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INTEGRATED ENVIRONMENTAL AND ECONOMIC ACCOUNTING

By Alessandra Alfieri, UNSD and Robert Smith, Statistics Canada

The revision of the handbook *Integrated Environmental and Economic Accounting*, commonly referred to as SEEA is nearing completion. The revision process has been undertaken under the joint responsibility of the United Nations, Eurostat, IMF, OECD and the World Bank. Much of the work was done by the London Group on Environmental Accounting with Ann Harrison being the editing coordinator. The revision process started in 1998 at the 5th London Group meeting in Fontevraud, France, following the recommendation of the Statistical Commission in February 1997, which “welcomed the proposal of UNSD to collaborate with the London Group on the revision of the SEEA”. The handbook was the result of several meetings of the London Group, its Coordinating Committee (composed by the publishing agencies and the countries hosting the previous and future meeting and Statistics Canada as Secretariat of the Group) and a wide consultation process. The consultation process involved the posting of the document on the London Group web site for public comments, the solicitation of comments from experts and the presentation of the SEEA chapters in international meetings, such as the International Association for Research on Income and Wealth, and international workshops in different regions of the world.

In March 2001, the Statistical Commission at its twenty-second session established a “Friends of the Chair Group”, chaired by Mr Svein Longva of Statistics Norway, to review the draft. The following year, upon

recommendation of the Group, the Statistical Commission approved the document subject to the implementation of the changes indicated by the Group. The changes have now been implemented with the assistance of Mr. Robert Smith of Statistics Canada and an editorial oversight board, formed by the publishing agencies is currently reviewing the final draft. After the approval of the document by the agencies, the final draft will be posted on the UNSD website and submitted to the formal UN publication process. A glossary and an index will also be developed.

The SEEA is a satellite system of the *System of National Accounts*, which brings together economic and environmental information in a common framework to measure the contribution of the environment to the economy and the impact of the economy on the environment. It provides policy-makers with indicators and descriptive statistics to monitor these interactions as well as a database for strategic planning and policy analysis to identify more sustainable paths of development. The SEEA thus enables governments to formulate and monitor economic policies more effectively, enact more effective environmental regulations and resource management strategies and use taxes and subsidies more efficiently. It also offers a way to improve policy dialogue among different stakeholders by providing a transparent system of information about the relationship between human activities and the environment.

The SEEA, which aims to systematically measure the interaction between the economy and the environment, represents a major step towards standardizing and harmonizing concepts, definitions and methods. The system comprises four categories of accounts:

- *Flow accounts for pollution, energy and materials.* These accounts provide information at the industry level about the use of energy and materials as inputs to production and the generation of pollutants and solid waste. They produce eco-efficiency and pollution and material intensity indicators that can be used to assess the pressure on the environment and to evaluate alternative options for reducing this pressure.
- *Environmental protection and resource management expenditure accounts.* These accounts identify expenditures incurred by industry, government and households to protect the environment or to manage natural resources. They take those elements of the existing SNA which are relevant to the good management of the environment and shows how the environment-related transactions can be made more explicit. They can be used to assess the economic impact of environmental regulation and taxes and their effect in reducing pollution.
- *Natural resource asset accounts.* These accounts record stocks and changes in stocks of natural resources such as land, fish, forest, water and minerals, allowing

more effective monitoring of a nation's wealth. They also allow the calculation of such indicators as the total value of natural capital and the economic costs of natural resource depletion.

- *Valuation of non-market flow and environmentally adjusted aggregates.* This component presents non-market valuation techniques and their applicability in answering specific policy questions. It discusses the calculation of several macroeconomic aggregates adjusted for depletion and degradation costs and their advantages and disadvantages. It also considers adjustments concerning the so-called defensive expenditures.

An increasing number of OECD and developing countries have introduced environmental accounts, compiling different components according to their environmental concerns and priorities. Resource-rich countries have usually developed asset accounts in order to design policies for better natural resource management. Countries in which pollution is a main concern have implemented physical flow accounts, often linked to environmental protection accounts so as to analyze the impact of consumption and production patterns on the environment and the impact of environmental expenditure in reducing emissions.

