

# Short issues paper with respect to Chapter 3

## on physical flow accounts

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### 1. Introduction

This first draft of chapter 3 elaborates on the various accounting methods of physical flow accounts that have been put into practice in various countries. A full-fledged implementation of the complete system presented in this chapter is in fact quite ambitious. Chapter 3 does not place any priorities on particular parts of the framework nor gives any a priori indication concerning the relative seriousness of the different environmental problem fields covered in the accounts. Chapter 3 aims primarily at the harmonisation of available methods in the field of physical flow accounting, including their linkage with monetary accounts. Chapter 3 provides a clear distinction between on the one hand accounts that have a more descriptive function (tables 1 and 2 presented in section 2) and on the other hand accounting methods that are more analytical in character (section 3). In this respect the analytical methods presented in section 3 are a logical continuation of the accounting methods presented in section 2.

### 2. Omissions

Since shaping the system has been the primary goal, not much attention has so far been given to the practical guidelines on the stepwise implementation of particular parts of the system. An elaborated methodological description is most needed for those parts of the system that are, or will be, implemented in a significant number of countries and require therefore international harmonisation (cf. the current research of Eurostat in this field). The contents and scope of this methodological description could be one point of discussion in the meeting. Omissions experienced by the author are explicitly indicated in the text. Other specific issues that have not yet been sufficiently dealt with are:

- water accounts
- land use accounts

Both accounts require special attention specifically in relation to in-situ uses. Both interfere with the scope of chapters 2 and 3. In addition, the comprehensive classification of environmental pressures is not yet sufficiently developed in this draft. This concerns both natural resource inputs (presumably corresponding to the classification of natural assets in chapter 2) and residuals.

### 3. Discussion points

1. Are there particular relevant accounting approaches that are not sufficiently represented in chapter 3?
2. What will be the scope and contents of a methodological description?
3. Or should a separate compilation manual be added to the SEEA?
4. How detailed should input-output analysis be described? Should this include a mathematical annex?
5. To what extent should water or land use accounts be included in chapter 3? Or are these sufficiently dealt with in chapter 2?
6. Are there any important linkages to other chapters in the SEEA that should be elaborated in this chapter?

### 4. Other issues and comments

The version of chapter 3 distributed on Friday 22 October will be the one that will be discussed in Canberra. I do not want to make any further adjustments in order to avoid the circulation of different versions. In the coming weeks I look forward to receive any comments you may have. These comments could be added as discussion point in the above list.