

Sustainability Reporting Board

MEETING PACK

for

SRB Meeting #004 (PUBLIC agenda)

Wednesday, 19 February 2025

9:00 am (NZDT)

Held at:

Virtual

Virtual

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AGENDA

SRB MEETING #004 (PUBLIC AGENDA)

Name:	Sustainability Reporting Board
Date:	Wednesday, 19 February 2025
Time:	9:00 am to 1:00 pm (NZDT)
Location:	Virtual, Virtual
Committee Members:	Becky Lloyd (Committee Chair), Alec Tang, Alison Howard, Carolyn Mortland, Jackie Cheyne, Joe Hanita, Mathew Nelson
Attendees:	Dr Amelia Sharman, Geoff Connor, Jack Bisset, Jeremie Madamour, Judy Ryan, Kim Jama, Lisa Kelsey, Nicola van Rooijen, Rikki Owen, Wendy Venter
Guests/Notes:	Ian Curruthers, IPSASB & Angela Ryan, Treasury (for item #4), Jane McDonald, AUASB (for item #2)

1. Welcome and Karakia

1.1 Private Agenda Item 9:00 am (10 min)

2. IPSASB Climate ED (public)

2.1 Approval of IPSASB climate ED submission 9:10 am (40 min)

Jack Bisset

For Decision

Including verbal update of outcomes of 13th February stakeholder workshop on the IPSASB climate ED

Supporting Documents:

2.1.a	Memo on XRB submission on IPSASB SRS ED 1.docx	5
2.1.b	DRAFT XRB Submission - IPSASB SRS ED 1.docx	8
2.1.c	Agenda - Workshop to inform submission 13 February.docx	18
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3. Private Agenda Item

3.1 Private Agenda Item 9:50 am (10 min)

4. Private Agenda Item

4.1 Private Agenda Item 10:00 am (55 min)

5. Refreshment break

5.1 Break 10:55 am (15 min)

6. Private Agenda Item

6.1 Private Agenda Item 11:10 am (110 min)

7. Close and Karakia

7.1 Close & karakia 1:00 pm (5 min)

7.2 Next meeting

Next meeting: SRB Meeting #005 - 7 Mar 2025, 9:00 am



Date: 5 February 2025

To: SRB Members

From: Jack Bisset and Rikki Owen

Subject: **Draft XRB submission in response to International Public Sector Accounting Standards Board (IPSASB) SRS ED 1 Climate-related Disclosures Exposure Draft and plan for approval**

Purpose

1. The purpose of this paper is to
 - a) seek your FEEDBACK on the attached draft submission to the IPSASB Sustainability Reporting Standard Exposure Draft SRS ED 1 Climate-related Disclosures (the ED), and
 - b) AGREE the plan for approving the final submission.

Recommendations

2. The Board AGREE to approve the final submission by email circular resolution by 25 February.

Background

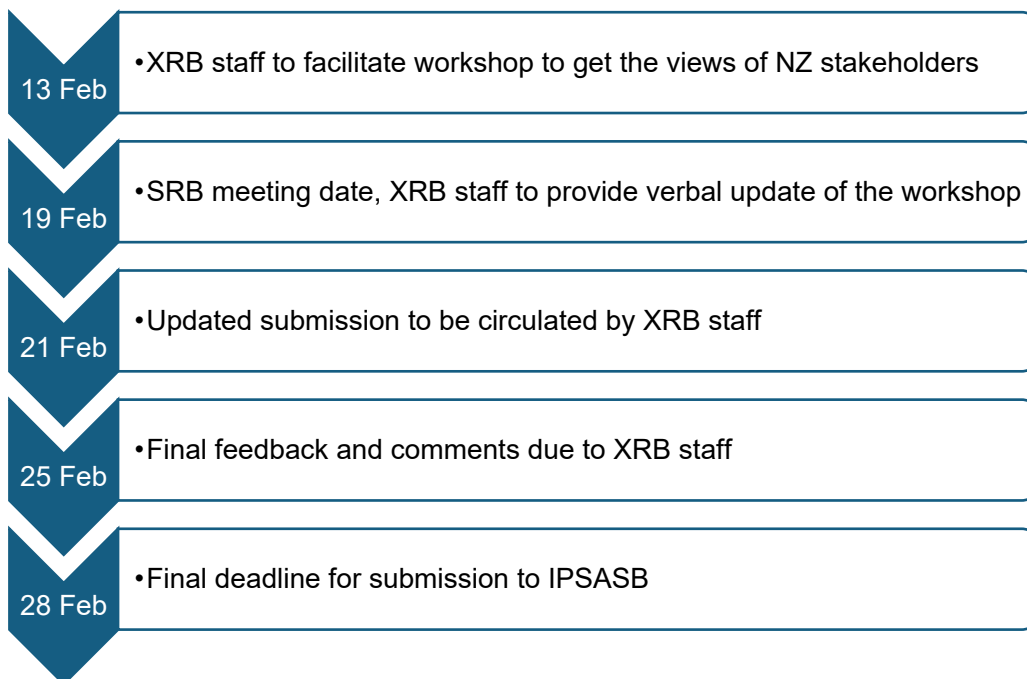
3. On the 6 November the International Public Sector Accounting Standards Board® (IPSASB®) issued its exposure draft of the world's first climate-related disclosure standard for governments around the world, with [support from The World Bank](#). The [draft of this inaugural Sustainability Reporting Standard \(IPSASB SRS™\)](#) is open for comment until 28 February 2025.
4. The XRB's role in relation to these standards has been to provide technical advice to NZ's IPSASB Board Member, Angela Ryan of The Treasury. Angela's Alternative View (AV) is on [p97-99 of the ED](#).

