

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

4 – 6 June 2013

Question: BET 297

Topic: System of Environmental Experimental Accounts

Written: 17 June 2013

Senator MILNE asked:

The ABS responded to a question on notice to supplementary estimates (SBT 74) that the System of Environmental Experimental Accounts includes 'depletion of natural resources' due to human extraction of them. This allows calculation of depletion-adjusted GDP or RNNDI, which many would argue is a better indication of economic progress than GDP or RNNDI itself.

How close is the ABS to publishing estimates of depletion-adjusted GDP in your regular national accounts publications?

Answer:

297Regular national accounts publications produced by the ABS ('Australian System of National Accounts') follow treatments recommended by the United Nations *System of National Accounts* which was most recently revised and updated in 2008 (2008 SNA). The 2008 SNA provides recommendations on the compilation of asset accounts for the economy – these accounts provide detail on changes in asset values between two points in time for a range of assets including natural resources. One such item of change is the depletion of natural resources, which is part of the category 'Other changes in the volume of assets'.

While the 2008 SNA recommends that the consumption of produced capital (consumption of fixed capital) be charged against the output of the producing unit, it stops short of recommending that depletion of natural resources similarly be charged against the output of extractive industries. The Australian System of National Accounts follows the recommendations of the 2008 SNA and does not generate a measure of depletion-adjusted GDP.

Nevertheless, the ABS has been publishing a time series of estimates of depletion-adjusted national accounting aggregates (including GDP) in its Year Book publication for a number of years (e.g. Table 2.41 Selected National Accounts estimates adjusted for depletion, *ABS Year Book, Australia 2012* (cat. no. 1301.0)). These estimates are described in a Feature Article entitled *Accounting for the environment in the national accounts* contained in the September quarter 2002 edition of *Australian National Accounts: Income, Expenditure and Product* (ABS cat. no. 5206.0).