

Australian Government Consultative Committee on Knowledge Capital

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Background

Studies in the USA highlight that more than 60% of the assets of organisations today are tied up in knowledge capital, which under current accounting rules and practices, is neither represented nor valued.

When software/information assets are also included in this calculation, the percentage is even higher. Current practises cannot be managed or sustained when the majority of an entity's capital and investments are unmeasured.

The Task

The Australian Government Consultative Committee on Knowledge Capital*) (AGCCKC) comprises public and private interests, drawing on a wide network of leaders from the research, public and private sectors.

Its agenda is to build recognition of *Knowledge Capital* through:

- the establishment of universally accepted reporting standards
- voluntary support from senior government departments and commercial enterprises
- acceptance and implementation of these standards

) *Knowledge Capital is the concept developed by Paul Strassmann and others that provides the tool enabling the valuation of the knowledge capital of a business, i.e. the value of the knowledge of employees to that business. Through this form of assessment, organisations have a specific means to analyse and value intangibles.