



## External Reporting Board – Member Position Description

### *External Reporting Board*

The External Reporting Board (XRB) is an Independent Crown Entity initially established under the Financial Reporting Act 1993, with continued existence under the section 11 of the Financial Reporting Act 2013 and operating within the framework of the Crown Entities Act 2004.

The primary functions of the XRB are to:

- issue financial reporting standards for all entities that are required under any enactment to comply with generally accepted accounting practice
- issue auditing and assurance standards for a range of purposes
- develop and implement strategies for the XRB's overall direction in the setting of standards, including developing a strategy for tiers of reporting
- give directions or guidance as to the accounting policies that have authoritative support
- Liaise with international or national organisations which exercise the same or similar functions.
- The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill currently before Parliament will extend the XRB's mandate to:
  - develop reporting standards to implement mandatory reporting on climate risks for certain entities that have a higher level of public accountability, and
  - permit the XRB to issue guidance on environmental, social, governance (ESG) and other non-financial reporting matters that can be applied on a voluntary basis.

The XRB has used its powers under the Crown Entities Act to establish two subsidiary boards: the NZ Accounting Standards Board (NZASB) to set financial reporting standards and the NZ Auditing and Assurance Standards Board (NZAuASB) to set auditing and assurance standards. These two boards focus on the standards detail, allowing the XRB Board to focus on the standards framework at a strategic level. Due to the strategic significance of the new reporting standards on climate risks, the XRB Board itself is developing those standards, which will be aligned with the framework provided by the Task Force on Climate-related Financial Disclosures.

The Board of the XRB is responsible for general governance of the organisation, overall financial reporting strategy (including advising the Minister of Commerce and Consumer Affairs accordingly), standards strategy and oversight of the subsidiary boards.

Further information on the XRB can be found on their website: <https://www.xrb.govt.nz/>

### ***XRB as an Independent Crown Entity***

The XRB, as an Independent Crown Entity is subject to relevant provisions of the [Crown Entities Act 2004](#), and the Financial Reporting Act 2013, which provide a framework for the company's

governance and accountability, including responsibilities of board members, disclosure of interests, and the roles of Ministers.

The Minister of Commerce and Consumer Affairs is the shareholding Minister. Under the Crown Entities Act 2004, Ministers have powers with regard to all entities on matters of strategic direction, targets, funding, performance, reporting and reviews.

### ***XRB Membership***

XRB members are appointed by the Governor-General on the recommendation of the shareholding Minister. The Financial Reporting Act 2013 states that the XRB must consist of no fewer than 4 and no more than 9 board members.

Members of an independent Crown entity may be appointed for a term of up to five years. There should be no expectation on the part of new appointees or incumbent members that they will be offered a subsequent term of office.

A member may resign from office by a signed notice of resignation to the responsible Minister, with a copy to the XRB board. The notice is effective once it is received by the Minister, or at a later time specified in the notice.

The Minister may at any time, by way of signed written notice to XRB, remove any member from office as per Section 41 of the Crown Entities Act 2004.

### ***Role of Independent Crown Entity board members***

The role of an Independent Crown entity company board member involves working with the board chairperson and other members to achieve the following:

- Provide leadership to the entity, consistent with the purpose of the entity and the Minister's expectations.
- Ensure effective accountability and governance of the entity, consistent with the requirements of relevant legislation, including the Financial Reporting Act 2013 and the Crown Entities Act 2004.
- Develop and maintain sound relationships with Ministers and their advisors.
- Attend board meetings and participate fully in board discussions. This includes constructively challenging the views of other board directors while being collegial and supportive.
- Provide guidance and support to the entity's chief executive to ensure the company is managed effectively.
- Contribute towards the process to oversee the employment of the chief executive.

Members are also required to inform the board chair of any interests that they have, or are likely to have, in matters relating to the company, and notify the chair of any new interests which may arise during their term.

### ***Collective and individual duties of XRB members***

The Crown Entities Act 2004 and the Financial Reporting Act 2013 set out a consistent and coherent framework for the governance, reporting and accountability arrangements of Crown entities.

The collective duties of directors are to ensure that the XRB Board acts consistently with its objectives, functions, current Statement of Intent and Statement of Performance Expectations, and that the XRB Board's functions are performed efficiently, effectively and in a manner consistent with the spirit of service to the public, and in a financially responsible manner.

