

September 9, 2022

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

Re: IPSASB Consultation Paper, Advancing Public Sector Sustainability Reporting

Dear International Public Sector Accounting Standards Board:

Chartered Professional Accountants of Canada (CPA Canada) appreciates the opportunity to comment on the Consultation Paper, Advancing Public Sector Sustainability Reporting (Consultation Paper).

CPA Canada is one of the largest national accounting organizations in the world, representing more than 220,000 members. It works collaboratively with the provincial, territorial and Bermudian CPA bodies, as it represents the Canadian accounting profession, both nationally and internationally. This collaboration allows the Canadian profession to champion best practices that benefit business and society, as well as prepare its members for an ever-evolving operating environment. We have conducted extensive research on sustainability and climate-related reporting trends, practices, and challenges, and issued many resources on these topics.<sup>1</sup> Recent public sector initiatives include publications on implementing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations by municipalities<sup>2</sup> and assessing the impact of climate-related issues on the application of public sector accounting standards.<sup>3</sup>

CPA Canada is a strong supporter of the International Sustainability Standards Board (ISSB) and is also part of a group known as the Canadian Champions for Global Sustainability Standards, a coalition of organizations from the private and public sector that supported the bid to host the ISSB in Canada. As clear recognition of Canada's expertise and leadership in the areas of standards development and sustainability, the IFRS Foundation selected Montreal, Canada as one of the centers that will perform key functions on

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<sup>1</sup> CPA Canada's sustainability-related resources can be accessed at: [Sustainability for the future](#)

<sup>2</sup> The publication can be accessed at: [A guide to adopting the TCFD recommendations for cities \(cpacanada.ca\)](#)

<sup>3</sup> [Climate-related issues: Questions to ask under public sector GAAP and SORPs](#)



behalf of the ISSB. We also welcome the establishment of a Canadian Sustainability Standards Board which is in the early stages of development and is expected to be operational in mid-2023.

We believe the IPSASB is well positioned to take the lead on the development of a strategy for global public sector specific sustainability reporting standards and guidance. While we agree with the approach to leverage international standards/guidance to the greatest extent possible, we have identified some specific matters for your consideration in the responses below.

**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.**

**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 there is a need for global public sector specific sustainability reporting standards and guidance and that the IPSASB is well positioned to take the lead on developing a strategy to address this need for the reasons outlined in the Consultation Paper. We note that the Consultation Paper uses the term “sustainability reporting guidance” to refer to potential sustainability reporting standards and/or sustainability reporting guidance as it is not yet known what will be needed to meet public sector reporting needs. The board’s intention should be clarified as soon as possible as the development of standards versus guidance will likely require different approaches and resources. Starting with a clear definition of what sustainability reporting means in the public sector would also be beneficial particularly since the lack of a clear definition generally has been identified as an issue by respondents to the recent ISSB exposure drafts.

As noted in the Consultation Paper, the public sector’s stakeholders and broader responsibilities and activities mean that sustainability disclosure will be different in many respects to the private sector. Despite that, given the significant sustainability standard setting activities currently underway, we recommend that the IPSASB use the work of the ISSB as a starting point, as outlined further below.

As acknowledged in chapter 4 of the Consultation Paper, developing sustainability reporting standards and/or guidance will be a substantial undertaking that will require additional resources, staff and expertise. While we agree that the IPSASB’s sustainability guidance development approach would benefit from a new Sustainability Reference Group comprising a broad range of stakeholders with skills and



expertise relevant to public sector financial and sustainability reporting, this will not replace the need for the IPSASB to reconsider its composition and the need for board expertise in sustainability reporting.

**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 agree with the IPSASB’s proposed approach to leverage international guidance, where appropriate, in the development of its sustainability reporting standards and/or guidance. Based on the continuum presented in Figure 4 of the Consultation Paper, we support adapting private sector standards where appropriate, while developing additional public sector specific guidance as needed. This would be efficient and ensure greater consistency and comparability across sustainability reporting frameworks while also ensuring that key conceptual differences in areas such as materiality are addressed.

