

ISWGNA: NATIONAL ACCOUNTANTS MEETING
JUNE 16, 2006

Participants

Eurostat: G. Gueye, P. Passerini, F. Malherbe
IMF: A. Bloem (chair), L. Rivas (minutes)
OECD: C. Aspden, F. Lequiller
UNSD: I. Havinga, Vu Viet, H. Smith and G. Singh
UN ECE L. Bratanova
World Bank: B. Hexeberg
1993 SNA Update project: C. Carson (Project Manager), A. Harrison (Editor).

The new Eurostat team introduced themselves and the Chair welcomed them to the ISWGNA.

1. Consolidated “To do” list

The ISWGNA: National Accountants (ISWGNA:NA) discussed, issue by issue, the “To do” list of substantive items needed for the drafting of the *1993 SNA Rev. 1*. The meeting agreed on the work to be done, who would be the responsible, and a timetable. The meeting decided that this list would be updated by the Project Manager and kept as a living document.

Issues: Canberra II

Leases and licences (21)

Mr. Havinga informed the meeting that the questionnaire on leases and licences is out on the UN website, the UNSD already sent a reminder of the June 23 due date to increase the number of responses, and a reminder would be sent that day. The Chair informed the meeting that IMF’s responses would be posted on the UN website that same day.

Public Private Partnerships (PPPs) (24)

Although it is not likely that accounting standards on Public Private Partnership (PPP) will be forthcoming soon, to avoid the update missing out on important developments the ISWGNA:NA needs to monitor these, in particular, through the IASB and IPSAS . Eurostat, IMF, OECD, and UNSD committed to this task.

Classification and terminology of (non-financial) assets (27)

Mr. Havinga informed the meeting that the Editor gave comments on the paper on classification and terminology of assets; he said that UNSD is looking at it and will put together a note and present it at the meeting of the London Group the following week.

Amortization of non-produced assets (28)

The meeting agreed to discuss this issue together with leases and licences.

Issues: Financial services and instruments

Pensions (4)

Mr. Gueye informed the meeting that Eurostat is currently setting up a task force to work on pensions, in particular, on the distinction criteria between social security and unfunded government schemes, and measurement issues (sources and methods). The Chair informed the meeting the IMF is intending to convene a meeting of the pensions task force towards the end of 2006 and they would need to have the views of Eurostat regarding this issue before that time. Mr. Havinga proposed to have the report by the end of October 2006 and that Eurostat share the terms of reference of this task force with the ISWGNA as soon as possible. Mr. Gueye said he would consult with colleagues at Eurostat and would come back on this issue. He informed the meeting that the composition of the task force is balanced, and invited all institutions in the ISWGNA to participate in the task force. Mr. Lequiller said that the OECD would participate. The Editor informed the meeting that she would have a note following on conversations after the OECD Committee on Statistics meeting early the following week.

Employee stock options (3)

Ms. Harrison noted some further clarification is needed on employee stock options. She said that this would only take a page or so. Mr. Gueye committed to have a note on this topic ready by July 24.

Financial asset classification (44)

The meeting agreed to have comments on the Editor's questionnaire on the financial asset classification by the end of the following week (June 23, 2006), and that the UNSD would mail out the questionnaire on early July with three weeks for comments. The Editor suggested that the IMF provide a list of financial statisticians so that the questionnaire could be sent to them to help achieve broad regional coverage. Mr. Lequiller said he would provide UNSD with the list of the statisticians in the OECD Working Party on Financial Statistics. Eurostat will provide the list of the statisticians of the Eurostat Financial Accounts Working Group. Mr. Havinga informed the meeting the UNSD had contact with the Center of Latin American Monetary Studies (CEMLA) and would send the questionnaire to them. He said that the UNSD would have a summary report by the end of July.

Issues: Government and rest of world, units, and other

Reinvested earnings of public corporations (34)

Mrs. Carson informed the meeting that there was a paper circulating among a subgroup of the AEG members on reinvested earnings of public corporations and the ISWGNA needed to decide on this issue by mid July.

Guarantees (37)

The meeting agreed that Messrs. Mink and Lequiller work on a set of new tables for the recording of this issue so that agreement could be reached by mid July 2006.

