

**Issue no.: 31, Water.**

AEG recommendations:

(A) It is proposed that the definition of water resources be extended to cover rivers, lakes, artificial reservoirs as well as other surface catchments in addition to aquifers and other groundwater resources. The intent of the proviso "to the extent that their scarcity leads to the enforcement of ownership and /or use rights, market valuation and some measure of economic control" would stand though some changing of this wording will be needed arising from other discussions on the interpretation of ownership and control.

(B) It is recommended that the SNA include guidance that water bodies should in principle be valued in a manner parallel to the valuation of mineral resources but with an indication that more pragmatic alternatives may have to be used such as estimates based on access fees.

(C) The phrase "and associated surface water" should be added to land under cultivation.

(D) It may be that the surface land associated with a water body is relatively small and of little value separately from the water body. In keeping with the recommendation on buildings and land under buildings, land and associated surface water should be allocated to either a category of land or to water resources depending on which element has the greater value.

(E) The value of an artificial reservoir full of water may exceed the cost of building and maintaining the reservoir but this addition represents the value of the water per se. In principle this addition should be recognised as the value of the non-produced water resource but as noted in connection with land, it may not be possible to separate these in practice and in that case the allocation should be made between the reservoir and the water resource according to which has the greater value.

(F) By extension of the treatment of carrying water as the production of a good and similar treatment of bottling and branding water, distribution of main water should be treated as the production of a good (water) and not just a service of moving water from one place to another. This is also consistent with the move to charge for mains water on a volumetric basis.

(G) Where fees are levied for permission to deposit waste water into a body of water the fees should be treated in the same way as other fees to use natural resources, noting that the exact modalities for this are yet to be agreed by the Canberra II Group.

View of Statistics Denmark: (A (agreement), FC (needs further consideration) ,NA (non-agreement))

- (A) Agreement.
- (B) Disagreement.
- (C) Agreement.
- (D) Agreement.
- (E) Agreement.
- (F) Agreement.
- (G) Agreement.

Comments from Statistics Denmark:

Regarding recommendation (B):

Statistics Denmark disagree with the explicit statement that it is recommended that water bodies should in principle be valued in a manner parallel to the valuation of mineral resources.

The main reason is that water resources differ fundamentally from mineral resources since the resource is renewable if treated in a sustainable manner. In contrast, mineral resources is a non-renewable resource. Thus, water may have more in common with e.g. fish stocks than with mineral resources.

Another reason is that the precise operational methods for valuing mineral resources are still discussed and treated by the London Group on environmental accounting.

It should also be observed that the experiences with valuation of water resources are very limited.

Therefore, Statistics Denmark suggests that it is recommended that the valuation of water resources is based on market prices, and that when market prices does not exist (or can be observed) valuation is instead done by the net present value of rent generated in the future.

Statistics Denmark agrees that there should be an indication that more pragmatic alternatives may have to be used.