

**Meeting:** International Public Sector Accounting  
Standards Board

**Meeting Location:** Washington, D.C., USA

**Meeting Date:** March 14–17, 2023

# Agenda Item 12

For:

☐ Approval

☒ Discussion

☐ Information

## NATURAL RESOURCES

|  |  |                                   |
|--|--|-----------------------------------|
| <b>Project summary</b>                                 | The objective of the Natural Resources project is to research and address issues relating to the potential recognition and measurement of natural resources. |                                   |
| <b>Project staff lead</b>                              | <ul style="list-style-type: none"> <li>Edwin Ng, Principal</li> </ul>  |                                   |
| <b>Task Force members</b>                              | <ul style="list-style-type: none"> <li>Renée Pichard, IPSASB Member (Task Force Chair)</li> <li>Remaining membership to be determined</li> </ul>             |                                   |
| <b>Meeting objectives</b><br><b>Project management</b> | <b>Topic</b>   | <b>Agenda Item</b>                |
|  | <a href="#">Natural Resources: Project Roadmap</a>   | <a href="#">12.1.1</a>            |
|  | <a href="#">Instructions up to Previous Meeting</a>  | <a href="#">12.1.2</a>            |
|  | <a href="#">Decisions up to Previous Meeting</a>   | <a href="#">12.1.3</a>            |
| <b>Decisions required at this meeting</b>              | <a href="#">Preliminary Review of Responses to the Natural Resources Consultation Paper</a>  | <a href="#">12.2.1</a>            |
|  | <a href="#">Proposed Plan to Address Comments Regarding the General Description of Natural Resources</a>   | <a href="#">12.2.2</a>            |
|  | <a href="#">Proposed Alignment of Guidance on the Costs of Exploration, Evaluation, and Extraction Activities</a>  | <a href="#">12.2.3</a>            |
|  | <a href="#">Proposed Approach to Address Concerns Over Recognition of Natural Resources</a>  | <a href="#">12.2.4</a>            |
| <b>Other supporting items</b>                          | <a href="#">Consultation Paper (CP), <i>Natural Resources: Analysis of Respondents by Region, Function and Language</i></a>                                  | <a href="#">12.3.1</a>            |
|  | <a href="#">Responses to CP, <i>Natural Resources</i></a>  | <a href="#">Posted Separately</a> |

**NATURAL RESOURCES:  
PROJECT ROADMAP**

| <b>Meeting</b> | <b>Completed Actions or Discussions / Planned Actions or Discussions:</b>                   |
|----------------|---|
| March 2020     | 1. Project Brief approval and commencement of CP development                                |
| March 2022     | 1. Approval of Phase 1 CP (Published May 9, 2022)   |
| December 2022  | 1. CP comment period (Ended October 17, 2022)   |
| March 2023     | 1. Review of responses to the CP  |
| June 2023      | 1. Phase 2: Development of Exposure Draft (ED) covering one topic from the comprehensive CP |
| September 2023 | 1. Approval of Phase 2 ED   |
| March 2024     | 1. ED comment period (four months ending January 2024)                                      |
| September 2024 | 1. Review of responses to Phase 2 ED  |
| December 2024  | 1. Approval of Phase 2 Final Standard: Subsoil Resources                                    |

**INSTRUCTIONS UP TO PREVIOUS MEETING**

| Meeting    | Instruction  | Actioned   |
|------------|--|--|
| March 2022 | 1. All instructions provided up to March 2022 were reflected in the Consultation Paper, <i>Natural Resources</i> . | 1. All instructions provided up to March 2022 were reflected in the Consultation Paper, <i>Natural Resources</i> . |

**DECISIONS UP TO PREVIOUS MEETING**

| <b>Meeting</b> | <b>Decision</b>   | <b>BC Reference</b>   |
|----------------|---|---|
| March 2022     | 1. All decisions made up to March 2022 were reflected in the Consultation Paper, <i>Natural Resources</i> . | 1. All decisions made up to March 2022 were reflected in the Consultation Paper, <i>Natural Resources</i> . |

## **Preliminary Review of Responses to the Natural Resources Consultation Paper**

### **Purpose**

1. To provide the IPSASB with a preliminary analysis of the responses received for Consultation Paper, *Natural Resources*.

### **Background**

2. On May 9, 2022, the IPSASB issued Consultation Paper (CP), *Natural Resources*. The aim of the CP is to solicit views on the recognition, measurement, display, and disclosure of natural resources in the public sector.
3. The comment period for the CP ended on October 17, 2022, and 49 responses were received.
4. This paper provides the Board with a preliminary analysis of response to the CP, and preliminary key themes from the comments received for the IPSASB to consider. Detailed response information is listed in [Agenda Items 12.3.1](#), including:
  - (a) Appendix A: Analysis of responses received by region, function, and language;
  - (b) Appendix B: List of organizations or individuals that responded; and
  - (c) Appendix C: Summary of responses for each Preliminary View (PV) and Specific Matter for Comment (SMC).
5. See [Agenda Item 12.3.2](#) (posted separately) for the compilation of responses received.

### **Preliminary Analysis – Overarching Themes**

6. In general, respondents commended the IPSASB for taking on this complex project and saw the CP as an important first step in developing potential guidance to address natural resources in the public sector.
7. Based on a preliminary review of the responses to the preliminary views (PV) and Specific Matters for Comment (SMC), as well as any general comments raised in the response letters, staff identified the following key themes:

#### *Concerns on the Proposed General Description of Natural Resources (PV 1, SMC 1)*

8. Respondents generally agreed or partially agreed with the proposed general description of natural resources. However, regardless of how the respondents commented on the general description, a significant number (88%) of respondents raised concerns regarding the requirement for natural resources to be in their natural state and not subjected to human intervention. Human intervention was described in the CP as activities which modify the quantity and/or quality of a natural resource.
9. Respondents noted that:
  - (a) The use of human intervention to delineate between natural resources and other resources would lead to practical difficulties, as whether an activity changes the quantity and/or quality of a resource is not always clear;
  - (b) Some respondents were concerned that because the CP did not specify what degree of human intervention was needed to remove a resource from its natural state, activities which were only

meant to conserve or preserve a resource could unintentionally remove these items from the scope of the project; and

- (c) A few respondents noted that due to climate change and other environmental changes brought about by human activities, everything on earth is already subject to some degree of human intervention. Under this view, nothing would qualify as a natural resource as described in the CP.
10. Staff considered how to address the above concerns in [Agenda Item 12.2.2](#). While not directly related to this theme, responses to SMC 3 (asking if there was sufficient scoping guidance in IPSAS 12, IPSAS 17, and IPSAS 27) generally noted that the current scoping guidance is sufficient and that no new guidance was necessary. This observation is incorporated into the analysis in [Agenda Item 12.2.2](#).

