Developing programmes for Implementing the 2008 SNA, the 2012 SEEA and Supporting Statistics in the Pacific Region

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Background of PNG National Accounts Statistics

➢ Official estimates of national income, expenditure and product have been compiled by the NSO (National Statistical Office) since 1974 when the first set of National Accounts Statistics were published for the years 1960/61 to 1973/74. Structure of the accounts follows more closely to the 1968 United Nations System of National Accounts (SNA). Other government agencies like Departments of National Planning and Treasury and Central Bank of PNG, etc. compile more timely main aggregates of Gross Domestic Product (GDP) for their internal use such as for budgetary, economic policy and monetary policy formulation purposes. As official producer of statistics, the NSO has an important role in compiling and publishing the set of national accounts estimates without any influence from other agencies or persons outside, however, assistance is sought and provided from other government agencies with respect to data demands.

PNG Measures GDP by 3 Approaches

There are three approaches, which can be used to measure GDP. Thus, all production is distributed as income and that all income is disposed of as expenditure.

- The **production approach,** which generally applies at industry level and is signified by kind of economic activity. It involves taking the market prices (values) of goods and services produced by an industry (i.e. gross output) and deducting the cost of goods and services used up by the industry in the productive process (i.e. intermediate consumption).

- The **expenditure approach**, which involves summing all final expenditures (i.e. government final consumption expenditure plus private final consumption expenditure), changes in stocks and exports less imports.

- The **income approach**, which involves summing factor incomes, consumption of fixed capital (depreciation) and indirect taxes less subsidies.
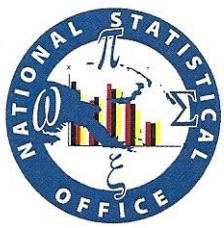
3 Approaches of GDP

- **Production Account** by all industries – The contribution to GDP by Industries: Output – Intermediate Usages =(Gross Value Added -GVA)

- **Expenditure Account**
  - Government Final Consumption Expenditure
  - Private Final Consumption Expenditure
  - Gross Capital Formation
  - Exports Less Imports

- **Income Account** (Cost Structure)
  - Compensation of Employees
  - Operating Surplus
  - Depreciation
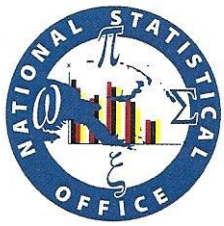 - Net Indirect Taxes

Current Status of the Economic Statistics

- Consolidation National Accounts 2001 – 2011 (Annual)

- CPI 2001 – 2013 (Quarterly)

- International Trade 2001 – 2012

- Business Statistics - Census of Business Activities (CBA) 2001. (3 years interval)

- Government Finance Statistics 2001 – 2010 (annual)

The Four Tangible Outputs From the Census of Business Activities (CBA) Project 2013 – 2016

➢ 1. Updated PNG Business Register,

➢ 2. Updated PNG Business Statistical System,

➢ 3. Development of GIS of all businesses operating in main centres of PNG, and

➢ 4. Updated PNG National Accounts System following UN recommendations of 1993 & 2008 SNA

Why the CBA Data is so Vital for the National Accounts Statistics

- The sole purpose of the Census of Business activities (CBA) surveys (formerly as Annual Business Census, ABC) is to provide the National Accounts Statistics Branch with the raw data to help compile the national accounts statistics

  ✓ It provides 90% <u>financial and non-financial</u> data as key economic data source to help calculate and measure the economic impact of the formal sector of PNG economy.

