

# Recording and valuation of 'data' in National Accounts

ISWGNA Task Team on Digitalisation\*

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# Recommendations and definitions (1)

- a) **Data** is the result of a production process
- b) For practical reasons, focus is on **digital** data. Non-digital data is out of scope
- c) Data is distinct from **observable phenomena**, which are input for data
- d) Observable phenomena:
  - are **non-produced**
  - in general have **no value** (except if purchased)
  - **do not affect the core accounts**



# Some further reflections on the measurement and valuation of data

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- **Recommendation: OPs have (near) zero intrinsic value, and can be ignored**, but how does this reconcile with:
  - OPs that are explicitly purchased
  - The large amount of expenditures by companies in their efforts to obtain them
  - Inconsistency with the ability to assign a value to “free services” in any proposed extended account
  - Implicit recording of OPs as being the result of a production process
- **Further elaboration and clarification needed** on what exactly feeds into gross fixed capital formation and GDP

# Recommendations and definitions (2)

- e) **Long-lived** data (i.e. those used in production for more than one year) is an **asset** and as such should be capitalised in the national accounts
- f) **Short-lived** data is produced, have economic value but **not an asset**
  - Most appropriate treatment in NA still to be defined. Considered options:
    - intermediate consumption (when purchased from third parties),
    - output of ancillary activities
    - valuables
    - inventories
- g) Data is subject to **economic ownership**, **valuation** and **depreciation**

# Recommendations and definitions (3)

- h) The **data producer**: the entity that collects, records, organises and stores observable phenomena in a digital format *[not the person or entity the underlying observable phenomena refer to]*
- i) The producer is also the **economic owner** of own account data
- j) **Own-account data** is valued at **sum of costs**, including the costs of *collecting or acquiring* observable phenomena, *storing and processing* data
- k) **Recording** of Data as an asset: ideally in a newly-created asset category under 'Computer software, *data* and databases' (AN1173), subject to feasibility
- l) **Depreciation** is based on the PIM model

# Selected issues from summer consultations\*

## Conceptual:

- n) Possible multiple **economic ownership** of licensed data
- o) **Ownership** of data derived from personal observations, in the light of **privacy legislation** and GDPR
- p) Treatment of **short-lived data**

## Practical:

- q) **Disentangle data and database** costs not straightforward
- r) Need to also include non-digital data for **long time series**?
- s) Definition of **service lives and depreciation functions** for PIM model
- t) Need to also consider non-digital data for long **times-series**?

# Questions to the AEG

- **Comment** and **agree** on the **recommendations and definitions** (points **a** to **m** above)
- Provide **guidance** on open issues (points **n** to **t** above)
- Indicate which elements of the guidance note in particular require **practical tests** (planned to start in 2021)