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Implementation of the 2025 System of National Accounts in the Conference of European Statisticians member countries

Plans and progress for implementing the 2025 System of National Accounts and Balance of Payments 7 manual revisions in Australia

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Summary

For several reasons, implementing the System of National Accounts, 2008 (2008 SNA) and Balance of Payments Manual, sixth edition (BPM6) revisions did not go exactly to plan in the Australian Bureau of Statistics. As we plan for 2025 SNA and BPM7 implementation, this previous experience is guiding our approach. This paper provides an overview of the 2008 SNA and BPM6 experiences and our current plans for implementing 2025 SNA and BPM7 (what, how and when). The paper also provides four examples of 2025 SNA recommendations that we have either tested or implemented and the lessons learned from these experiences. Finally, the paper outlines our four key challenges: securing additional government funding; deciding what to do about 2025 SNA recommendations we do not agree with; securing appropriate capacity and capability; and acquiring data, developing methods, changing systems and managing the implementation.

The document is presented to the Conference of European Statisticians' session on "Implementation of the 2025 System of National Accounts in the Conference of European Statisticians member countries" for discussion."



I. Approach, experiences and lessons learned from implementing System of National Accounts, 2008 and sixth edition of the Balance of Payments and International Investment Position Manual in Australia

1. Australia was the first country in the world to implement the *System of National Accounts, 2008* (2008 SNA) and *Balance of Payments and International Investment Position Manual, sixth edition* (BPM6). The revised standards were included for the first time in the Australian National and International Accounts in 2009. Being first, Australia did not have the benefit of learning from other countries experiences about the scale and complexity of the work. Unfortunately, implementation coincided with the global financial crisis (GFC) when policymakers would have preferred high-quality information about the state of the economy unaffected by revisions in standards. At the same time as implementing 2008 SNA and BPM6 revisions, the Australian Bureau of Statistics (ABS) moved to updated industry and sector classifications. It was decided to implement the manual and classification updates at the same time to reduce disruption for users from successive years of revisions to the time series.

2. The impacts of the Big Bang approach, coupled with being the first country to implement 2008 SNA and BPM6, and statistically responding to the GFC were: stress-tested statistical sources, methods and systems; significant strain on staff, who were already dealing with capacity and capability issues; statistical errors; the inability to identify the impact of specific changes in the published statistics, which users wanted; and a disconnect with the rest of the world for key ratios used to monitor economic performance. On the latter point, shortly after publishing on the revised standard basis, the Australian Government announced that debt to gross domestic product (GDP) levels had fallen and the Australian GDP per capita Organisation for Economic Co-operation and Development (OECD) ranking had increased, with other Australian OECD rankings falling e.g., innovation and research expenditure as a share of GDP. The ranking changes were because Australia was the first country to implement 2008 SNA and BPM6. This highlights an issue for consideration by international organizations before 2025 SNA and BPM7 implementation: how to manage countries reporting on different versions of the standards during the hybrid implementation period.

3. In the ABS, to manage the development and implementation of 2008 SNA and BPM6 revisions, and the industry and sector classifications update, making space and governance decisions were made, including:

- Two years before implementation, pausing the production of supply and use tables (SUTs). However, this increased the statistical discrepancy of the three measures of GDP to levels not seen since the early 1990s, creating increased uncertainty for users trying to assess the impacts of the GFC.
- Delaying the first quarterly releases, with the revised standards, by one week for balance of payments and international investment position, and by two weeks for quarterly national accounts.
- The establishment of a classification implementation board to oversee coordination across data collections and datasets.
- The establishment of a macroeconomic steering committee, to sign off, at a detailed level, methodological and conceptual changes across the accounts.
- Minimal departures from the revised standards.
- Implementing all GDP impacting changes at the same time.
- Centrally co-ordinating implementation and users provided with sufficient opportunities to consider the changes.

4. Decisions were also made for managing the transition, including:

- A standard approach to measuring level shifts in individual series using regression analysis on the ratios between the current and new estimates, which assisted with revising time series.

- Early communication with government agencies supplying the ABS with data (e.g., the Australian Prudential Regulatory Authority) as the data they provided needed to be changed.

5. Despite decisions to make space, establish governance and arrangements to manage the transition, there were statistical errors when the national and international accounts were published on the new basis. This resulted in multiple re-issues of publications, damage to the ABS reputation and a loss of confidence from our key users such as Treasury and the Reserve Bank of Australia who were in the midst of developing GFC policy responses. The errors were in seasonal adjustment of the value added of agriculture, the estimation of components of household final consumption expenditure in current prices, and real gross national income. In response, the ABS initiated a review, which recommended an enhanced focus on quality gates and coherence of estimates.

