

Considerations on Developing a Natural Resources Inventory

Extract, PSA Discussion Group Report on the Public Meeting – November 16, 2023

This submission asked the Group to discuss recent developments in establishing natural resources inventories. The Group was asked to discuss methodologies and processes as an essential first step as public sector entities develop their natural asset management plans and ascertain how to value and manage their natural resources.

The Group discussed a variety of considerations in developing a natural resources inventory as outlined in the submission, including the following:

- It is important to first consider what natural resources may exist before determining whether the asset definition is met.
- A natural resources inventory may be difficult to complete. Several Group members mentioned that perfection is the enemy of progress, and that public sector entities should prioritize material and important natural resources as a starting point.
- Before involving experts, it is important to consider scoping and phasing of what natural resources may exist. The expected benefits from putting together a detailed inventory of natural resources may not justify the costs of engaging experts to assist. In sharing this perspective, some Group members noted that many smaller public sector entities may lack the internal expertise required to inventory their natural resources.
- Control and responsibility over natural resources must be determined. For example, a Group member recalled that First Nations have long-standing unresolved land claims with various levels of government. The difficulty in determining control and responsibilities over resources in disputed lands must be recognized when determining the control over natural resources.
- The services that natural resources provide must be factored into public sector entities' asset management plans. How such resources are managed is a matter of public interest and accountability. Many Group members noted that the value of natural resources should not only consider their commercial value but also their ecological and other benefits that contribute to the public sector entity meeting its service delivery and stewardship objectives.
- Many Group members noted that creating a natural resources inventory is an iterative process, for example, in narrowing down the intended use of resources. Placing a value based on the derived

benefits from natural resources is important in understanding the important ecological benefits they provide.

Group members were asked to share their views on the following inventory approaches:

- [CSA Group](#) published [CSA W218:23, Specifications for natural asset inventories](#).
- The [Global Reporting Initiative](#) (GRI) released its standard, [GRI 3: Material Topics](#), which provides step-by-step guidance for organizations on how to determine material topics.

Group members shared the following perspectives on the inventory approaches:

- Although non-authoritative from a financial reporting perspective, [CSA W218.23](#) may provide public sector entities with an approach to begin compiling their natural assets.
- The associated costs with the inventory approaches are a significant factor in determining how public sector entities may apply such approaches. A Group member noted that [GRI 3](#) may be an important first step in gathering information on natural resources that may have a material impact.
- Public sector entities must consider investing in maintaining and preserving their ecosystems. Collecting information on natural resources (e.g., condition, intended use, costs to maintain, and other details) is important to consider. Many Group members said that attributing a value to natural resources should not be the primary purpose of preparing a natural resources inventory.
- Challenges in resources, knowledge, methodologies, assumptions, systems, and documentation will be important areas to consider when determining the extent and scope of a natural resources inventory. Some Group members noted that [GRI 3](#) focuses on material topics, which may help public sector entities prioritize natural resources.
- Group members noted that what gets measured tends to get managed. Taking initial steps in collecting information that is readily available should be considered as public sector entities manage their natural resources.

The submission provided examples of how some municipalities report on natural resources.¹ The Group was asked to discuss the Natural Assets Initiative's approach and how it helps many municipalities with natural resource management considerations.² The Group discussed the merits of having such information available, and reflected on what information may be more appropriately appear on financial statements or

¹ Rossland, BC, is creating a [natural asset inventory](#), summarizing the natural asset types within the municipal boundary. The city uses Agriculture and Agri-Food Canada land-cover data combined with local data.

² In 2018, [NAI launched a second cohort of six projects](#) to further refine the municipal natural asset management methodology and expand the evidence base, focusing on the role of healthy natural assets in supporting resilience to climate change and to increased urban development.

other reports. It concluded that the information in the examples was useful, but the associated costs, benefits, and intended use of such information must be considered.