

**Updating of the SNA-93,  
issue 16: Government owned assets**

**Advisory Expert Group's (AEG) recommendations of 12/2004:**

- There was a strong support in principle for including a return to capital, viewed as an opportunity cost, in the measurement of non-market output.
- In terms of the range of assets which could be covered, most participants favoured including those assets in the generation of government output similar to those assets used in market production.
- A smaller number favoured including roads and other infrastructure assets and even fewer favoured including assets such as city parks and land.

**German opinion:**

We are not in favour of the recommendations because of general, conceptual and practical reasons:

1. The recommendation is not in line with the criteria of ISWGNA for updating the SNA because it is a fundamental change which should be avoided. In addition, it is an old issue that has been discussed and rejected before in the 1993 revision process, and meanwhile there has been no increase in economic significance nor an advancement in methodological research in this respect.
2. The recommendation ignores the difference between non-market producers and market producers (with regard to the valuation of GVA or output). In reality, however, there is a difference and that should be reflected in NA.
3. The recommendation seems inconsistent, since the AEG has favoured not to implement the concept of capital services for market producers (as an "of which position" of surplus). Why should this concept be implemented for non-market producers (NMP)?
4. The creation of a (virtual) surplus for non-market producers should be avoided. This increases the risk of misinterpretation and non-comparability of NA data.
5. More generally: the recommendation would produce more imputed elements in NA and fewer market transactions, i.e. NA would be less suitable for important questions like business cycle analyses or analyses of income or tax burden.
6. There are important practical problems in addition:
  - a) The problem of calculating the different assets used in the local kind of activity units in different branches within the government sector; exclude assets used for market production in the government sector.
  - b) The problem of calculating the appropriate rates of return, differentiated by type of asset used in different branches.
  - c) The problem of calculating different rates of return over long periods (time series).