INVENTORY OF NATIONAL PRACTICES IN ESTIMATING HIDDEN AND INFORMAL ECONOMIC ACTIVITIES FOR NATIONAL ACCOUNTS

By Lidia Bratanova, UNECE Statistical Division

In 2001, the UNECE Statistical Division carried out a survey of national practices in estimating hidden and informal economic activities for national accounts as an update to a previous survey conducted in 1991. Twenty-nine ECE member countries contributed as compared to nine countries in 1991. Several countries' contributions included details of estimates and methodologies going beyond the

more usual measures of the hidden and informal economy to encompass illegal production, production of households for own final use and other activities normally missed by the standard methods of data collection. In so doing, they have covered a large part of the framework described in the *Handbook for Measurement of the Non-observed Economy* published by OECD in 2002.

The purpose of the forthcoming UNECE publication *Inventory of National Practices in Estimating Hidden and Informal Economic Activities for National Accounts* is threefold. First, it presents an inventory of current practices in a number of ECE member countries. Second, it provides a comprehensive and unique base for cross-country comparisons of the methods used to estimate the size and importance of the different types of non-observed activities. Finally, it may serve as a useful reference for countries in their efforts to comprehensively account for both observed and non-observed producing activities, and so improve the exhaustiveness of their national accounts.

The survey shows that countries generally have concentrated on estimates of Non-observed Economy (NOE) components that are most relevant to their particular situations. For example, the NOE is likely to be structured differently in economies in transition than in highly developed market economies. Moreover, the estimates for a number of countries stem from their involvement in the Eurostat project, launched a few years ago, to improve the exhaustiveness of their GDP estimates. In striving for exhaustiveness, the emphasis is more on comprehensive and reliable data sources that will capture all economic activity, regardless of its source.

While different countries are able to account for different aspects of the Non-observed Economy, within the ECE it is generally significant in the EU Candidate countries (ranging from 10-22 % of GDP), and especially in the countries of the Commonwealth of Independent States - CIS (ranging from 12 - 48 % of GDP).

The informal economy and household production for own final use is more important for CIS countries and EU Candidate Countries than for developed market economies. For example, estimates indicate that in 1999 these activities accounted for more than 35% of Armenia's GDP and more than 38% of GDP for the Kyrgyz Republic.

Within ECE member countries, estimates have been made for the following illegal activities: the production, import, sale and consumption of illegal drugs; prostitution; trade in illegally

produced audio and video products; theft and smuggling. Eleven countries (Canada, Czech Republic, Estonia, Hungary; Latvia, Lithuania, Macedonia, Poland, Slovakia, United Kingdom and USA) have made estimates of one or more of these, although mainly on an experimental basis. Due to the difficulties of measurement, in most cases the estimates of illegal activities can only be regarded as indicative.

Only four countries include allowances for the illegal economy in their published estimates of GDP (Czech Republic, Estonia, Slovakia and United Kingdom).

A number of general conclusions can be drawn from the information and data contained in country contributions:

- The underground economy is most highly developed in industries that supply the major part of their output to individuals. This applies particularly to wholesale and retail trade, construction, transport, hotels and restaurants, and business services. These activities are mostly carried out in relatively small units in the informal economy (i.e. small unincorporated or other enterprises).
- On an institutional sector basis, most adjustments for non-observed activities are made to the Non-financial corporations and the Households sector.
- Based on the experience of countries that classify the NOE according to Eurostat guidelines, it appears that the largest contribution to non-observed activity can be attributed to economic causes, i.e. the deliberate underreporting of revenue (or over reporting of costs). The next most significant contributor is the output of producing units that for various reasons are not included on statistical registers. Underreported output comprised, on average, about 7 per cent of GDP in the EU Candidate Countries, while the estimated output of unregistered units in the same countries averaged 4.8 per cent of GDP.
- On the expenditure side, the largest contribution to the NOE is accounted for by Households Final Consumption Expenditures. In production estimates, the most significant contributors are Trade (wholesale and retail),

Construction, Transportation and Hotels and restaurants.

It is envisaged that the UNECE Statistical Division will carry out another survey of

national practices in about 3-5 years time in order to follow-up on progress made by member countries in implementing the recommendations of the Handbook for Measurement of the Non-observed Economy.