The National Coverage of CBA

Province	Coverage (%)
1. Western	1.6
2. Gulf	0.3
3. Central	0.1
4. NCD	47.5
5. Milne Bay	1.9
6. Oro	0.8
7. SHP	0.5
8. Enga	0.3
9. WHP	4.8
10. Simbu	0.3
11. EHP	6.2
12. Morobe	13.8
13. Madang	4.8
14. ESP	1.8
15. Sandaun	0.5
16. Manus	0.4
17. NIP	1.9
18. ENBP	7.4
19. WNBP	2.2
20. ABG	2.7
21. ROW (Rest of the World)	0.2
Grand Total	100.0

The CBA Register Coverage

Industry	Coverage	(%)
1. Agriculture	99	3.7
2. Forestry	34	1.3
3. Fishing	10	0.4
4. Mining &Quarrying	30	1.1
5. Manufacturing	276	10.3
6. Electricity, gas and water supply	10	0.4
7. Construction	125	4.7
8. Wholesale and retail trade; repair of motor vehicles, motorcyc	614	23.0
Hotels and restaurants	210	7.9
9. Transport, storage and communications	223	8.3
10 Financial intermediation	124	4.6
11. Real estate, renting and business activities	550	20.6
12. Education	75	2.8
13. Health and Social Work	56	2.1
14. Public administration and defence; compulsory social security	23	0.9
15. Other community, social and personal service activities	207	7.7
16. Private households with employed persons	5	0.2
17. Extra-territorial organizations and bodies	4	0.1
Grand Total	2675	100.0

The National Accounts Statistics is to provide Macro economic data for the National Policy & Planning Requirements
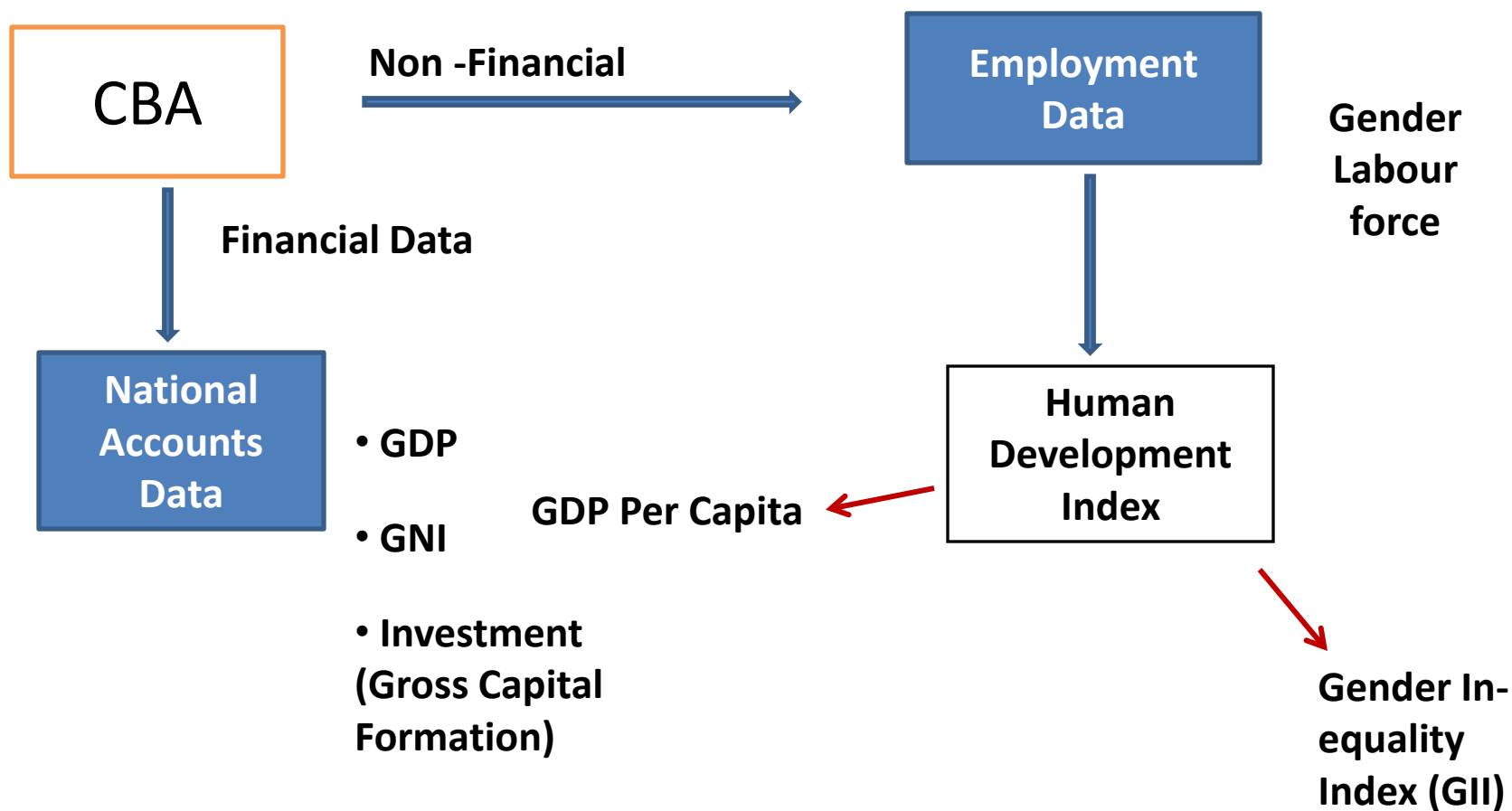
8 Millennium Development Goals

