

30 April 2026

Mr Thomas Müller-Marqués Berger
Chair
International Public Sector Accounting Standards Board
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CANADA

Submitted to: www.ifac.org

Dear Thomas

IPSASB 2025 Work Programme Consultation

Thank you for the opportunity to comment on the IPSASB 2025 Work Programme Consultation (the Consultation). The Consultation has been exposed for comment in New Zealand and some New Zealand constituents may comment directly to you. Our comments have been informed by consultation with public sector practitioners.

The External Reporting Board (**XRB**) is a Crown Entity responsible for developing and issuing accounting, auditing and assurance, and climate standards. The XRB promotes trust and confidence, transparency and accountability through high-quality external reporting and assurance. We do this by establishing and maintaining robust frameworks and standards that are internationally credible and relevant to New Zealand.

The XRB delegates responsibility for issuing accounting standards to the New Zealand Accounting Standards Board (NZASB) and responsibility for issuing climate standards to the Sustainability Reporting Board (SRB). The NZASB develops and issues accounting standards for New Zealand public sector entities and not-for-profit entities (e.g. charities), as well as for-profit entities (e.g. companies). The SRB maintains the Aotearoa New Zealand Climate Standards. This comment letter was developed jointly by the NZASB and the SRB.

The XRB supports the IPSASB's initiative to review its work programme for 2026 and beyond, to better understand stakeholders' greatest needs and how these can be addressed. The XRB is well placed to share relevant experience that we believe will assist the IPSASB in considering its work programme, as outlined below.

- Larger New Zealand public benefit entities have experience in applying IPSAS-based standards. The XRB issues accounting standards for New Zealand larger public benefit entities that are primarily based on IPSAS, with some adaptations. The modifications we have made to IPSAS following stakeholder consultation, and the application challenges we hear about, could be useful indicators of areas where IPSAS could be improved or where a post-implementation review (PIR) would be beneficial.

- XRB staff support the IPSASB member from New Zealand with technical advice. This helps us keep up to date with IPSASB projects and obtain early feedback from key New Zealand stakeholders to understand how these proposed developments might impact financial reporting. It also helps us identify, at an early stage, additional areas for improvement and potential implementation challenges where further standard setting may be needed to be fit-for-purpose in New Zealand.
- The XRB is a member of the IASB’s Accounting Standards Advisory Forum (ASAF) and New Zealand also has experience in applying IFRS Accounting Standards, which positions us well to comment on IASB projects that may be relevant to the IPSASB (and vice versa).
- The XRB maintains the Aotearoa New Zealand Climate Standards (NZ CS) which are mandatory for a climate reporting entities¹. NZ CS focusses on physical and transition risk, greenhouse gas emissions and other matters strongly aligned with The Task Force on Climate-related Financial Disclosures (TCFD).
- The XRB has initiated a broader sustainability reporting project under its mandate to issue non-binding guidance that relates to non-financial reporting. The initial output of that project is He Tauira, a new voluntary conceptual reporting framework embedded in indigenous thinking, specifically a Māori world view. He Tauira encourages entities to report on the non-financial impacts of its decision-making, including intergenerational impact.

In our view, the IPSASB should focus in its work programme on the following new projects:

- Undertake **research on the architecture** of the IPSASB’s existing suite of literature to determine where guidance is best situated and clearly define the applicability of each type of guidance, including materiality considerations. The introduction of a sustainability reporting standard and IPSASB’s considerations of developing authoritative requirements based on RPG 1 *Reporting on the Long-term Sustainability of an Entity’s Finances* and RPG 3 *Reporting Service Performance Information* have highlighted the need for greater clarity about what guidance applies to general purpose financial statements (GPFS), general purpose financial reports (GPFR), and information outside the financial statements. In particular, we recommend that the IPSASB addresses the distinction between GPFS and GPFR and the implications for preparers when making materiality judgements.
- Continue maintaining alignment with IFRS Accounting Standards where transactions are the same or similar between the public and private sectors. This is particularly important for jurisdictions such as New Zealand, where a number of large and complex “mixed group” entities operate across both the public and private sectors and are required to prepare consolidated financial statements while applying both IPSAS- and IFRS-based requirements across different components. Specifically, we recommend prioritising the commencement of projects related to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Targeted Improvements Project)* and *Disclosures about Uncertainties in the Financial Statements*, while taking into consideration specific public sector matters such as commitments under the Paris Agreement; and
- Close a gap in the IPSASB literature by commencing project to develop an IPSAS standard based on IFRS 17 *Insurance Contracts*, building on New Zealand and Australian experience with developing PBE IFRS 17 and AASB 17 respectively.

