

**LG/11/23a**

**11<sup>th</sup> Meeting of the London Group on  
Environmental Accounting  
Johannesburg, 26-30 March 2007**

## **Report of the Meeting**

# 11<sup>TH</sup> MEETING OF THE LONDON GROUP ON ENVIRONMENTAL ACCOUNTING

(Johannesburg, South Africa 26-30 March 2007)

## REPORT OF THE MEETING<sup>1</sup>

**MONDAY 26 MARCH 2007**

### **Agenda item 1 – Opening**

1. Jairo Arrow, Deputy Director General for Quality and Integration Statistics, Statistics South Africa, opened the meeting. He underscored the long history of the London Group in advancing methodologies in environmental-economic accounting and the importance of the London Group in the revision process of the SEEA-2003 and its elevation to an international statistical standard. He further stressed the need for promoting the SEEA in the users' community and used the example of the South African Water Accounts for illustration. Although the accounts were supply driven at the beginning, Statistics South Africa is succeeding in getting the users' buying into the system. He noted that the process has required time and effort from the statisticians, but positive results can be achieved.

### **Agenda item 2 – UNCEEA Business**

2. Ivo Havinga, Chief of the Economic Statistics Branch, United Nations Statistics Division, summarized the activities of the United Nations Committee of Experts on Environmental-Economic Accounting (UNCEEA) on behalf of Mr. Walter Radermacher, Chair of the UNCEEA. In particular, he mentioned the following:
  - a. *Revision of the SEEA-2003:* The Committee will discuss at its next meeting in July 2007 a Project Management Framework outlining the contributions, with timelines and deliverables of the various groups working under the UNCEEA purview. The apparent slow start of the SEEA revision process is the result of the coordination efforts to bring together the various stakeholders. General consensus is now emerging and the revision is starting expediently. The UNCEEA will discuss the reasons to elevate the SEEA-2003 to an international statistical standard. Further it will discuss the list of issues to be included in the research agenda for the revision of the SEEA-2003 submitted by the London Group and other groups.
  - b. *Promotion and implementation:* One of Committee's objectives is to promote the implementation of the SEEA-2003 in countries as well as to demystify the accounts as a tool to organize environmental and economic information for deriving indicators and, broadly speaking, for policy applications.

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<sup>1</sup> The agenda and list of participants of the meeting are attached in Annex II and III of this report respectively.

- c. *Global Assessment on Environment Statistics and Environmental-Economic Accounting*: Under the auspices of the UNCEEA the First Phase of the Global Assessment has been completed. It provided information on the environment statistics and environmental-economic accounting modules compiled by countries as well as impeding factors in the implementation.
- d. *System of Environmental-Economic Accounting for Water (SEEA)*: The Statistical Commission adopted the SEEA as an interim international statistical standard and encouraged its implementation in countries. As a result, UNSD is developing a compilation manual on water statistics and an implementation programme.

**Agenda item 3 – Results of the London Group consultation on the governance structure and role of the London Group in the SEEA revision**

3. The Chair presented the expected outcomes of the 11th London Group meeting, which would be submitted to the UNCEEA for their deliberation. They included the following:
  - a. A proposal on the structure for the revised SEEA-2003;
  - b. A complete list of issues to be addressed by the London Group;
  - c. Advice to the UNCEEA on the scope, timetable and coordination of the revision process of the SEEA-2003, in particular with regard to the work of the Oslo Group and the OECD work on Material Flow Accounts.
4. The Chair outlined his expectations from the Second Meeting of the UNCEEA in July 2007 in order to facilitate the tasks of the London Group in supporting the revision process of the SEEA-2003. They included:
  - a. Agreed Project Management Framework including agreements on timelines and deliverables with various groups contributing to the revision of the SEEA-2003;
  - b. Agreed issue list and new structure for the revised SEEA-2003;
  - c. Appointment of the editor
5. The London Group discussed the paper on the governance structure of the London Group (LG/11/1). The paper, which was revised on the basis of the comments received as a result of an electronic consultation with the London Group members, was agreed to at the meeting.
6. The London Group discussed the paper on the role of the London Group during the revision of the SEEA-2003 (LG/11/2), which was revised as a result of an electronic consultation. The revised paper was agreed by the London Group with the suggestion of rewording the text in para 14 of the paper to reflect the relationship between pressures and impacts.

#### **Agenda item 4 – Structure of the revised SEEA-2003**

7. The London Group discussed the paper “A proposed structure of the revised SEEA” (LG/11/4) and agreed with the proposed three part structure of the SEEA-2003, namely Part I Statistical standard, Part II Experimental accounts, Part III Applications and policy uses. The term “experimental accounts” was not considered appropriate to represent those accounts that are not mature enough to become a standard. An appropriate terminology, reflecting that those accounts reflect best practices, has to be developed.
8. The London Group endorsed the proposal of streamlining the SEEA-2003 by removing country examples in the text and by placing relevant parts of specific resources accounts (now presented in Chapter 8 of the SEEA-2003) in the relevant chapters. It also recommended that agreed definitions and classifications be developed and be included in a glossary and noted the importance of presenting the system’s architecture of accounts and tables to emphasize the logic of the system of the revised SEEA-2003.
9. Specific recommendations on the order and content of the chapters to strengthen the overall structure of the SEEA-2003, were put forward:
  - a. Asset accounts could be addressed in the SEEA-2003 before the physical flow accounts. This would be in line with the recommendation that sustainability should be the overarching framework for the SEEA-2003 and therefore the measure of the total wealth, including natural resources could be discussed before the flow accounts. A similar argument could also be advanced for the flow accounts.
  - b. Dealing with the asset accounts in Chapter 3, physical flow accounts in Chapter 4 and monetary accounts in Chapter 5, including transactions related to the environment, EPEA and economic accounts would streamline the presentation. Hybrid accounts could be addressed in the revised structure either in the physical flow chapter or in the monetary accounts chapter. This is in line with the proposal put forward by Statistics Sweden and Eurostat of combining Chapters 5 and 6 of the SEEA-2003.
10. It was agreed that an issue paper describing the advantages and disadvantages, including the implications, of the various structure proposal will be prepared. The issue paper will serve as the basis for the electronic consultation among London Group members. The results of the consultation will be reported to the UNCEEA at its meeting in July 2007.
11. The London Group discussed the note on the proposed structure for the revised SEEA by the Federal Statistical Office Germany (LG/11/5), identifying climate change and sustainability as important policy themes that should be considered as the overarching policy themes in order for the SEEA-2003 to be policy relevant. At the same time, it was stressed that Part I of the SEEA-2003 is a statistical standard and should therefore focus on describing statistical methodology. Consequently, the introductory chapter should outline the policy relevance of the revised SEEA-2003 and further details should be addressed in part III – Applications of the SEEA-2003.