Content of draft submission

5. Please find attached the draft XRB submission in paper 2.1b.
6. The draft submission broadly supports and mirrors the structure of the alternative view (AV). In particular, it emphasises:
 - a) the need for global alignment in this area, and therefore the need to move back closer to IFRS S2 / TCFD / 'four pillars' / NZ CS rather than introducing a more elaborate 'eight pillar' structure;
 - b) that the real-world implementation experience from New Zealand public sector entities supports this approach;
 - c) the need for more simplicity, brevity, scope clarity and guidance; and
 - d) the need to better understand user needs, noting this should effectively inform further work in this area to complement an entity-level standard.

Planned next steps

7. We are hosting a workshop on 13 February to obtain the views of New Zealand stakeholders. As shown in the agenda for the workshop (paper 2.1c), the intent is to discuss the draft submission, informed by the views of experienced New Zealand preparers and others. The attendees for the workshop are in Table 1 at the end of this memo.
8. We have also noted that anyone is free to submit a response to the IPSASB directly, but if they intend to do so, to please inform us of their submission.
9. Due to the timing of hosting the workshop and receiving input following the drafting of this paper, we will be seeking approval of the final submission by email circular resolution as follows (also displayed in the diagram):
 - a) Verbally update you at the SRB meeting on 19 February on any changes we will propose including in the final submission following the workshop on 13 February.
 - b) Circulate the final submission on 21 February by email with all feedback required by return email on 25 February, noting the deadline is 28 February.
 - c) Staff to work with any Board members as necessary to resolve comments then finally with the Chair to send the submission no later than the 28 February deadline for submission to IPSASB.



10. For your information, submissions made by the XRB to domestic and international bodies are all available [on our website](#). We endeavour to provide submissions that constructively critique and provide alternative solutions to identified issues.

Table 1: Workshop attendees

Attendee	Organisation
Jack Bisset	XRB
Wendy Venter	XRB
Michelle Lombaard	XRB
Gali Slyuzberg	XRB
Amelia Sharman	XRB
Lisa Kelsey	XRB
Rikki Owen	XRB
Patricia Au	AASB
Justine Whitfield	ACC
Carlien Kruger	Auckland Council
Zowie Pateman	CAANZ
John Ngiam	CAANZ
Kate Wilson Butler	Chapman Tripp
Patrick Viljoen	CPA Australia
Tracey Paterson	DIA
Donovan Burton	Informed City
Duminda Weerasundara	IRD
Jacqueline d'Ath	IRD
Alec Tang	KPMG
Helen Mahoney	LGFA
Nick Howell	LGFA
Nicola Cordner	MBIE
Warwick Oliver	MfE
Lucy Tyndall	Contractor (previously MfE)
Beth Hampton	MPI
Dale Scott	OnePointFive
Stefan Gray	RBNZ
Mark Baker-Jones	Te Whakahaere
Vicktoria Blake	Te Whatu Ora
Ken Warren	The Treasury
Angela Ryan	The Treasury
James Hughes	Tonkin&Taylor
Andrew Wilks	VUW
Erica Miles	West Nine

[WORKING DRAFT PREPARED BY XRB STAFF. SUBJECT TO REVIEW AND SIGN OUT BY THE XRB'S SUSTAINABILITY REPORTING BOARD]

XX February 2025

Mr Ross Smith
Program and Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2
CANADA

Submitted to: www.ifac.org

Dear Ross,

Exposure Draft – IPSASB SRS ED 1 Climate-Related Disclosures

Thank you for the opportunity to respond to the IPSASB SRS Exposure Draft (ED) 1.

We support the International Public Sector Accounting Standards Board (IPSASB)'s leadership in this area and its intent to improve climate risk management and accountability over climate action by Governments.

Key points of feedback

1. Return to the globally aligned four pillars structure, rather than the proposed eight.

While the ED drew on the TCFD's four pillars it has effectively adopted a structure of eight pillars. This is because of the way it splits out own operations and climate-related public policy programs (and their outcomes) underneath each of the four pillars (and by modifying risk management to include outcome management). This is unhelpful for those public sector entities that are already reporting voluntarily or mandatorily against TCFD, IFRS S2 and/or related requirements globally. The ED needs to retain a four-pillar approach to ensure global interoperability.

