

## ANNEX B

## The 2008 SNA – Changes from the 1993 SNA

For all OECD countries except Australia, the indicators presented in this publication are based on the 1993 SNA. The 2008 SNA has recently been finalised and includes a number of changes to the 1993 SNA. Although it will be a number of years (2014 for most countries) before the national accounts and this publication reflect these changes, it is all the same instructive to present the key changes (those that will eventually impact on the indicators presented in this publication) here. For Australia, an indication of the size of the changes for the two most significant items (R&D and weapons system) that impact on the indicators is also presented below. A full description of the impact of the 2008 SNA on Australia's accounts can be found at: [www.ausstats.abs.gov.au/Ausstats/subscriber.nsf/0/8DD6B1990BCE6806CA25765D0004DD3F/\\$File/5310055002\\_September%202009.pdf](http://www.ausstats.abs.gov.au/Ausstats/subscriber.nsf/0/8DD6B1990BCE6806CA25765D0004DD3F/$File/5310055002_September%202009.pdf).

### Changes affecting whole economy levels of income, etc.

**Research and experimental development:** R&D is recognised for the first time as a produced asset. This also means that payments for the acquisition of patents, treated as acquisition or disposal of non produced, non-financial assets in the 1993 SNA, will be treated as transactions in produced assets, R&D. This also has implications for sectoral GVA as the 2008 SNA also recommends that a separate establishment is distinguished for R&D producers when possible. See also the *OECD Handbook on Deriving Capital Measures of Intellectual Property Products*. For Australia the direct inclusion of R&D as a capital asset raises GDP by between 1 and 1¼ per cent in the most recent years. This is lower than the share of R&D investment as a share of GDP since some investment in R&D is conducted by general government (which amounts to about ¼ per cent of GDP). Under the 1993 SNA expenditure on R&D by government already adds to government output (which is estimated on a sum of costs basis) and subsequently as general government final consumption. So, for government the direct impact of the capitalisation merely involves a reclassification of expenditure from government final consumption to government gross fixed capital formation. Indirectly however government output and, so GDP, will increase as part of the costs of government include an imputation for depreciation; which now includes a component for the capital stock of R&D by government. This increases government output and general government final consumption by about ¼ per cent of GDP. The total direct and indirect increase to GDP because of the capitalisation of R&D therefore is between 1¼ and 1½ per cent.

**Weapons systems:** Military weapons systems such as vehicles, warships, etc. used continuously in the production of defence (and deterrence) services are recognised as fixed assets in the 2008 SNA (the 1993 SNA recorded these as fixed assets only if they had dual

civilian use and as intermediate consumption otherwise). Some single-use items such as certain types of ballistic missiles with a highly destructive capability, but which provide ongoing deterrence services, are also recognised as fixed assets in the 2008 SNA. Because most if not all of these expenditures are carried out by government (whose output is typically valued by summing costs) GDP will only increase by the related new consumption of fixed capital. In recent years for Australia this increase amounts to less than ¼ per cent of GDP.

For Australia, the total impact of the changes made for R&D and weapons systems as a per cent of total GFCF on a 1993 SNA basis increase GFCF by about 5½ per cent.

**FISIM:** The method recommended in the 2008 SNA for the calculation of FISIM implies several changes from that in the 1993 SNA. For example it explicitly recommends that FISIM only applies to loans and deposits provided by/deposited with financial institutions, and that for financial intermediaries all loans and deposits are included, not just those of intermediated funds. In addition, the 2008 SNA no longer allows countries to record FISIM as a notional industry.

**Financial services:** The 2008 SNA defines financial services more explicitly to ensure that services such as financial risk management and liquidity transformation, are captured.

