

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 64

Topic: Change to National Accounts System

Hansard Page: E80 (02/06/2010)

Senator JOYCE asked:

Senator JOYCE—to the definition of gross national income, which defines the amount of aid we pay under the 0.5 per cent target?

Mr Ray—The short answer is that, when the annual national accounts were released last December, both current and historical GNI were revised up, the current by about \$50 billion, I think. The change came from moving from the old system of national accounts to a new system. I cannot remember the exact reason, so I will take that bit on notice, but it meant that we had a larger base. Absent anything, it would have meant that, if the government maintained its ratios of ODA to GNI, there would have been a sharp increase in the number of dollars of aid, just as a result of this definitional change, so the government decided to phase in the effect of this change in the denominator on the numerator.

Answer:

With the release of the 2008-09 Annual National Accounts (cat. no. 5204.0) the Australian Bureau of Statistics (ABS) introduced updated international statistical standards *System of National Accounts 2008* and *Balance of Payments and International Investment Position Manual sixth edition*. The revised international standards were developed to ensure economic measurement remains appropriate and relevant as new economic phenomena arise or assume greater importance, and as economies continue to develop in their complexity. The most significant changes were seen in the expansion of the production boundary to capitalise research and development expenditures, defence weapon platforms, and orchard growth.

The ABS took the opportunity with the release of the new standards, to review data sources and methodologies in a number of areas. These reviews also contributed to revisions in GNI.

As a result of these new standards and revisions GNI for 2007-08 was revised from \$1,081,674 million to \$1,133,169 million.

Australia was the first country to adopt the new standards; other OECD countries will be introducing the standards over the next 2 - 5 years.