

# NATURAL RESOURCES

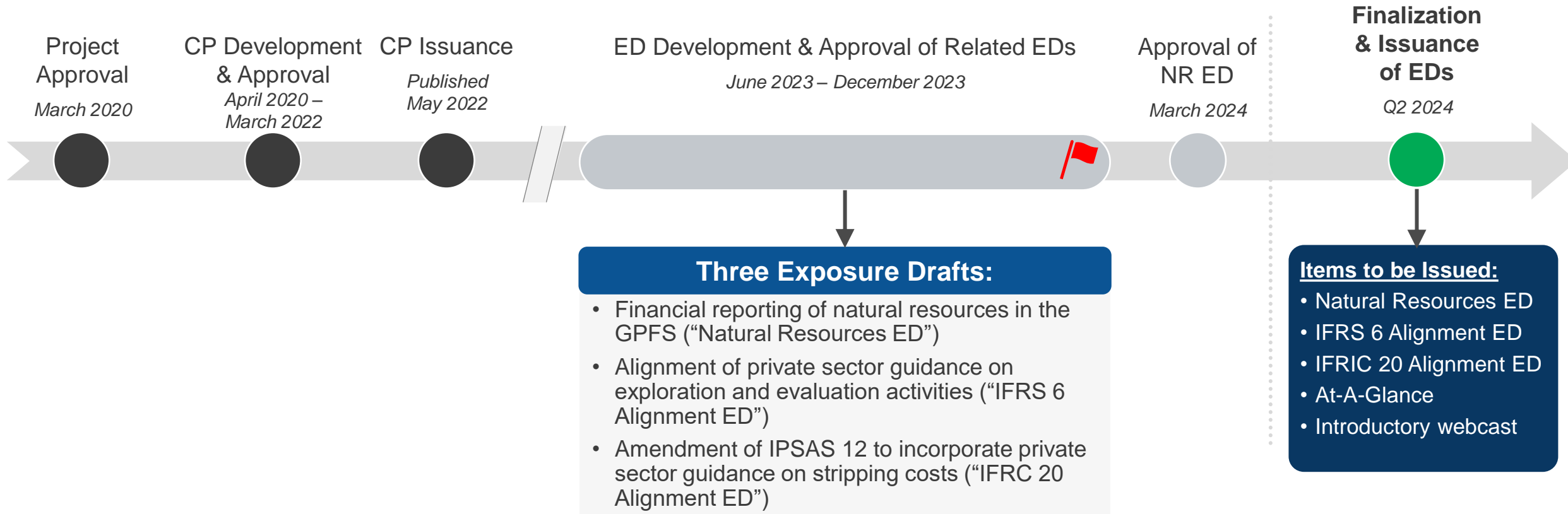
IPSASB CAG Meeting – December 2023

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# Natural Resources – Location of Guidance

## Project Timeline



# Natural Resources – Location of Guidance

## Background – Issue Raised in September 2023

- In September 2023, staff proposed that recognized natural resources could fall within the scope of existing IPSAS based on their intended use
- Some members noted that if the accounting is expected to be within the scope of existing IPSAS, there is no need for a new standard
  - Natural resources held for conservation could be considered PP&E under IPSAS 45
  - Guidance on natural resources would be inserted into IPSAS 12, IPSAS 16, IPSAS 27, or IPSAS 45 via amendments to these standards
- Other members questioned whether natural resources held for conservation could fall within the scope of IPSAS 45 or any other existing standard



# Natural Resources – Location of Guidance

## Public Interest Considerations

Current focus on sustainable development initiatives and concerns regarding overexploitation of natural resources

Natural resources are potentially significant from a monetary perspective

Based on past EDs and IPSAS, a standalone standard will be easier to understand

Past practice indicates constituents have not thought of natural resources as part of inventory, PP&E, investment properties, or biological assets

**Above considerations appear to support a new standalone IPSAS**

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## Technical Considerations

### View 1 – New Standalone IPSAS

- IPSAS should be created based on nature of different groups of items, transactions, or topics
- Subsequent to the September meeting, the Natural Resources Task Force concluded that natural resources held for conservation are different from PP&E, as conservation involves *avoiding the use of the item*

### View 2 – Amend Existing IPSAS

- Definition of PP&E in IPSAS 45 can be broadly interpreted to include natural resources held for the supply of “conservation services”
  - Consequently, even natural resources held for conservation fall within IPSAS 45

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## Questions for CAG Members

- Which approach (separate standard or included in existing standards) would be more appropriate from a public interest and technical perspective?
- What other factors should the IPSASB consider when determining whether the guidance on natural resources should be in a standalone standard or incorporated as amendments to existing IPSAS?



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