



DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION
UNITED NATIONS

**SEEA Revision
Chapters 1-6**

Comment Form

Global Consultation Comment Form

Revised SEEA Chapter 1 - 6

Deadline for responses: 7 December 2011

Send responses to: seea@un.org

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To submit responses please save this document and send it as an attachment to the following e-mail address: seea@un.org.

The comment form has been designed to facilitate the analysis of comments. In Part I general comments on the general style, content and coverage of the chapter are sought. In Part II any technical and other comments should be included.

Relevant documents

Before submitting responses you are encouraged to read the accompanying papers available on the website.

Revision of the SEEA: Draft Version for Second Round of Global Consultation, October 2011 – Chapters 1 – 6

Reading guide for the SEEA Revision Second Round of Global Consultation

Supporting material for selected classifications and lists in the revised SEEA

Part I: General comments

This is the first global consultation based on the complete set of chapters for the SEEA Central Framework. In this section please provide general comments on the drafts chapters. You may like to consider providing comments on the style and tone, the content and coverage, and the general accessibility of the material.

Basic comments:

Following a remark of JL Weber at the last LG meeting, we prefer the expression "natural assets" to "environmental assets" which is broader and less precise (includes f.g. urban or economic equipments).

Chapter 1 et 6:

Concerning the use of SEEA and also the sequence of accounts and indicators (especially aggregates), we would like to add some comments to better highlight the value added of the depletion adjusted aggregates since we consider them as a strong contribution of the SEEA 2012. This innovation makes it possible to build very promising new indicators which are complementary to those coming from SNA.

This idea could be shortly appended in § 1.14 (end of the fifth point) as well as in § 6.88.

Chapter 1:

§ 1.34: We would like to reformulate the last sentence as following: "The entries in the sequence of economic accounts also provide **part of** the information required for an assessment of the full economic costs and benefits of environmental activity".

Chapter 2:

§ 2.18: the distinction between material and non material benefits should be further clarified (Is it related to non market/market benefits or to direct use/indirect use?).

Chapter 4: the title seems a little ambitious since the field of these accounts is clearly less broad than those presented in the former chapter (physical flow accounts). A more appropriate title could be: "Environmental activities and related monetary flows and accounts".

§ 4.29: it would be necessary to clarify the reasons for classifying in some cases renewable energy production activities elsewhere than in "resource management" (where for instance?)

Chapter 5:

§ 5.313: in the different soil functions we could add that it constitutes also a source of materials (careers).

Tables 5.571 & 5.572: We may add some comments to raise the difficulty of assessing certain entries (or in giving a more specialised reference), especially those related to reductions in stock due to compaction, acidification or erosion.

Other comments:

Chapter 1:

§ 1.31: at the end of the last sentence, we would prefer writing: "from the use **or the disposal** of the asset".

Chapter 2:

§ 2.22: since this classification seems to be based on MEA classification this reference should be quoted in the text.

§ 2.39, last sentence: To be more consistent with the SNA terminology we should replace "purchase" by "acquisition".

Chapter 3:

§ 3.29: 2nd sentence. We suggest to replace purchase by acquisition and to add direct before "associated physical flows".

§ 3.87: 1st sentence. We propose to add the term pressure along with "impacts".

§ 3.109: last sentence. For residuals flowing to the environment the actual cell is Q (not R).

§ 3.173, last sentence: just add "they" before "are recorded as part of intermediate or final consumption of the user".

Chapter 5:

Table 5.2.1 p 171: we would like to shift "Land and inland waters" at the end of the table (to distinguish these assets from natural resources).

§ 5.34: "...the form of receipts when an environmental asset is sold". Is it possible to indicate the type of receipts, i.e. have some costs to be taken into account (operating costs, fixed capital formation)?

Fig 5.2.1 p 176: "Natural assets with no economic value". We would prefer "delivering no economic benefits".

§ 5.41, 1st sentence: same idea as before. Could you change "no monetary value" into "no **measured** monetary value" (or no market value)?

Table 5.5.5 p 214: instead of "allocation of depletion" we would prefer "Depletion borne by Gvt". Furthermore it would be useful to recall the balancing item of the previous account at the beginning of the following one (hence starting the generation of income account with depletion adjusted NVA).

Lastly, we would like more clarification on how is determined the share of depletion (figure 34)?

§ 5.117, 3rd sentence: "...user cost of produced assets which is the terms used to describe the **rent** attributable to the use of produced assets". The use of the term rent seems to be inappropriate in this case. Could you replace it by return?

§ 5.150: the formula at the end of the point appears quite fuzzy.

§ 5.173: we find the last sentence difficult to understand.

§ 5.326: we don't understand "soil alienation". "Soil sealing" would probably be more suitable in this context.

"...and those due to changes in soil function (e.g. compaction or acidification)": We suggest to reformulate as follows: "...and those due to changes in soil function, e.g. after compaction or acidification..."

