

# Supporting the Public Sector Accounting Profession: The New Zealand and Australian Experience

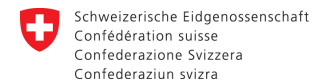
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Public Sector Accounting and Reporting Program

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# Objectives



2

- Highlight reforms that made public sector accountability more prominent in New Zealand
- Explain how Chartered Accountants Australia & New Zealand (“CA ANZ”) supports the initial and ongoing development of public sector professionals
- Highlight other ways that CA ANZ supports the accounting profession serve the public sector more effectively



# New Zealand at a glance



- Population: 4.7m
- Capital: Wellington
- GDP: \$US 185b
- GNI per capita: \$US 39,070

(World Bank Country Data 2016)

- #2 of 176 Corruption Perceptions Index

(Transparency International 2014)

- 4/140 for Public Institutions in World Economic Forum Global Competitiveness Index
- As of June 2016 1 of 18 countries that has adopted IPSAS
- Deputy Chair of IPSASB





# Australia at a glance



- Population: 24.1m
- Capital: Canberra ACT
- GDP: \$US 1,205b
- GNI per capita: \$US 54,420k

(World Bank Country Data 2016)

- #15 of 176 Corruption Perceptions Index

(Transparency International 2016)

- 19/140 for Public Institutions in World Economic Forum Global Competitiveness Index
- Not adopted IPSAS but uses IFRS with modifications
- Member of IPSASB





# New Zealand Public Sector Reform



5

- Significant Public Sector reforms were made in New Zealand during the 1980s
- Reforms were wide ranging, to summarize
  - One set of reforms focused on the States involvement in commercial activities
  - One set of reforms focused on public service delivery through Government departments
- Corporations were established to conduct commercial activities (i.e. SOEs) and “corporatization” programs initiated
- Government Departments were restructured and Heads were replaced by CEOs. Policy outcomes were the accountability of Government who purchased outputs from CEOs and their Departments. CEOs were given autonomy as to how to deliver these outputs.
- Along with this increased autonomy for CEOs came increased requirements for accountability and transparency
  - Private Sector standards adopted for the Public Sector on basis of ‘neutrality’. NZ GAAP => IFRS



# Evolution of financial reporting standards in the New Zealand Public Sector



6

- Private Sector standards NZ GAAP
- 2003 announced IFRS adoption in New Zealand effective from 2005 and public sector adopted at same time as the private sector with minor modifications
- IPSAS based standards adopted from 2012. This represented a change from sector neutrality, however in initial IPSAS based standards were essentially IFRS standards.
- The Standard Setter made a strategic decision that transparency and accountability in the public sector would be better met by a set of high quality public sector oriented standards which is where IPSASB is heading.

## What has this meant for development of the public sector professionals?



7

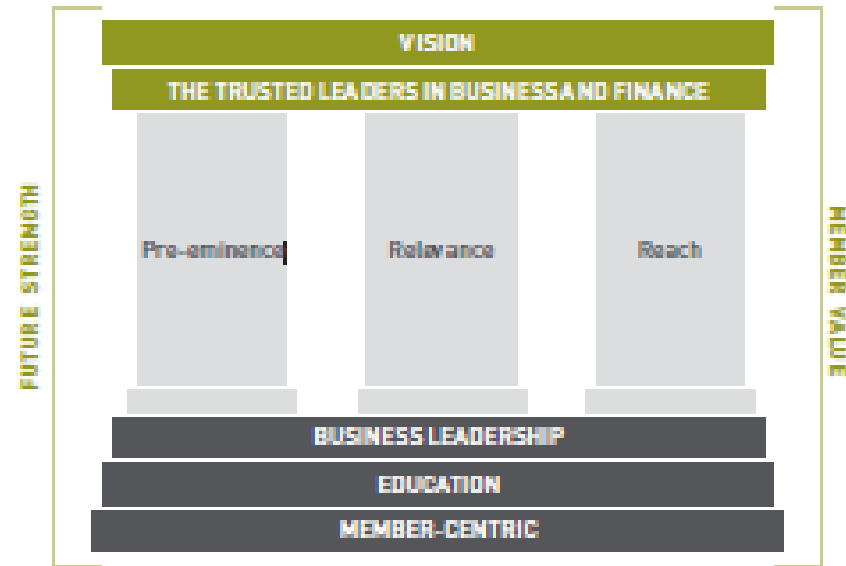
- The line between Private Sector and Public Sector has evolved to be a relatively thin one. Private Sector skills in accounting, at the entry level, have been considered to fit the public sector well, especially given these reforms. Accordingly, the CA Program, is considered sector neutral even if it is private sector based.
- IPSAS implementation in New Zealand has been relatively straightforward given the financial reporting standards historically adopted in the public sector.

