

SNA/M1.14/03

**9th Meeting of the Advisory Expert Group on National Accounts,
8-10 September 2014, Washington DC**

Conclusions

**9th Meeting of the Advisory Expert Group on National Accounts,
8-10 September, Washington DC**

The Advisory Expert Group on National Accounts:

1. Expressed its appreciation for the work done by the Task Forces, Working Groups and authors of the issue papers, which allow for a better understanding of the various topics which they have examined.

Implementation of the 2008 SNA

Issue paper 1.1: Progress with the implementation of the SNA

2. Took note of the report and welcomed the work done by international/regional organizations on the implementation of the SNA.

Accounting for pensions

Issue paper 2.1: Methodology for delineation and measurement of pension entitlements

3. Agreed that a note should be prepared to clearly articulate when to record the transactions, other flows and positions of defined benefit pension schemes in the core accounts in line with provisions of the 2008 SNA.

4. Agreed that the decision tree proposed in the issue paper may be useful in deciding on the recording of the pension liabilities, and suggested that the decision tree should also take into consideration the type of obligation rather than the type of pension schemes in line with provisions of the 2008 SNA.

5. Agreed that, in the recording of pension entitlements, reported actuarial data should be used unless the data are derived from an inconsistent set of parameters.

6. Agreed that it would be appropriate to develop more detailed guidance on the conceptually preferred assumptions for the calculation of pension entitlements and related flows, such as providing examples of discount rates (e.g., rates on AA or AAA type of securities).

7. Agreed that the discount rates should not be reviewed too often in order to ensure a more stable development over time.

8. Confirmed the 2008 SNA recommendations on the ABO and PBO approach.

9. Noted that survivor pensions are usually already included in the actual pension entitlements and therefore no additional recording is required.

10. Recognized that comprehensive information on pension schemes are required for policy purposes, and therefore supported the compilation of pension fact sheet on coverage, scheme rules and actuarial assumptions.

Issue paper 2.2: Table on household retirement resources

11. Agreed that the table — further developed since the 8th AEG meeting — on household retirement resources now provides more extensive and detailed information on the various household resources for retirement, including the scope of assets and cross border transactions.
12. Agreed to refer to the table as “The table on household retirement resources” instead of Table 17.XX.
13. Agreed that the table should first and foremost record the assets of households, instead of trying to keep the link with domestic pension liabilities.
14. Noted that the table should be seen as a starting point and encouraged further work regarding the delineation of social assistance benefits and the possible inclusion of assets such as owner occupied dwellings.

Issue paper 2.3: The treatment of holding gains/losses in the estimates of investment income attributable to insurance policyholders and pension beneficiaries

15. Confirmed the 2008 SNA recommendations on the treatment of holding gains/losses in the estimates of investment income attributable to insurance policyholders and pension beneficiaries and clarified the recommendations as follows: In measuring the investment income payable on pension entitlements, a distinction is made in the 2008 SNA between defined contribution pension schemes and defined benefit pension schemes. In the latter case, the risks of making an adequate return on investments are with the pension fund or the unit managing the fund. The investment income payable on pension entitlements is generally disconnected from the actual returns on investments, and is typically set equal to the product of the discount rate used for measuring the net present value of future entitlements and the value of the entitlements. In the case of defined contribution schemes, the risks regarding the returns on investments are with the pension beneficiaries. Consequently, the returns on investments exclude any holding gains/losses.
16. Noted that the issue related to holding gains/losses in investment income should be discussed under the broader issue of the concept of income, which is on the 2008 SNA research agenda.

Issue paper 2.4: Imputation of property income in the case of liabilities between the pension manager and the pension fund

17. Agreed with the explicit recording of imputed property income on the liabilities between a pension manager and a defined benefit pension fund.
18. Agreed to address the classification of the imputed property income on the liabilities between a pension manager and a defined benefit pension fund through electronic consultation.
19. Recognized that the term “pension manager” should be reconsidered with the next update of the SNA for possible substitution with the term “pension sponsor”.

Global production

Issue paper 3.1.1: Economic ownership of Intellectual Property Products (IPPs) by SPEs

20. Agreed that the decision tree developed by the Task Force on Global Production is a useful tool for determining economic ownership of IPPs, and recommended to include the decision tree in the Guide to Measuring Global Production.

Issue paper 3.1.2: Treatment of Royalty and Licencing SPEs in Dutch National Accounts

21. Recognised the complexities of measuring transactions of royalty and licencing SPEs and noted that the methodology followed by Statistics Netherlands for the sectorisation of royalty and licencing SPEs and the net recording of the transactions is inconsistent with the recommendations of the 2008 SNA and BPM6.

Issue paper 3.2: Global Production - Factoryless Goods Producers

22. Recognized the difficulties in identifying the correct recording of the transactions between FGPs and the contractors.

23. Recommended to follow, for the time being, the previous decisions of the AEG, but also to collect more practical experience on the recording of these transactions, after which reconsideration may need to be given to this issue.

24. Noted that the issue will be discussed at the next BOPCOM meeting and the meeting of the expert group on international statistical classifications, and encouraged the Task Force on Global Production to continue its work on this issue.