We agree with Angela Ryan's suggestion to remove the additional disclosures on climate-related public policy programs and their outcomes. The policy-making function more generally needs to fall under the four pillars. This can be done by clarifying it is an inherent part of the business model of those public sector entities that have such a function.

We also share Angela Ryan's concerns regarding Paris Agreement reporting duplication and inefficiency. To finalise an internationally interoperable four pillar standard, we consider the only necessary changes are to:

- as already completed by IPSASB in preparing the ED:

- change the primary user definition.
- remove the SASB standards given they were not designed for the public sector.
- those yet to be undertaken but are necessary:
 - simplify the language as it is difficult to read and understand.
 - shorten the ED as it is too long and this is a barrier to adoption.
 - remove some of the more detailed disclosure requirements, particularly regarding financial impacts and transition planning as they are overly complex for a public sector context.

[Novelty]

2. Prioritise the immediate release of guidance on implementing the ED (amended as per our above suggestions) for a public sector entity.

Real world experience in New Zealand indicates that the private sector standard (TCFD / IFRS S2) is broadly workable for a public sector entity, with only minor changes needed in the standard.

However, in applying the standard, some areas need significant scope clarity. This can be provided through guidance rather than in the standard. Real world implementation experience in Aotearoa New Zealand shows that the priority for public sector entities is guidance on clarifying the scope of:

- Scope 3 greenhouse gas emissions (i.e. between a local council and a place, between a policy agency and a delivery body, between own operations and downstream emissions associated with an entity's own, or another public sector's own, policies). This should be developed in close partnership with the GHG Protocol.
- Value chain, risk assessment and scenario analysis in the public sector and how to implement the ED in a way that is appropriately coordinated. For example, clarifying that climate reporting can be implemented in a way that expects larger, higher level and/or 'lead policy agencies' to undertake risk assessment and/or scenario analysis in a way that covers other smaller but related public sector entities. This can be done using a regulatory systems lense¹, for example. Without building in some degree of coordination in the implementation, the ED risks encouraging maladaptive action if Governments are not able to reach a shared view of the climate-related risks and opportunities it faces and its responses.

3. Undertake more targeted user needs research to inform future developments in this area.

We have reviewed the initial problem statement for this standard as articulated by the World Bank [CITE]. New Zealand stakeholders agree with the views expressed by Angela Ryan in the AV, namely that user needs should be better understood, particularly those of sovereign bondholders. The TCFD designed the disclosure requirements with investor users in mind. This thinking needs to be done for

¹ [Regulatory systems and stewardship | Ministry of Business, Innovation & Employment](#)

public sector users as a matter of urgency before the further development of standards.

More detailed feedback

Attachment 1 includes more detailed answers to IPSASB's consultation questions (referred to by IPSASB as 'Specific Matters for Comment' (SMCs)).

If you have any queries or require clarification of any matters in this letter, please contact Jack Bisset (jack.bisset@xrb.govt.nz) or me.

Yours sincerely,

Becky Lloyd
Chair, Sustainability Reporting Board
External Reporting Board

Appendix 1: Response to IPSASB ED SMCs

Specific Matter for Comment 1: Public sector operations and regulatory role (paragraphs 1-4)

This Exposure Draft requires a public sector entity to provide disclosures about (i) the climate-related risks and opportunities that are expected to affect its own operations, and (ii) climate-related public policy programs and their outcomes when an entity has responsibility for those programs and their outcomes (see paragraphs 3 and AG2.7–AG2.8).

Do you agree the proposed approach meets the information needs of primary users (see paragraphs 1–4)? If not, what alternative approach would you propose and why?

No.

While the two objectives outlined in (i) and (ii) are important, IPSASB is creating significant costs and inefficiencies by bringing them together in one standard. These costs and inefficiencies are not outweighed by the information provision benefits.

We take (i) as the starting point, given that is broadly the focus of IFRS S2. There is little to debate on this topic so we focus on (ii). In relation to (ii), we agree that effective transparency and accountability with respect to global climate action is critically important. It is central to building trust, confidence and credibility, which in turn will enable public and private sector investment in the transition.

However, many Governmental reporting requirements that relate to climate-related public policy programs already exist. Therefore, a successful international standard in this area will necessarily involve ensuring that any additional requirements are interoperable with and do not duplicate or undermine those existing requirements. Upon careful consideration, it is our view that the ED's proposed requirements with respect to climate action are not interoperable with existing global requirements and they are at risk of undermining other requirements. Further work is required to ensure that the ED is making a constructive contribution to an already crowded space.

The ED brings together transparency of climate-related policies and their outcomes, which are typically reported at a national level by one Government entity on behalf of the real economy (and organized by sectors), with the inherently entity-level framework of IFRS S2 in a way that anticipates use by all or most Government entities. We are concerned that the information disclosed through this ED, whilst important in its content, will be disclosed in a form (i.e. reported by a range of Government entities individually, in combination with other entity-specific information) that will confuse rather than help primary users' understanding of climate action (or lack thereof). This risks undermining their ability to use this information to hold Governments to account for climate action.