**Output of non-life insurance services:** The methodology used to indirectly estimate this activity in the 1993 SNA (the balance of premiums, premium supplements, and claims) could lead to extremely volatile (and negative) series in cases of catastrophic losses. The 2008 SNA recommends a different indirect approach to measurement that better reflects the pricing structures used by insurance companies and the underlying provision of insurance services *per se*. The approach can be simply described as an *ex ante* expectation approach. Output is equal to premiums plus *expected* premium supplements minus *expected* claims. The 2008 SNA also recommends that exceptionally large claims, following a catastrophe, are recorded as capital, rather than current, transfers which will have an impact on (particularly sectoral) estimates of disposable income.

**Output of Central Banks:** The 2008 SNA has provided further clarification on the calculation of FISIM in calculating the output of Central Banks. Where Central Banks lend or borrow at rates above or below the effective market lending/borrowing rate the 2008 SNA recommends the recording of a tax or subsidy from the counterpart lender/borrower to/from government to reflect the difference between the two rates. Correspondingly a current transfer (the counterpart to the tax/subsidy) is recorded between government and the Central Bank. These flows will have an impact on the distribution of income in national income compared to the 1993 SNA treatment.

**Valuation of output for own final use:** The 2008 SNA recommends that estimates of output for own final use should include a component for the return to capital as part of the sum of costs approach when comparable market prices are not available. However no return to capital should be included for non-market producers.

**Costs of ownership transfer:** The 1993 SNA recommended that these costs (treated as GFCF in the accounts) should be written off over the life of the related asset. The 2008 SNA instead recommends that these costs be written off over the period the asset is expected to be held by the purchaser. This will impact on measures of net income and only marginally on gross measures, reflecting the calculation of output for own final use and government output (which is calculated as the sum of costs including depreciation).

## Re-allocating income, etc. across categories

**Goods sent abroad for reprocessing:** The 2008 SNA recommends that imports and exports are recorded on a strict ownership basis. This means that the values of a flow of goods moving from one country (that retains ownership of the goods) to another providing processing services should not be recorded. Only the charge for the processing service should be recorded in the trade statistics. The 1993 SNA imputed an effective change of ownership.

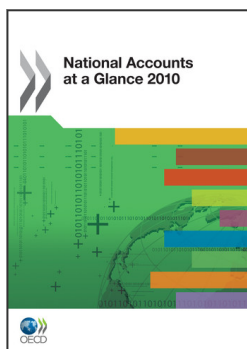
**(Pensions) Defined benefit schemes:** The 1993 SNA stated that actual social contributions by employers and employees should reflect the amounts actually paid. The 2008 SNA differs, recognising that the amounts actually set aside may not match the liability to the employees. As such the 2008 SNA recommends that the employer's contribution should reflect the increase in the net present value of the pension entitlement plus costs charged by the pension fund minus the employee's own contributions. This change will result in a shift of income between gross operating surplus and compensation of employees and between institutional sectors (corporations/government and households).

**Ancillary activities:** The 2008 SNA recommends that if the activity of a unit undertaking purely ancillary activities is statistically observable (separate accounts, separate location) it should be recognised as a separate establishment.

**Holding companies:** The 2008 SNA recommends that holding companies should always be allocated to the financial corporations sector even if all their subsidiary corporations are non-financial corporations. The 1993 SNA recommended that they were assigned to the institutional sector in which the main group of subsidiaries was concentrated.

**Exceptional payments from public corporations:** The 2008 SNA recommends that these should be recorded as withdrawals from equity when made from accumulated reserves or sales of assets. The 1993 SNA treated such transactions as dividends.

**Exceptional payments from governments to quasi public corporations:** The 2008 SNA recommends that these should be treated as capital transfers to cover accumulated losses and as additions to equity when a valid expectation of a return in the form of property income exists. The 1993 SNA treated all such payments as additions to equity.



**From:**  
**National Accounts at a Glance 2010**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264095885-en>

**Please cite this chapter as:**

OECD (2011), "The 2008 SNA – Changes from the 1993 SNA", in *National Accounts at a Glance 2010*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/na\\_glance-2010-28-en](https://doi.org/10.1787/na_glance-2010-28-en)

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).