

8 September 2022

Mr Ian Carruthers  
Chairman  
International Public Sector Accounting Standards Board (IPSASB)  
529 Fifth Avenue  
New York, NY 10017  
USA

Via website: <https://www.ipsasb.org/publications/consultation-paper-advancing-public-sector-sustainability-reporting>

Dear Ian

## **IPSASB Consultation Paper: Advancing Public Sector Sustainability Reporting**

As the representatives of over 300,000 professional accountants in Australia, New Zealand and around the world, Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia thank you for the opportunity to provide feedback on the Consultation Paper (“the CP”).

Importantly, sustainability is not just the domain of the private sector. All organisations, across all sectors, have stakeholders they need to consider. Focusing on sustainability reporting allows decision-makers to anticipate and respond to their stakeholders’ needs. The public sector has an important role to play in addressing sustainability issues by being in a unique position to encourage private sector businesses, and individual citizens, to change their behaviours. For example, many private sector businesses and the public sector organisations form part of each other’s supply chain. In addition, the public sector is increasingly depending on global capital markets as sources of financing. It is expected that those sources of funding will seek more information about the sustainability outcomes from the public sector. Reporting and disclosure requirements would therefore require public sector entities to incorporate sustainability outcomes as part of doing business, even if they do not have mandatory sustainability reporting requirements to do so.

We support a global approach to the development of sustainability disclosure standards and are supportive of the International Sustainability Standards Board (ISSB) as the global body to issue these standards. The overarching goal should be a globally consistent, comparable and reliable corporate reporting system, from which assurance can be obtained on reported information, to provide all stakeholders with a clear and accurate picture of an organisation’s ability to create sustainable value over time. The ISSB’s consultation on sustainability-related disclosures and climate-related disclosures is the next step towards a global baseline.

CA ANZ and CPA Australia also support the development of consistent and comparable reporting requirements for the public sector. We recommend a coordinated approach to the development of private and public sector sustainability disclosures to avoid standard setting fragmentation and duplication. This entails aligning key concepts, metrics and terminologies on which the disclosures are based.

Therefore, we support the IPSASB establishing a collaborative relationship with the ISSB as soon as practicable to contribute to the development of the current draft and future ISSB Standards. By leveraging and building on the ISSB's work, the IPSASB will be able to accelerate the development of public sector specific guidance to meet demand, whilst at the same time not add to the existing complex and fragmented sustainability reporting landscape.

We support a climate first approach which represents the first step of a broader roadmap (which could include the development of an overarching conceptual framework for reporting) that covers the full range of environmental, social, and governance (ESG) criteria that are material to the public sector.

Establishing a comprehensive global baseline for sustainability reporting will take time and may be iterative in order to achieve a baseline that can be applied consistently and could be subject to independent assurance scrutiny. Assurance will be critical to enhance the credibility of reported sustainability information. Building professional capacity and capability to support implementation, and ongoing collaboration globally between regulators, standards setters, policy makers and key players within the sustainability reporting ecosystem, will also be of key importance.

CA ANZ and CPA Australia are committed to supporting the work of the IPSASB by developing relevant educational programs and resources that promote professional capacity in sustainability reporting and assurance in our region.

Our responses to the specific questions raised in the CP are included in the **Attachment** to this letter. If you have any questions about our submission, please contact either Amir Ghandar (CA ANZ) at [amir.ghandar@charteredaccountantsanz.com](mailto:amir.ghandar@charteredaccountantsanz.com) or Patrick Viljoen (CPA Australia) at [patrick.viljoen@cpaaustralia.com.au](mailto:patrick.viljoen@cpaaustralia.com.au).

Yours sincerely

**Simon Grant FCA**  
Group Executive, Advocacy and  
Professional Standing  
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## Attachment

### Preliminary View 1 – Chapter 1

**The IPSASB's view is that there is a need for global public sector specific sustainability reporting guidance.**

**Do you agree with the IPSASB's Preliminary View?**

**If not, please provide your reasons.**

Yes, we agree with the IPSASB's preliminary view that there is a need for global public sector sustainability reporting guidance.

We support a global approach to the development of sustainability reporting and are supportive of the ISSB as the global body to issue these standards. Therefore, if the IPSASB was to develop global public sector specific sustainability reporting guidance we would support the IPSASB building off the ISSB Standards.

The ISSB Standards are being developed specifically for capital markets, similar to what is in place for general purpose financial reporting. "Primary users" of sustainability information in the public sector would be much broader. This leads to questions about how the ISSB Standards could be applied in, or adapted for, the public sector.

Further, there is currently no globally accepted definition of "sustainability". While we understand there may be reservations about providing a definition of sustainability, we consider a clear definition is fundamentally required for the purposes of issuing sustainability reporting guidance. Other terms used by the ISSB, such as "enterprise value", "reporting entity", may be applied or interpreted differently in the public sector, where there is a lesser focus on achieving profitable outcomes. On this basis, there is a need for public sector specific guidance.

### Preliminary View 2 – Chapter 2

**The IPSASB's experience, processes and relationships would enable it to develop global public sector specific sustainability reporting guidance effectively.**

**Do you agree with the IPSASB's Preliminary View?**

**If not, please provide your reasons.**

We agree that, as a first step, the IPSASB would be best placed to develop sustainability reporting guidance for the public sector. The most effective way to do this is to adapt the forthcoming ISSB Standards. The IPSASB already draws, where appropriate, on the pronouncements of the IASB, and has a well established process for reviewing and modifying IASB pronouncements. Arguably, the IPSASB's focus on the alignment of IPSAS with the IASB Standards could be extended to the ISSB Standards quite effectively.