12. The London Group agreed that climate change is an important policy issue whose broader implications should be addressed in Part III of the revised SEEA-2003. In particular, Part III should bring together all those elements of the accounts relevant for the analysis of climate change (e.g. greenhouse gas emissions, environmental protection expenditures related to energy saving, carbon trading permits, renewable energy sources, changes in land cover and land use, forest accounts, carbon binding, etc).

#### **Agenda item 5 – Issues related to Chapters 3 and 4**

13. Presentation LG/11/6 gave a general overview of the issues related to the SEEA-2003 Chapters 3 and 4 that were identified as candidates for inclusion in the research agenda for the revision of the SEEA-2003. The outcome of the discussion on the proposed issues is discussed in detail by issue below.

*Links between the OECD Manual on Material Flow Accounts (MFA), the System of National Accounts and the SEEA-2003*

14. The London Group took stock of the work of the OECD on MFA and its efforts to converge with the 1993 SNA/SEEA-2003. It reiterated the importance that the OECD MFA manual be aligned with existing/developing international statistical standards (SNA/SEEA) and expressed concerns about its presentation.
15. The London Group requested that Statistics Denmark and the Federal Statistical Office Germany in consultation with Eurostat and OECD prepare a clarification paper<sup>2</sup> outlining the differences and overlaps including terminology between the OECD Manual on MFA and the SEEA-2003 by early June. The paper will be presented for discussion to the UNCEEA at its meeting in July 2007. The paper would also suggest ways to improve the presentation of the text and the structure of the OECD Manual on MFA so as to show that the SEEA is the basic building block for the MFA which is extended when needed. Bridge tables between SEEA and MFA could also be presented in case the SEEA and MFA cannot be fully reconciled.

*Classification of product, residual, natural resource and ecosystem input flows, unit of accounts and conversion factors*

16. An issue paper on the classification of product, residual, natural resource and ecosystem input flows will be prepared for discussion at the next London Group meeting. The issue paper will build on existing classifications (e.g. MFA) and develop a proposal on the classification of flows. It will also elaborate on the boundaries between residuals, natural resources and ecosystem inputs. The paper should also address the unit of accounts and harmonized conversion factors where they exist (e.g. energy and greenhouse gases, etc.). Statistics Netherlands in cooperation with Statistics Sweden will draft the paper.

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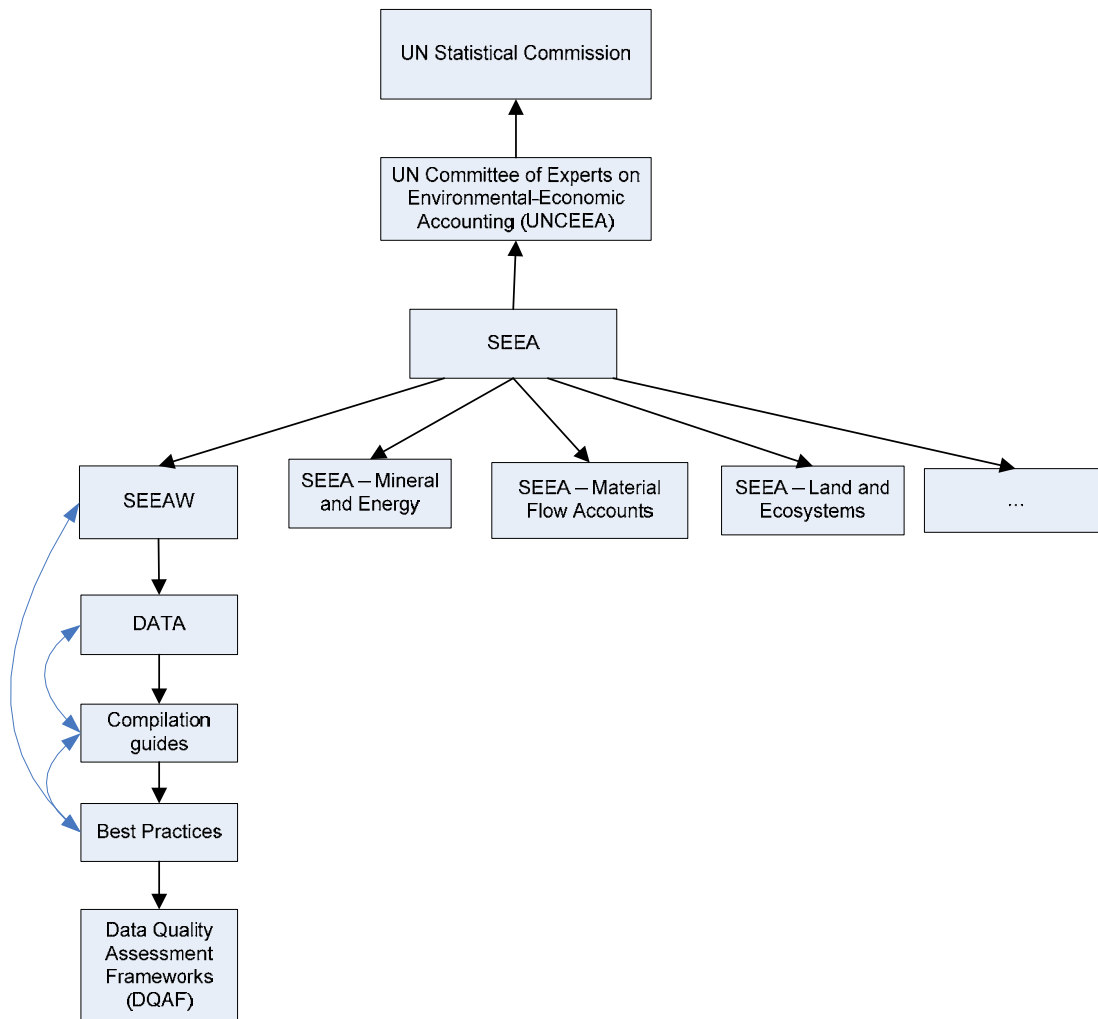
<sup>2</sup> Clarification paper in the context of the London Group meeting refers to a paper describing the current developments on the topic. On the basis of the clarification paper, the topic may be included in the issue list of the research agenda or dropped from it.

