

PBEs: The new accounting standards framework and its impact

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29 November 2011

Ministry of Economic
Development

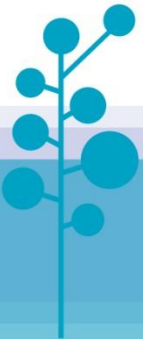


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New Government Framework

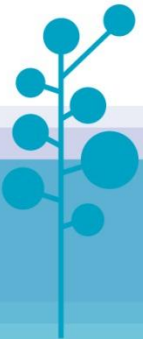
Decisions announced in September 2011

- Who must prepare GPFR?
- Is assurance required?
 - Auditor/assurer qualifications
- Is publication required?



Government Framework for PBEs

- Publicly accountable
 - Taxpayer/ratepayer ownership/funding
 - Seeking money from the public (e.g. donations)
- Economically significant
 - \$30m operating expenses
- Management/ownership separation
 - ≥10 members



Depreciation

	19,627	19,242
Grant grants	7,108	18,313
	1,644	1,112
	0	751
	8	10
	28,387	39,428

	293	0
	18,344	21,280
	18,637	21,280
	1,164	9,684

Profit from ordinary activities

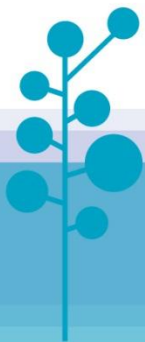
Results presented are before the effect of any internal revenues and expenses.

SECTION OF ABOVE OPERATING RESULT
FINANCIAL REPORT

	2006	2005
	\$000	\$000
		9,684

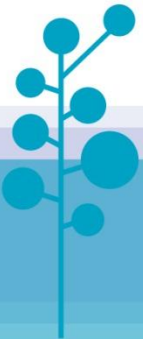
Publicly accountable

- Preparation
- Assurance
- Publication



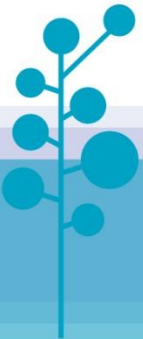
Not publicly accountable, but large (\$30m operating expenses)

- Preparation
- Publication (if no privacy concerns)
- Assurance



Not publicly accountable, not large, but separation

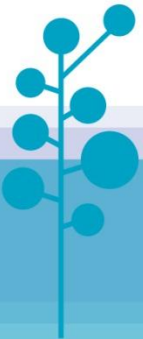
- Presumption of preparation
- Presumption of assurance
- Opt-out (simple majority)
- Constitution prevails



Public sector entities – no change

All public entities are publicly accountable

- Prepare GPFR
- Auditor-General auditor of all public entities
- Publication in various ways (e.g. Parliament)



NFP entities

- **NFP only**

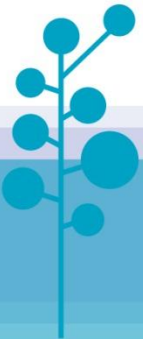
- Registered charities
- Friendly societies
- Credit unions
- Gaming machine societies
- Unincorporated societies

- **NFP/for-profit**

- I&P societies
- Retirement villages
- Māori trust boards
- Māori incorporations
- Māori land trusts

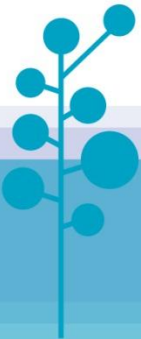
- **NFP (Law Commission review)**

- Incorporated societies
- Charitable trusts
- Agricultural & pastoral societies



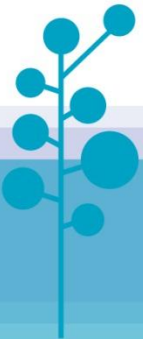
Registered charities

- Status quo: Preparation without standards and filing
- New policy: Preparation in accordance with XRB standards
- <\$40,000 operating payments: Cash reporting
- Consistent methodologies and reported information
 - Reduces costs of reporting
 - Improves comparability
 - Increases quality and reliability, and donor confidence
- Assurance: 2012 discussion paper



Friendly societies

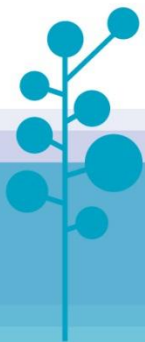
- Friendly societies that provide insurance services are publicly accountable
 - Preparation, audit and filing
- Friendly societies that are not insurers
 - Presumption of preparation
 - Presumption of assurance
 - Opt-out (simple majority of members)
 - Constitution prevails
- Micro friendly societies
 - Cash reporting option



Credit unions are publicly accountable



- Preparation
- Audit
- Filing



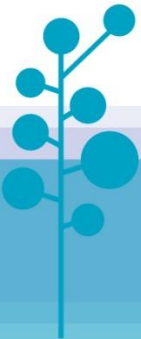
Gaming machine societies



- Status quo
 - Preparation and audit required (DIA regulation)
 - Publication – depends on form of entity

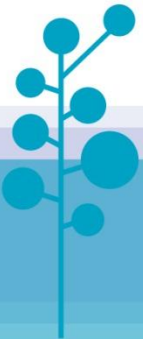
- GMS that operate gaming machines in commercial premises are publicly accountable
 - Preparation, assurance and filing

- Other GMS
 - Preparation and audit retained
 - Distribution to members but no filing



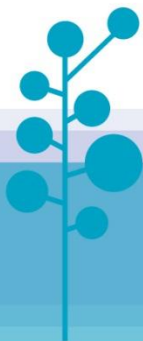
Industrial & provident societies

- Business orientation in some cases
- Members have an ownership stake
 - Treat as for-profit
- Status quo
 - Preparation, audit, filing
- I&Ps that are issuers of securities
- I&Ps that are large
- Separation
 - Assume separation?
 - Preparation and audit presumptions, with opt-out and constitutional override



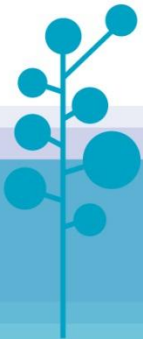
Incorporated societies & charitable trusts

- If registered charities
 - As per registered charity slide
- Law Commission review
 - Will report to the government in 2012
- Public accountability – Yes and no
- Economic significance – Very few
- Separation
 - Assume separation?
 - Preparation and assurance presumptions, with opt-out and constitutional override?



Tentative timing for the Bill

- Decision for the Minister of Commerce and the Leader of the House
 - Introduction and first reading in mid-2012?
 - Select committee consideration (probably 6 months)
 - Enactment in 2013?



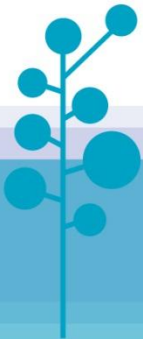
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