



FEEDBACK ON DATA FROM INFORMAL ADVISORY GROUP AND OTHER MEETINGS

Advisory Expert Group, July, 2021



Feedback from informal advisory group meeting

- Informal Advisory Group meeting held 9-10 June.
- Digital SUTs continue to be developed by several countries.
- **AUS, CAN, JPN, NLD, UK, US** are all at different stages of development.
- Focus on discussion turns from conceptual to practical to technical.



Issues paper on Data

Since the 15th meeting of AEG, the data issue paper has been

- Presented to [UNECE Group of Experts meeting](#).
- Presented at [OECD Informal Advisory Group meeting](#).
- Distributed with a feedback Survey to European countries as part of [Eurostat NAWG](#)
- Feedback formally requested following the [April AEG meeting](#)



Questions asked...

1. Should the **sum of cost** approach **be limited** to just the recording, storing, and analysing of OPs, **or be expanded** to include costs paid that enable the OP to be accessed for observations?
2. *If expanded;*
 - should the inclusion of OP procurement costs **be restricted to** just those acquired on the basis of an **outright purchase**? Or should a **broader range of costs** associated with getting access to observable phenomena be applied?
 - **should the value** associated with this component of the asset **be considered as produced or as non-produced**?
3. In the case firms **explicitly pay for (getting access to) OPs**, should these payments be recorded as *acquisitions of a service, acquisitions of non-produced assets, recorded as rent*?



Question 1

1. Should the **sum of cost** approach **be limited** to just the recording, storing and analysing of OPs, **or be expanded** to include costs paid that enable the OP to be accessed for observations?

AEG	
Limited	3
Expanded	4
Depends	3
Not sure	1

Eurostat NAWG	
Limited	7
Expanded	16



Question 1

- Reasons given to limit costs and **exclude OP costs**
 - Implicitly brings in the **value of free services** into the core account.
 - If you ignore the free service provided to households its fundamentally **a cost to access a naturally occurring asset**, it should be treated the same as existing examples (i.e. rent on natural asset are not capitalised).
 - Most of the costs have **already been captured in other assets** (variations of practical concerns seem to be prominent).
- Reasons given to expand costs and **include all OP costs**
 - Many felt that it was **fundamental to the value of the asset**.
 - However, there were references to **practical concerns**.



Question 2

2. If expanded;

- should the inclusion of OP procurement costs **be restricted to** just those acquired on the basis of an **outright purchase?** Or should a **broader range of costs** associated with getting access to observable phenomena be applied?
- **should the value** associated with this component of the asset **be considered as produced or as non-produced?**
- Clear support for explicit payments for OPs being included. Even by those who favoured limiting OP costs (confusingly).
- Limited support for these costs to represent a non-produced component (not asked by Eurostat).



Question 3

3. In the case firms **explicitly pay for (getting access to) OPs**, should these payments be recorded as *acquisitions of a service, acquisitions of non-produced assets, recorded as rent?*

- Strong support for the payment being recorded as rent.
- A minority consider this a payment for a service.
- Limited support as a purchase of an asset.

Additional Points to consider

- *There was also support for this cost to be included in the data asset (this would require a change in the SNA)*
- *Payment for a service may depend on specific of the situation (access to an electronic device Vs active involvement in survey/test)*



Possible takeaway for next recommendation...

- **Explicit payments constitute a rent payment** unless there is “clear production” coming from the household sector to generate the information about the OP.
- Need to investigate if this is so prevalent as to warrant a change to the SNA to incorporate rent payments as an input to production, **mindful of the externalities of such a decision.**
- No purchase of a non-produced asset for explicit transactions.
- **Investigate the ability to separate expenditure** on various intangible assets, or the possibility of combining them for dissemination (can we include software used for data creation with the database and the data?)
- Try to **better define the data required to be included** as production (customer records – *Yes*; employee’s D.O.B – *No*) “*data considered as a fixed asset must be created in a systematic way and provide a clear economic benefit to its owner*”



Next steps

- A sub-group of the Digitalisation TT will work to put together another recommendation drawing on feedback and points raised in various papers and discussions.
- Final recommendations are unlikely to be definitive, supporting documents will continue to be required for implementation (similar to other intangible assets).

*“R&D should be recognized as part of capital formation. In order to achieve this, several issues have to be addressed. These include deriving measures of research and development, price indices and service lives. **Specific guidelines, together with handbooks on methodology and practice, will provide a useful way of working towards solutions** that give the appropriate level of confidence in the resulting measures.” (SNA 10.104)*