**WEDNESDAY 28 March 2007**

**Agenda item 5 – Issues related to Chapters 3 and 4 (Cont’ed)**

*Energy accounts – Report of Oslo Group*

17. The discussion on the work of the Oslo Group and the relationship of this work with the revision of the SEEA-2003 and in particular with the work of the London Group, raised the question of what is an international statistical standard, the relationships between standards, compilation guides and best practices. UNSD will prepare a paper describing the scope and coverage of the different types of publications to help in clarifying the objectives and scope of the different manuals being prepared.
18. By way of clarification, a representative of UNSD presented his views on the relationships between the various types of publications pertaining in particular to environmental-economic accounting and illustrated them in the following diagram:



19. The diagram displays different types of publications starting with a statistical standard and supporting publications as well as the entities overseeing their development. In the case of environmental-economic accounting, the United Nations Statistical Commission, the apex entity of the global statistical system, adopts standards such as the revised SEEA-2003 upon recommendation from the United Nations Committee of Experts on Environmental-Economic Accounting.
20. Given the broad scope of the SEEA, supporting standards to the SEEA dealing with specific issues would be developed. This is the case, for example, of the *System of Environmental-Economic Accounting for Water* (SEEAW). The standards develop output tables and accounts, including a detailed list of variables to be compiled and disseminated. The supporting publications, which develop input information, include the development of questionnaires to obtain the data and compilation guides based on best practices describing various methods to populate the standard tables and accounts. The process is not a top-down process but rather a cyclical process. The standard, the questionnaires and the compilation guides are developed on the basis of best practices which in turn are influenced by the standard. The data quality assessment framework is a qualitative assessment of the statistics collected/compiled according to the standard.
21. With regard to mineral and energy accounts, the view is that there should be a single standard, multipurpose system covering flows and stocks, in physical and monetary terms. The London Group will address issues related to asset accounts. The London Group in cooperation with the Oslo Group will address the energy flows linking statistics, balances and accounts through the development of standard tables and bridge tables. All issues related to implementation and best practices should be included in compilation guides, which should provide guidance on how to fill in the standard tables.
22. There seem to be different terminologies being used by the energy community and the national accountants. For example, energy stocks for energy statisticians refer to energy above the ground that is oil, gas, etc. which is already extracted. For national accountants, energy above the ground is called inventories, whereas stocks refer to energy below the ground, what energy statisticians call reserves. A key issue is developing a common terminology.

*Energy accounts - Issues*

23. The London Group discussed the papers LG/11/8a and LG/11/9a which described a list of issues on hybrid accounts for mineral and energy and a proposal for the division of responsibilities between the London Group and the Oslo Group to address those issues. Table 2 in the paper LG/11/8a summarizes the issues and who is working on what. The London Group requested Statistics Norway to prepare a revised Table 2, on the basis of the discussion at the meeting, for submission to the UNCEEA to facilitate the discussion on the sharing of tasks between the London Group and the Oslo Group at its next meeting in July 2007.
24. The issues presented in the above papers were discussed in detail. Recommendations by the London Group, issue by issue, are summarized below.

### Mineral and energy asset accounts in physical and monetary terms

25. Asset accounts in physical and monetary terms are the responsibility of the London Group. Issues related to the asset accounts were discussed in detail under Agenda item 7.

### Coverage of energy accounts in the revised SEEA

26. The London Group recommended that a paper covering the scope and coverage of the energy accounts in the revised SEEA-2003 be prepared for discussion at the next London Group meeting. It was considered important that the paper address the link between energy statistics, balances and accounts. Statistics Norway will coordinate a small group composed of Statistics Netherlands, Statistics New Zealand and Statistics Denmark, Statistics Sweden, Australia Bureau of Statistics and Federal Statistical Office Germany to draft this paper.

### Bridge tables and statistical differences

27. Paper LG/11/9a presented the experience of Denmark in developing bridge tables between energy statistics and energy accounts. The London Group considered bridge tables for energy as well as greenhouse gas emissions a key tool for linking energy balances and energy accounts. Standard tables linking energy statistics, balances and accounts should be developed in cooperation with the Oslo Group. As suggested in the paper, the London Group will develop a proposal for the bridge table as part of the paper discussing the scope and coverage of energy accounts in the revised SEEA-2003.
28. Energy balances in many countries include the so-called “statistical differences”, which could either be due to differences in concepts/methodologies or to the quality of data. From an environmental-economic accounting perspective, energy accounts by design have to balance. Issues of concepts/methodologies leading to differences between energy statistics and accounts should be addressed in the revised SEEA-2003. Specific data issues should be addressed in a compilation guide to be developed by the Oslo Group.

### Harmonization of classifications, conversion factors, units of accounts

29. The harmonization of energy product and industry/sector classifications, conversion factors and units of accounts is the responsibility of the Oslo Group. Members of the London Group will contribute to the relevant electronic discussion groups established by the Oslo Group.

### Definition of production, imports and exports

30. Differences in concepts, definitions and terminology of production, imports, exports inventories, stocks will be addressed as part of the work of the London Group on the scope and coverage of energy accounts as well as on the development of bridge tables. This work will be done in cooperation with the Oslo Group.

### Monetary mineral and energy flows

31. All monetary mineral and energy flows will be the responsibilities of the London Group.



#### Renewable energy data - physical

32. As noted in the paper, the Oslo Group will develop a classification for renewable energy resources. The London Group will contribute to the discussion group and will address the issue of reconciling the physical flow of renewable resources with national accounts supply and use tables.

#### *Waste*

33. The issue of waste classification will be addressed as part of the issue paper on the classification of physical flows. Statistics Netherlands will address this specific part of the paper.

#### **Agenda item 7 – Issues related Chapters 5 and 6**

34. The London Group discussed the presentation LG/11/11, which presented the following 4 issues: definition of environmental taxes and subsidies, treatment of permits to access natural resources and emission permits, classification of natural resource management expenditures, environmental goods and services industry. Statistics Sweden will prepare an issue paper addressing the 4 issues below.

#### Definition of environmental taxes and subsidies

35. The SEEA-2003 already includes a description of environmental taxes. An evaluation of whether the definition of environmental taxes in the SEEA-2003 is consistent with the 1993 SNA Rev.1 should be prepared. On the basis of this analysis, the London Group will consider whether the definition of environmental tax would need to be included in the issue list or should be treated as a clarification issue.
36. The paper will include a discussion on environmental subsidies.

#### Permits, leases and licenses to access natural resources and emission permits

37. The treatment of permits leases and licenses to access natural resources and emission permits has changed in the 1993 SNA Rev. 1 as opposed to the 1993 SNA and the SEEA-2003. Statistics Sweden and Eurostat, with the assistance of Statistics Denmark and UNSD will prepare this section of the paper to evaluate the recommendations in the 1993 SNA Rev.1 with regard to the revised SEEA.

