

Minutes

Meetings of the Intersecretariat Working Group on National Accounts Frankfurt, January 29, February 5 and 9, 2006

Participants: C. Aspden (OECD); A. Bloem, C. Gorter (IMF); D. Glatzel (Eurostat); I. Havinga, V. Vu (UNSD); L. Bratanova (UN-ECE); A. Harrison (Editor); C. Carson (Project Manager); B. Hexeberg (World Bank)

Part I: January 29, 2006

1 Preparation for the AEG meeting

The ISWGNA went over the papers and issues, list of presenters etc. to make sure everything was in place, and made a few last minute changes to the provisional agenda. With regard to the recording of recommendations made during the meeting, it was decided to follow the same procedures as those used in Bangkok, as these had worked very well.

2 Sub-group on informal sector

As the decision to include a separate chapter in the updated SNA on the informal sector had already been taken by the ISWGNA, it was agreed to form a sub-group to progress this. The sub-group would ideally consist of 3-5 people, of which 2-4 would come from developing countries. The role of the sub-group would be to provide advice, review papers and to review the content for the chapter yet to be written. It was envisioned that the group would communicate by email, as the ISWGNA:NA at this point did not see the need for face-to-face meetings.

The potential usefulness of establishing similar sub-groups to work on other issues/chapters was noted.

3 Users' meeting

The Program Manager informed the meeting that her introductory remarks to the users' meeting – organized by the European Central Bank on the day following the end of the AEG meeting – would focus on the review process and the role of the AEG.

Part II: February 5, 2006

1 Stock taking half way through the AEG meeting

AEG Agenda

Some changes to the agenda were agreed in order to make room for mini-presentations and further discussions on issues previously discussed but where the AEG meeting had deferred a decision. This included the issues 'leases and licenses/permits' and 'cost of government owned assets'.

Consistency:

As the matter of consistency was on the AEG meeting agenda for the next day, the ISWGNA discussed and agreed on procedures and deadlines, which would also be shared with the AEG:

- For those issues of consistency/inconsistency already identified, the ISWGNA will work towards a solution by April (- to be discussed at upcoming ISWGNA meeting in April).
- The opportunity to raise issues of consistency/inconsistency should remain open until mid September 2006 (2 weeks prior to OECDs National Accounts meeting, where it is likely that there will be a meeting of the ISWGNA:NA).
- Minor issues of consistency/inconsistency should be settled by the ISWGNA:NA.
- Settling major issues of consistency/inconsistency could involve the AEG, preferably through some form of e-discussion. The Project Manager said that she would draft a plan (process) on how to move forward on issues that would need the involvement of the AEG. It was noted, however, that if there should be a need to make changes to recommendations made by the AEG for the sake of consistency, it would not be necessary to go back to the AEG or countries for consultation, but the ISWGNA should make the call.

Arrangements to carry forward on specific issues:

Pension schemes: The ISWGNA:NA discussed the way forward with regard to the treatment of pension liabilities in the system. As reflected in the minutes of the AEG meeting, the ISWGNA will work on criteria for drawing a line between pension schemes for government employees and social security schemes.

Leases and licenses: With regards to Leases and licenses - part 1 – the ISWGNA noted that further discussion with regard to the valuation of a leased asset at its encumbered and unencumbered values would take place based on a clarification/presentation by Peter Harper. Depending on the outcome of this discussion, the ISWGNA:NA will decide on the need for further consultation (e-consultation) with the AEG.

With regards to Leases and licenses - part 2 – including the treatment of mobile phones licenses, the secretariat of the Canberra II group will prepare a note with worked examples that illustrate the nature and consequences of the alternative treatments by the end February. Following the ISWGNA:NA's review, the note will be circulated to the AEG for their consideration.

Government permits: The ISWGNA noted that further discussion would take place based on clarification/presentation by Peter Harper. The ISWGNA therefore agreed to wait for the outcome of this discussion before deciding on any further action.

Classification of financial assets: Following up on the AEG recommendation, the European Central Bank will - in cooperation with the IMF – consult with financial statisticians on the desirable breakdown of assets.

Classification of financial institutions: As the issue will be dealt with when reviewing the whole range of institutional sectors, The ISWGNA:NA agreed that no further requests would need to be made of the European Central Bank at this point.

2 Plan for drafting and review

The meeting reviewed the feedback from the AEG meeting on the plan for drafting and review. Feedback included making the review of new text on an issues by issue rather than by a chapter by chapter basis, taking into account at an early stage the need for translation of text, establishing a research agenda, and start thinking about implementation of the revised guidelines.

Based on the plan and the feedback from the AEG, the ISWGNA:NA agreed on the following:

- (i) Pulling together a complete set of recommendations with revised issue descriptions. These descriptions should be consistent looking and reveal what was the challenge for each of the issues. The Editor will review and provide feedback on the draft descriptions submitted by the responsible organizations. The AEG should also be consulted before the descriptions are finalized.
- (ii) Develop a sector by issue matrix, and by extension a timetable for the drafting (Editor)
- (iii) Tables – need to reach a conclusion on what changes can be made to the tables. (Editor to present suggestion at next meeting.)
- (iv) Clarifications – the deadline for clarifications was set at December 31, 2005. As of that date, a number of suggestions for clarifications were received. As one set of proposals was not specific, it was agreed that the IMF will contact the originator to get more details.

3 Project Managers' Progress report

The Project manager gave a preliminary outline of the report and asked for comments. The report will take stock of the process so far, including the results of the latest AEG meeting, give the key elements of the way forward, including some more concrete examples such as the preliminary full set of recommendations, and mention that the ISWGNA is formalizing a long-term research agenda.

