

Meeting: IPSASB Consultative Advisory Group

Meeting Location: Toronto, Canada

Meeting Date: June 9, 2025

Agenda Item 4

For:

☐ Approval

☒ Discussion

☐ Information

NATURAL RESOURCES

Project summary	The objective of the Natural Resources project is to research and address issues relating to the potential recognition and measurement of tangible natural resources.	
Meeting objectives	Topic	Agenda Item
Discussion Items	Natural Resources – Scope	4.1
	Disclosure of Stewardship Rights and Responsibilities	4.2
Other Supporting Items	IPSASB Due Process Checklist	4.3

Prepared by: Edwin Ng (May 2025)

The 'International Public Sector Accounting Standards Board', 'International Public Sector Accounting Standards', 'Recommended Practice Guidelines', 'International Federation of Accountants', 'IPSASB', 'IPSAS', 'RPG', 'IPSASB SRS', 'IFAC', the IPSASB logo, and IFAC logo are trademarks of IFAC, or registered trademarks and service marks of IFAC in the US and other countries.

Natural Resources – Scope

Background

1. The IPSASB issued [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*, in October 2024 with a comment period ending on February 28, 2025. ED 92 proposed guidance on the recognition, measurement, disclosure and presentation of tangible natural resources.
2. One of the key areas in ED 92 where the IPSASB solicited input was the proposed scope. ED 92 proposed that items which meet the definition of a tangible natural resource, but are not within the scope of other IPSAS Standards, are accounted for based on the proposals of the ED. This broader scoping approach is new when compared with the scoping requirements in other IPSAS Standards on assets. As a result, the IPSASB asked respondents in Specific Matters for Comment 1 (SMC 1) if they agreed with the proposed scoping approach.
3. In addition, during the development of ED 92, the IPSASB agreed that tangible natural resources held for conservation are one example of resources that could be within scope. The IPSASB wanted feedback on whether there could be other in-scope items, so SMC 1 also asked if respondents were aware of any items besides tangible natural resources held for conservation that could fall within the scope of ED 92.
4. An alternative view which proposed that the scope of ED 92 should only include tangible natural resources held for conservation was included in the ED. Under this alternative view, the proposed definitions, as well as the guidance on recognition, measurement, presentation and disclosures, would also be amended to focus only on tangible natural resources held for conservation.
5. The IPSASB discussed the comments received from respondents, as well as other feedback received from various roundtables and outreach events, at the April 2025 Check-In Meeting. See [Agenda Items 1](#) and [1.3.1](#) from the April 2025 Check-In Meeting.)

Analysis

Focus on Conservation

6. As noted at the April 2025 Check-In Meeting, while there was some support for the proposed scope, the majority of respondents disagreed with the proposals. (See [Agenda Item 1.2.2](#) from the April 2025 Check-In Meeting.) Some respondents who disagreed raised concerns with the residual scoping approach and agreed with the alternative view that the proposed guidance should only focus on tangible natural resources held for conservation.
7. In addition, regardless of whether they agreed or disagreed with the proposed scope, most respondents noted that they could not identify any other potentially in-scope items besides tangible natural resources held for conservation. Some respondents provided potential examples, such as the electromagnetic spectrum or naturally occurring land features that could be used for the generation of geothermal energy. However, these suggestions are either not tangible natural resources or already addressed in one of the existing IPSAS Standards listed in paragraphs 3-4 of ED 92.
8. Respondents who supported narrowing the scope of the ED cited the following reasons:
 - (a) **No Other Potential In-Scope Items:** During the development of ED 92, the IPSASB wanted to solicit feedback on whether there were examples of other in-scope items because the potential for these other items to exist had led to the proposed open-ended scoping approach.

Respondents noted that because they could not identify any other in-scope items, the scope of the ED should be narrowed to focus on conservation. Staff agree that the lack of other potentially in-scope tangible natural resources besides those held for conservation provides strong support for narrowing the scope of the standard;

- (b) **Unintended Consequences:** Retaining a wider scope risks unintended accounting consequences, as the proposed requirements that are not specific to tangible natural resources held for conservation may lead to inappropriate accounting when applied to resources held for conservation. Conversely, proposals specific to tangible natural resources held for conservation may lead to inappropriate accounting when applied to other in-scope tangible natural resources. Narrowing the scope of the ED will resolve these issues, as it ensures that the appropriate accounting requirements are prescribed for the specific assets within scope;
- (c) **Consistency with Other IPSAS Standards:** The scope of all other IPSAS Standards on assets are based on the use and specific characteristics of the subject matter of the standard. For example, assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used for more than one reporting period, are within the scope of IPSAS 45, *Property, Plant and Equipment*, while materials or supplies to be consumed in the production process or in the rendering of services, held for distribution in the ordinary course of operations or in the process of production for sale or distribution are within the scope of IPSAS 12, *Inventories*. Respondents noted that narrowing the scope will increase consistency with other IPSAS Standards;
- (d) **Complexity and Implementation Costs:** By using a residual approach, an entity would need to clearly understand and consider the scoping requirements of all other IPSAS Standards before applying ED 92. This could lead to difficulties in applying the draft standard and increase implementation costs;
- (e) **Location of Guidance:** The location of guidance was an issue that the IPSASB debated during the development of the ED. Respondents noted that scoping the standard based on the unique use and characteristics of tangible natural resources held for conservation would provide stronger support for locating the guidance in a separate, standalone IPSAS Standard;
- (f) **Perceived Inconsistencies Within the Proposed Guidance:** Some respondents pointed out that ED 92 is not internally consistent, as the authoritative text reads like it is generic guidance for all tangible natural resources, but the implementation guidance and illustrative examples only address tangible natural resources held for conservation; and
- (g) **Highlight the Public Sector's Role in Conservation of Nature:** Some respondents also noted that it would be important to specifically focus on tangible natural resources held for conservation to highlight the public sector's unique role in conserving nature or acting as stewards over natural resources.

Staff Proposals

9. Based on the feedback received as detailed in paragraph 8, staff propose to narrow the scope of the final IPSAS Standard on tangible natural resources to focus on tangible natural resources held for conservation. This proposed revision will be presented to the IPSASB at their June 2025 meeting.

Agenda Item 4.1

Questions for CAG Members:

- 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 in addition to those in paragraph 8?
 - If not, please provide your reasons.

Disclosure of Stewardship Rights and Responsibilities

Background

1. [Draft] IPSAS [X] (ED 92), *Tangible Natural Resources*, proposed disclosure of restrictions on the use of tangible natural resources, as well as any pledges or other custodial responsibilities associated with the resources. In addition, ED 92 proposed disclosures for tangible natural resources which met the definition of an asset but are not recognized as they could not be reliably measured. The ED also proposed to require the disclosure of an entity's custodial responsibilities over these unrecognized resources, including the legislation or similar means that established the custodial responsibilities.
2. In response, some respondents noted that the requirements are not sufficiently clear for stewardship rights and responsibilities in the context of tangible natural resources. Specifically:
 - (a) When the reporting entity controls a tangible natural resource, there could be agreements or similar arrangements that grant stewardship rights and/or responsibilities to third parties. Some of these agreements may also result in the delegation of conservation activities to the third party. For example, a government may conserve plots of land by designating them as conservation areas. These areas have been protected, and continue to be protected, by an indigenous population that resides on the lands.

Respondents have noted that it is unclear whether the disclosures on restrictions on use, pledges or custodial responsibilities proposed in ED 92 apply to these arrangements; and
 - (b) In situations where a public sector entity does not control a tangible natural resource, there could be arrangements which grant stewardship rights or impose stewardship responsibilities over these resources to the public sector entity. For example, a government may agree to conserve lands that are controlled by an indigenous population residing on those lands.

Some respondents noted that users of the financial statements would be interested in the details of these rights or how the entity discharges these responsibilities. Staff noted that even if the related tangible natural resource is not recognized, an entity will need to consider the accounting and disclosure implications of these arrangements. (For example, the recognition of a separate asset within the scope of IPSAS 31, *Intangible Assets*, or additional disclosures required by IPSAS 19, *Provisions, Contingent Liabilities, and Contingent Assets*.)
3. The above feedback was prevalent in the comment letters from the indigenous peoples. In addition, staff engaged with leaders representing several indigenous peoples from around the world at a roundtable hosted by the World Bank in April 2025. At this roundtable, staff received direct feedback noting several instances where the efforts of indigenous peoples to protect ancestral lands are not appropriately disclosed publicly when governments and similar entities reap the benefits from those efforts. This may be the case when a government is able to 'conserve' lands by primarily relying on the continued efforts of the indigenous peoples residing on, and continuing to protect, these lands.

Analysis

Proposed Additional Disclosures on Stewardship

4. When developing ED 92, the proposals were designed to include the disclosures suggested in paragraph 2. Based on the feedback received, this link was not sufficiently clear. Making an explicit link to stewardship arrangements would help improve consistency in the application of the final pronouncement.
5. Based on the feedback received, staff propose to:
 - (a) Clarify that stewardship arrangements over recognized tangible natural resources should be disclosed;
 - (b) Clarify that even if a tangible natural resource is not recognized, the rights and obligations arising from stewardship arrangements may have accounting and disclosure implications under existing IPSAS Standards, such as IPSAS 19 or IPSAS 31;
 - (c) Develop Implementation Guidance on how the disclosure requirements apply to stewardship arrangements; and
 - (d) Explain the clarifications and additional guidance in the Basis for Conclusions.

Questions for CAG Members:

- 1) Do you think the proposed requirement to disclose stewardship arrangements over recognized tangible natural resources is sufficient to meet the public interest?
- 2) 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?
- 3) Are there other aspects of stewardship arrangements relating to natural resources that should be disclosed?

IPSASB Due Process Checklist

Project: Natural Resources

Greyed out portions of the checklist refer to due process elements reviewed by the IPSASB's Public Interest Committee.

#	Due Process Requirement	Yes/No	Comments
A. Project Brief			
A1.	A proposal for the project (project brief) has been prepared, that highlights key issues the project seeks to address.	Yes	The IPSASB discussed and approved the project brief at its March 2020 meeting (see Agenda Item 10).
A2.	The IPSASB has approved the project in a public meeting.	Yes	See the minutes of the March 2020 IPSASB meeting (section 10) .
A3.	The IPSASB CAG has been consulted on the project brief.	Yes	At the June 2019 meeting, the CAG was consulted on the following topics, which fed into the development of the project brief: <ul style="list-style-type: none"> • Scope of the project • Approaches to incorporate IFRS 6 into IPSAS Project communication plan (See Agenda Item 6 from the June 2019 CAG Meeting.)
B. Development of Proposed International Standard			
B1.	The IPSASB has considered whether to issue a consultation paper or undertake other outreach activities to solicit views on matters under consideration from constituents.	Yes	In the approved project brief, the IPSASB agreed that a CP should be developed as part of this project. The CP, Natural Resources , was approved in March 2022 (see item 4 in the March 2022 Approved Minutes of the Meeting) and published in May 2022 with a comment period ending in October 2022.
B2.	If comments have been received through a consultation paper or other public forum, they have been considered in the same manner as comments received on an exposure draft.	Yes	A preliminary analysis of the responses to the CP was presented to the IPSASB at the March 2023 meeting. (See Agenda Item 12 from the March 2023 IPSASB Meeting.)

Agenda Item 4.3

#	Due Process Requirement	Yes/No	Comments
B3.	The IPSASB CAG has been consulted on significant issues during the development of the exposure draft.	Yes	<p>The CAG was consulted on the following topics in relation to the development of the CP:</p> <ul style="list-style-type: none"> Recognition of Sovereign Power to Issue Exploration Licenses (See Agenda Item 4 from the December 2020 CAG Meeting.) General Description of Natural Resources Uncertainty and Asset Recognition (See Agenda Item 3 from the June 2021 CAG Meeting.) Definition of Natural Resources (See Agenda Item 7 from the June 2023 CAG Meeting.) Natural Resources – Location of Guidance (See Agenda Item 5 from the December 2023 CAG Meeting.) Natural Resources – Implementation Guidance and Illustrative Examples (See Agenda Item 6 from the June 2024 CAG Meeting.)
B4.	The IPSASB has approved the issue of the exposure draft.	Yes	<p>The IPSASB approved [draft] IPSAS [X] (ED 92), <i>Tangible Natural Resources</i>, at the September 2024 meeting.</p> <p>See section 6 of the September 2024 minutes (See: https://www.ipsasb.org/flysystem/azure-private/2024-12/Approved%20Minutes%20September%202024.pdf).</p>
C. Public Exposure			
C1.	The approved exposure draft has been posted to the IPSAS website for public comment for an appropriate period.	Yes	<p>The IPSASB published Exposure Draft (ED) 92, <i>Tangible Natural Resources</i>, on October 24, 2024 and was open for comment until February 28, 2025. (See: https://www.ipsasb.org/publications/exposure-draft-ed-92-tangible-natural-resources).</p>

#	Due Process Requirement	Yes/No	Comments
C2.	Comments on the exposure draft have been posted to the IPSASB website after the end of the exposure period.	Yes	Comments received have been posted on the following website: https://www.ipsasb.org/publications/exposure-draft-ed-92-tangible-natural-resources
<i>D. Consideration of Respondents' Comments on an Exposure Draft</i>			
D1.	Staff have provided the IPSASB, as part of the public agenda papers, with an analysis summarizing the significant issues raised by respondents, outlined their proposed disposition, and, as appropriate, explained why significant changes recommended by respondents have or have not been accepted.	TBD	A preliminary analysis of the responses which outlined the significant issues raised by respondents was presented to the IPSASB at the April 2025 Check-In Meeting. (See Agenda Items 1 and 1.3.1). [The proposed disposition of the comments is ongoing and scheduled to be presented to the IPSASB at the June 2025 and September 2025 meetings.]
D2.	The IPSASB has deliberated significant matters raised in the comment letters, and significant decisions have been minuted.	TBD	[Pending]
D3.	The IPSASB has considered whether there are any issues raised by respondents, in addition to those summarized by Staff, that it considers should have been discussed by the IPSASB.	TBD	[Pending]
D4.	The IPSASB CAG has been consulted on significant issues raised by respondents to the exposure draft and the IPSASB's related responses.	TBD	[Pending]

#	Due Process Requirement	Yes/No	Comments
D5.	Significant comments received through consultation with the IPSASB CAG are brought to the IPSASB's attention. Staff have reported back to the IPSASB CAG the results of the IPSASB's deliberations on those comments received from the CAG.	TBD	[Pending]
D6.	The IPSASB has assessed whether there has been substantial change to the exposed document such that re-exposure is necessary.	TBD	[Pending]
D7.	If applicable, the IPSASB has voted on a resolution in favor of re-exposure.	TBD	[Pending]
D8.	The basis of the IPSASB's decision with respect to re-exposure has been minuted.	TBD	[Pending]
D9.	If the exposure draft has been re-exposed, the explanatory memorandum accompanying the re-exposure draft explained the reasoning for re-exposure and the changes made as a result of the earlier exposure.	TBD	[Pending]
<i>E. Approval</i>			
E1.	The Program and Technical Director has confirmed to the IPSASB that due process has been followed effectively the final standard is approved for issuance.	TBD	[Pending]

Agenda Item 4.3

#	Due Process Requirement	Yes/No	Comments
E2.	The IPSASB has approved the final revised content of the exposed standard in accordance with its Terms of Reference.	TBD	[Pending]
E3.	If applicable, the IPSASB has set an effective date for application of the final standard.	TBD	[Pending]
E4.	The IPSASB's basis for conclusions has been prepared and included in the final standard.	TBD	[Pending]

Completed by: IPSASB Staff as of May 2025.