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6.2 Accounting for Economic Ownership and Depletion of Natural Resources

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Statistics
Netherlands

Issues covered

1. Refine economic ownership of natural resources
2. Depletion recorded as cost of production
3. Depletion extended to non-cultivated biological resources
pending the decision on the classification of biological resources (6.3)
4. Drafting of a guidance note on the positioning of net (vis-à-vis gross) measures in the SNA

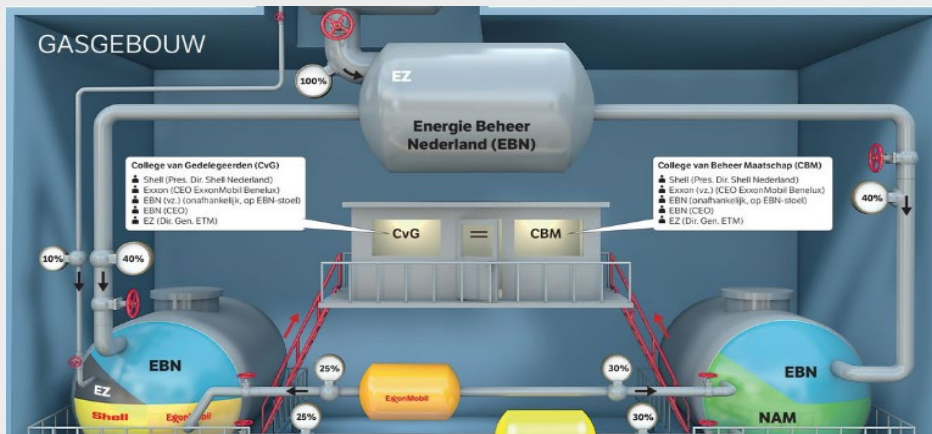
1. Refining ownership

- 2008 SNA (13.50): “...the whole of the resource is shown on the balance sheet of the legal owner (*government*)...”
- SEEA CF (5.127): “...both the extractor and the government will have substantial assets in the form of expected future incomes ...”
- SEEA CF advocates, when appropriate, the partitioning of depletion costs.

1. Refining ownership

Gas resources in the Netherlands - EBN (S.13) & NAM (S.11)

- **Risks** are shared, provisions are found in balance sheets of both parties (damages Groningen field);
- **Rewards** (2017), resource rent €3,6 billion (2017) was allocated as follows : EBN (2,6) and NAM (1,0)



Arrangement Netherlands is not unique!

→ Meaningful depletion accounting by institutional sector requires an asset split (Annex 1 - Example D).

2. Recording of depletion

2008 SNA (12.25): extractions of subsoil resources are recorded as an 'other change in volume of assets'.

SEEA-CF (T5.10): depletion is recorded in the generation of income account.

gross national income

– Consumption of fixed capital (–)

– Depletion of natural resources (–)

net national income

→ Next SNA should align to the SEEA-CF recommended recording of depletion.

3. Depletion of biological resources

SEEA-CF (5.76) definition of depletion “..extraction of the natural resource (..) occurring at a greater level than that of regeneration.”

In other words, renewable (biological) resources can be subject to depletion as well.

2008 SNA makes the distinction between the depletion of subsoil asset (K21) and the economic disappearance of non-produced assets (K22)

→ following the SEEA-CF it is recommended to apply the concept of depletion also to biological resources.

4. A plea for net income and saving

- Advise against the use of GDP, GNI and *Gross Saving*
 - Natural resource stripping is not income
 - Sustainability is about keeping capital in tact so we need NFCF and net saving
 - Yes, measuring CFC and depletion is challenging but unavoidable (and feasible)
 - Including IP as GFCF (1993 SNA, 2008SNA) has inflated GDP but not NDP.
- We think drafting a guidance note is needed on the positioning of net income and saving in the next SNA.

Thank you!

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