

NATURAL RESOURCES

IPSASB Meeting – September 2024

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Revisions to ED 92, *Tangible Natural Resources*

Definitions

- Propose to include two definitions in paragraph 6 to better explain “Tangible natural resources”:

“For the purposes of this [draft] Standard, a natural resource is an item which:

(a) Is naturally occurring; and

(b) Embodies service potential, or the capability to generate economic benefits, or both.”

“Tangible natural resources are natural resources with physical substance.”

Revisions to ED 92, *Tangible Natural Resources*

Scoping Approach as Drafted

Tangible Natural Resources		
Others? (SMC 1)	Conservation	PP&E
		Inventory
		Agriculture
		Investment Property
		Disclosures
Disclosures		

- Tangible natural resources broadly defined:
 - Some tangible natural resources can be held for conservation or other potential uses
 - Others can be within the scope of **Other IPSAS**
- Disclosures in ED can be grouped with those from other IPSAS

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Scope – Approach 2

	Tangible Natural Resources	
	Conservation	PP&E
		Inventory
		Agriculture
		Investment Property
		Disclosures
	Disclosures	

- Tangible natural resources still broadly defined
- ED should only focus on **tangible natural resources held for conservation**
 - Other than conservation and uses as specified in other IPSAS, there are no other potential uses

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Scope – Approach 3

Tangible Natural Resources	
Others? (SMC 1)	Conservation
Disclosures	



- Tangible natural resources should, by definition, exclude items in other IPSAS
 - Could encompass items held for conservation or other potential uses
- After clarifying scope, ED should make no mention of items in other IPSAS

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Amendment to BC3

- BC3. Respondents to the CP generally agreed with the IPSASB's preliminary views. The IPSASB received comments from indigenous groups indicating that it may be difficult for any entity to demonstrate control over natural resources. Many respondents also acknowledged that natural resources are likely to only meet the asset recognition criteria in very limited circumstances, while others suggested that it may be more appropriate to report information on natural resources in the broader general purpose financial reports (GPFRs) due to the expected difficulties in recognition. ¶
- BC4. In response to this feedback, the IPSASB noted that control over natural resources, and the broader issue of whether natural resources can be recognized, should be considered on a case-by-case basis using the recognition and measurement principles in the Conceptual Framework. Based on this reasoning and considering the original aim of the project, the IPSASB decided in March 2023 to proceed with developing this [draft] Standard ~~based on the recognition and measurement principles in the Conceptual Framework.~~

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Other Changes

- “Tangible natural resources”
 - Clarified development of definition in the BCs
 - Ensured term is used consistently throughout ED
- Added paragraph 43 on presentation
- Added BC41 for IGs and IEs
- Other editorials

Recommendation

- Incorporate proposed changes into [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*

Implementation Guidance & Illustrative Examples

Analysis

- Staff worked with the Natural Resources Task Force to draft the IGs and IEs
- Based on approved topics from June 2024
 - 11 IGs
 - 4 IEs

Recommendation

- Incorporate the proposed IGs and IEs into [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*

Approval of ED 92, *Tangible Natural Resources*

Analysis

- Staff developed ED 92, *Tangible Natural Resources*:
 - Worked with Natural Resources Task Force
 - Incorporate feedback from CP and advice from the CAG (June and December 2023, June 2024)
 - Drafts have been presented to the IPSASB at each meeting since June 2023
 - Full exposure draft in Agenda Item 6.3.1
- Task Force and staff are of the view that ED 92 is ready for approval

Recommendation

- Approve [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*
- Expose for 120 days



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