

## **Australian Bureau of Statistics (ABS) Comments on IMF Working Paper "Treatment of Mobile Phone Licenses in the National Accounts"**

1 The ABS generally agrees with the conclusions of the paper. We believe that the authors have correctly interpreted SNA93 as it currently stands. Certainly, we are firmly of the view that the '3G' mobile phone licenses recently issued in Australia satisfy the SNA's definition of an intangible non-produced assets. The licenses are issued for a 20 year period and are fully transferable. There is no restriction on their use.

2 We note the paper's conclusion that payments received for some shorter-term, non-transferable uses of spectrum may be classified as rent. However, there appears to be some uncertainty as to the 'boundary' between those payments that could be classed as rent and those that could be classified as the acquisition of an asset. This is because the SNA itself provides little by way of guidance in that area. We have no firm view on whether the boundary should be drawn at one year or at five year licenses.

3 We have some concerns with the paper's alternative treatment of amortization/reappearance of assets. While this treatment has the attraction of lining up with commercial accounting practices, we are concerned about its implications for measurement of government saving. It would be hard to explain this income item from a traditional national accounting perspective. The paper mentions the equivalence of this treatment with the (rejected) 'prepaid rent' treatment of mobile phone licenses. If this equivalence is in fact a strong point in favour of the alternative treatment of amortization/reappearance of assets then this appears to us to be supportive of the 'prepaid rent' approach itself. Anyway, to implement such an alternative treatment of amortization/reappearance of assets in the 'core' accounts would require changing the SNA, as the current SNA does not provide for such a treatment.

4 Because of the issues raised in (2) and (3) above, and for the reasons outlined in Annex I to the paper, we would support a review of the SNA93's asset-liability boundary and treatments of rights and obligations conveyed by various contractual and licensing arrangements. We would be happy to provide our thoughts in such a review. However, the prospect of such a review should not dissuade the ISWGNA from determining the appropriate treatment of mobile phone licenses based on the current content of the SNA.

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