assurance of outcomes to mitigate the problem of auditors not being able to verify outcomes. The advisor felt that by having limited assurance of outcome measures auditors would be more likely to accept outcome measures as part of the SSP. A preparer suggested that "*if we were to have our time again*" (NZ 3) they would recommend a staggered introduction process whereby the audit requirement would be non-mandatory in the first year. This they believed would have the benefit of allowing charities more time to get their systems up to speed as they would be learning from the initial preparation of an SSP, plus it would encourage charities and auditors to work collaboratively with auditors providing advice to clients without the pressure associated with an audit and/or receiving a qualified audit opinion.

2.2   Australia

Participants in Australia emphasized an accountability rather than decision usefulness role for SPR. Specifically, they identify a broader role of SPR in potentially enhancing accountability and public trust in the NFP sector as a whole through greater public availability of service performance information. Similar to New Zealand, participants found it challenging to identify a specific group of 'users' whose decision-making would directly benefit from SPR, and also raised concerns about the costs and practical challenges of any mandatory SPR standard, particularly for small and medium-sized private NFP entities. In line with the approach in PBE FRS 48, participants stressed the importance of allowing NFP entities discretion to determine which service performance information to disclose. Finally, the value of assurance was contested, with significant reservations about the cost and lack of demand for assurance, as well as significant concerns from auditors regarding the complexity, risk and cost of any SPR assurance engagements.

2.2.1 Analysis of examples of voluntary reporting of service performance information

We collected a sample of 30 annual or impact reports from Australian private NFP entities. The sample includes reports from the Social Impact Measurement Network of Australia (SIMNA) Award winners and runners-up (2022–2024), as well as recipients of the Australasian Reporting Awards (NFP sector) in 2023 and 2024.

Variation in Reporting Depth and Length

Based on the reports collected, there is significant variation in how Australian NFP entities currently approach reporting service performance-related information. The reports vary widely in length — from as short as 8 pages to as long as 300 pages—despite all being recognised as high-quality reports.

Differences in Presentation of Service Performance Information

Only two organisations explicitly used the term "service performance" in their reports. More commonly, organisations highlighted key indicators at the front of the report in highly visual formats. These indicators were mostly output-focused, with a few organisations presenting both outputs and outcomes in a progressive, structured manner.

Most reports used visual tools such as graphs and icons to present performance trends, typically showing changes over multiple years. However, comparisons to targets were rare—only one entity presented a comparison between actual performance and targets, though it did not explain how those targets were determined. A smaller number of reports relied more heavily on descriptive narrative formats.

Common Trends across Reports

The reports demonstrate that although SPR is not yet mandatory in Australia, those seen as award winning are already engaging extensively in this type of reporting activity. In most annual reports collected, at least 90% of the content is dedicated to describing services and related activities, demonstrating the actual results achieved through various programs, while financial information is typically condensed into a few pages—sometimes just two.

Case studies appear in nearly every report. Some organisations structure their reporting around strategic areas, each introduced by a case study, often supplemented with images or a few highlighted output measures.

As with our observations in New Zealand, few organisations report on unmet targets. In cases where performance declined from the previous year, most organisations offered an explanation.

Wide variation in Knowledge of Outcome/Impact Measurement

Australian private NFP entities appear to be at varying stages in their understanding of and implementation of outcome and impact measurement. Some organisations demonstrate advanced practices, separating their impact reports from their annual reports, and provide a comprehensive explanation and vivid illustration of their theory of change. They elaborate their outcome measures to align with their proposed theory of change. They even segment their impact measurement by time horizon (short-term, medium-term, and long-term). A more common approach shown in our examples is to blend outputs and outcomes, without clearly distinguishing between the two, and limited attempts are made to elaborate the logic of metric selection.

Absence of assurance

Among the sample reviewed, no private NFP entities had service performance information that was subject to external assurance.

2.2.2 Insights on using SPR

Who are the users?

There was generally a sense of apprehension when it came to identifying a specific user group for SPR among the participants in Australia. This mirrored the view of participants in New Zealand who questioned whether any user group would actively use the information contained in the SPR for decision making. In Australia, auditors interviewed, in particular, brought into question the users of SPR, particularly with regards to the complexity users potentially face in interpreting these reports. Caution was also raised by participants regarding the value of SPR because most funders already receive this information from NFP entities as part of their reporting process. As noted by a senior audit partner who is also on the board of several charities, the sector has enough information available for now (for example, on the ACNC):

> "You can find enough … on ACNC to satisfy yourself that it's a well-run charity, but you're not going to have the service performance metrics in there, but I don't know whether many people are going to go looking for it..." (AUS 3)

Regulators were seen as potential users of SPR, who could act on behalf of donors in ensuring that funds were spent on their intended purpose. A senior auditor who also serves as a policy advisor explained:

> "who are the users is the first question. Are there any is probably even a better question. Quite often, you can argue that there aren't any. Because who's going to read these long documents? I mean, I might read it because I'm technically minded and I want to read it…Who else reads it? Do the donors read it? Nah, not a chance…to me, users are mainly regulators standing in the shoes of donors." (AUS 2)

Like the perspectives shared by the New Zealand participants, the quote above illustrated the scepticism shared by participants regarding the value of SPR to smaller donors, who were seen to provide their funds for purpose, that is that the funds are "actually going somewhere" (AUS 32). Participants indicated that they voluntarily produced service performance information to provide feedback to their own staff and Boards. As one participant stated:

> "we do it for our staff … so that we have a reflection point in time that pulls as much together around our impact and outcome delivery as possible so that people can actually see that what they're doing every day makes a difference … particularly for the parts of the organisation that are working in the more intangible or harder types of change." (AUS 37)

NFP staff were seen to work in the sector because these individuals are predominantly driven by their values to create positive change. Beyond the staff, board members were seen to benefit from existing voluntary reporting of service performance information within the NFP entity. As a senior advisor in the sector noted, service performance information was considered to be a "piece of board information … to know what's going on as a board member" (AUS 14). The board needs to know whether the organisation is in fact "doing good, or … just assuming [they are] doing good …" (AUS 26). More generally, service performance information was also seen as possibly fulfilling accountability to the community. Given that there is "more expectation … from the community" (AUS 12), NFP entities "need to be able to account … to those who might not have been involved to … understand what has occurred [with the NFP]" (AUS 18).

What are the potential benefits to users?

Overall, participants' views on the potential benefits of SPR for users were mixed, echoing the views of participants in New Zealand. In Australia, the responses ranged from participants who did not see the value of these statements at all and others who could appreciate some limited potential benefits. One of the funders interviewed questioned the motivation for the SPR as follows:

> "what's the actual motivation behind investing in more measurement evaluation or service performance reporting …? Is the foundation trying to essentially prove to some extent the value that it's adding through its funding…? …Or is the motivation largely [for] … their stakeholders like board members or trustees, or even the general public, because … they need a social licence to operate, they're checking the boxes…? … Or thirdly, is the motivation really to answer questions like…what's gone well and why? What hasn't gone well and why? What can we learn from it so that we can design our programmes even more effectively going forward?" (AUS 36)

The quote above captured the themes that participants identified regarding the potential benefits of SPR. The funder above went on to say that while the SPR from Empower Children Australia (a fictitious vignette used for our field work) did not give him enough information, it was one that could be used as a "reference document … for a follow-up conversation with the charity … once every six months … and dig into it in more detail" (AUS 36).

As noted above, there were also potential benefits for staff and the board where service performance information could be used as a "reflection point" (AUS 37), to be used "internally … to show here's the impact that we made … here's the difference this program made on the community" (AUS 1). Importantly, though, these benefits can be met through voluntary reporting of service performance information within NFPs, such as to employees and board members, rather than through mandated SPR.

Contrastingly, other participants were not as optimistic about the potential benefits of SPR. As noted by a participant who headed philanthropy and fundraising, the SPR would not be a reflective exercise for her organisation:

> "It wouldn't be a self-reflective exercise for us. I don't think it would be an opportunity for us to promote our good work to a broad audience because I mean, perhaps it could be if it sits on our website and ACNC and then donors or supporters can access it. But again, considering the limitations of the form, I'm not sure." (AUS 25)

According to another funder, it would be "creating vast amounts of pointless bullsh*t for people to fill out and put together" (AUS 16). He was put off by the idea of using a "nonsensical number" to communicate "ambiguous components such as children's welfare and peer relationships". Similarly, a senior auditor did not see the benefit:

> "I don't think there's any way this should be mandatory. I don't see any benefit. I don't see any stakeholders who would have any use in using it. And I think the burden on not-for-profits to have this audited, for one, to prepare it themselves and then to have it audited for basically no good outcome… I wouldn't want to see it become mandatory and I certainly wouldn't want to see it become audited … I think it's three-pronged. It's the time it's going to take them, the fact that they don't have the skills and they don't have an end user who would benefit from having this information." (AUS 10)

The quotes above highlight the polarising views shared on the potential benefits of the SPR or the lack thereof. In essence, the benefits of SPR may not be realised without clearly identifying the users and the motivations underpinning the use of these reports.

What type of information should be reported?

Overall, given a lack of clearly identified potential users of SPR, there was no clear consensus on the types of information that should be included in the SPR. Participant responses were mixed when commenting on the SPR vignette that was presented to them in the interviews. The vignette contained the objective of the fictional organisation, outputs, outcomes, highlights and a testimonial from a beneficiary. Mirroring the view of the participants in New Zealand, particularly the preparers, the Australian participants who liked the SPR thought that it provided a good picture of the NFP. As shared by a senior audit partner and board member:

> "So, I think it combines the four parts that I typically think about when you think about not-for-profit reporting, … the activities and outputs, the outcomes, the stories through the testimonial and through the highlights. So, I think that's a good balance." (AUS 3)

While the key elements were seen to be present in the SPR, more depth was needed to facilitate a better understanding of the NFP and its impact. Some participants regarded outputs as being useful. For example, the financial controller of an NFP thought that "... donors are getting more output focused when they do their grants" (AUS 29). A senior regulator and auditor shared his view that NFP entities had to be "first and foremost … clear about outputs" (AUS 30). Another participant who was a senior regulator stated that "these output measures … are sort of interesting, but, you know, it's just a question of whether they can be biased .." (AUS 19). The view that outputs could be cherry-picked to make the NFP entities appear to be performing well was not widely shared but was raised by several participants. They also felt that outputs alone did not convey a holistic picture of the NFP's performance.

According to a philanthropist, "getting the physical numbers … outputs" was great, as it provided context, but she needed to know what those outputs were "actually translating to on the ground" (AUS 33). Similarly, several participants thought that the outputs without the outcomes did not convey the complete performance of NFP entities. However, participants noted the challenges inherent in measuring outcomes. As noted by one of the senior regulators, "the entity's outcomes I find much more interesting and so … would want to know there's a pretty good methodology sitting behind these, both the target but also the actual achievement … (AUS 19). The need to understand how outcomes were measured was shared by several participants, particularly the auditors and regulators. There was a concern that NFP entities faced the challenge of ensuring their impact measurement is "more valuable and meaningful" (AUS 25). Another senior regulator and auditor stressed that while he was not opposed to outcomes, the challenge was in "being able to express [outcomes] in a way [that captures] the more … immediate and short-term impact" (AUS 30), which would be a better way of measuring and communicating NFP outcomes.

Participants also stressed the need for the NFP to be able to communicate their performance story. Several participants appreciated the testimonial and highlights that were presented, as those "actual real-life stories are really good" (AUS 33). The concise nature of the highlights was praised, but some of the ratios were questioned as they could be perceived to be selected to portray the NFP favourably.

2.2.3 Insights on preparing SPR

The interviews revealed a range of perspectives regarding the preparation of service performance information in Australia. While there was broad support for NFP entities to voluntarily provide non-financial disclosures, often referred to as 'impact reporting', to enhance the evaluation of their success and ensure accountability to a range of stakeholders and society at large, many participants raised concerns about the additional burden a mandate to prepare SPRs would place on NFP entities. The practical challenges of preparing voluntary non-financial information were particularly emphasised in relation to small- and medium-sized NFP entities. When it came to evaluating the readiness of NFP entities to prepare mandated SPRs, participants generally agreed that any reporting requirements should be proportional to the size of the organisation. Notably, there was no interest in comparing and contrasting potential future SPRs across different NFP entities. The latter mirrors findings in New Zealand, where NFP entities appreciated the principles-based nature of PBE FRS 48 but also expressed concerns about comparability due to the wide variability in how entities interpreted and applied the standard.

Evaluation of Success in NFP entities through Voluntary Non-Financial Disclosures

Participants emphasised that the success of NFP entities is measured primarily by the extent to which they achieve their objectives and missions rather than on the basis of financial performance. One participant noted that voluntary non-financial disclosures that measure the success of NFP entities "*play a very special part in how NFP entities tell their story to stakeholders [...] if you had the ideal situation, [non-financial reporting] should take precedence over financial reporting [...] because the stakeholders who are interested in NFP entities are interested in them delivering against their objectives*" (AUS 2). In this way, non-financial reporting was viewed as essential for NFP entities to effectively communicate their impact beyond financial disclosures, whereby voluntary disclosures were largely driven by a commitment to offer "*transparency to the community*" (AUS 37). Participants also stressed that non-financial information should be accessible to the broader public for accountability purposes as NFP entities had to "*justify*" their service delivery (AUS 15). Similarly, in New Zealand, NFP entities that viewed SPR as a strategic communication tool generally produced more detailed reports, often including case studies and outcome measures, for the purpose of attracting funders and building trust with stakeholders. Representatives of large NFP entities with advanced non-financial reporting systems and rich experience in voluntary non-financial disclosures argued that the NFP sector should adopt the same rigorous approach to social value as it did to financial value if it was to become more professional, with one preparer of a very large NFP asserting that NFP entities "*have to have the same view of social value*" as they have of financial value (AUS 26). Another preparer further illustrated this point: "*You wouldn't have someone build a bridge and just be like 'oh, I tried my best'*" (AUS 21).

In this way, voluntary non-financial disclosures were seen as particularly vital for the evaluation of NFP's success, with financial statements alone viewed as failing to capture the full extent of NFP entities' contributions to specific communities and society at large. One participant emphasised that "*the social impact [of NFP entities] is generally much greater than what the financial statements are saying*" (AUS 13). Indeed, failure to measure and report on impact through non-financial disclosures was argued to potentially damage the credibility of NFP entities, making it harder to attract donors and secure grants. As one preparer explained: "*If you don't have your impact data and you can't readily show and explain that, then that's costing you in donations coming in. It could cost you in reputation*" (AUS 1). Along the same lines, participants generally agreed that the voluntary measurement of non-financial metrics is critical for NFP entities' financial stability and long-term sustainability, with some NFP entities' funding already directly tied to the achievement of specific non-financial targets. As one participant described, "*we get remunerated on or are allowed to recognise income based on whether we've met the activity targets*" (AUS 32). In New Zealand, similar cost-benefit decisions influenced the scope and style of SPPs, with some NFP entities opting for minimal compliance-focused reports, especially where government funding reduced the need for strategic storytelling.