#### Classification of natural resource management expenditures

38. A section of the issue paper will address the issue above by starting to look at classification of industry and functional classification of government (COFOG). The Eurostat Working Group on Environment Expenditures Statistics will be asked to develop the classification of natural resource expenditures.

#### Environmental goods and services industry

39. A clarification paper will be prepared by Statistics Sweden and Eurostat, taking into consideration the deliberation by the Eurostat Task Force on Environmental Goods and Services to include this activity as part of their programme of work and their timeframe.

#### **Agenda item 8 – Issues related to Chapters 7 and 8**

40. Presentation LG/11/12 outlined the main changes in the 1993 SNA Rev.1 that will have an impact on the revision of the SEEA-2003. The London Group took note of those changes and will continue to do so to ensure that the revised SEEA is aligned with the 1993 SNA Rev.1.

*Classification of assets – Linking the 1993 SNA Rev.1 and the SEEA-2003 asset classification*

41. A paper on the classification of assets (LG/11/13a) was discussed. The paper noted that substantial efforts were made to align the asset classification, in particular concerning natural resources, in the 1993 SNA Rev.1 with that of the SEEA-2003. The paper outlined the remaining differences between the two classifications and suggested ways to reduce these changes. An electronic consultation will take place in-between London Group meetings and an issue paper consolidating the comments received, will be prepared by UNSD for discussion at the next London Group meeting.
42. A clarification paper on the classification of transactions and other flows will be prepared at a later stage, when the discussion on the treatment of changes in stocks will have been solved.

**Agenda item 9 – Issues related to Chapters 7 and 8**

*Depletion of non-renewable resources*

43. The London Group discussed the paper LG/11/14a addressing the questions on identifying the income elements of the resource rent and valuation of mineral exploration. The London Group agreed with the options A3 and B2 presented in the paper. It requested a slight change in wording in option B2 to reflect that market values will always be the preferred valuation methods for mineral exploration as well as mineral and energy resources.
44. The ABS will prepare an outcome paper for discussion at the next UNCEEA meeting reflecting the recommendations of the London Group.
45. The London Group recommended to expand the discussion of depletion of non-renewable resources to renewable resources and requested the ABS to continue their work, with the assistance of Statistics Finland and the experts working on the accounts for fisheries. Further, the ABS will address the remaining options related to the valuation of depletion presented in the SEEA-2003 and prepare an issue paper for discussion at the next London Group meeting. The issue of the measurement of depletion and environmentally-adjusted aggregates will be added to the issue list.
46. The Chair invited other members to contribute to the work of the ABS.

**THURSDAY 29 March, 2007**

**Agenda item 9 – Issues related to Chapters 7 and 8 (Cont'd)**

*Valuation of mineral and energy resources*

47. The London Group discussed the papers LG/11/15a and LG/11/17 confirmed that in the absence of market values, the net present value is the next best valuation method for mineral and energy resources. The London Group agreed with the proposal that an issue paper should be prepared by Statistics Denmark and Statistics Canada providing guidance on how to implement the net present value and in particular on the choice of the discount rate, the calculation of the rate of return to capital, the use of weighted averages, etc.

*Subgroup on mineral and energy accounts*

48. The London Group discussed the three-part outline of the handbook on mineral and energy accounts (LG/11/16a). The current outline only covers mineral and energy assets. Part I provides an introduction on the conceptual issues of mineral and energy accounts, Part II provides guidelines on how to compile the accounts and Part III provides examples of the applications of mineral and energy asset accounts. On the basis of the discussion of the diagram presenting the relationship between different types of publications (see diagram para 18), the London Group considered that the Part I of the outline corresponds to the standard, part II to the compilation guide and Part III has to do with applications of the accounts. The London Group considered high priority the work on the development of standards for mineral and energy asset accounts as part of the work for the revision of the SEEA-2003 and the SEEA – Mineral and Energy. The London Group noted that the distribution of work between the London Group and the Oslo Group has to be clarified by the UNCEEA.
49. New Zealand, South Africa, United Kingdom will provide country papers to Statistics Denmark as contributions to Part II on best practices. They will also provide the papers to the Secretariat for inclusion on the UNSD searchable archive. Moldova will contact Russia, Kazakhstan and Turkmenistan to request their input in the development of best practices.

*Definition of physical reserves*

50. The London Group considered the presentation LG/11/18 and the paper LG/11/19a on the definition of physical reserves the first focusing on the UNFC and CRISCO work on the definition of mineral resources, the second focusing on the definition of energy resources taking into account the definitions of UNFC and business accounting practices. UNSD will prepare an issue paper for discussion at the next London Group meeting building on the work presented in the current issue paper and presenting a classification scheme for mineral and energy resources based on the UNFC. UNSD will also address the other issues addressed in the paper, namely aggregation over different fields and heterogeneity of resources.
51. The London Group discussed whether the 1993 SNA Rev.1 should expand its boundary to include not only proven but also probable reserves, in light of the definitions used by UN Framework Classification for Fossil Energy and Mineral Resources (UNFC) and by business accounting.
52. Statistics Denmark will meet on 11 May a delegation from UNFC to exchange information about the activities of the London Group and the UNFC and possible

cooperation. A list of questions to be discussed with the UNFC delegation should be sent to Statistics Denmark no later than the end of April.

53. The Group recommended that the Chair of the London Group write an E-mail to the Secretariat of the Inter-Secretariat Working Group on National Accounts informing them of the outcome of the discussion of the London Group regarding (a) the expansion of the asset boundary for mineral and energy reserves to include not only proven but also probable reserves; (b) changes in terminology to reflect the UNFC new terminology. Following the meeting with the UNFC delegation with Statistics Denmark, the Chair of the London Group would send a formal letter requesting the ISWGNA to consider including in the 1993 SNA Rev.1 not only proven reserves but also probable reserves for mineral and energy and possibly changing the terminology.

#### *Forest*

54. The London Group discussed the paper (LG/11/20a) presenting a list of issues related to forest accounts. These included issues related to classification of forest, valuation of standing timber, and accounts for non-timber products.
55. The current section on forest accounts in the SEEA-2003 covers flows and stocks of forest products. The London Group recommended streamlining the text and placing the different accounts in the relevant chapters, in line with the decision taken in agenda item 4 – Structure of the SEEA-2003. The London Group also stressed the importance of making sure that the treatment of forest in the Kyoto protocol be properly addressed in part III of the revised SEEA-2003.
56. The London Group recommended that Statistics Finland and the Subgroup on forest prepare a clarification paper on the classification of forest to suggest ways to streamline the various classifications presented in the SEEA-2003, considering also developments of forest classifications at FAO and the definitions of forests in the Kyoto protocol.
57. The London Group recommended that Statistics Finland and the Subgroup on forest prepare an issue paper including possibly the valuation on carbon binding to assess whether it can be part of the standard.
58. The London Group recommended that ABS will prepare an issue paper on depletion of renewable resources, including timber with the input of Statistics Finland. Other experts on specific natural resources should be identified by UNSD to contribute to the paper. Valuation of stocks for specific resources will be discussed and evaluated at a later stage.

