

The NPV method

If we recommend the NPV method as a statistical standard we should be able to give advice on how it should be done !

If not in the SEEA/standard – then in the Handbook on mineral and energy ?

The NPV method

What can we recommend on e.g.

- the use of discount factors
- rate of return to capital
- the use of yearly averages, etc. ??

The NPV method

Can we recommend:

- A discount rate at 4 per cent ?
- A rate of return to capital at 8 per cent ?
- That the resource rent for future years should be calculated as 3 year weighted average of the resource rents in recent years:

$$= 0,5 *P(t+1) + 0,3 *P(t) + 0,2 *P(t-1) \quad ?$$