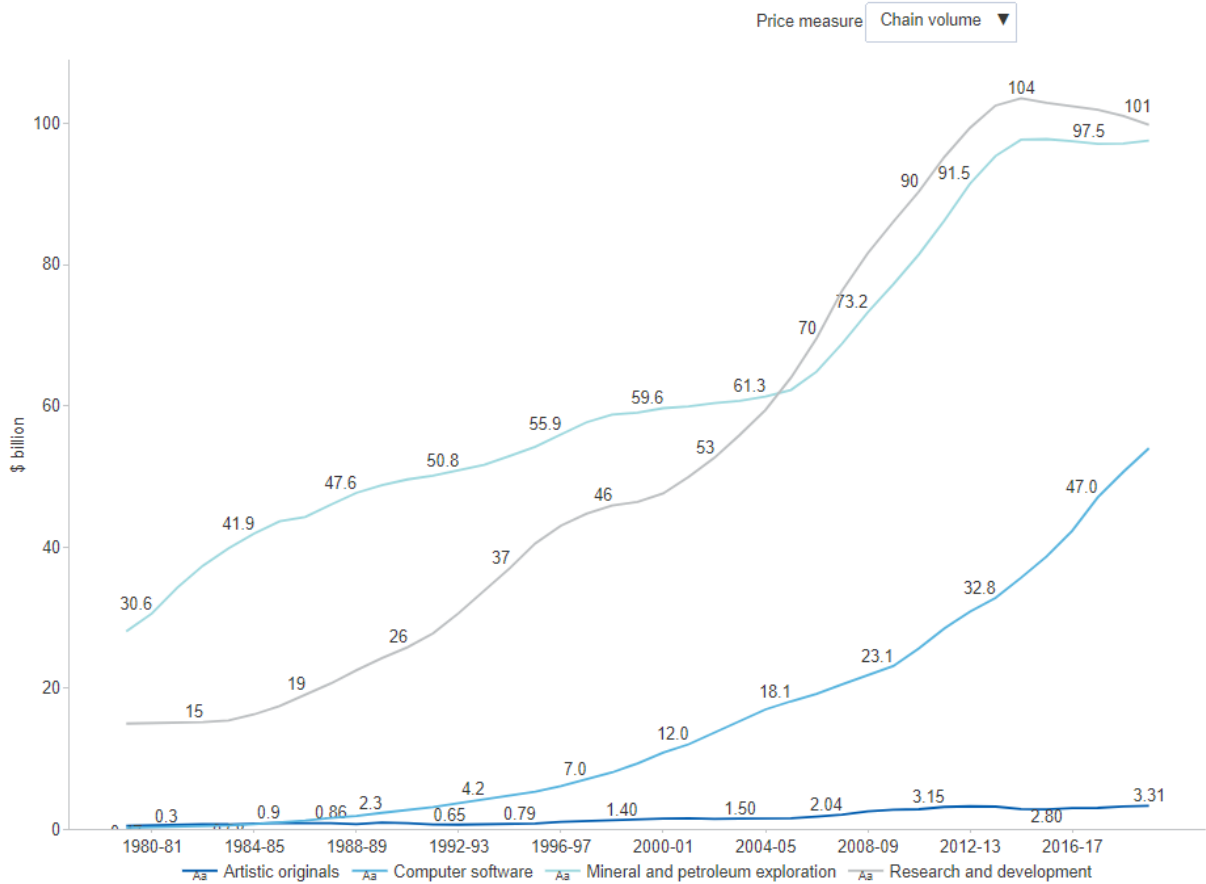


### 5.3.2 Intangible capital stock

Experimental estimates to date suggest that the aggregate value of Australia’s intangible capital stock is substantial and growing.<sup>1</sup> Until around 2004–05, the largest share was *Mineral and petroleum exploration* but this was subsequently overtaken by *Research and development*. These two assets continue to dominate Australia’s intangible capital stock, accounting for around 78.0 per cent of total measured intangibles, or \$193.4 billion as at June 2020.<sup>2</sup> For comparison, Australia’s aggregate stock of physical capital in the form of Machinery and equipment stood at around \$668.5 billion at June 2020, roughly 2.7 times the size of total measured intangibles. This comparison underestimates the true size of intangibles since several important assets are currently not being measured, most notably organisational capital and business-specific human capital. Recent experimental estimates of Australia’s organisational capital were published by the Office of the Chief Economist in 2016.<sup>3</sup>

**Figure: Intangible net capital stock, by asset type, current prices or chain volume, \$ billion, latest 2019–20**



<sup>1</sup> Barnes P and McClure A (2009) *Investments in Intangible Assets and Australia’s Productivity Growth*, Productivity Commission staff working paper (<https://www.pc.gov.au/research/supporting/intangible-investment/intangible-investment.pdf>)

<sup>2</sup> ABS, *Australian System of National Accounts*, Cat. No. 5204.0 (<https://www.abs.gov.au/statistics/economy/national-accounts/australian-system-national-accounts/latest-release>)

<sup>3</sup> Bucifal S and Bulic F (2016) *Updating investment estimates for Australia’s organisational capital*, Department of Industry, Innovation and Science, Office of the Chief Economist research paper 2/2016 ([https://www.industry.gov.au/sites/default/files/May%202018/document/pdf/updated\\_investment\\_estimates\\_for\\_australias\\_or\\_ganisational\\_capital.pdf](https://www.industry.gov.au/sites/default/files/May%202018/document/pdf/updated_investment_estimates_for_australias_or_ganisational_capital.pdf))