#### *Land and Ecosystems*

59. The London Group discussed the presentation LG/11/21 which presented a list of issues on land and ecosystem accounts, including the classification of the physical units of measurement of ecosystem, the classification of ecosystem services and the identification of the boundaries between intermediate and final consumption as well as gross fixed capital formation for ecosystem services. The London Group recommended that the European Environment Agency and the subgroup on land and ecosystem accounts prepare an issue paper including a suggestion on revising the

classifications on land cover, as well as land use and ecosystem services classification for discussion at the next London Group meeting.

60. The London Group noted that the work of the subgroup on Land and Ecosystem Accounts would benefit from the cooperation with the on-going European Ecosystem Assessment (EURECA) project being undertaken by the European Environment Agency. The London Group further requested the subgroup to develop an outline for the SEEA Land and Ecosystems.

*Fish and soil*

61. These topics were not considered explicitly, however the London Group considered these topics important and to be included in the issue list.

**Agenda item 10 - Valuation of degradation**

62. The London Group discussed the paper LG/11/22a. The London Group recommended that the Federal Statistical Office Germany will prepare a paper presenting a suggestion on the reorganization of Chapters 9 and 10, including a discussion on scope and coverage of the valuation methods in the revised SEEA 2003.

**FRIDAY 30 MARCH 2007**

**Agenda item 11 – Indicators and the revised SEEA-2003**

63. The London Group discussed the paper LG/11/23 and presentation LG/11/23b.

*Inclusion of indicators in the revised SEEA-2003*

64. There was a general consensus that indicators are an important outcome of the compilation of the accounts and should be included in the SEEA-2003. Aggregates resulting directly from accounting identities should be presented as part of the standard (Part I). Aggregates, similar to GDP are the direct result of the compilation of the accounts and are coherent and consistent over time. Indicators, including ratio indicators such as resource intensity and productivity indicators are applications of the accounts and should be discussed in Part III of the revised SEEA-2003.
65. While promoting a clear description of the strength inherent to the indicators derived from the compilation of the accounts (e.g. comparability and consistency), the London Group did not think that it was the Group's role to recommend a list of indicators. Rather it considered useful to provide an overview of the types of indicators that can be derived from the accounts and suggested to develop links with existing selected indicator lists in the Annexes.

*Aggregation of indicators*

66. Ratio indicators were considered an important outcome of the compilation of the SEEA-2003. The London Group also discussed extensively whether the SEEA-2003 should also discuss composite indices or indicators aggregated using physical or monetary units. There was a general consensus that the SEEA-2003 should not embrace any particular school of thoughts and thus it should not advocate the

calculation of composite indices. On the other hand, it agreed that some type of aggregation (by mass or conversion factors), based on scientific ground and addressing as much as possible those environmental impacts that are relevant from a policy perspective, should be presented. If the revised SEEA-2003 will not present some sort of aggregation, the accounts may lose relevance as they will present a long list of materials or chemicals, without providing any guidance on how to summarize the information.

67. Statistics Netherlands will continue to lead the work on indicators. UNSD will contribute indicators related to water, ABS indicators related to depletion, Sweden indicators on environmental protection expenditures, Finland on forest indicators, Germany indicators on globalization and climate change. Italy has offered to be part of the group.

*Organization of Part III on applications of the SEEA-2003*

68. The London Group discussed possible ways to organize Part III of the SEEA-2003. The London Group considered sustainable development and global warming important policy themes to organize the discussion in Part III. The question discussed by the Group was how to link the policy themes to the discussion on indicators. It was mentioned that the 1993 SNA Rev.1 has agreed to organize its chapter on applications by institutional sector, other options would be to organize it according to natural resources.
69. United Kingdom has offered to prepare a proposal on the organization of Part III on Application of the revised SEEA-2003. This will also facilitate the work of Statistics Netherlands for organizing the information on indicators.

**Agenda item 12 – Report of the meeting and future work**

70. The London Group discussed the draft report that had been prepared and agreed with the conclusions outlined in the report.
71. The London Group expressed concerns regarding the work load for the Group and would like the UNCEEA to take this concern into consideration when analyzing available resources for the SEEA revision process.
72. The Chair requested the London Group members that papers be made available at least two weeks prior to the meeting, so as to give enough time to the participants of the London Group meetings to consult within the office. The papers will be posted on the London Group website promptly.
73. The Chair announced that the next meeting of the London Group is tentatively scheduled in the second half of December. The venue of the next meeting will be communicated shortly. The London Group estimated that it would need three additional meetings to address and solve the issues on the research agenda, tentatively scheduled with a time lag of 9 months.

## Annex I

The table below outlines the tasks that members or organizations have agreed to deliver and the timeline.

	Tasks	Countries/organizations	Timeline
1.	Issue paper on the proposed changes in structure of the revised SEEA-2003 and electronic consultation with LG members  Revised structure paper presented at the UNCEEA	Chair/secretariat LG Members  Chair/secretariat	May 2007 (electronic consultation)  June 07 –final
2.	Paper on what is a standard	UNSD	June 2007
3.	Clarification paper outlining the differences and overlaps including terminology between the MFA and the SEEA-2003 (to be presented at the UNCEEA)	Statistics Denmark, Germany, Eurostat and OECD	June 2007
4.	Update of Table 2 in Hass paper	Statistics Norway	June 2007
5.	Issue paper on scope and coverage of energy flow accounts, including link with energy statistics/balances	Germany, Norway, Netherlands, New Zealand and Denmark	November 2007
6.	Issue paper on classification on renewable energy resources	Statistics Norway/Oslo Group	November 2007
7.	Issue paper on classification of flows, including waste	Netherlands with the assistance of Statistics Sweden	November 2007
8.	Clarification paper including: (a) environmental taxes; (b) environmental subsidies (c) permits and licenses (d) environmental goods and services	Sweden/Eurostat  (c) with Statistics Denmark and UNSD	November 2007
9.	Revision of and consultation on the paper on the asset classification	UNSD	June 2007
10.	Issue paper on the classification of	UNSD	At later stage