COMPILATION OF QUARTERLY ACCOUNTS IN ASEAN COUNTRIES

By Viet Vu, UNSD

The economic crisis in Asia in 1997 has created a demand for short-term economic indicators among other economic and financial data to monitor more closely the economy. Quarterly accounts have become one of the focuses of the program of statistical development and improvement in the ASEAN region, which includes ten member countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, The Philippines, Singapore, Thailand and Vietnam. Many workshops and training sessions on annual and quarterly accounts and related statistics have been carried out by the Asian Development Bank, IMF and by the UNSD within the framework of the UN Statistical Development Account. The table below summarizes some of the features of quarterly accounts in ASEAN countries.

	Year QA started	Types of statistics compiled	Time lag of release	Seasonal adjustment	Benchmarking
Brunei	Not yet	-	-	-	-
Cambodia	Not yet	-	-	-	-
Indonesia	1968	GDP by economic activities and final expenditures	2 months	Yes (only adjusted is released)	Denton method
Laos	Not yet	-	-	-	-
Malaysia	1999	GDP by economic activities and final expenditures, GNI	2 months	No	Denton method
Myanmar	Not yet	-	-	-	-
The Philippines	1981	GDP by economic activities and final expenditures	2 months	Yes (both adjusted and unadjusted are released)	Pro-rata method
Singapore	1974	GDP by economic activities and final expenditures, GNI, net current transactions with ROW, net lending/borrowing	1 5 months	Yes (both adjusted and unadjusted are released)	Generalized least square
Thailand	1998	GDP by economic activities and final expenditures	2 75 months	Yes (only adjusted is released)	Denton method
Vietnam	1999	GDP by economic activities only	5-10 days	No	Bassie method

Data for quarterly accounts come from administrative sources, and sample surveys. Singapore as a small city-state is able to implement sample surveys on all manufacturing industries and construction. The Philippines and Malaysia use sample surveys only on large corporations. Indonesia and Vietnam have surveys on a much wider spectrum of activities. Other proxies like employment and electricity use, etc. are also heavily used in extrapolation. For countries without surveys on unincorporated enterprises, the data of the corporations are blown up by a given percentage in order to capture the unincorporated activities.

Countries in the region that have recently compiled quarterly accounts have greatly benefited from exchanges in workshops or through study tours to more experienced countries like The Philippines and Indonesia.

IMPLEMENTATION OF SNA REGARDING SOFTWARE CAPITALIZATION

By Francois Lequiller, OECD

A change was made in the System of National Accounts (the 1993 SNA) that recommended the capitalization of software. This was widely welcomed since it recognized the "asset" and "investment" characteristics of software. However this has come at a cost, namely, a deterioration in the international comparability of economic statistics. An examination of the estimation-techniques used in the OECD area suggests that differences in data reflects differences in interpretation of what software is, as much as it does differences in measurement approaches. This could lead to revisions of over 1 per cent of current price GDP levels, with consequential impacts on GDP growth and of course ICT investment.

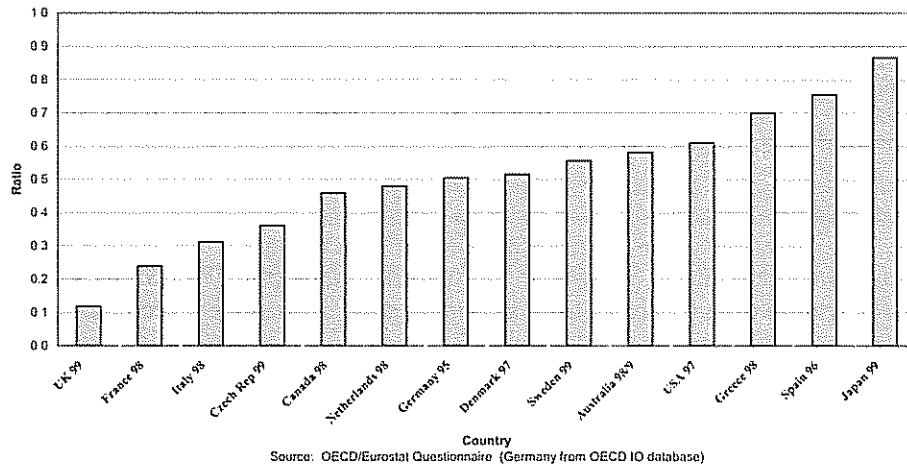
To address these measurement issues, and improve international comparability, an Eurostat/OECD Task Force was set up in October 2001. Participants to the task force cover 19 countries - 12 European and 7 non-European. The objective of the task force is to propose conceptual and practical recommendations on software measurement in the national accounts. The recommendations have now been included in a report that has been presented at the European GNP Committee in July and at the OECD national accounts expert meeting in October 2002. This version of the report before this last meeting is available on: <http://www.oecd.org/EN/document/0,,EN-document-424-15-no-20-31122-0,00.html>

