

## MINUTES

### ISWGNA TELECONFERENCE 10 APRIL, 2008

#### Participants

Eurostat: G. Gueye (Chair), C. Ravets, L. Frankford

IMF: K. Zieschang, L. Rivas

OECD: C. Aspden

World Bank: B. Hexeberg

UNSD: I. Havinga, H. Smith, A. Becker (Minutes)

1993 SNA Update project: P. McCarthy (Project Manager), A. Harrison (Editor)

#### 1. Posting of chapter 20

The Editor reported that a revised version of chapter 20 including comments from OECD had been circulated to the ISWGNA for final comments. Eurostat indicated that references to return to capital on non-market production should be deleted and will provide further comments (e.g. missing column headings) on the revised version of chapter 20 by cob 15 April 2008.

UNSD asked what the implications were for measuring non-market production by market producers when summing costs. The Editor agreed to provide a note explaining the matter by the 15 April.

#### 2. ISWGNA longitudinal review by issues – remaining issues

##### 2. 1. ISIC

Based on the comments circulated by UNSD the ISWGNA discussed the following inconsistencies between ISIC and the updated 1993 SNA:

- Definition of establishments
- Definition of services
- Definition of knowledge-capturing products

##### Definition of establishments

The Editor proposed to leave the present definition of establishments unchanged in chapter 5 but to elaborate in Chapter 28 on how to determine the principle activity of enterprises, using the top down approach of ISIC. The ISWGNA agreed.

##### Definition of services

UNSD proposed to replace the word “transformation” to describe services that change the condition of consuming units with “change”. The ISWGNA agreed.

## Definition of knowledge-capturing products

The UNSD would provide suggestions to make the text consistent and clarify the term knowledge-capturing products. The ISWGNA agreed and UNSD will circulate changes by cob 15 April. Furthermore, it was agreed that the delineation of knowledge-capturing products should be added to the long-term research agenda.

### **2.2. ESOs**

The ISWGNA agreed that although any change in value between the grant date and the vesting date of ESOs should be treated as compensation, in practise such information would not be available from business accounts. Therefore the ISWGNA agreed that any change in value between the grant date and the vesting date of ESOs should by convention be treated as holding gains or losses. Changes in value between vesting date and exercise date are already agreed to be recorded as holding gains and losses. In practice, therefore, all changes in value of ESOs between grant and exercise date will be recorded as holding gains and losses at exercise date.

### **2.3. Leases and licenses**

OECD reported a possible inconsistency between the AEG decision, recognizing that leases, etc. can have a negative value, and the updated 1993 SNA, which states that leases are recorded only when they are actually exercised (meaning they are never negative). The Editor will circulate an explanation to explain why negative values are unlikely to be recorded in practice.

### **2.4. COT**

The ISWGNA agreed with text circulated by the Editor suggesting that the treatment of COT on valuables and natural resources should be added to the long-term research agenda.

### **2.5. Consistency between BPM6 and SNA**

The Editor reported that there is the risk of double counting between reinvested earnings on FDI and distributed earnings from investment funds in the updated 1993 SNA. To avoid this and to be consistent with BPM6, the Editor proposed the following: reinvested earnings on FDI in investment funds should be calculated before calculating distributable earnings on investment funds and recorded under the item reinvestment earnings on FDI.

In addition, to be consistent with BPM6 the Editor proposed to change some of the names of the distributive transactions from:

D44	Investment income disbursements
D441	property income attributed to insurance policy holders
D442	payable on pension entitlements
D443	attributed to collective investment fund share holders

To:

D44	Other investment income
D441	Investment income attributable to insurance policy holders
D442	Investment income payable on pension entitlements
D443	Investment income attributable to investment fund share holders

The ISWGNA agreed to both proposals.

## **2.6. Water**

The ISWGNA noted that there are some inconsistencies concerning the use of natural assets. The Editor will provide suggested text by cob 15 April on how to address the issue for discussion by the ISWGNA on 21 April.

## **2.7. SPEs**

The Editor has circulated some changes to chapter 4 regarding SPEs. The Editor together with Eurostat will discuss the matter further and provide suggestions by cob 15 April.

## **3. Longitudinal review by chapters**

The ISWGNA agreed that of the definition of natural resources in Chapter 10 needs to be aligned with the SEEA. UNSD will provide suggestions on wording to define natural resources as assets in the System. The revised text will be circulated by cob 10 April to the ISWGNA with comments expected by cob 15 April.