Notably, some NFP representatives deliberately chose to limit their voluntary disclosure of (non)financial information to the requirements by the ACNC to avoid potential "*misconceptions about income and expenses because the general public probably can't read between the lines with the organisation being a NFP*" (AUS 23). However, these NFP entities often still chose to provide selected non-financial disclosures through "*easily digestible and easy to interpret*" information (AUS 23). These NFP entities prepared non-financial disclosures voluntarily as a tool to increase societal "*visibility*" to their non-financial performance and "*extend their reach*" (AUS 11). In this way, participants often described the preparation of voluntary non-financial reports as a "*telling of a strategic story*" that combined "*components of marketing and [raising] awareness, [...] other components of transparency, and the truth of what is going on*", allowing stakeholders and society at large "*to jump past the set of*

financials" and see the 'real' impact of the NFP (AUS 26). This storytelling function of SPR strongly echoes the approach taken by some NFP entities in New Zealand, particularly smaller ones, who used visually attractive reports to demonstrate impact.

Status Quo of Data Collection Systems

The interviews revealed that many NFP entities, especially large-sized NFP entities, already have voluntary non-financial reporting systems in place. Particularly large-sized NFP entities often also provide detailed non-financial disclosures voluntarily through dedicated 'Impact Reports' or as part of their Annual Reports. Indeed, over the past three to five years, the prevalence of Impact Reports was perceived to have accelerated significantly. As a funder noted: "*It used to just be 'here's our Annual Report' and now there's an Impact Report and an Annual Report*" (AUS 33). Some NFP entities had even appointed a Head of Impact to establish internal processes and oversee the consolidation of meaningful output metrics across the organisation. Non-financial disclosures in Impact Reports or Annual Reports were generally regarded as an effective way of engaging external stakeholders and fostering positive perceptions. For instance, one participant highlighted that such reports serve to "*make donors or the public feel happy*" by appealing to their "*emotions*" (AUS 20). For NFP entities transitioning to larger organisational governance structures often meant upgrading manually collected service performance data in spreadsheets to specialised software, which improved confidence in the reliability of the data. This data was deemed essential for securing external funding: "*At the start, we had volunteers [...] enter the data [...] into spreadsheets and it was a nightmare. Last year, we went with [software] and now we are much more confident that we have good solid system, but there's a real cost [...]. We've not been able to access that [data] previously because of the cost, but now we see it as essential. It's essential data that we need to support any [funding] submissions that we make*" (AUS 24). Similarly, in New Zealand, both small and large NFP entities noted that while outcome-focused reporting could incur initial setup costs for data systems and controls, these were often one-off investments. In addition, sophisticated non-financial reporting systems were often associated with higher cost and would thus correlate to the size of the NFP. As a result, the maturity of data collection and analysis systems used to provide non-financial information varies widely across NFP entities.

In detail, participants noted significant disparities in reporting capabilities between large, medium and small NFP entities. While some large NFP entities often collect extensive data, their challenge in preparing non-financial disclosures lies in filtering out "*the meaningful level of data that you don't have to spend hours trying to digest and you can still get a clear picture of the activity and outcomes*" (AUS 3). By contrast, small to medium NFP entities frequently struggle with data collection, data analysis, and the communication of findings, limiting their ability to engage effectively in the voluntary preparation of non-financial reporting. As one participant remarked, there's "*a big gap between the NFP entities that have the resourcing and the funding to do it [SPR] well [...] and the small grassroot ones, [which end up] just dropping out*" (AUS 21). Such sentiments were echoed by other participants, who questioned how the preparation of SPR under a mandatory standard would add value to NFP entities, their stakeholders, and society at large, especially when compared to the current state of voluntary non-financial disclosures, potentially presenting "*a resource burden with unsure benefits*" (AUS 22). New Zealand participants similarly pointed to a disparity in readiness to prepare SPR between large and small NFP entities, with smaller entities tending toward output-only reporting focused on compliance, while larger entities used SPR as a strategic opportunity.

Preparation of Non-financial Information to Satisfy Existing Disclosure Requirements

Participants explained that specific non-financial disclosure requirements were often prescribed by funders, including government departments, public authorities, foundations, or private donors, as one preparer specified: "*Most [funders] are very clear, very explicit about what they are looking for in their granting guidelines and strategy*" (AUS 25). Another preparer further clarified that some funders were looking for more output-focused metrics, whilst others were more interested in outcomes, with "*measurement being quite targeted*" towards the "*interests of the funder*" (AUS 26). In response, most performance measurement systems in NFP entities were initially customized to the specific objectives of each NFP and then adapted according to the specific disclosure requirements of major funders. For instance, yet another preparer explained that their NFP had to provide "*service performance specifics requested by various different organisations*" (AUS 4).

In addition to most NFP entities "*prepar[ing] impact reports for individual funders, that will be very specific in terms of what that agreement says they have to do*" (AUS 17), the reporting expectations of external funders were increasing in sophistication, placing additional strain on NFP entities. For example, one participant observed that reporting requirements were "*getting more and more sophisticated*" and that many NFP entities were "*not feel[ing] equipped to do everything that it is that they want*" (AUS 21). This concern was very pronounced when it came to government grants, which many participants associated with seemingly ever-expanding financial and non-financial disclosure requirements. Some participants noted that the increasing overhead cost associated with grant acquittals in particular were making it particularly hard for NFP entities to secure government funding. As an auditor explained: "*government grants have specific reporting [requirements] that the grantee has to address and has to provide information on [...] it's very specific and it is getting harder and harder to get these grants because the government requires so much reporting*" (AUS 13). In addition, participants also noted that financial and non-financial reporting obligations strongly differed based on the field in which NFP entities provided services. For instance, with regards to fields such as childcare and aged care, participants commented that these service providers had to report on a number of predetermined non-financial metrics. In relation to aged care, one auditor from a government department explained: "*There's quarterly financial reporting, which also extends to some outputs. And then there's also quarterly quality indicator surveys where they go around and assess residents' quality of life [...] and report back to the government. Then there's also annualised versions that include significant management accounting requirements that we ask, like customised reports we require*" (AUS 30). In New Zealand, similar pressures were also observed, with some entities emphasising that government-funded NFP entities often chose to meet only basic compliance obligations because more extensive disclosures were not seen as providing additional benefits. As such, SPRs appeared to often be tailored towards financial and non-financial reporting requirements specified by both public and private funders as well as by government departments, with some NFP entities struggling to provide the necessary disclosures. This further resembles New Zealand's experience, where funder relationships influenced how much effort NFP entities put into their SPRs, with some reporting only outputs while others went further, incorporating outcomes and testimonials depending on their funders' expectations.

Concerns over the Burden of Mandatory SPR

Participants expressed concerns that many NFP entities may lack the expertise, resources, and systems to comply with the requirements of a mandated SPR standard. As one preparer acknowledged: "*The idea is great [...] but internally we are quite stretched just to do the day-to-day [reporting] and get audited. If you don't have good people inside your organisation or they're under-resourced, they [the NFP entities] are going to struggle*" (AUS 1). Similarly, another preparer noted that "*the capability gap [between NFP entities and corporates] continues to widen. [...] so that when*

the Board is pushing for better information, better reporting, because of the lack of capability, it costs a lot more because you haven't got the right systems" (AUS 3). In this vein, participants cautioned that mandated SPR would be associated with increased cost and the need to acquire specific expertise as the mandate was likely to go beyond what the established systems of many NFP entities could provide. As an auditor outlined, NFP entities "*haven't actually set up the system processes to be able to capture the data to be able to measure [...] and report on*" their non-financial performance (AUS 8). For some NFP entities, which still conduct manual data collection for daily (financial) transactions such as timesheet processes, the proposal to prepare SPR was seen as "*a bit of a stretch*" (AUS 14), requiring "*a huge amount of effort on behalf of the organisation and [...] would be at a significant cost if it became mandated*" (AUS 32). This concern over costs and systems resembles concerns raised amongst participants from New Zealand, where the shift from output to outcome measures was noted to carry high implementation costs.

When expressing concerns about the burden that mandatory SPR would impose on NFP entities, participants carefully distinguished between small- and medium-sized NFP entities and their larger counterparts. As an auditor noted: "*there is definitely a correlation between the skills of management and the size of the NFP in terms of revenue*" (AUS 17). Some participants further noted that the quality of information "*is very much responsive to entity size*", explaining that "*very, very small entities hav[e] direct access to all relevant information*", while large NFP entities allocate significant resources to governance. By contrast, growing NFP entities with "*multiple entities and multiple locations*" experience a greater decline in quality due to inadequate data collection systems and challenges of "*introducing dispersed delivery*" (AUS 30). Notably, representatives of large NFP entities with rich experience in preparing non-financial disclosures who had previously emphasised that social value and financial value should be treated the same, cautioned that whilst they thought it was, in general, *"a great idea [...] having audited confidence*" around non-financial disclosures, they were also "torn" about a SPR mandate because, as one preparer expressed it, "*when the rubber hits the road, when you are a small organisation and you don't have the resources, [..] then it is going to be really onerous*" (AUS 29). This sentiment was echoed by other preparers whose non-financial reporting systems were not as advanced, with one preparer commenting: "*I think that's really useful information [...] but I am not proposing that we go down the path of mandated reporting because of the significant impact it would have on NFP entities.*" (AUS 32).

Larger NFP entities were observed to have greater financial resources, enabling them to employ specialized professionals with the necessary expertise to provide information on service delivery in relation to their objectives. As a result, larger NFP entities appear well-positioned to collect data efficiently and effectively, with analytical systems in place to comply with a potential mandatory SPR standard. By contrast, many small- and medium-sized NFP entities struggle to maintain even financial reporting systems. Participants therefore cautioned that these smaller NFP entities often lack the capacity, expertise, and financial resources to comply with additional non-financial reporting requirements. As an auditor explained: "*Most NFP entities would struggle to prepare any information outside the financial reports that they currently prepare…I just don't think many would have any capacity to do that [prepare service performance reports]*" (AUS 5). In New Zealand, where smaller NFP entities faced similar capability limitations, participants that had strong funder relationships or existing stakeholder engagement practices found that the SPR mandate and associated requirements did not add much burden as disclosures were often aligned with pre-existing communication of information. Preparers echoed this concern, emphasising that the introduction of a mandatory SPR standard "*would need a long lead time*" to allow NFP entities "*to work out a system in which to decide what your metrics are going to be*" as well as *"a way of recording that wasn't onerous*" (AUS 32).

The voluntary nature of many NFP Boards emerged as another key challenge, with time constraints and lack of training acting as barriers to provide voluntary SPR reporting. As outlined by a preparer: "*The main issue for NFP entities is the lack of training of the Board members, who have really important legal responsibilities [...] and time, it takes a lot of time and effort to prepare*" (AUS 9). The lack of non-financial reporting expertise in small and medium sized NFP entities was also emphasised by another preparer who provided insight into their NFP: "*The operations manager has an allied health background as a social worker [...] I don't think [they] have had training on how to do reporting or even how to write a manager's report [...] so we had suggested that they do professional development for report writing and some additional governance training*" (AUS 11). In response, participants emphasised the need for government intervention to "*inject sufficient capital into the [NFP] sector to be able to allow that sector to build the [necessary] capacity*", with investment including training on "*how do we collect data and [...] then the analysis of that data*" as well as "*giving them the equipment to be able to do it*" (AUS 14). Besides providing NFP entities with funding to grow their non-financial reporting expertise and discounted access to software, some participants also suggested that "*guidance and support materials [be] made available*" to NFP entities (AUS 12).

The readiness of NFP entities to comply with a potential SPR mandate was closely linked to their size and the systems they had in place for capturing service performance data. In addition, readiness was evaluated to depend on "*how much guidance the AASB*" was going to provide in the sense of "*NFP entities need to have 'X' outputs, and they need to be linked to their mission [i.e., objective] and values*" (AUS 22). Given these concerns, participants stressed the importance of any potential SPR mandate needing to adopt a proportional approach, expressing a clear preference for lower reporting requirements for smaller NFP entities to prevent a cost-benefit imbalance. When discussing proportionality in greater detail, participants clarified that, while closely tied to the size of NFP entities, the concept was "*not just based on cost and money*" but also linked to NFP entities' "*level of responsibility*" within a broader societal context and the services they provide (AUS 18). SPR reporting should thus also be proportional to a NFP's objectives, which sometimes might mean reporting on "*the ultimate outcome at the end point of a causal chain*" (AUS 18) and, in other cases, might mean non-financial disclosures are limited to output reporting "*in a reasonably simple way*" (AUS 12). As such, any reporting requirements should be proportionate to the size and objective of NFP entities, with the selected "measures being proportionate to materiality in terms of [transaction] volume" (AUS 30). That is, NFP entities should not be required to provide output/outcome measurements if this was not relevant to the objective of the respective NFP. In addition, NFP entities should not be required to report on targets because, as one preparer explained, some NFP entities "*can't control demand*" because of the field they provided service in, with target-setting in fields such as domestic violence and childhood poverty "*not being an acceptable*" (AUS 23).

Content of SPR

Participants stressed the importance of allowing NFP entities to determine what service-related information to report on and which metrics to use to measure their non-financial performance: "*That's the whole point. It is up to the NFP to determine what's right for their context*" (AUS 12). However, some participants cautioned that any mandatory SPR standard would need "*to be very, very clear in defining the concepts [such as output and outcome] [...] and would need [to provide] lots of practical examples [...] that actually show people*" how to prepare SPR (AUS 27). In addition, when it came to small and medium-sized NFP entities, some participants, particularly preparers and auditors, suggested that "*having a suite of metrics that [the NFP] could draw from would be useful*" (AUS 3). Others specified that "*a template for examples of outcome measurement*" would add particular value

for smaller NFP entities (AUS 20). This tension between the need for flexibility on the one hand and the desire for prescriptive guidance on the other hand resembles tensions that emerged in New Zealand. While many New Zealand participants valued the freedom of the principle-based design of PBE FRS 48, some preparers asked for examples to guide them in interpreting concepts such as outputs and outcomes. When discussing large NFP entities, participants critiqued calls for comparability under mandated SPR. Instead, they viewed heterogeneity in metrics and lack of comparability between NFP entities resulting from a principles-based approach as unproblematic, since any reporting mandate was "*by definition, not going to be able to achieve consistency when it comes to measuring and reporting on impact*" (AUS 7). This view closely aligns with perspectives that emerged from participants in New Zealand, where both preparers and auditors cautioned against the feasibility of prescribing standardised metrics due to the diversity of organisational types, services, and user needs.