Central to the issue of measurement is how investment expenditure in computer services (software) is distinguished from intermediate consumption in computer services. The ratio of capitalized software to total expenditure (by businesses and government on computer services) is a measure of the propensity of any country to capitalize software, so a comparison of this ratio (the *investment* ratio) provides insight into the scale of measurement differences across countries. The chart below compares these ratios for 14 OECD countries.

A priori, assuming that common definitions and measurement procedures existed, one would have expected these ratios to be much closer together. One measurable objective of the Task Force, therefore, would be to obtain similar ratios for the same computer services sub-product groups across countries. It is this benchmark that will enable the Task Force to gauge its success in coming years (after National Statistical Offices adopt the changes recommended in this report).

The first chapter of the report concentrates on definitional, conceptual and classification issues. It considers the distinction between and the concept of originals and reproductions of originals. Own-account software production is also addressed, in particular own-account production of originals for reproduction. The second part of the report investigates and comments on the consistency between the balance of payments and national accounts. The third part of the report covers deflation issues.

Figure 2 : INVESTMENT RATIOS
 Software Investment as a proportion of total business and government expenditure on computer services
 (excluding Intra computer Industry sales)



Responses to the questionnaire on software deflators confirmed that significant differences existed in the types of deflators used, for example some countries apply quality adjustments but others do not. Between 1995 and 2000 measured software prices in the national accounts ranged from +30% (Sweden) to -25% (Australia). Finally, the report presents recommendations on the practical measurement of software investment in the national accounts using existing statistical sources.

CHANGES TO ISIC AND CPC DURING THE 2002 UPDATES AND THEIR POSSIBLE IMPACT ON NATIONAL ACCOUNTS STATISTICS

By Ralf Becker, UNSD

Introduction

In accordance with the guidelines set by the Statistical Commission at its sessions in 1999, 2000 and 2001, the structural changes to the International Standard Industrial Classification of All Economic Activities (ISIC) have been kept to a minimum, in anticipation of more extensive changes during the planned 2007 revision. The focus of the 2002 update was therefore on updating the explanatory notes and other supporting texts, as well as providing tools for comparing ISIC data to other new industry concepts, such as "Information".

This has led to some small structural changes in the form of separating new classes at the most detailed level. These changes took place at the 4-digit level only and should not affect any aggregated statistics compiled in the National Accounts. Other smaller corrections, such as moving pawn brokers from retail sale to financial intermediation, should also not have a significant affect on National Statistics.

The only changes introduced at higher levels of ISIC are the creation of two new divisions for undifferentiated production of goods and services by households, in response to requirements by Labour Force Surveys etc

Similar criteria have been applied to the Central Product Classification (CPC). However, stronger requests for clarification have been received for the CPC, which resulted in some changes affecting high-level categories.

While collection of individual data and production at detailed levels, for example for price statistics, may have to take into account relevant changes at any level of the classification, the compilation of aggregated and published data will only be affected by the few changes at higher levels. The changes to ISIC and CPC at the two top levels, which may be of interest to National Accounts statistics are listed below

ISIC changes (top levels)

- divisions 96 and 97 added; section P changes

CPC changes (top levels)

- new waste categories in division 39; little impact on total values
- division 51, 52, 53 deleted; section 5 changes
- division 73 includes payments for licensing services for the right to use non-financial intangible assets
- division 84 restructured (telecommunications)
- new class 8363 for sale / renting of advertising space
- new group 641 for mixed mode land transport services
- divisions 86-89 reorganized:
 - old:
 - 86 = Production services, on a fee or contract basis
 - 87 = Maintenance and repair services
 - new:
 - 86 = Services incidental to agriculture, hunting, forestry, fishing, mining, and utilities
 - 87 = Maintenance, repair, and installation (except construction) services
 - 88 = Manufacturing services on physical inputs owned by others
 - 89 = Other Manufacturing Services

Consequences of these changes are discussed in the following sections.