The focus of the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC) is to organize transparency and accountability at 'Party level', or, to use the equivalent term from the IPSASB literature, 'Whole-of-Government' level.² Article 13 of the Paris Agreement

² This framework is a critical global approach to achieve greater transparency on climate action, enabling citizens, businesses and other countries to hold Governments to account. Notably, information on climate commitments, policies, actions and their progress are presented through this framework (and understood)

established the enhanced transparency framework for action and support, which included common modalities, procedures and guidelines (MPGs) applicable to all Parties with flexibility to those developing countries that need it in the light of their capacities.³ The Katowice climate package (Annex to decision 18/CMA.1)⁴ includes eight guiding principles for the modalities, procedures and guidelines of the enhanced transparency framework under the Paris Agreement.⁵ Our understanding of the most relevant aspects of the MPGs are paragraphs 80-90 and we highlight paragraph 80-83 below to illustrate some of the key differences.⁶

80. Each Party shall provide information on actions, policies and measures that support the implementation and achievement of its NDC under Article 4 of the Paris Agreement, focusing on those that have the most significant impact on GHG emissions or removals and those impacting key categories in the national GHG inventory. This information shall be presented in narrative and tabular format.

81. To the extent possible, Parties shall organize the reporting of actions by sector...

82. Each Party shall provide the following information on its actions, policies and measures, to the extent possible, in a tabular format:

- (a) Name;*
- (b) Description;*
- (c) Objectives;*
- (d) Type of instrument (regulatory, economic instrument or other);*
- (e) Status (planned, adopted or implemented);*
- (f) Sector(s) affected...;*
- (g) Gases affected;*
- (h) Start year of implementation;*
- (i) Implementing entity or entities.*

83. Each Party may also provide the following information for each action, policy and measure reported:

- (a) Costs;*
- (b) Non-GHG mitigation benefits;*
- (c) How the mitigation actions as identified in paragraph 80 above interact with each other, as appropriate.*

Some of the information disclosed in the ED, such as the entity's own greenhouse gas emissions and targets, is more likely to confuse users than it will help them to understand where there is insufficient or ineffective policy. The ED also draws upon the entity level pillars of governance, risk management, strategy and metrics and targets to create new disclosure requirements with respect to climate policies. It is unclear to us that this is information that primary users want and it appears to duplicate existing information that is reported under the Paris Agreement to be reported in a different way.

largely from the perspective of policies and actions being taken across all sectors of a country's real economy, the country's national greenhouse gas emissions inventory and national greenhouse gas emissions reduction targets. This is, in our view, a much more appropriate way to 'organise' the information to enable primary users to use the information for accountability purposes.

³ [Katowice Climate Package – relevance for NDCs \(unfccc.int\)](https://unfccc.int) see slide 4 for how this differed from the prior transparency arrangements under the Convention.

⁴ <https://unfccc.int/documents/193408>

⁵ [Guiding Principles for MPGs | UNFCCC](#)

⁶ [Report of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on the third part of its first session, held in Katowice from 2 to 15 December 2018. Addendum 2. Part two: Action taken by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement | UNFCCC](#) Notably, information on climate commitments, policies, actions and their progress are disclosed through this framework (and are understood) largely from the perspective of policies and actions being taken across all sectors of a country's real economy, the country's national greenhouse gas emissions inventory and national greenhouse gas emissions reduction targets. This is a more appropriate way to organise the information to enable primary users to use the information for accountability purposes.

We are concerned that the ED is only seeking transparency on existing policies intending to have positive impacts on climate change, as opposed to transparency on new or existing policies negatively impacting on climate change. IFRS S2 more squarely captures this equivalent of ‘negative impacts’ for private sector entities through its greenhouse gas emissions disclosures.

At this stage, we agree with Angela Ryan’s suggested way forward. Namely, to remove the aspects of the ED related to climate-related policies and their outcomes and initiate a new, related project which prioritises a better understanding of user needs in this area. This will best ensure globally interoperable and aligned disclosure requirements on climate action.

Specific Matter for Comment 2: Own Operations (Appendix A1: Application Guidance – Own Operations)

The Exposure Draft primarily aligns disclosure requirements about an entity’s own operations with private sector guidance (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures), with public sector guidance, including a rebuttable presumption that entities use the GHG Protocol: A Corporate Accounting and Reporting Standard (2004), unless another established method of measuring its greenhouse gas emissions is more appropriate or required by a jurisdictional authority (see paragraph AG1.72).

Do you agree with the proposed approach and guidance? If not, what alternative approach would you propose and why?

Yes.

Specific Matter for Comment 3: Scope of Public Policy Programs (paragraph 3 and AG2.4–AG2.6)

This Exposure Draft requires disclosures about public policy programs with a primary objective to achieve climate-related outcomes. Do you agree with this approach and the scope of public policy programs included in required disclosures? If not, what alternative approach would you propose and why?