It is in the context of this diversity amongst NFP entities that some participants questioned the broader idea of mandating SPR. They pointed out that selecting output and outcome metrics, particularly those related to an NFP's objective such as resilience, confidence, sense of belonging, was "*difficult*" to measure and "*open to manipulation*" (AUS 15). Some preparers raised additional concerns regarding cases in which NFP entities "*haven't aligned their purpose, audience, and necessary rigour [...] in sampling techniques*" (AUS 26), making outputs and outcomes harder to measure and interpret. Others remarked that the field in which NFP entities offered services also influenced their ability to provide meaningful metrics in a timely manner. For example, one preparer noted that fields such as mental health care move *"like an oil tanker"*, making it particularly difficult to measure outcomes (AUS 29). Similarly, in New Zealand, concerns about ambiguous definitions of outputs and outcomes also arose, with some participants arguing that any attempt to strictly differentiate the two led to confusion and could detract from the broader goal of meaningful reporting.

To address the outlined challenges, various participants proposed introducing "*a statement around how metrics were decided on*" to prevent the perception that NFP entities were using SPR for "*cherry picking*"; that is, selectively highlighting key metrics that demonstrated strong performance and high impact rather than providing an objective performance assessment (AUS 10). Participants expressed a particular interest in how SPR data was prepared, including the design and selection of metrics, the measurement processes used to collect data, and how the retrieved information had been validated. As one funder explained, NFP entities should be required to demonstrate the underlying measurement processes for each metric through, "*at the very least, a reference and a description [...] in the footnote*", ideally supported by research (AUS 16). Other participants advocated for time-bound metrics that would track outputs and outcomes of NFP entities over a specified timeframe, allowing "*comparisons to the previous years*" and to a baseline year, thereby reducing the risk of NFP entities "*manipulating*" data (AUS 31).

2.2.4 Insights on auditing SPR

While NFP entities are usually required to have their financial statements audited, assurance over impact/social performance is currently rare according to the participants. Many NFP entities (particularly large ones) are making concerted and voluntary efforts to assess, evaluate or measure the impact of their programs, and are constantly trying to improve their approach. Auditors we spoke to stated that these 'impact reports' are often reported publicly, they are rarely assured. The participants we spoke to from larger organisations who produced impact reports suggested that usually data, measurements and evidence that were used within impact reports were checked by someone inside the organisation who was independent of the data collection (such as a reporting and evaluations team), and were scrutinised by the board prior to publication (e.g. AUS 28, AUS 29).

Our interviews showed that separate to this, NFP entities receiving government funding are often required to produce an extensive array of grant acquittals which are assured by external auditors. Usually these acquittals track the expenditure of grant funding, and rarely cover assurance of outcomes or achievements . Philanthropic funders that we spoke with usually don't seek formal acquittal of funds in this way, and often prefer not to fund any measurement, evaluation or assurance. Instead, philanthropic funders prefer that their funds go directly to programs and rely more on relational ways of verifying how their money has helped.

Auditors also spoke about the general lack of capacity, resources and familiarity with accounting requirements among many NFP entities (especially small to medium sized entities). NFP entities reported already feeling under-resourced and struggling with current reporting and acquittal requirements. For example, the CFO of one NFP reported they "struggled" with requirements and that "internally we're quite stretched just to do day-to-day and get audited" (AUS 1). This was also echoed by auditors, who stated that their work was complicated by the lack of ability and experience among senior managers and boards of NFP entities:

> "They know that they have reporting obligations. They don't necessarily know what they are. And in terms of having any knowledge whatsoever of an accounting standard, basically most of the committees have next to none. We might be lucky to have someone who had knowledge [but] they probably haven't worked in the financial reporting space. They've generally got next to none" (AUS 5, specialist NFP financial auditor)

The above quote, for example, from an experienced and specialised NFP auditor suggests that capabilities and resources were often inadequate to meet the needs of required financial audit, and that, by implication, boards and senior managers may be ill-equipped to meet the demands of SPR assurance also.

Potential benefits of SPR assurance

Overall, our analysis indicates that while there is in-principle support for assurance of SPR, there were many reservations about the cost and lack of demand for this assurance. Assurance was seen to increase credibility and reliability of SPR; one private funder from a family office, for example, stated that "I think some kind of at least basic audit of [SPR] would be good [because] anyone can throw numbers into a report and make it look shiny" (AUS 33). Several participants pointed to parts of the NFP sector which they feared had higher levels of misbehaviour and fraud which would most benefit from additional scrutiny to build public trust and confidence in the NFP overall: "it's better for everyone if there's not cheats in the system" (AUS 29, Financial Controller of a NFP). In this way, assurance was linked to overall public confidence and more donations (AUS 8). Assurance was even seen as important to temper a 'false sense of security' that comes when outcomes are expressed as numbers (AUS 20: a monitoring and evaluations expert). Despite this support, nearly all subsequently expressed reservations about whether the benefit of assurance would outweigh the cost, consistent with the concerns over cost of SPR.

Despite the general in-principle support for assurance, participants were unsure of who would read or make decisions on the basis of assurance over SPR. A sector expert on NFP financial reporting provided the example of a charity that continued to receive funding despite a succession of qualified audit opinions over years as evidence that assurance was rarely read or used in decision-making (AUS 14). Auditors of financial statement audits acknowledged that they were unsure if anyone ever

read their audit opinions, and they certainly were never asked questions about them. The quote below, for example, from an auditor showed their reservations about assurance of SPR being of no benefit or 'no good outcome'.

> "I don't think there's any way this should be mandatory. I don't see any benefit. I don't see any stakeholders who would have any use in using it. And I think the burden on not-for-profits to have this audited, for one, to prepare it themselves and then to have it audited for basically no good outcome, I can't see this is of any benefit and I wouldn't want to see it become mandatory and I certainly wouldn't want to see it become audited" (AUS 5, specialist NFP financial auditor)

Moreover, the reporting requirements back to government were seen as already onerous (including from within those funding bodies in government; e.g. AUS 30) and included audited acquittals . Further, while some philanthropic donors may express interest in seeing assurance, they were not always willing to pay for it according to NFP entities.

Assurance of outputs, outcomes and targets

Consistent with the views expressed in the New Zealand interviews, outputs were generally seen as fairly easy and straightforward to assure with either sampling, reviewing documentation, or assessment of internal controls. In contrast, there was a wide range of views on the assurance of outcomes. Most participants agreed it would be fairly simple to assure the accuracy of reported quantitative measures of outcomes (such as confirming the reported numbers matched the output of a survey). However, most auditors expressed concerns that this level of assurance would be insufficient, and raised a wide variety of issues with assurance of outcomes:

- Should, and how could, auditors assess the connection between the specified outcomes and the objective of that organisation?
- Should the auditor assess whether the measures used for outcomes are reasonable, match the stated outcomes, represent best-practice or use generally-accepted metrics for a particular issue, especially if they are not familiar with a particular service area (e.g. child safety)?
- How should the auditor treat the issues of attribution of outcomes to particular programs/interventions, and how should they assess the boundaries of the entity's outcomes?
- Should they, and how could they assess the objectivity of the measurement from the staff or organisation itself? How reasonable is any expectation of objectivity?
- On what basis should the auditor assess the completeness of the outcomes, and their measures? For example, what should happen if the auditor determines that the metrics only 'cover' a small part of the organisation's activities, outcomes, or objective? What processes should take place to pick up anything that has been omitted from a SPR?
- Associated with this, what does materiality mean in this context - what is the threshold where a program, outcome or measure can be fairly excluded from a report?
- How should the auditor approach outcome measures that are multi-period in nature? For example, if an intervention is only expected to create change in 5-10 years, how should this be reported or assured?
- What expectations are there around consistency of measures over time? Are auditors required to confirm or check the choice of metrics prior to measurement beginning, and what happens when an organisation chooses a different metric to evaluate their performance in different periods when they vary the programs they offer?
- What is the conceptual difference between outputs and outcomes, and how important is the auditor's role in differentiating them?

- Should the auditor be making assertions about the efficiency and effectiveness of the organisation?

Auditors pointed out the absence of clear guidance on these issues, and thus they would need to exercise substantial judgement which would increase the complexity, risk and therefore cost of an engagement. With many NFP entities not able to pay large sums for assurance, there were concerns it could become a 'tick and flick' exercise that lacked meaning and was offered only by assurors willing to sign off on assurance with minimal work done.

The assurance of targets was viewed in a similar manner as outcomes. It would be straightforward to assure the same numbers are presented as targets over time, or are used internally as in reports. But questions were raised about whether auditors should concern themselves with whether these targets were reasonable given the service provided, too conservative (and thus easy to beat), consistent with the aims of comparable organisations or with the theory/scientific evidence of a particular area. Overall, while targets and outcomes may be useful pieces of information, the assurance of them provoked many concerns.

Assurance of highlights and testimonials

Highlights and testimonials were seen as more subjective, and thus more problematic, for auditors. There were mixed views on the value of the highlights, and their potential to be "cherry picked" (AUS 10) raised concerns for many (auditors and other stakeholders). However, several auditors saw the highlights as analogous to management commentary in financial statements and thus suggested this information may be assured or at least reviewed.

Consistent with the NZ auditors we spoke with, Australian auditors were similarly concerned about assurance of testimonials which were seen as very subjective, particularly around the selection of which subject to profile. Auditors did suggest they could confirm the veracity of testimonials directly with participants, but that this may raise ethical issues (e.g. speaking with children or vulnerable people). Most auditors agreed they would likely exclude testimonials from any assurance, again similar to the experience in NZ.

Costs and risks of assurance

In our interviews, we asked auditors to estimate the pricing of an SPR assurance engagement. Responses varied widely - from negligible cost via inclusion in a financial audit through to 100% of the cost of a financial audit. Auditors suggested that costs would escalate quickly for complex NFP entities with diverse program areas and services, and those operating overseas. Higher costs were also linked to the state of systems and internal controls in the NFP, as well as how much judgement would be required by the auditor especially in the absence of specific audit standards or guidelines and would be particularly high in early years due to the learning curve required of auditors to move into this new area. This echoes the New Zealand findings of audit fees increasing due to the complexity of the assurance engagement.

The cost of assurance was by far the biggest concern for our participants, and this concern was voiced universally across the interviews by those who had experience working in or with NFP entities. One monitoring and evaluation specialist, who had experience working with many NFP entities on their grant acquittals and reporting, stated that:

"I don't think the [NFP sector] is there yet. I think that this will hold them back rather than bring them forward. I think the lack of capacity is still so severe. In principle I can see the value in it. I can understand why it's being thought about and it's not something that I am in principle against. It's that I think that we're having a conversation about something that is like a pretty high-level governance kind of thing, where we've got a sector in an industry that has daily struggles that I don't see this addressing. I think there's a disconnect between the purpose of the project and what that would actually mean in the ground. It's not that I think it's bad to standardise or increase rigour." (AUS 21; Monitoring and Evaluation specialist)

The primary issue is that NFP entities are extremely resource constrained and often struggle to find the funds to cover statutory financial audit, let alone any additional forms of assurance. Government grants and donor funds are seen as increasingly competitive and increasingly restricted. One NFP CFO, for example, felt that "we as a sector are always required to do more with less" (AUS 28). Further, NFP entities already face a high regulatory burden to comply with government reporting and acquittal demands for funding of programs that are often highly prescriptive and resource-intensive. Many participants were concerned that assurance would just be yet another compliance cost NFP entities would have to bear, and may come at the cost of reduced front-line or program spending. Further, mandatory assurance risks being disproportionate or regressive by representing a greater burden to smaller NFP entities compared to larger ones.

A related issue is that the cost of assurance would be categorised as an overhead expense, which is very problematic for many NFP entities. An audit partner, reflecting on whether assurance should be required of SPR, stated that:

"I think [assurance] would be taking funds away from not-for-profits being able to deliver their service and their core mission. And it's putting more to overhead costs. As a partner of an accounting firm, I should be going, yes, we should do this because we're going to generate more fees by doing this. But then, as a good citizen, I'm like, no, deliver the values of what the not-for-profit needs to deliver and don't be giving fees to professional service firms." (AUS 13; Audit Partner)

The audit partner quoted above suggests that (despite the potential income stream SPR may provide their business), they feared the cost of assurance may have two negative impacts for NFP entities: requiring money to be taken from front-line program expenditure, and also may inflate overhead costs. This is important because NFP entities are increasingly scrutinised for their spending on non-program expenses, and struggle to find funding that will cover 'overheads' like administration and compliance. Bearing the cost of SPR assurance would further inflate the amount of overheads and risk the perception that a NFP is seen as inefficient which can have substantial impacts on donor relations and access to funding.

A further layer to this issue arises around the realities of the systems, controls and practices in place at NFP entities to measure outcomes (outside those required by government) are often limited. This is similar to the findings from New Zealand, where verificatory processes were reportedly limited by the rudimentary systems in place in some organisations. The CFO of a fairly large NFP that produces lengthy impact statements described the process of producing the report as 'archaic' because data was "manual and a bit messy" and that it required "a number of pairs of hands and a bunch of time" (AUS 28). Our participants from NFP entities were well aware of the limitations of their internal systems, yet were often too resource-constrained to substantially improve them. Mandatory assurance

risks exacerbating this paradox: where money allocated to assure SPR is ultimately diverted away from being able to spend on improving those systems that the auditor will identify as inadequate.

A final risk (which echoes the experience of SPR assurance in New Zealand) was also suggested by several participants and relates to the assurance of outcomes. These participants feared that the effort to improve the credibility of outcomes disclosures via assurance may inadvertently lead to fewer outcomes being reported. The uncertainties around how to assure outcomes may lead to increased use of auditor judgement, audit risk and thus cost for an SPR engagement. If a NFP seeks to reduce their assurance cost, or an auditor seeks to reduce their exposure to risk, this may see a shift away from outcomes towards outputs in SPR as they are easier and cheaper to assure. Ultimately this may signal a shift away from more meaningful disclosures on outcomes due to the costs of assurance.

