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International Public Sector Accounting Standards Board

The purpose of this letter is to reply to the call for comments respecting the *Strategy and Work Program 2024-2028 Consultation*.

We would begin with recognizing the diligent work set out in the *Strategy and Work Program 2024-2028 Consultation* to serve the public interest. The public interest is the sole focus of our efforts and we are of the view that development of sustainability standards is crucial within the public sector. If anything, we are of the view this good work cannot be developed and implemented soon enough. This latter point is the focus of our comments that follow.

Specific Matter for Comment 1

You have asked interested parties for agreement, or disagreement with explanation, around the strategic objective: to increasing adoption and implementation of accrual IPSAS and International Public Sector Sustainability Reporting Standards. Secondly, you have asked whether parties agree delivering this strategic objective through delivering global standards and inspiring implementation.

We agree with the strategic objective to strengthen public financial management through increasing adoption and implementation of accrual IPSAS. Revising the objective to focus solely on the adoption and implementation of accrual IPSAS would provide IPSASB with a single focus to administer and allocate resources which is beneficial. We agree with the main activities.

From our perspective, our concern surrounds the strategic approach respecting development of the International Public Sector Sustainability Reporting Standards. We make our comments herein from the general perspective of the public sector, not any specific jurisdiction.

For example, while the strategic plan mentions GRI, it appears in practice IPSASB is following ISSB's piecemeal approach of topic-by-topic standard setting. We are compelled to ask the question why, instead, the work of the UN SDGs and GRI may not be relied upon, as it appears to us, to a greater extent in this process. We appreciate developing standards is necessarily arduous and thus question whether precious time could be saved through greater leveraging.

That is, the UN SDGs and GRI already have established standards for many topics which the IPSASB could adopt, with modifications as necessary, rather than utilize a piecemeal approach of individual standards. Furthermore, it seems to us that the inherent inter-connectedness of many sustainability topics suggest wisdom by adopting a broad set of standards at once, particularly with a view to ensure sustainability impacts are managed and reported sooner rather than later.

Therefore, in our view, we respectfully submit that the public interest is best served through full adoption, with modifications as necessary, of the UN SDGs and the GRI, which are the most relevant sustainability standards for the public sector, have a long history, and are a global baseline for sustainability reporting. Should IPSASB expressly integrate such a direction into its strategy, we would be supportive.

We would further submit that, if any well-developed standards are to be followed, the ISSB are least desirable for the public sector. We would suggest that the ISSB standards – with their investor focus – are largely unsuitable for the public sector from our perspective.

Specific Matter for Comment 2

You have asked whether interested parties agree with the proposal to add maintenance activities to its Work Program.

Our response

We agree with the shift to maintenance activities.

Specific Matter for Comment 3

You have asked for views of interested parties on priorities in various jurisdictions post-implementation.

In our view, rate-regulated activities or accounting for tax expenditures would be highest priority.

Specific Matter for Comment 4

You have asked for input, upon completion of the three pre-committed sustainability reporting standards projects, on the key public sector sustainability reporting issues the IPSASB may consider adding to its Work Program.

There are many sustainability topics relevant to the public sector including water, energy, waste, and diversity equity and inclusion, among others. Prioritizing some topics at the cost of de-prioritizing other important sustainability topics already widely used, is an exercise that in our view is neither necessary nor appropriate. We suggest there are many topics that could be considered on a priority basis and choosing priorities is detrimental to those topics not chosen.

While IPSASB's strategic plan mentions incorporating GRI, our concern is around what appears to be a piecemeal approach aligned with ISSB (or others such as Task Force on Nature-Related Financial Disclosures). While ISSB has developed climate change standards, GRI has created over 30 sustainability standards that IPSASB in our view should adopt. In particular, we note that GRI itself includes as a standard a materiality process which public sector entities use to determine which are the most relevant additional standards to apply in that public sector entity's circumstance, so it is unnecessary for IPSASB

to pre-select one or two or three individual sustainability topics for all entities as it proposes in its strategy.

From our perspective, time is of the essence in regards to addressing sustainability standards, which is one of the key reasons for suggesting that the standards already developed (i.e. the GRI) may be considered for purposes of setting IPSASB's 2024-28 Work Program.

We strongly agree with defining sustainable development, as IPSASB has done in its strategic plan, being based in "sustainability development [that] meets the needs of the present without compromising the ability of future generations to meet their needs." Where we would express concern is around following ISSB's decision-usefulness approach, rather than the more appropriate "impact mitigation" approach which GRI is based on. We also object for purposes of public sector reporting elevating "financial markets" to the same level as "users/civil society" (in the diagram on page 12). It is not clear to us why "financial markets" merit such importance for public sector sustainability reporting, or why they are not in the category "users."

We also ask where are "future generations" referenced in the definition in the diagram on page 12?

We have concerns for an approach that imports or prioritizes into the public sector the perspective of the investor. That is, ISSB views materiality through an "impact on entity" or perhaps "enterprise value" lens. However, we are of the view that GRI standards use the more appropriate (for public sector) "materiality process" of impact mitigation and reduction, and are therefore more appropriate for sustainability in both the private sector and the public sector. In particular, because enterprise value is much less of a concern in the public sector and there are rarely investors, it is a concern that IPSASB is considering the ISSB standards, let alone following ISSB's more piecemeal development process and focusing on climate change.

In summary, in our view, recognizing the importance of inter-connectedness of individual sustainability topics and the existence of these well-established sustainability reporting standards, IPSASB's strategic goals for sustainability reporting standards for the public sector should be to explicitly adopt the UN SDGs and the GRI.

Finally, we note that it may be helpful for stakeholders to comment on IPSASB's strategy and Work Plan if more details are included about any changes to its governance or resources as it embarks upon sustainability reporting as fundamental new area. We would be happy to provide further comments on this if IPSASB would like to discuss these further.

Thank you for the opportunity to comment.

Sincerely

Wayne Morgan
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