



Department  
for Environment  
Food & Rural Affairs

# SEEA EEA Revision issues

## Valuation concepts (4); valuation of services (5); accounting for capacity and degradation (6)

Forum of Experts in SEEA EEA  
New York  
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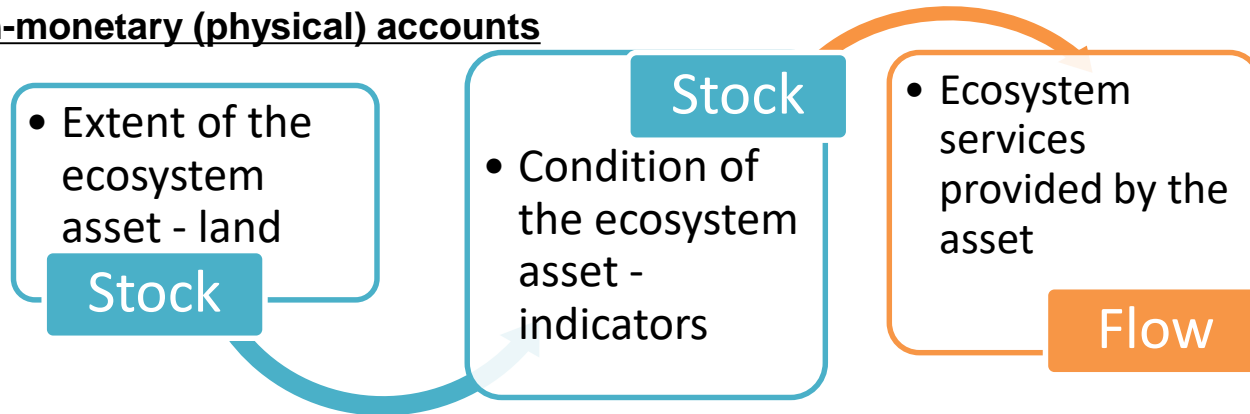
Forestry Commission  
England



