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International Public Sector Accounting Standards Board (IPSASB)
277 Wellington Street West
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**Re: Response to Exposure Draft 83, Reporting Sustainability Program Information –
RPGs 1 and 3: Additional Non-Authoritative Guidance**

Thank you for the opportunity to provide input on the IPSASB's Exposure Draft 83, *Reporting Sustainability Program Information*.

PSAB staff are overall supportive of the proposals outlined in Exposure Draft 83. The proposed guidance helps to emphasize the applicability of the IPSASB's non-authoritative guidance to sustainability program information and encourages more robust reporting over an entity's sustainability initiatives.

However, while PSAB staff broadly support the proposals outlined in Exposure Draft 83, some specific comments and suggestions have been included in the detailed feedback below.

Please note that the comments set out in this letter represent the views of PSAB staff, not those of the Public Sector Accounting Board (PSAB).

We hope that you find these comments helpful.

Kind Regards,

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Public Sector Accounting Standards Board

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RESPONSES TO SPECIFIC MATTERS FOR COMMENT

Specific Matter for Comment 1:

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

PSAB Staff Response

Overall, PSAB staff agree with the proposed implementation guidance for RPG 1: Reporting on the Long-Term Sustainability of an Entity's Finances. This additional guidance emphasizes the applicability of RPG 1 to sustainability programs and could help to facilitate more robust reporting on the impact of sustainability programs to an entity's long-term finances.

However, PSAB staff have the following additional comments for consideration:

- It may be helpful for the IPSASB to define “sustainability programs” or provide examples of specific sustainability programs within RPG 1. While examples of sustainability programs are provided as part of the proposed illustrative examples in RPG 3, RPG 1 may not always be read in tandem with other pronouncements.
- PSAB staff encourage the IPSASB to provide greater clarity in IG1 regarding when sustainability programs should be included in the long-term projections of an entity's finances. Wording in IG1 currently states that RPG 1 principles apply to sustainability programs “provided the cash flow impacts of these are included when developing projections.” However, IG1 does not clarify when, or in what circumstances, the cash flow impacts of sustainability programs should be included when developing projections.

To provide greater clarity, the IPSASB should consider highlighting in IG1 that sustainability programs are to be included in the long-term projections of an entity when they are expected to have a financial impact (i.e., when they will have an impact on future inflows and outflows). This intent appears to be consistent with existing wording in IG2 and BC38 and would help to clarify the scope of the IPSASB's proposed guidance.

- PSAB staff encourage the IPSASB to clarify in IG3 that all guidance and disclosures in RPG 1 are relevant for reporting on sustainability programs. While this is alluded to in BC38 and BC40, updating IG3 with this verbiage could provide added clarity for practitioners, particularly as existing wording focuses predominantly on the applicability of policy, demographic, and economic assumptions and sensitivity analysis.
- PSAB staff suggest the following editorial update to the proposed wording in IG2 and IG3:

IG2: “Sustainability programs can impact all of these dimensions in terms of future **cash** inflows and outflows.

IG3: “The guidance in RPG 1 related to policy, demographic and economic assumptions, as well as on other principles and methodology should be applied to reporting on the projected future **cash** inflows and outflows associated with sustainability programs.”

Inflows and outflows are previously defined in RPG 1 as “cash and cash equivalents projected to be received, paid, or accrued” by an entity and the terminology “future inflows and outflows” is used consistently throughout RPG 1. Removing the struck through text above will allow for greater technical accuracy and consistency with existing RPG 1 terminology.

Specific Matter for Comment 2:

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

PSAB Staff Response

Overall, PSAB staff agree with the proposed implementation guidance and illustrative examples for RPG 3: Reporting Service Performance Information. This guidance emphasizes the applicability of RPG 3 to sustainability program information and provides helpful illustrative examples to clarify how performance information should be reported. This type of reporting may also be used in tandem with other sustainability reporting initiatives to provide increased accountability over an entity’s sustainability programs.

However, PSAB staff have the following additional comments for consideration:

- While PSAB staff are supportive of the illustrative example relating to green infrastructure (e.g., installing rain gardens) in RPG 3, we strongly encourage the IPSASB to clarify the scope of accounting for green infrastructure investments within existing IPSAS. Please refer to PSAB’s response letter to the IPSASB on the Natural Resources Consultation Paper for further details.
- PSAB staff suggest the following editorial update to the proposed wording in IG2:

“The illustrative examples (IE4. – IE8.) in RPG 3 demonstrate the application of the principles to four different types of sustainability programs. ~~This includes including~~ how an entity identifies service performance objectives of its respective programs, and how they can be expressed using performance indicators related to inputs, outputs, outcomes, efficiency, or effectiveness, or through a combination of one or more such indicators.”