We believe that the proposed framework for public sector specific sustainability reporting guidance requires further clarification. For example, it is not clear what “General Sustainability Disclosure Guidance” means and the term “Financial Sustainability-related Guidance” may be misleading as many sustainability disclosures/metrics are often non-financial in nature (e.g., greenhouse gas (GHG) emission metrics).

Given the timing of the potential work by IPSASB and the ongoing work of the ISSB, we believe that IPSASB should review the comments received by the ISSB on its proposals (which included those from a number of public sector entities). For example, a number of issues have been raised on the ISSB’s *General Requirements for Disclosure of Sustainability-related Financial Information* exposure draft and the final standard issued might differ substantially from the original exposure draft. We believe that in order to properly plan its work program, IPSASB should consult and work closely with the ISSB to understand their timelines for issuance of final standards.

**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 prioritize instead, and why.**

We agree that a climate-disclosure standard and/or guidance on climate-related disclosures should be prioritized by the IPSASB considering the urgency in this area. Climate action is a priority for governments around the world and many public sector entities are already reporting on their climate commitments and initiatives (for example, some Canadian municipalities have already begun implementing the TCFD recommendations<sup>4</sup>). Prioritizing climate would also align with the work of the ISSB.

Regarding the other proposed priority area, it is not clear to us what guidance on “general sustainability-related information” would entail for public sector entities and the scope of such guidance has the potential to be quite broad. We noted in our response to the ISSB that one of the challenges with the ISSB’s proposed general requirements standard is that it attempts to provide both a conceptual framework for sustainability-related financial disclosures and guidance for disclosures in the absence of a specific IFRS Sustainability Disclosure Standard. We suggest they be separated into separate documents - each is very important and the conceptual framework needs to be more fulsome. There were also many concerns raised by us and others regarding the over-reliance on other standards, frameworks and guidance to identify and disclose significant sustainability-related risks and opportunities and ultimately, comply with the standard. We believe a different approach should be taken in the general requirements standard. As a result of the comments received, we would not be surprised if there were changes on some fundamental aspects of the ISSB’s general requirements standard.

The Consultation Paper indicates that the Conceptual Framework would already support the development of global public sector specific sustainability reporting guidance (paragraph 2.2). We believe it will be important to review the Conceptual Framework to ensure its relevance to sustainability reporting is clear. For example, we note many references to “financial reporting” throughout the Conceptual Framework. The paragraphs on materiality should also be reviewed to ensure that they are appropriate in the sustainability reporting context. The ISSB received many comments and concerns with respect to materiality including calls for further guidance and examples to support consistent materiality determinations for sustainability reporting purposes.

We also encourage the IPSASB to consult with Indigenous Peoples in the development of sustainability disclosure standards. The disproportionate impact of climate change on some Indigenous Peoples should be acknowledged and considered when developing disclosure requirements and/or guidance. We believe outreach needs to be done with Indigenous Peoples to understand how their perspectives should be

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<sup>4</sup> [Spotlight on Cities Financing Resilience - Why Canada's largest cities are adopting the TCFD recommendation](#)



considered in disclosure requirements. We note that the ISSB and the Canadian Public Sector Accounting Board recently held joint roundtables on the ISSB exposure drafts and IPSASB Consultation Paper for this important stakeholder group.

Thank you for the opportunity to comment on this consultation. If you have any questions concerning our comments, please contact Rosemary McGuire, Director, Research, Guidance and Support ([rmcguire@cpacanada.ca](mailto:rmcguire@cpacanada.ca)).

Yours truly,

A handwritten signature in black ink, appearing to read "Pamela Steer". The signature is fluid and cursive, with a prominent initial "P" and a long, sweeping underline.

Pamela Steer, FCPA, CPA  
President & CEO