

September 9, 2022

Mr. Ross Smith
Program and Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario, Canada M5V 3H2

Comments on

Consultation Paper “Advancing Public Sector Sustainability Reporting”

Dear Mr. Smith,

The Japanese Institute of Certified Public Accountants (hereafter “JICPA”) highly respects the International Public Sector Accounting Standards Board (hereafter “IPSASB”) for its continuous effort to serve the public interest. We are also pleased to comment on the Consultation Paper “*Advancing Public Sector Sustainability Reporting*” (hereafter “CP”). Our comments to CP are as follows.

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.

Comment:

We agree.

However, concerning paragraph 1.3 of the CP, we consider it useful from the point of accountability to provide separate reporting guidance for public sector entities’ sustainability response activities and their activities as regulatory authorities.

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.

Comment:

We agree.

Specific Matter for Comment 1 :

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 prioritized by the IPSASB.

Comment:

1. Reasons why the SDGs should be prioritized

We believe that the most pressing topic of the SDGs is Goal 13: Take urgent action to combat climate change and its impacts. In Japan, climate change, such as rising average temperatures, has led to various problems, including increased natural disasters and adverse effects on agriculture and health. Citizens are highly aware of these problems.

Japan has submitted a report on its efforts toward the SDGs to the United Nations. In particular, we believe that establishing global guidelines for reporting on climate change would be useful for countries that make such reports, including Japan. We also believe that there is greater room for governments to accept global guidance at this point, as the climate change disclosure practices are not yet mature. Climate change is a critical global issue, and we believe the IPSASB should prioritize this topic.

2. Japan's efforts toward the SDGs

The Japanese government has established the SDGs Promotion Headquarters and set the SDGs Implementation Guiding Principles to implement the SDGs. The government is promoting efforts for individual projects based on the SDGs Action Plan 2022, which was announced in December 2021. The action plan relates to all 17 SDGs.

3. Related documents

Special website on SDGs (MOFA)

<https://www.mofa.go.jp/policy/oda/sdgs/index.html>

Explanation of Japan's efforts (MOFA)

https://www.mofa.go.jp/policy/oda/sdgs/pdf/Japans_Effort_for_Achieving_the_SDGs.pdf

Japan's SDGs Implementation Guiding Principles (MOFA)

https://www.mofa.go.jp/mofaj/gaiko/oda/sdgs/pdf/kaitei_2019_en.pdf

Review of SDGs progress in Japan: VNR 2021 (United Nations website)

https://sustainabledevelopment.un.org/content/documents/28957210714_VNR_2021_Japan.pdf

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.

Comment:

We agree. However, the following points should be noted.

Public sector entities often carry on their operations that involve more than one sector and industry. For example, a standard local government in Japan carries out various operations such as tax collection, welfare services, and road and park improvement.

Suppose sectors and industries in sustainability accounting standards developed for private companies (such as GRI Standards) are used to review sustainability reporting made for public sector entities. In that case, it is necessary to address disclosure in multiple sectors and industries, even considering the constraints of materiality.

When the IPSASB develops standards by sector and industry in the future, certain innovations should be made to ensure that the sustainability reporting standards are user-friendly for public sector entities.

Preliminary View 4 —Chapter 4

If the IPSASB were to develop global public sector specific sustainability reporting guidance, it would address general requirements for sustainability-related information and climate-related disclosures as its first topics. Subsequent priority topics would be determined in the 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

prioritize instead, and why.

Comment:

We agree.

Preliminary View 5 —Chapter 5

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.

Comment:

We agree.

Specific Matter for Comment 2 :

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

Comment:

The JICPA also considers the development of sustainability reporting guidance for the global public sector to be important.

As one of the IFAC member bodies, we are willing to make a commensurate contribution, financial or otherwise, to the IPSASB's development of sustainability reporting guidance for the global public sector.

Yours sincerely,

Kaneko Yasushi

Executive Board Member - Public Sector Accounting and Audit Practice

The Japanese Institute of Certified Public Accountants