II. Plans for implementing the System of National Accounts, 2025 and Balance of Payments Manual, seventh edition

6. In September 2023, a small team was established (two people) to scope the required work to implement the SNA and BPM manual revisions and develop implementation options. These options considered what we would implement along with how and when. A resource estimate to acquire data, develop methods, change systems, and engage externally was also produced. Our current estimate, to implement the core changes is 35 million Australian dollars (AU\$), which is likely to be conservative.

A. What

7. The scoping team assessed the size and complexity of 2025 SNA and BPM7 implementation by analysing the 89 guidance notes. These cut across a range of themes including digitalization, well-being and sustainability, financial issues, balance of payments, current account and direct investment. The recommendations and changes outlined in the guidance notes were grouped into the five categories in Table 1.

Table 1
2025 SNA and BPM7 change categories – description and examples

<i>Category</i>	<i>Description</i>	<i>Examples</i>
Core changes	Changes related to expanding the production and asset boundaries to account for new and emerging economic activities. These impact key economic measures such as GDP and Net worth.	Recording of data as a produced asset. Explicit recognition of renewable energy within the asset boundary.
Additional breakdowns and clarifications	Recommendations to disaggregate existing concepts to enable insights for users within the main statistical outputs. Category also includes updated guidance for how to record activities which are in scope of the existing boundary but have become more prominent since the last update.	Breakdown of multinational enterprises' (MNE) activities. Recording of digital services e.g., cloud computing
Supplementary tables	Recommendations within the existing conceptual framework to disseminate detailed tables and analysis on various topics of interest.	Digital supply & use tables Distribution of household income and wealth

<i>Category</i>	<i>Description</i>	<i>Examples</i>
		Recording and valuing “free” digital products
		International trade classified by currency
Thematic accounts	Detailed analysis and tables are presented under an extended or relaxed SNA boundary. Recommendations for how to compile and disseminate within a national accounting framework.	Unpaid household services Human capital account
Communication	Updated recommendations on how macroeconomic statistics should be presented and communicated to maximize their analytical usefulness, quality, scope, comparability, and policy applications.	Alignment and updating terminology across economic statistical standards Increasing prominence of “Net” measures

8. At this point, we expect the ABS implementation will include the core changes, and some changes under the categories of additional breakdowns/clarifications, supplementary tables and thematic accounts. The changes beyond the core changes will be of particular interest to users and a possible vehicle to gaining support for the changes. Exactly what will be included and when will be determined in consultation with users during 2024, and subject to acquiring additional government funding. It has also been decided not to implement the industry classification update at the same time as the 2025 SNA and BPM7 revisions, although a joint government funding proposal approach will be pursued.

B. When and how

9. Our experiences and lessons learned from the 2008 SNA and BPM6 implementation are front of mind as we consider when and how to implement 2025 SNA and BPM7. To reduce statistical risk, the working assumption is that we should not be the first in the world to implement 2025 SNA and BPM7. This will provide more opportunities to share experiences and learnings with other countries as we progress towards implementation. Equally, we should not be the last as that would delay important economic policy insights (e.g., digitalization and sustainability) and expose us to possible pressure to implement sooner than planned. It would likely also reduce the ability of data users to compare Australian economic performance with that of other countries, as several of the key revisions in the updated manuals will expand the economic activities of countries. Implementing all the core changes at once is currently the preferred approach to avoid: (a) iterative revisions to time series; (b) iterative increases to the Australian economy; (c) blurring of international comparability, and (d) iterative changes to complex models.

10. The scoping project assessed implementation options using the criteria of timeliness, statistical risk, value for users and cost. At this stage, the preferred approach is to implement the core SNA/BPM changes in 2029, followed by selected ‘other changes’. Implementation options will be discussed with key stakeholders during 2024 and progress is dependent on a successful bid for additional funding from government. The 2029 implementation date aligns with some other countries responses to the OECD 2025 SNA implementation questionnaire presented to the 2023 OECD National Accounts Working Party.

11. The working assumption is that a three-year development window is needed (if adequately resourced from a capacity and capability perspective) but planning work has

started. Development needs to include changes to statistical and technology infrastructure (much of which is old); consultation with non-survey data providers; changes to surveys; acquisition of data; development of methods; and experimentation. This means that:

- In 2027–2028, annual surveys will need to collect 2025 SNA and BPM7 data to be processed in time to feed into the 2029 SUT process, and then the 2029 released annual national accounts.
- Quarterly data on the new basis will be needed for the September quarter 2029 quarterly national accounts.

12. Given the volume of work this timetable is challenging and the highest risks, are: (a) securing government funding; (b) deciding what to do about the 2025 SNA recommendations we do not agree with (see Section VI); (c) securing appropriate capacity and capability; and (d) acquiring data, developing methods, changing systems, and managing the implementation.

