

Minutes

ISWGNA Meeting OECD, Paris 13 October 2008

Participants

Eurostat: G. Gueye (Chair), C. Ravets, F. Malherbe, A. Nordin

IMF: M. Shrestha

OECD: C. Aspden

UNSD: H. Smith

World Bank: B. Hexeberg

UNECE: L. Bratanova

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

The objectives of the meeting were to analyse the comments received on draft chapters 18, 19, 20, 22, 23, 25, 26 and 27 of the 2008 SNA Volume 2, and to discuss the issue of the papers required for the next AEG meeting on 12-14 November 2008 in Washington.

1. Analysis of the comments on SNA Volume 2

Chapter 18 – Elaborating the accounts

The title of the chapter will be changed to “Elaborating and presenting the accounts”.

The current introduction of the chapter will be reviewed to make the purpose of chapter 18 clearer.

Some general comments requested further detail in a number of areas such as key variables, balance sheet approach, asset prices and flash estimates. It was agreed not to extend the present text too much. The issues of GDP and other aggregates at a higher frequency, balancing timeliness versus quality and working-day adjustment will be addressed.

Regarding the request for more information on time series, it was considered that many issues concerning time series are already included in chapter 15 but the Editor will look again into this issue.

A reference to existing quarterly accounts manuals will be made in section D.

Chapter 19 – Population and labour inputs

The International Labour Organization (ILO) provided the most detailed comments on this chapter. The key point is that parts of the chapter quote text from ILO Resolutions and one of these will be updated at the International Conference of Labour Statisticians (ICLS), in late November and early December. The ICLS will approve new text on the definitions of hours worked and those who are economically employed. The ILO has undertaken to provide the Editor with the new text as soon as possible after the ICLS meeting concludes so the SNA text can be made exactly consistent with the new ICLS wording.

Some requests were made to further develop the issue of labour productivity. References will be made to relevant handbooks and manuals, such as the OECD Manual “Measuring Productivity”. In addition, the ISWGNA decided to refer to labour in the non-observed economy so a reference will be included to the OECD Handbook on “Measuring the non-observed economy”.

Chapter 20 – Capital services and the national accounts

The main comments on this chapter related to the accuracy of the data in the tables. The ISWGNA decided that the data should be checked and if, as expected, there are no errors then the tables should not be changed. Rather, some more text will be added on apparent errors in the tables due to rounding differences.

A reference should be made to the issue of geometric functions.

Chapter 22 – The general government and public sectors

The comments on this chapter were numerous and wide ranging. One related to the definition of the public and government sectors, particularly the general government sector as being “the collection of all public institutional units that are non-market producers”. The ISWGNA decided that the definitions of the public and general government sectors will be revised to avoid circularity and ensure consistency with chapter 4. The revised definitions could include the following general indications:

General government units include some NPIs and public enterprises not treated as corporations. The public sector includes general government and public corporations. To identify which NPIs are included in general government, conditions for control by government must be identified. To determine which enterprises are treated as public corporations and which as part of general government, it is necessary to specify conditions for control by government and the concept of economically significant prices. [Each of these concepts is described in text following in this chapter.]

Concerning tax credits, the IWGNA agreed that the relevant paragraphs of the chapter will be revised to indicate that only payable tax credits should be treated on a gross basis. In addition, an explanation of payable and non-payable tax credits will be provided, in line with an earlier version of the draft.

A major issue is the one of economically significant prices as some opposite opinions were expressed regarding the use of the 50% rule. It was agreed to refer the draft text to the AEG for consideration at its November meeting.

In paragraph 22.30, the possibility is raised of making a distinction between market and non-market units for a group of entities undertaking similar activities rather than on a case-by-case basis. Comments from the review highlighted the inconsistencies that could arise if a group of entities is classified to a single category when there is a fairly even split of market and non-market units within the group (e.g. universities in some countries). The ISWGNA decided to change the text to state that the distinction between market and non-market units should, in principle, be made on a case by case rather than on a group basis.

Chapter 23 – Non-profit institutions in the SNA

The title of the chapter will be changed to: Non-profit institutions

Chapter 25 – Informal aspects of the economy

The chapter on the “Informal sector” has been included in the 2008 SNA because of its importance in developing countries as evidenced, for instance, by the interest by the ILO and the Delhi Group. Analysts’ requirements are to measure changes over time in its size within any particular country’s GDP, employment and other policy variables. The chapter title was changed because of the quite specific meaning of “sector” in the SNA but a question has been raised about whether, despite this, the original title should be restored. The ISWGNA decided to refer the issue of the chapter name to the AEG.

