

Accounting for natural capital

Government Dialogue on Natural Capital:
Workstream 1

3rd Policy Forum on Natural Capital
Accounting for Better Decision Making

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Workstream 1: Accounting

Purpose:

To explore links between natural capital accounting by governments and the private sector to determine how these approaches can complement and challenge each other, improve the quality and availability of data, and inform improved decision making in both sectors.

Members:



Two different approaches to natural capital

Natural Capital Protocol:

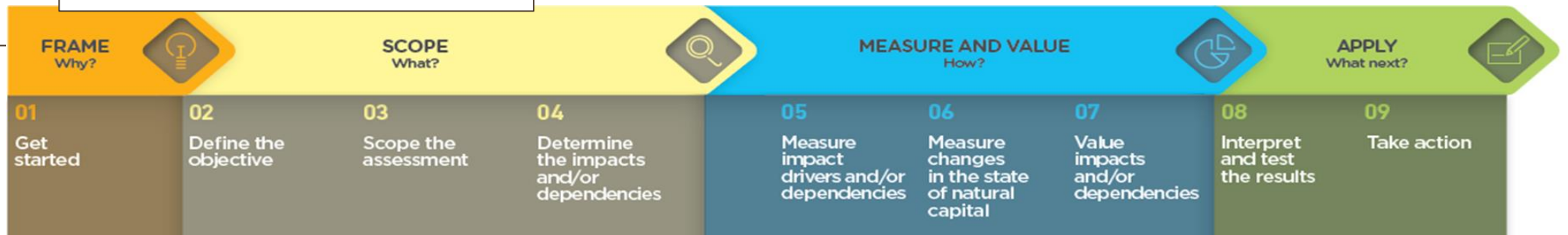
- A framework for conducting business natural capital assessments.
- Flexible to business needs.
- Designed to inform internal decision-making.

NATURAL CAPITAL PROTOCOL





System of Environmental-Economic Accounting:

- A global standard for public sector natural capital accounting.
- Standard terms and definitions for forms of natural capital.
- Designed to integrate with the System of National Accounts.



How do these approaches compare?

	AIM	OUTPUTS	LEVEL OF PRESCRIPTION	COMPARABILITY OF OUTCOMES	CONNECTIVITY WITH OTHER ACCOUNTS	MONETARY VALUATION APPROACHES	AGGREGATION
 <p>NATURAL CAPITAL PROTOCOL</p>	Primarily designed for internal application and management decision making	Designed to be relevant to a broad range of business applications, and can be voluntarily reported externally	Allows approach to be tailored using different measurement and valuation techniques	Used to develop a standard, repeatable approach for use within a specific entity	Not assured	Allows for monetary valuation of non-market good and services, as well as social welfare	Allows for aggregation of fine-scale information on natural capital for application at corporate level
 <p>System of Environmental Economic Accounting</p>	Primarily designed to provide a global standardized accounting framework	Resulting information designed mainly to be reported externally, ensuring global comparability	Promotes the use of standardised statistical approaches and valuations techniques	Produces results which are comparable within and between different entities	Produces results which are comparable within and between different entities	Promotes exchange values for use with National Accounts. Includes a range of valuation techniques for social and environmental welfare.	Allows for aggregation of fine-scale information on natural capital for application in macro decision making

Connecting these approaches