III. Two examples of testing 2025 System of National Accounts changes

13. Task teams are supporting the implementation of 2025 SNA and BPM7 revisions by undertaking technical research and drafting guidance.¹ The ABS is involved in a number of these task teams, which has helped us assess the feasibility of implementing specific revisions. This section provides two examples of this.

A. Example 1: Measuring data as an asset

14. The 2025 SNA will bring data as an asset into the production and asset boundary. In the 2025 SNA, data is defined as

*“information content that is produced by accessing and observing phenomena; and recording, organizing and storing information elements from these phenomena in a digital format, which provide an economic benefit when used in productive activities”.*²

15. Only digitized data is considered the result of production. Outside the SNA production boundary will be the creation of data not directly used in the productive activities of the economic unit.

16. As noted in the March 2023 paper³ of the Advisory Expert Group on National Accounts (AEG) this is a big measurement challenge that may also significantly impact capital stocks depending on the assumptions made for asset lives, retirement distribution and choice of price index.

17. In 2021, using the labour-based sum of costs modelling approach, the ABS developed data asset estimates. The approach replicated and built on US Bureau of Economic Analysis⁴ and Statistics Canada⁵ work. The work was in response to the Australian Government’s Digital Measurement Strategy, which also included investigating digital SUTs and estimates of digital activity.

18. Part of the development work focussed on testing gross fixed capital formation and capital stocks impacts from the various assumptions needed to compile the data asset estimates. For example, the impact of different prices indexes, occupation selections and

¹ [System of National Accounts](#).

² [M22_19_DZ6_Recording_of_Data.pdf \(un.org\)](#).

³ [M22_19_DZ6_Recording_of_Data.pdf \(un.org\)](#).

⁴ The value of data: there’s no such thing as a free lunch in the digital economy [20190220ValueofDataLiNireiYamanaforBEAworkingpaper.pdf](#).

⁵ The value of data in Canada: experimental estimates [00009-eng.pdf \(statcan.gc.ca\)](#).

assets lives.⁶ Via Australian membership in the 2025 SNA Digitalization Task Team, the work contributed to the development of 2025 SNA guidance note, alongside other countries contributions.

19. The most recent estimates, aligned to the latest recommendations and guidance being drafted by the Eurostat and IMF Measuring Data as an Asset in the National Accounts Task Team, indicate that the inclusion of data assets will increase the level of GDP in 2021 by 3 per cent. The many assumptions needed to model data assets are still being worked through by the task team, but from the insight we have so far, Australian data asset estimates will remain in the 3 per cent increase range. Task team membership has helped us test and provide input into the detailed assumptions and guidance handbook, putting us in a good position to implement – even if it has meant a lot of late-night meetings!

1. Data asset data sources and modelling

20. We sought potential data sources for directly measuring or helping to refine the sum of costs models but, so far, no existing data has been found. We have found that using our business characteristics survey data (measuring the use of data analytics software) helps refine the occupations to include. Other data source options, subject to funding, include building on our:

- Research & Development (R&D) survey; and/or
- Annual economic activities survey.

21. Most other countries use the sum-of-costs valuation method for own account R&D and computer software estimates, whereas the ABS collects data via the two surveys above.

22. The ubiquitous nature of data assets makes direct data collection challenging and without source data a reliance on modelling. Having an R&D survey to guide the development of direct data collection will be useful if we go down that path but the sum of costs approach appears to be a good surrogate.

23. When implementing data as an asset, we are mindful that there is a relationship to other intangible assets and the measurement of all existing intangible assets will need to be reviewed to avoid double counting. Obviously, this increases the implementation resources needed. As we approach implementation, engagement with users will be critical to reassure them there is no double counting.

B. Example 2: 2025 System of National Accounts revisions to the treatment of natural resources

24. The 2025 SNA will include revisions to expand and increase the prominence of natural capital to better account for policy-relevant environmental factors, including natural resource ownership, extraction, and depletion.

- Depletion of natural resources will be included as a cost of production (like depreciation). Reflecting that this part of domestic income does not constitute newly created value but a reduction in the value of existing assets from their use in production.
- Economic ownership of subsoil mineral and energy resources will be split between government and the private sector, to better reflect the shared risk-and-reward profiles of both sectors.

25. Natural resources are very important to the Australian economy and the revised treatment will be one of the key changes for us. For this reason, the Well-being and Sustainability Task Team (WSTT) asked the ABS to undertake feasibility testing of the split ownership of assets recommendation. The feasibility testing included researching available source data (including the suite of royalties paid to State and Territory governments and

⁶ Further information on the ABS research and results can be found here [Smedes – Valuing data as an asset.pdf \(abs.gov.au\)](#).

potentially traditional landowners) and testing methods. The findings were presented to the AEG.⁷

1. Current approach

26. Under 2008 SNA, it was deemed too difficult to calculate the value of the mineral and energy assets split between the legal owner and the extractor. Therefore, the whole of the resource is shown on the balance sheet of the legal owner, with the payments by the extractor shown as rent. In Australia, the legal owner is the government.

