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The Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto, Ontario M5V 3H2  
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28 February 2012

Dear Sir/Madam

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

*General remarks*

The recent global financial events clearly demonstrate the need for transparent and credible reporting on long-term fiscal sustainability (LTFS) by public sector entities, and we welcome the opportunity to comment on the on the above Consultation Paper.

Our key remarks are that

- a) the Recommended Practice Guideline (RPG) defined in ED 46 should take into account the need for a clear delineation of the scope of general purpose financial reports (GPFRs) as currently espoused in the developing IPSASB Conceptual Framework;
- b) the presentation approach adopted and related periodicity of reporting for LTFS reporting should, in accordance with paragraph 7 of the ED, be flexible, whilst allowing for annual content updating;
- c) the guidance under paragraph 23 should be revisited since whilst some liabilities and assets in the statement of financial position may not be settled for extended periods of time and hence do not address short term solvency; and
- d) the responsibility of the auditor with respect to reporting on LTFS should be explicitly clarified.

**Specific Matter for Comment 1**

*Do you agree that the characteristics of an entity that indicate whether users exist for information on long-term fiscal sustainability are those set out in paragraph 15? If you consider that there are more appropriate indicators please provide them.*

We agree with the characteristics set out in paragraph 15 and further clarified in the subsequent paragraph. However, whilst there may be users of information on LTFS for individual controlled entities, a consideration of the cost benefit at such entity vis-a-vis LTFS reporting at the level of

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controlling entity should be included in the RPG. Generally, a controlling entity should determine the relevance of reporting on the controlled entity's LTFS.

### **Specific Matter for Comment 2**

*Do you agree that the “dimensions” of long-term fiscal sustainability in paragraphs 27–37 provide a viable framework for narrative reporting on the long-term sustainability of an entity’s finances that complements and interprets the projections? If not, how would you modify this approach?*

We in principle agree with the “dimensions” of LTFS. Ultimately, LTFS reporting should clearly demonstrate the reporting entities’ positive or negative contribution to the larger public sector and economic system, such as national economic or service delivery plans. Accordingly, the approach adopted by an entity for reporting (narrative or otherwise) should reflect the reasonableness and realism of the projections of the relevant larger economic system.

### **Specific Matter for Comment 3**

*Do you agree with the guidelines in this ED on disclosure of principles and methodologies, including risks and uncertainties? If not, how would you modify these guidelines?*

Similarly, we in principle agree with the guidelines on disclosure of principles and methodologies and wish to point out that any key assumptions relating to LTFS are based on inherently uncertain information and projections should take into account both credible current and future policy factors as defined in the ED.

Thank you.