On this basis, we encourage the IPSASB to establish a collaborative relationship with the ISSB as soon as is reasonably practical to contribute to the development of the ISSB Standards. By leveraging and building on the ISSB's work, the IPSASB will be able to accelerate the development of public sector specific guidance to meet demand, whilst at the same time not add to the existing complex and fragmented sustainability reporting landscape.

There are multiple considerations with respect to incorporating sustainability standards into the public sector reporting environment. For example, consideration of the skills and capabilities needed of IPSASB members and staff to undertake this activity. From a governance perspective, we recommend that the current skills matrix be updated to reflect these needs. In addition, a broad-based and stable funding model for the IPSASB is essential to sustain high-quality, global sustainability reporting guidance. The funding model should not be dependent upon a few stakeholder groups only, but rather sourced from a broad range of stakeholders.

### **Specific Matter for Comment 1 – Chapter 3**

**If the IPSASB were to develop global public sector specific sustainability reporting guidance, please tell us what topics you see as most pressing in your jurisdiction and why these should be prioritised by the IPSASB.**

We would support addressing global sustainability reporting topics which are aligned with those identified by the ISSB.

Among the many potential topics, we regard climate change, nature and biodiversity, resource management (for example: water, air quality, energy), First Nations people and human rights, fair trade, and ethical, equitable and responsible practices including the application of anti-corruption mechanisms, as priorities with long term impact. We also do not see these priorities losing their validity or interest over the coming years.

However, we recognise that priorities may differ between jurisdictions and other topics may continue to evolve over time. For example, we note that there is a lack of international focus on reporting guidance relating to First Nations people. Whilst this is of significant importance for jurisdictions such as Australia, New Zealand, and Canada, we appreciate it may not be of universal significance.

### **Preliminary View 3 – Chapter 3**

**If the IPSASB were to develop global public sector-specific sustainability reporting guidance it proposes applying the framework in Figure 5.**

**In developing such guidance, the IPSASB would work in collaboration with other international bodies where appropriate, through the application of its current processes.**

**Do you agree with the IPSASB's Preliminary View?**

**If not, please provide your reasons, explaining what alternatives you would propose, and why.**

We consider it critical that international bodies developing sustainability standards and/or guidance take a coordinated approach to avoid regulatory and standard setting fragmentation, by aligning key concepts, terminologies, and metrics on which disclosure requirements are built. By leveraging existing resources and expertise the IPSASB will be able to accelerate the development of guidance to meet demand, whilst at the same time limiting complexity and duplication. However, in doing so it is also important to consider the level of due process around the development of other sustainability frameworks, standards and guidance, to ensure it is at least as rigorous as the due process of the IPSASB.

The consolidation and harmonisation of existing frameworks is a key objective of the ISSB. Therefore, we consider it critical that the comprehensive global baseline provides entities with clarity about how the ISSB standards interact and overlap with broader sustainability disclosure frameworks, such as the Global Reporting Initiative (GRI). There is also currently confusion from stakeholders about how the ISSB's Standards would interact with the European Commission Corporate Sustainability Reporting Directive (EC CSRD) proposals.

While we support the 17 United Nations Sustainability Development Goals (SDGs), we note that they do not represent a reporting framework for the development of a sustainability reporting guidance. We agree that the TCFD recommendations provide an appropriate foundation for the specific requirements of climate-related disclosures and are being used as a basis for ISSB exposure draft standards, but note that they do not constitute a framework.

#### **Preliminary View 4 – Chapter 3**

**If the IPSASB were to develop global public sector specific sustainability reporting guidance, it would address general sustainability-related information and climate-related disclosures as its first topics. Subsequent priority topics would be determined in light of responses to this Consultation Paper as part of the development of its 2024–2028 Strategy.**

**Do you agree with the IPSASB's Preliminary View?**

**If not, please provide your reasons, explaining which topics the IPSASB should prioritise instead, and why.**

Yes, we support a climate first approach which represents the first step of a broader roadmap (which could include the development of an overarching conceptual framework for reporting) that covers the full range of ESG criteria that are material to the public sector. This is also consistent with the ISSB's approach and would support aligning sustainability reporting topics to those identified by the ISSB.

#### **Preliminary View 5 – Chapter 4**

**The key enablers identified in paragraph 4.2 are needed in order for the IPSASB to take forward the development of global public sector specific sustainability reporting guidance.**

**Do you agree with the IPSASB’s Preliminary View?**

**If not, please provide your reasons, identifying which of the proposed key enablers you disagree with, and why.**

Yes, we agree with the key enablers identified in the CP. In addition, building professional capacity to support implementation will be critical. We are committed to supplementing the efforts of the IPSASB by developing relevant educational programs and resources to build professional capacity in sustainability reporting and assurance in our region.

Please also refer to our comments on appropriate resourcing and funding in our response to Preliminary View 2.

#### **Specific Matter for Comment 2 – Chapter 4**

**To what extent would you be willing to contribute financial or other support to IPSASB for the development of global public sector specific sustainability reporting guidance?**

Please refer to our response to Preliminary View 2 regarding the funding model.