

Submitted via IPSASB online portal

Ian Carruthers, Chair
International Public Sector Accounting
Standards Board (IPSASB)
277 Wellington Street West
Toronto, ON M5V 3H2 Canada

September 8, 2022

Subject: Response to IPSASB's Consultation Paper, Advancing Public Sector Sustainability Reporting

Dear Mr. Carruthers,

As Chairs of Canada's Auditing and Assurance Standards Oversight Council (AASOC) and Accounting Standards Oversight Council (AcSOC), we welcome the opportunity to comment on IPSASB's Consultation Paper, *Advancing Public Sector Sustainability Reporting*.

We applaud the IPSASB's decision to consult on developing global public sector specific sustainability reporting guidance. Among other benefits, sustainability reporting helps entities communicate their progress against the Sustainable Development Goals. Such reporting has evolved in the private sector and we see opportunities for similar advancement in the public sector, as set out in the Consultation Paper.

As a signal of our commitment to robust sustainability-related disclosure, we recently [approved](#) the creation of a Canadian Sustainability Standards Board (CSSB). The CSSB will work in lockstep with the International Sustainability Standards Board (ISSB) by contributing to a comprehensive global baseline for sustainability disclosure standards and supporting the adoption of those standards in Canada. (In advance of CSSB operationalization in April 2023, we were pleased to respond to the ISSB's inaugural exposure drafts, [IFRS S1](#) and [IFRS S2](#).) Should the remit of the CSSB also include the public sector, we envision ample opportunity to both inform and draw from IPSASB-led content.

Finally, the responses included herein reflect perspectives gathered from outreach by Canada's Public Sector Accounting Board, in line with its due process. This outreach invited views from municipalities, auditors, comptrollers, government not-for-profits, members of Indigenous communities, and the general public.

Should you have questions regarding our appended responses, please do not hesitate to contact Omolola Fashesin, Principal, Sustainability Standards (ofashesin@frascanada.ca).

Yours sincerely,



Kevin Nye, MBA
Chair, AASOC



Lorraine Moore, MBA, ICD.D
Chair, AcSOC

Preliminary View 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 that developing global public sector-specific sustainability reporting guidance is important at this stage and commend the IPSASB for spearheading this momentous initiative.

Over the years, the private sector has witnessed the emergence of several sustainability reporting standards across different jurisdictions. To achieve global comparability and consistency, the newly created International Sustainability Standards Board (ISSB) is developing a comprehensive global baseline of sustainability disclosures to limit duplication and/or variation. We believe global public sector-specific sustainability reporting guidance can offer similar benefits, while also addressing the specific nuances of public sector entities and advancing sustainability reporting within this important segment.

Preliminary View 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.

YES The IPSASB could play a pivotal role in developing global public sector sustainability reporting guidance based on its vast experience, well-established due process, and strong relationships with national and international standard-setters. Notwithstanding these capabilities, and with process/output credibility in mind, we recommend that the IPSASB onboard staff and/or volunteers with specialized technical knowledge of sustainability matters. We further encourage the IPSASB to collaborate with other international and jurisdictional bodies as it undertakes this work.

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.

In developing public sector specific sustainability reporting guidance, we encourage the IPSASB to consider the topics listed below. Such topics reflect feedback gathered by Canada's Public Sector Accounting Board, based on outreach with municipalities, auditors, comptrollers, government not-for-profits, members of Indigenous communities, and the general public.

- Indigenous rights and engagement with Indigenous Peoples in accordance with the [United Nations Declaration on the Rights of Indigenous Peoples](#)
- Intergenerational equity
- Food insecurity
- Sustainable use of critical natural resources (e.g. water and trees)
- Diversity, equity and inclusion.

Although the preceding topics are important to Canadian public sector participants, we are also mindful of their universal relevance. We, therefore, offer these recommendations with both national and global perspectives in mind.

Content considerations aside, we encourage the IPSASB to engage with and consider the perspectives of Indigenous Peoples when developing public sector sustainability reporting guidance. Indigenous communities play a vital role in preserving the natural environment and offer unique and meaningful societal views based on lived experience. We believe these perspectives will be invaluable to the IPSASB, should it pursue this body of work.

Preliminary View 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.

YES In our view, collaboration with other international bodies offers the potential for several practical benefits, including efficiency gains and consistent approaches across jurisdictions.

We believe the final IFRS Sustainability Disclosure Standards¹ provide a sensible starting point for public sector-specific sustainability reporting guidance. However, we encourage the IPSASB to consider replacing the ISSB’s enterprise value terminology with the broader, and more public-sector appropriate, ‘value creation’ terminology

Preliminary View 4

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 prioritize instead, and why.

YES Feedback from outreach by Canada’s Public Sector Accounting Board supports the logic of addressing general sustainability-related information and climate-related disclosures as the first topics. The former lays the foundation for other topics, while the latter responds to the urgent climate crisis. We are supportive of the proposed approach of selecting and prioritizing subsequent topics based on responses to this Consultation Paper. We refer you to our recommendations under *Specific Matter for Comment 1*.

¹ We invite the IPSASB to peruse our responses to the ISSB’s [IFRS S1](#) and [IFRS S2](#) exposure drafts.

Preliminary View 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 disagreed with, and why.

YES We recognize the importance of the key enablers identified and as noted in our preceding response, we encourage the IPSASB to onboard sustainability expertise to complement its activities.

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.

As noted in our cover letter, to the extent that the Canadian Sustainability Standards Board will address public sector entities, we foresee opportunities to work together with the IPSASB to support the development and adoption of standards for the public sector in Canada. We are not in a position to comment on or commit to financial or other support at this time.