

**Fourth meeting of the Advisory Expert Group on National Accounts
30 January – 8 February 2006, Frankfurt**

Issue 31
Valuation of water

**REPORT ON e-DISCUSSION ON
WATER**

United Nations Statistics Division

**Update of the 1993 SNA – Issue No. 31
Jan/Feb 2006 AEG meeting, Frankfurt**

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Introduction

1. At the AEG meeting in July 2005 in Bangkok, during the discussion on the paper on the treatment of water as an asset a question was raised about the industrial classification of the distribution of water.

2. A further question regarding the treatment of a fee paid to discharge waste water into a body of water was raised in the Canberra II Group in October 2005.

Response received

3. The proposals addressing aforesaid questions were referred to the AEG members (document no. SNA/M1.06/28.1) soliciting their opinions through a questionnaire. The questions asked to the AEG members and responses received through e-discussions have been summarized in the following table.

Table: Questions asked of the AEG members and response received as on 24 January 2006

No.	Question(s)	Response received			
		Total	Agree	Disagree	No opinion
1	Do you agree with the proposal to amend the wording of para 6.24 to ensure there is consistency on the classification of water as a good and its transport as a service but without changing the existing convention on including the carrying of water within the production boundary?	22	18	3	1
2	i. Do you agree that if a payment to discharge water is a fine intended to inhibit discharge, it should be treated as a fine?	22	20	2	-
	ii. Do you agree that if a limited number of permits is issued with the intent to restrict discharges, the payment should be treated as a tax if the medium into which the water is discharged is not regarded as an asset in the system?	22	19	2	1
	iii. Do you agree that if the discharge medium is an asset; and the necessary conditions are met concerning the terms on which discharge is permitted, then the treatment of the payment for the permit should be in the same way as a licence to use the radio spectrum is used for mobile phones?	21	21	-	-
	iv. Do you agree that if the charge is linked to remedial action, this represents a payment for a service unless the amount levied is out of all proportion to the costs involved in subsequent water treatment in which case the payment should be treated as a tax?	22	22	-	-

Conclusions

4. The AEG members participating in the e-discussion overwhelmingly supported all proposed recommendations.

An extract of comments made by AEG members is annexed.

Extract of Comments Made by AEG Members in the Questionnaire

The original response and full comments are available on the UN website¹. The objective of this annex is only to give limited extracts to encourage readers to read the full comments of the AEG members.

Question 1 - Do you agree with the proposal to amend the wording of para 6.24 to ensure there is consistency on the classification of water as a good and its transport as a service but without changing the existing convention on including the carrying of water within the production boundary?

- There are significant practical problems in separating water as a good from its distribution as a service.

Question 2i - Do you agree that if a payment to discharge water is a fine intended to inhibit discharge, it should be treated as a fine?

- The question should be more precise. The discharge should be illegal to treat the fee as a fine.

¹ <http://unstats.un.org/unsd/sna1993/topics.asp>