Units (25 except 25c below)

On the treatment of holding companies, the ISWGNA had an e-mail discussion on this issue and their treatment was agreed. However, Mr. Passerini informed the meeting that Eurostat agreed on the direction of the treatment of this issue, but suggested to prepare a more structured text and requested to receive it as soon as possible to look at it and provide comments by cob Tuesday June 20. Issues on terminology and other aspects on units were resolved.

Globalization (25c)

The Project Manager informed the meeting that she and the Editor would propose a way forward on globalization for email consideration by the ISWGNA in three weeks time (July 7, 2006).

Informal (32)

The Project Manager informed the meeting that there are no new developments on the informal sector after the Delhi Group meeting. She was optimistic that an SNA chapter could complement the manual that the ILO is developing. She needed some feedback from the ILO about the timing of their manual, including the Delhi Group meeting next year, before preparing a timetable. This chapter will include illegal activities (33). The meeting agreed that Mr. Havinga and the Project Manager would prepare a timetable for preparing a first draft for consideration of the ISWGNA, including the conclusions of the Delhi Group meetings.

Clarifications

SNA Codes (C6)

Mr. Aspden noted that Eurostat is in the final stages of developing new codes for data transmission from EU member countries, and that the OECD will also adopt them to obtain data from its member countries. Unlike the codes in the SNA, these codes are unique and have been designed for electronic data interchange. Mr. Aspden had written to Eurostat and the ECB asking whether they would like to develop codes for the revised SNA based on the new Eurostat codes. Mr. Gueye informed the meeting that Eurostat expected to finalize the work on the new codes for data collection as per ESA95 (i.e. the current SNA) by the end of July. Then, they could start work on developing the codes for the revised *1993 SNA*. The Editor suggested doing the work in stages, first to have agreement on the new classifications, and then on the codes, because she is working on chapters with tables and these tables have

classifications and codes. Mr. Aspden agreed and said they needed to have the new classifications in order to work on the codes. The Editor informed the meeting that the new structure of entries of the other changes in assets account is ready and needs coding. The Chair suggested that the Editor inform the ISWGNA about the status of the new classifications, so they could decide on the coding. The meeting agreed that Mr. Aspden and the Editor would work on the timetable for the new classifications and would prepare an overview memorandum on the scope of the new classifications and the changes to the existing items that need coding by the end of June. Then, Eurostat and the ECB would consider this information in developing the codes for the updated *1993 SNA*.

Public Sector (C15)

The meeting agreed that it would be useful to complete the drafts of the chapters that constitute the heart of the *SNA* before working on the chapter on Public Sector. In this way, unnecessary duplication in the public sector chapter can be avoided. At a suitable time before the end of the year, the Editor will discuss the implications for the public sector chapter with the IMF.

Measurement of labour inputs (C16)

Mr. Aspden informed the meeting that he would talk to the Paris Group Secretariat on the measurement of labour inputs and he would inform the ISWGNA by June 23, 2006 of the timetable for the provision of input from the Paris Group to assist with the redrafting of the existing chapter 17.

Links between business accounting and national accounting (C25)

The Editor asked for a source for text on the links between business accounting and national accounts. Mr. Havinga informed the meeting that the UNSD had developed a manual on this issue in the past. There is also a paper from Mr. Vanoli which may provide useful input.

Currency Unions (C26)

The Editor proposed to say little about currency unions in the *Revised 1993 SNA* and refer readers to the *Revised Balance of Payments Manual (BPM)*. The ISWGNA agreed on this proposal.

Consolidation in the financial accounts (C27)

Mr. Lequiller informed the meeting that he had contacted the author of the paper that is being prepared on consolidation in the financial accounts, and he had not received any response yet. The Chair asked Mr. Lequiller to follow up on this issue and inform the ISWGNA in due course.

Financial corporations' classification (C30)

The Editor said that the criteria to determine sub-sectors of the financial corporations sector depend on the local definition of broad money. This is needed only in the context of making the link between the financial account of the *SNA* and the *Money and Financial Statistics Manual (MFSM)*. She suggested, therefore, that the text on how to define institutional sub-sectors from Chapter 4 to a new chapter which would expand on this in the context of making the link to the MFSM. This would also be the place to discuss the treatment of SPVs and some other entities which are legal units but have little if any production activity but are important in the measurement of financial activity. The meeting agreed with this approach and the inclusion of a chapter linking the SNA to the MFSM just as other chapters make links to BPM and GFSM. The Editor agreed to prepare a draft questionnaire on sub-sectoring financial institutions by early July, for comment by the ISWGNA.

