

**MINUTES OF THE ISWGNA MEETING OF DECEMBER 14, 2001
(TELECONFERENCE)**

The meeting was attended by Adriaan Bloem (IMF, chair), Lidia Bratanova (UNECE), Barbro Hexeberg (World Bank), Brian Newson (Eurostat), François Lequiller (OECD), Paul Schreyer (OECD), Cristina Hannig (UNSD), Viet Vu (UNSD), and Cor Gorter (IMF).

1. Review of actions agreed upon at the October 15-16, 2001 meeting

Action	Responsible	By when	Comments
1. Circulate latest version IMF's Data Quality Assessment Framework	IMF	<i>ASAP</i>	Done.
2. Revised version of the SNA compliance questionnaire: develop notes, prepare cover letter, formulate new questions, find examples for questions 7 and 8.	UNSD and ECE	<i>ASAP</i>	Done.
3. Establish a Task Force on insurance	OECD and Eurostat	<i>October 2002</i>	OECD task force established.
4. Explore possibilities for setting up an EDG on the treatment of nonperforming loans	IMF		Decision taken to set up an EDG.
5. Investigate interest Task force on unfunded pension funds for government employees	IMF	<i>April 2002</i>	In progress.
6. Draft contribution for SNA News & Notes # 13 on the treatment of transfer costs	OECD	<i>October 2001</i>	Done.
7. Note on the accrual accounting of interest	IMF	<i>April 2002</i>	In progress. Internal discussion note has been prepared.
8. Close EDG on interest under high inflation EDG	World Bank		Expected shortly.
9. Prepare document on stock options to employees	Eurostat	<i>April 2002</i>	A document has been prepared and responses on a questionnaire on country practices have been received.
10. Submit note on strengthening the work of EDGs	World Bank	<i>ASAP</i>	Done.
11. Prepare terms of reference of a Consultative/Advisory Group, to be included in the report to the UNSC	IMF	<i>ASAP</i>	Done.

12. Prepare a short text on DQAFs to be included in the report of the ISWGNA to the UNSC	IMF	ASAP	Done.
13. Communicate to UNSD list of meetings for inclusion in SNA News & Notes # 13	Members of the ISWGNA	ASAP	Done.

2. Task Forces and Electronic Discussion Groups (EDGs)

2.1 General issues concerning EDGs

There are clear advantages of having some limitation on the access to documents and messages exchanged in EDGs, especially if data are shared or alternative measures are presented. On the other hand, the participants in the meeting strongly felt that participation to EDGs should be broadly based and that the results of the discussions taking place in EDGs should be accessible to all interested outsiders. The ISWGNA concluded that future EDG should be password protected but that, where feasible, the discussions should be made public. The group also decided that the ISWGNA website should indicate all current EDGs related to the national accounts and particulars of contact persons from which information on participation or documentation can be obtained.

In addition, the group decided that, by force of their position, all ISWGNA members should be automatically accepted as participants in EDGs set up by the constituent international organizations.

It was noted that passwords distributed by the OECD give access to all EDGs this organization supports.

2.2 Insurance

The OECD has drafted the terms of reference for a Task force on Insurance, which will be circulated to ISWGNA members. This task force will mainly review issues related to catastrophic losses, but more general questions regarding insurance may also be discussed. Mrs. Fenella Maitland-Smith will be the moderator of the task force.

In the last meeting of the Eurostat's national accounts expert group, a note on the treatment of insurance written by John Walton was tabled. In view of the highly technical character of the issues addressed by the note, the expert group considered that it needed some time to consult the country specialists in the domain. Eurostat expects to receive the member states' comments, as well as notes on implementation issues, by January 2002. Eurostat will share the responses with the new OECD task force.

2.3 Unfunded pension schemes for government employees

Mr. Bloem noted that the IMF Government Finance Division is interested in this subject, but has little capacity to invest in an EDG. The IMF will come back on this issue in the next ISWGNA meeting.

2.4 Non-performing loans

The IMF has decided to set up an EDG on nonperforming loans. Moderator will be Russel Freeman, supported by Cor Gorter. Eurostat and UNSD expressed interest in joining the EDG, while the OECD requested to be kept informed of the proceedings. Mr. Bloem asked for suggestions (by e-mail) on country experts that could be invited to be members of the EDG. The meeting indicated that Japan and Thailand should be able to contribute to this group.

2.5 Employee share options plans

The OECD is considering to close its existing EDG on Employee share option plans, but it is unclear which organization would be prepared to assume the lead for this important issue. Eurostat is preparing a paper summarizing country practices in the European Union and the OECD will make a similar paper available for non-European OECD countries. The IMF announced a paper that will broadly support the existing Eurostat document on how to account for employee share option plans, while adding some further detail on the treatment of plans that involve non-resident units.

2.6 Financial services

The OECD is starting up a Task force on the Measurement of production of financial services chaired by Switzerland and moderated by Paul Schreyer. The task force should develop (i) the definition of financial services, (ii) the treatment of portfolio and financial property management, (iii) the treatment of market makers and financial holding companies, (iv) the wider consequences in the accounts of services (if any) associated with gains or losses from portfolio management. The task force should produce a final report for endorsement of the 2003 OECD National accounts experts meeting.

