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**RE: CONSULTATION PAPER – ADVANCING PUBLIC SECTOR SUSTAINABILITY REPORTING**

Thank you for the opportunity to provide our comments on the International Public Sector Accounting Board's (IPSAB) Consultation Paper regarding the advancement of public sector sustainability reporting. We believe that the development of rigorous sustainability reporting standards for the public sector is critical from a transparency and accountability perspective, and essential to the credibility of sustainability reporting around the world. The IPSASB's efforts are vital to this goal.

Our response to your specific matters for comment on this Consultation Paper are outlined below. We are generally supportive of the Board's preliminary views, and look forward to supporting the IPSASB's efforts regarding the development of public sector sustainability reporting guidance.

I would welcome the opportunity to discuss our views with you at any time.

Best regards,

A handwritten signature in black ink, appearing to read 'Bailey Church', written in a cursive style.

Bailey Church, CPA, CA, CIA  
Chair, Global International Public Sector Accounting Standards Working Group  
KPMG LLP



**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?**

Yes, we agree with the IPSASB's preliminary view. There has been a proliferation of standard setters in the field of sustainability reporting, leading to confusion amongst stakeholders regarding the most appropriate framework to adhere to. The formation of the International Sustainability Standards Board is a critical step towards consistency in sustainability standards. The ISSB will, however, emphasize a capital markets perspective. We firmly support the need for global public sector specific sustainability reporting guidance, which considers the unique aspects of the public sector environment, and the needs of its stakeholders.

**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?**

Yes, we fully support the IPSASB's role in leading the development of global public sector specific sustainability reporting guidance.

**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?**

In our view, IPSASB's focus should be on those topics which are most significant and unique to the public sector globally. We are also of the view that IPSASB's efforts to develop reporting guidance should leverage existing guidance, to best support consistency across sectors. For example, the International Sustainability Standards Board has already issued Exposure Drafts with respect to General Requirements for Disclosure of Sustainability-related Financial Information, and Climate-related Disclosures. An immediate priority for IPSASB should be the development of guidance regarding how these requirements should be applied in the public sector. Similarly, the IFRS Foundation has issued a staff draft for feedback on the IFRS Sustainability Disclosure Taxonomy. IPSASB should consider the application of this taxonomy for the public sector.

Guidance developed by IPSASB must emphasize the perspectives of the public sector. This starts with the objective of the guidance itself. For example, the ISSB's Exposure Draft for IFRS S2, Climate related disclosures expresses the objective to "*...assist users of the information in assessing the entity's future cash flows, including their amounts, timing and certainty, over the short, medium and long term. This information, together with the value attributed by users to those cash flows, enables their assessment of the entity's enterprise value*". The public sector, by contrast, frequently emphasizes service potential rather than cash flows, and views value creation through the lens of mandate fulfillment. This is an important nuance, as it impacts the intent and purpose of the recommended disclosures.

Public sector entities also view sustainability through multiple perspectives. Like private sector entities, public sector entities will have their own sustainability and climate impacts based upon their operational footprint. The public sector is unique from the private sector though in its role as regulator, policy maker, and grantor. IPSASB's guidance should reflect the fact that public sector entities will both have their own operations to report on, and potentially their broader influence as regulator or grantor. This should influence the nature of sustainability reporting for the public sector.

IPSASB should also prioritize frameworks for reporting related to the social and governance aspects of sustainability, as these perspectives will be key areas of interest to public sector stakeholders. Social and governance priorities are expected to differ significantly from country to country however and will be influenced by cultural norms. A key challenge for IPSASB will be to



provide a useful framework for the global public sector to follow which allows for differing views on social priorities and governance models.

We would also encourage IPSAS to incorporate elements of its natural resources project in sustainability reporting initiatives. From a stakeholder perspective, the reporting on sustainability matters and natural resources are intertwined, and should be addressed in a consistent manner.

- 4. 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 IPSASB's preliminary view?**

Yes, we concur with the preliminary view expressed by IPSASB. The framework proposed in Figure 5 is consistent in principle with that applied by the International Sustainability Standards Board in the Exposure Draft, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. In the interests of global consistency in sustainability standards, we support the application of a compatible framework by standard setters.

- 5. 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 IPSASB's preliminary view?**

Yes, we support the IPSASB's preliminary view. We believe that general sustainability reporting and climate related disclosures are a top priority for stakeholders globally. This strategy will also best leverage the ongoing work of the International Sustainability Standards Board, and enable IPSAS to tailor this guidance to the public sector environment. This approach will also support the consistency of reporting between the public and private sector globally, which will enhance the credibility of sustainability reporting.

- 6. 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, which would you retain and why?**

Yes, we support the IPSASB's preliminary view with respect to key enablers to the development of global public sector specific sustainability reporting guidance.

- 7. 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?**

KPMG is committed to supporting IPSASB's leadership in the development of global public sector specific sustainability reporting guidance. We believe that IPSASB's efforts would be best supported by an Advisory Council on Sustainability. Our firm is eager to have a leadership role on this Council, and to provide access to technical expertise to support high quality, rigorous sustainability guidance in the public sector environment.