



KOREA INSTITUTE OF PUBLIC FINANCE

Government Accounting and Finance Statistics Center

IPSASB Exposure Draft 83,

*Reporting Sustainability Program Information – RPGs 1 and 3:
Additional Non-Authoritative Guidance*

***Comments on the Exposure Draft 83,
Reporting Sustainability Program Information
– RPGs 1 and 3: Additional Non-Authoritative
Guidance***

January 16, 2023

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Ross Smith
Program and Technical Director
International Public Sector Accounting Standards Board
277 Wellington Street West
Toronto, ON M5V 3H2 Canada

**Re: The comments on the Exposure Draft 83,
Reporting Sustainability Program Information – RPGs 1 and 3:
Additional Non-Authoritative Guidance**

Dear Mr. Smith,

The Government Accounting and Finance Statistics Center (“the GAFSC”) at the Korea Institute of Public Finance appreciates the opportunity to comment on the International Public Sector Accounting Standards Board (“the IPSASB”) *Exposure Draft 83, Reporting Sustainability Program Information – RPGs 1 and 3: Additional Non-Authoritative Guidance*.

GAFSC agrees that it would be beneficial to provide additional guidance for RPGs 1 and 3 to facilitate more consistent and comparable reporting of the impact of sustainability program information on an entity's long-term fiscal sustainability and service performance. Given the increasing demand for fiscal intervention promoting climate mitigation and adaptation, it is imperative to properly manage environmental sustainability programs and report their impact on government finance. GAFSC believes that the proposed additional guidance for RPGs 1 and 3 is the meaningful initial step toward a comprehensive sustainability reporting framework for public sector entities.

Notably, the proposed additional non-authoritative guidance does not directly amend RPGs 1 and 3 but complements them by providing clarification on their applicability to "reporting sustainability program information". On page 5, it is stated that "this additional guidance will enhance awareness about the applicability of, and help in applying the existing guidance in RPG 1 and RPG 3" (emphasis added). That is, this ED 83 is intended to apply existing guidance in RPGs 1 and 3 to the emerging issue of "sustainability programs".

Nevertheless, the term "sustainability program" has not been clearly defined in ED 83, although several exemplary sustainability programs are listed in BC 47 including a green bond, a carbon tax, and a tax expenditure for sustainable investment. GASFC is carefully considering whether this lack of clear definition may cause some confusion to preparers and users regarding the notion of fiscal sustainability and environmental sustainability. While the term "sustainability reporting" is commonly used by private sector standard setters such as IFRS Foundation and EFRAG Sustainability Reporting Board, it should be pointed out that those standards are equipped with a sustainability disclosure taxonomy providing definitions and classifications of various environmentally sustainable activities. Because there is no sustainability disclosure taxonomy for public sector entities equivalent to the IFRS Sustainability Disclosure Taxonomy or EU taxonomy for sustainable activities, a clearer conceptualization or definition of "sustainability program information" would be necessary to prevent misunderstanding environmental sustainability programs as the long-term sustainability of public finance itself. Alternatively, IPSASB may consider the adoption of an existing sustainability taxonomy or the creation of a new public sector-specific sustainability taxonomy.

In addition to this comment on the definition of "sustainability program", GAFSC would like to ask whether it is necessary to use both pound and metric systems to describe the Green Bond program in IE 5 on page 10. To provide a simpler scenario about a sustainability program financed by a Green Bond, GAFSC recommends using a metric system (e.g., 9.98 kilograms instead of 22 pounds) to alleviate the additional cognitive burden of converting the pound system into a metric system. Given that most countries have adopted the metric system, an illustrative example based on the metric system only may seem more relevant to a country that adopted the metric system.

Finally, members of GAFSC would be pleased to discuss further any of these comments at your convenience. You may direct your inquiries to our technical staff, Jung-Hyuk Yim (junghyim@kipf.re.kr).

Sincerely,



Park, Sung-Jin

Executive Director of GAFSC at KIPF