



# National Accounts and Transport Investments

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# Classification of Investments and Capital stock

- **Cultivated assets**
- **Other machinery and equipment**
  - Office machinery and equipment
  - Radio, TV and communication
- **Transport equipment**
- **Construction**
  - Dwellings
  - **Other buildings and structures**
- **Intangible fixed assets**
  - Software
  - Other

# Further details

- **Classification by industry, among which**
  - Transport, storage and communication
    - Land transport, transport via pipelines
    - Water transport
    - Air transport
    - Supporting and auxiliary transport activities etc.
    - Post and telecommunications
  - Public administration and defense; compulsory social security
- **Gross and net capital stock; (accumulated) depreciation**

# Definition of capital investments

- **General definition?**

**“... goods and services that are used in production for more than one year” (SNA 2008, para. 10.33)**

- **Improvements to existing fixed assets?**

**“... increase their productive capacity, extend their service lives, or both” (SNA 2008, para. 10.43)**

**“... significant changes in some of the characteristics of existing fixed assets ...” and “... deliberate investment decision ...” (SNA 2008, para. 10.46)**

# Definition of capital investments

- **Ordinary maintenance?**

**“... activities that must be undertaken regularly in order to maintain a fixed asset in working order over its expected service life”;**

**“The owner or user ... has no choice ... if the asset in question is to be continued to be used in production”**

**“... do not change the fixed asset’s performance, productive capacity or expected service life”**

**(SNA 2008, para. 10.45)**

# Definition of capital investments

- **Time of recording: transfer of ownership**

**Note: assets developed under a contract of sale with stage payments**

- **Economic ownership?**

**Note: Public-Private Partnerships (PPPs) and Build, Own, Operate and Transfer (BOOT) schemes => which unit is expected to bear the majority of risks, and which unit is expected to receive a majority of the rewards of the assets? (SNA 2008, para. 22.154 – 22.163; MGDD)**

# PPPs and BOOT-schemes (risk)

- **Risks associated with acquiring the asset:**
  - Control by government on design, quality, etc.
  - Construction risk (additional costs?)
- **Risks associated with using the asset:**
  - Supply risk (control by government on the services provided)
  - Demand risk (future income higher/lower than expected)
  - Residual value risk (value at the end of the contract period differs from the agreed price)
  - Availability risk (additional costs or penalties related to the provision of the services)

# Measurement of capital stock

- **Perpetual Inventory Method (PIM):**
  - Value of assets at the beginning of the year
  - *plus:* Acquisitions of fixed assets (investments)
  - *less:* Disposals of fixed assets (desinvestments)
  - *less:* Reduction in value during the year (depreciation (-) and change in price level (+))
- **Assumptions needed on age-efficiency profiles, service lives and retirement patterns (see OECD Manual “Measuring Capital”)**
- **Starting level (especially relevant for assets with long service lives)**

# Conclusions

- **Useful to have data on both capital investments and capital stocks**
- **National Accounts provide a useful framework for defining and recording the relevant transactions and stocks**
- **It also provides more possibilities to analyze interrelationship between transport investment, and government finance, economic growth and macro-economic developments more generally**
- **Data are not directly available, need for additional collection of data**



**Thank you for your attention**