No.

The ED has developed a novel and overly narrow definition of climate-related policies. If the term is to be retained in the standard, an existing term already in common usage in the public sector should be used.

The definition requires climate action to be the ‘primary objective’ of the policy. Yet global use of the term climate-related policy appears to make a concerted effort to capture policies with mitigation and adaptation co-benefits, i.e. because climate policies may not always have climate change mitigation or adaptation as be the primary objective. For example, the OECD’s Climate Action and Policy Measurement Framework (CAPMF), a type of global stocktake of climate mitigation policy, covers climate policies with an explicit intent of advancing mitigation as well as non-climate policies that have an expected positive effect on mitigation.⁷

There are well acknowledged challenges with defining adaptation. For example, many existing policies such as for water salination do not use climate adaptation language or have climate

⁷ [The climate actions and policies measurement framework | OECD](#)

adaptation objectives, yet they have clear climate resilience implications.⁸ This creates practical challenges for public sector entities to determine themselves whether any given policy meets IPSASB's definition or not. This is easily avoided.

Even the use of the term policy is relatively narrow. Climate action, as typically discussed by the IPCC and others, includes but is not limited to policies. It includes broader terms like measures, responses, progress and development.⁹ This suggests that transparency just on climate-related policies is too narrow and not at the right level of Government.

There has also been a recent global shift in approach to climate policy which means some of the major climate policies of jurisdictions may not meet the IPSASB's definition of a climate-related policy in the ED. Some countries are no longer emphasizing climate objectives as the primary objective of their key climate policies. Some are choosing to integrate emissions mitigation and adaptation as secondary objectives of other policy areas such as industrial policy. This is being done in a bid to ensure that the policies are socially and politically justifiable. For example, the United States of America's Inflation Reduction Act 2022 emphasizes inflation reduction benefits (as the name suggests) and the household cost savings that come with switching appliances and vehicles from fossil-fueled to electric equivalents¹⁰, as opposed to climate change mitigation being the primary objective. This reflects the difficulty in defining climate-related policies.

The ED focuses on climate-related policy programs individually rather than as part of a broader policy mix

Our review of the academic literature on policy design,¹¹ empirical evidence of where climate policies have been effective,¹² together with the findings from the Intergovernmental Panel on

⁸ [A global assessment of policy tools to support climate adaptation \(tandfonline.com\)](https://www.tandfonline.com)

⁹ [The Global Adaptation Mapping Initiative \(GAMI\): Part 2 – Screening protocol | Protocol Exchange \(researchsquare.com\)](https://www.researchsquare.com) and [IPCC Glossary Search](#)

¹⁰ In addition to other strategic shifts such as the related policies contained within the 2022 CHIPS and Science Act which also encouraged revitalising American manufacturing in clean technologies, job creation and economic growth.

¹¹ See Rogge et al, who note [here](#) that 'Over the past two decades policy design has increasingly investigated policy mixes rather than single instruments (Howlett, 2014a; Howlett et al., 2015; Howlett and Lejano, 2013).' The [Economics of Innovation and System Transition](#) note that '... consideration of how decarbonisation policies interact with wider policies and priorities [is] essential, and unavoidable. Also, the 'system transitions' required by decarbonisation are complex, involving necessary changes in technology, market structures, infrastructure, etc. It is not generally feasible for a single policy to achieve all of these things...' [IPCC WGIII chapter 6](#) notes 'Many countries... have implemented policy mixes with a diverse set of complementary policies to achieve energy and climate policy targets. One example is the German Energiewende, which includes substantial support for renewables, an action plan for energy efficiency, and phase-out processes for nuclear- and coal-based power generation next to carbon pricing (Löschel et al. 2019). Interactions between policy measures including their scope, stringency, and timing, influence the costs of reducing emissions (Corradini et al. 2018). In particular, some policy instruments may lead to lock-in effects (Section 6.7.3), compete with other regulations (Graaf and Sovacool 2020), or trigger negative policy interactions (Perino 2015; Jarke-Neuert and Perino 2020).'

¹² See Annika Stechemesser *et al.* 'Climate policies that achieved major emission reductions: Global evidence from two decades. *Science* 385,884-892(2024).DOI:[10.1126/science.adl6547](https://doi.org/10.1126/science.adl6547) and EEIST - [Ten Principles for Policy Making in the Energy Transition > EEIST](#). EEIST note 'In the area of climate change, most countries are at least as interested in economic development and increased opportunity as in decarbonisation, if not more so. Interests can include the development of urban or transport infrastructure, air quality and public health, job creation and industrial competitiveness, energy security and food security, and the affordability of essential

Climate Change (IPCC's) Working Group III¹³, suggest that accountability on climate action needs to be designed in a way that acknowledges the way an individual policy interacts with other policies as part of an economy-wide 'policy mix.'¹⁴ This is in contrast to focusing the attention solely on 'climate policy program/s' individually and in isolation from each other. It is increasingly well understood that the interactions between climate policy and other critical policy areas such as energy, transport, agriculture and industrial policy, are the most important factors in understanding the effectiveness of climate policies at the level of individual policies.

