

February 28th, 2012

Madam Stephenie Fox  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto, Ontario M5V 3H2

**RE: Exposure Draft 46 - Reporting on the Long-Term Sustainability of a Public Sector Entity's Finances**

Dear Madam,

Please find enclosed our comments on the Exposure Draft 46 referred to above.

From a general point of view, we disagree with the IPSASB proposal to issue recommendations aimed at regulating the disclosure of information on the fiscal sustainability of government social programs, especially within financial reports. We believe it is up to governments to decide the type of information to disclose regarding their fiscal sustainability. Indeed, governments are able to publish this information, as they do now.

In its recommendations submitted for this proposal, IPSASB would flag the presentation of information on fiscal sustainability within financial reports. Yet governments already provide information about this in reports other than financial reports, and we believe this information is satisfactory.

Furthermore, because of their taxing power and discretionary authority in modifying the scope or quality of their programs, or in implementing them, published information regarding fiscal sustainability of governments may not be reflective of the future. Governments can change the fees charged for their services or change social programs in order to ensure their long-term fiscal sustainability. Accordingly, we doubt the relevance and usefulness of disclosing such information in financial reports, since they mainly reflect past transactions.

Moreover, preparation of reports on the long-term sustainability of a public sector entity's finances brings many assumptions into play regarding future events, a field of expertise outside the realm of accounting. Thus, differences between projections and the facts are likely to occur, which could affect user confidence and undermine the credibility of reports. Over time, the credibility of reports on the long-term sustainability of public sector entities could be questioned.

...2

With regard to the principles and methodology set out in this exposure draft, we believe, first, that the assumption made in paragraph .40 that current policies will remain unchanged throughout the projection period, may be problematic. In democratic jurisdictions where there are periodic changes in government, policies are likely to change whereas the assumption is to the contrary. This will have consequences, in particular that projections will not be realized and that their usefulness and credibility are likely to be challenged, as we have mentioned above.

Notwithstanding the foregoing, if IPSASB were to decide to continue with the publication of the proposed guidelines, we believe they should be published in a separate manual as good practice and not as recommendations in the standards published by IPSASB. Also, examples of indicators should be given in this manual to ensure consistency among governments if IPSASB wants to move forward with this proposal.

We hope that our comments will be helpful as you continue your work.

Yours truly,

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Director General  
Professional Practice

Vicky Lizotte, CA  
Director, Standards