



September 9, 2022

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John Stanford
Technical Director
International Public Sector Accounting Standards Board
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Toronto, ON M5V 3H2
E-mail: johnstanford@ipsasb.org

Dear John Stanford:

RE: Consultation Paper: Advancing Public Sector Sustainability Reporting

Thank you for the opportunity to provide comments on the consultation paper: Advancing Public Sector Sustainability Reporting. The views expressed in this letter reflect the views of the Government of the Province of British Columbia, including central agencies, ministries and entities consolidated into the British Columbia Summary Financial Statements. The Summary Financial Statements of the Province are prepared in accordance with Canadian Public Sector Accounting Board (PSAB) standards. We have an interest in the development of the International Public Sector Accounting Standards Board's (IPSASB) guidance as it may influence future PSAB standards.

Sustainability Reporting and Guidance

Sustainability reporting is an emerging area and will enhance accountability to the public in the areas of environmental, social and governance (ESG) reporting. There is a sense of urgency expressed throughout the consultation paper to quickly define standards and guidance. We stress the importance of first defining the purpose and stakeholders otherwise this discussion will be too broad. Defining the stakeholders will identify what their priorities are that need to be addressed. It is also important to define the drivers of this reporting and what IPSASB is trying to accomplish with this additional reporting. The proposals in this consultation paper are not at a state of maturity that we can endorse.

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Role of Accountants in Sustainability Reporting

We have significant concerns around the expertise of accountants in preparing this reporting. Financial statements prepared on a historical basis are not aligned with the preparation of sustainability reports based on future projections and goals. An assessment will need to be done to determine if accountants are best placed to be involved in sustainability standard setting. Once IPSASB defines what the scope and objective of sustainability reporting for senior governments should be, consideration should be given to whether ESG reporting should be outside general-purpose financial statements.

Alignment in Guidance Setting

We are concerned with the various accounting boards and entities that are being proposed to participate in sustainability standard setting in the Canadian public sector – International Sustainability Standards Board, IPSASB, Canadian Sustainability Standards Board and the Public Sector Accounting Board. Responding to documents from each of these parties will require a significant resource commitment. We would recommend best efforts be made to align and leverage the work by all parties.

Responses to specific questions posed in the exposure draft and other comments are attached. Should IPSAB have any comments or questions, please contact me at: 250-387-6692 or via e-mail: Carl.Fischer@gov.bc.ca, or Diane Lianga, Executive Director, Financial Reporting and Advisory Services Branch, at 778-698-5428 or by e-mail: Diane.Lianga@gov.bc.ca.

On behalf of the Government of British Columbia,

Sincerely,



Carl Fischer, CPA, CGA
Comptroller General
Province of British Columbia

Encl.

cc: Diane Lianga, Executive Director
Financial Reporting and Advisory Services
Office of the Comptroller General

IPSASB Consultation Paper “Advancing Public Sector Sustainability Reporting”

Comments Requested: September 9, 2022

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.

Sustainability reporting is an emerging area and will enhance accountability to the public in the areas of environmental, social and governance reporting. It will be important to ensure guidance is consistent and comparable and that it establish a common understanding of this topic. It is important to first identify who the stakeholders will be and what their priorities are that need to be addressed. It will take a significant piece of work to understand the special circumstances or characteristics in the Canadian environment. It is equally important to first define the drivers of this reporting and what IPSASB is trying to accomplish with this additional reporting.

It is important for IPSASB to consider the objective of sustainability reporting for senior governments and other public sector entities with consideration to the fundamental difference in roles and reporting objectives between the public sector and private sector. This difference may require a different approach to the development of guidance.

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.

The IPSASB Handbook and the CPA Canada Public Sector Accounting Handbook provides accounting guidance for general purpose financial statements based on past transactions and events. Sustainability reporting includes past events as well as future planned actions these may be outside the scope of the general purpose financial statements. The future planned actions or events can involve projections and measurement analysis beyond what the reporting entity is capable of as it may require specialized skills that are outside of the accounting profession and outside the expertise of IPSASB.

IPSASB must first consider the scope and objective of sustainability reporting for senior governments before determining the appropriateness of their role in setting guidance.

The principle of sustainability is not aligned with the primary focus of the accounting profession. An assessment will need to be done to determine if accountants are best placed to lead sustainability reporting guidance. As there is no underlying profession related to sustainability reporting, this guidance would be best served by a multi-disciplinary group with experts in the related fields.

Specific Matter for Comment 1 – Chapter 3

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.

BC's Environmental Social Governance (ESG) Values were presented with [Budget 2022](#) (page 46). ESG Values in Action is developing tools that will allow government to measure progress towards achieving those goals. BC is focusing on the following priorities:

Environmental - impacts and benefits which government actions have on the environment; the contribution government makes in the fight against climate change through greenhouse gas emissions, waste management, energy efficiency and actions to decarbonize and cut emissions; and how government works to achieve natural resource goals, such as land and resource management, biodiversity, air and water quality, and reducing deforestation.

Social - how government supports people and culture in B.C., including discussion of inclusivity, gender equity and diversity, race and multiculturalism, community relationships, human rights and labour standards.

Governance - how government's practices, systems and procedures affect leadership, data protection, privacy and transparency. There is also discussion of B.C.'s planning, budgeting, and reporting processes that ensure government's finances are fit

British Columbia's first [ESG Summary Report](#) was issued on August 30, 2022. The content of the report was developed through consultation with financial market stakeholders and informed by engagement with Indigenous partners.

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 that IPSAB should work in collaboration and alignment with other international bodies where appropriate. Consideration will be needed to determine how the sustainability board would interact with the existing boards and councils and to clearly draw the line on the responsibility for standard setting for accounting versus sustainability. It would be undesirable to have two independent boards creating standards that did not work in coordination.

It will require a significant resource commitment for senior governments to monitor developments and respond to all parties (ISSB, IPSASB, CSSB and Canada's PSAB). British Columbia would encourage IPSASB, and all accounting standard setting boards, to reflect on how the work can be aligned and leveraged to reduce the burden on resources and use of public funds.

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 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?

High-quality accounting standards should be responsive to stakeholders and should be relevant to those that apply the standards in the Canadian environment. As stakeholders are not clearly defined in this consultation paper, it too premature to conclude on which topics to focus on. These topics should be defined by the stakeholders and users, once they are defined.

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

We agree with IPSASB's preliminary view on the key enablers, but do not believe that this is an exhaustive list. Once the stakeholders and purpose are identified, further review of the key enablers should be completed.

Specific Matter for Comment 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?

We do not believe that this proposal is at a state of maturity to endorse. The stakeholders and purpose must be clearly defined otherwise this discussion is too broad.