CIS (C34)

The meeting decided that Ms. Bratanova would look at the questions on the Russian translation at her convenience.

Consistency issues

The meeting decided that comments on consistency issues should be sent to the UNSD preferably by the end of July, but no later than mid-September. The website should note this closure date.

Decision tree (web 1)

The Editor agreed to chase up the request for comments on the decision tree by the end of next week.

Market/non-market distinction (web 2)

The Editor agreed to prepare a note on this issue to generate response.

Redistribution of property income (web 3)

The Project Manager is following up on this issue with Mr. Peter Harper. He proposed to have a paper on this issue by mid-July and provide an update in 10 days.

Annuities (web 4)

The Project Manager informed the meeting that the text on annuities had been promised earlier. The meeting agreed that the Project Manager would exercise some pressure to have this text as soon as possible.

Unincorporated joint ventures

The Editor is following on the developments of the BPM revision regarding unincorporated joint ventures (UJVs) and informed the meeting that there are legal agreements providing for UJVs to share the ownership of assets. This will be recognized in the revised BPM when UJVs involved units resident in more than one country. The Chair asked if the procedure would be to consult the AEG on this issue. The Editor replied saying that it would be included in leases and licences. The meeting agreed that Mr. Aspden would prepare a note on this issue.

Very large insurance claims

Mr. Lequiller informed the meeting that he moderated a discussion and a written consultation on large insurance claims in 2004, and a majority of the AEG voted in favor of considering exceptional insurance claims as capital transfers. The meeting decided to leave some flexibility to countries in determining when insurance claims are exceptional.

Inventories

The meeting agreed that Mr. Aspden would prepare an e-discussion paper on inventories for next week.

Invited AEG comments

The ISWGNA:NA agreed that the UNSD would send a reminder to AEG members to comment on a list of points that came up in the Frankfurt AEG meeting. The UNSD agreed to send a list of such items to the ISWGNA by June 23, 2006 which would then form the basis of a note to the AEG.

2. Chapter structure

As mentioned above, the meeting agreed to include an additional chapter on the link between the *SNA* and the *MFSM*. There was agreement to include a chapter on NPIs. With these points, it was agreed that the chapter structure would be as in the attached list.

3. Table format

The Project Manager recalled for the meeting that initially there were some concerns about the time the preparation of the tables would take; however, the Editor informed the meeting that her experience in preparing some of the tables suggested this would not take too much time. The meeting noted this with approval because the new tables are a clear improvement and asked the Editor to continue development work on the tables with a view to including the new format in the updated volume.

4. Eagle eye review

The meeting found reviewing Chapter 9 by using the new version of Adobe Acrobat easy and the features of the software useful. The Editor said that this review focused on typos and clarifications, and one useful feature of the new version of Acrobat was the comparison of two versions side by side in the same page. The Project Manager reminded the meeting that the agreed plan is for three people to do the eagle eye-reviews on a fast-turn around basis for each chapter and asked each institution to identify people for undertaking these reviews.

5. Feed back on the management group meeting

The Project Manager reported on the outcomes of her meeting with the Management Group (MG). She had shown the MG copies of the edited chapter 9 having sided pages with added and deleted text. She said that the MG were very pleased with the use of Acrobat as a means of ensuring transparency of the process and were comfortable with the amount of editing to existing text..

Regarding the progress of the project, she had reported that some aspects are taking longer than expected. She also informed the MG that the ISWGNA would work on the “To do” list and formalize assignments and due dates. The “To do” list would provide a forward-looking perspective to see if resources would be available in the organizations comprising the ISWGNA, set the responsibilities of the members, and check if they are feasible.

The Project Manager informed the meeting that the MG considered the budget of the *Revised SNA*.

The Project Manager informed the meeting that in a recent OECD meeting some country representatives voiced concerns on some recommendations, such as the ones on pensions and capitalizing R&D. However, most of the recommendations have wide agreement. She suggested further action to expand acceptance of the recommendations.