	Tasks	Countries/organizations	Timeline
	transactions and other flows		
11.	Outcome paper on depletion (options A3 and B2)	ABS	June 2007
12.	Issue paper on depletion of non-renewable resources - resolving remaining SEEA options	ABS	November
13.	Issue paper on depletion of renewable resources	ABS, Finland (for forest) New Zealand for fish	August 2008
14.	Continue work on mineral and energy accounts	Denmark and subgroup on mineral and energy accounts	On-going
15.	Definition of mineral and energy physical asset	UNSD	November 2007
16.	Letter to the Secretariat of ISWGNA on expansion of the asset boundary to probable reserves in 1993 SNA Rev.1	Chair	Mid May
17.	Input to the meeting between Statistics Denmark and UNFC (11 May)	All	End April
18.	Report on the meeting with UNFC	Denmark	End May
19.	Clarification paper on classification of forest	Finland	November
20.	Issue paper on carbon binding	Finland	November 2007
21.	Issue paper on valuation of forest stocks	Finland and ABS	August 2008
22.	Issue paper on fish	Statistics New Zealand, FAO, ABS (for valuation)	November 2007
23.	Issue paper on soil	EEA	November 2007
24.	Clarification paper on valuation of degradation	Germany	November 2007
25.	Clarification paper on ecosystem accounts	EEA and	November 2007



	Tasks	Countries/organizations	Timeline
		ecosystem subgroup	
26.	Compilation of indicators related to different issues	Netherlands with the assistance of UNSD, ABS, Sweden, Finland, Germany, Italy, UK	November 2007
27.	Proposal on structure of Part III of the SEEA-2003	UK	November 2007
28.	Revision of the issue list	Chair/Secretariat	Mid May
29.	Description of the issues (annotations) to be included in the final research agenda	All	End April

*Note:* Clarification paper in the context of the London Group meeting refers to a paper describing the current developments on the topic. On the basis of the clarification paper, the topic may be included in the issue list of the research agenda or dropped from it.

## ANNEX II

### 11<sup>TH</sup> MEETING OF THE LONDON GROUP ON ENVIRONMENTAL ACCOUNTING

Johannesburg, 26-30 March 2007

#### AGENDA

##### *Monday March 26, Morning Session*

1.	Opening ( <i>Jairo Arrow, Deputy Director General for Quality and Integration, Statistics South Africa</i> )
2.	UNCEEA Business ( <i>Ivo Havinga, United Nations Statistics Division on behalf of Walter Radermacher, Chair, UNCEEA and President, Federal Statistical Office, Germany</i> )
3.	Results of London Group Consultation on Governance Structure and Role of the London Group in the SEEA Revision <ul style="list-style-type: none"><li>• Results of London Group Consultation on Governance Structure (<i>Mark de Haan, Statistics Netherlands</i>) [LG/11/1]</li><li>• Role of the London Group in the SEEA Revision (<i>Mark de Haan, Statistics Netherlands</i>) [LG/11/2]</li></ul>
4.	The Structure of the Revised SEEA <ul style="list-style-type: none"><li>• A Structure Proposal (<i>Mark de Haan, Statistics Netherlands</i>) [LG/11/3]</li><li>• Note on Proposed Structure (<i>Karl Schoer, Federal Statistical Office Germany</i>) [LG/11/4]</li></ul>

##### *Monday March 26, Afternoon Session*

5.	Issues Related to Chapters 3 and 4 <ul style="list-style-type: none"><li>• List of Issues and Results from a Small Survey (<i>Martin Lemire, on behalf of Joe St. Lawrence, Statistics Canada</i>) [LG/11/5]</li><li>• Report of the Oslo Group (<i>Julie Hass, Statistics Norway</i>) [LG/11/6]</li><li>• Proposed List of Issues Related to Energy Accounts (<i>Julie Hass, Statistics Norway</i>) [LG/11/7]</li><li>• Links between Energy Accounts, Balances and Statistics (<i>Thomas Olsen, Statistics Denmark</i>) [LG/11/8]</li><li>• Links between OECD Manual on MFA and SEEA-2003 (<i>Aldo Femia, Italian National Institute of Statistics on behalf of OECD</i>) [LG/11/9]</li></ul>
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***Tuesday March 28***

	<i>Full day excursion</i>
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***Wednesday March 27, Morning Session***

6.	Issues related to Chapters 5 and 6 <ul style="list-style-type: none"><li>• List of Issues (<i>Nancy Steinbach and Viveka Palm, Statistics Sweden, and Julio Cabeca Eurostat</i>) [LG/11/10]</li></ul>
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7.	Issues Related to Chapters 7 and 8 <ul style="list-style-type: none"><li>• 1993 SNA Rev.1 and revised BPM5 - Recommendations that have Implications for the SEEA-2003 (for information) (<i>Ivo Havinga, United Nations Statistics Division</i>) [LG/11/11]</li><li>• Classification of Assets (<i>Alessandra Alfieri and Ivo Havinga, United Nations Statistics Division</i>) [LG/11/12]</li></ul>
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***Wednesday March 27, Afternoon Session***

	Issues related to Chapters 7 and 8 (Cont'd) <ul style="list-style-type: none"><li>• Recording of Depletion (<i>Peter Comisari, Australian Bureau of Statistics</i>) [LG/11/13]</li><li>• Valuation Methods of Energy and Mineral Resources (<i>Estrella Domingo and Edward Eugenio Lopez-Dee, National Statistical Coordination Board, Philippines</i>) [LG/11/14]</li><li>• Progress Report: Handbook on Mineral and Energy Asset Accounting (<i>Ole Gravgard, Statistics Denmark</i>) [LG/11/15]</li><li>• Net Present Value Calculations (<i>Ole Gravgard, Statistics Denmark</i>) [LG/11/16]</li></ul>
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***Wednesday March 28, Evening Session***

	Special Session on Water Accounts – Organized by United Nations Statistics Division <ul style="list-style-type: none"><li>• SEEAW (<i>Michael Vardon, United Nations Statistics Division</i>) [LG/11/SSWA/1]</li><li>• Regional Water Accounts and the Transformation of Spatial Data (<i>Bram Edens, United Nations Statistics Division</i>) [LG/11/SSWA/2]</li></ul>
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**Thursday March 29, Morning Session**

	<p>Issues related to Chapters 7 and 8 (Cont'd)</p> <ul style="list-style-type: none"><li>• Definition of Physical Reserves (<i>James Blignaut and Jackie Crafford, University of Pretoria South Africa</i>) [LG/11/17]</li><li>• Classification Issues (<i>Bram Edens and Ilaria DiMatteo, United Nations Statistics Division</i>) [LG/11/18]</li><li>• Forest Accounts (<i>Jukka Muukkonen, Statistics Finland</i>) [LG/11/19]</li><li>• The recording of ecosystem services in the SEEA (<i>Jean-Louis Weber, European Environment Agency</i>) [LG/11/20]</li></ul>
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**Thursday March 29, Afternoon Session**

