



February 28, 2025

Submitted Electronically

International Public Sector Accounting Standards Board (IPSASB)

Dear IPSASB:

RE: IPSASB ED 92 – Tangible Natural Resources

The First Nations Financial Management Board (the “FMB”) is a Canadian, First Nations-led organization established under the *First Nations Fiscal Management Act*.¹ Our clients are First Nations² governments which opt in to our services, primarily with respect to strengthening and maintaining fiscal capacity and controls within their governing and administrative bodies. The FMB works with its clients to develop fiscal capacity and responsible fiscal governance, and further serves First Nations by advocating for the necessary inclusion of First Nations interests in financial policy matters throughout Canada and internationally. Please accept the following comments regarding IPSASB ED 92 – Tangible Natural Resources (“ED 92”).

Control and Stewardship

Around the world, Indigenous Peoples make up approximately 5-6%³ of the population. Indigenous Peoples’ rights have been affirmed in the **United Nations Declaration on the Rights of Indigenous Peoples** (“UNDRIP”).⁴ These rights, including the right to self government,⁵ are inherent. These rights are (among other things) connected to land and include subsurface rights. The UNDRIP affirms the following rights which are connected to land and resources:

- The right to maintain, protect and develop culture, including historical and archaeological sites;⁶
- The right for Indigenous Peoples to maintain and strengthen their relationships with their land and territories, including water, coastal seas, and other resources;⁷ and
- The right to Indigenous Peoples’ lands, territories, and resources, including the rights to own, use, develop and control those lands, territories and resources.⁸

As can be seen, Indigenous rights to land and resources include both:

- Control, as that term may be understood at law, and as exemplified in Application Guidance (“AG”) 13; and

¹ [S.C. 2005, c. 9.](#)

² First Nations are one of Canada’s three Indigenous Peoples. The other Indigenous Peoples in Canada are the Inuit and the Métis.

³ World Bank Group, “Indigenous Peoples”, April 6, 2023. [Online](#); United Nations, “International Day of the World’s Indigenous Peoples, 9 August”, [Online](#).

⁴ United Nations Declaration on the Rights of Indigenous Peoples. Resolution adopted by the General Assembly on 13 September 2007. [Online](#).

⁵ UNDRIP, Article 4.

⁶ UNDRIP, Article 11.

⁷ UNDRIP, Article 25.

⁸ UNDRIP, Article 26. Please see Appendix “A” for the full text of these provisions.

- Stewardship, or the maintenance and protection of lands, territories, waters, and resources.

As we understand the scope of ED 92, the IPSASB’s intent is that ED 92 shall apply to all those assets which (1) meet the definition of a TNR and (2) do not otherwise fall into another IPSAS. Having reviewed the ED, including its accompanying suite of documents, and having watched the webinar hosted by IPSASB,⁹ we understand that most TNRs will be some type of land or associated resource. Accordingly, the rights of Indigenous Peoples to their lands and resources, as set out in the UNDRIP, must be properly accounted for in the standard. Other land-based cultures and communities may have similar stewardship responsibilities towards their lands and territories.

Accordingly, in our view, the criteria for recognition of a TNR, set out in proposed section 8, are not yet adequate. We recommend a simple addition to the IPSASB’s current proposed section 8(b) that will enable the standard to be more responsive to the types of TNRs that will be captured by ED 2:

IPSASB’s Current Proposed Language	FMB Recommended Language
8. A tangible natural resource shall be recognized if, and only if: ... (b) The entity controls the tangible natural resource as a result of past events.	A tangible natural resource shall be recognized if, and only if: ... (b) The entity controls or exercises stewardship over the tangible natural resource as a result of past events.

The IPSASB should also prepare appropriate Accompanying Guidance, using the UNDRIP, and other international (and domestic, as appropriate) sources of rights and law. Such guidance can be housed as part of AG13. An example of such a change might be the following:

IPSASB’s Current Proposed Language	Sample Language including “Stewardship”
AG13. In assessing whether it presently controls a tangible natural resource, an entity assesses whether one or more of the following indicators of control exists: (a) Legal ownership; (b) Access to the resource, or the ability to deny or restrict others to access the resource; (c) The means to ensure that the entity can achieve its objectives with the resource; or (d) The existence of an enforceable right to service potential arising from the resource.	AG13. In assessing whether it presently controls or exercises stewardship over a tangible natural resource, an entity assesses whether one or more of the following indicators of control exists: (a) Legal ownership; (b) Access to the resource, or the ability to deny or restrict others to access the resource; (c) The means to ensure that the entity can achieve its objectives with the resource; or (d) The existence of an enforceable right to service potential arising from the resource; or (e) The obligation – either contractual or inherent – to maintain, protect and develop

⁹ IPSASB, “An Introduction to Exposure Draft 92, Tangible Natural Resources”, October 25, 2024. [Online](#).

Assessments of control involve judgment, and control may exist when only some of these indicators are satisfied. Conversely, control may not exist even when most of these indicators are met.

historical or archeological sites; lands; territories; waters; or other resources.

Assessments of control **and/or stewardship** involve judgment. ~~and control~~ **Control** may exist when only some of these indicators are satisfied. Conversely, control may not exist even when most of these indicators are met. **Stewardship and control may appear overlapping. Stewardship may exist even where control does not.**

More attention needed regarding Indigenous concerns

There will be examples where there are competing claims over a TNR. One example of where this might happen was highlighted in the Basis for Conclusions (“BC”) document.

