



DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION
UNITED NATIONS

SEEA Revision
Issue 17
Cover Note

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Issue #17: Recording of losses

Outcome paper for global consultation

Outcome Paper Issue #17: Recording of losses

Issue description

Losses of energy (in the storage, distribution system, transformation) are an important indicator of the efficiency of the distribution/storage/transformation system and allow for a mass balance of the flows. The question is should the physical supply and use table record explicitly these flows and how to record them. In the case of water, the supplementary physical supply and use tables explicitly identify the losses in distribution which are allocated to the supplier. The same should be done for energy. Different types of losses, including flaring should be analyzed in order to develop a proper recording for these flows in the supply and use tables.

Background

Recording losses can provide important information to understand the efficiency of production processes since reducing losses at the various stages of production can significantly improve the overall output from a given process. However, the System of Environmental and Economic Accounts (SEEA) 2003 does not systematically address the recording of losses. Thus, in the revision of SEEA it was recommended that work focus on developing a comprehensive recording of losses in both physical and monetary terms.

The outcome paper covers a number of issues including a definition and typology of losses in physical terms; the treatment of losses in monetary terms in the System of National Accounts (SNA) and proposals for the treatment of losses in the revised SEEA using information from examples for water and energy to populate illustrative tables.

Summary of outcomes

A number of recommendations are made in the paper regarding the recording of losses. They are:

Recommendation 17.1: That, within the context of the production boundary of the 2008 SNA, losses in physical terms are comprised of (i) flows of natural resources from the environment to the economy that are not available for further use within the economy because they have been returned to the environment; and (ii) materials that do not reach their intended destination or have disappeared from storage.

Recommendation 17.2: That, in the revised SEEA, the following five types of losses should be recognized – (i) losses during extraction/abstraction; (ii) losses during

distribution/transport; (iii) losses during storage; (iv) losses during conversion/transformation; and (v) losses due to theft.

Recommendation 17.3: That in the monetary flow accounts of the revised SEEA the treatment of losses should be consistent with the treatment of losses in the 2008 SNA.

Recommendation 17.4: That in the revised SEEA all types of losses should be separately identified in the portion of the physical supply table showing the flows from the economy to the environment.

Recommendation 17.5: That in the revised SEEA all physical measures of output and related variables should be recorded after accounting for losses so as to maintain consistency with the monetary flows.

Questions

1. Do you agree that, within the context of the production boundary of the 2008 SNA, losses in physical terms are comprised of (i) flows of natural resources from the environment to the economy that are not available for further use within the economy because they have been returned to the environment; and (ii) materials that do not reach their intended destination or have disappeared from storage?
2. Do you agree that, in the revised SEEA, the following five types of losses should be recognized – (i) losses during extraction/abstraction; (ii) losses during distribution/transport; (iii) losses during storage; (iv) losses during conversion/transformation; and (v) losses due to theft.)?
3. Do you agree that in the monetary flow accounts of the revised SEEA the treatment of losses should be consistent with the treatment of losses in the 2008 SNA?
4. Do you agree that in the revised SEEA all types of losses should be separately identified in the portion of the physical supply table showing the flows from the economy to the environment?
5. Do you agree that in the revised SEEA all physical measures of output and related variables should be recorded after accounting for losses so as to maintain consistency with the monetary flows?
6. 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: 24 December 2010