*Concerns regarding the Recognition of Natural Resources (PV 2, PV 5, PV 6, PV 7, PV8, PV 9)*

11. Respondents generally agreed or partially agreed with using the asset recognition criteria from The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (Conceptual Framework) to address whether natural resources should be recognized in the General Purpose Financial Statements (GPFS). However, based on general comments, as well as responses to the specific PVs regarding recognition, many respondents noted that the recognition of natural resources in the GPFS is only expected to be possible in very limited circumstances. Because of this, some respondents questioned whether the IPSASB should be focusing on the recognition of natural resources in the GPFS and suggested that reporting information on natural resources in the broader General Purpose Financial Reports (GPFRs) may be more useful.
12. Other respondents noted that the recognition of natural resources is not in the public interest, as the costs associated with identifying, measuring, and analyzing whether the resources are assets, as well as the costs of auditing these assets, far outweigh any potential benefits to users of the financial statements. These respondents suggested that reporting information on natural resources in the broader GPFRs may be more cost-effective and convey better information to users.
13. A limited number of respondents suggested recognizing natural resources at a nominal or symbolic value to circumvent issues arising from existence and measurement uncertainty. However, this approach would be inconsistent with the IPSASB's previous decisions to avoid the use of symbolic values in the recognition and measurement of elements in the GPFS.<sup>1</sup>
14. Specifically, regarding subsoil resources:
- (a) While 63% of respondents agreed or partially agreed that the recognition of subsoil resources as assets is theoretically possible if existence uncertainty was not considered, many respondents questioned why the IPSASB considered the recognition of subsoil resources in steps since, in their view, recognition of subsoil resources is not practical in real-life scenarios. 80% of respondents agreed or partially agreed that existence uncertainty can prevent subsoil resources from being recognized, while 74% of respondents agreed or partially agreed that the recognition of subsoil resources will be challenging as it may not be feasible to find an appropriate measurement basis for subsoil resources;

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<sup>1</sup> Conceptual Framework, paragraphs BC7.40 and BC7.41.

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- (b) Some respondents noted that the wording in the CP was too ambiguous and that the IPSASB should have clarified that it is highly unlikely that subsoil resources can be recognized as assets due to limitations in the currently available technologies and scientific know-how regarding identification, location, and measurement of subsoil resources; and
  - (c) Other respondents noted that the IPSASB may have oversimplified the issue of uncertainty and questioned whether an entity can truly demonstrate control over resources that are subjected to a high degree of existence and measurement uncertainty. These respondents noted that until subsoil resources are extracted (and become inventory), even after geological testing, it is not possible for an entity to assert control over items that may not actually exist.
15. Regarding water:
- (a) 75% of respondents agreed or partially agreed that water can be recognized as an asset in certain scenarios. However, many of these respondents noted that they would expect the recognition of water as an asset to be very limited in practical scenarios;
  - (b) Some respondents who partially agreed that water can be recognized in limited circumstances questioned whether an entity can clearly demonstrate control over water (whether impounded or not) prior to its complete removal from the water cycle (i.e., prior to the water becoming inventory); and
  - (c) Other respondents noted that it was unclear whether impounded water remained in its natural state.
16. Regarding living resources:
- (a) 74% of respondents agreed or partially agreed that living resources can be recognized as an asset in certain scenarios. Like water, many of these respondents noted that they foresee the recognition of living resources to be only viable in very limited circumstances; and
  - (b) Some respondents expressed discomfort with attempting to recognize and assign a value to living resources, especially ones which relate to the maintaining biodiversity within ecosystems or the decarbonization of the atmosphere. These respondents argue that such resources are essential to sustaining life and benefits the entire biosphere on Earth. Therefore, it would not be possible for any one entity to assert control over the resources.
17. Staff considered respondents' concerns on the recognition of natural resources as assets in the GPFS along with the comments on disclosures and reporting in the GPFRs. See [Agenda Item 12.2.4](#).

### *Preference for Reporting in the Broader GPFRs (PV 10, PV 11, and SMC 4)*

18. 80% of the respondents agreed or partially agreed with the proposed GPFS disclosures. However, some of these respondents noted that because they expect a limited number of natural resources to be recognized as asset, it may be more beneficial to focus on developing the reporting of natural resources in the broader GPFRs. Other respondents stated a preference for reporting in the GPFRs due to concerns over how the proposed disclosures in the GPFS may impact the audit of the overall financial statements.
19. 78% of respondents agreed or partially agreed with the proposed information to be reported in the broader GPFRs. Respondents were generally supportive of expanding the Recommended Practice Guidelines (RPGs) to report information on natural resources. However, a small number of

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respondents questioned whether the applying RPGs to natural resources was appropriate and suggested that the IPSASB should consider adopting the reporting requirements from the European Sustainability Reporting Standards (ESRS) adopted by the European Commission or the reporting requirements set by the Global Reporting Initiative (GRI).

20. Only 25% of respondents noted that the reporting of information on natural resources in the broader GPFs should be mandatory. Some respondents commented that mandatory reporting may be feasible in the future, but suggested a phased approach, starting with the reporting of information that is relatively easy to obtain, to allow entities the opportunity to update their information gathering processes and systems.
21. See [Agenda Item 12.2.4](#) for further consideration of the above responses.

*Support for Adoption of Guidance on the Costs of Exploration, Evaluation, and Extraction Activities from the Private Sector (PV 3, PV 4)*

22. Respondents generally supported the adoption of guidance on exploration, evaluation, and extraction costs from the private sector, including the guidance from IFRS 6, *Exploration for and Evaluation of Mineral Resources*, and IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.
23. Some respondents, including those who agreed with PV 3 and PV 4 on a conceptual basis, questioned the proposed adoption of guidance, as they do not expect exploration, evaluation, or extraction activities to be prevalent in the public sector. As noted in the project brief, a number of resource-rich jurisdictions have recently entered into production sharing or co-production agreements with private companies. These agreements could result in joint operation accounting under IPSAS 37, *Joint Arrangements*.
24. Staff considered how to address the above responses in [Agenda Item 12.2.3](#).

### Decision Required

25. No decision required. For information purposes only.



## **Proposed Plan to Address Comments Regarding the General Description of Natural Resources**

### **Question**

1. Does the IPSASB agree with the proposed plan to address comments regarding the general description of natural resources?