¹ As prescribed by Parliament in the Financial Markets Conduct Act 2013.

Once insights have been gathered from the architecture research project and the ongoing climate-related disclosure project, the IPSASB should begin scoping work on a potential general-sustainability related disclosures project in collaboration with other standard setters and informed by relevant research.

Regarding post implementation reviews (PIRs), we recommend the IPSASB commence PIRs of IPSAS 40 *Public Sector Combinations* and IPSAS 35 *Consolidated Financial Statements*.

The full reasoning for our recommendations, together with our responses to the IPSASB's Specific Matters for Comment, is set out in Appendix A.

Should you have any queries concerning our submission please contact Accounting@xrb.govt.nz or Sustainability@xrb.govt.nz.

Yours sincerely



Dr Carolyn Cordery

Chair, New Zealand Accounting Standards Board



Becky Lloyd

Chair, Sustainability Reporting Board

Appendix A

Response to Specific Matters for Comment

Specific Matter for Comment 1
<p><i>Which financial reporting projects should the IPSASB prioritize? For each financial reporting project you suggest, please clearly explain the project scope and your reasoning, using the IPSASB's project prioritization criteria outlined on the previous page, to support its priority. Respondents are encouraged to use the format in the Optional Template illustrated in the Instructions for Respondents on the following page for each project suggested.</i></p>

Architecture project

1. We welcome the IPSASB plans to undertake research on the architecture of its existing suite of literature to determine where guidance is best situated, and to be clear about the applicability of guidance.
2. The IPSASB's pronouncements currently comprise authoritative requirements and non-authoritative guidance, with some requirements/guidance applying to the entire general purpose financial reports (GPFR), some applying to general purpose financial statements (GPFS), and some applying only to information outside of GPFS but within the GPFR. Specifically, the IPSASB's pronouncements currently include the following:
 - IPSAS, which include authoritative requirements and accompanying non-authoritative guidance, applying to an entity's GPFS;
 - Recommended Practice Guides (RPGs), which are non-authoritative 'best practice' guides that apply to reporting outside of the GPFS but within the entity's GPFR – noting that the IPSASB is considering the need to develop authoritative guidance based on RPG 1 and RPG 3;
 - A new Sustainability Reporting Standard (SRS), which includes authoritative requirements and accompanying non-authoritative guidance, applying to sustainability information reported outside of the GPFS but within GPFR, with potentially more SRSs to follow; and
 - The IPSASB's Conceptual Framework, which refers broadly to GPFR and does not establish authoritative requirements, but can be used as guidance for dealing with matters not specifically dealt with in IPSAS or RPGs. SRSs are currently not specifically mentioned in the Conceptual Framework, although information reported in accordance with SRS is part of GPFR.
3. Recent questions that have been arising in relation to the architecture of the IPSASB literature include the following:
 - In the NZASB's comment letter on IPSASB ED 93 *Definition of Material*, we noted that the definition of 'material' in IPSAS 1 refers to decisions made by primary users based on the entity's GPFS, whereas the description of 'material' in the Conceptual Framework refers to decisions made by primary users based on the entity's GPFR. We recommended explaining this distinction and clarifying whether preparers are expected to consider materiality in the context of the entity's full suite of GPFR (as implied by the Conceptual Framework), in addition to considering materiality specifically for the GPFS (as required in IPSAS 1). This is

particularly important given the addition of SRS into IPSASB literature and the possibility of developing authoritative non-financial reporting guidance based on RPG 1 and RPG 3.

In New Zealand, the definition in PBE IPSAS 1 refers to GPFR consistently with the PBE Conceptual Framework, where GPFR includes both the financial statements and service performance information².

