

Paragraph 65 refers to the calculation of the 'extra cost' of adapted goods. Although from a conceptual viewpoint, the cost of the 'environmental' component should only be included, but from a practical viewpoint, this is very difficult to do in a consistent, comparable way. This point deserves further emphasis.

Paragraph 66 refers to offsetting the cost savings as a result of investments in EPE goods or services (adapted goods). We believe this is a concept that is difficult or impossible to implement practically, as cost savings are often calculated before (projection) the expenditures are made based on a set of pre-determined hypothesis's (cost-benefit analysis). Since generally the EPE is recorded at the time the expenditure is made, the cost savings will be realized over time and will depend on many factors, such as the cost of inputs, production levels, even weather etc. In order to calculate the net cost, the SEEA must provide much more detailed direction as the cost savings could be realized over time, long after the initial investments have been made. With time, the original good or service may become standardized, and newer, more environmentally friendly alternatives may be available. When do the cost savings end? After one week, month, year etc.?

Paragraph 82 refers to the boundary between environmental goods and services and the set of products used for environmental purposes (also in section 4.3.2). The recommendation is that the technical nature of the product and technical suitability be used as the criteria in the EGSS rather than the user or purchaser intention as in the EPEA. In certain cases, consideration can be given to the intent of the producer of the product. The use of the product should not be considered. If the SEEA recommends that the technical nature and/or technical suitability be used to determine whether or not a good or service is in scope, then the manual must include some direction as to how the user is to determine if technical nature of the product is environmental protection, particularly for adapted products. Direction must be provided to a classification or some other method to determine whether or not the product is in scope.

In paragraph 92, the manual seems to suggest that the EGSS can use the CEA to classify the output of the producer, but the CEA is an activity classification, not a technical classification.

Paragraph 96 could provide more direction to the user in how to calculate employment within the EGSS. Even if direct estimates can be obtained, what is the SEEA recommendation for calculating the number of employees in units where the production of environmental goods and services equals less than 100% of the production?

Paras 174 to 180 with respect to terminal costs, we would like to re-iterate our response to the issue paper:

*1. Do you agree that where terminal costs are anticipated the costs should be depreciated as consumption of fixed capital over the life of the underlying asset and the expenditure recorded as gross fixed capital formation when incurred?*

*a. We agree, provided that the terminal costs can be anticipated with a degree of certainty. Otherwise deducting these costs could lower resource rents unduly and thereby lower the NPV of reserves.*

*b. In order to estimate terminal costs, firms need to assume a fixed reserve life in a mine-site; but in reality reserve lives usually do change over time as they are affected by a number of variables such as resource price, extraction technology and*

*discovery. This may be one of the largest obstacles to accurately anticipating terminal costs.*

With respect to collecting data on anticipated decommissioning costs we would anticipate that obtaining this information could present a challenge for statistical agencies, esp. in regards to respondent burden. Statistics Canada currently does not collect data on decommissioning costs; the possibility of getting such data in the foreseeable future is very low as it will increase both collection costs and respondent burden.