8.	<p>Issues Related to Chapters 9 and 10</p> <ul style="list-style-type: none"><li>• Valuation of Degradation – State of the Art Report (<i>Martin O'Connor, Université de Versailles Saint-Quentin-en-Yvelines, France</i>) [LG/11/21]</li></ul>
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9.	<p>Issues Related to Indicators</p> <ul style="list-style-type: none"><li>• A Proposed SEEA indicator set (<i>Sjoerd Schenau and Rutger Hoekstra, Statistics Netherlands</i>) [LG/11/22]</li></ul>
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**Friday March 30, Morning session**

10.	<p>Wrap up of the Meeting</p> <ul style="list-style-type: none"><li>• Report of the Meeting [LG/11/23]</li><li>• SEEA Revision Issues List [LG/11/24]</li></ul>
11.	<p>Future Actions</p> <ul style="list-style-type: none"><li>• Next London Group Meeting [LG/11/25]</li></ul>

**Friday March 30, Afternoon session**

	<p>Special session on water accounts – Organized by United Nations Statistics Division</p> <ul style="list-style-type: none"><li>• Water Quality Accounting: WQA Case Study in Moldova (<i>Jana Tafti, Water Data Centre, Republic of Moldova</i>) [LG/11/SSWA/3]</li><li>• Water Resource Accounts for South Africa (<i>Jackie Crafford and Aneme Malan, Statistics</i>)</li></ul>
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*South Africa*) [LG/11/SSWA/4]

- A Monetary Water Account for Australia (*Peter Comisari, Australian Bureau of Statistics*) [LG/11/SSWA/5]

## ANNEX III

### LIST OF PARTICIPANTS

#### **Australia**

Mr. Peter Comisari  
Assistant Director  
Centre of Environment and Energy Statistics  
Australian Bureau of Statistics  
ABS House  
Locked Bag 10  
Belconnen, ACT 2616  
Email: [peter.comisari@abs.gov.au](mailto:peter.comisari@abs.gov.au)

#### **Canada**

Mr. Martin Lemire  
Chief, Environment Accounts and Statistics Division  
Statistics Canada  
R.H. Coats Building 7th Floor  
Tunney's Pasture K1A 0T6  
Ottawa, Ontario  
Tel: + (1 613) 951 5739  
Fax: + (1 613) 951 0634  
Email: [martin.lemire@statcan.ca](mailto:martin.lemire@statcan.ca)

#### **China**

Ms. Yixuan Wang  
Director  
Division of Balance Sheet and Resource & Environmental Accounting  
National Bureau of Statistics  
75 Yuetan Nanjie, Xicheng District  
Beijing 100826, China  
Tel: + (86) 10 68782390 / 68512355  
Fax: + (86) 10 68512445  
E-mail: [wangyx@stats.gov.cn](mailto:wangyx@stats.gov.cn)

Ms. Fang Yu  
Research Fellow  
Chinese Academy for Environmental Planning  
Beijing, China  
E-mail: [wyufang@caep.org.cn](mailto:wuyufang@caep.org.cn)

#### **Denmark**

Mr. Ole Gravgård Pedersen  
Chief Adviser  
Statistics Denmark  
Postboks 2550  
Sejrogade 11  
2100 København O, Denmark  
Tel: + (45) 39 17 3488  
Fax: + (45) 39 17 3999  
E-mail: [ogp@dst.dk](mailto:ogp@dst.dk)

Mr. Thomas Olsen  
Head of Section

Statistics Denmark  
Postboks 2550  
Sejrogade 11  
2100 Kobenhavn O, Denmark  
Tel : + (45) 39 17 3828  
Fax: + (45) 39 17 3999  
E-mail: [tol@dst.dk](mailto:tol@dst.dk)

**Finland**

Mr. Jukka Muukkonen  
Statistics Finland  
PB 6B, FI-00022  
Helsinki  
Tel : + (358) 9 1734 3224  
Fax: + (358) 9 1734 3429  
E-mail: [jukka.muukkonen@stat.fi](mailto:jukka.muukkonen@stat.fi)

**Germany**

Mr. Karl Schoer  
Head of Department Environmental-Economic Accounting  
Statistisches Bundesamt  
Gustav-Stresemann-Ring 11  
D-65189 Wiesbaden  
Tel: +(49) 611 75 2223  
Fax: +(49) 611 75 3971  
E-Mail: [karl.schoer@destatis.de](mailto:karl.schoer@destatis.de)

**Italy**

Mr. Constantino Cesare  
National Institute of Statistics  
Via Cesare Balbo 16  
00186 Rome, Italy  
Tel: + (39) 6 4673 3167  
Fax: + (39) 6 4673 3702  
Email: [cecostan@istat.it](mailto:cecostan@istat.it)

Mr. Aldo Femia  
Consultant to OECD  
National Institute of Statistics  
Via Cesare Balbo 16  
00186 Rome, Italy  
Email: [aldo.femia@istat.it](mailto:aldo.femia@istat.it)

**Moldova, Republic of**

Ms. Jana Tafi  
Project Manager  
Consulting Company BETURE-CEREC and  
Ministry of Environment and Natural Resources  
MD 2005 Chisinau  
9 Cosmonautilor Str., Republic of Moldova  
Tel: + (373) 22204530  
Fax: + (373) 22226858  
E-mail: [wdc@mediu.moldova.md](mailto:wdc@mediu.moldova.md)  
[janatafi@hotmail.com](mailto:janatafi@hotmail.com)

**Mozambique**

Mr. Sandre José Macia  
Statistician  
National Institute of Statistics  
Email: [sandre.macia@ine.gov.mz](mailto:sandre.macia@ine.gov.mz)

**Netherlands**

Mr. Mark de Haan  
Head of Unit  
Statistics Netherlands (CBS)  
Prinses Beatrixlaan 428  
2273 XZ Voorburg  
The Netherlands  
Tel: + (31) 70 337 4824  
Email: [mhaa@cbs.nl](mailto:mhaa@cbs.nl)

Mr. Sjoerd Schenau  
Statistics Netherlands (CBS)  
Project Leader Environmental Accounts  
Prinses Beatrixlaan 428  
2273 XZ Voorburg, The Netherlands  
Tel: + (31) 70 337 4041  
E-mail: [sscn@cbs.nl](mailto:sscn@cbs.nl)