In jurisdictions that apply IPSAS-based standards using the same definition of materiality as IPSAS 1, that is, where the definition of material refers to GPFS, the difference between this definition and the description of materiality within the Conceptual Framework could lead to challenges and diversity in practice. The lack of clarity as to whether sustainability information should be considered when making materiality judgements in preparing the financial statements should be considered as part of this architecture project.

- In the NZASB's comment letter on IPSASB ED 92 *Tangible Natural Resources*, we noted that certain disclosures intended to help users understand environmental accountability and management of natural resources may be more appropriately included in GPFR rather than in GPFS. This illustrates the importance of clarifying the boundaries of GPFS and GPFR and of distinguishing between information that belongs in GPFS and information that is better presented elsewhere in GPFR.
 - The 'Potential Projects' document accompanying the IPSASB's Work Programme Consultation mentions a potential project on developing authoritative guidance based on RPG 3 *Reporting Service Performance Information*. The service performance information (SPI) covered by RPG 3 is non-financial in nature. It covers information on the services that the entity provides, an entity's service performance objectives and the extent of its achievement of those objectives and it may or may not include sustainability information. As such, authoritative guidance based on RPG 3 does not seem to completely fit within either IPSAS (for application to GPFS) or IPSASB SRS (for application to sustainability information within GPFR). A question arises as to what suite of IPSASB pronouncements the authoritative guidance would fit into, and what this would mean in terms of the applicability of the SPI reporting requirements.
 - As part of the IPSASB's project on Making Materiality Judgements, the IPSASB is developing non-authoritative guidance based on the IASB's Practice Statement 2 *Making Materiality Judgements*. This involves a proposal to introduce a new type of IPSASB document, a 'Practice Statement'. The proposal to add a new category to the IPSASB literature further highlights the need for the architecture project, as it will be important for the IPSASB to clearly explain the nature and applicability of a Practice Statement, and how it differs from existing non-authoritative material, to avoid potential confusion.
4. These types of questions are likely to continue to arise, particularly with the introduction of IPSASB SRS and the potential development of authoritative requirements based on RPG 1 and RPG 3.
 5. The development relating to IPSASB SRS and potential projects relating to RPG 1 and RPG 3 also emphasise the importance of being clear about the boundaries of GPFS, other statements within GPFR, and the full GPFR. This is important from the perspective of users of GPFR – so that users are clear about where to find different types of financial and non-financial information that public sector entities report on. Also, from an assurance perspective, it is important for

² Please note that IPSASB SRS are not adopted in New Zealand

auditors and other assurance providers to be clear on the part(s) of GPFR that they are providing assurance on – e.g. whether it is the GPFS only, or GPFS and service performance information, or GPFS and sustainability information prepared under IPSASB SRS, etc – and it is important for users of GPFR to understand the scope of the audit or assurance report.

6. Therefore, we support the IPSASB’s forthcoming project to consider and clarify the architecture of IPSASB literature. We consider that it is important to have clarity over what pronouncements apply to what part of the GPFR and which guidance is mandatory vs voluntary to apply for each part. We also consider that it is important to have clarity over the boundaries of GPFS, other components of GPFR, and the full GPFR. This clarity is important for:
 - National standard-setters in determining whether and how to bring IPSASB pronouncements into their respective domestic standards suites;
 - Preparers, in understanding what guidance applies to the different types of reports that they produce together with what information needs to be disclosed in which report;
 - Users of public sector GPFR, in understanding where they can expect to find different types of information that public sector entities report on;
 - Auditors and other assurance providers, in determining what part(s) of GPFR they are providing assurance over – this is also important for users to understand; and
 - Jurisdictions transitioning to IPSAS and navigating their way through the IPSAS literature.