27. As there is little direct information on the prices of resource assets, compilers use a net present value method. This approach involves calculating the expected future income flow generated by each resource,⁸ known as the resource rent, and then discounting this value by an appropriate interest rate over the expected life of the resource.

28. In the ABS, the net present value method approach is:

- Calculate the expected future income flow generated by each resource (resource rent) and then discount by an appropriate interest rate over the expected life of the resource.
- For any given year, calculate resource rent by taking the 5-year average of the market price paid for the resource, minus the 5-year average of the costs associated with extraction, multiplied by the 5-year average of production.
- Allocate the total value of mineral and energy resources to the legal owner (general government).
- Include volume changes, including discoveries and depletion, as an ‘other change in volume’ in the accumulation accounts.

2. Impacts 2025 System of National Accounts revisions to natural capital

29. Under 2025 SNA, resource rent will be allocated between sectors to split the future stream of the resource’s income into two separate net present value calculations. This will result in two separate assets, one recorded on the government balance sheet and the second on the private sector balance sheet. The 2025 SNA split asset approach, along with the treatment of depletion as a cost of production, will revise mineral and energy resource estimates.

30. With Canada and Norway, Australia has been a key contributor to the development and testing of the split ownership of assets for mineral and energy resources guidance, which informed the refined AEG 2023 guidance.⁹

31. The approach, as shown in Table 2, was to:

- take current estimates of resource rent (1)
- split between the government and the private sector by separating out the value retained by the government in the form of specific taxes and subsidies on extraction (2a + 2b)
- allocate the residual (1–3) to non-financial corporations (4).

32. In Australia, the government share is mostly royalties paid to State and Territory governments, but also includes the petroleum resource rent tax for petroleum products and the minerals resource rent tax that applied to black coal and iron ore from 2012 to 2014. To populate Table 2 this approach is needed for each year.

⁷ [M22_16_WS6_Economic_Ownership_Depletion_Natural_Resources_Pres.pdf \(un.org\)](https://unstats.un.org/unsd/nationalaccount/aeg/2023/M22/M22_16_WS6_Economic_Ownership_Depletion_Natural_Resources_Pres.pdf).

⁸ Known reserves of fossil fuels, ores and minerals located on or below the Earth’s surface that are economically exploitable given current technology and relative prices.

⁹ The summary of testing results presented to AEG in October 2023 can be found here: https://unstats.un.org/unsd/nationalaccount/aeg/2023/M22/M22_16_WS6_Economic_Ownership_Depletion_Natural_Resources.pdf.

Table 2
Splitting of resource rent

	<i>Year 1</i>	<i>Year 2</i>	<i>Etc.</i>
1. Total resource rent			
2a. Royalty payments			
2b. Specific taxes			
3. Government share: 2a + 2b			
4. Non-financial corporations share: 1–3			

33. A subset of five commodities were tested (iron ore, coal, copper, gold, and liquefied natural gas (LNG)). Royalty and tax payments were estimated for each. Table 3 shows the results of the testing and that in Australia, governments' resource rent allocation, and therefore net present value allocation, is relatively small compared to the other countries involved in the testing.

34. The testing confirmed the feasibility of the new approach but also the need for additional source data. These results are preliminary, and we are now working on directly sourcing disaggregated royalty payment data from the States and Territories governments, which will improve the transparency of these estimates. We will also need to work with the relevant federal departments to source disaggregated mining tax data for petroleum products; and source royalty payments data for payments made to traditional owners.

Table 3
Testing results based on 5 commodities

<i>Sector</i>	<i>Australia</i>	<i>Canada</i>	<i>Norway</i>
Government (S.13)	31.0%	42.6%	82.4%
Non-financial corporations (S.11)	69.0%	57.4%	17.6%

35. To date we have not tested the change in the treatment of depletion and its impacts. We plan to improve the existing depletion estimates in the "other volume changes" before implementing the revised treatment.

3. Challenges and lessons learned

- Communicating with users – The 2025 SNA natural resource revisions will have a significant impact on the Australian macroeconomic statistics, so communication and education of users will be essential.
- Fiscal analysis – Macroeconomic statistics record mineral and energy resource assets on the government balance sheet but they are not included in mainstream government budget reporting. This inconsistency already exists and is unlikely to change, making consistent balance sheet analysis difficult for users.
- Policy analysis – The testing indicates that the Australian governments' resource rent allocation is relatively small compared with other countries, with most of the assets likely to sit with mining companies in the private sector.
- Variable data quality – The results of the exercise demonstrated data quality issues with coal and LNG, which need to be resolved ahead of implementation. The ABS will continue to work with stakeholders across all levels of government to find and access alternative disaggregated data sources.