Assurance level and timing

A wide variety of views were presented by auditors about the level of assurance possible on SPR - with review, limited or reasonable presented as possibilities. Generally, most felt that a review or limited assurance would be most appropriate, and that while reasonable assurance is possible it would require the development of specific assurance guidance or standards (as was done in New Zealand), and that it was likely to be very costly. Moreover, nearly all of the auditors we spoke with were unsure if the potential benefit of *reasonable* assurance of SPR would outweigh the potential costs. Similar to New Zealand, limited assurance was widely seen as more appropriate.

In terms of timing, most participants agreed that SPR could be assured alongside the audit of financial statements, and most auditors thought it possible that their engagement could be expanded to include both. Some participants suggested that given the potential costs of assurance, it may be prudent to consider assurance only periodically (i.e. every 3-5 years), particularly with smaller organisations.

3.   Conclusions and Recommendations

We summarise our Conclusions and Recommendations around three questions:

1. Is there a need for a mandatory SPR standard in Australia?
2. What service performance information to report, by who, when and where?
3. Should external assurance of SPR be mandatory?

3.1 Is there a need for a mandatory SPR standard in Australia?

Our empirical analysis of documentary and interview data from both New Zealand and Australia suggests that a clearly defined set of 'users' who rely on SPR to inform decision-making has yet to emerge. While the primary intended user group of SPR are presumed to be private resource providers such as donors, philanthropists, and institutional donors, these stakeholders already have access to a wide range of information about the work and performance of private NFP entities from alternative information sources. For example, the 2024 Productivity Commission Philanthropy Inquiry noted:

> "People obtain information about charities from a variety of sources, including word of mouth from friends, family or social media, or through charity marketing and communication campaigns. Sources of information about work that charities undertake include annual reports, charity websites, impact evaluations and comparison websites." (Productivity Commission, 2024, p. 320).

Despite the implementation and use of PBE FRS 48 in New Zealand for several years, our findings from New Zealand indicate that a specific, identifiable user group for SPR has not emerged or been identified. While multiple potential user groups such as government agencies and private resource providers have been discussed as potential beneficiaries of SPR, participants frequently struggled to identify actual users who have engaged with or benefited from the SPR in practice. Similarly, our findings from Australia also do not provide evidence of a defined or actual user group for SPR, reinforcing questions about the potential decision-usefulness of SPR for intended users.

Institutional donors continue to rely primarily on their own application frameworks and reporting requirements, with funding decisions often being made based on long-standing relationships developed with NFP entities. Although institutional donors may request information that aligns with SPR as captured under New Zealand's PBE FRS 48, they typically obtain this information directly from NFP entities rather than through SPR disclosures. As reported by the Productivity Commission (2024, p. 320), institutional donors tend to rely on special purpose information: '*People making large donations or charitable bequests may seek specialist advice, directly approach a charity for more information, or invite a charity to submit a funding application.*' Similarly, when NFP entities carry out services on behalf of government agencies, the reporting requirements are usually specified in contractual service agreements, which often include tailored financial and non-financial service performance metrics.

Our interviews provided no evidence that regular, everyday donors would use or rely on SPR. Donations by regular, everyday donors are primarily motivated by affiliation with a cause and personal connections, rather than by information provided through formal disclosures such as those required by SPR. This aligns with the 2024 Productivity Commission Inquiry (2024, p. 328) which concluded that '*it is unclear that a significant proportion of people would change the way they give or give more than they otherwise would if presented with information on charity effectiveness.*' While it is possible that a

small subset of intended users might find SPR useful for decision-making purposes, our findings provide no indication that mandated SPR would play a significant role in decision-making across the broader NFP sector. This limited use is not surprising when considering the complexity and multi-faceted nature of giving behaviour exhibited by resource providers and the wide range of information sources about NFP entities that is already publicly available. Finally, there is no evidence from our participants to suggest that service recipients would engage with or rely on SPR in any form.

Although the analysis does not provide support for a decision-making rationale in favour of SPR, there was broad agreement among participants that private NFP entities, particularly larger ones, should already possess relevant and meaningful service performance information. In most cases, reporting on this information publicly would not require substantial changes to existing practices. In New Zealand, the availability of SSPs was viewed positively, even though there was little evidence that stakeholders were actively using this information to inform their decisions. Similarly, in Australia, participants expressed support for SPR to be available to the broader public as a means for private NFP entities to justify their service delivery and to discharge their accountability for stewardship of public resources. This finding is consistent with existing research, which shows that access to information about NFP entities can enhance trust in the NFP sector, even if the provided information is not widely read or directly relied upon by stakeholders to inform their decisions (Guo et al., 2023).

Overall, the findings from our research suggest that evidence on the decision-usefulness of SPR is scant. More specifically, it indicates that there is not a strong likelihood of users drawing on and referring to specific service performance information to inform their judgements about the performance of specific private NFP entities. Yet the findings also indicate that greater public availability of service performance information, even if not relied upon explicitly by users, can potentially generate greater confidence and trust in the accountability of the private NFP sector as a whole. As such, the potential for greater availability of service performance information to improve accountability and public trust in the private NFP sector provides a reasonable justification for the introduction of a minimal or baseline set of mandatory SPR requirements for private NFPs in Australia.

Recommendations

Recommendation 1: For the AASB to consider developing a mandatory SPR standard that establishes a minimal or baseline set of service performance disclosure requirements for private NFPs.

3.2 What service performance information to report, by who, when and where?

Our analysis indicates that service performance information should be tailored to the mission and operating model of each specific private NFP entity. Flexibility in reporting service performance information is both highly valued and necessary in the NFP sector, given the diversity of organisational objectives and reporting capacities. More advanced forms of outcome and/or impact reporting are often resource intensive, and many private NFP entities lack the capacity or dedicated resources to undertake this type of reporting. Evidence from New Zealand highlights the importance of not mandating specific disclosures such as 'outcomes' or 'impact' as a key factor for the perceived practicality and success of the standard. Preparers and auditors in New Zealand view the principles-based approach of PBE FRS 48 favourably because it does not prescribe particular types of disclosures. These findings are consistent with prior research suggesting that evaluation of NFP service delivery should be context-specific and linked to the operating model of NFP entities (Ebrahim and Rangan, 2014).

Moreover, our analysis indicates that SPR is unlikely to serve as a useful basis for comparing performance across NFP entities. Performance evaluation of NFP entities is typically carried out with reference to an entity's objectives and goals, rather than relative to other, peer NFP entities. The 2024 Productivity Commission Inquiry similarly concluded that developing sector-wide effectiveness metrics is impractical, noting that such measures tend to be overly narrow in their focus and fail to reflect the diversity of the NFP sector. There is also little evidence of demand for private NFPs to report comparisons to planned performance. Comparisons tended to raise more questions than answers, for example, asking how targets were set. Participants are also aware of the potential for perverse behaviour, e.g., setting 'easier' targets to show performance in a better light. Similarly, under PBE FRS 48 in New Zealand, reporting comparisons to targets is voluntary and participants did not suggest it should become a requirement. Currently in Australia reporting of service performance information either involves the production of separate, standalone reports or the inclusion of information as part of the annual report. Increasingly, service performance information is displayed on websites (including interactive and drill-down capabilities) rather than through a static report. Similarly, potentially 'users' of SPR would often first consult websites or the ACNC register hence requiring service performance information to be reported in an annual report might reduce its potential ease of access and thus benefit.

Many private NFP entities currently voluntarily report SPR that can be quite extensive. Yet our analysis indicates that a SPR standard geared towards enhanced accountability does not need to attempt to standardise best practice reporting. Evidence from New Zealand highlights that a flexible approach to SPR allows NFP entities to focus SPR information for strategic communication purposes where it is seen as valuable. There is tremendous diversity in the sophistication of current NFP service performance reporting and related systems in Australia including approaches that focus on evaluation of programs through the major change they create rather than a more accounting-style measurement approach focused on predetermined objectives. Entities that currently provide sophisticated SPR are typically larger NFP entities with dedicated teams that have typically developed SPR over many years and often with external consultants or advisors. Such approaches would be unworkable for many smaller sized NFP entities given costs, capabilities and expertise. Also, NFP entities with more advanced SPR do so because there are clear benefits given their set of stakeholders. Overall, the NFP sector is characterised by a variety of reporting approaches tailored to the specific context of different types of NFP entities with different missions, resources and capabilities.

The use of SPR to enhance accountability and trust in the private NFP sector suggests that the most benefit would arise from requiring minimal or baseline general purpose SPR where an entity is not currently providing any publicly available disclosures (or in only a very rudimentary manner). Here stakeholders would likely benefit from relatively basic SPR to complement existing general purpose financial reports and the wide variety of other information about private NFP entities that is already available. In contrast, where entities already voluntarily disclose service performance information, they could relatively easily draw on that voluntary reporting to meet any basic SPR reporting requirement. Such an approach gives due consideration to the already existing complex reporting environment for private NFP entities, and the clear costs, capabilities and expertise involved in producing mandatory SPR, especially for smaller sized private NFP entities.

In this context of potentially introducing a mandatory SPR standard, the flexible and principle-based model of PBE FRS 48 is well-suited for the Australian context. A key insight from the NZ experience, which resonates with insights from Australian interviews, is the flexibility for NFP entities to tell their

own performance story and to do so in a relatively minimal fashion if that is what is considered appropriate given the context of a specific NFP entity. PBE FRS 48 is helpful in that it requires NFP entities to report on their service performance without mandating a particular type of SPR that they need to follow. Across both Australia and New Zealand, participants highlighted the value of being meaningfully and directly assisted with any mandatory compliance obligations through educational and capacity building initiatives. To support private NFP entities in their understanding of a SPR standard's core concepts and technical content, such initiatives could provide a suite of foundational educational materials, online interactive training materials, and organise workshops and roadshows.

Recommendations

Recommendation 2: If a mandatory SPR standard is proposed, New Zealand's PBE FRS 48 is considered suitable for adoption or adaptation within the Australian private NFP context.

Recommendation 3: If a mandatory SPR standard for private NFPs is proposed, it should adopt an approach consistent with PBE FRS 48 regarding:

   a. What to report (paragraphs 15 and 20 of PBE FRS 48)

   b. Comparisons to the prior reporting period (paragraph 37 of PBE FRS 48)

   c. Changes in what an entity reports (paragraph 40 of PBE FRS 48)

   d. Disclosure of how an entity chose what to report (paragraph 44 of PBE FRS 48)

Recommendation 4: A mandatory SPR standard (similar to PBE FRS 48) should apply exclusively to 'Large' private NFP entities (as defined by the Australian Charities and Not-for-profits Commission). It is recommended that 'Small' and 'Medium' private NFP entities be exempt from such a standard.

Recommendation 5: If a mandatory SPR standard is proposed, it should **not** require a private NFP entity to report against budgeted, planned performance or other targets.

Recommendation 6: If a mandatory SPR standard is proposed, it should encourage (but not require) a private NFP entity to relate their service performance information to what they have learned during the reporting period (including any shortcomings) and outline any planned changes in actions and/or activities.

Recommendation 7: If a mandatory SPR standard for private NFPs is proposed, consider alternative reporting locations for service performance information; for example:

   a. Entities required to submit an Annual Information Statement to the ACNC could report their SPR as part of that statement.

   b. Entities not required to submit an Annual Information Statement could report their SPR as part of their GPFR or as a standalone report.

Recommendation 8: If a mandatory SPR standard for private NFPs is proposed, AASB could consult with government and philanthropic funders to establish if SPR information could be used to replace current funding acquittal requirements to reduce regulatory burden.

Recommendation 9: If a mandatory SPR standard for private NFPs is proposed, AASB could support implementation through education and capacity-building initiatives and material to support entities to develop competencies to prepare SPR information, and improve private NFP entities' understanding of technical content and core concepts, and ensure a reasonable timeframe is allowed for first implementation of a mandatory standard (e.g., 2 years).

3.3 Should external assurance of SPR be mandatory?

Our analysis indicates that in New Zealand a variety of difficulties in auditing SPR have arisen, including the extra costs of assurance, and the concern that the audit of SPR could constrain the information reported to that which auditors are comfortable auditing. Our finding regarding the extra cost of assurance is consistent with recently published research that found a significant increase in audit fees of New Zealand charities associated with the requirements to prepare a Statement of Service Performance (Chen & Scott, 2025). These difficulties have the potential to exclude from SPR some quantified outcome measures and the more 'subjective' service performance information, e.g., the more contextual and narrative information. Yet overall, in New Zealand there is general support for an audit requirement and no suggestion that it should be removed. Suggested improvements to audit requirements include having limited assurance over any outcomes that entities report and a staggered introduction process where any audit requirement is only mandatory after several years of reporting.

In Australia views were much more mixed on whether assurance of SPR should be mandatory. The biggest issue arising was that it was critical that SPR assurance not simply be adding another layer to the already substantial regulatory burden that NFP entities must shoulder with ever-dwindling funds for overhead expenses. Further, it should be made clear what the implications of a qualified audit would be - could this lead to a removal of DGR status, or NFP registration? Participants also emphasised the importance of proportionality in the application of any assurance standards. In particular, most participants who had experience working with smaller NFP entities agreed that there would be minimal benefits of assurance, alongside a cost that they would be unable to bear. It was generally seen that mandatory assurance should only be considered for the largest of private NFP entities, if at all. For smaller organisations, more value could be added through efforts to improve the financial literacy and capabilities of boards and managers through support, training and education.

The clear costs and unclear benefits of mandatory external assurance provide reasons to consider alternative approaches to mandatory external assurance of SPR. In particular, participants in Australia indicated that the production of existing voluntary SPR often involves checking of data and evidence by staff within the NFP that are independent of the process, as well as any reports being scrutinized and approved by the Board prior to publication. In addition, many NFP entities that receive government or philanthropic funding are already subject to reporting that involves extensive scrutiny. Given this context, an alternative assurance approach more akin to an internal audit could have more accountability for the content of SPR (compared to no such approach) but without the burden and costs of external assurance.

Analysis in New Zealand also identified a variety of areas where further guidance is needed for auditors in how to carry out an audit of SPR. Similarly, Australian participants with experience of auditing asserted that standard-setters would need to provide specific guidance or standards to support the assurance of SPR, without which auditors feared they would need to exercise high levels of judgement. Alongside this, there is a need for examples, training and education to support auditors transition to new knowledge areas, and clearly show NFP entities what they would be audited on. Further, it was generally accepted that if assurance of SPR was made mandatory, it would need a "mature view of timeline implementation" of at least 2-3 years, with rushed adoption likely to lack meaning and ultimately become a 'tick box' exercise.

Recommendations

Recommendation 10: The introduction of any mandatory external assurance requirement be deferred until after a post-implementation review of a mandatory SPR standard.

Recommendation 11: If external assurance is eventually mandated, it should take the form of a limited assurance engagement and only apply to 'Large' private NFP entities (as defined by the ACNC).

