

# Accounting for the environment

Recognising the benefit our environmental assets contribute to our communities and the economy

## Environmental-economic accounting

A framework for decision-making

Traditionally, our measures of progress have focused on economic activity (e.g. gross domestic product, labour)

But these measures don't take into account the state of environmental assets and our reliance upon them

To account for environmental assets and the benefits they provide, the System of Environmental-Economic Accounting (SEEA) has been developed as an international accounting standard

## Advantages of environmental-economic accounting

Government and stakeholder decision-making recognises the benefits from protecting and investing in the environment

Victorians appreciate the interdependencies between our wellbeing and the environment

Parties active in the natural resource management sector share a common language and improve coordination

Investors can compare the outcomes of management actions and develop benchmarks

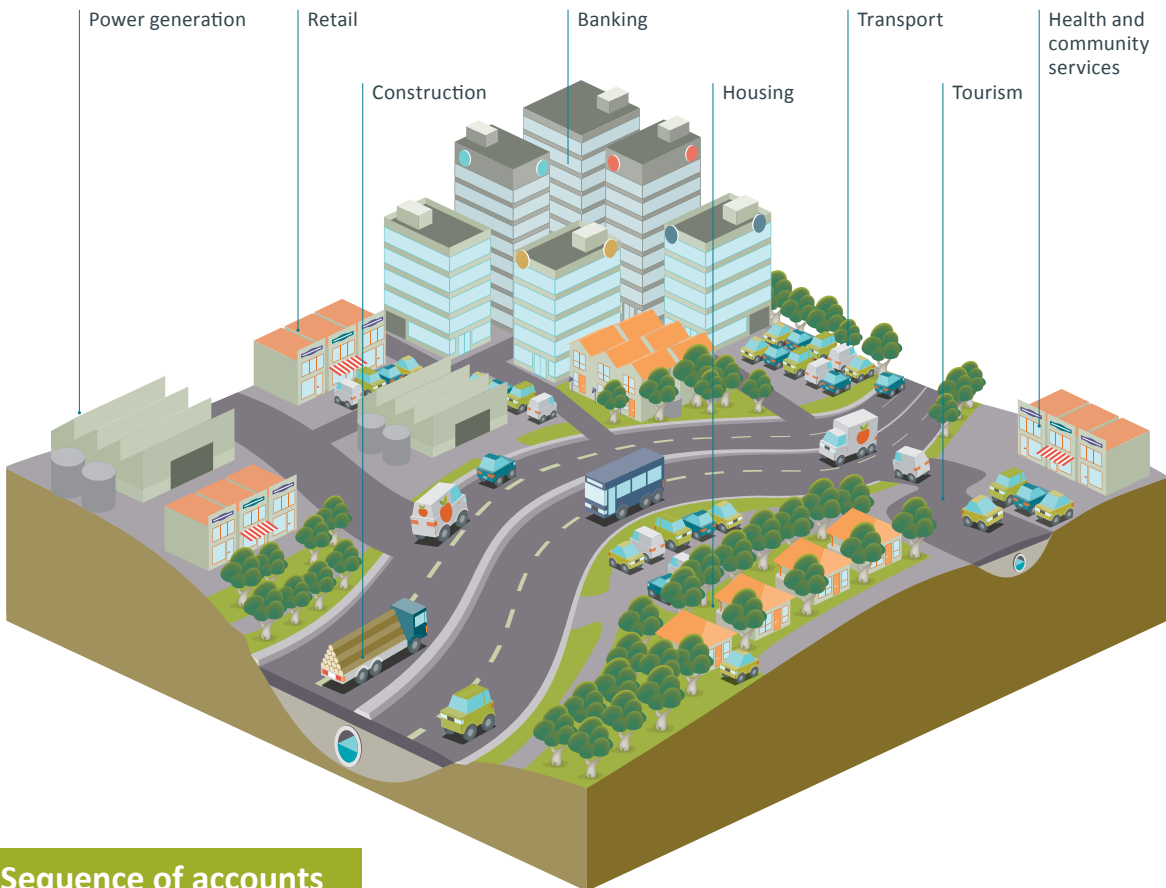
Planning agencies, businesses and communities improve their management by using a common organising framework to respond to changes in environmental assets

Communities' decision-making capacity improves with more consistent and coherent information about the environment