In BC3, the IPSASB briefly describes feedback it received from Indigenous groups in response to the IPSASB’s May 2022 TNR consultation paper (the “CP”). In particular, BC3 states the IPSASB heard that “based on indigenous traditions and practices, it may be difficult for any entity to demonstrate control over natural resources”. In response, the IPSASB asserted that analysis should be done on a “case-by-case basis using the recognition and measurement principles in the Conceptual Framework”.¹⁰

While we do not take issue with the necessity to analyze and make disclosures pursuant to case-by-case facts, we recommend that IPSASB consider and respond to the issue highlighted by its Indigenous respondents in a more substantive way.

We understand that it may be difficult to manage resources that are effectively in two jurisdictions: in the jurisdiction of both a nation-state and an Indigenous nation. However, the ongoing litigation and negotiation on this very topic¹¹ in jurisdictions around the world shows that this is a live issue which the IPSASB must provide guidance on. To assist with the difficult accounting problem that this issue raises, we recommend the IPSASB consider the following questions, and improve the draft standard and its accompanying materials following determination:

¹⁰ BC4.

¹¹ Norway: “In a narrow 6-5 decision, Norway’s Supreme Court ruled Friday that the largely Indigenous community of Karasjok does not have collective property rights over a vast area in the country’s northernmost region.” ([Norway’s court rules against Indigenous control over northern territory | CBC News](#)); Canada: “In 2014, the Supreme Court of Canada found the Tsilhqot’in successfully proved title by showing regular and exclusive use of the claim area of around 1,700 square kilometres.” ([10th anniversary of landmark Tsilhqot’ in decision commemorated | CBC News](#)); Australia: “The Yindjibarndi group in 2017 won exclusive native title rights over land covering the Solomon mining hub, a vast mineral-rich project that started in 2012 and is capable of yielding up to 80 million tonnes of iron ore a year. Native title is a legal doctrine in Australia that recognises Indigenous rights to certain parcels of land.” ([Aboriginal group seeks \\$1.1 billion from Western Australia in iron ore claim](#))



1. Should the same asset be accounted for by two entities, how does the IPSASB propose to manage this double-counting?¹² What should users do in the event of double-counting?
2. Should the same asset be accounted for by two entities, and a dispute arises as a result, what are the dispute resolution mechanisms that IPSASB would recommend? What disclosures would the IPSASB recommend the entities make regarding the dispute?
3. If an entity with future plans for the TNR may not or cannot list the asset, because of a dispute, it may increase the cost of debt in the absence of the listed asset. What are the IPSASB's recommendations for that scenario?

Not all tangible natural resources can be measured

IPSASB needs to explicitly state that not all TNRs can be measured. This is noted, in vague terms, in ED section 10, but it makes it appear that measurement is the most important objective of the standard. This will not be the case for many assets that will be captured by this standard, and qualitative and narrative disclosures will be the objective for such assets

We recommend inserting a clear, unambiguous statement at the beginning of ED section 10: “**Not all tangible nature resources are susceptible to measurement.**” The rest of paragraph 10 can remain as is.

Regenerated or reforested tangible natural resources

We support the change in the definition of “natural resource” to remove the criteria (as proposed in the CP) of the asset being in its “natural state”.

Indigenous Peoples are the best stewards of nature and have guarded and rehabilitated biodiversity and nature (including nature that would constitute tangible natural resources) for millennial. It appears that, with the change in definition, TNRs will now include regenerated or reforested TNRs. Including these resources is essential to achieving the primary purpose of the standard – accounting to better evaluate the nature of and risks to assets, and to assess an entity's financial position. This will be especially true as more non-Indigenous governments realize these are essential obligations during the transition to net zero.

Thank you for the opportunity to share our comments. We would be pleased to discuss any of these with you in more detail.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Per: 

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¹² We recognize that **ED 92** section 35(b) speaks to derecognition of an asset where the entity ceases to control the resource. However, we strongly recommend that the IPSASB take a more nuanced view of this issue than to merely say that if more than one claims the asset, then there is no solution. If the purpose of the standard is to ensure a better evaluation of asset risk, and financial position assessment, then a more serious view of competing claims of control is essential.

Appendix "A"

Articles in the *United Nations Declaration on the Rights of Indigenous Peoples* related to land

One of the recitals in the [United Nations Declaration on the Rights of Indigenous Peoples](#) ("UNDRIP") speaks to the detrimental effect of the colonization of Indigenous lands:

Concerned that indigenous peoples have suffered from historic injustices as a result of, inter alia, their colonization and dispossession of their lands, territories and resources, thus preventing them from exercising, in particular, their right to development in accordance with their own needs and interests.

Article 11(1) reads:

Indigenous peoples have the right to practise and revitalize their cultural traditions and customs. This includes the right to maintain, protect and develop the past, present and future manifestations of their cultures, such as archaeological and historical sites, artefacts, designs, ceremonies, technologies and visual and performing arts and literature.

Article 25 reads:

Indigenous peoples have the right to maintain and strengthen their distinctive spiritual relationship with their traditionally owned or otherwise occupied and used lands, territories, waters and coastal seas and other resources and to uphold their responsibilities to future generations in this regard.

Article 26 reads:

1. Indigenous peoples have the right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired.
2. Indigenous peoples have the right to own, use, develop and control the lands, territories and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those which they have otherwise acquired.
3. States shall give legal recognition and protection to these lands, territories and resources. Such recognition shall be conducted with due respect to the customs, traditions and land tenure systems of the indigenous peoples concerned