### **Recommendation**

2. Staff recommend:
  - (a) Working with the Task Force to reconsider how the delineation between natural resources and other resources, if needed, should be implemented; and
  - (b) Report back to the IPSASB in June 2023.

### **Background**

3. In chapter 1 of the Natural Resources CP, the IPSASB proposed that a natural resource can be generally described as an item which:
  - (a) Is a resource as described in the IPSASB's Conceptual Framework;
  - (b) Is naturally occurring; and
  - (c) Is in its natural state.
4. In addition, the CP explained that to be in its natural state, a natural resource must not have been subjected to human intervention, such as cultivation or mineral extraction, which modifies the quantity and/or quality of the natural resource.
5. As noted in [Agenda Item 12.2.1](#), a significant number of respondents raised concerns regarding the requirement for natural resources to be in their natural state and not subjected to human intervention. This paper proposes a plan to address these concerns.

### **Analysis**

#### *Is the Requirement for Natural Resources to Remain in its Natural State Necessary?*

6. Staff noted that the purpose of including the requirement for a natural resource to be in its natural state was to delineate between items that are conventionally thought of as natural resources and other resources which are outside the scope of the project, such as inventories, and property, plant, and equipment, etc.
7. Staff reconsidered if this delineation is required, and noted that without this delineation, it could be argued that all tangible assets are natural resources, as all such assets were, at some point, either natural resources or produced from constituent parts which were natural resources. A more practical issue is that this delineation is needed to distinguish between resources which would fall within the scope of the natural resources project, and other resources that are already within the scope of existing IPSAS, such as IPSAS 12, *Inventories*, IPSAS 17, *Property, Plant, and Equipment*, or IPSAS 27, *Agriculture*.

8. Based on these reasons, the delineation between natural resources and other tangible resources appears to be needed. However, questions remain as to how the delineation should be implemented and whether the delineation should be part of the general description of natural resources.

*Proposed Plan to Address Respondents' Concerns*

9. To address the concerns raised by respondents, staff propose working with the Natural Resources Task Force to develop a way to delineate between natural and other resources that is both conceptual sound and can be implemented in practice. Staff noted that the two extremes in how to approach the issue include:

**Approach 1: Use a Principled Approach to Implement the Delineation**

10. This approach was used in the CP, but it was clear that respondents had concerns over the how human intervention would be applied in practice. Staff will work with the Task Force to consider if the concept of human intervention should be retained and supplemented with application guidance, or if another principle should be introduced to effectively separate natural resources from other resources.

**Approach 2: Use a Rules-Based Approach to Implement the Delineation**

11. On the other end of the spectrum, the delineation between natural and other resources can be implemented through a rules-based approach. One possible way forward could involve a detailed listing of items which are deemed to be natural resources. Another potential approach is to use the scope of existing IPSAS to separate natural and other resources—e.g., describe natural resources as resources that are naturally occurring and not within the scope of IPSAS 12, IPSAS 17, or IPSAS 27. This approach would also incorporate constituent feedback on SMC 3 on whether the existing scoping guidance in IPSAS 12, IPSAS 17, and IPSAS 27 is sufficient.
12. The above approaches are meant to be the boundaries for the Task Force and staff to consider and are not the only options available. Staff will work with the Task Force to develop a balanced way forward then report back to the IPSASB in June 2023.

**Decision Required**

13. Does the IPSASB agree with the Staff [recommendation](#)?

## **Proposal Alignment of Guidance on the Costs of Exploration, Evaluation, and Extraction Activities**

### **Question**

1. Does the IPSASB agree with the proposed alignment of the guidance on exploration, evaluation, and extraction activities into IPSAS?

### **Recommendation**

2. Staff recommend:
  - (a) Alignment of the IFRS guidance on the costs of exploration, evaluation, and extraction activities as a separate IPSAS within the Natural Resources project; and
  - (b) Continuing to monitor any potential developments on this topic at the IASB.

### **Background**

3. During the development of the Natural Resources CP, the IPSASB decided to include a preliminary view to provide guidance on exploration, evaluation, and extraction activities based on guidance from IFRS, subject to any specific IASB plans to revisit its current guidance in this area.
4. Based on this decision, chapter 3 of the CP explained that IFRS 6, *Exploration for and Evaluation of Mineral Resources*, provides guidance on the accounting for exploration and evaluation activities.<sup>2</sup> In addition, the CP explained that IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, provides guidance on the cost of removing surface materials to improve access to subsoil resources.
5. As noted in [Agenda Item 12.2.1](#), respondents generally support the adoption of the guidance on exploration, evaluation, and extraction activities in the public sector. In addition, based on the comments received, respondents were clear that the accounting for the costs of these activities is separate from the issue of accounting for natural resources.
6. This paper considers if and how the guidance should be incorporated into IPSAS.

### **Analysis**

7. Staff noted that there was little technical disagreement in the comment letters regarding the adoption of the guidance on exploration, evaluation, and extraction activities from the private sector. Some respondents questioned if this guidance was necessary in the public sector. However, as explained in the project brief and the CP, staff are aware of public entities engaging in production sharing or co-production agreements, both of which may result in joint arrangement accounting for these activities.
8. During the development of the CP, staff concluded that there were no public sector specific reasons which warranted departing from or modifying the guidance in IFRS 6 or IFRIC 20. Staff noted that this conclusion continues to be true at the current time, as there have been no changes to the IFRS guidance or practices in the extractive industry. Therefore, if the IFRS guidance were to be

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<sup>2</sup> IFRS 6 states that IAS 38, *Intangible Assets*, provides guidance on the recognition of assets arising from development of an extraction site. As IPSAS 31 is drawn primarily from IAS 38, the guidance on these development costs is already in current IPSAS.

incorporated into IPSAS, staff would expect a straight-forward alignment project with little changes to the guidance except for changes in terminology.

9. A direct implication of the expectation in paragraph 8 is that it would not be onerous for the IPSASB to incorporate the guidance from IFRS 6 and IFRIC 20. Furthermore, as this guidance is not directly tied to the accounting for the natural resources, staff recommend aligning this guidance as a separate IPSAS within the Natural Resources Project.
10. Since the release of the CP, the IASB met in September 2022 to discuss whether additional disclosure requirements for exploration and evaluation expenditures and activities should be developed, and whether the temporary status of IFRS 6 should be removed. At that meeting, the IASB did not make any decisions but noted that they expect to decide on the direction of the project in the third quarter of 2023. Even if the IASB decides to amend IFRS 6, the amendments would need to go through the IASB's due process, so there is no reason for the IPSASB to delay the alignment of IFRS 6 and IFRIC 20.
11. Based on the above factors, staff recommend:
  - (a) Alignment of the guidance from IFRS on the costs of exploration, evaluation, and extraction activities as a separate IPSAS within the Natural Resources Project; and
  - (b) Continuing to monitor any potential developments on this topic at the IASB.