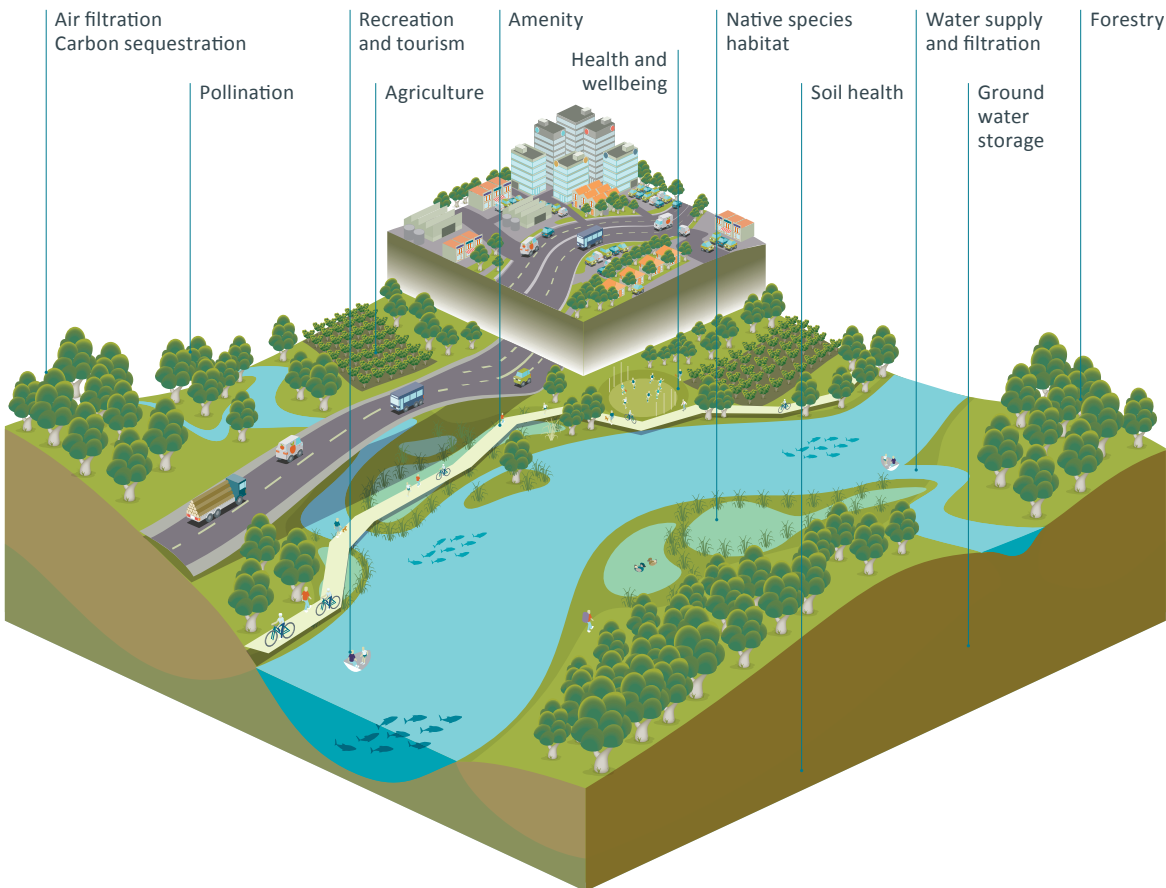
Scientists have access to more coherent data over time and provide access to asset condition measures to a broader audience

Agencies can identify and better balance trade-offs when making policy, planning and investment decisions, and can better communicate these decisions to others

### Economic accounting



### Environmental-economic accounting



### Sequence of accounts

#### 1 Asset extent accounts

Report on the area of environmental assets and assess how they are changing over time

#### 2 Asset condition accounts

Report on the health of environmental assets and assess how policies, climate and economic activity are impacting on them


#### 3 Ecosystem service accounts

Report on the flow of goods and services that environmental assets provide and assess how changes in asset extent and condition affect these flows

#### 4 Benefit accounts

Report the market and non-market benefits that people obtain from ecosystem services and support social and economic analysis

 North east forest 

 Eastern waterways 

 South west wetlands 

 North east catchment 

 South east coastal dunes 

 South central marine 

Air filtration, carbon sequestration and storage, habitat for wildlife, primary production

Habitat for wildlife, primary production, recreation, water supply

Carbon sequestration and storage, flood regulation, habitat for wildlife, water purification,

Habitat for wildlife, primary production, water filtration

Coastal protection, habitat for wildlife

Amenity, habitat for wildlife, primary production, recreation, waste assimilation

Clean fresh air, climate change mitigation, biological diversity, timber products

Biological diversity, freshwater food, enjoyment and tourism, water for consumption and irrigation

Climate change mitigation, reduced flood impacts, biological diversity, clean water, reduced pollution

Biological diversity, local food products, clean fresh water

Reduced impact of storm surges, biological diversity

Enjoyment and tourism, biological diversity, fish products, views and relaxation, reduced pollution

After accounting for the services and benefits our environment provides it's easy to see why a healthy environment is the foundation of a healthy economy.