

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 2 June – 4 June 2009

**Question: bet 48**

**Topic: ABS Survey – Register of Securities**

**Hansard Page: E135**

**Senator Bushby asked:**

**Senator BUSHBY**—Okay. Not that I will necessarily be able to understand it when you give it to me, but would you mind taking on notice to provide me with the details of the changes that will actually show up in this particular survey?

**Mr Harper**—Yes, we can do that. We have actually published information papers over the last few years which foreshadow the changes and describe what the changes will be. Later on this year we will start to publish information as to what the actual statistical impact of those changes will be. So we can certainly give you that information.

**Senator BUSHBY**—That is probably all I am going to ask at this point. Thank you.

**Answer:**

The changes to international standards introduced with the sixth edition of the Balance of Payments Manual (BPM6) focused on refining and improving practice rather than a full review of the underlying conceptual framework. Particular focus was given to:

- classification and treatment of intangible non-financial assets such as leases and licenses, computer software and databases, research and development expenditure, and marketing assets,
- financial asset and instrument classifications,
- capital services for non-market producers,
- banking and insurance industry output,
- unfunded pensions schemes, and
- articulation of the international investment position.

The main changes impacting on Australia's Balance of Payments include:

- The definition of economic territory changing with BPM6 resulting in the scope of Australia's Balance of Payments, including Norfolk Island.
- The change of ownership principle being more strictly applied impacting on several components of goods and services.
- A further dissection of foreign direct investment.

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- The definition of income that contributes to the current account including earnings from investment funds that are not distributed to members (called reinvested earnings in the Balance of Payments).
- The improved capturing of international investment positions arising from migration, from membership of foreign pension funds and from the purchase of insurance from foreign insurance companies.

In addition, the ABS will incorporate the results of a number of data quality investigations into the BPM6 series including revised sources and/or methods for the transport freight, insurance and pension services and financial services series. These investigations have taken account of any clarification provided by BPM6.

The new standards will be implemented in the releases for the September 2009 reference quarter. To maintain the integrity of time series, level shifts will be backcast.

An information paper (ABS cat. no. 5368.0.55.012) was released on 17 June 2009, describing in respect of monthly estimates of international trade in goods and services:

- the main changes to the international standards,
- the timing for implementing the changes in Australian statistics,
- the impact on time series in the publication, and
- the impact on the presentation of statistics in the monthly publication.

An information paper (ABS cat. no. 5302.0.55.002), was released on 22 July 2009, will present the same information in respect of the quarterly Balance of Payments and international investment position. When the new standards are implemented, the respective publications will contain a summary of the statistical impacts.