**New Zealand**

Ms. Tammy Estabrooks  
Subject Matter Project Manager - Environment  
Statistics New Zealand  
E-mail: [tammy.estabrooks@stats.govt.nz](mailto:tammy.estabrooks@stats.govt.nz)

**Norway**

Ms. Julie Hass  
Researcher - Division for Environmental Statistics  
Statistics Norway  
Kongens gate 6, 8131 Dep0033  
Oslo  
Tel: +(47) 21 09 45 15  
Email: [julie.hass@ssb.no](mailto:julie.hass@ssb.no)

**South Africa**

Mr. Jairo Arrow  
Deputy Director General:  
Quality and Integration  
Statistics South Africa  
P/Bag X44  
Pretoria, South Africa 0001  
E-mail: [jairoa@statssa.gov.za](mailto:jairoa@statssa.gov.za)

Mr. Johannes De Beer  
Executive Manager, National Accounts  
Statistics South Africa  
P/Bag X44  
Pretoria, South Africa 0001  
Tel: + (27) 12 310 8024  
Fax: + (27) 12 310 6924



E-mail: [joedb@statssa.gov.za](mailto:joedb@statssa.gov.za)  
[joedb@webmail.co.za](mailto:joedb@webmail.co.za)

Ms. Anemé Malan  
Manager: Application of National Accounts  
Statistics South Africa  
Private Bag X44  
Pretoria, 0001 South Africa  
Tel: + (27) 12 310 8321  
Fax: + (27) 12 310 2990  
E-mail: [anemem@statssa.gov.za](mailto:anemem@statssa.gov.za)

Ms. Irene Ramashala  
Office administrator  
Statistics South Africa  
Private Bag X44  
Pretoria, 0001 South Africa  
E-mail: [aagnesr@statssa.gov.za](mailto:aagnesr@statssa.gov.za)

#### **Sweden**

Ms. Viveka Palm  
Coordinator Environmental Accounts  
Statistics Sweden  
Box 24 300104 51  
Stockholm  
Tel: + (46) 85069 4219  
Email: [viveka.palm@scb.se](mailto:viveka.palm@scb.se)

Ms. Nancy Steinbach  
Advisor  
Statistics Sweden  
Box 24 300104 51  
Stockholm  
Email: [nancy.steinbach@scb.se](mailto:nancy.steinbach@scb.se)

#### **Tanzania**

Mr. Morrice Nyattega Oyuke  
Principal Statistician  
National Bureau of Statistics  
Tanzania  
Email: [dg@nbs.org.tz](mailto:dg@nbs.org.tz)  
[nyattega@yahoo.com](mailto:nyattega@yahoo.com)

Mr. Gabriel Kulomba Simbila  
National Accountant (Statistician)  
National Bureau of Statistics  
Tanzania  
Email: [skulomba@hotmail.com](mailto:skulomba@hotmail.com)

#### **United Kingdom**

Mr. Rocky Harris  
Statistician

Department for Environment,  
Food and Rural Affairs (DEFRA)  
Ashdown House, 123 Victoria Street,  
London, SW1E 6DE  
Tel: (44) 20 7092 8623  
Fax: (44) 20 7082 8618  
E-mail: [Rocky.harris@defra.gov.uk](mailto:Rocky.harris@defra.gov.uk)

Mr. Ian Gazley  
Environmental Accounts Data Manager  
Office for National Statistics – UK  
E-mail: [ian.gazley@ons.gsi.gov.uk](mailto:ian.gazley@ons.gsi.gov.uk)

## **INTERNATIONAL ORGANIZATIONS**

### **European Environment Agency (EEA)**

Mr. Jean-Louis Weber  
Environmental Accounting/Spatial Assessment  
European Environment Agency  
Kongens Nytorv 6  
DK-10150 Copenhagen K, Denmark  
Tel: + (45) 3336 7245  
Fax: + (45) 3336 7293  
E-mail: [jean-louis.weber@eea.europa.eu](mailto:jean-louis.weber@eea.europa.eu)

### **Eurostat**

Mr. Julio Cabeca  
Environmental Accounts Team  
Statistical Office of the European Communities  
European Commission  
Boite Postale 1907  
L-2920, Luxembourg  
E-mail: [julio.cabeca@ec.europa.eu](mailto:julio.cabeca@ec.europa.eu)

## **UNITED NATIONS**

### **United Nations Statistics Division/ Department of Economic and Social Affairs**

Mr. Ivo Havinga  
Chief, Economic Statistics Branch  
United Nations Statistics Division  
Two UN Plaza, DC2-1520  
New York, NY 10017, USA  
Tel: + (1 212) 963 4859  
Fax: + (1 212) 963 1374  
E-mail: [havinga@un.org](mailto:havinga@un.org)

Ms. Alessandra Alfieri  
Chief Environment Statistics Section  
OIC Environmental-Economic Accounts Section  
United Nations Statistics Division  
Two UN Plaza, DC2-1518  
New York, NY 10017, USA  
Tel: + (1 212) 963 4590  
Fax: + (1 212) 963 1374

E-mail: [alfieri@un.org](mailto:alfieri@un.org)

Mr. Michael Vardon  
Interregional Advisor  
Environmental-Economic Accounts Section  
United Nations Statistics Division  
Two UN Plaza, DC2-1532  
New York, NY 10017, USA  
Tel: + (1 917) 967 5391  
Fax: + (1 212) 963 1374  
E-mail: [vardon@un.org](mailto:vardon@un.org)

Mr. Bram Edens  
Associate Statistician  
Environmental-Economic Accounts Section  
United Nations Statistics Division  
Two UN Plaza, DC2-1537A  
New York, NY 10017, USA  
Tel: + (1 917) 367 5499  
Fax: + (1 212) 963 1374  
E-mail: [edens@un.org](mailto:edens@un.org)

#### **NON-GOVERNMENTAL ORGANIZATIONS**

Mr. Martin O'Connor  
Professor of Economics  
Centre d'Economie et d'Ethique pour l'Environnement et le Développement  
l'Université de Versailles Saint-Quentin-en-Yvelines  
France  
E-mail: [Martin.O-Connor@c3ed.uvsq.fr](mailto:Martin.O-Connor@c3ed.uvsq.fr)

Mr. Jackie Crafford  
Consultant  
CIC-International  
South Africa  
E-mail: [jcrafford@cic-int.co.za](mailto:jcrafford@cic-int.co.za)

Mr. James Blignaut  
Consultant  
Jabenzi  
South Africa  
E-mail: [james@jabenzi.co.za](mailto:james@jabenzi.co.za)