# CA ANZ Strategy



8

- Considering how CA ANZ serves its Public Sector members requires some consideration of the overall strategy
- This strategy led the discussions of the merger of New Zealand Institute of Chartered Accountants and Institute of Chartered Accountants Australia to form CA ANZ
- Key strategic activities include those:
  - Focused on establishing leadership
  - Focused on developing skills of accountants in the modern economy
  - Are member centric to maximize experience of being a member and receiving value



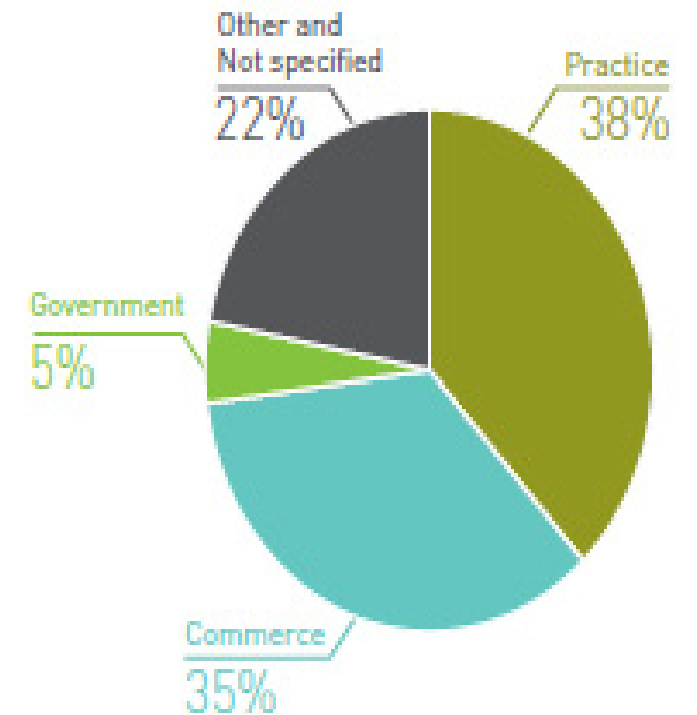
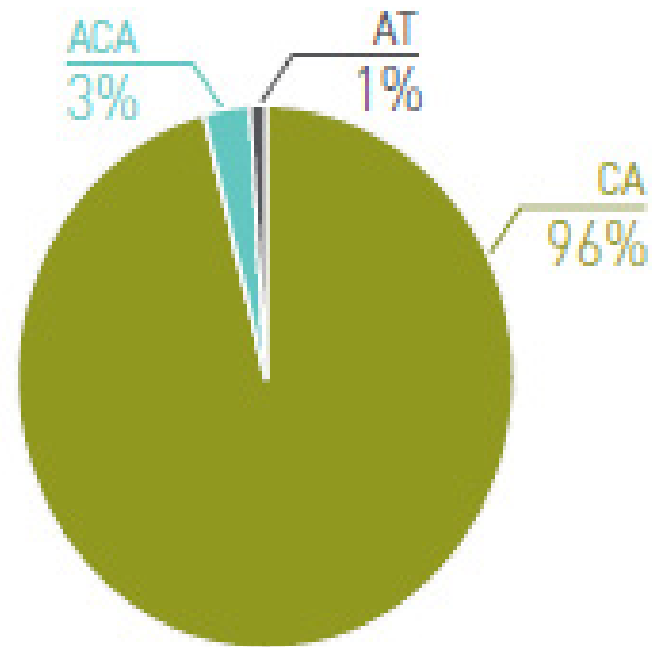


## CA ANZ: Key membership data



9

Age group (full members and Provisional Members)	New Institute
Under 30	25,505
31-40	30,280
41-50	25,025
51-60	15,063
Over 60	11,240
Not disclosed	254
<b>Total</b>	<b>107,367</b>



## Public Sector membership data for CA ANZ Overall



10

- There are 5,832 members of CA ANZ identified as from the Public Sector

Chartered Accountants			
Full		Provisional	
Male	Female	Male	Female
2,358	2,095	466	441