Recommendation 12: Consider a range of alternatives to annual external assurance for each private NFP entity, such as:

 a. an internal assurance approach such as a statement of the processes and controls involved in collecting and reporting SPR information, alongside a sign-off by the Board of the private NFP.

 b. only requiring external assurance every 3 years rather than on an annual basis.

 c. consider randomly selecting a subset of private NFP entities for external assurance in a specific year.

 d. consider applying external assurance to a subset of private NFP entities in the first instance - for example, entities in a particular sector and/or geographic area

Recommendation 13: If mandatory external assurance is required, consider requiring disclosure of the separate costs of financial statement assurance and SPR assurance to better inform post-implementation review of the cost and benefits of assurance of SPR.

4.   Methodology

We used a qualitative research methodology employing a combination of documentary analysis and interviews in Australia and New Zealand. The research project was conducted in line with the ethics guidelines of Monash University and received ethics approval (Project ID: 45130).

4.1 Documentary analysis

We examined a sample of 'Statements of Service Performance' reported by private not-for-profit entities in New Zealand. We collected a total of 58 annual reports from 26 New Zealand organisations from 2022, 2023 and 2024, if already published at the time of data collection. To understand potential best practices, the sample includes reports from the 16 winners and runners-up of the various categories of the CA ANZ Charity Reporting Awards.[7] To understand how best practice differs from the broader cohort, we also selected non-award-winning organisations listed in the New Zealand Charity Registry.[8] We selected organisations spanning all tiers according to the New Zealand size classification.[9]

In Australia, we collected a sample of 25 annual or impact reports from 14 Australian not-for-profit entities. The sample includes reports from SIMNA Award winners and runners-up (2022–2024), as well as recipients of the Australasian Reporting Awards (NFP sector) in 2023 and 2024. The sample included nine organisations considered 'large' and five organisations considered as 'medium' according to the ACNC charity size classification.[10]

We conducted a comparative analysis of these reports, focusing mainly on how reports of one organisation changed from one year to the next, how outputs and outcomes were presented, how outcomes were linked to outputs, and the role of visuals and narratives. Sampling stopped when data saturation was reached, meaning additional reports no longer provided new impressions or insights.

The insights from the review of SSPs in New Zealand also informed the basis for the vignette used in the interviews in Australia (see section 5.5).

4.2 Interviews

We used semi-structured interviews with stakeholders in New Zealand and Australia to explore our research objectives. Participants included donors, philanthropists, staff in foundations and private NFP entities, regulators, consultants, and auditors. Using interviews allows for understanding what someone knows (i.e. knowledge), what they like or dislike (i.e. their preferences and values), and what they are thinking (i.e. their attitudes and beliefs) (Tuckman, 1994). Mobilising a semi-structured approach to interviews gave us the flexibility to discover insights that may not have previously been considered relevant to the study while guiding the interview in the direction of the interests of our study (Gill et al., 2008).

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[7] 2023:https://www.charteredaccountantsanz.com/news-and-analysis/news/new-zealand-charity-reporting-awards; 2024:https://www.charteredaccountantsanz.com/news-and-analysis/news/new-zealand-for-purpose-reporting-awards

[8] https://register.charities.govt.nz/CharitiesRegister/Search

[9] New Zealand has four size tiers for public benefit entities based on annual expenses. Tier 4: under $125k in annual expenses, Tier 3: between $125k and $2m in annual expenses, Tier 2: between $2m and $30m in annual expenses, Tier 1: above $30m in annual expenses.

[10] The ACNC classifies charities into three categories based on annual revenue. Small charities: revenue under $500k, Medium charities: revenue of $500k or more but under $3m, Large charities: revenue of $3m or more.

For the interview analysis, we interviewed 53 participants: 15 from New Zealand (October 2024-March 2025; see Appendix 5.2 for a list of participants) and 38 from Australia (January-March 2025; see Appendix 5.2 for a list of participants).[11] The average interview duration was 55 minutes. Almost all interviews were conducted online via a videoconference tool; two interviews were conducted in person. Participants were recruited by email and through the snowballing technique, meaning that participants referred us to other relevant participants (Biernacki & Waldorf, 1981; Noy, 2008). All interviews were audio-recorded with participants' consent and were later transcribed for analysis.

In New Zealand, the main focus of the interviews was to understand the changes participants experienced through the mandatory implementation of PBE FRS 48, the reporting processes adopted by NFP organisations, including the challenges, cost and benefits, issues related to auditing and assurance of SPR, issues with specific requirements of PBE FRS 48, and matters pertaining to the standard-setting process (see Appendix 5.3 for a list of the interview questions). In Australia, the interviews focused on the participants' experience in the NFP sector, their experience in using, preparing and/or auditing voluntary service performance information, including the different terms and approaches used for that kind of reporting, costs and benefits and challenges (see Appendix 5.4 for a list of the interview questions).

Each participant was asked questions based on a predefined interview protocol and various follow-up questions whenever interesting comments were expressed or when responses lacked sufficient detail to thoroughly understand their perspective. Different interview protocols were used for different kinds of participants, for example, for participants with more experience as preparers, users, auditors and/or consultants. For example, staff from private NFP entities discussed their organisation's report, including how it is produced, what information is selected, its purpose, impact, and whether it is assured. Donors, philanthropists and staff in foundations were asked about their engagement with private NFP entities, how they choose them, what information they seek, and how they assess performance. Auditors reflected on their experience with auditing, especially in assuring service performance or social impact, the challenges compared to financial audits, and their relationship with private NFP entities, including assessing needs and SPR-related costs. The interview protocols contained in Appendices 5.3 and 5.4 relate to the questions we asked for participants with experience preparing service performance information.

In addition to questions directed at their prior experience, we asked participants in Australia questions related to a vignette concerning a hypothetical private NFP called Empower Children AUS (see section 5.5). A vignette is "a technique used in structured and depth interviews as well as focus groups, providing sketches of fictional (or fictionalised) scenarios" (Bloor & Wood, 2006, p. 183), presented in the form of texts, images or videos (Hughes & Huby, 2004), and can be a productive way for obtaining additional insights and perspectives during interviews (Wiegmann et al. 2025). Participants are guided through the vignette(s), where open-ended questions are employed to prompt participants' sense-making and stimulate discussions (Hughes & Huby, 2004). Our study uses a hypothetical NFP named Empower Children AUS to help understand how participants view statements of service performance. The vignette was broken down into five parts representing elements that we found often presented in statements of service performance in New Zealand: a brief statement of the organisation's objectives, quantitative metrics of outputs, quantitative metrics of outcomes,

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[11] In the participant lists, participants are described qualitatively to provide a more informative representation of their roles compared to the classifications of 'preparer,' 'auditor,' or 'user' given that many participants have experience across multiple roles.

explanations of the linkage of outcomes to outputs and a testimonial. In line with the New Zealand statements of service performance analysed, we included only two metrics for each service as well as for the outcomes to explore participants' perceptions of whether the information is sufficient. Values were presented as absolute numbers and percentages and chosen to depict positive and negative developments compared to the current year's targets and the prior year's actuals. The qualitative explanations (i.e. objectives and highlights) were kept brief to understand participants' perceptions of the contextualisation of the metrics provided. A testimonial was included as evidence of the organisation's achieved impact.

4.3 Data analysis

The research team read the transcripts of the interviews and performed a thematic content analysis to identify patterns within and across our different participants in their ways of seeing and experiencing service performance reporting. An inductive coding approach allowed themes to emerge from the data. After initial coding, the researchers met to cross-check and discuss the preliminary themes. A second coding round followed this to corroborate and/or refine the initial themes. Lastly, the researchers met to develop a thematic structure to form the basis of the findings section.

For Australian participants, the analysis of interview transcripts did not distinguish between data gathered in response to questions about their prior experience and those concerning the vignette. The purpose of the vignette was to further stimulate discussion on various SPR-related aspects, and thus this portion of the data was not intended to be analysed or presented independently of the other parts of the interview. Consequently, the data collected from questions related to the vignette were helpful in generating richer insights on SPR-related matters such as the selection of metrics and assurance.

In our research, the primary objective during interviews was to gain a deep understanding of participants' experiences and views on SPR. To do so, we asked extensive questions on participants' experiences   with SPR from a variety of perspectives, and employed follow-up questions to ensure elaboration and clarity of insights. This approach allowed us to gather comprehensive and nuanced data from a diverse set of participants' experiences with using, preparing and/or auditing SPR. After the interviews, we conducted a thorough analysis of the dataset, reflecting on participants' responses in context. This ensured that our recommendations were based on a holistic and well-rounded understanding of the information we analysed.

4.4 Limitations

While the research design aimed to capture a broad range of perspectives on service performance reporting, some limitations should be acknowledged.

First, the sampling of our interview participants intentionally aimed at selecting a wide range of individuals to capture a diversity of views across the NFP sector rather than attempting to capture the average or a statistically representative perspective. The selection of organisations for the statements of service performance document analysis also focused predominantly on award-winning entities, which may not reflect the average quality or approach of NFP reporting practices.

Second, while the vignette approach enabled a consistent basis for comparison across participants and helped surface perceptions in a non-threatening manner, the simplified, one-page vignette inevitably abstracts from the full complexity of some real-world statements of service performance. That said, the vignette was deliberately designed to closely mirror many typical features found in

actual statements of service performance in New Zealand and is, therefore, broadly representative of current practice. Nonetheless, more detailed and comprehensive statements of service performance exist, and participants' responses to the vignette may differ from how they engage with fuller reports in practice.

5. Appendices

5.1 Examples of statements of service performance

5.1.1 From New Zealand

Figure 1: Aktive (Tier 2 New Zealand)

Aktive's Vision: Auckland the World's Most Active City	Tāmaki Makaurau – te tāone ngangahau rawa o te ao.		
Goals	**Headline indicators 2022-2023**	**Comparability**	
		2021-2022	**2022-2023**
1) UNDERACTIVE AUCKLANDERS ARE MORE ACTIVE **Enabler: Sport and recreation organisations have Tamariki and rangatahi as their top participation priority**			
Participation in sport, play and active recreation by currently underactive or inactive Aucklanders is increased.	**1.** Number of participants, benefiting from the Regional Tū Manawa Active Aotearoa Funding. **2.** Number of tamariki taking part in Water Skills for Life. **3.** Number of tamariki from the 200 phase I and II HAL schools who have received increased participation opportunities. **4.** 80% of internal workforce attend a disability and inclusion workshop and highly rate the quality of the course.	**1.** 43,282 participants across play, active recreation and sport **2.** 10,176 tamariki participants **3.** HAL Phase I 61,838 tamariki participants **4.** New for 2022/23	**1.** A total of 45,911 participants are anticipated to benefit from the Regional Tū Manawa Active Aotearoa Funding, subject to final project reports. The breakdown of the demographics for the participants includes: • Tamariki: 30,577 • Rangatahi: 15,111 • Young Women: 7,953 • Disabled Tamariki/Rangatahi: 8,972 • Higher Deprivation: 35,920 • Māori: 13,826 • Pacific: 18,892 **2.** Opportunities for a total of 15,086 Tamariki to receive Water Skills for Life lessons have been provided. This includes 80 Māori tamariki participants from Kura, and 512 tamariki participants fro m specialist schools. **3.** Approximately 68,506 tamariki from 200 phase I and II HAL schools have received opportunities for increase participation in physical activity. Approximately 14,299 tamariki are listed as Māori, and 22,720 as Pacific. **4.** A training programme spanning 6 months included an in-person workshop that was attended by the combined workforces of 80 participants, from Aktive and CLM-Community Sport, Harbour Sport, Sport Auckland, and Sport Waitakere.
2) ANYWHERE, ANYTIME ACTIVITY **Enabler: Play, sport and active recreation providers adapt to the needs on tamariki and Rangatahi in designing more relevant, flexible and accessible offerings**			
All Aucklanders have sport, play and active recreation choice, which provides flexibility, meets the needs of a changing population, and encourages physical activity as part of daily life.	**1.** Facilitate an annual opportunity for key stakeholders, who highly rate the value of coming together to present stories of impact and share learning against Te Whai Kori. **2.** Facilitate bi-annual opportunities, which are highly regarded by regional active recreation/ youth providers, to come together to improve understanding of rangatahi needs, and the Mana Taiohi Framework. **3.** Select, and support schools throughout Tāmaki Makaurau through their Active As journey. Providing funding into school to design their own physical activity initiative. **4.** The number of new Active Recreation organisations engaged with. **5.** Number of organisations that have been engaged through Good Sports. **6.** Provide regional Good Sports training courses that are highly regarded by participants.	**1.** New for 2022/23 **2.** New for 2022/23 **3.** New for 2022/23 **4.** New for 2022/23 **5.** 22 organisations engaged though Good Sports **6.** 5 Good Sport training courses	**1.** Aktive worked with Sport NZ to bring to support CLM-Community Sport, Harbour Sport, Sport Auckland and Sport Waitakere. To hold workshops that have brought Play stakeholders together. This was done as a way of bringing local Play providers together to understand the Power of Play within communities. It was important for Play providers and Play Leads to understand the impact they can have locally before scaling across all Tamaki Makaurau. Play Leads have now been able to establish a relationship with those Play providers prior to Aktive holding a Play Hui later in the year. **2.** Aktive has supported the establishment of two Mana Taiohi Champions in both Sport Waitakere and CLM-Community Sport. Mana Taiohi Champions hold regional training opportunities for schools and providers to attend. CLM-Community Sport held trainings on June 27th for Harbour Sport, Sport Auckland and Sport Waitakere and on the 28th June for schools, and Active Recreation providers. **3.** Aktive advocated for the inclusion of 6 schools into the Active As project, this has resulted in an additional $100k in funding for each school to design their own physical activity initiative that increases physical activity for rangatahi particularly those inactive or underactive, while enhancing their hauora and looking to improve other measures of educational engagement. **4.** Aktive has engaged 6 new providers with the Regional Active Recreation Plan, which include YMCA, BBM, Oliver MMA, Youthtown, Adventure Specialties, and Anytime Fitness. The Regional Active Recreation Plan has allowed providers to apply to the Regional Tū Manawa Active Aotearoa fund by identifying similar needs in inactive or underactive groups of rangatahi throughout schools locally. **5.** Aktive engaged with 7 organisations through Good Sports, including Harbour Hockey, Auckland Hockey, Northern Region Football, Harbour Softball, Franklin Basketball, Netball Northern, Yachting New Zealand. These engagements are above and beyond attending Good Sports Courses. **6.** We delivered two regional Good Sports Courses; August 2022 & March 2023 to a total of 24 people from 15 organisations. Ten of the 24 participants rated a 5/5 confidence level for layering Good Sports into their work; the remainder of the group gave ratings of 3 and 4.

