

Natural Resources – June 2025 Report Back

1. A summary of the advice provided by CAG members from the June 2025 CAG Meeting and how the IPSASB has responded to the CAG member comments are included in the table below:

Representatives' and Observers' Comments	IPSASB Staff Response
June 2025 CAG Meeting Comments	
<p>IPSASB Principal, Edwin Ng, introduced the natural resources session. Mr. Ng summarized feedback received on ED 92, <i>Tangible Natural Resources</i>. He noted that respondents disagreed with the proposed scope and requested the scope be narrowed. He shared that some constituents indicated that there was a lack of clarity related to the proposed disclosures of custodial responsibilities, especially around stewardship rights and responsibilities.</p> <p>Mr. Ng asked CAG members to consider the following questions:</p> <ul style="list-style-type: none"> • Question 1 – Do you agree with staff's proposal to narrow the scope of the draft final IPSAS Standard to focus on natural resources held for conservation? If you agree, are there other reasons for narrowing the scope? If not, please provide your reasons. • Question 2: <ul style="list-style-type: none"> a) Do you think the proposed requirement to disclose stewardship arrangements over recognized tangible natural resources is sufficient to meet the public interest? b) Do you think the proposed clarification to consider the accounting and disclosure implications from stewardship arrangements, even if the related tangible natural resource is not recognized, is sufficient? c) Are there other aspects of stewardship arrangements relating to natural resources that should be disclosed? 	
The CAG members commented on Question 1 as follows:	
<ol style="list-style-type: none"> 1. Mr. Braham agreed with narrowing the scope as proposed, as only assets held for conservation would be in scope. Furthermore, a narrower scope would be less burdensome for entities, as they do not have to go through all other IPSAS Standards first to determine whether an item is in scope. However, Mr. Braham highlighted the challenges around valuation of such items and asked whether a disclosure IPSAS Standard would better address this issue. 	<p>The scope of the draft IPSAS was narrowed to focus on tangible natural resources held for conservation and provides guidance on which standards are to be applied to tangible natural resources that are used for other purposes.</p> <p>The draft IPSAS will also emphasize situations where resources which meet the definition of an asset but cannot be reliably measured will lead to specific disclosures.</p>

<p>2. Mr. Smith Mansilla agreed with narrowing the scope as proposed. He acknowledged that subsoil resources would be out of scope at this stage, but encouraged the IPSASB to revisit its decision and permit the recognition of subsoil resources as technology and measurement methods may improve in the future.</p>	<p>Noted. The implementation guidance in the draft IPSAS discusses unrestricted subsoil resources and specifically mentions that the inability to recognize such resources as assets is dependent on the available scientific and technological know-how regarding their identification and quantification.</p>
<p>3. Mr. Zhang supported the proposal to narrow the scope, as this is consistent with other IPSAS Standards. He advised the IPSASB clearly define the term 'conservation', whether the conservation of resources is temporary or permanent, and whether future intention affects an entity's assessment of whether items are in the scope of this Standard. For example, some assets are currently held for conservation but expected to be used in the future for consumption (e.g. minerals, oil, forests). To finalize the scope, Mr. Zhang encouraged the IPSASB to ensure that no gaps will remain, and all natural resources are covered by this or existing IPSAS Standards.</p>	<p>Noted. See the response to Comment 1 regarding scope.</p> <p>Regarding conservation, the draft IPSAS has been updated to include a formal definition as well as application guidance and implementation guidance which explain conservation and how it is distinct from the uses of assets in other IPSAS.</p>
<p>4. Ms. Attia agreed with narrowing the scope of the Standard to focus on conservation, and encouraged the IPSASB to clarify the definition of 'conservation' to differentiate between natural resources held for conservation versus those that are heritage assets. She asked how water resources are included within the scope of the Standard, such as lakes and rivers.</p>	<p>Mr. Ng responded that water can be within the scope of the Standard if it is being conserved and can be controlled, though measurement may be difficult. For example, if water in a lake is being conserved, is controlled and can be measured it would be an asset under the Standard. However, a river would likely not, as it is unlikely to be reliably measured.</p>

<p>5. Mr. Close agreed with narrowing the scope, and that an entity should consider whether the asset may be consumed in the future or perpetually held for conservation. However, he advised the IPSASB to revisit the definition and reconsider whether this Standard should only focus on disclosures. For example, the Great Barrier Reef is a natural resource that provides tremendous economic benefits to Australia but cannot be measured. If the government was able to value and recognize the Great Barrier Reef in its financial statements, it may make other assets and liabilities immaterial and reduce the usefulness of the financial statements. Thus, this information would only be useful as a disclosure to accompany the financial statements, rather than as an asset recognized on the face of the financial statements.</p>	<p>Noted. See the response to Comment 1 regarding scope.</p> <p>The draft IPSAS includes disclosure requirements for both recognized and unrecognized tangible natural resources held for conservation which meet the definition of an asset.</p> <p>The draft IPSAS has also been updated to include guidance on the accounting for a change in the primary reason for holding the asset.</p>
<p>6. Mr. Johri supported narrowing the scope, which better supports the project objectives. He encouraged the IPSASB to consider practical implementation challenges around data collection processes, highlighting the value of independent verification to support data quality management.</p>	<p>Noted. See the response to Comment 1 regarding scope.</p>
<p>7. Mr. Ndurunduru agreed with the rationale for narrowing the scope, which would be consistent with other IPSAS Standards and help avoid broadening of the project scope.</p>	<p>Noted. See the response to Comment 1 regarding scope.</p>
<p>8. Ms. Dar noted that there are benefits to retaining a more open scope, to make it more future proof, but acknowledged that narrowing the scope is sensible to address respondent feedback. To help users determine the applicable Standard to account for a natural resource, she advised the IPSASB provide clear guidance, leveraging examples from respondents.</p>	<p>See the response to Comment 1 regarding scope.</p> <p>The draft IPSAS has been updated to include application guidance and implementation guidance on scope.</p>

<p>9. Ms. Buljubasic supported narrowing the scope of the Standard, as it is a more practical and achievable approach. Focusing on conservation better aligns with public sector mandates in many countries and will also draw attention to governments' stewardship roles. She also agreed with points raised by other CAG members on clarifying definitions and adding scoping guidance.</p>	<p>Noted. See the response to Comment 1 regarding scope and the response to Comment 3 regarding additional guidance on definitions.</p>
<p>10. Mr. Williamson agreed with narrowing the scope, which is a pragmatic approach. He emphasized that the definition is very important, as preparers and users need to understand that the proposed Standard only applies to specific assets and not all natural resources.</p>	<p>Noted. See the response to Comment 1 regarding scope.</p>
<p>11. Ms. Raboy supported the proposal to narrow the scope, which will reduce the complexity of implementation. She noted that governments may struggle to define what constitutes a natural resource, which of those are held for conservation, and which can be reliably measured. As governments change, what one government considers for conservation might not be viewed the same by another. Hence, the disclosure of what is conserved might be appropriate as additional information in financial reports. Ms. Raboy highlighted that some examples of natural resources may be difficult to measure, as not everything in nature has or should have a value.</p>	<p>Noted. See the response to Comment 1 regarding scope, the response to Comment 3 regarding additional guidance on definitions, and the response to Comment 5 regarding measurement.</p> <p>The draft IPSAS has also been updated to include implementation guidance and an illustrative example on measurement, specifically the development of current operational value for a tangible natural resources held for conservation.</p>

The CAG members commented on Question 2 as follows:	
12. Ms. Stachniak noted there are two types of unrecognized natural resources: those that are not controlled, and those that are controlled but cannot be reliably measured. She shared that she does not oppose disclosing information on stewardship arrangements but advised the IPSASB consider IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i> , and the financial impact of natural resources that are not controlled.	Noted. The draft IPSAS clarifies that the disclosures for unrecognized resources only apply to resources which meet the definition of an asset (i.e., a resource controlled as the result of past events) but are not recognized because they cannot be reliably measured.
13. Mr. Close highlighted that tangible natural resources impact public interest and have public benefit, even if they cannot be recognized or measured. Other aspects of the proposed Standard look more like sustainability reporting (e.g. risk management) and may need to be considered in the definition or as a subset of the standard (e.g. disclosures if liability for rehabilitation).	Noted. The IPSASB had previously decided to only focus on tangible natural resources which are potentially assets. Rehabilitation liabilities and related disclosures are addressed by IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i> .
14. Mr. Braham noted that such stewardship arrangements are not that prevalent in Europe. He urged the IPSASB to be clear about what should be included to mitigate potential risks of such disclosures in financial statements.	Noted. The core text of the draft IPSAS has been updated and implementation guidance has been added to clarify what is meant by stewardship arrangements.

<p>15. Ms. Dar agreed there is value with the proposed disclosures regarding stewardship arrangements over recognized tangible natural resources. However, for unrecognized tangible natural resources (ones that meet the definition of asset for recognition but are not measurable and others that do not meet definition of asset), it was not clear whether the proposals would apply differently to these two types of items. She advised the IPSASB to update existing IPSAS Standards to address these arrangements and provide clarity to help constituents determine whether stewardship arrangements result in accounting implications.</p>	<p>Noted. See response to Comment 12 regarding the applicability of disclosure requirements for unrecognized tangible natural resources held for conservation.</p>
<p>16. Mr. Smith Mansilla agreed with proposed disclosure, which can highlight the financial implications such as transfers from government. He encouraged the IPSASB to provide more clarity in the proposed Standard to help constituents understand how various items, such as fishing conservation, are expected to be included in Standard or disclosures.</p>	<p>Noted. While fishing conservation is not explicitly included in the draft IPSAS, it includes implementation guidance on scope and recognition of living resources.</p>