## Public Sector membership data for CA ANZ in Australia



11

Chartered Accountants			
Full		Provisional	
Male	Female	Male	Female
1,319	1,318	301	252

- Note: There is only 1 provisional Accounting Technician in the Public Sector in Australia

## Public Sector membership data for CA ANZ in New Zealand



12

Chartered Accountants			
Full		Provisional	
Male	Female	Male	Female
1,039	777	165	189

Accounting Technicians			
Full		Provisional	
Male	Female	Male	Female
31	56	13	28



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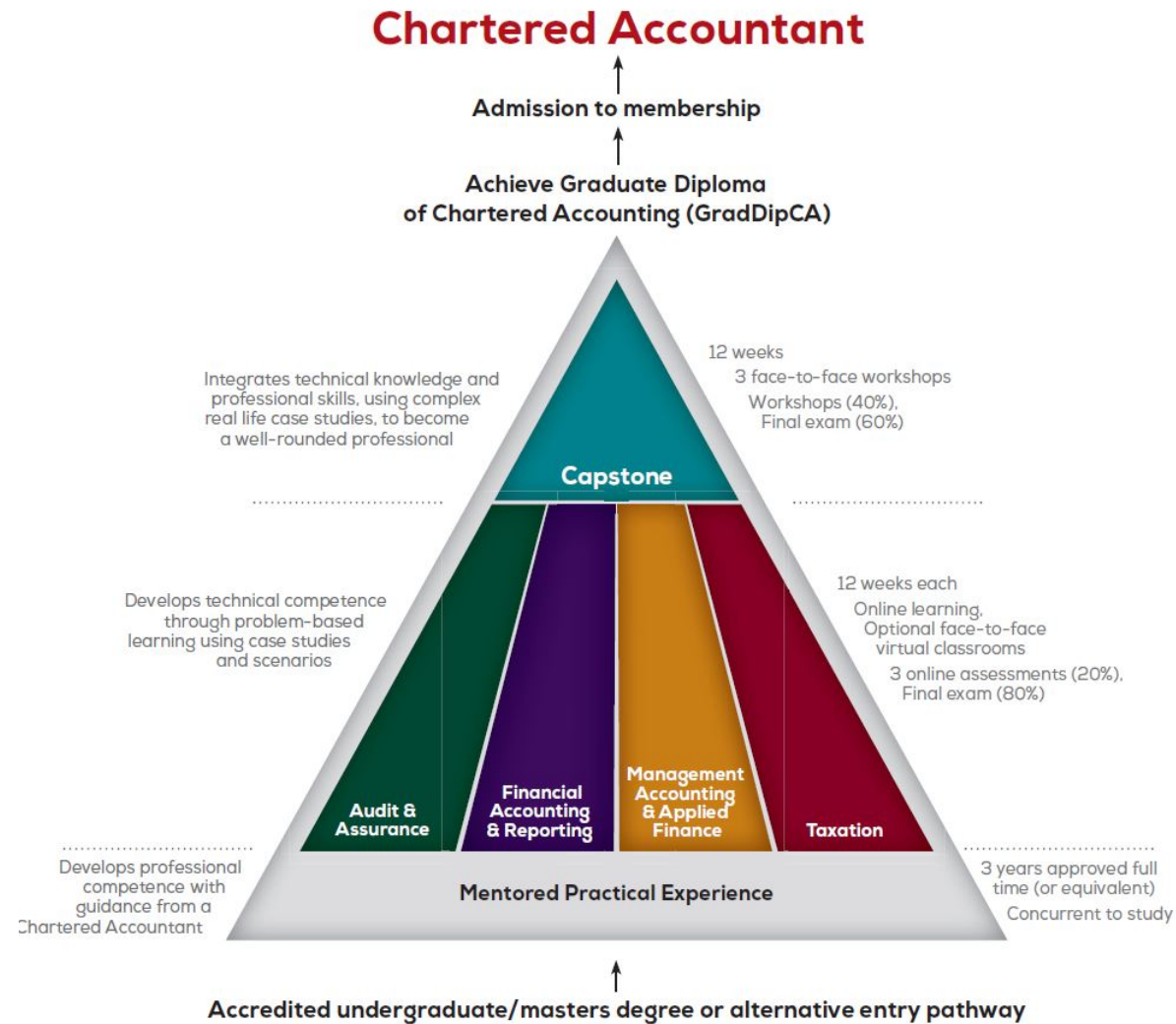
## **CAANZ Strategy: Education**

