

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1690 [NW2040E]

DATE OF PUBLICATION: 22 JUNE 2012

Mr G R Morgan (DA) to ask the Minister of Finance:

- (1) Whether he will make a statement in respect of the Inclusive Wealth Report 2012 (details furnished) that was released by the United Nations Environment Programme (UNEP) on 18 June 2012;
- (2) whether he intends to initiate inclusive wealth accounting; if not, why not; if so, what are the relevant details;
- (3) whether the National Treasury is collecting capital stock data of (a) exhaustible natural, (b) land, (c) physical and (d) human capital that can be used for inclusive wealth accounting measurements; if not, why not; if so, what are the relevant details?

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REPLY:

- 1) No.
- 2) The UNEP's report on inclusive wealth is welcomed and highlights some of the key challenges facing South Africa, however at this time there is not a plan to initiate inclusive wealth accounting.
- 3) National Treasury itself does not collect any of the relevant statistical data. However, to date, both the South African Reserve Bank (SARB) and Statistics South Africa have done a great deal of work pertaining to a number of the areas raised in the inclusive wealth index. The SARB already compiles a number of wealth indicators

such as the fixed capital stock and has recently released data on household wealth. Currently the majority of this wealth is defined in physical and financial asset terms. Extending the coverage of financial assets is an ongoing project at the SARB. Whilst natural capital estimates are not included in the SARB's current wealth estimates, its Research Department aims to quantify at least some important elements by 2015. This research will be in large part based on the data generated by Statistics SA surveys, which include research relating to water, minerals, fisheries and energy.

- Whilst Statistics South Africa runs numerous household surveys such as the income and expenditure survey, living conditions survey, and the census, which provide us with some idea of human and social capital, there are as yet no specific plans to formalize this in terms of the inclusive wealth index designed by UNEP.
- Considerable effort would be involved in moving to the full range of proposed wealth measures – but there are resource constraints, and also significant underlying uncertainties and assumptions in such quantification. For instance, at different levels of commodity prices the estimates of the value of natural capital could differ significantly. South Africa needs to ensure that we have the underlying statistical data before we can be prepared to take on the huge amounts of work – and divert the resources that would be required – to develop an accurate dataset of inclusive wealth, particularly within the current constrained financial environment. It should be noted that only a small number of countries are likely to have the information required to develop these inclusive wealth estimates in a reliable manner. Consideration could be given to moving towards an inclusive wealth accounting over time.