The report of the Project Manager to the ISWGNA:MG will be available as a room document at the United Nations Statistical Commission (UNSC).

The issue of funding and budget implications will not be for the UNSC, but will come up as part of the Donor's briefing, which will take place during the time of the UNSC.

The Project Manager said that she would distribute the report to the ISWGNA:NA for comments by the end of February.

4 Joint UN-ECE/OECD/Eurostat meeting on National Accounts, Geneva, April 2006

The ISWGNA:NA reviewed the draft agenda for the session "Updating of the 1993 SNA" developed by the Program Manager, the IMF and the OECD. Based on the outcome of the first days of the AEG meeting some modifications were suggested. The ISWGNA:NA also suggested that the session on external issues should be dropped in favor of a session on financial issues (partly because a session on external sector would be partly overlapping with the separate session on globalization that comes up later in the meeting.). The organizers will thus come back to the ISWGNA with a revised agenda.

5 Other

Research Agenda

The ISWGNA:NA saw the need to formalize the long-term research agenda. Thus, the Program Manager will take the lead in developing a format to be used (including description of issue, and contact person/working group). This information will then be put on the Updating web site.

It was noted that the ISWGNA at this point should be careful not to detract from the work on the update, although it would be necessary to facilitate work on issues going beyond the update.

Index Linked Instruments

Based on a request for clarification received by the IMF, the ISWGNA agreed to include on the (in-) consistency list the treatment of index linked instruments. Currently the descriptions on how to treat such instruments in the system are unclear and inconsistent – as it seem to allow for three different ways of recording.

Part III: February 9, 2006

1 Following up on the AEG meeting

Issues in need of particular follow up

Treatment of employer pension schemes: As the AEG felt it necessary to develop criteria that would distinguish between the several types of schemes, the ISWGNA discussed how this could be done and agreed on the following process: The ISWGNA agreed to follow closely what is happening in Europe, as pilot work with regards to social security schemes is planned to be carried out by Eusostat by the end of the year. The Task Force on Employer Pension schemes should then meet again toward the end of 2006 to discuss the results of the work carried out by

Eurostat, and agree on a set of criteria as requested by the AEG. These criteria can then be included in the recommendation that will go to the UNSC in March 2007.

Government Permits: The ISWGNA:NA postponed the discussion of the issue to a teleconference to take place on March 21, 2006.

Leases and licenses: As agreed during the AEG meeting, the Secretariat of the Canberra II Group (Charles Aspden, OECD), will develop examples, in order to see the impacts on the accounts of the suggested treatments of partitioning of benefits of an asset. These examples will be incorporated in an e-consultation with the AEG.

Reports

The meeting agreed that the draft version of the short report should be distributed to the AEG for comments by Friday 17 March. At that time, the draft version should also be posted on the web.

The editor informed that she would work with the rapporteur on the long report, and that the aim would be to finalize it by early March.

A paper giving the full set of recommendations from all four AEG meetings should include the revised issue descriptions. The Editor agreed to give her input on the issue descriptions to the Project Manager by mid March, in order to allow for the AEG review to take place before the end of March. The aim is to have the consolidated set of recommendation ready by the end of March.

Country consultations

The meeting agreed to aim for country consultation by the beginning of April, which would allow for references to be made to the long report of the AEG meeting. It was reiterated that the consultation should cover both the recommendations from the latest AEG meeting, as well as the consolidated set of recommendations.

New Update related web-sites

The ISWGNA:NA determined that a web-site should be developed for posting of consistency issues. The UNSD agreed to do so by beginning of March - in time for the UN Statistical Commission meeting.

The UNSD agreed, furthermore, to develop a web site for posting of issues for the research agenda. The web site would include space for describing the issues, as well as for a contact person. The Editor will, to the extent possible, provide descriptions for the issues currently identified, including among others: Income (high inflation, re-invested earnings, capital gains/losses, property income, debtor/creditor approach, alternative measures of income); Repos; Debt concessionality; Provisions; Final consumption of corporations.

Further follow ups

As the meeting did not yet have the report of the AEG meeting, it was noted that some time would need to be allocated at the next meeting to discuss additionally identified issues that would need to be followed up.

2 Tables in 1993 SNA Rev. 1

The editor's suggestions for re-working the tables, and coordinate examples with the revised BOP Manual, were welcomed by the ISWGNA:NA. Some concerns were raised however with regard to the many changes in the SNA Rev. 1. Thus, it was agreed that the editor would distribute an example to the ISWGNA:NA and that the discussion of to what extent the tables should be changed in the revised SNA should be discussed at the next meeting.

Annex 1

Actions Agreed upon

	Action	By when	Responsible
1	Supply examples of revised text to ISWGNA:MG	ASAP	Editor
2	Note and worked examples for “Leases and licenses - part 2”	End February	OECD
3	Develop sector * issue matrix, and timetable	ASAP	Editor
4	Distribute example of tables (to be incorporated in SNA)	ASAP	Editor
5	Follow up re. suggestions for clarifications	ASAP	IMF
6	Joint NA meeting in Geneva: Revise agenda for SNA session	ASAP	OECD, IMF and Project Manager
7	Research Agenda: <ul style="list-style-type: none"> ○ Develop format ○ Develop web-site 	ASAP	Project Manager UNSD
8	Consistency issues <ul style="list-style-type: none"> ○ Develop web-site ○ Provide description of issues 	ASAP	UNSD Editor
	Issue descriptions: Review drafts	Mid March	Editor
	Finalize reports of the AEG meeting: <ul style="list-style-type: none"> ○ Distribute short report to AEG ○ Finalize long report for review ○ Consolidated set of recommendations 	February 17 Beg. March End March	Editor Editor Editor and Project Manager