Furthermore, the ISWGNA agreed that in chapters 10, 12 and 13 the words “deposits” and “reserves” should be replaced with the word “resources” and the word “proven” should be removed.

## **4. Letter to BOPCOM on the treatment of software**

This matter has been postponed until the 21 April meeting of the ISWGNA.

## **5. Annex to chapter 6 on storage**

This matter has been postponed until the 21 April meeting of the ISWGNA.

## **6. Next meeting**

The next meeting will take place on 21 April in Geneva.

The ISWGNA agreed that all annotated outlines for the draft chapters of Volume 2 need to be circulated by cob 15 April in preparation of the upcoming meeting.

## 7. To-do-List

<b>Action</b>	<b>By when</b>	<b>Responsible</b>	<b>Status</b>
The Project Manager will prepare a draft letter to the ECB about ECB's comments on the mapping of taxes from the classification in the GFSM and the OECD's Revenue Statistics	End-July 2007	Project Manager	On hold
Update of the Full Set of Consolidated Recommendations (44 issues document) to incorporate changes and UNSC decisions	When possible	Editor	Pending
Draft an example on insurance that includes the compilation of the complete set of accounts with data from the books of insurance companies.	March 2008	UNSD, Eurostat	Pending
Letter to BOPCOM regarding the classification of international trade in intellectual property products	2 April	OECD, Eurostat	Pending
<b>Actions for Volume 1</b>			
Preparation of electronic annexes for chapters 6, 10 and 12 - if still relevant and submission to the Editor	14 March	OECD, IMF, Editor	Annexes for 10 and 12 no longer relevant; annex to 6 for discussion 21 April
Comments by the Editor on the longitudinal review	20 March	Editor	Done
ISWGNA teleconference to reach agreement on comments from the longitudinal review	3 April		Pending, outstanding issues moved to 21 April
Conclusion of global review on Volume 1	30 April		
Reader's Guide	30 April	Project Manager	
Submission of consolidated country comments from the global review to the Editor	5 May	Eurostat, OECD, UNSD	
ISWGNA meeting in Luxembourg to discuss country comments	9 May	ISWGNA, Editor, Project Manager	

<b>Action</b>	<b>By when</b>	<b>Responsible</b>	<b>Status</b>
Consolidation and posting of finalized country comments	14 May	UNSD	
Submission of the revised chapters of Volume 1 to the ISWGNA for review, including cross-references, external references, glossary, list of abbreviations	23 May	Editor	
ISWGNA teleconference to discuss issues related to the revised chapters and to prepare a recommendation regarding the adoption of the revised Volume 1	Week of 26 May	ISWGNA, Editor, Project Manager	
White-cover version to be submitted for UN-editing. Electronic version posted on the web site; hard copy to be prepared for dissemination;	30 May	UNSD	
<b>Actions for Volume 2</b>			
Posting of chapters 20, 22 and 25	28 March	UNSD	Delayed, subject to incorporate comments
Prepare annotated outlines for remaining chapters/annexes of Volume 2	30 April	ISWGNA, Editor, Project Manager	Moved forward to 15 April
Close of comment period on chapters 20, 22 and 25	30 April		Delayed, subject to posting
ISWGNA meeting to discuss annotated outlines	9 May	ISWGNA, Editor, Project Manager	Moved forward to 21 April
Summary of comments from world-wide review on chapters 20, 22, 25 and 27 submitted to the Editor	31 May	ISWGNA	
Finalized detailed outlines	31 May	ISWGNA, Editor, Project Manager	
Drafting of the remaining chapters/annexes of Volume 2 and submission to ISWGNA	30 June – 15 July	ISWGNA, Editor, Project Manager	
Revision and posting of the remaining chapters/annexes of Volume 2	15 July – 31 July	ISWGNA	
Conclusion of the world-wide review on Volume 2	31 August		

<b>Action</b>	<b>By when</b>	<b>Responsible</b>	<b>Status</b>
Finalize chapters 20, 22, 25 and 27 and submit to the ISWGNA	30 September	Editor	
Summarise world wide comments on remaining 8 chapters and 2 annexes and submit to the Editor	30 September	ISWGNA	
Meeting to discuss final version of 4 chapters, comments on 8 chapters and 2 annexes	Mid-October		
Revised Volume 2 for submission to the UNSC in 2009	Mid-December	Editor	

*Items marked as 'Done' in this to-do list will be omitted in the following to-do list.*