



DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION
UNITED NATIONS

**SEEA Revision
Issue 10
Cover Note**

Cover Note

Issue #10: Classification of assets

Outcome paper for global consultation

Outcome Paper Issue #10: Classification of assets

Issue description

The SEEA-2003 presents a classification of assets and its links to the 1993 SNA classification. Because of the changes in the classification in the 2008 SNA there is a need to revisit the asset classification. Furthermore, environmental assets are not clearly defined in the SEEA-2003. A definition, taking into account the change in the wording of the economic asset definition in the 2008 SNA, should be developed.

Background

The measurement of natural resources and other assets is a central feature of the System of Environmental and Economic Accounts (SEEA). Many of the assets discussed in the SEEA are also recorded in the System of National Accounts (SNA) but there are differences in the asset boundary and in the way in which the assets are considered which means that different definitions and classifications are required in the SEEA.

The asset boundary defined in the SEEA-2003 covered so-called “environmental assets”, which were defined in terms of their provision of environmental functions. Environmental functions are the uses to which the physical surroundings are put for economic ends (SEEA-2003 para 7.31). These environmental functions yield two types of benefits: use and non-use benefits (SEEA-2003 para 7.35) and the inclusion of benefits such as option and bequest benefits broadens the scope of the SEEA asset boundary to include all land and natural resources and ecosystems (SEEA-2003 para 7.35-7.39).

Unfortunately, the description of the boundary around environmental assets in the SEEA-2003 runs over several paragraphs that makes it difficult to identify a clear definition of the assets themselves. Nonetheless, discussion in the London Group has broadly confirmed that the scope of environmental assets as presented in the SEEA-2003 is appropriate for the revised SEEA. The outcome paper seeks to provide some clear definitions and proposals for the treatment of assets in the revised SEEA.

Summary of outcomes

The following are the 11 recommendations that emerged from the investigation and discussion.

Recommendation 10.1: That in the revised SEEA an asset should be defined as an entity that provides use and non-use benefits to humanity now or in the future.

Recommendation 10.2: That, in Volume 1 of the revised SEEA the asset boundary should be extended beyond the asset boundary of the 2008 SNA to include other entities with use and non-use benefits now or in the future but excluding ecosystems in terms of the ecosystem services they provide.

Recommendation 10.3: That in Volume 1 of the revised SEEA, the asset accounts in monetary terms should only reflect the value of economic benefits consistent with the scope and approaches to valuation recommended in the 2008 SNA.

Recommendation 10.4: That in the revised SEEA the characteristic of land as providing benefits to humanity through the provision of space should be recognized by distinguishing land and associated surface water at the top level in the asset classification.

Recommendation 10.5: That in the revised SEEA a distinction should be made at the highest level in the asset classification between cultivated and non-cultivated resources and that the definitions of cultivated resources and natural resources should be as presented in paragraphs 37 and 38 of the outcome paper.

Recommendation 10.6: That in the revised SEEA mineral and energy resources should be defined as known deposits of mineral and energy resources that provide use and non-use benefits to humanity now or in the future.

Recommendation 10.7: That in the revised SEEA the classification of water resources from the SEEA-Water should be used pending the decision on SEEA revision issue #16 on the treatment of water in artificial reservoirs.

Recommendation 10.8: That in the revised SEEA non-cultivated biological resources should be defined as naturally occurring animal and plant resources that provide use and non-use benefits to humanity now or in the future

Recommendation 10.9: That in the revised SEEA soil resources should be treated as a separate natural resource within the asset classification.

Recommendation 10.10: That in the revised SEEA memorandum items should be added to the asset classification including mineral exploration and evaluation and various contracts, leases and licences.

Recommendation 10.11: That the revised SEEA asset classification should align with the changes introduced in the 2008 SNA as described in the outcome paper paragraph 66.

Questions

1. Do you agree that in the revised SEEA an asset should be defined as an entity that provides use and non-use benefits to humanity now or in the future?
2. Do you agree that, in Volume 1 of the revised SEEA the asset boundary should be extended beyond the asset boundary of the 2008 SNA to include other entities with use and non-use benefits now or in the future but excluding ecosystems in terms of the ecosystem services they provide?
3. Do you agree that in Volume 1 of the revised SEEA, the asset accounts in monetary terms should only reflect the value of economic benefits consistent with the scope and approaches to valuation recommended in the 2008 SNA?
4. Do you agree that in the revised SEEA the characteristic of land as providing benefits to humanity through the provision of space should be recognized by distinguishing land and associated surface water at the top level in the asset classification?
5. Do you agree that in the revised SEEA a distinction should be made at the highest level in the asset classification between cultivated and non-cultivated resources and that the definitions of cultivated resources and natural resources should be as presented in paragraphs

37 and 38 of the outcome paper?

6. Do you agree that in the revised SEEA mineral and energy resources should be defined as known deposits of mineral and energy resources that provide use and non-use benefits to humanity now or in the future?
7. Do you agree that in the revised SEEA the classification of water resources from the SEEA-Water should be used pending the decision on SEEA revision issue #16 on the treatment of water in artificial reservoirs?
8. Do you agree that in the revised SEEA non-cultivated biological resources should be defined as naturally occurring animal and plant resources that provide use and non-use benefits to humanity now or in the future?
9. Do you agree that in the revised SEEA soil resources should be treated as a separate natural resource within the asset classification?
10. Do you agree that in the revised SEEA memorandum items should be added to the asset classification including mineral exploration and evaluation and various contracts, leases and licences?
11. Do you agree that the revised SEEA asset classification should align with the changes introduced in the 2008 SNA as described in the outcome paper paragraph 66?
12. Any other comments?

To submit responses to these questions please complete the accompanying comment form available on the website. You are encouraged to submit a short response to the questions (yes/no/no comment) even if you have no further comments to submit.

Deadline for responses: 17 January 2011