

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

17 October – 18 October 2012

Question: SBT 76-77

Topic: Environmental Accounting in Practice

Written: Received from Committee – 26 October 2012

Senator MILNE asked:

76. In *Environmental Accounting in Practice* (May 2012, page 22) you say "environmental expenditure accounts are not currently produced for Australia, but have been in the past" and that (page 82) "environmental protection accounts were produced in the past". Why are they not produced now?
77. In *Environmental Accounting in Practice* you discuss the problems in valuation of environmental assets. The examples you give relate the value of assets to capitalising flows of market-based transactions - so for example the value of the Great Barrier Reef could be calculated by capitalising income from tourism operations there. But would this put any intrinsic value on wilderness too remote to be visited by significant numbers of tourists? Conceptually, should the value be the amount the average person would need to be paid to feel as well off if the wilderness was not there, multiplied by the number of people, and have any surveys been done that could start to measure this? How would you capture the value to future generations?

Answer:

76. The latest comprehensive economy-wide environmental expenditure account was published by ABS in 1999 for the 1996-97 reference period. The ABS produced the environmental account for environmental protection expenditure to demonstrate the potential for economy-wide Environment Protection Expenditure (EPE) Accounts, but was not funded to produce them on an ongoing basis.

The ABS collected and published environmental expenditures for the Local Government sector for the 1997-98 to 2002-03 periods, and for the Mining and Manufacturing industries for 2000-01. These collections were discontinued when ABS environment program resources were re-prioritised to respond to greater user demand for water and energy statistics.

77. The ABS economic and environment collections follow the recommendations of the international statistical standards, the 2008 edition of the *System of National Accounts* (2008 SNA) and the Central Framework of the *System of Environmental-Economic Accounting* (SEEA).

Both the 2008 SNA and the SEEA provide guidance on the valuation of environmental assets such as oil and gas resources, commercial timber resources and land. The international

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statistical community, under the management and guidance of the United Nations, is currently developing the *SEEA Experimental Ecosystem Accounts* and is expected to be reviewed by the United Nations Statistical Commission (UNSC) in February 2013. These experimental accounts will guide the measurement of various matters including the valuation of ecosystems and ecosystem services.

The ABS has been a key driver and contributor to the development of *SEEA Experimental Ecosystem Accounts*. Following endorsement of the *SEEA Experimental Ecosystem Accounts* by the UNSC - and subject to appropriate resourcing and data availability – the ABS will assess the feasibility of valuation of Australia's ecosystems. The ABS has not yet undertaken any surveys or other estimation related to the valuation of ecosystems.

The questions on valuation received from the committee relate to issues currently being discussed and resolved by the SEEA Editorial Board in its development of *SEEA Experimental Ecosystem Accounts*. A more definitive answer can be provided to these questions when *SEEA Experimental Ecosystem Accounts* is finalised.