



October 17, 2022

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International Public Sector Accounting Standards Board
277 Wellington St. West
Toronto, ON M5V 3H2

[Electronic submission](#)

RE: Consultation Paper: Natural Resources

Thank you for the opportunity to provide comments on the consultation paper: Natural Resources. The views expressed in this letter reflect the views of the Government of the Province of British Columbia, including central agencies, ministries and entities consolidated into the British Columbia Summary Financial Statements. The Summary Financial Statements of the Province are prepared in accordance with Canadian Public Sector Accounting Board (PSAB) standards. We have an interest in the development of the International Public Sector Accounting Standards Board's (IPSASB) guidance as it may influence future PSAB standards.

Focus on the qualitative characteristics

We are pleased that IPSASB considered the qualitative characteristics of financial statements when developing this consultation paper. British Columbia has an abundance of natural resources and to recognize a value in financial statements for our waters, forests, living things and subsurface rights would not faithfully represent the annual activities of government and would overwhelm the statement of financial position with assets that could not be used to settle obligations. When considering the definition of an asset, the recognition criteria and the measurement criteria as described in the consultation paper, it is unlikely that any significant natural resources would be recognized in the Summary Financial Statements.

Clarity required on human intervention

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The scope of the paper is to exclude natural resources that result from human intervention, whereby considered in the natural state. The application of human intervention is unclear when applied to water resources. Specifically, the construction of dams is a significant act of human intervention; however, the consultation paper considers the resulting reservoir as water in its natural state (paragraph 4.7). We would recommend further clarity on human intervention be provided during the next stage of development.

Proposed disclosure requirements will be challenging

Chapter 6 of the consultation paper describes the proposed disclosure requirements for natural resources. It will be challenging for governments to collect the level of detailed information suggested in this chapter. For example, the cost of collecting the necessary information on the quantity of vast areas of lands, waters and living things, will greatly exceed any benefit to our financial statement users. Certain information is outside the role of financial statements such as the biological transformation data required for paragraph 6.11(b). Natural resources have an impact on many aspects of a government's responsibilities and there are sufficient methods of communication outside of financial statements, that are more appropriate and applicable to hold governments accountable.

Should IPSAB have any comments or questions, please contact me at: 250-387-6692 or via e-mail: Carl.Fischer@gov.bc.ca, or Diane Lianga, Executive Director, Financial Reporting and Advisory Services Branch, at 778-698-5428 or by e-mail: Diane.Lianga@gov.bc.ca.

On behalf of the Government of British Columbia,

Sincerely,



Carl Fischer, CPA, CGA
Comptroller General
Province of British Columbia

Encl.

cc: Diane Lianga, Executive Director
Financial Reporting and Advisory Services
Office of the Comptroller General