Projects linked to currently ongoing IASB projects

7. We strongly support the IPSASB’s strategy of maintaining alignment with IFRS Accounting Standards where transactions are the same or similar between the public and private sectors. This approach ensures that IPSAS remain up to date with the latest international thinking and relevant and responsive to evolving economic conditions.
8. This alignment is particularly important for jurisdictions such as New Zealand, which has large and complex “mixed group” entities (i.e. groups that encompass both public sector entities that apply IPSAS and for-profit entities that apply IFRS Accounting Standards). In addition, ongoing increased cooperation between governments (both central and local) and private sector could further add to the number and complexity of these groups. Maintaining alignment with IFRS Accounting Standards where appropriate supports the use of consistent accounting policies and facilitates the preparation of consolidated financial statements across such mixed groups.
9. We recommend that the IPSASB prioritise the commencement of projects related to:
 - *IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Targeted Improvements Project)*; and
 - *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples around disclosures of different uncertainties.
10. We broadly agree with the IPSASB analysis of the projects prioritisation criteria, and we consider these projects highly relevant for the public sector, given the prevalence of provisions and the increasing focus of climate-related risks and uncertainties for public sector entities.
11. While maintaining alignment with IFRS Accounting Standards is essential, we recommend that the IPSASB carefully consider public sector-specific matters in these projects. For example, the recognition of commitments under the Paris Agreement and other government obligations may

require tailored guidance to reflect the unique nature of public sector activities and reporting objectives. It would also be important that the IPSASB consider the abovementioned projects in the context of the IPSASB's public sector-specific standards that relate to expenses and liabilities, e.g. IPSAS 42 *Social Benefits* and IPSAS 48 *Transfer Expenses*.

12. We encourage the IPSASB to use this opportunity to further improve consistency of IPSAS standards with the updated IPSAS Conceptual Framework – for example the consistency with the revised definition of a liability in the IPSAS Conceptual Framework.
13. Further, we acknowledge the IASB's comprehensive review of IAS 38 *Intangible Assets* has the potential to significantly improve the usefulness of information that entities provide about intangible assets in their financial statements, and to make IAS 38 more suitable for newer types of intangible items and new ways of developing and using them. However, the IASB's project is still at an early stage, and there is currently insufficient clarity about the direction and scope of any potential amendments. We recommend that the IPSASB carefully monitor the IASB project, evaluate the IASB's proposals in a timely manner and consider whether corresponding updates to IPSAS 31 would be appropriate and whether additional public sector-specific guidance is needed.

IFRS 17 Insurance Contracts

14. We support the addition of a project to develop an IPSAS standard based on IFRS 17 *Insurance Contracts*. The absence of such a standard represents a notable gap in the IPSASB literature, particularly as insurance arrangements tend to be cumulatively material once public sector entities enter into this type of contracts. For example, according to *Financial Statements of the Government of New Zealand for the Year Ended 30 June 2025*, insurance liabilities (of 70 billion NZD) represent over 17% of total liabilities of the government. Insurance liabilities may be material in other jurisdictions as well.
15. Looking ahead, we expect the significance of public sector insurance arrangements to increase. As impacts of climate change intensify, private insurers are increasingly withdrawing from, or significantly restricting, coverage for certain high-risk hazards and regions. In these circumstances, governments may need to step in to provide insurance coverage, effectively acting as "insurers of last resort". Such a trend would result in a growing volume of insurance contracts in the public sector.
16. Addressing this gap in the IPSASB literature would provide a more complete suite of IPSAS standards, facilitating the transition for jurisdictions moving from cash accounting or national standards to IPSAS standards.
17. A comprehensive set of standards is essential for global comparability, consistency, and credibility in public sector financial reporting. New Zealand and Australia have already developed and implemented public sector insurance contract standards (PBE IFRS 17 and AASB 17, respectively). Should other jurisdictions proceed to develop their own public sector insurance standards in the absence of an IPSASB standard, there is a risk that global comparability and consistency will be undermined. Should several jurisdiction-specific standards be in place, achieving global public sector alignment would likely be more difficult and costly, as jurisdictions would need to revisit and potentially amend standards that have already been implemented.

