

# Government dividends and capital transactions with public corporations in the updated SNA

## Summary conclusion

### Questions

- (a) Does the AEG agree to record exceptional payments by public corporations to government funded from accumulated reserves or sales of assets as withdrawal of equity?
- (b) Does the AEG agree to record exceptional payments by government to public corporations and to public quasi-corporations intended to offset accumulated losses - or as investment grants - as capital transfers? (this is a change in the SNA for public quasi-corporations)?
- (c) Does the AEG agree to record exceptional payments by government to public corporations and to public quasi-corporations for commercial reasons (new issuance of shares and valid expectation of dividends) and leading to increases in government's claims on shares or other equity in the unit as addition to equity? (this is an amendment in the SNA for public corporations)?
- (d) Does the AEG agree to recommend that the “reinvested earnings” approach to payments between government and public corporations and quasi-corporations be mentioned in the dedicated chapter as a conceptual reference (but not as a guideline), and be added to a research agenda?

### Outcomes

- (a) The AEG agreed, with the emphasis on *exceptional* payments.
- (b) The AEG agreed.
- (c) The AEG agreed.
- (d) The AEG was attracted to the “reinvested earnings approach” in concept but was concerned about both some conceptual aspects and the practical implications. The AEG agreed that the text of the updated SNA should refer to the possibility of using this approach when considering what transactions should actually be recorded under the three points above.

The AEG agreed that this issue should be put on the short-term research agenda starting from the BPM treatment and seeing how far these principles could be applied directly to publicly controlled enterprises. An AEG team will work with the ISWGNA to support the research; volunteers for the team were Peter Harper, Jacques Magniez, Brent Moulton and Peter van de Ven.