

The Revised SEEA

Draft Chapter 5 Asset accounts

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1. The definition of environmental assets

Environmental assets are defined as the naturally occurring living and non-living components of the Earth, together comprising the biophysical environment, that are used in production and that deliver ecosystem services to the benefit of current and future generations.

- "Used in production" - too restricted
- Does it make sense to refer to "benefits of future generations" in a definition ?
- What is it we want to keep out of SEEA ?

2. Ecosystems and ecosystem services

- There is no proper definition of ecosystems
- Clearer distinction between ecosystem goods and ecosystem services
- Clearer what is covered by the central framework

- The concept of ecosystems is not really used in the chapter 5



Either improve the text on ecosystems in chapter 5 or shorten it with a reference to the experimental part for explanation of the role of ecosystems.

3. Depletion of non-renewable resources

New definition:

$$\begin{aligned} \text{Depletion} &= \frac{1}{2} (P_{t-1} + P_t) \Delta X_t = \frac{1}{2} (V_{t-1}/X_{t-1} + V_t/X_t) \\ &= RR_t - rV_{t-1} + \frac{1}{2} (X_{t-1} + X_t) \Delta P_t \\ &= \text{old definition} + \frac{1}{2} (X_{t-1} + X_t) \Delta P_t \\ &= \text{old definition} + \text{revaluation item} \end{aligned}$$

The new definition is based on common sense and have good properties in contrast to the old, e.g. no negative depletion.

However:

Different from the agreed approach, cf. outcome paper on issue 13.

Does it lead to problems in relation to the depletion adjusted accounts?

4. NPV measurement of physical changes in stocks

§215: "The value of additions and reductions in the stock should be calculated using the average prices over the period multiplied by the quantity discovered, reappraised, depleted or lost."

§210: "... , it is desirable, if at all possible, to make projections of the discoveries and reappraisals separately and ideally, on a deposit by deposit basis. "

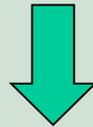


It should be clarified - in relation to the valuation – that, if possible, specific extraction profiles for each deposit/type of change should be used. This corresponds to using different average prices for different types of changes – e.g. the price used for valuation of discoveries may be different from the price used for catastrophic losses.

5. Weighing of proven, probable and possible reserves

Chapter 5 refers to proven, probable and possible reserves and suggests to weight the values based on likelihood of extraction

Proven, probable and possible categories are not defined in a uniform way across classifications, and are not used in UNFC-2009



Using UNFC-2009 and the *best estimate* of the *Commercial Recoverable Resources* seems to be better

6. Depletion transfers

§ 220 and Table 5.5.5: A depletion transfer between owner and extractor of the resource is introduced in order to reconcile the asset account. If omitted the closing stock will not be equal to the opening stock plus the changes in stock.

The depletion transfer is an artificial construct without no correspondence to real world transactions or transfers. There is no explanation or rationale for this depletion transfer, except that it balances the accounts .



Alternative: Adjustment items to the owners and extractors accounts could be introduced (e.g.: "other changes in stock value")

7. Depletion of biological resources

§ 82 ... necessary to apply relevant biological models In physical terms harvest in excess of the maximum sustainable yield represents depletion of the biological resource

but:

- Maximum sustainable yield (and sustainable yield) is problematic to use as the basis for measuring depletion
- The concept of depletion of biological depletion seems not to be used in Chapter 5 for the actual accounts for timber and fish. Instead gross growth and harvest is accounted for.



- Reduce text on depletion of biological resources in Chapter 5 and introduce if/when needed elsewhere.

8. Social and market values of assets

Some comments from the Global Consultation focus on social values, and common practice (cf. Eurostat Guidelines on Subsoil assets) points in the direction of social values by including specific taxes less subsidies in the resource rent. However, it is a basic principle in SEEA to look at market values



Emphasize that SEEA uses market values

Introduce sensitivity analysis (use both high and low discount rates, etc.)