

Reporting gap found in new research

New research shows there is a significant gap between what non-financial information stakeholders expect from a company's external reporting, and what CFOs deem important to provide.

The findings come from the latest publications in the McGuinness Institute's *Project ReportingNZ* on Extended External Reporting (EER).

Environmental concerns have been highly topical for New Zealand businesses in the last year, yet only 56% of CFOs who took part in the 2017 surveys found natural capital to be important or very important to disclose, compared to 87% of users (shareholders and other stakeholders). Additionally, only 33% of users considered it to be reported on well.

There was a similar trend in the findings of the other three capitals: human, economic and social (see p. 2 of the *Survey Highlights*).

Chief executive Wendy McGuinness says: "From my personal perspective the quality of EER reporting has decreased; we now have a small number of exceptional reporters followed by a large number of companies focused on meeting minimal standards.

"Producing a high-quality EER report takes a lot of work and our hope is that this research will enable Preparers to provide a more consistent, reliable, comparable and relevant way of reporting on risks and opportunities to investors and wider stakeholders.

"We hope this research can be used as a tool to inform chief financial officers and company boards, industry organisations, standard-setters, policy makers and other innovators. This may shed new light on issues surrounding EER in New Zealand and guide future decision-making in this area."

The project is a response to the important role businesses play in the economy. It looks specifically at the role of extended external reporting as a tool for improving the relationship between businesses and the communities in which they operate. It also acknowledges the role of annual reports as one of the few places to collect readily available data on businesses to shape public policy.

The wider project, *ReportingNZ*, aims to contribute to an informed society through better access to information in the public interest. It also aims to contribute to the international conversation on improving the quality of Extended External Reporting. The surveys explore the current and future landscape of reporting in New Zealand and draw insights on the usefulness of EER for decision-making.

This research and other publications will be launched at the CFO Summit at Cordis in Auckland on 15 March, where Wendy will refer to the *ReportingNZ* research findings to date.

Project ReportingNZ Publications

The *Preparers' Survey* gathers the thoughts of the Chief Financial Officers (CFOs) of companies listed on the 2016 Deloitte Top 200 and the NZSX-listed companies (as at June 2017). Of the 277 CFOs who were sent the survey, 92 responded.

The *Users' Survey* explore the current and future landscape of reporting in New Zealand and the usefulness of corporate reporting through the responses of any interested parties who use company reports to learn more about their operations (the Users of EER). There were 104 responses to this survey.

Survey Insights is an accompanying paper which explores the results of the two 2017 surveys and summarises the key insights gained through the process. Qualitative and quantitative data was analysed by the research team to draw out key insights.

Survey Highlights is a six-page overview of the key findings from the two surveys, with the results broken down into five parts – what the respondents think about 'accessibility', 'engagement', 'content', 'frameworks', and 'assurance'.



The publications are available to view on reportingnz.org.

ENDS

About the McGuinness Institute: The McGuinness Institute is a non-partisan think tank working towards a sustainable future for New Zealand. Through applying hindsight, insight and foresight into research and analysis projects, the Institute aims to explore and contribute to the conversation around the long-term future of New Zealand.

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