Manuals, handbooks and other guidance

Issue paper 4.1: Compilation of manuals and handbooks

25. Took note of the report on the compilation of manuals and handbooks, particularly the planned publications, which include:

- Compilation Guide on Land Estimation (Eurostat and OECD)
- Handbook on National Accounting of the Household Sector based on Integrated System of Surveys (UNSD)
- Handbook on National Accounting Backcasting Methodology (UNSD)
- Handbook on commercial property price indexes (IWGPS)

The outcome of AEG consultations

Issue paper 5.1.1 Distinction between volumes and prices when measuring the value of land changes

26. Agreed that from a purely conceptual point of view the change in the value of land that are due to changes in the surrounding amenities of the land are to be recorded as volume changes. However, also recognized that in practice it may be difficult to clearly distinguish these changes and noted that in these cases they may be included as revaluations.

Issue paper 5.2: Institutional sub-sectors and the delineation of head offices, holding companies and special purpose entities

27. Agreed that the note on the clarification of the distinction between head offices, holding companies and special purpose entities reflects the recommendations of the AEG at its 8th Meeting.

Recording flows and stocks of international organizations

Issue Paper 6.1: Treatment of output of international financial institutions

28. Recognized that the measurement of the output of international financial institutions requires further work, and agreed to include this issue on the 2008 SNA research agenda, taking into consideration the cost of funds approach and the valuation at cost (possibly including the full cost of capital) for the non-market part of output.

Issue paper 6.2: Equity claims on international organizations

29. Agreed with the proposed methodology to calculate equity claims on international organizations, but did not express an opinion on whether this calculation should be implemented in practice, except to agree that, if implemented, the calculation should not be done by each country separately but centrally for all countries.

The valuation of natural resources

Issue paper 7.1: Methodology for the valuation of natural resources

30. Agreed that further research would be useful to address volatile asset values where the valuation of natural assets exclusively relies on current commodity prices or their expected value in the future, and recommended that the work be coordinated with groups working on similar issues such as the Ulaanbaatar Group.

Practical issues in national accounts

Issue paper 8.1 Backcasting

31. Took note of the presentations on backcasting methods in national accounts data.

32. Recognized that there are a number of backcasting issues that require international guidance, and welcomed the initiative by UNSD to develop a handbook on the methods and practical examples of backcasting.

Issue paper 8.2: Big Data: The use of Big Data in national accounts compilation

33. Noted the importance of the discussion on the use of Big Data for national accounts in the context of the current international debate on using Big Data for official statistics.

34. Recognised that while there could be great potential benefits from the use of Big Data, careful considerations should be given to a number of issues that may impact the usability of such data. Some of these considerations include (a) the conceptual compatibility; (b) legal issues; (c) the costs the data sets; (d) the resources and capabilities required to deal with large data sets that may contain errors or be structured in inconvenient ways (e) the quality and coverage of data; and (f) the regularity and sustainability of the supply of data.

35. Stressed the importance of using the momentum created by the debate on Big Data to influence the development of administrative data systems to better serve the needs of official statistics.

The 2008 SNA research agenda

Issue paper 9.1: Issues going beyond the 2008 SNA recommendations

36. Took note that a number of issues have been brought to the attention of the ISWGNA that go beyond the 2008 SNA recommendations.

37. Agreed that it is time to consolidate the list of new issues for the research agenda, and recommended to update the SNA research agenda website and identify ways to address the issues.

38. Recommended to consult national accounts users and researchers in identifying research issues beyond the 2008 SNA, and took note of the IARIW-OECD Conference on the future of the SNA, Paris, 16-17 April 2015.

Issue paper 9.2.1: Statistical units in Supply and Use Tables and Institutional Sector Accounts

39. Agreed with the creation of a Task Force on Statistical Units (TFSU) to take stock of the 2008 SNA recommendations on statistical units (including institutional units), and to reflect whether or not the recommendations on statistical units need to be adjusted in the future.

40. Recommended that the TFSU should provide a clear view of what needs to be measured in the economy in order to better identify ways to adjust the definitions, if necessary. Taking stock of current country practices could be helpful in this process.

41. Recommended that regional accounts as well as productivity measurement need to be considered; and that a broader community of experts, including business register experts, survey specialists and classification experts should participate in the TFSU.

Issue paper 9.2.2: Statistical units in the SNA

42. Agreed that the ISWGNA address the questions of the Task Force on Guidelines for Statistical Business Registers on the treatment of specific institutional units in the 2008 SNA through electronic consultation.

Issues for information

Issue Paper 10.1: Towards enhancing international comparability of general government debt data

43. Recognised that the matrix format with a cascading approach developed by the IMF for the presentation of government and public sector debt provides users with a quick and easy reference to the coverage of the data, enhancing transparency and international comparability of general government debt data.

Issue paper 11.1: SDMX-initiative

44. Encouraged the Ownership Group on SDMX for NA, BOP and FDI to continue its work.

45. Encouraged the Expert Group on Disparities in National Accounts to continue its work.