

25th London Group on Environmental Accounting,
12-14 October 2019, Melbourne

About natural gas and dwellings in Groningen

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Statistics
Netherlands

Introduction

Why this paper ?

- Request of the Dutch Ministry of Finance to compile a balance sheet for the Dutch state according to ESA 2010 guidelines
- Earthquakes in Groningen (North of the Netherlands) as a result of ongoing gas extraction

→ Issues relevant for the SEEA CF research agenda

1. Do 'Rigless' mining companies exist?

Similar to factoryless goods producers:

Rigless mining companies:

1. Report turnover from mining
2. May finance but not own mining equipment
3. Not carrying out operational activities
4. Main focus on research, deploying knowhow, exploration, reuse and decommissioning of equipment etc.



→ Issue for the SNA research agenda
(perhaps less for the SEEA)

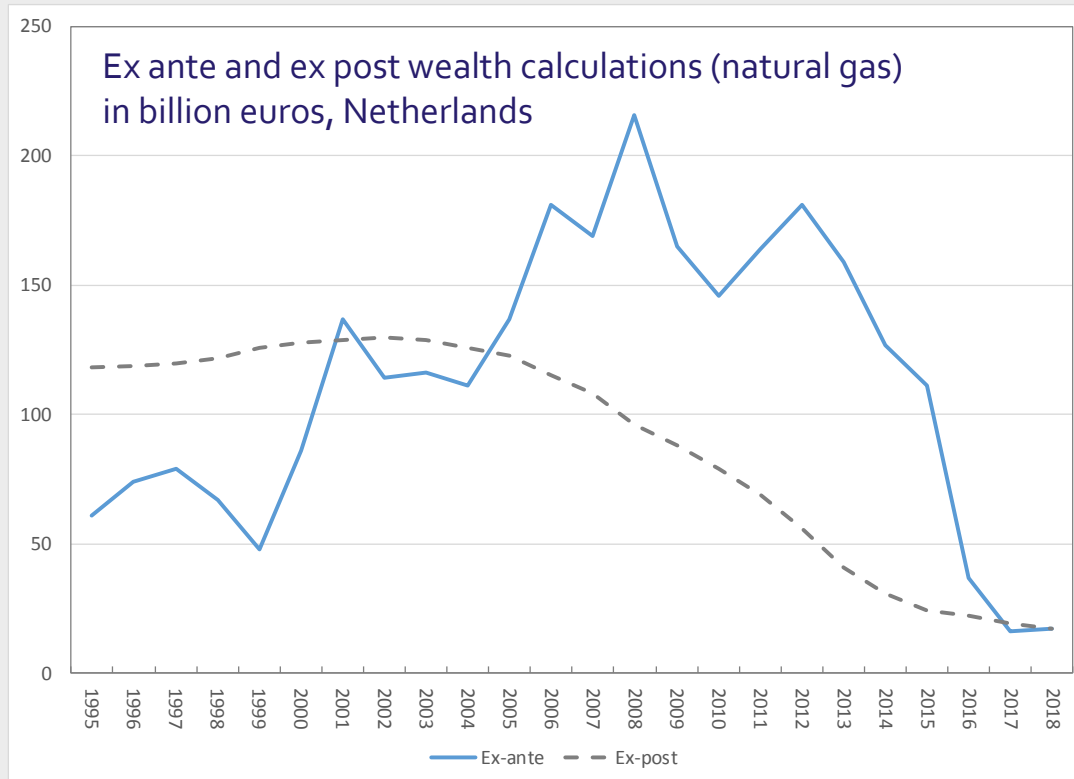
2. Would economic agents be able to share natural resources ownership?

1. Often complex arrangements between private and public parties which are not always transparent
2. Government as legal owner not necessarily acts as economic owner
3. Rewards and risks are being shared (several parties taking a piece of the pie)
4. Current guidelines do not support sector breakdown of natural resource accounts

→ Possible issues for the SEEA-CF research agenda:

- Split ownership of natural resources
- Sector breakdown of depletion measures

3. How reliable are our natural resource wealth measures?



→ Should SEEA-CF give stronger guidance on how to project future extraction paths and resource prices? 5

Gas extraction in Groningen: blessing or national disaster ?



Gas extraction in Groningen: blessing or national disaster ?



4. Are provisions a cost of production?

SNA/SEEA: Cleaning up your **own** mess is a cost of production. Cleaning up **others** mess is not. Why?



1. Termination costs, e.g. removal of mining equipment is GFCF. It's (ex ante) depreciation is a charge against the resource rent.
2. Should compensations to other parties for damages caused (and related liabilities) be treated the same way?

Terminal & compensation cost analogy

	Mining Industry		Mining Industry		Households
Terminal costs:	CFC	→	GFCF		
Compensation costs:	Provision charge	→	Pay off the provision	→	GFCF

Suggestions for the SEEA research agenda

1. An upcoming decision on the classification of FGPs should also address the economic classification of rigless producers inside the mining industry.
2. Shared ownership (government and enterprises) of natural resources should be given further thought.
3. Sector breakdown of natural resource accounts requires stronger guidance.
4. Natural resource wealth accounts are inherently subject to high degree of uncertainty. What could be done in terms of technical guidance and communication of results?
5. How to account for provisions?

Questions for the London group

1. Do you agree that economic agents can share ownership of natural resources, and that SEEA CF should provide more guidance on this ?
2. Do you agree that provision payments (when they occur) have to be taken into account for resource rent calculations ?
3. Do you agree that these issues require more work and (thus) should be included in the SEEA CF research agenda ?