The individual duties of XRB Board members are:

- to comply with the Financial Reporting Act 2013 and the Crown Entities Act 2004.
- to act with honesty and integrity, in good faith and not at the expense of the entity's interests, with reasonable care, diligence and skill
- not to disclose or make use of information that otherwise would not be available to them.

Further information on how the relationships between Independent Crown entities, Ministers, and departments work in practice can be found [here](#) on the Public Service Commission's website.

### ***General skills relevant to members of an Independent Crown Entity board***

- Extensive governance experience, in a multi-stakeholder environment.
- Experience in areas such as business, accounting, auditing, finance, economics or law.
- Strong relationship management skills, including working effectively with peers and developing valuable strategic connections with industry, consumers and other stakeholders.
- Strong communication skills, including ability to reason objectively and convey ideas clearly and accurately.
- An understanding of the public sector.
- A good understanding of governance responsibilities under the Financial Reporting Act 2013 and the Crown Entities Act 2004

### ***Criteria for appointment and eligibility***

Section 29 of the Crown Entities Act 2004 requires the responsible Minister to:

- only appoint or recommend a person who, in the responsible Minister's opinion, has the appropriate knowledge, skills and experience to assist the entity to achieve its objectives and perform its functions; and
- in appointing or recommending an appointment, take into account the desirability of promoting diversity in the directorship of Crown entities.

Under Section 13 (2) of the Financial Reporting Act 2013, the Minister must not recommend a person for appointment as a member of the XRB unless, in the opinion of the Minister, that person is qualified for appointment by reason of his or her knowledge of, or experience in, business, accounting, auditing, finance, economics, sustainable development or law.

The following persons are not eligible for membership of the XRB Board:

- a person who is under 18 years of age
- a member of Parliament

- a person who is an undischarged bankrupt
- a person who is subject to a property order under the Protection of Personal and Property Rights Act 1988
- a person in respect of whom a personal order has been made under any Act that reflects adversely on the person's —
  - competence to manage his or her own affairs in relation to his or her property
  - capacity to make or to communicate decisions relating to any particular aspect or aspects of his or her personal care and welfare
- a person who has been convicted of an offence punishable by imprisonment for a term of two years or more, or who has been sentenced to imprisonment for any other offence, unless that person has obtained a pardon, served the sentence, or otherwise suffered the penalty imposed on the person
- a person who is disqualified under any Act.

### ***Remuneration and Meetings***

The expected time commitment, including meeting preparation, for a Board member is approximately 20 days annually. The XRB meets at least eight times a year, or more often as the Board deems necessary to carry out its responsibilities. This will normally include at least one annual strategic planning meeting.

Fees for members of independent Crown entities are set by the Remuneration Authority. The daily rate includes any annual and sick leave entitlement and no additional payments are to be made on account of annual leave or sick leave.

You will receive your determination, by email, from the Authority at the time you take up your appointment. In the meantime you are welcome to contact the Authority directly by email: [info@remauthority.govt.nz](mailto:info@remauthority.govt.nz), or by phone (04) 499-3068.

### ***Crown Entities***

The Crown Entities Act provides a coherent framework for Crown entity governance and accountability, including responsibilities of board members, disclosure of interests, and the role of Ministers. It is available at <http://www.legislation.govt.nz>.

Further information on how the relationships between Crown entities, Ministers, and departments work in practice can be found on the State Services Commission's website (<http://www.ssc.govt.nz/it-takes-three-operating-expectations-framework>)



## External Reporting Board member – Person Specification

### *Specific skills required at this time*

The Minister for Economic Development is seeking candidates who can provide a number of the following specific skills, experience and attributes including:

- an understanding of Te Ao Māori and a strong connection to Māori business.
- a passion for reporting
- strong market connections and credibility
- governance in a multi-stakeholder environment
- accounting, auditing, business, economics, finance, legal or sustainable development expertise

### *Skills, Experience, and Attributes Required*

Collectively members of the External Reporting Board (XRB) should have knowledge and experience of, and capability in:

- high level of business acumen
- auditing and assurance standards experience
- stakeholder management expertise
- an understanding of public accountability and the relationships between the Government and Crown entities.

Members must be aware of the importance of personal integrity and the need to disclose any interests they have or are likely to have in matters relating to the XRB, whether or not these create a conflict of interest. Members must also be sure that they have the interest and enthusiasm needed to contribute effectively to the performance of the entity throughout their term of directorship.