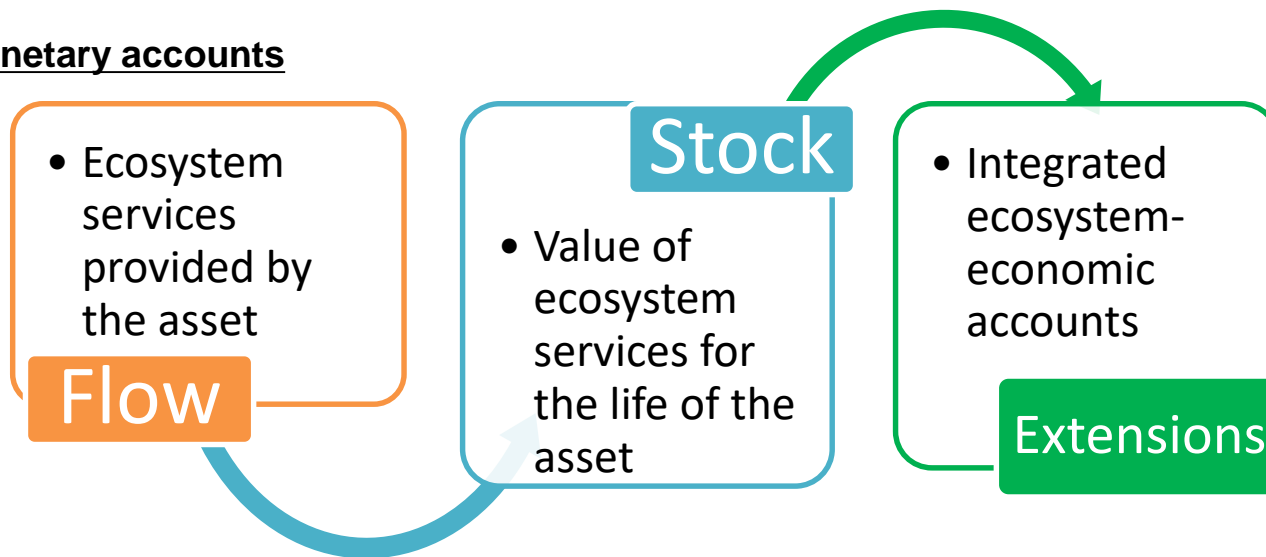
Environment  
Agency

# Introduction to valuation revision issues

## Non-monetary (physical) accounts

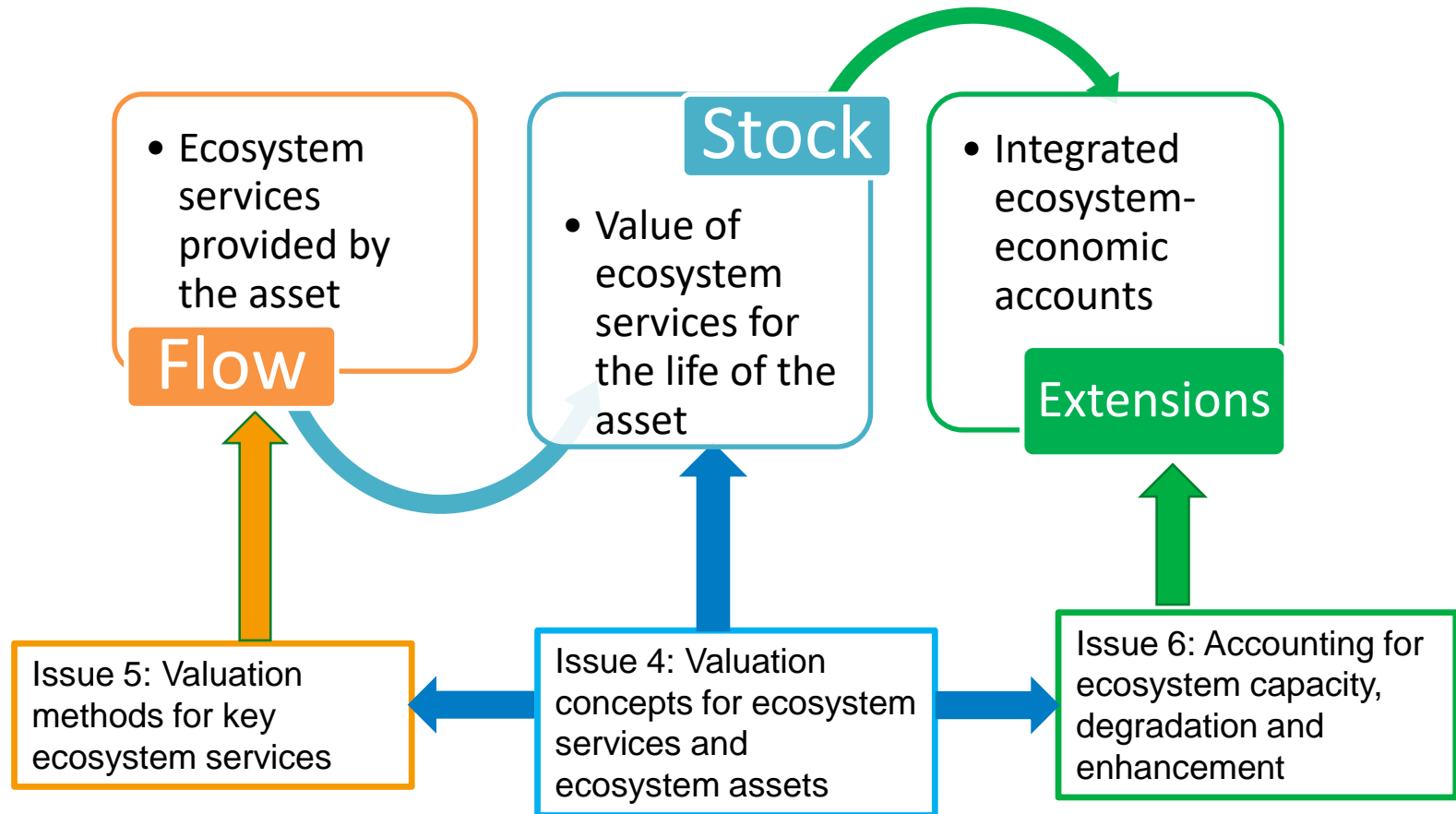


## Monetary accounts



# Introduction to valuation revision issues

## Monetary accounts



# Issue 4: Valuation concepts

## **Exchange value and welfare value**

- Place relevant valuation concepts within a broad framework of potential environmental values
- Clarity on the purpose of the valuation
- Assumptions concerning institutional arrangements underpinning exchange value estimates
- Clarity on the distinction between the service and the benefit, particularly for cultural services

## **Asset valuation**

- Applying NPV requires selection of discount rates and estimation of future flows relative to capacity
- Extent to which NPV valuations overlap with values in the standard accounts e.g. market prices of land values

## Issue 5: Valuation methods for key ecosystem services

### **Appropriate valuation approaches in the situation of low or negative resource rents**

- Relevant to the valuation of agricultural biomass production, timber and fisheries

### **Approaches to the valuation of water**

- Prone to double counting as the flow of clean water depends upon a range of both supporting and intermediate services

### **Determining a list of key ecosystem services from a valuation perspective**

- Can we identify valuation options for each of these services, and prioritise issues for further work ?
- Is the key list sufficiently comprehensive and widely applicable?

## Issue 6: Accounting for ecosystem capacity, degradation and enhancement

### **Clarity on concept of ecosystem capacity**

- E.g. the basket of goods that would underpin the measurement of capacity

### **Connection between ecosystem condition and expected flows**

- Clarity on the type of ecological considerations needed to develop estimates of capacity

### **Treatment of activity that maintains, restores or enhances ecosystem condition**

- How does the expenditure relate to the value of the asset or changes in the value of the asset?
- How to incorporate the costs of negative externalities into the accounting framework

### **Measurement of degradation and attribution to economic units**

- Connects to the treatment of restoration costs
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# Priorities for 2018, 2019 to 2020, beyond 2020

## **Exchange value and welfare value**

*See Break Out #1, led by David Barton*

## **Valuation approaches for key services**

*See Break Out #3, led by Rocky Harris (building on discussions in Break Out #1)*

## **Asset valuation issues**

Separate workstream within the Working Group?

## **Restoration costs**

Separate workstream within the Working Group?

## **Capacity accounts and degradation**

Separate Working Group needed?

## **Other issues?**