

The scope of the SEEA – Central Framework and Volume 2 – in physical terms and in monetary terms, needs to be clearly set out in this chapter (and/or in chapter 1). The relationship to SNA production and asset boundaries is pivotal. The explanation is essential if we are to use the shorthand terms ‘economy’ and ‘environment’ throughout the text. We suggest that 2 simple tables will achieve this clarification of scope for assets and flows in the Central Framework and Vol.2.

For the scope of assets within the SEEA:

Scope of Environment Assets in SEEA (Central Framework and Volume 2)

	Central Framework	Volume 2
Physical terms	All (a)	All
Monetary terms	SNA only	All

(a) For practical reasons however, assets such as oceans, atmosphere, land under oceans and ecosystems themselves are not discussed further in the Central Framework.

For the scope of flows within the central framework of the SEEA:

Scope of Environment Flows in SEEA (Central Framework only)

	Environment	Economy
Environment	(b)	Natural Inputs (PSUT & MSUT)
Economy	Residuals (PSUT & MSUT)	Products (PSUT & MSUT)

(b) Flows within the environment are excluded from PSUTs and MSUTs in the Central Framework. They are however captured (to varying degree) in the asset accounts.

These tables can then be referred to, as appropriate, throughout the chapter e.g. Sections 2.3.3; 2.4.3 etc.

Para 1 “(ii)” be amended to read “the physical stock of environmental assets and changes in these stocks”

Para 1 describes information in 3 main areas. Should this be expanded to refer to 4 areas? The 4th being “the stock and change in the condition of ecosystems (which are to be developed in SEEA Part II Experimental Ecosystem Accounts)”. Alternatively it

should be clear that the 3 areas are only the scope of the central framework, not the entire SEEA.

Para 15 – First sentence: after “ecosystems” add “and the maintenance of their health/condition”

Para 15 – Point (i) tries unsuccessfully to meld two distinct ecosystem services. Suggest following the *Millennium Ecosystem Assessment* in identifying ecosystem services provided by the environment.

Para 16 – final sentence; comma after “that is”.

Para 17 – agree that land use and land cover are an important surrogate for national assessment of ecosystems and ecosystem services, particularly at the national level as there are limited alternate measures available.

Para 24 – 29 - Better define the stocks and flows that are the focus of SEEA. As discussed above the boundaries between stocks and flows along the value chain needs to be clarified.

Para 24 – Final sentence - not sure if inside is meant instead of outside. If outside is meant we were unable to think of a sensible example of such stocks and flows. Suggest providing an example or deleting the sentence. If inside is meant then this is untrue as some stocks and flows entirely within the environment are included in physical asset accounts (e.g. for water evaporation from lakes). Either way (i.e. inside or outside) needs clarification

Para 25 – Australia supports the definition of solid waste in SEEA Chapter 3 (Global Consultation) and believe this should be the starting point for construction of the physical solid waste account. It should be made explicit that this definition of solid waste includes both products (discarding unit receives benefits) and residuals (discarding unit does not receive benefits).

Accordingly, we suggest altering the final sentence of Para 25 to delete “or flowing within the economy”, since some of these flows will be product flows within the economy and therefore not residuals.

Paras 30 and 31, Table 2.3.1 - These read well. But the discussion starts and finishes with ‘products’. It may help if the reader understood how natural inputs fit into this supply–use schema i.e. to know when a natural input (e.g. coal) becomes a product.

Table 2.3.2 - At least two of these cells do not need to be ‘greyed out’ i.e. natural inputs used by households (e.g. recreational fishing) or government. It needs to be made clear in supporting text that natural inputs from the environment is different to use of an environmental asset.

Para 40 – Could also refer to sectoral classifications (using SNA chapter 4).

Para 42 - ABARES have previously indicated some limitations with this approach and the importance of locally relevant approaches.

Para 44 – Could use a little more discussion of reappraisals and reclassifications – what they are and some examples of each. E.g. changes caused by differences in definition or composition of the asset (reclassification) – are these price, quality, technology-related?

Table 2.3.4 – the footnote does not seem to help explanation. Perhaps delete the footnote?

Para 51 – first sentence; perhaps replace ‘the bulk’ with ‘much’

Para 55 – suggest final two sentences read as follows:

In the SEEA, these “net” balancing items are further adjusted to account for the using up of natural resources. The resultant SEEA balancing items are referred to as “depletion adjusted” though these adjust only for a narrow range of factors (see chapter XX for further information).

Table 2.3.5 - this is a nice summary of the SEEA sequence of accounts

Section 2.3.7 – this section looks out of place – it is not accounting rules, units, principles or accounting structure, so we question why is it here. Perhaps better placed in Chapter 1 and 6.

Para 85 – following Australian comments on SEEA GC chapter 5, we suggest deleting the following from the first sentence “, that are used in production and”. If this is not accepted, then at a minimum the “and” needs replacing with “and/or” (although unless the reference to production is removed we believe the definition is unnecessarily clumsy).

Para 88 – Following comments above, we suggest that this paragraph state: ‘The central framework of the SEEA in principle includes the oceans and atmosphere as environmental assets but for practical reasons they are excluded.’ This is because oceans and atmosphere fit the proposed definition of environmental assets (as well as our suggested slight modifications of the definitions)

Para 91 Add following text to end of the first sentence; “of SEEA monetary asset accounts.”

Para 95 – The treatment of the environment as a type of unit needs to be clarified. We think that there are environment units or at least elements/components of the environment that interact with the economy and the units of the economy. Environmental units, or something similar, can and should be distinguished. The environment is included in the columns alongside the industries/sectors (made up of

economic units) of the economy, so it seems logical that the environment is composed of environment units.

Perhaps a starting point would be to look to how environmental units have been identified for water accounts and statistics (see the International Recommendations for Water Statistics pp. 30-33). ABS is preparing a paper on statistical units for land and ecosystem accounting which we will pass on once it is complete (which should be in time for the London Group meeting in Stockholm, 12-14 September 2011)

Para 106 First sentence: replace “most” with “particular”

Para 107 Add “and compilation” to end of final sentence.

Section 2.6.2 - We liked this section.

Para 123 - We suggest that oceans and the land under the oceans are in-principle included in physical assets of the central framework but are excluded on practical grounds (see comment on para 88)

Para 132 – Second sentence; the words “should” and “good” are indecisive and should be deleted.

Para 136 – Figure 2.6.1 should first be referred to at this point.
First sentence, delete “to” (or else change “from” to “form”).

Figure 2.6.1 is a very useful snapshot.

Para 143 – replace “showing” with “illustrate”. Final sentence, replace “economic growth” with “natural resource use”.