

# Balance sheet for land

## *Experiences from the Netherlands*

Paper has two parts:

- Conceptual issues with questions to LG (§3)
- Measurement issues (Dutch specific) as background information (§4) and preliminary results (§5)

Presentation addresses the conceptual issues and related questions



# Question 1 - Government owned land

- Land that is completely allocated to public services does not seem to have a selfstanding economic value;
- In fact the values of this land will in many cases be reflected in the values of private (adjacent) land;

Does the LG agree that government owned land allocated to public facilities should be left unvalued in the (SNA) SEEA balance sheet?



# Question 2 - Recording of land rent

- Land is a non-produced asset;
- As such leases of land do not show up as a product transaction (like a house or car lease);
- Rent on land is an implicit part of gross operating surplus / mixed income;

Does the London Group recognize the usefulness of explicitly presenting land rents, together with other resource rents, as capital income, in the production (income generation account) of the SEEA?



# Question 3a – Depletion (1)

- SEEA 2003 defines soil as a separate asset from the land and addresses soil depletion;
- However the quality loss of land as a *direct* consequence of unsustainable (agricultural) production practices is much broader (e.g. salinization, nutrient losses, contamination);

Should depletion in the SEEA include all these losses in the productive capacity of land that is the consequence of unsustainable agricultural and forestry production of the land user?



# Question 3b – Depletion (1)

- SEEA 2003 defines soil as a separate asset from the land and addresses soil depletion;
- However the quality loss of land as a *direct* result of unsustainable (agricultural) practices is much broader (e.g. salinization, nutrient losses, contamination);

Should SEEA 2012 maintain to classify soil and land as separate assets?



## Question 4 – Depletion (2)

- Land ownership and land use does not necessarily coincide;
- Rent on land is property income which may contain a depletion element;
- This property income transaction transfers the land depletion element from the user to the owner of land

Does the London Group agree that the depletion element of property income should be redistributed, together with property income, from the user/extractor to the owner of the natural resource?



# Question 4 – Depletion (2)

	Farmer		Land owner
Output		100	
Intermediate C.	20		
<b>Gross Value added</b>	<b>80</b>		
o.w. Labour	40		
o.w. Land	40		
o.w. Depletion	5		
<b>Net value added</b>	<b>75</b>		
Land rent	40		40
o.w. Depletion	5		5
<b>Gross Income</b>	<b>40</b>		<b>40</b>
<b>Net Income</b>	<b>40</b>		<b>35</b>

