

ADVANCING PUBLIC SECTOR SUSTAINABILITY REPORTING

PRELIMINARY VIEWS AND SPECIFIC MATTERS FOR COMMENT

Preliminary View n° 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? **PARTIALLY**

If not, please provide your reasons.

ANSWER

In our opinion, this information should be presented in a separate report from the financial statements such as the annual report of a public sector entity. The IPSASB will also have to publish guides on the type of information to be disclosed as well as the guidelines (references) to be used. The disclosure of this information will require the use of experts. The IPSASB will have to promote interdisciplinary collaboration, for example between certain professional orders (engineers, accountants, etc.), in order to provide complementary expertise to that possessed by CPAs.

Preliminary View n° 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? **PARTIALLY**

If not, please provide your reasons.

ANSWER

The nature of the information to be disclosed will differ in certain respects depending on the level of government (federal, provincial and municipal) and it should be adapted to the particularities and needs of the respective public sector, taking into account ESG factors in an integrated manner (environmental, social and governance) by adding the economic factor which is part of the United Nations trilogy (social, economic and environment). However, although the information needs specific to the public sector may be divergent, the strong cooperation of the various levels of government to address the issues is essential to meet the challenges of sustainable development combining the environmental, social and governance aspects, in order to converge towards common priorities. The IPSASB should also draw on the work that has already been undertaken in the private sector and the current disclosure of certain public sector entities, including municipalities, in order to benefit from the expertise developed with regard to the disclosure of information relating to risks and opportunities as well as potential climate-related financial impacts.

Preliminary View n° 2 - Chapter 2

Also, on page 8 of the PDF, it is mentioned that “the public sector is in a unique position to encourage private sector businesses and individual citizens to change their behaviors to achieve the SDGs”. We believe it would be appropriate to reinforce the verb “encourage” with the verb “act” to ensure that concrete actions are undertaken to bring about changes in behavior.

In addition, depending on the province, the laws in force may be more or less strict, non-existent or may not apply uniformly to public sector entities. For example, municipalities in Quebec are not subject to the Quebec Sustainable Development Act, whereas the government and its agencies are. It will therefore be necessary to ensure that expectations are clearly defined according to the various types of public sector organization which do not all have the same powers, mainly for the federal, provincial and municipal administration. For example, the federal and provincial (Quebec) governments have transferred responsibilities for social housing to municipalities, without the corresponding funding, which requires them to be more creative, in particular by establishing partnerships with the sector private.

Specific Matter for Comment n° 1 - Chapter

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.

ANSWER

We believe that the topics to be prioritized should be addressed in the following order because of their impact on citizens:

- Climate change;
- Housing (social housing);
- Mobility;
- Accessibility to infrastructure and public services;
- Protection of the public;
- Diversity and inclusion;
- Labor shortage;
- Air quality;
- Water and wastewater management;
- Management of residual materials (waste) and hazardous materials;
- Biodiversity and deforestation;
- Employee engagement.

Preliminary View n° 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? **PARTIALLY**

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

ANSWER

According to Figure 5 of the document, there are 2 sustainability information modules that could be developed. In our opinion, while using the framework proposed in Figure 5, it would be preferable to focus on the information of module 2 (solution). Indeed, the information of module 1 which relates to the indications concerning the financial information in connection with the sustainable development represents a large proportion of the budget of a government and therefore it will not allow the users to have a better understanding of the development sustainability, because by virtue of their role, governments are already heavily involved in this matter. For example, for a municipality, drinking water and sewage treatment are likely to meet United Nations Goal 6. Another example would be police service which is likely to meet United Nations Goal 16. It will require significant work from governments to carry out this new presentation of information. A change in stages, which module 2 allows, would be preferable.

Moreover, in a long-term vision, the transition may involve the implementation of module 1. Indeed, although certain information is presented in the financial statements (such as the police and waste), they alone cannot highlight the important relationships that exist between the elements presented and do not explain what happened or did not happen, or the potential implications of long-term trends. Further information is needed to appreciate the short and long term implications. Moreover, the PSAB proposes and encourages the application of the Recommended practices for the public sector in the CPA Canada Handbook in order to enrich the indicators provided in the financial statements of municipalities, including the sustainability indicator. However, very few municipalities apply these practices. This is why including it in a standard would make the application mandatory and allow for better accountability.

Preliminary View n° 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 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? **NO**

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

ANSWER

We believe that it is essential to go beyond environmental factors. ESG (environmental, social and governance) factors must be addressed in an interrelated manner, also taking into account the economic factor. For example, climate change can have an impact on the useful lives of fixed assets, on mobility or the anxiety experienced by citizens during natural disasters. We believe that social housing is also a priority. It will also be essential to mention how the measures will be financed.

Additionally, according to Appendix A of the document, there are 17 United Nations Sustainable Development Goals. In our view, Goal 7 – Clean and Affordable Energy should be the priority. The choice of this theme would make it possible to address one of the important factors that causes climate change, namely the energy component, while using one of the objectives of the United Nations. The use of one of the United Nations Sustainable Development Goals is important, as it will facilitate the future development of the 2024-2028 strategy. Indeed, future choices of international indication may be based on the United Nations objectives, which will ensure consistency between the international objectives of the United Nations and the international indications of the IPSASB.

Preliminary View n° 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? **YES**

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

Answer

We have no specific comments.

Specific Matter for Comment n° 2 - Chapter 4

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?

Answer

The municipal auditors general of Quebec are ready to get involved by responding to exposure drafts or other deliverables as well as being available for consultations and discussions (e.g. round tables) upstream and downstream.



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