Chapter 6:

§ 6.31: as it is referred to balancing items or precise aggregates rather than more general concepts it would be preferable to state "gross value added" instead of "value added".

§ 6.34: as the main entries of this account are related we should not forget the mixed income.

Part II: Technical and other comments

In the box below please supply any additional comments including those of a more technical nature. As this is the first consultation where the complete 6 chapters have been released, comments on the consistency of the technical content across the chapters would be appreciated.

Please reference your responses with the relevant paragraph number or section number.

Chapter 2:

Table 2.3.5 p 40: in order to avoid any ambiguity (even if it is clear in the text above) we should write "depletion adjusted Net value added", "depletion adjusted Net Domestic Product", "depletion adjusted Net Operating Surplus" and "depletion adjusted Net Saving" (same remark for § 2.63 and § 2.65). In addition, we should add the consumption of fixed capital in the main entries. This point is of importance since the reader could believe that the depletion adjustment applies to GDP (which is the position supported by France) which is not actually the case in the SEEA 2012.

§ 2.148: the sum of the costs stated in the last sentence applies to outputs on own final use but not for non market outputs. For the latter the net return to fixed capital has not to be included (if we follow SNA 2008 rules). → "...capital (for the market sector only)..."

Chapter 3:

§ 3.137: we could be more precise on the reconciliation entries which have to be recorded. Is it possible to define these items and to specify where they have to be recorded?

§ 3.181: it is mentioned at the end of the paragraph that the economic use of energy (EUA) aggregate results in the sum of total losses plus other residual heat plus energy incorporated into non-energy products. This equality is not intuitive if the reader does not have in mind what is said in 3.96 (a reference would be needed). Otherwise it would be useful to recall that this account makes it possible to compute the EUA by industries.

§ 3.221: Same remark with the economic use of water aggregate (a reference to 3.216 is needed).

§ 3.194: we would prefer compiling the water quantities abstracted by households separately rather than inside the relevant industry (ISIC 36). This would be more consistent with the general use and supply accounts presented in table 6.2.1. We believe that recording water abstracted by households as a part of ISIC 36 will result in unfairly increasing the intensity ratio of this industry.

Table 3.5.1 p 101: in the supply table, for abstraction purposes, the distinction between "Water collection treatment and supply" and other industries seems not useful since it already appears in the different columns.

Chapter 4:

Emissions permits. We find a bit regrettable to strictly follow the ISWGNA decisions which main preoccupation is the impact of the solution to be retained on the public accounts. In the SEEA framework an alternative solution could have been envisaged (cf. our response at the time of the former consultation).

Chapter 5:

§ 5.161: we find this scheme is presented with a too affirmative way. We are not sure that this decomposition into 2 components really reflects the reality of extractive industries or simply approximates it in a satisfactory way. More precisely, we are sceptical on the formulation "return to environmental assets" because this not based on any observable transaction (once the payments of rent to the owner have been taken into account) or on a certain amount of capital brought by different stakeholders. It would be at least useful to relate this scheme to some existing theoretical works.

§ 5.169: we suggest the use of a more specific index related to the price of certain energies or raw materials, as a possible alternative to a general price index.

§ 5.224, 2nd sentence: since we fear a risk of confusion, we would like to reformulate the sentence as follows: "Following the description in Section 5.4 the expected **flows of net receipts** can be separated into depletion and return to environmental assets components (the total equals to the resource rent)".

§ 5.181: as no reference is made to other systems (CRIRSCO), the reader may have the impression that the UNFC 2009 is the unique existing classification.

§ 5.227, iii): "Implicitly, the payment of rent is being partitioned such that..." The term "implicitly" suggests that this treatment has to be done whatever the circumstances (even if there is no agreement between the extractor and the government stating that the measured depletion has to be partitioned. Could you clarify that point?

Table 5.62 p 221: "Woody crops" are part of "tree covered areas". So these two entries shouldn't be distinguished. In addition woody crops constitute rather a land use than a land cover type. Lastly, perhaps the type "shrubs and/or herbaceous vegetation, aquatic or regularly flooded" could appear as "wetlands".

Annex A5.1.

3: "The enterprise must also pay for the timber resources to be extracted". We would prefer "the enterprise must also take into account the timber to be extracted".

16: " $(1+rt)/(1+\rho t)$ is a real interest rate". Actually, Ωt is the inverse of a real interest rate.

17: "where $\rho t = rr$ ". We have to replace rr by rt ; "and $P_t = P_{st} \cdot S_t / X_t$, the unit resource rent." Actually P_t is the unit resource rent multiplied by the extraction rate.

21, last sentence: we should say or recall that we let aside the other sources of changes (discoveries, catastrophes).

Annex A5.2

32, last sentence: we agree, but there can also be public institutions (not in the statistical field) which determine and propose a choice for a (social) discount rate.