2.7 Capital stocks

The OECD will reconvene the Task force on Capital stock statistics (dubbed Canberra Group 2) under the leadership of Australia's Peter Harper and Paul Schreyer to investigate as a priority item the treatment of intangible assets, including leases and licenses. Further work will be on measurement of capital stocks and services.

3. Activities to be undertaken in the coming period

3.1 Handbook on Non-profit Institutions

A discussion took place on the progress with the *Handbook on Non-profit Institutions* developed under the leadership of the John Hopkins University. The IMF said it supported the handbook as a useful satellite to the *1993 SNA*, diverging from the central framework as little as necessary for the specific purposes of analyzing non-profit institutions and clearly explaining any differences. A small issue on terminology remained to be resolved, which UNSD would indicate to John Hopkins. If the handbook was to be brought to the attention of the UN Statistical Commission at the March 2002 meeting (approval is not needed), the ISWGNA should give its opinion by end January 2002. It was agreed that any objections should be e-mailed to UNSD by January 25—no response would be interpreted as approval of the draft.

3.2 SEEA 2000

Eurostat indicated that the London group is still aiming at approval of the *System of Environmental and Economic Accounting 2000 (SEEA 2000)* in the upcoming meeting of the UN Statistical Commission following a review by the Friends of the Chair. However, both because this system is a satellite of the *1993 SNA* and the publication will show the logos of the five organizations that make up the ISWGNA, the group felt that it had the responsibility to review the draft as well. The opinion was expressed that a complete draft would be needed to pass sound judgment. This would effectively imply that an opinion could only be given after the March 2002 Statistical Commission meeting. The suggestion was therefore made to ask the Statistical Commission to approve the *SEEA 2000* subject to review by the ISWGNA. However, it was pointed out that this option was unlikely to succeed because there is high-level pressure to have the *SEEA* approved. The drafting of the revised *SEEA* had already taken much more time than originally foreseen and there is little support for delaying the finalization process even longer.

As it was not entirely clear what the ISWGNA could reasonably undertake given the short time frame, it was agreed that UNSD would investigate what the various options are and keep the other members informed via e-mail. For the mean time, Eurostat offered to share, in some form, the comments it had provided on draft chapters of the *SEEA 2000*.

4. Mobile phone licenses

Shortly before the meeting, the OECD had drafted a revised version of the ISWGNA conclusions on the treatment of mobile phones licenses, incorporating the comments received from member countries represented in the Statistical Commission and some additional thoughts.

While there was much appreciation for what the OECD had done, the meeting felt that the new draft incorporated so many amendments that it would need to be sent again for approval to member countries of the Statistical Commission, even though the main conclusions of the report had not been changed. On the other hand, it was clear that the revised version should somehow reflect the comments received, some of which were not supportive of the ISWGNA point of view.

The meeting had a lively discussion on the best way to go forward. One of the complicating issues was that the revised report introduced an alternative treatment of mobile phone licenses that, although it met with much sympathy, was judged to be inconsistent with the *1993 SNA*. The meeting agreed on the following solution:

- The main report should remain as close as possible to the original version;
- A preamble (to be drafted by the OECD) would briefly explain the context of the ISWGNA recommendations and summarize, without mentioning individual countries, the comments received as well as the ISWGNA reaction thereon;
- An annex (to be prepared by the IMF) would set out in some detail the circumstances under which mobile phone licenses give rise to payments of rent;
- References to “decisions” by the ISWGNA would be removed;
- Drafts will be sent around for comments by e-mail, and the OECD will finalize the report before Christmas.

A separate problem was how to deal formally with a situation in which the member countries of the Statistical Commission are not unanimous on an interpretation of the *1993 SNA* by the ISWGNA. The

current procedures do not provide guidance for this case. In the given circumstances, the best solution appeared to ask the director of UNSD to contact the countries with diverging opinions, requesting them to accept the majority view.

5. Around the table

The UNSD will send a slightly revised draft report to the Statistical Commission around on the ISWGNA's work.

6. Actions agreed upon at the December 14, 2001 meeting

Action	Responsible	By when	Comments
Send TOR and work plan Task force on Insurance around	OECD	<i>asap</i>	Eurostat to provide comments on Walton's proposals to OECD
Consider EDG for Unfunded pension schemes government employees	IMF	<i>April 2002</i>	
Establish EDG on Non-performing loans	IMF	<i>February 2002</i>	IMF to send TOR and work plan for comments. Other agencies to suggest EDG participants.
Revitalize EDG on Employee share option plans	Undecided	<i>asap</i>	Eurostat and OECD to provide overviews country practices.
Establish Task force on the Measurement of production of financial services	OECD	<i>asap</i>	
Establish Canberra Group 2	OECD	<i>asap</i>	
Comment on the <i>Handbook on Non-profit Institutions</i>	All	<i>January 25, 2002</i>	To be provided to UNSD, that will take care of contacts with JHU.
Investigate how the ISWGNA should comment on SEEA 2000	UNSD	<i>asap</i>	Eurostat to share the comments provided to the London Group.
Finalize report on mobile phone licenses	OECD	<i>December 20, 2001</i>	IMF to draft annex on "rent" cases
Contact Statistical Commission countries that do not agree with ISWGNA recommendations on mobile phone licenses	UNSD		High-level contact.
Send revised report to Statistical Commission around	UNSD	<i>asap</i>	