(**Data in Red can be derived from National accounts data**)

- MDG 1: ERADICATE EXTREME POVERTY AND HUNGER
- MDG2: ACHIEVE UNIVERSAL PRIMARY EDUCATION
- MDG 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN
- MDG 4: REDUCE CHILD MORTALITY
- MDG 5: IMPROVE MATERNAL HEALTH
- MDG 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES
- MDG 7: ENSURE ENVIRONMENTAL SUSTAINABILITY
- MDG 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Usefulness of CBA Data into MDGS

CBA

Non-Financial → **Employment Data**

Gender Labour force

Financial Data ↓

National Accounts Data

- **GDP**

- **GNI**

- **Investment (Gross Capital Formation)**

↓ **Human Development Index**

GDP Per Capita ←

→ **Gender In-equality Index (GII)**

WAY FORWARD

2013 - 2016

NEW DEVELOPMENTS
2011 - 2013

- Business Register Update (SPC)

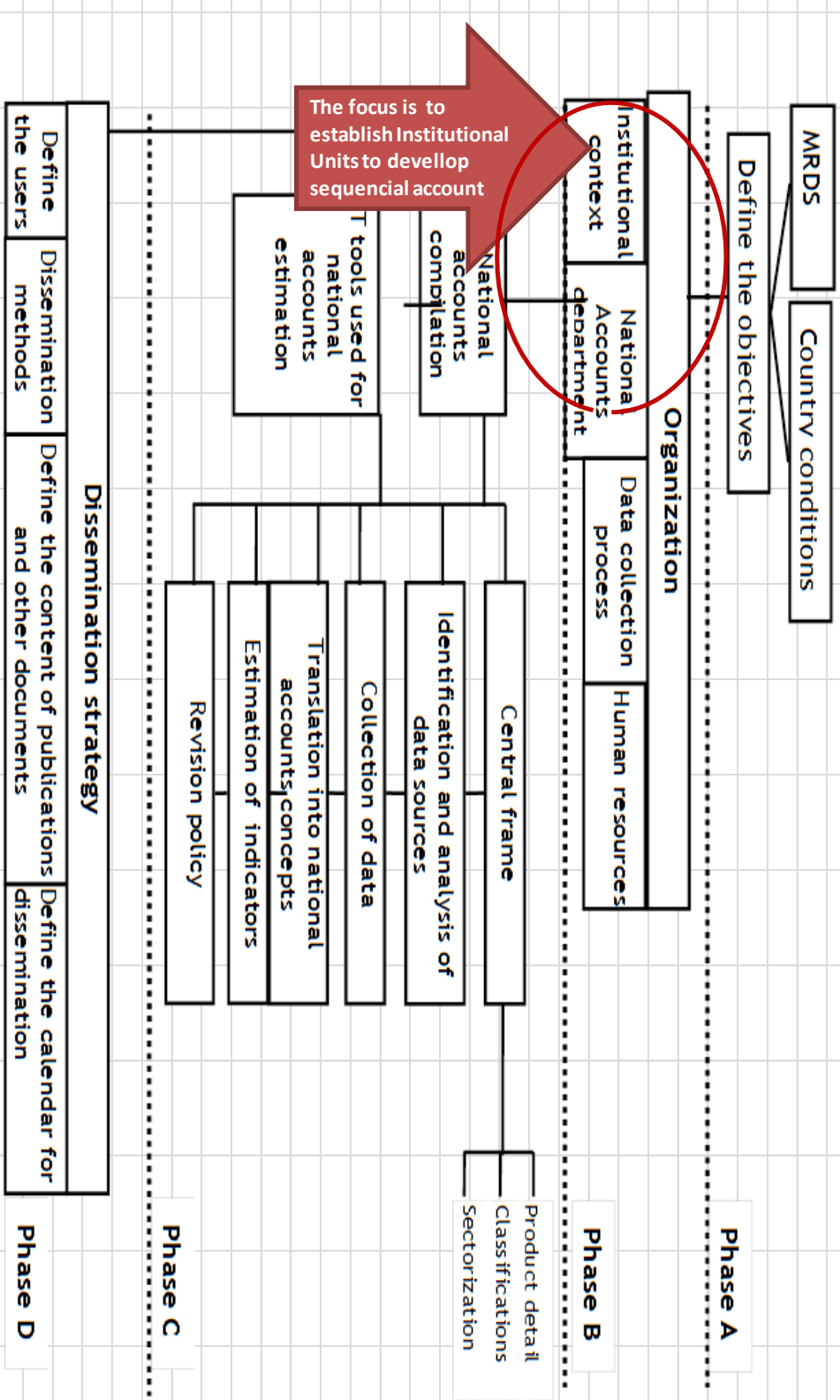- GDP (E) Upgrade (SPC)

- CPI Rebase - HIES (SPC)

The Purpose of the Seminar

The *Seminar is on Developing Programmes for the Implementation of the System of National Accounts 2008 (2008 SNA) and Supporting Statistics and the System of Environmental-Economic Accounting 2012 (2012 SEEA) and Supporting Statistics in the Pacific region*

The SNA implementation strategy

The focus is to establish Institutional Units to devellop sequencial account

MRDS

Country conditions

Define the objectives

Organization

Institutional context

National Accounts department

Data collection process

Human resources

National accounts compilation

