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International Public Sector Accounting
Standards Board
International Federation of Accountants

Submitted via website

16 January 2023

**Comments to IPSASB's
ED 83 "Reporting Sustainability Program Information - RPGs 1 and 3:
Additional Non-Authoritative Guidance"**

Dear Mr. Carruthers,

We are pleased to contribute to the improvement of the IPSASB's ED 83 "Reporting Sustainability Program Information - RPGs 1 and 3: Additional Non-Authoritative Guidance". We would first provide some general comments before we respond to the two specific matter for comments of the ED.

We support the IPSASB's proposal to have additional guidance for RPG 1 and RPG 3. This will certainly help preparers and program managers to report about sustainability program information.

For clarity purposes, we suggest that the IPSASB defines the term "sustainability program information". This will also contribute to a better understanding of the illustrative examples provided for RPG 3. We also think that adding such a definition would contribute to avoiding misunderstandings by IPSASB's constituents. For example, one could assume that sustainability program information may also include narrative information. In that context the question may arise why RPG 2, *Financial Statement Discussion and Analysis* has not been revised in the context of sustainability program information. Given recent developments in sustainability reporting and the increasing importance of the management report, we were also wondering why sustainability aspects are not addressed for RPG 2 in ED 83. With reference to the service performance objectives proposed in IG1 for RPG 3, we would also note that in a sustainability context those objectives are often non-financial in nature and may require narrative explanations when it comes to reporting. This is also reflected by the illustrative examples for RPG 3.

In our view, the “urgent stakeholder concern” for undertaking this project (addressed in BC37 for RPG 1 and BC44 for RPG 3) could be better explained. The rationale for providing such guidance could be explained in more detail.

SMC 1: Do you agree with the proposed additional implementation guidance for RPG 1? If not, what changes would you make?

We agree with the proposed additional implementation guidance for RPG 1.

As the impacts of sustainability programs can also be presented separately, we suggest that the IPSASB considers adding illustrative examples on how such reporting could look like.

With regards to the sensitivity analysis suggested in IG3, we have noted that RPG 1.53 already proposes the use of sensitivity analysis. In our view it is not clear whether the reference to sensitivity analysis in IG3 requires entities to perform a sensitivity analysis specifically for sustainability program information. We propose that the IPSASB clarifies whether a specific sensitivity analysis should be presented for sustainability programs, and under what circumstances.

SMC 2: Do you agree with the proposed additional implementation guidance and illustrative examples for RPG 3? If not, what changes would you make?

We agree with the proposed additional implementation guidance for RPG 1.

Given the current dynamic developments in the field of sustainability we would suggest that the IPSASB ensures that the illustrative examples are kept up-to-date.

With regard to example 3 we would like to note that the sentence “Investments in infrastructure can be used by entities to help restore the natural environment and mitigate the impact of climate change” needs to be revised or complemented as it could be misunderstood in a sustainability context. Investments in additional infrastructure, such as roads, bridges, tunnels etc., may not contribute in making an economy more sustainable. Probably it needs to be specified what kind of “infrastructure investments” are meant here. This would then help to get a better understanding why “rain gardens” are considered as infrastructure.



Should you need any further information, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Thomas Müller-Marqués Berger'.

Thomas Müller-Marqués Berger
Partner and Global Leader of Public Sector Accounting

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft