



# MEMO

**To:** IPSASB

**From:** Sara Rowland RPF,  
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**Date:** 24 February 2025

**Re:** Exposure Draft (ED) 92,  
Tangible Natural Resources

<p><b>Specific Matter for Comment 1: Scope (paragraphs 3-5):</b> This Exposure Draft is broadly applicable to all tangible natural resources which are not within the scope of any other existing IPSAS. (See paragraphs 3-4, BC8, and BC34.) <b>Do you agree with the proposed scope?</b></p>	<p>Broadly, yes. However it is difficult to see that this can apply to any tangible natural resources other than those held strictly for “conservation”. Presumably a natural resource asset that sees its role change into a more exploitative realm would then default to those other existing IPSAS. How much of the whole needs to be exploited before it falls under one or other umbrella? Say, for example, there is a woodland with a maple sugar shack present – or a deer hide – does that mean it is all now agriculture? Something else?</p>
<p><b>If not, what alternative scoping approach would you propose and why?</b></p>	<p>Need a holistic, weighted approach. There may be a range within which a natural resource can be scoped under multiple other IPSAS; it depends on the goals of the landowner, and the overall weight of each activity or purpose should guide the final category decision.</p>
<p>Tangible natural resources held for conservation are one common example of items which could fall within the scope of this Exposure Draft. <b>What other items would you anticipate being accounted for through this Exposure Draft?</b></p>	<p>I don’t perceive any other items. See comments below re: preservation versus conservation. .</p>
<p><b>Specific Matter for Comment 2: Definitions (paragraph 6):</b> This Exposure Draft defines a natural resource as an item which is naturally</p>	<p>I do not agree with the definition. The term “natural” and “naturally occurring” in the context of trees is open to abuse in that in most developed parts of the world where urban and peri-urban forests would benefit the most from the proposed approach, legal argument will prevail as to <b>how natural is natural?</b> Humans have a long history of modifying, plundering and abandoning landscapes that may be accepted as “natural” when they are not; for example, the widespread grazing of sheep in marginal uplands in Great Britain means</p>

<p>occurring and embodies service potential, the capability to generate economic benefits, or both, and a tangible natural resource as a natural resource with physical substance.</p> <p><b>Do you agree with the proposed definitions? If not, why not?</b></p>	<p>humans value and conserve tree-less landscapes when their true natural condition would be quite different. In Canada, widespread clear cutting of dense forests was encouraged by colonising governments and today successor generation trees are found on the soils least suited to agriculture or on Crown lands used by humans for trapping, hunting and nomadic travels for millennia. These trees may or may not be naturally occurring, they certainly experienced human intervention and land development practices especially hydrological changes which can create the new natural conditions when in fact those conditions are an artifice from human exploration and development. There is also the distinction between “conservation” and “preservation”; the former is intervention to maintain a specific outcome whereas “preservation” can mean neglect, “let nature take its course”. In many instances e.g. invasive pests, it is not natural or nature that creates the disturbance, but humans. The alternate definition of managing natural assets for conservation is probably one of those things that cannot both be true; it’s either natural or it is being conserved, not both. It’s no longer natural if you are managing and intervening in it. But ‘preservation’ may be worse because you don’t do anything but let disturbances happen.</p> <p>But trees for example are natural in and of themselves; they are a natural resource; we don’t “make” them, they grow as a natural process from a seed or a root or by some other clonal propagation.</p> <p>I suggest an alternative definition that includes “naturalistic” “semi-natural” or “arising from natural regeneration, preservation or from a process of abandonment, modification, conservation or restoration by humans that can be traced back at least 50 (or 75) years prior” to avoid spurious arguments and debates about how natural is natural? There is otherwise no objective test likely to ever be met as historic records and maps only go back so far. Indeed, remote sensing (aerial photography, for example) is limited to ~100 years from present in small parts of the geographic landscape.</p>
<p><b>Specific Matter for Comment 3: Depreciation (paragraph 23):</b></p> <p>This Exposure Draft includes a rebuttable presumption that the tangible natural resources recognized within the scope of this [draft] Standard have indefinite useful lives on the basis that they are generally not used or consumed in the same manner as tangible assets within the scope of other IPSAS. Therefore, these tangible natural resources are not depreciated. <b>Do you agree with the proposed rebuttable presumption that tangible natural resources should not be depreciated? If not, why not?</b></p>	<p>It depends. Does depreciation here have any context with computing Net Present Value as that is commonly practiced by many natural resource managers including foresters around the world? Is depreciation simply a way to define or measure the assumed frequency of an asset-replacing event, a catastrophe, like a wildland fire, tornado, flood? Again, there are narrow limitations in this definition that lawyers will get rich picking apart! Water and wetlands are always in a process of being “used” somehow, as water does not stay in place, it may supply a ground water or surface water system that supplies water to a town. Most forests experience some form of human exploitation, recreation, harvesting or foraging, however limited.</p>

