



New Zealand House of Representatives
Te Whare Māngai o Aotearoa

Economic Development, Science and Innovation Committee
Komiti Whiriwhiri Take Whanaketanga Ōhanga, Take Pūtaiao,
Take Atamaitanga

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Review briefing on the 2024/25 annual review of the External Reporting Board

Presented to the House of Representatives
by Dr Parmjeet Parmar, Chairperson

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External Reporting Board

Recommendation

The Economic Development, Science and Innovation Committee has conducted a review briefing on the annual review of the External Reporting Board for 2024/25, and recommends that the House take note of its report.

About review briefings

A review briefing is a form of annual review that takes place outside the regular period for annual review scrutiny (December through March). It enables committees to spread their workload more evenly through the year and to focus on strategic priorities during the main annual review period.

About the External Reporting Board

The External Reporting Board (XRB) is an independent Crown entity, initially established in 1993. It develops and publishes financial reporting, climate, and auditing and assurance standards for business, not-for-profit, and public sector entities. The standards it issues are secondary legislation, but the XRB is not a regulator; monitoring and enforcement of the standards is carried out by the Financial Markets Authority (FMA) and Charities Services. It is a small entity, employing 30 full-time-equivalent staff at the close of 2024/25.

We heard from the XRB's chair, John Kensington, and chief executive, Wendy Venter. We acknowledge April Mackenzie, who was chief executive for five years until January 2025, and Michele Embling, who served as the board chair for six years until August 2025.

Summary of 2024/25 performance and audit results

The XRB received \$8.48 million in Crown funding in 2024/25, the same amount as in 2023/24. Its expenditure decreased by 7.5 percent, and its total revenue by 6.4 percent. However, the XRB's net deficit reduced by 75.6 percent.

Financial trends

	2021/22 \$million	2022/23 \$million	2023/24 \$million	2024/25 \$million	Change in 2024/25
Revenue	8.61	8.82	9.06	8.48	(6.4%)
Expenditure	6.43	8.61	9.20	8.51	(7.5%)
Net surplus or (deficit)	2.18	0.21	(0.14)	(0.03)	—

Audit results

The independent auditor issued a standard audit report, indicating that the information audited fairly reflected the External Reporting Board's activities and financial position for the year. Both its management control environment and its financial systems and controls were assessed as "very good". Its performance information and supporting systems and controls were assessed as "good". Disclosure improvements were recommended to enhance understanding of the Statement of Service Performance. The XRB implemented these recommendations before its final audit.

Quality of reporting

The XRB noted that most of its standards are international standards that have been thoroughly vetted. We asked whether New Zealand is justified in having its own entity to produce standards rather than sourcing them all from other jurisdictions. The XRB said that New Zealand's tiered financial reporting system ensures that large entities report on the same information as their international counterparts. Some reporting requirements are designed specifically for New Zealand: in 2024/25, the XRB issued a new standard for the audits of "less complex entities". We heard that another jurisdiction's standards may not consider these.

We asked how the XRB measures whether its standards are improving the quality of reporting. It told us it ensures quality reports through the design of requirements, which are "thought about very hard". The post-disclosure assurance and audit processes provide reports on the fairness of financial statements and on whether the disclosure has met requirements. The XRB said the FMA's role in monitoring and enforcement also provides insight into the quality of standards.

Given that various entities are involved with standards, we asked how they avoid duplication of effort. The XRB said it has a memorandum of understanding with the FMA that clearly states the role of each entity, to prevent overlap. The MOU commits the XRB to not crossing into regulation, and the FMA to not setting standards.

Does the XRB provide value for money?

We sought information on how the standards are being used and implemented, and on the value generated by that activity. The XRB said that since the COVID-19 pandemic, it has focused on its core role of setting standards. It noted that the counterfactual to its work would be having few or no standards, with industry free to meet any standard it chose. The XRB acknowledged that it could improve the statistical information it collects about the value of standards.

Quality of climate-related disclosures

In October 2025, the Government announced changes to the mandatory climate-related disclosures regime. The XRB consequently simplified the climate reporting standards to help entities that had struggled to implement some of the reporting requirements.

We asked for the XRB's insights on how the changes affected the quality and consistency of disclosures. The XRB said it has begun work on a post-implementation review of the

changes, which will provide “more than anecdotal” evidence. It told us that having the right metrics will ensure quality and consistency.

Availability of qualified audit staff

We discussed whether New Zealand’s audit workforce for climate reporting is sufficient and capable. The XRB said that many graduates and senior staff are interested in learning how to audit climate-related disclosures. The XRB has also recruited “a few experts”. It is confident that businesses have similar experiences in building climate reporting capability.

The XRB told us that availability of general auditors was problematic during the COVID-19 pandemic, but global networks are now keen to send staff on international exchanges. Professional accounting organisations, such as Chartered Accountants Australia & New Zealand, are working on increasing the numbers entering the profession; as part of that, they consider the skills needed by auditors.

Artificial intelligence in auditing and standards

We heard that the XRB is focused on understanding the risks, opportunities, and implications of AI in relation to auditing standards. It said that New Zealand is one of a small number of jurisdictions advising international standard setters on assurance standards and international auditing standards. The XRB also works to understand how its reporting organisations and auditors are using AI, and what opportunities it offers for innovation.

Appendix

Committee procedure

We decided to conduct the 2024/25 annual review of the External Reporting Board as a review briefing. On 23 April 2026 we heard evidence from the XRB for 24 minutes and received advice from the Audit Office. We sent written questions to the XRB for response. We met again on 25 June 2026 to finalise this report.

Committee members

Dr Parmjeet Parmar (Chairperson)
Dr Hamish Campbell
Reuben Davidson
Cushla Tangaere-Manuel
Dr Vanessa Weenink
Arena Williams
Scott Willis
Dr David Wilson

Related resources

We received [responses to written questions](#) in March 2026 as part of the regular annual review procedure.

We received the following documents as advice and evidence for this review briefing.

- Office of the Auditor-General (Briefing on the External Reporting Board).
- External Reporting Board (Responses to additional written questions).

They are available on the [Parliament website](#), along with the [Hansard transcript](#) and [recording of our meeting on 23 April 2026](#).