

Coming to Grips with Intangibles: The Australian Experience

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Investment in intangible assets such as knowledge and know-how play an important role in economic growth. In recent years there has been considerable research and analysis towards understanding the role of intangibles assets in economic growth, particularly in advanced economies. Evidence indicates that there is a significant association between investment in intangibles and observed patterns of economic growth. Also, variations in multi factor productivity between industries or sectors have also been associated with the differences in intangibles investment. It has been argued that greater investment in intangibles leads to larger multi factor productivity gains. Unlike tangible assets, the measurement of intangible assets poses difficulties. As a result, capitalising intangible assets and understanding their full impact in economic growth remains a challenge. This paper reviews some of the recent developments in the literature of intangible assets and their role in economic growth and productivity measures. It also discusses the key issues relating to the measurement of intangibles assets. An overview of the treatment of intangible assets in the International System of National Accounts and specific experiences from the Australian Bureau of Statistics is also provided.

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