**Decision Required**

12. Does the IPSASB agree with the Staff [recommendation](#)?

## **Proposed Approach to Address Concerns over Recognition of Natural Resources**

### **Question**

1. Does the IPSASB agree with the proposed plan to address respondents' comments regarding the recognition of natural resources, disclosures in the GPFS, and reporting in the GPFRs?

### **Recommendation**

2. Staff propose to:
  - (a) Work with the Natural Resources Task Force in Q2 of 2023 to plan and begin development of an Exposure Draft (ED) on the recognition and measurement of natural resources in the GPFS;
  - (b) Work with the Task Force to develop a revised project road map and timeline;
  - (c) Consult the CAG for advice on preliminary proposals in June 2023; and
  - (d) Report back to the IPSASB on the above in June 2023.

### **Background**

3. In the Consultation Paper, *Natural Resources* (CP), the IPSASB put forward preliminary views on the recognition, measurement, display and disclosure of natural resources, specifically subsoil resources, water, and living resources.
4. As noted in [Agenda Item 12.2.1](#), respondents generally noted that:
  - (a) The recognition of subsoils resources as assets will be challenging; and
  - (b) The recognition of water and living resources as assets is only possible in limited situations.
5. Many comment letters also raised the following concerns:
  - (a) Respondents questioned if the IPSASB oversimplified recognition issues by focusing on difficulties in measurement. There respondents expressed doubt that an entity can truly demonstrate control over natural resources, especially subsoil resources, prior to extraction;
  - (b) Respondents also noted that the recognition of a natural resource as an asset within the IPSASB's Conceptual Framework is likely to be only possible in extremely limited circumstances; and
  - (c) Other respondents questioned whether the benefits to both preparers and users can outweigh the costs to support the recognition of natural resources.
6. Due to the above concerns, many respondents questioned whether the IPSASB should focus on the recognition of natural resources in the GPFS and suggested that reporting of information in the broader GPFRs will be more helpful to users and less costly to preparers.
7. This paper sets proposes a way forward for the IPSASB to address the above comments.

### **Analysis**

#### *Proposed Approach*

8. While respondents did raise significant concerns over the recognition of natural resources in the GPFS, staff noted that the objective of the natural resources project is to address issues relating to

the recognition, measurement, presentation, and disclosure of natural resources—i.e., to address the issues relating to the accounting of natural resources in the GPFS. This project objective is a direct result of the constituent feedback received during the IPSASB's Strategy Consultation in 2018, so it is within the IPSASB's responsibility, and in the public interest, to address these accounting issues through the development of an ED.

9. Staff propose to work with the Task Force in Q2 of 2023 to begin development of the ED. This ED will need to take respondents' concerns into account and therefore could result in draft accounting guidance which:
  - (a) Acknowledges that it may not be possible, due to currently available technologies and the scientific know-how, to recognize most natural resources as assets within the IPSASB's Conceptual Framework;
  - (b) Incorporates respondents' concerns to explain why the recognition of natural resources in the GPFS is expected to be limited; and
  - (c) Focuses more heavily on disclosures for items which may not be recognized as assets in the GPFS.
10. The current project roadmap proposes the development and completion of an ED focusing on subsoil resources in September 2023. Given the lack of constituent support for recognition of natural resources, especially subsoil resources, in the GPFS, staff propose developing one ED to address all natural resources at a principled level, and incorporate issues regarding subsoil resources, water, and living resources as implementation guidance or illustrative examples. This approach would be similar to the development of the revised IPSAS on Property, Plant, and Equipment.
11. In addition to developing guidance on accounting for natural resources in the GPFS, the CP also proposed reporting of natural resources in the GPFRs. Staff propose developing this GPFRs guidance after completion of the ED.

*Project Roadmap and Timeline*

12. As noted in paragraph 10, the current roadmap proposes the approval of an ED focusing on subsoil resources in September 2023. As staff proposes to expand the ED to cover all natural resources, this timeline is likely no longer realistic. Staff will work with the Task Force to revise the project road map and present the revised timeline to the IPSASB at the June 2023 meeting.

*Consultation with the CAG*

13. In addition to working with the Task Force, the Natural Resources project brief explicitly noted that any output will be subjected to the IPSASB's formal due process, including input from the CAG. Therefore, staff also recommend consulting with the CAG at their June 2023 meeting before reporting back to the IPSASB.