We suggest removing the defined term 'climate-related public policy program' from the ED. If it is retained, a broader and existing term should be used and specific consideration should be given to disclosures regarding policy mixes more broadly rather than individual climate-related public policies and/or policy programs in isolation.

Specific Matter for Comment 4: Public Sector-Specific Definitions (paragraph 7)

This Exposure Draft provides public sector-specific definitions and related guidance for:

- (a) Public policy programs;
- (b) Public policy program outcomes; and
- (c) Climate-related public policy programs.

Do you agree with the proposed public sector-specific definitions and guidance? If not, what alternative definitions would you propose and why?

No.

See response to SMC 3 above regarding the proposed climate-related public policy program definition.

goods and services. This makes consideration of how decarbonisation policies interact with wider policies and priorities essential, and unavoidable. Also, the 'system transitions' required by decarbonisation are complex, involving necessary changes in technology, market structures, infrastructure, etc. It is not generally feasible for a single policy to achieve all of these things, and when multiple policies are in place, interactions between them are inevitable.'

¹³ IPCC [IPCC AR6 WGIII FullReport.pdf](#) Chapter 6 notes 'Many countries... have implemented policy mixes with a diverse set of complementary policies to achieve energy and climate policy targets. One example is the German Energiewende, which includes substantial support for renewables, an action plan for energy efficiency, and phase-out processes for nuclear- and coal-based power generation next to carbon pricing (Löschel et al. 2019)... Interactions between policy measures including their scope, stringency, and timing, influence the costs of reducing emissions (Corradini et al. 2018). In particular, some policy instruments may lead to lock-in effects (Section 6.7.3), compete with other regulations (Graaf and Sovacool 2020), or trigger negative policy interactions (Perino 2015; Jarke-Neuert and Perino 2020). Existing policy mixes often reflect different political economy constraints, and sometimes not well coordinated goals. The resulting policy mixes are often economically inefficient. However, comprehensive evaluation of policy mixes requires a broader set of criteria that reflect different considerations, such as broader goals (e.g., SDGs) and the feasibility of policies (high confidence).'

¹⁴ Rogge, Karoline S. "Designing complex policy mixes: elements, processes and characteristics." (2018) ...define a policy mix as the combination of several policy instruments or the combination of policy goals and means.

The IPSASB's approach to guidance is to add explanatory paragraphs into the standard as 'application guidance'. Experience in New Zealand is that more comprehensive methodologies need to be released alongside the standard that can be picked up by reporting entities and followed. This needs to have clear process steps that entities can follow. IPSASB needs to prioritise the development and release of such guidance as a matter of urgency, in a way that builds on real world application experience.

Specific Matter for Comment 5: Strategy for Climate-related Public Policy Programs (paragraphs 12 and AG2.24–AG2.31)

This Exposure Draft proposes disclosure requirements about an entity's strategy for climate-related public policy programs which include information that enables primary users to understand the entity's strategy and decision-making, anticipated challenges to achieving intended outcomes and financial implications of the climate-related public policy program.

Do you agree that the disclosure requirements on strategy for climate-related public policy programs meet the information needs of primary users? If not, what alternative approach would you propose and why?

No.

Consistent with our responses to SMC1-5, these disclosures are largely duplicative and unnecessary.

Specific Matter for Comment 6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26–27 and AG2.34–AG2.44)

This Exposure Draft proposes to require disclosures about metrics and targets, including (a) the change in greenhouse gas emissions reasonably attributed to climate-related public policy programs and (b) other metrics to measure and monitor performance in relation to climate-related public policy programs.

Do you agree these disclosures meet the information needs of primary users of the report (see paragraph 26)? If not, what alternative approach would you propose and why?

No.

The lack of interoperability with existing reporting in this space needs to be addressed.

Specific Matter for Comment 7: Conceptual foundations (paragraphs B2–B15)

This Exposure Draft includes conceptual foundations aligned with the IPSASB Conceptual Framework including the definition of materiality (see paragraphs B8–B10) and primary users of public sector general purpose financial reports (see paragraphs B.AG28–B.AG33).

Do you agree that the proposed definition of materiality based on the IPSASB Conceptual Framework meets the information needs of primary users for climate-related disclosures? If not, what alternative approach would you propose and why?

Yes.

While we broadly support these definitions and the use of the IPSASB Conceptual Framework, we would like to point out a tension in this area. Using existing definitions and conceptual foundations is sensible and attractive, particularly from IPSASB's perspective. However, it has implications for those countries that do not use IPSASB's broader suite of accounting standards. It means that they are less able to just use the IPSASB climate standard, as it may raise broader questions around concepts at the boundaries of this standard that are core parts of other IPSASB standards. For example, long term fiscal sustainability. Therefore, global adoption of the climate standard may thus be reduced the more concepts and connections are made with existing IPSASB literature, despite the benefits of doing so.