Figure 2: Bays Community Housing Trust (Tier 3 New Zealand)

MANAGEMENT ACCOUNTANTS

Statement of Service Performance

Bays Community Housing Trust
For the year ended 31 March 2023

'What did we do?', 'When did we do it?'

Description of Entity's Outcomes

The Trust provides rental accommodation for people in social and economic need. Residents of our properties include those who have experienced mental ill health, older people with limited financial resources, and young people who have exited from the care of Child Youth and Family.

	2023 ACTUAL	2023 BUDGET	2022 ACTUAL
Description and Quantification of the Entity's Outputs			
Number of Tenants	70	72	70
Turnover in Tenancies during this period (churn)	8	8	8
Number of bedrooms (housing supply)	74	74	74

Additional Output Measures

A new property at 5 Willis Street, Torbay was acquired in November 2020 with the intention of redeveloping it for social housing. A construction contract was awarded for the development of 6 new dwellings on the site. This development is still in progress as at 31 March 2023.

1 Wyoming Avenue, Murrays' Bay was purchased in October 2022 and is fully tenanted.

Rental agreements with Private Landlords to rent their properties and sublet it to tenants of the Trust from previous years continued during this financial year. The Trust now rents 5 properties owned by Private Landlords as at 31 March 2023.

Charity AUDIT

This statement has been audited and should be read in conjunction with the Audit Report and Notes to the Performance Report.

Figure 3: Bellyful (Tier 3 New Zealand)

Our Impact in 2022/2023
Tō Mātou Pānga i te 2022/2023

STATEMENT OF SERVICE PERFORMANCE

Bellyful NZ delivered on its mission to cook and deliver meals to whānau with babies or young children, who need support.

BELLYFUL NZ OUTPUTS

Description and Quantification of the Entity's Outputs	2022/2023	2021/2022	2020/2021
	ACTUAL	ACTUAL	ACTUAL
Referrals received	6,667	5,349	5,192
Whānau assisted	5,586	4,481	4,344
Meals delivered in community	31,968	24,910	24,993
Meals delivered to hospital NICU/SCBU	1,534	-	-
Cookathons held	242	200	200
Communities served	25	25	24
Active volunteers	579	549	676

When Bellyful receives a referral, we check to ensure that the need is consistent with our mission and our delivery areas, before offering to provide meals. This explains the difference between referrals received and whānau assisted.

The increase in metrics is despite our Auckland branches and Hawke's Bay branch being significantly disrupted by flooding events and Cyclone Gabrielle.

Bellyful Testimonial

"My best friend was a recipient when she had her youngest 4.5 years ago. She then nominated me to receive meals when I had my two kids. We have now completed our family and every Christmas we choose a charity to make a donation towards and it felt right that Bellyful was our charity this year. Keep up the great work!! Those meals are the bees knees and the saving grace some nights."

Bellyful Nelson donor, December 2022

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GARDEN
TO TABLE

STATEMENT OF SERVICE PERFORMANCE

For the Year Ended 31 December 2023

Description of Entity's Outcomes:

To build skills for life through highly practical, hands-on, child centric classes teaching growing and cooking skills and developing a love of fresh fruits and vegetables that they will take with them as they grow.

Description and Quantification of the Entity's Outputs:

Description and Quantification (to the extent practicable) of the Entity's Outputs	Year End 2023	Year End 2022
Total Schools participating in the Garden to Table Programme	309	255

Highlights of the 2023 School Principal Survey:

- 96% of Principals surveyed in 2023 (100% 2022) thought that Garden to Table contributes to better health outcomes for their students, reporting that it promotes better food choices, helps tamariki build knowledge and skills to grow and cook fresh food, encourages students to be more adventurous around food, provides opportunities to try nutritious food and new fruit and veges, and enhances mental health and wellbeing by providing outdoor learning experiences and opportunities to nurture social connections.
- 98% of Principals surveyed in 2023 (100% 2022) thought that Garden to Table contributes to improved education outcomes for their students, reporting that children develop key competencies, practice collaboration, take considered risks, and increase their responsibility, agency, and ownership. They also reported that Garden to Table helps students learn about, and apply, science, technology, engineering, maths, arts, and language, and it helps ākonga enhance their learning through peer and tuakana-teina relationships. In 2023, 86% (95% 2022) of Principals also reported Garden to Table offers a platform for students to shine and be successful.
- 98% of Principals reported in 2023 (100% 2022) that Garden to Table is beneficial for students and adds to the culture and identity of their school.

These statements should be read in conjunction with the notes to the Performance Report and the Audit report attached.

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SERVICE PERFORMANCE

Specialised support for grandparents raising grandchildren

He tautoko motuhake mo ngā tupuna e whakatipu ana i a rātou mokopuna

We provide a range of specialised services to support, equip and empower full-time grandparents and whānau caregivers. This includes information resources, crisis support, advice and advocacy services, education programmes and local support groups across Aotearoa New Zealand.

Our services
Ko a mātou ratonga

- 0800 GRANDS free helpline
- Outreach and Advocacy Service
- New member information packs
- Bi-monthly newsletter via email or post
- Support group network nationwide
- Emergency care packs of essentials via donations
- Caregiver education programme

Where our member families live
Te wahi e noho o mātou mema

- Northland **464**
- Auckland **1663**
- Waikato **1016**
- Bay of Plenty **719**
- Taranaki **118**
- Gisborne **97**
- Hawkes Bay **317**
- Whanganui/Manawatu **456**
- Wellington **460**
- Tasman **34**
- Nelson **67**
- Marlborough **40**
- West Coast **41**
- Canterbury **504**
- Otago **143**
- Southland **102**
- Confidential **42**

What we did in 2023
Ngā mahi i mahia e mātou i te 2023

2023

- **6,379** Families accessed GRG member services
- **544** Supported new members with information packs
- **511** Advocacy support on parenting and guardianship
- **561** Advocacy on income support needs
- **101** Emergency care packs and essentials
- **94** Caregivers educated through our SALT workshops

Membership growth
Te pikinga ake o to mātou mema

	2017	2018	2019	2020	2021*	2022	2023
New member families	784	721	602	607	670	445	544
Total member families	3694	4146	4672	5241	5779	6029	6379
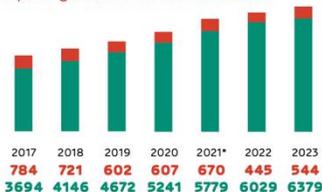
**New member families | Total member families**

* 2021 report was for 15 months to 30 June 2021

Ethnic profile of membership
Te taupori ā-iwi o ā mātou mema

6379 Families
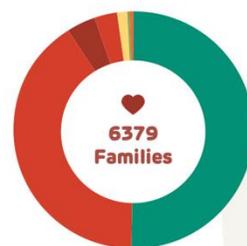
- **50.4%** NZ European/Pakeha
- **40.7%** Maori
- **3.1%** Pacific
- **0.4%** Asian
- **0.4%** MELAA
- **1.2%** Other European
- **3.8%** Undisclosed

Why members seek our support & advice
Te take i tono ai ngā mema ki te tautoko me te tohutohu

- **62%** Financial and Income Support
- **45%** GRG Newsletter
- **35%** Counselling
- **34%** Guardianship and Parenting
- **24%** Family Court
- **22%** Special Needs & Disabilities Needs
- **17%** Housing
- **14%** Oranga Tamariki
- **1%** Peer Support
- **1%** Respite

Referral agencies & sources
Ngā whakahaere i tuku kaitiaki mai ki a mātou
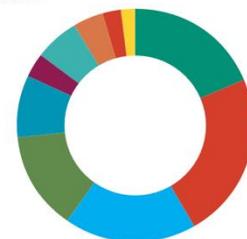
- **22%** Friend
- **27%** Community Providers
- **21%** Internet
- **16%** Relative
- **10%** Oranga Tamariki
- **4%** GRG Member, Staff or brochure
- **7%** Media
- **5%** Barnardos
- **3%** Health Providers
- **2%** School

*Includes WINZ, Police, Lawyers, Family Court, Iwi/Maori Providers, Family Works, Strengthening Families, Family Start, Kids in Need (Waikato).

Oranga Tamariki involvement with children at GRG registration
Ngā tamariki kua rehitatia ki Oranga Tamariki ka rehitatia ana ngā mema ki GRG

- **58%** Yes currently in or in the past
- **27%** No involvement
- **15%** Don't know

Figure 6: Para Kore Marae (Tier 3 New Zealand)

Performance Reporting

2022/23 Statement of Intent targets

Non-financial Performance Measures

Measure	Target	Actual	Actual	✓ Achieved or ⊗ Not Achieved
		2022/23	2021/22	2022/23
Visitation	>90,000	136,327	94,885	✓
Education visits (LEOTC, tertiary, early childhood, school holiday programme, and outreach)	>4,000	8,063	5,900	✓
Members (Individual Members)	>16,000	16,457	18,742	✓
Volunteer Numbers	>500	526	524	✓
Volunteer Satisfaction Survey	>80%	92%	96%	✓
Percentage of Satisfied Visitors From 825 completed surveys, or 0.6% of total visitors.	>95%	96%	98%	✓

Financial Performance Measures

Measure	Target	Actual	Actual	✓ Achieved or ⊗ Not Achieved
		2022/23	2021/22	2022/23
Average subsidy per visit (Total WCC operating grant/ all visitors)	<$12.47	$8.23	$11.52	✓
Average revenue per visitation (excludes grants and donations and other non-visitor income)	>$27.55	$34.55	$29.49	✓
Non-Council Donations/Funding	>$200,000	$495,385	$987,670	✓
Net surplus/-deficit before depreciation and tax	$0	$318,373	$19,266	✓
Non WCC-grant revenues as a % of overall revenue	>75%	83.3%	72%	✓
Membership subscription revenue	>$400,000	$523,507	$496,923	✓

Conservation Measures

Conservation Measure	Target	Actual	Actual	Commentary
	2022/23	2021/22	2022/23	
Manawaroa. We actively restore ecosystem function to foster resilience				
Number of fauna or flora species transferred into or out of the sanctuary, or 'topped up'	1	1	1	Achieved. Toitoi/common bully were released into Roto Māhanga from Kōhangapiripiri, Parangarahu.
Percentage of the bird community that is native	80%	>90%	>90%	Achieved. Ongoing five-minute bird counts, completed in April and October in accordance with DOC guidelines, indicate the bird population is strongly dominated by native species.
Kaitiakitanga. We look after what we have alongside our many partners				
% of incursions into the mouse-free area eradicated, or under active response	100%	100%	100%	Achieved. One mouse incursion occurred this year in the mouse-free area due to a fallen branch on the fence. Ongoing monitoring detected it and trapping was used until no more mice were detected.
Mice index maintained to target level	<10	>10	<10	Not Achieved. Measures in May (when mouse numbers peaked) were below target levels at >10/100 trap nights. Annual mouse control in June/July is expected to bring mouse numbers back within target levels.
% pest animal incursions successfully eradicated, or under active response (pest animals in this measure includes all mammals introduced to New Zealand except humans and mice).	100%	100%	100%	Achieved. Pest audit data over the year showed no indication of pest animal incursion.

Measures against Strategy Areas

Strategic Initiatives	Target 2022/23	Actual 2022/23
A Place that Treasures - He Wāhi Taonga		
Leading the delivery of the Sanctuary to Sea Every Business Restoring Nature initiative.	Tanglewood house is close to completion	Ongoing. Delays in consents being granted mean the project is underway and expected to be completed in 2024.
Partnering with mana whenua to support their aspirations for taonga present at Zealandia Te Māra a Tāne and beyond.	Revenues (excluding the WCC grant) equate to >75% of overall revenues.	Achieved. 83.3%.
Building a fit for purpose facility to provide a supportive and productive workplace for staff, volunteers, and researchers.	Membership subscriptions of $400,000.	Achieved. $523,507.
Implementing opportunities to reduce waste through initiatives to reduce, reuse and recycle and to reduce our carbon footprint in line with the Council's Te Atakura First to Zero Policy.	We achieve a net breakeven before depreciation and tax.	Achieved. $318,373 surplus.
	Average WCC subsidy per visitor of no more than $12.47.	Achieved. $8.23
	Average revenue per visitor of no less than $27.55.	Achieved. $34.55.
	Non-Council donations/funding of $200,000.	Achieved. $495,385.

Strategic Initiatives	Target 2022/23	Actual 2022/23
A Place that Engages - He Wāhi Huihuinga		
We are building our digital infrastructure to ensure it is fit for purpose and can support a range of offerings into the future.	Visitor numbers – 90,000 separate visitations.	Achieved. 136,327 visitors.
We are exploring and testing new products that fit the needs of a local and national regenerative tourism market.	Zealandia achieves a visitor satisfaction rating of 95% or greater.	Achieved. 96% satisfaction.
We explore how we can cater to diverse communities through our offerings.	80% of volunteers are satisfied with their relationship with Zealandia.	Achieved. 92% satisfaction.
A Place for Learning - He Wāhi Mātauranga		
We will grow our regular giving funding base to support and expand our formal and informal learning programmes.	We will have delivered 4,000 education engagements.	Achieved. 8,063 total education engagements.
We will build our impact beyond the fence through initiatives such as 'nature at your place', which is about supporting others to promote nature in their corner of the world.	Our staff and volunteers will have had access to cultural competency upskilling opportunities.	Achieved. Our focus has been on improving the presence of te ao Māori in our programmes and events, and the establishment of tikanga such as mihi whakatau for new staff.
We are exploring possibilities for digital learning approaches that could connect with audiences further afield.	We have delivered key events in line with Matariki and Te Wiki o te reo Māori.	Achieved. Matariki programme delivered in June/July 2022 and 2023. Delivered 6-week Spring campaign, to mark Te Wiki o Te Reo Māori, Conservation Week and Mental Health Awareness Week.
	We will have shared our leading-edge research on social and ecological outcomes from nature conservation in cities.	Achieved. Six research papers have been published by Zealandia staff, and we have supported six students to produce reports and theses. Staff participate in national and international research collaborations, including Restoring Urban Nature, enabling community conservation, mouse control, and hihi management.
A Place that Empowers - He Wāhi Whakamana		
We are working closely with the corporate sector to grow our Sanctuary to Sea Every Business Restoring Nature programme, that aims to support businesses in realising their aspirations for nature.	We have begun connecting with a range of businesses through our Sanctuary to Sea Kia Mouriora te Kaiwharawhara project.	Six businesses completed our engagement pilot and five of these are committed to ongoing action within the Sanctuary to Sea project.
We are growing our national supporter/ membership base by sharing our social and environmental impact across Aotearoa New Zealand and internationally.	We are working with 10 or more community organisations to support 'beyond the fence' aspirations for nature.	Achieved.
	We have 16,000 members from across Aotearoa New Zealand.	Achieved.

pwc

Figure 7: Pet Refuge New Zealand Charitable Trust (Tier 3 New Zealand)

STATEMENT OF SERVICE PERFORMANCE
For the year ended 31 March 2024

Description of Entity Outcomes

Pet Refuge's mission is to remove a major barrier to pets and their families across New Zealand leaving violent homes by providing temporary shelter for pets from around New Zealand, keeping them safe until their owners escape abuse.