IV. Two examples of implementing 2025 System of National Accounts changes

A. Example 3: Labour Account

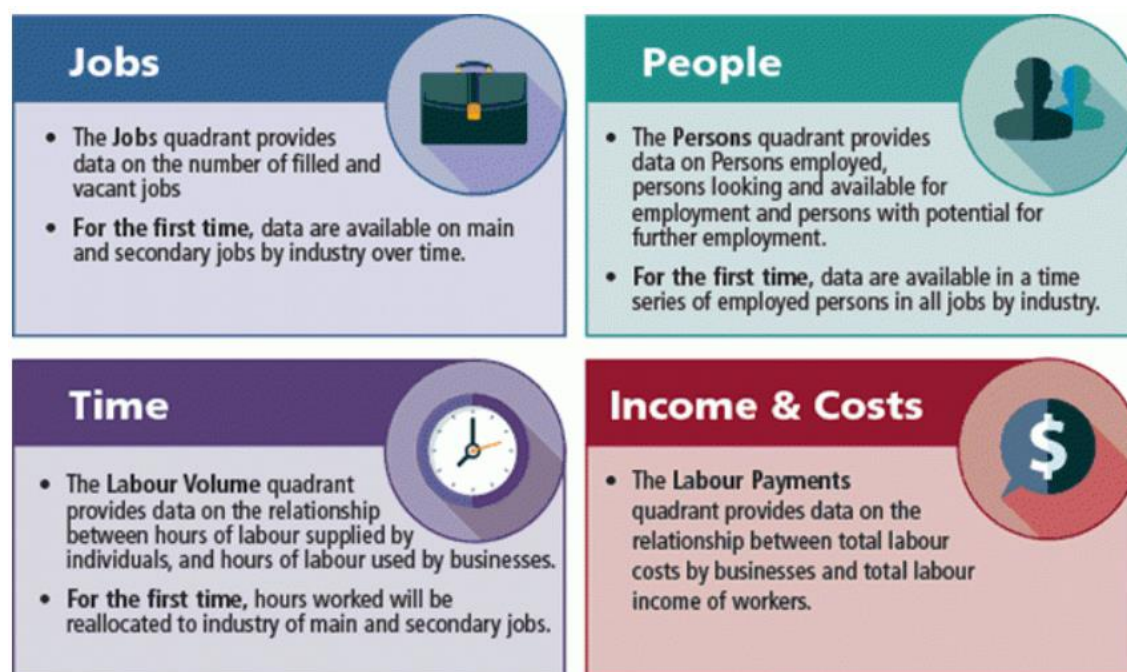
36. The 2025 SNA labour chapter will place labour in the same position as other primary production processes (e.g., capital, financial capital, and goods and services) and builds upon the 2008 SNA chapter. This will increase the utility and relevance of the national accounts. The draft chapter describes a four-quadrant labour market table framework with relationship identities; and describes labour market data links to SUTs and education, training and human capital. In Australia we refer to the 2025 SNA labour market table framework as the Labour Account.

1. The Australian Labour Account

37. In 2017, the first annual experimental Australian Labour Account by industry division was published. It draws together a range of data sources to create coherent and internally consistent labour market estimates across four quadrants: People, Jobs, Hours and Payments (see Figure 1). In 2018, it moved to a quarterly publication and annual industry sub-division data was added. It is now the most comprehensive quarterly labour market data produced by the ABS and improves the quality of Australian National Accounts through improved labour inputs.