Specific Matter for Comment 8: General requirements (paragraphs B16–B46)

This Exposure Draft includes general requirements aligned with private sector guidance (IFRS S1) including the requirements for (a) an entity to include its climate-related disclosures in its general purpose financial reports (see paragraphs B22–B25) and (b) an entity to report its climate-related disclosures at the same time as its related financial statements (see paragraphs B26–B31).

Do you agree that the disclosure requirements proposed in the general requirements are appropriate for public sector entities? If not, what alternative approach would you propose and why?

Yes.

Specific Matter for Comment 9: Transition (paragraphs 30–33)

This Exposure Draft proposes to provide transitional relief only in the first year of adoption (see paragraphs 30–33) for disclosures relating to an entity's own operations and where applicable, relating to climate-related public policy programs and their outcomes.

Do you agree that the proposed transition provisions approach should be applicable to both own operations and climate-related public policy programs? If not, what alternative approach would you propose and why?

Yes.

Specific Matter for Comment 10: Other Comments

Do you have any other comments on the proposed Exposure Draft?

No.

Workshop - Public sector climate reporting to inform submission to the International Public Sector Accounting Standards Board – Agenda

Thursday, 13 February 2025 | 1pm to 5pm | Tui Room, Icehouse (Auckland) and online

<i>Time</i>	<i>Duration</i>	<i>Item</i>	<i>Lead</i>
1pm	5 mins	Welcome and opening karakia	XRB - Amelia
105pm	30 mins	Whakawhanaungatanga / introductions and connections	All
135pm	70 mins	<i>Updates from various parties on relevant initiatives</i>	All
		<p>IPSASB context</p> <ul style="list-style-type: none"> - Treasury – Ken Warren – the history of IPSASB in NZ across accounting and sustainability (5 mins) <p>Climate reporting context - NZ</p> <ul style="list-style-type: none"> - XRB – overview of climate reporting in NZ – Jack Bisset (5 mins) - MBIE’s experience – Nicola Cordner (10 mins) - ACC’s experience – Justine Whitfield (10 mins) - MFE’s experience – Lucy Tyndall (10 mins) - LGFA – Helen Mahoney (10 mins) <p>Climate reporting context – international</p> <ul style="list-style-type: none"> - Australian public sector developments – Lesley Andrew Australian Department of Finance (10 mins) <p>Project context – IPSASB climate exposure draft</p> <ul style="list-style-type: none"> - Treasury – Angela – recap on the project to date and Alternative View (10 mins) 	
245pm		Afternoon tea	
3pm	105 mins	<p>Brainstorming / discussion session</p> <p>Public sector climate disclosures – what have we learnt from experience? (45 mins)</p> <ul style="list-style-type: none"> - What do we consider has been successful in relation to public sector climate disclosures? - What do we consider has been less / unsuccessful in relation to public sector climate disclosures? - What lessons should we be adopting from private sector climate disclosures? - Where should IPSASB focus? What other organisations else may need to play a role in this area to ensure progress? <p>Discussion on draft submission (60 mins)</p> <ul style="list-style-type: none"> - Discussing the three key points in circulated draft submission - Discussing more detailed points / feedback 	All
445pm	15 mins	Summary and next steps	Jack

Whakataukī

Mā te huruhuru ka rere te manu - “Adorn the bird with feathers so it may soar”

Whatungarongaro te tangata toitū te whenua - “As man disappears from sight, the land remains” (This demonstrates the holistic values of Māori, and the utmost respect of Papatuanuku)

Appendix 1: Karakia**Karakia timatanga**

E te hui
For this gathering

Whāia te mātauranga kia mārama
Seek knowledge and understanding

Kia whai take ngā mahi katoa
Have purpose in all that you do

Tū māia, tū kaha
Stand tall, be strong

Aroha atu, aroha mai. Tātau i a tatou katoa
Let us show respect and love for each other

Karakia whakamutunga

Kia hora te marino
May peace be widespread

Kia whakapapa pounamu te moana
May the sea be like greenstone

Hei huarahi mā tatou i te rangi
A pathway for us all this day

Aroha atu, aroha mai, tatou i a tatou katoa
Let us show compassion and respect for each other