18. While we broadly agree with the IPSASB's analysis of the relevance and feasibility of an IFRS 17-based standard, we disagree with the suggestion that the nature of insurance contracts in the scope of IFRS 17 is not different in the public sector compared to the private sector and that IFRS 17 can be adopted in the public sector without significant modifications.
19. Experience in New Zealand and Australia demonstrates that public sector insurance arrangements differ fundamentally from those in the private sector, necessitating substantial amendments to IFRS 17 to ensure that the standard is fit for purpose in the public sector and avoids unintended consequences or excessive implementation costs.
20. For example, paragraph 16 of IFRS 17 requires entities to sub-group insurance contracts into contracts that are onerous at initial recognition, contracts that have no significant possibility of becoming onerous subsequently and other (non-onerous) contracts. In the private for-profit sector, the presumption is that insurers issue insurance contracts that are intended to be profitable. In contrast, most public sector entities price to break even on a best-estimate basis after taking into account projected investment returns. That is, the amounts collected in levies/premiums are typically inadequate to meet expected claims and most contracts are routinely onerous.
21. Public sector entities do not select customers or price for profit, and cross-subsidisation is common and policy-driven. Therefore, sub-grouping is less relevant in the public sector. Moreover, identifying some (possibly) non-onerous contracts from within a largely onerous portfolio of contracts and account for them separately would be burdensome and the cost of doing so would not outweigh the benefit. Therefore, in New Zealand and Australia, public sector entities are not required to sub-group contracts into onerous/non-onerous groups. Instead, the portfolio is the main unit of account.
22. Other New Zealand / Australian modifications to IFRS 17 for the public sector include clarifications around contract boundaries and risk adjustments, application of premium allocation approach, guidance on differentiating between insurance contracts and social benefit arrangements and certain other modifications. These modifications were developed through extensive consultation and field testing and are documented in detail in the Basis for Conclusions to PBE IFRS 17 (paragraphs BC13–BC335)/ the Basis for Conclusions on AASB 2022-9.
23. Further, we believe the feasibility of the project should be classified as “High,” not “Medium” as currently assessed in the ‘Potential Projects’ document. New Zealand, jointly with Australia, has already completed the process of adapting IFRS 17 for the public sector, as reflected in PBE IFRS 17 in New Zealand. The existence of PBE IFRS 17 means that the IPSASB can leverage this work, including the detailed public sector amendments and implementation guidance, significantly reducing the development effort for the IPSASB.
24. PBE IFRS 17 is effective for public sector entities from 1 January 2026, meaning it will be implemented for financial statements for the year ending 30 June 2027 and will be subject to audit in the third quarter of 2027. This timeline ensures that the standard will be operational and tested in practice by the time the IPSASB would be developing its own standard, offering valuable insights and a proven foundation for international adoption.

Specific Matter for Comment 2

Which IPSAS Standards do you think are the highest priority for the IPSASB to undertake a post implementation review? For each post implementation review you suggest, please clearly explain the issues with the existing IPSAS Standard and your priority reasoning using the IPSASB's project prioritization criteria outlined on the previous page. Respondents are encouraged to use the format in the Optional Template illustrated in the Instructions for Respondents on the following page for each PIR suggested.

IPSAS 40 Public Sector Combinations

25. We recommend the IPSASB commence a post implementation review (PIR) of IPSAS 40 *Public Sector Combinations*. IPSAS 40 contains public sector-specific requirements on accounting for amalgamations, and a PIR would be a good opportunity to assess how well these requirements are working in practice.
26. Further, when adopted in New Zealand as PBE IPSAS 40, the NZASB made several modifications to IPSAS 40 to better suit the New Zealand environment. For example, the NZASB:
 - Modified the definitions of 'equity interests' and 'owners' to reflect the New Zealand public benefit entities' broader view of equity interests and owners;
 - Added guidance on how to apply the modified pooling of interests method if one of the combining operations had not applied PBE Standards prior to the amalgamation; and
 - Required recognition of previously unrecognised assets and liabilities of the combining operations (which is not permitted under IPSAS 40).
27. New Zealand modifications are summarised in PBE IPSAS 40 in the section Comparison with IPSAS 40 and further explained in the Basis for Conclusions to PBE IPSAS 40.
28. A PIR would provide an opportunity to assess whether other jurisdictions are experiencing challenges similar to those that the NZASB sought to address through the modifications described above, or whether they have made other modifications to IPSAS 40 to mitigate other anticipated challenges and how well these modifications are working in practice. A PIR will also help assess whether further international guidance is needed and whether the standard is suited for jurisdictions transitioning into IPSAS.
29. The use of IPSAS 40 has a "Medium" prevalence in the public sector, as central and local governments continue to introduce service delivery reforms, administrative restructurings and similar initiatives aimed at improving the efficiency and effectiveness of public services. These reforms often result in restructurings and amalgamations within the scope of IPSAS 40.

