

IPSASB

International Public
Sector Accounting
Standards Board®

AGENDA ITEM 5

NATURAL RESOURCES

IPSASB CAG Meeting – December 2023

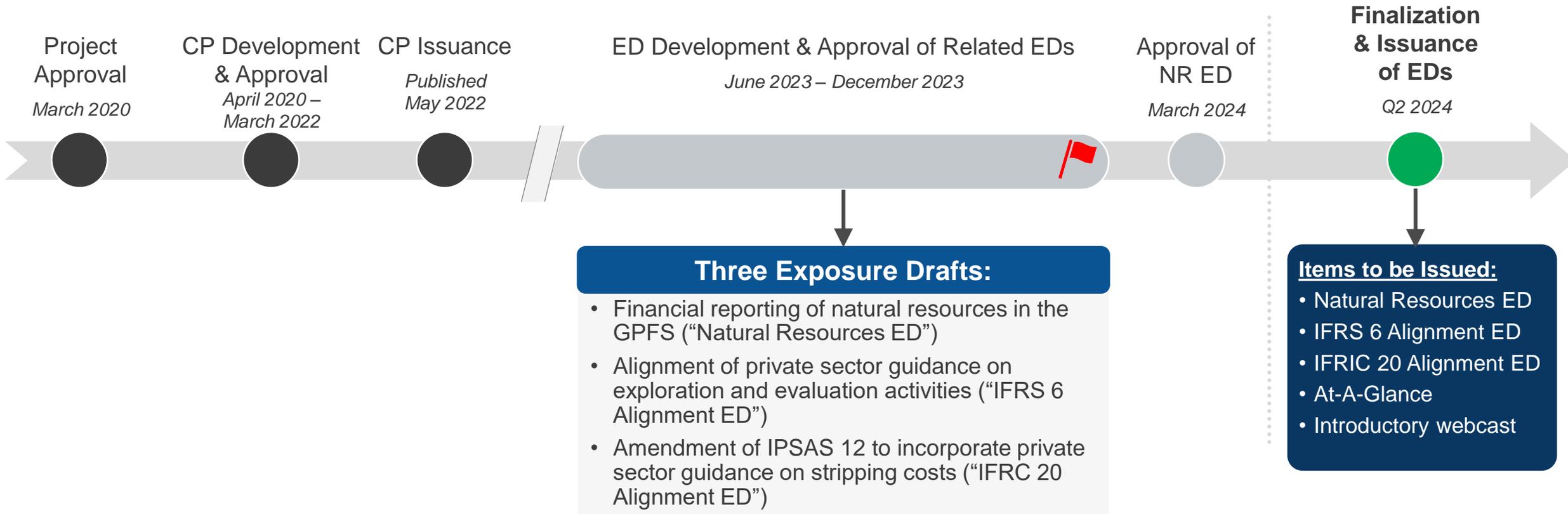
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Natural Resources – Location of Guidance

Project Timeline



Natural Resources – Location of Guidance

Background – Issue Raised in September 2023

- In September 2023, staff proposed that recognized natural resources could fall within the scope of existing IPSAS based on their intended use
- Some members noted that if the accounting is expected to be within the scope of existing IPSAS, there is no need for a new standard
 - Natural resources held for conservation could be considered PP&E under IPSAS 45
 - Guidance on natural resources would be inserted into IPSAS 12, IPSAS 16, IPSAS 27, or IPSAS 45 via amendments to these standards
- Other members questioned whether natural resources held for conservation could fall within the scope of IPSAS 45 or any other existing standard

Natural Resources – Location of Guidance

Public Interest Considerations

Current focus on sustainable development initiatives and concerns regarding overexploitation of natural resources

Natural resources are potentially significant from a monetary perspective

Based on past EDs and IPSAS, a standalone standard will be easier to understand

Past practice indicates constituents have not thought of natural resources as part of inventory, PP&E, investment properties, or biological assets

Above considerations appear to support a new standalone IPSAS

Natural Resources – Location of Guidance

Technical Considerations

View 1 – New Standalone IPSAS

- IPSAS should be created based on nature of different groups of items, transactions, or topics
- Subsequent to the September meeting, the Natural Resources Task Force concluded that natural resources held for conservation are different from PP&E, as conservation involves *avoiding the use of the item*

View 2 – Amend Existing IPSAS

- Definition of PP&E in IPSAS 45 can be broadly interpreted to include natural resources held for the supply of “conservation services”
 - Consequently, even natural resources held for conservation fall within IPSAS 45

Natural Resources – Location of Guidance

Questions for CAG Members

- Which approach (separate standard or included in existing standards) would be more appropriate from a public interest and technical perspective?
- What other factors should the IPSASB consider when determining whether the guidance on natural resources should be in a standalone standard or incorporated as amendments to existing IPSAS?

