

Summary conclusions

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Seventh meeting of the Advisory Expert Group on National Accounts
23 - 25 April 2012, New York.

The Advisory Expert Group on National Accounts:

Terms of reference

1. Agreed with the terms of reference of the Advisory Expert Group on National Accounts (AEG) as described in the mandate and governance of the Inter Secretariat Working Group on National Accounts (ISWGNA) and the AEG.
2. Concluded that the role of the AEG is to maintain the conceptual basis of the System of National Accounts (SNA) and provide guidance on issues related to the practical implementation of the SNA concepts.
3. Recognized that the implementation of the SNA at the national level requires the support of international and regional organizations.
4. Requested the ISWGNA to carefully consider the classification of issues for updating the SNA, especially on decisions between classifying an issue as a *clarification* or an *interpretation*.

Work programme of the ISWGNA

5. Agreed with the work programme of the ISWGNA and AEG as adopted by the United Nations Statistical Commission (UNSC).
6. Requested the ISWGNA to set priorities for working on issues related to the SNA research agenda, and noted that the AEG will consider high priority issues emerging from the SNA implementation whether or not they are reflected on the SNA research agenda.
7. Requested the ISWGNA to consider presenting more practical information on the stages of SNA implementation, and to consider more innovative tools for supporting the SNA implementation on the SNA website.

FISIM

8. Supported the recommendation of the FISIM task force on the measurement of international trade.
9. A majority agreed with the tentative findings of the FISIM task force that liquidity transformation (LT) services are part of FISIM and a single weighted reference rate reflecting the maturity structure of loans and deposits should be used.

10. Expressed divergent views on treating credit default risk as non-life insurance services, and excluding this risk element from the calculation of FISIM, although a majority supported this approach in principle.

11. Recognized that, if it was decided to exclude credit default risk from the calculation of FISIM in principle, it may be difficult to implement this in practice, and that there may be implications for the treatment of risk in other parts of the accounts.

12. Agreed that the concept of negative FISIM required further discussion and requested the FISIM task force to consider this issue and its implications, amongst others for volume measures of FISIM, in more depth.

13. Requested the FISIM task force to review the 2008 SNA for possible inconsistencies in the guidance on inter-bank services.

Research and development

14. Agreed that more detailed guidance for the implementation of the concept of research and development (R&D) as capital formation is needed and is looking forward to a more detailed report from the Eurostat task force on R&D.

Pension liabilities

15. Took note of the development of guidelines for calculating pension liabilities, and generally supported using the discount rate as applied in pension funds calculations and agreed that, when such rates are not available or inappropriate, alternative sources should be used.

Global production

16. Welcomed the establishment of a task force to develop practical guidance for the implementation of the 2008 SNA recommendations on global production issues.

17. Alerted the ISWGNA about a possible inconsistency between an example in the BPM6 and the 2008 SNA on the definition of basic prices and took note that the issue was already brought to the attention of the IMF.

Stability fees

18. Recognized that further work is needed to resolve the classification of stability fees paid to the government (as taxes, service fees, or fees similar to non-life insurance premiums) and recognized that the issue will be discussed by the GFS advisory committee in May 2012.

Land

19. Recognized that more guidance is needed to ensure the consistent application of the 2008 SNA recommendations on the treatment of land and welcomed the establishment of the OECD/Eurostat task force on land and other non-financial assets.

Classification of head offices, holding corporations and special purpose entities (SPE)

20. Confirmed the SNA treatment that units can only be classified as head offices or holding corporations when they are institutional units.
21. Recommended that a strict definition of holding corporations (in the sense that holding corporations do not provide any management services) should be followed when classifying institutional units as holding corporations to facilitate international comparability and reflect a realistic view of economic activity.
22. Agreed that the number of subsidiaries, even if it is only one, is not relevant to classify institutional units as holding corporations.
23. Confirmed the SNA treatment that head offices of financial services providers should, by convention, be classified as financial auxiliaries.
24. Recognised that more work needs to be done to identify the typology and sector classification of SPEs, agreed that decision trees could supplement the 2008 SNA recommendation for identifying SPEs, and requested the task force on global production and the OECD working parties on financial statistics and national accounts to analyse the impact of financial innovations and international transactions of SPEs¹.
25. Welcomed the insights into the sectorisation of financial vehicle corporations (FVCs) in the Euro area countries underlying the ECB regulation on the treatment of FVCs engaged in securitisation and agreed that they may provide useful guidance on the classification of such entities in general.

Service lives of military weapon systems.

26. Emphasised that the depreciation profiles of military weapon systems should reflect the expected service lives of such assets taking into account expected losses, and noted that the relevant service lives may need to be reviewed in times of conflict.
27. Welcomed the information on service lives and depreciation rates provided by the BEA.
28. Agreed that the losses of military weapon systems in military operations should generally be recorded as other changes in volume of assets (OCVA).

Definition of catastrophes in the measurement of non-life insurance

29. Agreed that a catastrophe is an exceptional event and that the classification of claims arising from a catastrophe should be determined at the national level.

¹ The IMF will request its MFSM revision team and its reference group to also investigate this issue

30. Recognized that this approach could lead to inconsistencies in the recording of international transfers, and that these should be resolved on a case by case basis where possible.