Figure 1

The Australian Labour Account



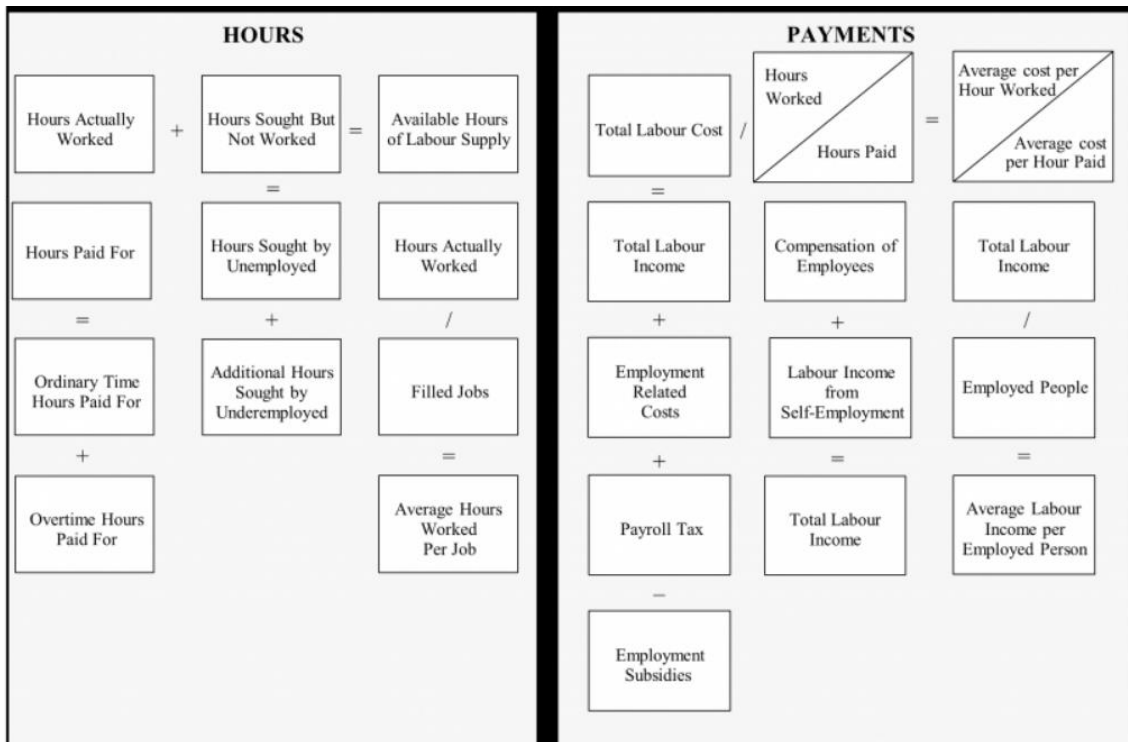
38. There are currently no international labour account standards, although the International Labour Organization (ILO) has a four-step process, which has been followed (to varying degrees) by the national statistical offices in Australia, Denmark, the Netherlands and Switzerland in developing their labour accounts.

39. The Australian Labour Account framework conceptually aligns with the 2008 SNA, for example, production and residency boundaries. This ensures direct compatibility with national accounts and productivity estimates facilitating the integration and reconciliation of aggregate labour data from businesses, households and administrative sources.

40. As outlined in the draft 2025 SNA chapter, the labour account quadrants are linked by a set of identities, which the aggregate statistics must satisfy. The identities for hours and

payments are shown in Figure 2. The identities used in the Australian Labour Account are consistent with the identities used in other countries. Some relationships are direct, such as employed people in the total economy is equal to the number of main jobs, while other relationships are considered indirect or derived, such that the relationship is based on an average or ratio measure such as average hours worked per job, or average labour income per employed person.

Figure 2
Hours and Payments identities



41. The Australian Labour Account has significantly improved the quality of aggregates such as the number of occupied and vacant jobs within each industry, measures of hours worked, and labour productivity cycles. Industry measurement is aligned as closely as possible with other national accounts data sources delivering high-quality hours worked data at an industry level, which is incorporated into labour productivity measures.

42. The Labour Account is also a useful standalone source which provides an overall picture of the Australian labour market. It complements existing labour statistics, including the ABS Labour Force Survey and enables relationship comparisons across work and the broader labour market components (for example, the stock of jobs filled versus vacant, to produce additional indicators of labour demand). The Labour Account is also used as the mechanism for producing a range of complex multi-source labour statistics, such as information on labour hire workers. Australia is one of a few countries regularly producing a labour account and it is particularly comprehensive. The Australian experience has shown that a labour account framework is a useful addition in the 2025 SNA.

2. Australia Labour Account journey from experimental to now

43. It took several years to develop the ABS Labour Account. We secured additional government funding and started producing it on an experimental basis. Early estimates were compiled using basic Excel based tools as methodology and data reconciliation practices developed. The initial focus was on populating the framework with high quality aggregates for a limited time series, before adding more detailed disaggregation and a longer time series.

44. For the Labour Account, there is a restrained approach to balancing adjustments, supported by high quality input data sources and ongoing improvements in how they are used (for example, how we account for changes in hours worked across the quarter using Labour

Force Survey data, and how we model non-usual residents and child workers). Over time, the Labour Account has been productionized in the Forecasting, Analysis and Modelling Environment (FAME) alongside the national accounts.

45. The ABS continues to evolve and expand the Labour Account. New administrative datasets such as high frequency tax data present opportunities to enhance the quality and granularity available in the Australian Labour Account. Further expansion to measure labour-related activities within the SNA production boundary, including unpaid work, is also possible within the existing framework.