IPSAS 35 Consolidated Financial Statements

30. We broadly agree with the IPSASB's assessment of the prioritisation criteria and we consider a PIR of IPSAS 35 *Consolidated Financial Statements* to be of higher priority. New Zealand entities have encountered practical difficulties in applying the definition of control, especially where statutory or regulatory frameworks intersect with operational realities.

31. Further, when adopted in New Zealand as PBE IPSAS 35, the NZASB considered that the guidance about predetermination in IPSAS 35 was helpful, but not sufficient to lead to consistent and appropriate assessments of control by public benefit entities in New Zealand and expanded this guidance. The reasons for the modification are described in the Basis for Conclusions to PBE IPSAS 35 (paragraphs BC4 – BC10).
32. A PIR would be useful to understand whether other jurisdictions have also experienced challenges and/or made modifications to avoid challenges in this area and whether amendments to IPSAS 35 are needed.

Other potential PIRs

IPSAS 43 Leases

33. In August 2023, the NZASB agreed to commit to the finalisation of PBE IPSAS 43 *Leases*, based on IPSAS 43, for application by New Zealand public sector entities, but decided to defer finalisation of the project, subject to the then upcoming IASB PIR of IFRS 16 *Leases*. The NZASB is yet to decide when the PBE IPSAS 43 project should recommence.
34. In December 2024, the NZASB decided not to adopt the IPSASB's amending standard *Concessionary Leases and Other Arrangements Conveying Rights over Assets*, as New Zealand stakeholders raised significant conceptual and cost-benefit-related concerns and it was not clear that there are significant unmet user needs or public financial management issues in relation to concessionary leases. These concerns are described in detail in our comment letters to the IPSASB's ED 84 *Concessionary Leases and Rights-of-Use Assets In-Kind* and ED 88 *Arrangements Conveying Rights over Assets*.
35. Furthermore, our recent outreach on PIR of IFRS 16, on which IPSAS 43 is based, indicates that the standard results in significant costs and complexities for many preparers which are perceived to be disproportionate to the benefits. Some New Zealand public sector entities express similar concerns should PBE IPSAS 43 been issued. However, we believe that improvements in several areas of IPSAS 43 could enhance the usefulness of the information in the financial statements resulting from this standard and reduce the cost burden for most preparers.
36. We acknowledge the IPSASB's indication that PIRs will generally not commence until at least five years after the effective date of a standard. However, we consider it important that the IPSASB takes into account the IASB's findings from the IASB's PIR of IFRS 16 and reflects any relevant changes arising from that PIR into IPSAS 43 in a timely manner. Commencing the PIR of IPSAS 43 before 2030 (five years after the effective date of the Standard) could help avoid two separate rounds of amendments to the standard - first to align with IFRS 16 (if needed) and later in response to the PIR of IPSAS 43.

IPSAS 41 Financial Instruments

37. PBE IPSAS 41 *Financial Instruments*, which is closely based on IPSAS 41, was issued in New Zealand in March 2019 with the effective date of 1 January 2022. New Zealand public sector entities have a range of complex financial instruments and encounter application challenges. A PIR would help identify and address those challenges. Also, the IASB's experience demonstrates that PIRs of complex standards such as IFRS 9 can be significant and resource-intensive. This suggests that a PIR of IPSAS 41 is also likely to be a substantial project and should therefore be planned and timed with care.

38. We acknowledge the IPSASB’s indication that PIRs will generally not commence until at least five years after the effective date of a standard, therefore we understand that a PIR would not start before 2028.

Specific Matter for Comment 3
<i>Which sustainability reporting projects should the IPSASB prioritize? For each sustainability reporting project you suggest, please clearly explain the project scope and your reasoning, using the IPSASB’s project prioritization criteria outlined on the previous page, to support its priority. Respondents are encouraged to use the format in the Optional Template illustrated in the Instructions for Respondents on the following page for each project suggested.</i>

Current sustainability reporting projects and upcoming projects:

Climate-related disclosures project

39. We support the continuation of Phase 1 implementation of the Climate-related disclosures project and emphasises the importance of sharing the value of adopting the framework for both preparers and users. We encourage leaning on existing networks such as the IPSASB’s Sustainability Implementation Forum to drive early adoption and integration into willing public sector organisations.
40. We also support the continuation of Phase 2 of the project. As the IPSASB turns its attention to Phase 2, we encourage revisiting the underlying purpose of the project rather than being limited to the direction given in the 2025 Exposure Draft. Ensuring early and further clarity on the specific decisions that the standard or guidance is trying to inform, the scope and primary users of this reporting will support the IPSASB to develop a durable, implementable and useful output at the right reporting level in the public sector.
41. A practical example is the definition of *primary user* which we suggest is currently too broad to enable adequately targeted information for decision-making purposes. By trying to provide material information to such a wide range of users, it may end up being immaterial to all. We are also concerned that attempting to identify what is relevant to a broad user base may also make the timely issuance of a standard challenging.
42. Our view is that the reporting needs of specific users are likely to be different when considering public policy relating to climate. For example, sovereign bond investors needs are likely to be vastly different to those of service recipients. For the purpose of climate outcomes relating to public policy, we suggest that the IPSASB should examine whether a sub-set of primary users may be more suitable. This is because it would enable reporting entities to focus on the material information that can directly inform specific decisions. To continue the example of sovereign bond investors, this is likely to be highly specific information relating to future investment outcomes. Such information is likely to be of less relevance to citizens whose needs are more focused on accountability for public policy decisions.
43. To enable the IPSASB to make appropriate decisions on purpose, scope, primary users etc., we strongly encourage a focus on understanding the specific decisions that the users of this reporting are expected to make. Taking a decision-focused approach in the development of a new standard or guidance enables a clearer line of sight between the standard and the desired outcome.

44. We consider that a focus on decision-making by a narrow group of users may also help to encourage uptake by public entities. This is because the reporting ask is clearer and more targeted, and so will be more realistic and useful for capacity-constrained entities. We have received stakeholder feedback stating that this may be particularly relevant for small island and developing states who are highly vulnerable to the acute impacts of climate change and have limited reporting capacity compared to national departments in a developed country³.

Architecture research project

45. To reiterate our opening comments in SMC 1, we suggest that the architecture research project into the IPSASB's existing suite of literature should be prioritised first as this will set the foundation and direction for any future sustainability projects.

Potential sustainability and other reporting projects:

General sustainability-related disclosures

46. We support the IPSASB exploring the development of principles for public sector entities to disclose sustainability-related information leveraging existing frameworks such as IFRS S1, noting the potential value of an overarching sustainability framework.
47. Before committing to a standalone project, we suggest taking learnings from the architecture research project, and phases 1 and 2 of the climate-related disclosures project to ensure the IPSASB is in a more informed position to make strategic decisions on future work of the IPSASB.
48. As noted in the IPSASB staff paper on potential projects, consideration should be given to existing non-authoritative guidance in RPG 1 and RPG 3, not only in regard to the intended purpose of RPG 1 and RPG 3 but also the uptake and usefulness of existing literature.

Recommended Practice Guidance (RPG)

49. Consequently, and as mentioned in the IPSASB staff paper on potential projects, we suggest that the potential projects covering authoritative guidance based on RPG 1 and RPG 3 should be revisited once the outcomes of the architecture research project (and a potential general sustainability-related disclosures project) are known allowing the potential RPG project(s) to be scoped and phased appropriately. This will ensure that the IPSASB is more informed about user needs, clearer on its reporting architecture and not committing itself to a research or scoping project before it understands the bigger picture.
50. Any potential project on RPG 1 or RPG 3 should entail a research phase in and of itself to understand who is using the guidance, how (i.e. mandatory or voluntary, conceptually aligned), the usefulness to preparers and users, and the challenges faced by preparers in reporting this information.

Nature-related disclosures

51. We encourage a staged approach to this important and developing area. We suggest maintaining close connections with other standard setting bodies such as the International Sustainability Standards Board (ISSB) as new nature-related standards are developed to enable the IPSASB to provide a public sector lens when appropriate. This can coincide with research and monitoring of practical reporting across public sector entities before committing to a full

³ [World Bank comments on IPSASB SRS ED 1](#)

standard setting project. This will help the IPSASB to balance limited resources and focus on what the IPSASB can deliver in the near term.