31. Noted that further clarification is needed on whether capital transfers should only be recognised for claims related to the loss of capital assets in the event of a catastrophe, and requested the ISWGNA to investigate the issue.

Capital services of assets not contributing to production

32. Took note of the importance to resolve the treatment of capital services of assets not contributing to production, such as those that are constructed over more than one accounting period or those that are temporarily inactive for one reason or another.

33. Took note of the need for further research on the utilization of capital in the measurement of capital services.

Investment income related to pension funds

34. Recognised that the nature of investment income related to pension funds and investment funds should be further investigated, without addressing the broader issues of income, and requested the ISWGNA to establish the appropriate mechanism for this purpose.

The SNA research agenda

35. Agreed to prioritise issues on the SNA research agenda according to the need for resolving issues to facilitate the implementation of the SNA.

36. Agreed that the following issues should be investigated:

- Global production
- Investment income related to pension funds and investment funds
- Stability fees
- Land
- R&D
- Pension liabilities
- FISIM

37. Agreed with the procedure for resolving issues on the research agenda as presented in the issues paper.

38. Agreed on preparing a paper on the recording of interest in macroeconomic statistics for the next meeting of the AEG.

39. Requested the ISWGNA to update the issues list on the research agenda web page to reflect the issues listed in annex 4 of the 2008 SNA, agreed that information about the current issues under discussion should be provided and that the ISWGNA should consider classifying issues by priority.

Review of compilation guidance

40. Welcomed the proposal by the ISWGNA to coordinate the development of manuals, handbooks and guidance notes to facilitate the implementation of the SNA, and urged the ISWGNA to ensure that these publications are not only academic descriptions of concepts, but also provide practical guidance, particularly in area where countries may lack the relevant source data.

41. Agreed that the ISWGNA will review issues papers on suggested topics for the development of guidance material, and submit to the AEG for information those topics that are updates of previous publications and those that deal with issues beyond dispute.

42. Agreed that for publications that deal with clarifications and interpretations of the SNA it is required that a review group or expert group participates in the development of the material, that the content of such publications be dealt with according to the update procedures of the SNA before being used in the publication, and that the final draft of such publications be circulated for global review for a period of 60 days before they are finalized.

Development of training material

43. Welcomed the initiatives by the ISWGNA and other partners to make training material more accessible, particularly in the area of e-learning tools, but cautioned that all training should incorporate some form of interaction between instructor and students and also among students, and noted that this needs to be taken into account when developing e-learning tools.

44. Requested the development of training material that deals with practical implementation issues, such as the compilation of national accounts in the case of missing or weak source data, the provision of guidance on how to start the compilation of national accounts with the data sources at hand and subsequently gradually improving the estimates.

45. Noted that there is a need for training on all aspects of the statistical production process and agreed to provide such material available at the offices of the AEG members for posting on the Knowledge base for economic statistics on the SNA implementation website.

46. Welcomed the centralised knowledge platform established on the SNA implementation website that provides access to resources available from the ISWGNA members and partner organisations and urged the ISWGNA to coordinate its training activities.

The implementation of the System of National Accounts

47. Agreed that the programme for the implementation of the 2008 SNA and supporting statistics, as adopted by the Statistical Commission, provides the elements that need to be taken into account for this purpose.

48. Noted that the emphasis should be on a change over to the 2008 SNA in general and not a change over from the 1993 SNA to the 2008 SNA.

49. Agreed that, in accordance with the report of the Friends of the Chair on the barriers to the 1993 SNA implementation, countries need guidance on promoting the need for national accounts and on how to deal with missing or weak source data and requested the ISWGNA to take these issues into account when providing guidance to countries.

50. Agreed that each country should themselves determine the scope and detail of the national accounts (minimum set of accounts) that needs to be compiled in accordance with national, regional and global policy needs and should address all aspects of the statistical production process when developing a programme for implementing the 2008 SNA.

51. Noted that the coordination of the activities of the ISWGNA could to be strengthened, particularly when considering activities related to the change over to the 2008 SNA, and suggested making regular updates of such information available on the SNA implementation website.

52. Noted that regional and supranational organisations could facilitate the coordination of activities aimed at the change over to the 2008 SNA.

53. Noted the development of SDMX DSDs to facilitate the transmission of national accounts data, noted the development of a minimum reporting template for sectoral accounts and balance sheets, and requested the ISWGNA to inform the AEG on the progress with these initiatives.

Household sector issues, including distributional issues of household income, expenditure and wealth

54. Commended the work on household income, expenditure and wealth, and recognised the importance of this body of work, but stressed that the SNA concepts of income and expenditure should preferably be maintained.

55. Confirmed that national accounts measures of household income, expenditure and wealth, including imputations, are meaningful in analysing the economic behaviour of households, but recognised the difficulties in reconciling household survey data and national accounts data.

56. Confirmed that household services produced for own final use should not be part of the national accounts, but recognised the importance of assessing the contribution of these services on a regular (multi-annual) basis.

57. Encouraged further research work on the measurement and distribution of household income, expenditure and wealth within the national accounts framework and agreed to discuss this issue again in future AEG meetings.

Next meeting

58. Welcomed the opportunity to assess the role of the AEG and setting the scope for topics that need to be addressed in the future and agreed that the second quarter is the most appropriate time for scheduling physical meetings of the AEG.