46. Currently, labour account data by industry division (seasonally adjusted, trend and original) and sub-division (original only) is published quarterly, two days after the Australian National Accounts, with a time series starting in September quarter 1994.¹⁰

B. Example 4: Australian Bureau of Statistics experiences of producing Household Distributional Accounts

47. The 2025 SNA will include a specific section on the compilation of household distributional accounts. The recommendation will be for standard, distributional breakdowns of income, consumption, saving and wealth of the household sector.

48. As a minimum, compilers should aim to provide breakdowns based on (current) disposable income and wealth, showing income and wealth decile groups, a median and, if possible, results for the top 5 and 1 per cents. Alternative breakdowns by main source of income, household type, housing status and by age of the reference person are also recommended, as supplementary items.

1. Australian Bureau of Statistics Publications

49. In 2013, Australia was one of the first countries to publish annual distribution estimates of income, consumption, saving and wealth. This was in response to recommendations from the G-20 Finance Ministers and Central Bank Governors' Data Gaps Initiative, and the Stiglitz-Sen-Fitoussi Commission. Since then, the ABS has published 5 releases, with biennial estimates from 2003-04 to 2021-22. Estimates were also produced for 2020-21, to reflect changes through the COVID-19 pandemic.

2. Challenges

Data quality and timeliness – survey collection impacts

50. Key data sources for ABS Household Distribution Accounts are the Survey of Income and Housing (SIH) and the Household Expenditure Survey (HES). The ABS Household Expenditure Survey (HES) was due to run during the COVID-19 pandemic but was delayed due to concerns with collecting atypical pandemic expenditure data. Work is now being done to develop a digital diary before the next HES is run. SIH data is available biennially up to 2019-20 and is currently being run. Measuring distributional changes through the COVID-19 pandemic was particularly challenging, testing the robustness of ABS assumptions and models, and impacting the quality of survey responses.

Constrained operating/budget environment

51. Resource constraints (funding and staff), and system and process limitations are obstacles for reducing micro-macro gaps, exploring greater use of administrative data, and adopting new approaches to improve the quality of Australian distributional estimates.

¹⁰ More Labour Account information can be found in:

1. Concepts, Sources and Methods – summary material – [Australian Labour Account | Australian Bureau of Statistics \(abs.gov.au\)](#).
2. An IAOS paper providing an early summary for a broader National Statistical Organisation audience: [sji200684 \(iospress.com\)](#).

3. Lessons learned

52. SIH and HES are expensive to run and have high levels of respondent burden. Yet they are critical if there are no alternative sources. Investigating alternative data sources is essential for the replacement of survey data, and/or for distributional indicators between survey years.

53. Close working relationships between internal micro and macro data areas is extremely important to understanding and addressing micro-macro gaps. This is key when developing micro data modelling.

54. Continued investment is needed to continue to publish Household Distributional Accounts, fill micro-macro gaps, move processes to more flexible systems, address under-representation of particular household groups (e.g., Pareto adjustments for highest income/wealth households) and produce increased granularity in estimates (e.g., deciles).

55. Since the ABS first published Household Distributional Accounts in 2013 there has been incremental improvements to the estimates (see Table 4). Publishing experimental estimates and improving over time has been useful (for the ABS and users) rather than spending years developing before publishing.

Table 4

Improvements over time to the ABS Household Distributional Accounts

<i>Publication release year</i>	<i>Improvements made since 2013 release</i>
2014	<p>Changed from person to household weighted quintiles.</p> <p>Improved distribution of non-indigenous population living in very remote communities.</p> <p>Introduced a biennial time series for distribution of the household income, consumption and wealth, beginning 2003–2004. Models used to estimate data gaps in distributional source data.</p>
2015	<p>Incorporated improved methodology for estimating owner-occupied imputed rent.</p> <p>Improved distributional indicators for households in very remote communities and non-private dwellings.</p> <p>Updated data for non-profit institutions serving households (NPISH).</p>
2021	<p>Improvements made to micro-macro coverage ratios for health expenditure and deposits.</p>
2022	<p>To overcome measurement challenges through COVID, greater emphasis was placed on collaboration with micro survey, methodology and national accounts areas, to quality assure estimates and methods, and ensure coherence in economic narratives.</p> <p>With no micro source data available for 2021–2022, micro indicators for income were derived using unit record data and other administrative data to nowcast estimates.</p> <p>Published new tables on micro-macro coverage ratios and FISIM</p>

V. Communicating changes and involving stakeholders

56. Up to now, the ABS has had limited communication with external stakeholders on the manual revisions. One of the issues is getting engagement when the new published estimates won't be seen until at least 2029. As we prepared for the fifty-fifth session of the United Nations Statistical Commission we did engage on the 2025 SNA and BPM7 proposed

revisions. The primary focus was on the recommendations we did not agree with on a conceptual and/or measurement basis.