**Decision Required**

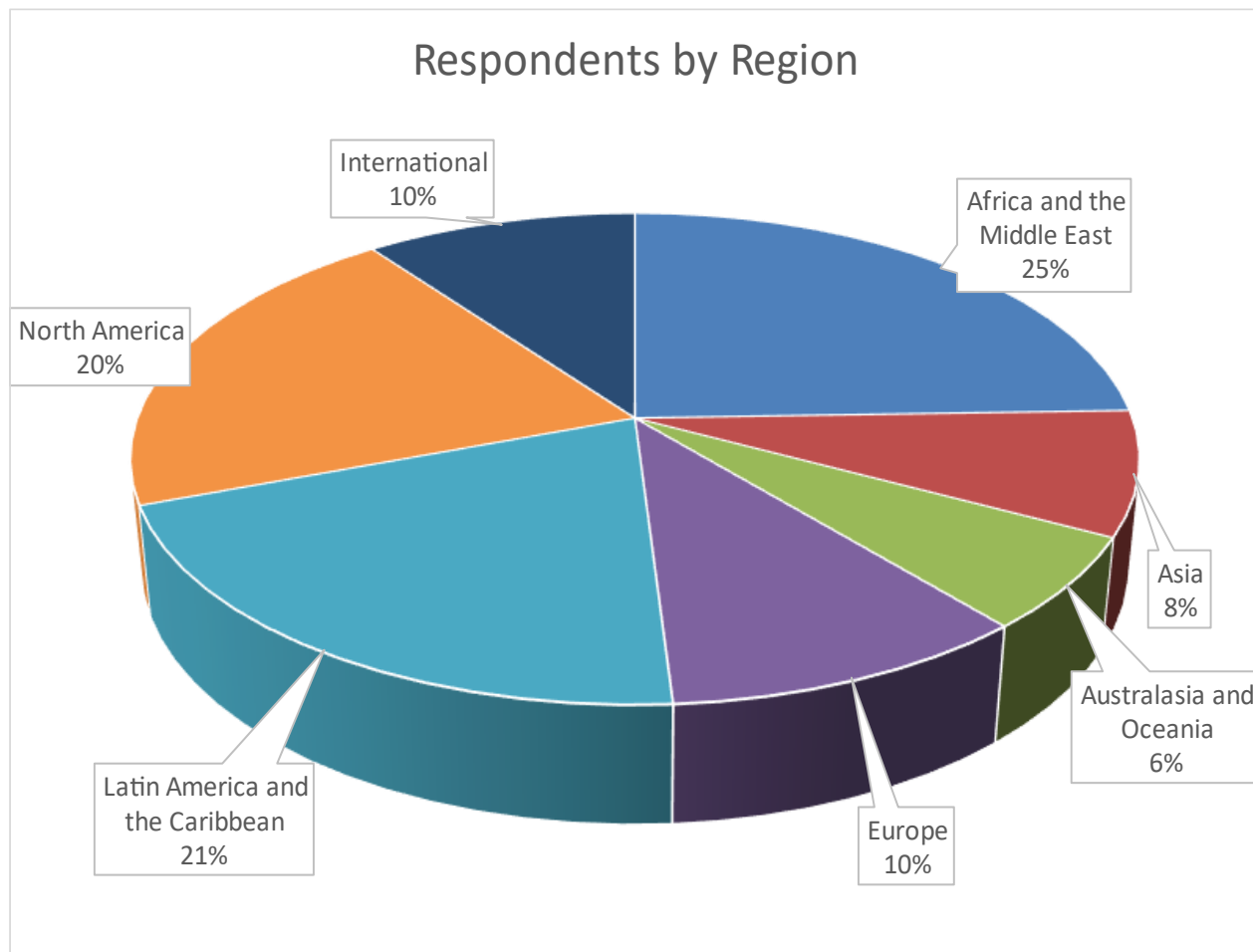
14. Does the IPSASB agree with the Staff [recommendation](#)?

**Supporting Documents 1 – Consultation Paper (CP), *Natural Resources: Analysis of Respondents by Region, Function, and Language***

**Appendix A: Analysis of Respondents by Region, Function, and Language**

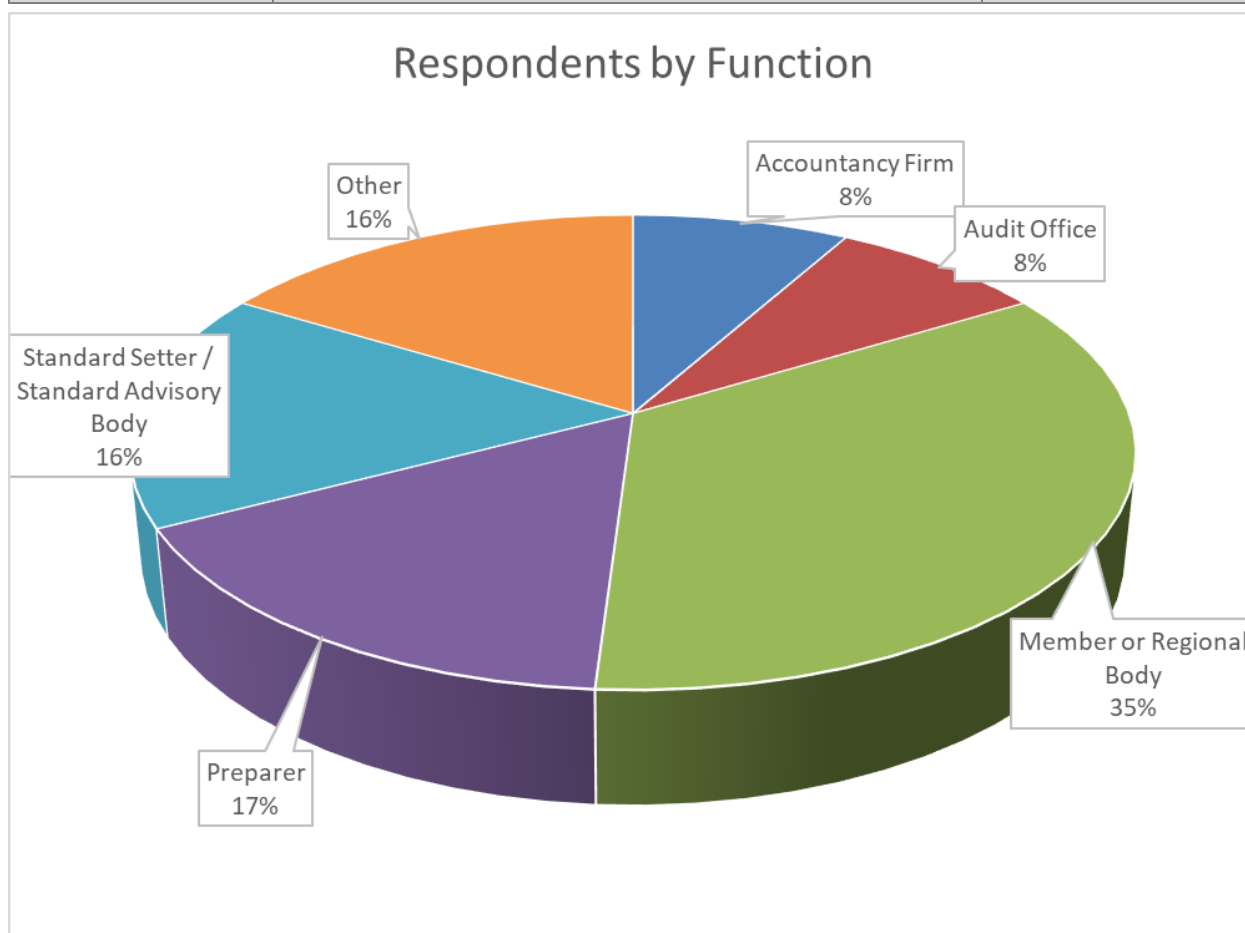
*Geographic Breakdown*

| Region                          | Comment letter(s)                             | Total Respondents |
|---------------------------------|---|-------------------|
| Africa and the Middle East      | 1, 13, 14, 18, 20, 23, 25, 30, 32, 34, 43, 48 | 12                |
| Asia                            | 16, 17, 21, 24                                | 4                 |
| Australasia and Oceania         | 15, 19, 45                                    | 3                 |
| Europe                          | 3, 29, 39, 41, 42                             | 5                 |
| Latin America and the Caribbean | 6, 7, 8, 9, 10, 11, 12, 28, 31, 36            | 10                |
| North America                   | 2, 4, 22, 26, 33, 35, 37, 46, 47, 49          | 10                |
| International                   | 5, 27, 38, 40, 44                             | 5                 |
| <b>Total</b>                    |   | <b>49</b>         |