IT tools used for national accounts estimation

Central frame

Identification and analysis of data sources

Collection of data

Translation into national accounts concepts

Estimation of indicators

Revision policy

Product detail

Classifications

Sectorization

Dissemination strategy

Define the users

Dissemination methods

Define the content of publications and other documents

Define the calendar for dissemination

Phase A

Phase B

Phase C

Phase D

Minimum Requirement Data sets (MRDS)

- Expenditures of the GDP at current prices
- Expenditures of the GDP at constant prices
- Value added and GDP by industry at current prices
- Value added and GDP by industry at constant prices
- Value-added components by industry at current prices and employment by industry
- Accounts for the total economy
- Accounts of the Rest of the world (up to net lending)

We have all these data in in SNA 68 format

Recommended Data Sets (RDS)

- Classification of expenditures [by purpose](#), Annual Accounts

- Institutional Sector, Annual Accounts

- Integrated Accounts and Tables, Annual Accounts

- Supply and use table, Annual Accounts

- Quarterly accounts – (yet to be implemented)

Desirable data sets (DDS)

- Tourism accounts, <u>Environmental accounts</u>, SAM and other socioeconomic accounts

- Purpose classification of expenditure at constant prices

- Financial and capital stock accounts

With having required minimum data sets PNG is ready to implement 2008 SNA

From 2013 - 2016