57. In 2024, we plan to engage more extensively to build cross-government agency support for additional government funding. To help manage our capacity and capability risk, we hope to use the engagement as an opportunity to form partnerships to help solve some of the measurement challenges (data and methods).

VI. Key challenges

58. Our key challenges are:

- (a) Securing government funding;
- (b) Deciding what to do about the 2025 SNA recommendations we do not agree with;
- (c) Securing appropriate capacity and capability; and
- (d) Acquiring data, developing methods, changing systems and managing the implementation.

A. Securing government funding

59. The small project team is developing a fully costed funding proposal to be submitted in an upcoming Commonwealth budget cycle, with the aim of starting work in earnest from January 2026. Ensuring that this is a realistic estimate to cover all the work (system changes, source data, methods, implementation and communication) is essential but difficult as sometimes solving measurement issues and changing systems can be more challenging than initially expected.

B. Deciding what to do with the 2025 System of National Accounts revisions we do not agree with

60. At the fifty-fifth session of the United Nations Statistical Commission we outlined the 2025 SNA revisions we do not support on conceptual and/or measurement grounds. The key ones are:

- **Accounting for biological resources:** we do not agree with the recommendation to replace the distinction between cultivated and non-cultivated biological resources with assets distinguished by those migrating and those non-migrating. We also do not agree with the recommendation that non-migratory biological resources are recorded as produced assets and migratory biological resources as non-produced assets. We agree that there is some conceptual merit to align with the System of Environmental and Economic Accounts (SEEA) but the resource intensiveness of the recommended change and the risks involved with broadening the definition of the cultivated (produced) assets means that on balance we do not support.
- **Emission trading permits:** we do not support the ‘other accounts receivable/payable’ classification but do support financial asset, debt security. We support the emission trading permits being treated as financial assets, valued at market price.
- **Delineation and recording of rent:** We are concerned that including rent as a cost of production and recording it in the allocation of primary income is not conceptually correct. Allocating to the generation of income account should be further considered.
- **Factoryless goods producers:** We do not agree that these units should be classified to manufacturing in the revised ISIC, as we believe they do not meet the definition of what a manufacturer does (physical transformation of raw materials into outputs). The proposal focusses on output rather than activities. We are also concerned about the asymmetries that will be created between countries.

- **Distinction between government services and taxes:** we do not support the removal of proportionality as a criterion for tax classification. If we were starting with a clean slate, we might agree to record all mandatory payments as taxes. However, retrospectively changing would be an enormous piece of work requiring coordination with the Department of Finance.

61. As with previous manual revisions, we need to decide if there are any changes that we will not implement and the domestic and international impact of not implementing them.

C. Capacity and capability

62. Our capacity and capability have reduced since the implementation of 2008 SNA. Recruitment and retention are challenging with people moving jobs more frequently and increased reliance on a dwindling number of people with deep national accounts and balance of payments knowledge. Options to help us manage this risk are:

- Creating external partnerships to work on some of the most challenging measurement changes. In Australia these will be difficult to create as there are few externals interested in national accounts and balance of payments measurement research. International partnerships maybe another option.
- Enhancing training for people moving into the accounts to get them up-to-speed as quickly as possible. This requires dedicated investment and people.

D. Acquiring data, developing methods, changing systems and managing the implementation

63. There are many measurement challenges in implementing the 2025 SNA and BPM7 revisions. To manage them, we will need to identify the data we need and how to source that data either by changing/adding survey questions or finding and acquiring non-survey data. Methods will need to be developed and taken for peer review and endorsement to the ABS Economy and Environment Methods Board. Systems will need to be changed many of which are old and may not be able to be remediated. All this will need to be project managed and co-ordinated to ensure we meet agreed timetables, can articulate the impact of the changes, publish without significant errors and maintain the wellbeing of our staff.

VII. How the Conference of European Statisticians and United Nations Economic Commission for Europe can help

64. We have three suggestions for consideration:

- During the hybrid transition period, countries will be moving to 2025 SNA and BPM7 in different years resulting in discrepancies in international reporting and ranking. It would be valuable to NSOs for international organizations to decide how this will be handled and to provide guidance well in advance of the first country moving to 2025 SNA and BPM7. This guidance will be essential for statistical producers but also our users, who will need to decide how to manage the hybrid transition period.
- Coordinate advice and country plans and experiences so information is holistically disseminated and not fragmented across lots of emails and documents.
- In the ABS we have an Economic and Environment Methods Board, which peer reviews and endorses all data source and methods changes. Could this be scaled up to an international methods board for some of the more challenging measurement changes? The benefits would be international peer review and sharing of measurement approaches. The ABS would be happy to chair if Conference of European Statisticians (CES)/ United Nations Economic Commission for Europe (UNECE) wanted to trial.