**Developing professional accountants in the Public Sector**

# The Chartered Accountants Program



14







# The Chartered Accountants Program



15

- Sector neutral
- Two elements:
  - Professional accounting education
  - Mentored practical experience (with an Approved Training Employer “ATE”)
- Education includes
  - 4 Modules
    - Audit and Assurance
    - Financial Accounting & Reporting
    - Management Accounting & Applied Finance
    - Taxation
  - Capstone
- Experience with ATE is over 3 year period, concurrent to study



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## CA Program: Mentored practical experience



16

### **Mentor reports on meeting competency in at least 2 of these technical areas**

- Accounting academic
- Accounting information systems
- Auditing
- External reporting
- Financial management
- Insolvency and reconstructions
- Management accounting
- Taxation
- Financial advice

### **Mentor reports on meeting competency in all of these non-technical areas**

- Teamwork
- Organizational skills
- Research and evaluation
- Decision making
- Exercising ethical and professional behavior
- Communication and interpersonal skills



# Accounting Technicians



17

- A formal qualification for recognition of practical accounting skills and experience
- Academic Pathway
  - University Education + Practical Experience (2 years of relevant accounting employment) + Professional Ethics Course
- Vocational Pathway
  - Study (AAT based) + Practical Experience (2 years of relevant accounting employment) + Professional Ethics Course
- Experience Pathway
  - Verified assessment of competence and Professional Ethics Course

# Continuous Professional Development



18

- In both countries, much of the technical professional development for the public sector is done in-house. In New Zealand this is driven by the Office of the Auditor General
- In Australia, CA ANZ provides a 2-day course to Australian Public Sector Staff covering the Australian Government Financial Management Framework.
- Much of the technical sector-neutral content and the professional/soft skills content can be covered by the general CPD offering online and face-to-face.



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## **CAANZ Strategy: Business Leadership**

**Providing insight and solutions for Public Sector issues**

# Key Leadership Initiatives



20

- Being involve in leadership initiatives helps CA ANZ:
  - Engage and be seen to engage on important issues in the Public Sector, providing insights and ideas, that increase the relevance of the professional body in the eyes of Government
  - Reinforce the Chartered Accountant brand identity which helps sustain demand by students and clients/employers
- Leadership initiatives help CAs:
  - Builds the preeminence of the designation for which they have earned and pay for
  - Offers a learning opportunity
- Key leadership initiative in the Public Sector
  - Leadership in Government Awards
  - Public Sector Forum/Public Sector Symposium
  - Future[inc]



# Leadership in Government Awards



21

- Annual event which recognizes the achievements of exceptional leaders in the New Zealand and Australian Public Service
- Awards event combined with something topical and a high-end speaker provides a keynote address on it which is followed by a panel discussion. The aim is to raise the profile and prominence of the event and Chartered Accountants in the Public Sector.
- Awards:
  - Outstanding Contribution in Public Administration
  - Emerging Leader of the Year

# Leadership in Government Awards: 2015 Diversity



22

- Sir Bob Geldof provided keynote address
- Theme was Diversity

Event:

<https://www.youtube.com/watch?v=qLeNYMepCDs>

<https://www.youtube.com/watch?v=DvHH2eHt248>

Publication:

<https://www.charteredaccountantsanz.com/news-and-analysis/insights/future-inc/fast-forward-leading-in-a-brave-new-world-of-diversity>

FAST FORWARD: LEADING IN A  
BRAVE NEW WORLD OF DIVERSITY



[charteredaccountantsanz.com/futureinc](https://www.charteredaccountantsanz.com/futureinc)



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# Leadership in Government Awards: 2016 Sustainable Development Goals