## Functional Breakdown

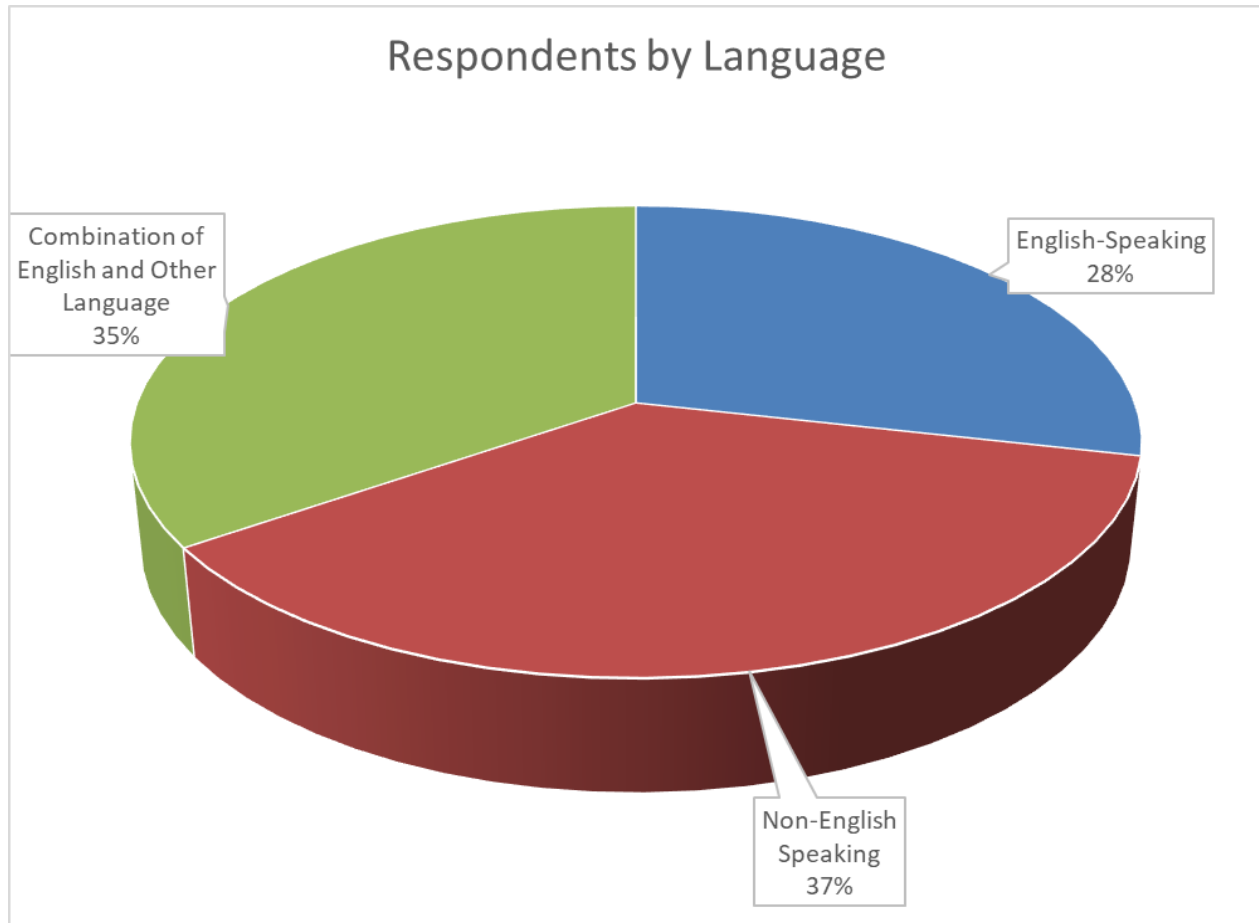
| Function                                 | Comment letter(s)   | Total Respondents |
|--|---|-------------------|
| Accountancy Firm                         | 13, 27, 38, 40  | 4                 |
| Audit Office                             | 14, 22, 35, 46  | 4                 |
| Member or Regional Body                  | 2, 4, 5, 16, 17, 18, 19, 21, 25, 28, 29, 31, 32, 41, 43, 47, 49 | 17                |
| Preparer                                 | 6, 7, 8, 9, 10, 11, 12, 15                                      | 8                 |
| Standard Setter / Standard Advisory Body | 3, 20, 23, 33, 34, 42, 45, 48                                   | 8                 |
| Other                                    | 1, 24, 26, 30, 36, 37, 39, 44                                   | 8                 |
| <b>Total</b>                             |   | <b>49</b>         |





*Linguistic Breakdown*

| Language                                  | Comment letter(s)   | Total Respondents |
|---|---|-------------------|
| English-Speaking                          | 2, 15, 19, 20, 22, 23, 26, 29, 30, 35, 39, 41, 43, 45             | 14                |
| Non-English Speaking                      | 1, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 28, 31, 36, 42   | 18                |
| Combination of English and Other Language | 5, 18, 21, 24, 25, 27, 32, 33, 34, 37, 38, 40, 44, 46, 47, 48, 49 | 17                |
| <b>Total</b>                              |   | <b>49</b>         |