We recognise we form a crucial part of a broader network of partners, so we work closely with the likes of Women's Refuge, Shine and the NZ Police to accommodate the desperate need for help. Pet Refuge is the first shelter of its kind in New Zealand and to date, the need for our services has exceeded our shelter capacity, so we've tapped into a trusted network of national kennels and catteries to make sure we don't need to turn anyone away.

As of 31 March 2024, we have helped 445 pets and their families find safety and 402 of these pets have been reunited with their families. We take all pets including cats, dogs, horses, rabbits, reptiles, birds and other small pets from locations around New Zealand.

In the coming years, we plan to expand our service including:
- Building a second facility to allow us to shelter more pets in-house, in a purpose-built environment. We intend for the second facility to more than double our capacity.
- Continuing to build, and foster, referral relationships.
- Taking the learnings from our first two years of operation to refine the skills and expertise within our team.

Description of Entity Outputs

In the last 12 months Pet Refuge has achieved the following:

Pets helped

155 pets have been helped in the year to 31 March 2024 (2023: 178) and cumulatively Pet Refuge has helped 445 pets since opening in July 2021.
This represents 17,700 safe bed nights provided in the year to 31 March 2024 (2023: 17,564 nights) and cumulative safe bed nights since opening in July 2021 of 42,330.
Of the pets we have helped, 402 have been reunited with their families.

Families helped

89 families have been helped in the year to 31 March 2024 (2023: 117) and cumulatively Pet Refuge has helped 274 families escape abuse.
The families and pets helped come from across New Zealand: from Northland to Southland, including Auckland, Wellington and Christchurch. 19% of our cases are from the South Island and 81% from the North Island which is similar to New Zealand's population distribution (per Stats NZ).

Awareness of our mission and need

In the year to 31 March 2024, the value of monthly donations for the year has grown to $682,684 (2023: $590,862).

Support from Partners

Pet Refuge are very grateful for the support of all our partners including the Lindsay Foundation, Dulux, Elanco, MARS, the Mazda Foundation and Soho Wines, and our Cornerstone Partners: SVS, Pet Stock, and Southern Cross Pet Insurance.

RSM

Statement of Service Performance

FOR THE YEAR ENDED 31 DECEMBER 2023

THE ROYAL NEW ZEALAND BALLET'S FOCUS IS ON DELIVERING THESE KEY OUTCOMES FOR NEW ZEALANDERS:

1. CREATING CULTURAL VALUE

People's lives are enriched by high quality arts experiences

SERVICES	PERFORMANCE MEASURES	RESULTS
Live performances in New Zealand	• Audiences of **53,000** are reached by RNZB live performances • **20** New Zealand centres are reached by live performances • **26** performances with live music accompaniment	• Audiences of **55,482** reached – *affected by COVID – 19* (2022: 38,483) • **17** centres reached by live performances (2022: 11) affected by COVID-19 • **26** performances with live music accompaniment (2022: 14) affected by COVID-19
Expression of New Zealand's identity	• At least **3 works** with NZ artistic content¹ are presented	• **5** works presented (2022: 5)
Developing NZ creative talent	• At least **500** young dancers and other creative artists participate in Royal New Zealand Ballet talent development pathways activities	• **834** young dancers participated in talent development pathways (2022: 2,337)

2. CONNECTING COMMUNITIES

People from all walks of life spend time with others in shared cultural experiences

SERVICES	PERFORMANCE MEASURES	RESULTS
Education and community engagement	• **30,000** or more attend and participate at RNZB education and community activities annually	• Up to **55,057** people attended or participated in RNZB education and community activities (2022: 62,471) • **28,040** of this number attended or participated in RNZB education and community activities in person (2022: 22,341) • The remaining **27,017** consist of the potential reach of digital resources provided to schools based on reported number of students who were available to access the materials (2022: 40,130)
	• **24** New Zealand centres are reached by education, community and outreach activities	• **64** centres reached (2022: 105)

¹ Works that have a distinctive New Zealand story and/or reflect Aotearoa; can also include works that include components created by a New Zealander (e.g. NZ composer, NZ designer, NZ choreographer, NZ story).

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5.1.2 From Australia

Figure 1: The Salvation Army (2023 Annual Report) (Large NFP under ACNC category)
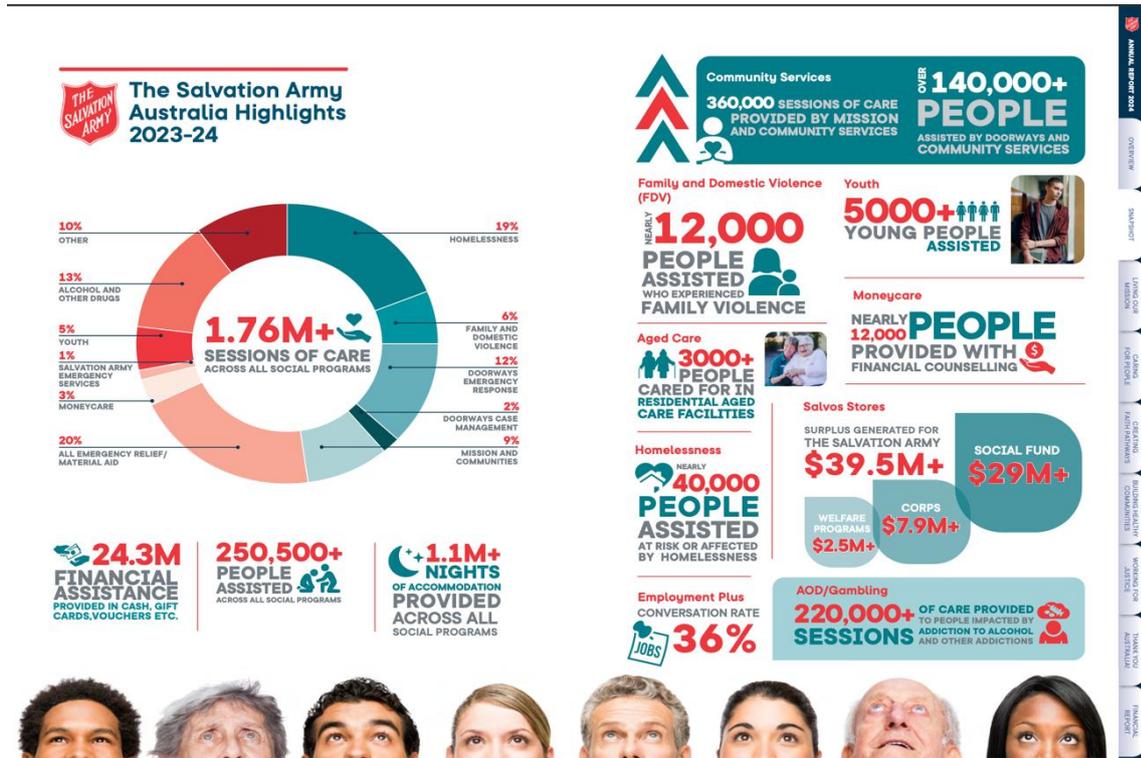
*Figure 2: The Smith Family (2023 Annual Report) (Large NFP under ACNC category)*
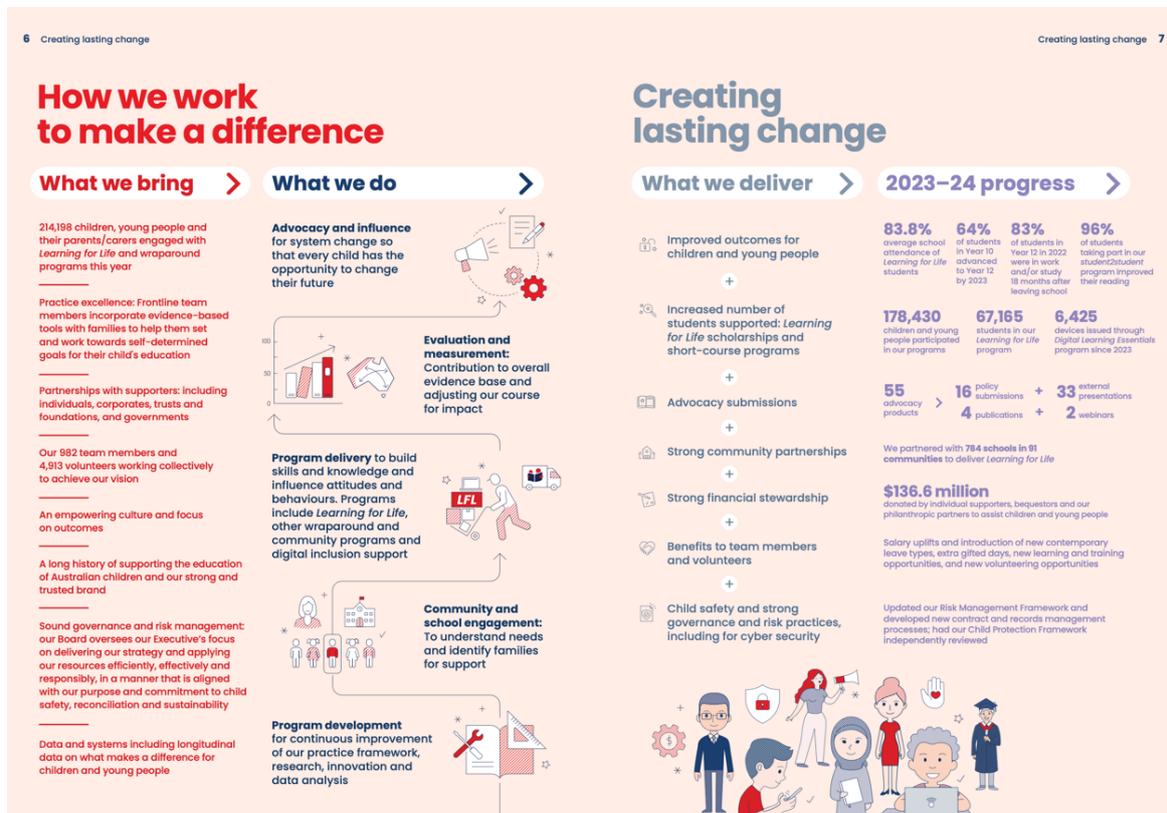
Figure 3: The Relationship Australia Victoria (2023/24 Annual Report) (Large NFP under ACNC category)
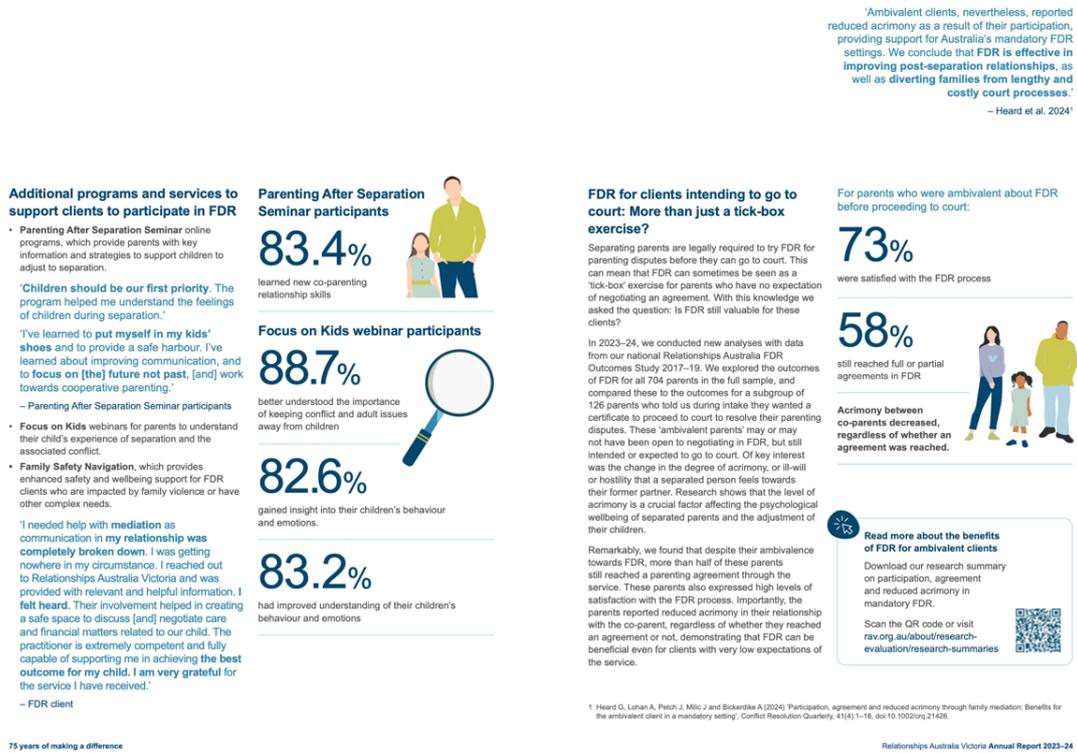
Figure 4: Milk Crate Theatre (2023 Impact Report) (Medium NFP under ACNC category)
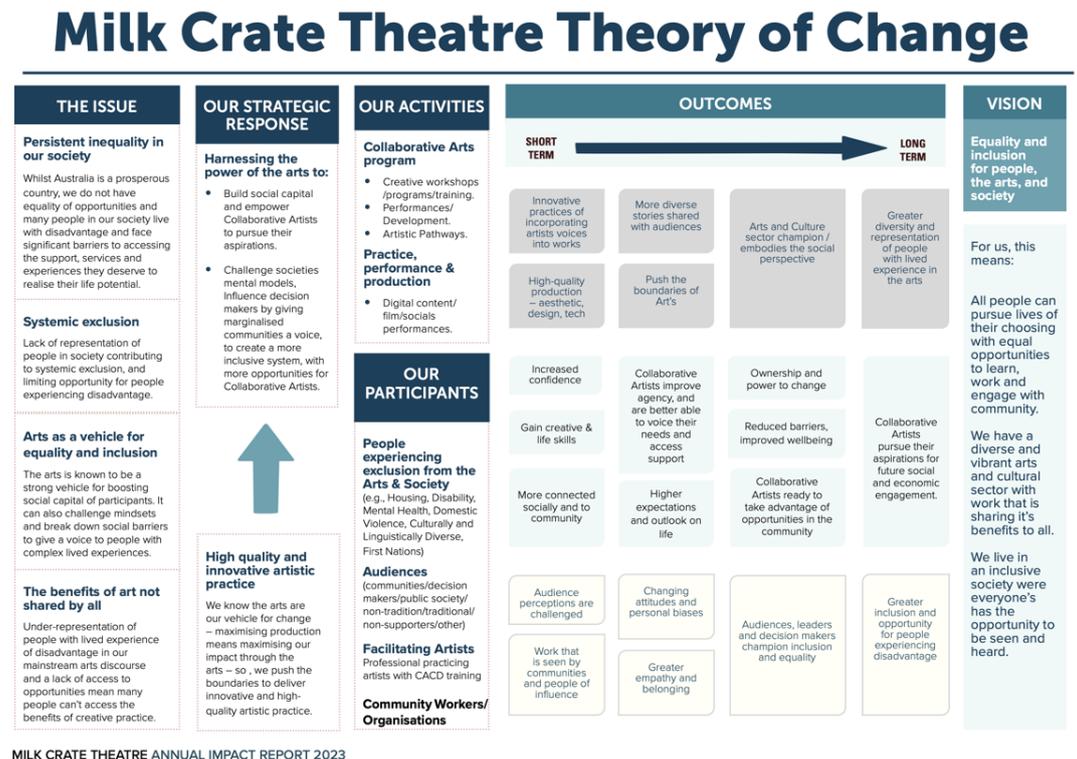
Figure 5: UnitingCare Queensland (2024 Annual Report) (Large NFP under ACNC category)