Haumi e, hui e, tāiki e
Unified, connected and blessed

Alternative View

Alternative view of Ms. Angela Ryan

- AV1. Ms. Ryan agrees that public sector entities should make climate-related disclosures in relation to their own operations aligned with IFRS S2 *Climate-related Disclosures*. She also agrees with the project's urgency, as expressed by the IPSASB in paragraphs BC1 and BC10 in the Basis for Conclusions on IPSASB SRS ED 1, *Climate-related Disclosures* (the ED), and believes the IPSASB should be well placed to lead in this area as the global accounting standard setter for public sector entities.
- AV2. Ms. Ryan also agrees that the regulatory and policy role of public sector entities associated with their sovereign powers and the impact of this role on climate change is a key characteristic of such entities and a difference to the private sector. As a result, the impact of this regulatory and policy role on climate change is of major interest to stakeholders and is therefore of high public interest.
- AV3. However, Ms. Ryan disagrees with the ED's approach to address the demand for transparency around the regulatory and policy role of Government by requiring climate-related public policy program disclosures in the ED. She disagrees with this approach for the following reasons:
- (a) The ED combines two different purposes in paragraph 1. The first purpose, to disclose information in a public sector entity's general purpose financial reports about climate-related risks and opportunities to its own operations, is aligned with IFRS S2 disclosure requirements. The second purpose, to disclose information about outcomes from the entity's climate-related public policy programs, is poorly aligned with the first purpose. By combining these purposes in one standard, the standard loses focus;
 - (b) The structure, drafting, requirements, definitions, guidance and examples regarding public policy programs and climate policy 'outcome' reporting are confusing when read alongside the IFRS S2 aligned components. The complex structure of the ED introduces significant challenges for users and preparers to understand the scope of the ED, navigate it and understand the underlying disclosure requirements. Because of these challenges, there is a risk that the standard may not be widely adopted. The benefit of consistent, comparative information will only emerge with good adoption of the proposed standard;
 - (c) Only a limited amount of information will be disclosed against these new climate-related public policy program disclosure requirements because the ED focuses only on policies that have a primary objective to achieve climate-related outcomes. This excludes policies with secondary climate objectives or climate co-benefits, which are common practice. Also, the disclosures focus only on climate policies that are specifically designed to have a "positive" impact on the climate, rather than non-climate policies of Governments that may have a material "negative" impact on the climate. The non-climate policies are critical drivers of climate risk more broadly in the public and private sectors. In addition, the effectiveness of climate policies is best understood when considered as part of a broader "policy mix" including non-climate policies, as noted by IPSASB in BC15; and

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- (d) The introduction of the climate-related public policy program definitions and requirements do not co-exist well with existing Paris Agreement disclosure requirements¹. It is inefficient to ask all public sector entities to separately apply judgment as to whether they have climate policies that meet a new, narrow definition (and then whether they have responsibility for them), when it is likely to be more efficient to refer to existing national level and Paris Agreement reporting, aimed at providing users with information about climate action a country is taking, typically in one place.
- AV4. Due to these issues, Ms. Ryan believes that climate-related public policy program disclosures, as proposed in this ED, are likely to be confusing, inconsistent and of limited value to users and preparers. Ms. Ryan is therefore of the view that climate-related public policy program disclosures should be removed from the scope of this standard.
- AV5. Ms. Ryan believes it may be more appropriate to prepare a separate standard or guidance for disclosures on public policy programs that impact climate change, after revisiting user needs for this specific area of high public interest.

Benefits of separately considering disclosures on the Government's regulatory and policy role and its impact on climate change

- AV6. Opportunities exist to streamline and improve IFRS S2 disclosure requirements for the public sector. These opportunities are undeveloped in the ED, as attention was diverted to issues associated with requiring climate-related public policy program disclosures. Ms. Ryan believes that by removing public policy programs from this ED, the IPSASB could re-focus on drafting implementation guidance to help public sector entities apply IFRS S2-aligned requirements. This could include addressing questions such as how public sector entities that have a regulatory and policy role should conceptualize climate risk throughout their value chains and indirect emissions given that the GHG Protocol standards were not designed for these types of entities.
- AV7. Ms. Ryan believes that by removing public policy programs from this ED and separately reconsidering the specific user needs for such programs without being constrained by IFRS S2, would mean better options could be developed to address disclosures in this area of high public interest. It would also help ensure more analysis can be conducted on the trade-offs between the cost and benefits of any options identified. This is because Ms. Ryan believes disclosures on public policy programs should include disclosures on both climate action and the negative impact of the Government's regulatory and policy role on climate change, while ensuring that the usefulness, cost, and ability to assure any IPSASB reporting requirements in this area are balanced appropriately.
- AV8. In proposing a refocus on public policy programs separately from the ED, Ms. Ryan's view is that the following topics need to be considered:
- (a) A more targeted user group could be prioritized, at least initially, when developing reporting requirements on the Government's regulatory and policy role and its impact on climate change;

¹ See the Modalities, Procedures and Guidelines (MPGs) for the transparency framework for action and support referred to in Article 13 of the Paris Agreement. In particular, this includes Part III (Information necessary to track progress made in implementing and achieving nationally determined contributions under Article 4 of the Paris Agreement) and Part IV (Information related to climate change impacts and adaptation under Article 7 of the Paris Agreement) [here](#).

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- (b) Testing at what level of Government these reporting requirements should be applied. For example, such reporting may be more useful at a sector, regional or jurisdictional level; and
- (c) Reconsidering how any IPSASB requirements fit in the context of the United Nations Framework Convention on Climate Change, to determine if IPSASB requirements are duplicating or complementing the existing disclosure requirements that already apply to Parties of the Paris Agreement with respect to climate action.