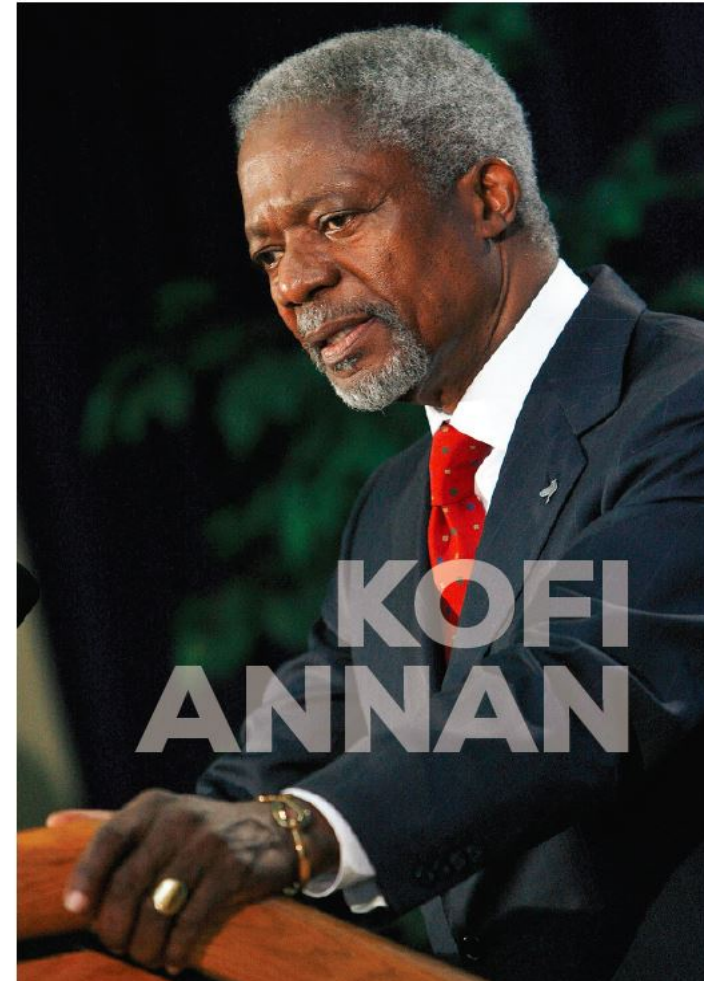
23

- Kofi Annan delivered the keynote address
- Theme was on the SDGs, how economic growth is important to sustainable development and prosperity

Event:

Publication:

- <http://acuity.realviewdigital.com/?iid=148524#folio=20>



# Public Sector Forum



24

- A quarterly series of presentations on public sector management issues aimed to provide high-level strategic type content and opportunities to network.
- Format: Lunchtime key address followed by panel discussion
- 2017
  - The Budget: Are we there yet? (An in-depth analysis of the Australian federal budget)
  - Sharpening the focus: Performance reporting frameworks in the public sector
- 2016
  - Enhancing public sector governance
  - Are Australia and New Zealand corrupt? The good, the bad and the ugly

# Public Sector Symposium



25

- An annual over-dinner debate
- 2016 Ethics in Banking and Financial Services

# Thought Leadership Publications



26

- Thought-provoking presentations, inspiring ideas, policy frameworks and discovery
- Future oriented, focus on identifying the strengths, weaknesses, opportunities and threats that will make the difference between a bright and mediocre economic future
- Example publications:
  - How can New Zealand keep living standards rising for all?
  - The Regulator of 2030: Regulating our digital future
  - The future of blockchain
  - The future of financial reporting: a question of influence
  - What will the auditor of tomorrow look like?





## Advocacy: New Zealand example



27

- New financial reporting standards for the Public Sector were issued in September 2014 in New Zealand
- This represented a change from the approach of sector neutrality. The standards named Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS #) and are based on IPSASB standards.
- New Zealand Institute of Chartered Accountants provided comments on the public consultations by the New Zealand standard setter (External Reporting Board) during this transition from IFRS to IPSAS. CA ANZ continues to do so for ongoing changes and has a small team that manages financial reporting overall lead by a Head of Financial Reporting. Management consults with advisory groups as part of this process and also invites input from the membership.
- In New Zealand the External Reporting Board publishes online, at no charge, all the applicable financial reporting standards in New Zealand for Public Benefit Entities (Public Sector and Not-for-Profit) and For Profit Entities.