The chapter has been redrafted several times and the comments from the world-wide review ranged from one extreme to the other. On the one hand, some stated that the current draft does not fully reflect the requirements of the ILO and the Delhi Group and that it should focus more on defining the informal sector and more fully setting out the ways of measuring it within an exhaustive measure of the household sector. On the other hand, some comments were to the effect that the informal sector is not a national accounting requirement and so this chapter should mainly focus on how to ensure that GDP includes all the relevant activity within an economy (the so-called “exhaustiveness” of the national accounts). The ISWGNA decided to ask for the AEG’s views on the usefulness of the content of the draft chapter and whether the text provides a satisfactory balance between the competing needs of analysts interested in measuring the informal sector (and changes over time) against those who are mainly concerned with ensuring the national accounts completely measure GDP.

Chapter 26 – The rest of the world accounts

The title will be changed to: “The rest of the world accounts and links to the balance of payments”.

Several general comments relate to the perspective from which the chapter should be presented. Currently, the main emphasis is on the balance of payments viewpoint of transactions. The ISWGNA agreed that a better balance is required and so a new section will be included

immediately after the introduction describing the accounts from the SNA perspective, including all items appearing in the sequence of accounts.

Chapter 27 – Links to monetary and financial statistics

The title will be changed to “Links to monetary statistics and flow of funds”.

There were several recurring comments on the content and structure of this chapter, including differences between monetary and financial statistics, the absence of a description of flows of funds, and links with monetary statistics.

The ISWGNA agreed that a new section will be included to describe the links with monetary statistics and to provide cross references to the Monetary and Financial Statistics Manual and the Compilation Guide. The new section should focus on sector coverage, breakdown of the financial sector and the instruments, as well as consolidation in the monetary survey. A separate section will describe flows of funds.

Annex 3 (Changes from the 1993 SNA) and Annex 4 (Research agenda)

Both annexes will be posted for comment around late November. However, it is likely there will be insufficient time to incorporate the comments to enable updated annexes to be included in the draft of Volume 2 provided in December for the two month UNSC review period. If this is the case, the annexes in Volume 2 for the UNSC will be the original drafts posted next month plus a list of changes required to incorporate changes required as a result of comments received from the world-wide review.

2. Discussion on the papers required for the AEG meeting on 12-14 November 2008

The following papers are to be prepared for the meeting of the AEG in Washington next month:

- Codes (Eurostat and UNSD)
- A description of the problems in insurance (Editor)
- Pensions (latest developments from the European Task Force – Reimund Mink)
- Emission permits (how to treat emission permits, spelling out the main problems – Editor).
- An assessment of how well the current text provides guidance in recording transactions and other flows arising from the current financial crisis (Editor)
- Information paper for the AEG explaining decisions on some issues linked to comments on Volume 2 (Project Manager).

The draft papers need to be circulated to the ISWGNA by 28 October.

3. To-do-List

Action	By when	Responsible	Status
Draft chapters 21, 24, 28, 29 to ISWGNA for review in 7 days	late Sep	Editor	Done
Posting of chapters 21, 24, 28, 29	3 Oct	Editor/UNSD	Done
Summary of comments from world-wide review on chapters 18 to 27 (except 21 and 24) submitted to the Editor	7 Oct	ISWGNA	Done
ISWGNA meeting to discuss comments on chapters 18 to 27 (except 21 and 24)	13 Oct	ISWGNA	Done
Conclusion of the world-wide review on the remaining chapters of Volume 2	7 November		
Summary of comments from world-wide review on chapters 21, 24, 28, 29 submitted to the Editor	7 Nov	ISWGNA	
Draft 2008 Implementation plan	7 Nov	UNSD/ ISWGNA	
ISWGNA meeting to discuss comments on chapters 21, 24, 28, 29 and AEG meeting	10/11 November	ISWGNA	
Prepare papers for AEG	28/31 Oct	ISWGNA	
Prepare material for HLG	31 Oct	ISWGNA	
Annexes A3 and A4 to ISWGNA for review in 7 days	Mid Nov	Editor	
Posting Annexes A3 and A4	Late Nov	UNSD/Editor	
AEG meeting	12-14 Nov		
HLG meeting	17-18 Nov		
Revised Volume 2 for submission to the UNSC in 2009 to ISWGNA for comments	Mid- December	Editor	
Revised volume 2 posted for UNSC	Late December		

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

4. Schedules for national accounts meetings

Type	When	Where
ISWGNA meeting	10 and 11 November	Washington, DC
AEG meeting	12-14 November	Washington, DC
High Level Forum on NA	17-18 November	Washington, DC
ISWGNA meeting (tentatively)	15-16 December	NY or Washington, DC