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### Appendix B: List of Respondents

| Letter # | Respondent  | Country        | Function                                 |
|----------|---|----------------|--|
| 1        | Ministry of Finance Egypt                                   | Egypt          | Other                                    |
| 2        | Office of the Provincial Controller of Ontario              | Canada         | Member or Regional Body                  |
| 3        | SRS   | Switzerland    | Standard Setter / Standard Advisory Body |
| 4        | Contrôleur des finances du Québec                           | Canada         | Member or Regional Body                  |
| 5        | Accountancy Europe  | Not Applicable | Member or Regional Body                  |
| 6        | FOCAL Colombia  | Colombia       | Preparer                                 |
| 7        | FOCAL El Salvador   | El Salvador    | Preparer                                 |
| 8        | FOCAL Peru  | Peru           | Preparer                                 |
| 9        | FOCAL Ecuador   | Ecuador        | Preparer                                 |
| 10       | FOCAL Panama  | Panama         | Preparer                                 |
| 11       | FOCAL Mexico  | Mexico         | Preparer                                 |
| 12       | FOCAL Venezuela   | Venezuela      | Preparer                                 |
| 13       | Accrual Accounting Center, Ministry of Finance Saudi Arabia | Saudi Arabia   | Accountancy Firm                         |
| 14       | Office of the Auditor-General New Zealand                   | Saudi Arabia   | Audit Office                             |
| 15       | HoTARAC   | Australia      | Preparer                                 |
| 16       | MIA   | Malaysia       | Member or Regional Body                  |
| 17       | JICPA   | Japan          | Member or Regional Body                  |
| 18       | ICPAU   | Uganda         | Member or Regional Body                  |
| 19       | CPACAAZ   | Not Applicable | Member or Regional Body                  |
| 20       | ASB   | South Africa   | Standard Setter / Standard Advisory Body |

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| Letter # | Respondent  | Country        | Function                                 |
|----------|---|----------------|--|
| 21       | ICAI  | India          | Member or Regional Body                  |
| 21       | Office of the Auditor General of Canada   | Canada         | Audit Office                             |
| 23       | PSASB Kenya   | Kenya          | Standard Setter / Standard Advisory Body |
| 24       | Goa Foundation  | India          | Other                                    |
| 25       | ACCA-PAFA   | Not Applicable | Member or Regional Body                  |
| 26       | Intact Centre on Climate Adaptation   | Not Applicable | Other                                    |
| 27       | PwC   | Not Applicable | Accountancy Firm                         |
| 28       | Board of Deans of Colleges of Public Accountants of Peru                                | Peru           | Member or Regional Body                  |
| 29       | ICAEW   | United Kingdom | Member or Regional Body                  |
| 30       | SAICA   | South Africa   | Other                                    |
| 31       | Conselho Federal de Contabilidade (CFC)   | Brazil         | Member or Regional Body                  |
| 32       | ICAN  | Nigeria        | Member or Regional Body                  |
| 33       | PSAB Canada   | Canada         | Standard Setter / Standard Advisory Body |
| 34       | FRC   | Nigeria        | Standard Setter / Standard Advisory Body |
| 35       | Wayne Morgan  | Canada         | Audit Office                             |
| 36       | Asociación Interamericana de Contabilidad   | Not Applicable | Other                                    |
| 37       | Cities of Edmonton, Montreal, Toronto and Vancouver as Canadian Municipalities for TCFD | Canada         | Other                                    |
| 38       | EY - Ernst & Young  | Not Applicable | Accountancy Firm                         |
| 39       | Kalar Consulting Ltd  | United Kingdom | Other                                    |
| 40       | KPMG LLP  | Not Applicable | Accountancy Firm                         |

## Agenda Item 12.3.1

| Letter # | Respondent   | Country        | Function                                 |
|----------|--|----------------|--|
| 41       | CIPFA  | United Kingdom | Member or Regional Body                  |
| 42       | CNOCP  | France         | Standard Setter / Standard Advisory Body |
| 43       | BICA   | Botswana       | Member or Regional Body                  |
| 44       | Task Force IRSPM PSAAG, CIGAR Network, EGPA PSG XII    | Not Applicable | Other                                    |
| 45       | XRB  | New Zealand    | Standard Setter / Standard Advisory Body |
| 46       | Auditor General of Ontario                             | Canada         | Audit Office                             |
| 47       | Ministry of Finance, Office of the Comptroller General | Canada         | Member or Regional Body                  |
| 48       | PAAB   | Zimbabwe       | Standard Setter / Standard Advisory Body |
| 49       | FMB  | Canada         | Member or Regional Body                  |

**Appendix C: Summary of Responses for Each Preliminary View (PV) and Specific Matter for Comment (SMC)**

**Preliminary View 1—Chapter 1**

The IPSASB's preliminary view is that a natural resource can be generally described as an item which:

- (a) Is a resource as described in the IPSASB's Conceptual Framework;
- (b) Is naturally occurring; and
- (c) Is in its natural state.

Do you agree with the IPSASB's Preliminary View, particularly whether the requirement to be in its natural state should be used to scope what is considered a natural resource?

If not, please provide your reasons.

**Specific Matter for Comment 1—Chapter 1**

The IPSASB's preliminary description of natural resources delineates between natural resources and other resources based on whether the item is in its natural state.

Do you foresee any challenges in practice in differentiating between natural resources and other resources subject to human intervention? If so, please provide details of your concerns. How would you envisage overcoming these challenges?

**Specific Matter for Comment 2—Chapter 1**

The IPSASB noted that the natural resources project and sustainability reporting in the public sector are connected in that this project focuses on the accounting for natural resources while sustainability reporting may include consideration of how natural resources can be used in a sustainable manner.

In your view, do you see any other connections between these two projects?

**Preliminary View 2—Chapter 2**

The IPSASB's preliminary view is that a natural resource should only be recognized in GPFS if it meets the definition of an asset as defined in the IPSASB's Conceptual Framework and can be measured in a way that achieves the qualitative characteristics and takes account of constraints on information in GPFRs.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons.

**Preliminary View 3—Chapter 3**

The IPSASB's preliminary view is that guidance on exploration and evaluation expenditures, as well as development costs, should be provided based on the guidance from IFRS 6, *Exploration for and Evaluation of Mineral Resources*, and IAS 38, *Intangible Assets*.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons.

**Preliminary View 4—Chapter 3**

The IPSASB's Preliminary View is that IPSAS 12, IPSAS 17, and IPSAS 31 should be supplemented as appropriate with guidance on the accounting for costs of stripping activities based on IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons.

**Preliminary View 5—Chapter 3**

The IPSASB's preliminary view is that, before consideration of existence uncertainty, an unextracted subsoil resource can meet the definition of an asset.

Do you agree with the IPSASB's Preliminary View?

Please provide the reasons supporting your view.

**Preliminary View 6—Chapter 3**

The IPSASB's preliminary view is that existence uncertainty can prevent the recognition of unextracted subsoil resources.

Do you agree with the IPSASB's preliminary view?

Please provide the reasons supporting your view.

**Preliminary View 7—Chapter 3**

The IPSASB's preliminary view is that the selection of a measurement basis for subsoil resources that achieves the qualitative characteristics and takes account of constraints on information in the GPFRs may not be feasible due to the high level of measurement uncertainty. Based on this view, the recognition of subsoil resources as assets in the GPFS will be challenging.

