

Natural Resources – Upcoming IPSASB Exposure Draft

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

The IPSASB issued its Consultation Paper, “[Natural Resources](#),” with the objective of developing guidance that addresses issues relating to the recognition, measurement, presentation, and disclosure of natural resources.¹⁰

In addition to the Consultation Paper, the basis for this submission is the IPSASB’s [Natural Resources project](#) in its drafting of its [Exposure Draft, “Natural Resources.”](#) The Group members was asked to discuss and consider the session as a Canadian roundtable on the IPSASB’s draft Exposure Draft. The Group was asked to discuss the questions and materials introduced in the Exposure Draft, and shared the following perspectives:

- Time remains of the essence as climate change continues to effect public sector entities. The Group noted that, although it supports the IPSASB’s work, the guidance on natural resources reporting must advance as quickly as possible.
- The revised definition of “natural resources” the IPSASB proposes is an improvement as it includes broader types of natural resources that are held for conservation. The Group supported the revised definition, which allows the recognition of natural resources that came into existence without artificial aid.¹¹ This definition would allow the recognition of a broader range of natural resources and activities relating to their preservation and maintenance.
- The Group discussed the difficulties that arise when determining whether natural resources should be reflected in the financial statements. The discussion called into question whether the reporting of natural resources may be more appropriate in the broader general purpose financial reports. The Group thought that the intended objective should be focused on providing necessary information to assist in making better decisions.
- Placing a monetary value on natural resources should not be the absolute objective in determining how natural resources are reported. The Group reflected on the management and reporting of natural

¹⁰ During the summer of 2022, PSAB consulted with Canadians to ensure Canadian-specific issues and perspectives were provided to the IPSASB, and [responded to the Consultation Paper](#).

¹¹ The term ‘naturally occurring’ is not explicitly defined in the [TNFD](#) or [UN SEEA Central Framework](#), but its usage is consistent with the plain English meaning of “coming into existence without artificial aid”, “existing by nature without artificial aid”, or “happening or existing as part of nature and not made or done by people”

resources so that informed decisions can be made as to the condition, risks, investments, and other considerations involving natural resources management.

- Comprehensive reporting of the intended use of natural resources should be considered. The Group supported the concept that a current operational value for natural resources may be more appropriate than other measurement principles, such as market value.
- Different concerns outside the reporting of financial impacts of natural resources must be contemplated. The Group noted that the values attributed to greenspaces and ecosystems must be considered so that such natural resources are disclosed, maintained, and managed appropriately.

The Group discussed the challenges in PSAB's [International Strategy](#) while awaiting progress from the IPSASB's [Natural Resources](#) project. The Group encouraged PSAB to consider taking additional steps in providing public sector entities with guidance and tools on this topic given the timeliness of the issues concerning natural resources reporting. Green infrastructure was mentioned as an area of Canadian interest. Acknowledging green infrastructure as both a natural resource and a means to mitigate climate change is critical. Recording green infrastructure, like urban forests, would encourage funding it, instead of funding grey infrastructure, like highways.

The Group concluded the discussion would help informing PSAB's response to the IPSASB's Exposure Draft once it is finalized and available for comment (likely in Q2 2024).