	In my eyes natural tangible assets often appreciate in value over time, not the other way around. Things grow. Structural and bio-diversity changes. Other species move in, or out.
<p><b>Specific Matter for Comment 4: Exemption from Certain Disclosures (paragraph 51):</b></p> <p>As explained in paragraph BC31, this Exposure Draft exempts an entity from disclosing certain information which may lead to further degradation of tangible natural resources which are rare or endangered. <b>Do you agree with the proposed disclosure exemption? If not, why not?</b></p>	<p>This is tricky. You need to know what you have to know how to value or manage it. There must be some level of transparency, and a calculated risk in others knowing what you have. There is a worse and predictable outcome from being obscure about these matters. We must rely on legislators and enforcers, it's their role to protect known things - not ours to obscure those things of special value. Otherwise what is the point of even entering into this new accounting system? We will have artificial limiters of a highly subjective nature as not everyone will hide information to the same extent, or at all.</p>
<p><b>Specific Matter for Comment 5: Cross-References to IPSAS 45, Property, Plant, and Equipment (paragraphs 15 and 54):</b></p> <p>This Exposure Draft includes cross-references to the guidance in IPSAS 45 on the determination of cost in an exchange transaction and the disclosure requirements for current value. This guidance was incorporated by cross-reference as the acquisition of tangible natural resources is expected to be rare in the public sector, and there is familiarity with the principles on the determination of cost, which are consistent with those found in IPSAS 45. <b>Do you agree that these cross-references are sufficiently clear? If not, how should the above guidance be incorporated into the Final Standard?</b></p>	I think this is Net Present Value?
<p><b>Specific Matter for Comment 6: Transition (paragraph 60):</b></p> <p>This Exposure Draft allows the application of its requirements on a modified retrospective approach, by recognizing tangible natural resources which meet the recognition criteria on the date of initial application of the [draft]</p>	Unable to determine pros or cons of either. My instincts tell me there will be increasing uncertainty and error with a retrospective approach.

<p>Standard at their deemed cost, or on a full retrospective basis in accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p><b>Do you agree that the option to apply the proposed guidance on a modified retrospective basis will result in useful information? If not, why not?</b></p>	
<p><b>Specific Matter for Comment 7: Amendment to the Description of ‘Heritage Asset’ in IPSAS 45, Property, Plant, and Equipment (Appendix B):</b></p> <p>The IPSASB proposes to amend the description of ‘heritage asset’ in IPSAS 45 so that heritage assets which are also tangible natural resources are accounted for within the scope of this [draft] Standard.</p> <p><b>Do you agree with the proposed amendment? If not, why not?</b></p>	<p>Probably yes. So long as there is no other change by accident or design, as to how heritage is valued.</p> <p>Does this mean heritage separate from natural heritage? Need a consistent and robust definition of “heritage” to ensure “natural heritage” is protected and valued properly.</p>
<p><b>Specific Matter for Comment 8: Sufficiency of Proposed Implementation Guidance and Illustrative Examples:</b></p> <p>The non-authoritative guidance in this [draft] Standard was developed for topics that are potentially complex and difficult to apply in practice, are areas of concern for constituents, or where additional non-authoritative guidance could be useful.</p> <p><b>Do you agree that the proposed implementation guidance and illustrative examples are sufficient? If not, what other topics would be helpful and why?</b></p>	<p>See comments above regarding narrow definitions versus real life uses of natural resource assets. If someone forages food in a woodland, does it cease being “natural” or “conserved” and fall under a different IPSAS? There needs to be a range of possible scenarios to better illustrate a holistic decision for which standard to apply, then the standard(s) themselves will fall out from that in a logical way.</p> <p>Also consider the specific lawful needs of indigenous communities with respect to natural resources and Treaty obligations to allow for hunting, fishing, trapping, navigation, etc. across their traditional lands and waters.</p>