Figure 6: Guide Dog Victoria (2024 Annual Report) (Large NFP under ACNC category)

Figure 7: The One Box (2023 Annual Report) (Medium NFP under ACNC category)

Our Mission & Our Model

At The One Box, our mission is clear – to ensure as many people as possible have dignified, reliable, and regular access to fresh and nutritious food. Initially established in 2017 as a CSR initiative, The One Box is now a multifaceted program consisting of:

• **Core charity:** The One Box donates fresh produce boxes to families in need each week of the school year, via our partner schools

• **Social enterprise:** The Fresh Food Project expands community access to affordable fresh produce, making nutritious food more accessible

Our unique model harnesses The Fruit Box Group's national infrastructure, purchasing power, and supply chain, enabling us to operate efficient food programs. Each week, our dedicated team hand-packs boxes filled with fresh fruit and vegetables sourced directly from Australian farmers, along with bread. The boxes are then distributed via schools and community groups who have identified those in need. This collaboration allows us to ensure our recipient's fundamental nutritional and financial needs are seen to, whilst also building community connection and trust, inclusion and dignity, and greater family wellbeing.

1	2	3	4
Produce is sourced from Aussie farmers	Boxes of fresh fruit, vegies and staples are packed	Boxes are distributed via hubs including schools and community organisations	Recipients collect boxes
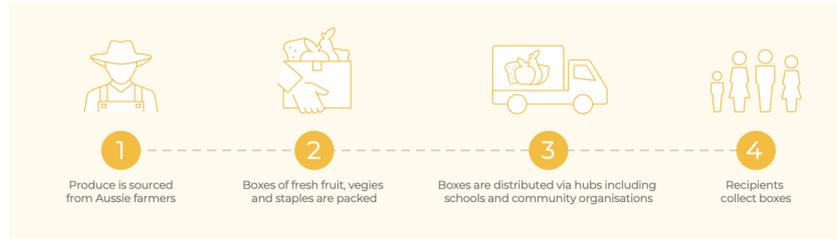
Our Year of Impact

In a year of rising living costs impacting more Australians, we're proud to have remained dedicated to our mission in 2023.

almost
115,000
boxes to 2,500
families

104
program partners

Retail value of $25

over
1 million
kilograms of fresh produce purchased from Australian farmers

5.2 Overview participants

5.2.1 New Zealand

No.	Participant description	Interview Channel	Duration
1	Manager NFP	Online	0:52:38
2	Senior Partner and Policy Advisor	Online	0:52:45
3	Board Chair NFP	Online	0:52:38
4	Assessment Team Lead Foundation	Online	0:49:37
5	Chief Advisor, Public Sector	Online	0:58:29
6	Senior Manager (Business Advisory Services) Advisory Firm	Online	0:46:01
7	Audit Director/Head of Accounting & Manager, Performance Information and Reporting Audit Firm	Online	0:52:21
8	Advisory Partner Advisory Firm	Online	0:38:41
9	Audit Manager Audit Firm	Online	0:49:22
10	Managing Partner Audit Firm	Online	0:54:36
11	CFO & Director-Planning and Information NFP	Online	0:37:32
12	Director, Performance Reporting Audit Company	Online	1:00:23
13	Audit Director Audit Firm	Online	1:08:21
14	CEO & Head of Growth and Partnerships Advisory Firm	Online	1:00:20
15	Digital Product Lead Advisory Firm	Online	0:37:47

5.2.2 Australia

No.	Participant description	Interview Channel	Duration
1	CFO at NFP	Online	0:53:19
2	Policy Advisor	Online	1:03:41
3	Policy and Assurance Advisor	Online	1:00:41
4	Board member in NFP	Online	0:57:41
5	Auditor specialised in NFP	Online	0:41:00
6	Auditor	Online	0:47:55
7	Chair and Director of a Large NFP	Online	0:53:50
8	Audit partner	Online	0:44:29
9	Board member in NFP	Online	0:50:09
10	Previous Auditor General's Office	Online	0:47:47
11	Board member in NFP and large donor	Online	1:00:05
12	Former regulator	Online	0:58:14
13	Audit partner	Online	0:52:32
14	Advisory Panel Regulator	In-person	0:57:44
15	Regulator	Online	0:57:06
16	Large donor	Online	0:49:59
17	Associate Director Assurance Services	Online	0:43:35
18	Consultant and project advisory member/regulator	Online	0:50:33
19	Former Auditor General	In-person	1:00:14
20	Advisor focusing on Performance Measurement in NFP	Online	1:01:21
21	Private Sector NFP	Online	0:47:31
22	Auditor specialised in NFP	Online	0:54:28
23	Treasurer NFP	Online	0:53:18
24	Board member primarily but variety of roles	Online	0:50:14
25	Head of Philanthropy at NFP	Online	1:01:44
26	Senior Business Partner NFP	Online	0:57:45
27	Public sector auditor	Online	0:58:20
28	CFO in NFP	Online	0:59:27
29	Financial Controller NFP	Online	0:48:46
30	Federal Government Auditor	Online	0:48:14

No.	Participant description	Interview Channel	Duration
31	Accounting body policy	Online	0:53:10
32	Head of Finance, NFP	Online	0:49:44
33	Philanthropy Manager	Online	1:00:20
34	Director of a Philanthropic Fund	Online	0:48:34
35	Previous Senior Vice president NFP	Online	1:01:24
36	Managing Director, Philanthropy related, NFP	Online	0:55:54
37	Advisory board for regulator, Chair of Foundation	Online	0:53:48
38	Manager Philanthropic Foundation	Online	0:45:47

5.3   Example interview protocol: New Zealand 'preparers'

Service Performance Reporting

1. What types of service performance information did you report before PBE FRS 48? What were the biggest changes experienced during the adoption of PBE FRS 48? How did you initially feel about the required changes?
2. [Referring to the actual statement of service performance for the entity] Could you please talk us through the different parts of your entity's statement of service performance? What do you think worked well, what didn't, what should have been different? For example, how did the entity select this particular mix of performance measures? Are there any other implementation issues that still need to be sorted out?
3. [Referring to the auditor engaged] Why did the entity select this auditor? What was your experience in working with this audit firm on the statement of service performance? Did you experience any challenges in this regard? For example, how did discussions with auditors influence the "appropriate selection of information and the overall volume of information presented" (BC20) in the entity's 'telling of their story' (IN3)?
4. What have been the costs and benefits of service performance reporting for your entity and its reporting? Also, do you have any thoughts on what the costs and benefits of service performance reporting might be for the not-for-profit sector?
5. Who is the user of the service performance reporting information you produce?
6. Do you think the introduction of PBE FRS 48 has led to better reporting in New Zealand?
    [If not mentioned, follow up with the following]
    Are there any issues with the requirement 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" (para 15)
    *   Develop approaches/systems and controls for measuring and collecting selected service performance information
    *   Provide a complete and balanced picture of (material) service performance without overwhelming readers (not "highlighting only what went well"?)
    *   Balance the qualitative characteristics (relevance, faithful representation, understandability, timeliness, comparability, and verifiability)
    *   Disclose comparative information
    *   Disclose judgments
    *   Cross-reference to the financial statements (not required by the standard)
    *   Requirement to select the service performance information that is most appropriate and meaningful to the users (how are user needs being assessed by entities?)
    *   How are the views of users (i.e., funders' requirements and feedback from others such as service recipients) balanced with other concerns about what information to report (i.e., current/best practice)?

Standard-Setting Issues

7. Did you follow or participate in the standard-setting process on PBE FRS 48? If so, what do you think were the main issues and challenges in developing the standard? [If the entity submitted a comment letter during the standard-setting process, ask them questions about its contents, for example] Looking at the comment letter submitted by your entity, could you please let us know how the entity arrived at its position?
8. Are there any aspects of PBE FRS 48 that you think should be changed?
9. What are your views on the possible future direction of the SPR standard-setting initiative in Australia?

5.4   Example interview protocol: Australian 'preparers'

Service Performance Reporting

1. What is your experience in non-financial reporting by NFPs?
2. Are you aware that the AASB is considering introducing a service performance reporting standard based on the New Zealand standard a few years ago? If so, what is your perspective on this development?
3. Did you follow or participate in the standard-setting process on AASB ED270? If so, what do you think were the main issues and challenges in developing the standard?
4. [If the entity submitted a comment letter during the standard-setting process] Looking at the comment letter submitted by your entity, could you please let us know how the entity arrived at its position? Has anything changed since you submitted that comment letter?

If the entity has a statement of service performance or equivalent report:
5. Can you please guide us through your report?
6. What do you think works well or not with your report?
7. What is the process your organisation goes through to produce this report?
8. How do you decide what information to include?
9. Who were you hoping to reach with this report?
10. Is your report assured? Why or why not?

If the entity does not have a statement of service performance or equivalent report:
11. How does your organisation know how it is making a difference with its activities?
12. What information are you collecting that helps you understand the difference you make?

Vignette

I'm going to provide you with a one-page illustration of a statement of service performance from a fictional charity called Empower Children Australia. I want you to imagine that you work at Empower Children Australia and a colleague at Empower Children Australia has prepared the following information and you have been asked to review it and provide feedback.
13. What are your first impressions of this statement?
    [If not mentioned, follow up with the following]
    - What do you think about the results reported?
    - What do you think about the measures of performance used?
    - What do you think about how it is presented visually?
    - Does this statement provide enough context about this entity and its objectives?
    - What else is missing or needed?
14. Do you think this information should be audited? What level of assurance do you think would be suitable for this information? What challenges are there in assurance of this information?
15. Who do you think would be the user of this type of information?
16. Would your organisation be able to produce a statement like this?
17. Is there anything you would change to make the information more appropriate and meaningful?
18. Is the amount of information presented sufficient?

Standard-Setting Issues

19. What do you think about the general state of service performance reporting in Australia?
20. Do you think the AASB should be involved in setting standards on service performance?
21. Do you think the information available on charities in the ACNC register is sufficient? What else do you think is needed?
22. Do you think there should be a standard on service performance reporting in Australia that would require not-for-profit entities to produce an annual statement of service performance?
23. What are your thoughts on whether this statement should be audited?
24. What are your views on the possible future direction of the SPR standard-setting initiative in Australia?

5.5   Vignette

EMPOWER CHILDREN AUS

STATEMENT OF SERVICE PERFORMANCE
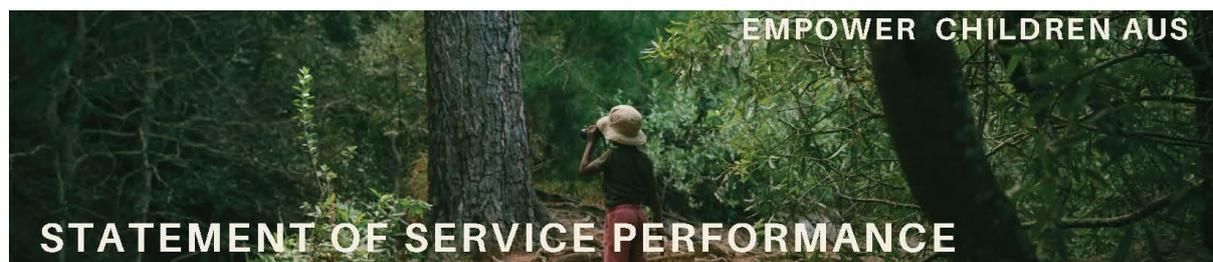
Objective

To empower children facing challenging family circumstances by fostering resilience, confidence, and a sense of belonging through transformative experiences in nature.

Description of the Entity's Outputs

Services	Measures	2024 Target	2024 Actual	2023 Actual
Day trips	Number of day trips organized	24	27	20
	Number of children participated	170	180	160
Mentorship	Number of children matched with mentors	160	145	150
	Number of volunteer mentors	70	75	65

Description of the Entity's Outcomes

Measures	2024 Target	2024 Actual	2023 Actual
% of children demonstrating improved peer relationships	90%	87%	91%
% of children showing improved self-confidence	90%	93%	88%

Highlights

- Empower Children AUS engaged 75 volunteer mentors in the year to 31 December 2024. This allowed Empower Children AUS to match mentors with 145 children.

- 180 children have received support in the year to 31 December 2024. The children come from across the Melbourne Metropolitan area, with plans to expand the Programme to the regional areas in 2025.

- Empower Children AUS has continued to leverage partnerships with local nature reserves to create enriching environments for activities, increasing the number of partnerships from 3 to 5 in the year to 31 December 2024.

- Programs were delivered efficiently, with 90% of expenses directed to core program activities.

Testimonial

"Before joining Empower, I felt alone and unsure of myself. The trips and mentorship taught me how to face challenges, both in nature and in life, and gave me a sense of belonging I never thought I'd find. Now, I'm more confident, and I know I'm not alone."

Trevor (Child Participant)
November 2024

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