**Accounting for the Environment**

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

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

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.

**Sequence of accounts**

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| 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** | High | Air filtration, carbon sequestration and storage, habitat for  wildlife, primary production | Clean fresh air, climate change mitigation, biological  diversity, timber products |
| **Eastern waterways** | Medium | Habitat for wildlife, primary production, recreation,  water supply | Biological diversity, freshwater food, enjoyment and  tourism, water for consumption and irrigation |
| **South west wetlands** | Low | Carbon sequestration and storage, flood regulation, habitat for  wildlife, water purification | Climate change mitigation, reduced flood impacts,  biological diversity, clean water, reduced pollution |
| **North east catchment** | Very high | Habitat for wildlife, primary production, water filtration | Biological diversity, local food products, clean fresh water |
| **South east coastal dunces** | Medium | Coastal protection, habitat for wildlife | Reduced impact of storm surges, biological diversity |
| **South central marine** | High | Amenity, habitat for wildlife, primary production, recreation,  waste assimilation | Enjoyment and tourism, biological diversity, fish products,  views and relaxation, reduced pollution |