Do you agree with the IPSASB's Preliminary View?

If not, please provide the reasons supporting your view.

**Preliminary View 8—Chapter 4**

Based on the discussions in paragraphs 4.11-4.31, the IPSASB's preliminary views are:

- (a) It would be difficult to recognize water in seas, rivers, streams, lakes, or certain groundwater aquifers as an asset in the GPFS because it is unlikely that they will meet the definition of an asset, or it is unlikely that such water could be measured in a way that achieves the qualitative characteristics and takes account of constraints on information in the GPFRs;
- (b) Water impounded in reservoirs, canals, and certain groundwater aquifers can meet the definition of an asset if the water is controlled by an entity;
- (c) Where water impounded in reservoirs and canals meets the definition of an asset, it may be possible to recognize the water in GPFS if the water can be measured in a way that achieves the qualitative characteristics and takes account of constraints on information in the GPFRs; and
- (d) In situations where the financial capacity or operational capacity of a water resource cannot be reliably measured using currently available technologies and capabilities, the resource cannot be recognized as an asset in the GPFS.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons supporting your view.

**Specific Matter for Comment 3—Chapter 5**

Living organisms that are subject to human intervention are not living resources within the scope of this CP. The accounting treatment of those living organisms, and activities relating to them and to living resources, is likely to fall within the scope of existing IPSAS.

In your view, is there sufficient guidance in IPSAS 12, IPSAS 17, or IPSAS 27 on how to determine which IPSAS to apply for these items?

If not, please explain the reasons for your view.

**Preliminary View 9—Chapter 5**

Based on the discussions in paragraphs 5.18-5.41, the IPSASB's preliminary views are:

- (a) It is possible for a living resource held for financial capacity to meet the definition of an asset, be measurable in a way that achieves the qualitative characteristics and takes account of the constraints on information in the GPFRs, and thus meet the criteria to be recognized as an asset in GPFS;
- (b) If a living resource with operational capacity meets the definition of an asset, an entity will need to exercise judgment to determine if it is feasible to measure the living resource in a way which achieves the qualitative characteristics and takes account of the constraints on information in the GPFRs, and so meet the criteria to be recognized as an asset in the GPFS; and
- (c) In situations where the financial capacity or operational capacity of a living resource cannot be measured in a way that achieves the qualitative characteristics and takes account of constraints on information in the GPFRs using currently available technologies and capabilities, the living resource cannot be recognized as an asset in the GPFS.

Do you agree with the IPSASB's Preliminary View? If not, please provide your reasons.

**Preliminary View 10—Chapter 6**

Based on the discussion in paragraphs 6.7-6.15, the IPSASB's preliminary view is that certain information conventionally disclosed in GPFS should be presented in relation to natural resources.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons.

**Preliminary View 11—Chapter 6**

Based on the discussion in paragraphs 6.16-6.20, the IPSASB's preliminary view is that certain information conventionally found in broader GPFRs should be presented in relation to recognized or unrecognized natural resources that are relevant to an entity's long-term financial sustainability, financial statement discussion and analysis, and service performance reporting.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons.

**Specific Matter for Comment 4—Chapter 6**

The proposals in paragraphs 6.16-6.20 (Preliminary View 11) are largely based on the IPSASB's RPGs. While these proposals are expected to be helpful to users of the broader GPFRs, the information necessary to prepare these reports may be more challenging to obtain compared to the information required for traditional GPFS disclosures. As noted in paragraph 6.17, the application of the RPGs is currently optional.

In your view, should the provision of the natural resources-related information proposed in Preliminary View 11 be mandatory? Such a requirement would only be specifically applicable to information related to natural resources.

Please provide the reasoning behind your view.



*Summary of Responses*

| PV/SMC                   | Agree |     | Partially Agree |     | Disagree |     | No Comment |     |
|--------------------------|-------|-----|-----------------|-----|----------|-----|------------|-----|
|                          | #     | %   | #               | %   | #        | %   | #          | %   |
| <b>PV 1</b>              | 21    | 43% | 15              | 31% | 11       | 22% | 2          | 4%  |
| <b>SMC 1<sup>1</sup></b> | 41    | 84% | 2               | 4%  | 5        | 10% | 1          | 2%  |
| <b>SMC 2<sup>2</sup></b> | 35    | 72% | 1               | 2%  | 6        | 12% | 7          | 14% |
| <b>PV 2</b>              | 34    | 70% | 8               | 16% | 5        | 10% | 2          | 4%  |
| <b>PV 3</b>              | 31    | 64% | 7               | 14% | 3        | 6%  | 8          | 16% |
| <b>PV 4</b>              | 33    | 68% | 1               | 2%  | 4        | 8%  | 11         | 22% |
| <b>PV 5</b>              | 27    | 56% | 4               | 8%  | 11       | 22% | 7          | 14% |
| <b>PV 6</b>              | 36    | 74% | 3               | 6%  | 3        | 6%  | 7          | 14% |
| <b>PV 7</b>              | 29    | 60% | 7               | 14% | 7        | 14% | 6          | 12% |
| <b>PV 8</b>              | 22    | 45% | 15              | 31% | 6        | 12% | 6          | 12% |
| <b>SMC 3<sup>3</sup></b> | 18    | 38% | 9               | 18% | 12       | 24% | 10         | 20% |
| <b>PV 9</b>              | 30    | 62% | 6               | 12% | 7        | 14% | 6          | 12% |
| <b>PV 10</b>             | 33    | 68% | 6               | 12% | 5        | 10% | 5          | 10% |
| <b>PV 11</b>             | 30    | 62% | 8               | 16% | 5        | 10% | 6          | 12% |
| <b>SMC 4<sup>4</sup></b> | 12    | 25% | 5               | 10% | 23       | 47% | 9          | 18% |

The summary of responses is a draft based on preliminary review of comment letters and is subject to change based on further detailed review. Percentages have been rounded to total 100%.

Note 1 – Agree = Foresee challenges in differentiating between natural resources and other resources subject to human intervention.

Note 2 – Agree = Commented on other connections between the natural resources and sustainability projects.

Note 3 – Agree = There is currently sufficient guidance in IPSAS 12, 17 and 27 on how to determine which of these IPSAS to apply to items of inventories, property, plant, and equipment, and agriculture.

Note 4 – Agree = The provision of the proposed natural resources-related information in the broader GPFRs should be mandatory.