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## CA ANZ Strategy: Member Centricity

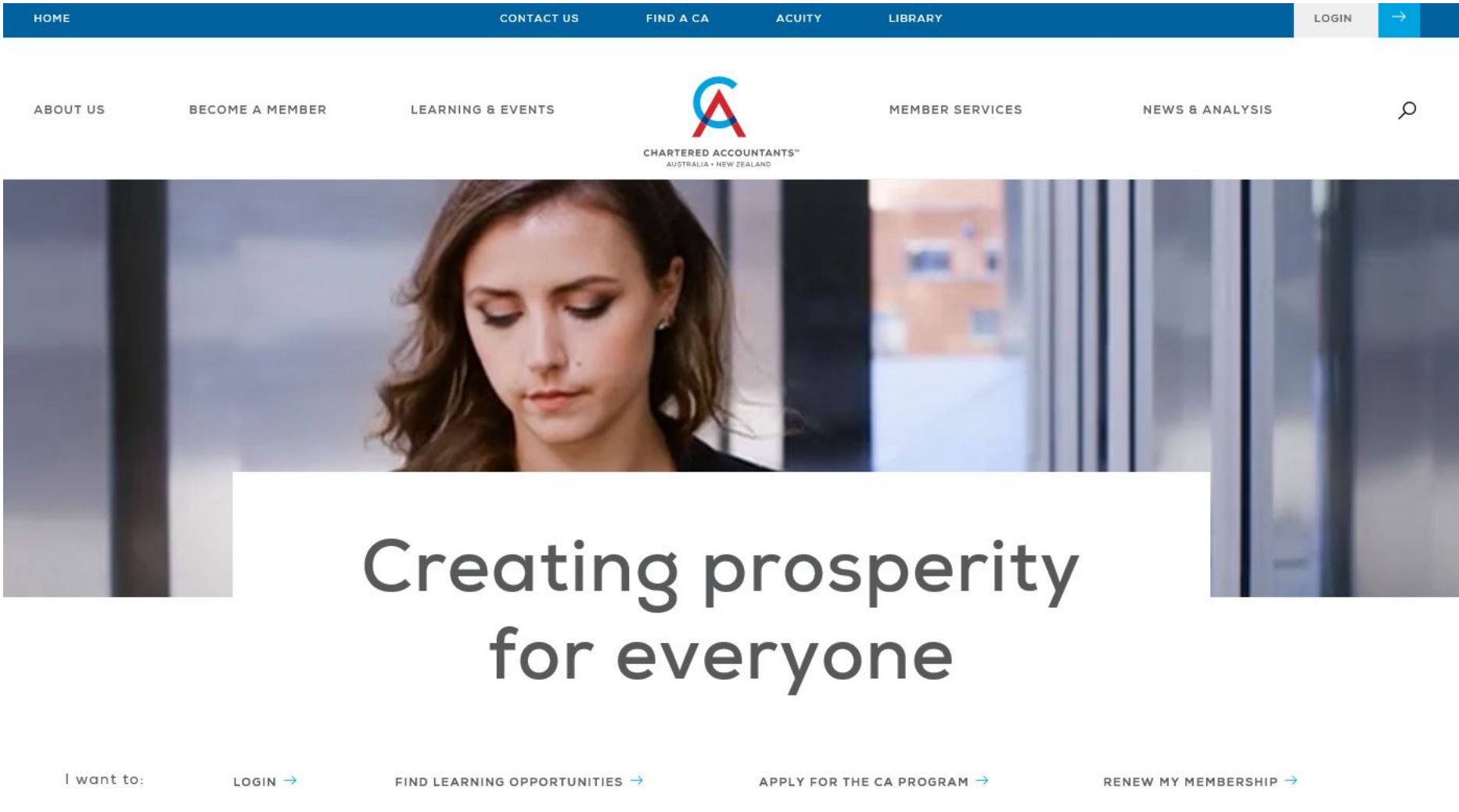
Thinking like a member and putting them at the center of everything CA ANZ does



# Member centricity: Thinking like a member



29



## Member centricity: How can I progress my career?



30

- Australian Central Territories Regional Council is developing a Public Sector Professional Development Framework\*
- Focuses more on capabilities and behaviors instead of skills and knowledge, it's about what he/she does and what skills, knowledge and experiences are required to act at the next level
- Establishes a capabilities framework for the Public Sector which identifies the most important capabilities to be successful as a Chartered Accountant in the Public Sector and also determines levels, which can be useful for:
  - Defining and shaping roles and role profiles
  - Professional and personal development
  - Recruitment and selection
  - Succession planning
  - Performance management and career planning

# Member centricity: How can members engage with, represent and govern the professional body?



31

- Governance:
  - Boards
  - Councils
- Representation
  - Regional Councils (e.g. ACT Council, Wellington Regional Council)
  - Member Groups (e.g. Public Sector Committees)
- Engagement
  - Special Interest Groups