6. Holidays

The ISWGNA decided to have teleconferences on the 10th and 24th July. In some cases, alternates would attend the next teleconferences given the holiday season. It was agreed that all members of the ISWGNA would send their holiday plans to the Chair with copy to the Project Manager.

The meeting agreed on July 10 as the date for the next teleconference, and July 24 as the date of the one after.

7. Other business

D.8 Adjustment for the change in net equity of households in pension funds

Mr. Lequiller came back to his proposal to include additional lines in the income account to enable calculating another income aggregate (disposable income) excluding the adjustment for the change in net equity of households in pension funds and comparable saving ratios amongst institutional sectors. The meeting did not come to an agreement on this issue and decided to further discuss it at the next teleconference based on a note from the Editor.

Time ran out and other items for other business were to be handled by e-mail.

8. Action items

The meeting discussed and agreed on new dates for the remaining actions from the previous teleconference and dates for the new actions in the “To do” list.

Action	By when	Responsible	Status
Draft conclusions on leases and licenses	June 30	Mr. Aspden	In progress
Note on employee stock options	July 24	Mr. Gueye	In progress
Mail out questionnaire on financial assets' classification	Early July	UNSD	In progress
Prepare a draft questionnaire on sub-sectoring financial institutions	Early July	Editor	In progress
Decide on reinvested earnings of public corporations	Mid July	All	In progress
Set of new tables on guarantees	Mid July	Messrs. Lequiller and Mink	In progress
Note on globalization (by email to all)	Early July	Project Manager	In progress
Timetable for preparing first draft of chapter on informal sector	In due course	Project Manager and Mr. Having	In progress
Overview memorandum on scope of new classifications and changes to existing items	In due course	Editor and Mr. Aspden	In progress
Implications on chapter on Government and the Public Sector	End of the year	Editor and IMF	In progress
Talk to the Paris Group Secretariat on measurement of labour inputs	June 23	Mr. Aspden	In progress

Action	By when	Responsible	Status
Provide source for text on the links between business accounting and national accounts	In due course	Mr. Havinga	In progress
Follow-up on paper on consolidation in the financial accounts	In due course	Mr. Lequiller	In progress
Comment on all issues in the full set of provisional AEG recommendations document	June 27	All	In progress
Follow-up on comments on decision tree	June 23	Editor	In progress
Note on further elaboration of the distinction between market/non-market	In due course	Editor	In progress
Follow-up on paper on redistribution of property income	Mid July	Project Manager	In progress
Note on unincorporated joint ventures	In due course	Mr. Aspden	In progress
Discussion on inventories	June 23	Mr. Aspden	In progress
Update "To do" list	After each teleconference	Project Manager	In progress
Identify three people in each institution for eagle eye review of draft chapters	July 10	All	In progress
Provide vacation plans	ASAP	All	In progress
Discuss the inclusion of additional items in the income account	July 10	Mr. Lequiller	In progress

List of chapters

Part 1: Introduction and overview

- 1 Introduction
- 2 Overview

Part 2: Accounting conventions

- 3 Flows, stocks and accounting rules
- 4 Institutional units and sectors
- 5 Establishments and industries

Part 3: The sequence of accounts

- 6 The production account
- 7 The primary distribution of income account
- 8 The secondary distribution of income account
- 9 The use of income account
- 10 The capital account
- 11 The financial account
- 12 Other changes in assets account
- 13 The balance sheet

Part 4: Integration and elaboration of the accounts

- 14 Typical summary presentations**
- 15 Supply and use tables and input-output
- 16 Price and volume measures
- 17 The role of capital services in the accounts**
- 18 Cross-cutting and other special issues**

Part 5: Interpretation of the accounts and extensions

- 19 Measuring corporate activity**
- 20 The government and public sectors**
- 21 Non-profit institutions in the System**
- 22 Households**
- 23 The informal sector**
- 24 The rest of the world account (external transactions account)
- 25 The link to financial and monetary statistics**
- 26 Population and labour inputs
- 27 Satellite accounts and other extensions of the System**

Annex I: Classifications

Annex II Accounts