1. Addition of ISIC divisions 96 and 97

The issue of creating new classes for undifferentiated goods or services producing activities of private households has first been raised by ILO in connection with labour force surveys.

For data collections that include or are focused on households, the introduction of these new divisions may affect the data in different ways. The original intent of the new categories was to account for household activities for own use that simply cannot be assigned (in terms of percentage of value or time) to other industries. Since household activities had to be allocated to other industries (typically agriculture, construction, manufacture of clothing), the assignment has often been done

on a not very solid basis. According to the ILO proposal, the new categories are reserved for those cases, where an assignment is not possible in a reasonable way. To compare data with those compiled in previous ISIC versions, data in division 96 would have to be distributed over other ISIC categories, of which the abovementioned are the most prevalent.

Division 97 covers activities outside the SNA production boundary and should only be used for data collections that specifically address this.

The mix of activities in section P needs to be further evaluated for any potential coverage conflicts, such as data compiled including and excluding division 96 or 97, which would result in different coverage of section P.

2. Treatment of assets and related payments in the CPC

The printed version of the CPC Ver 1.0, like the Provisional CPC, included intangible assets and licensing services for the right to use these assets in the same category, for instance copyrights and royalty payments for copyrights. This has been addressed in a corrigendum issued in 2000, creating a new group 733 for the licensing for the right to use non-financial intangible assets, reflecting the structure used for the assets in the CPC. The changes in Version 1.1 bring these categories in alignment with the SNA classification of assets

At the same time, assets have been removed from the CPC with the intention of creating a separate Central Asset Classification in the future. Reason for the remove have been requests indicating the inconsistency in section 5, combining assets and services such as those listed above, as well as the potential double counting of construction services and constructions in the same CPC section

Data compiled and presented at the top level of the CPC will be affected by this change. However, as mentioned above, simple aggregation of categories in section 5 would have led to double counting and may not have been applied in published statistics

3. Restructuring of CPC divisions 86-89

The previous version of CPC included "production services on a fee or contract basis" in division 86 and "Maintenance and repair services" in division 87. Division 86 included a mix of products under this heading, covering services incidental to certain industries, manufacturing services, installation services as well as publishing and recycling services. The reorganization of this area has conceptually separated these different types of services at the division level. The scope of division 86 and 87 in Version CPC 1.0 is the same as the scope of divisions 86, 87, 88 and 89 in CPC Version 1.1. Incidental services (86), Manufacturing services on physical inputs owned by others (88) and Other manufacturing services (89) are the equivalent to the old division 86, with the exception of Installation services, which are now grouped with Maintenance and repair (87). Data at the two-digit level are affected by this change, while most subclasses have one-to-one

correspondences with the previous CPC version

4. Restructuring of CPC division 84

The structure for telecommunications services in CPC Ver.1.0 has been criticized as not being detailed enough and not reflecting the true character of the services provided by the telecommunications industry. Research undertaken for the creation of the North American Product Classifications System (NAPCS) has been used to define a new structure under division 84. Since the scope of division 84 has remained unchanged, the restructuring should have no affect on data at the 2-digit level or higher of the CPC. Any categories below the 3-digit level are substantially different from the previous version of the classification and cannot be reordered or reaggregated between the two versions.

5. Renting of advertising space

The previous version of the CPC did not account for services of direct selling or renting of advertising space, such as by newspapers. These services were implicitly (through lack of other suitable categories) included under the sale of advertising space and time on a fee or commission basis. These services account for a substantial revenue portion of the print and on-line publishers, TV and radio etc. and are now separately recognized.

6. Introduction of Mixed mode land transport services

The proposal for a new category for mixed mode land transport services originated in the work on linking the CPC and COICOP. Most urban transit system do not allow an allocation of expenditures according to the type of transport services, as payments are being made independent of type of transport and may cover several types and combinations of transport. Certain statistical indicators can also not be observed/provided in a breakdown by mode by the provider of the services. The newly created class therefore covers previously imputed portions of other land transportation classes.

7. Smaller changes

The remaining items reflect two types of changes to the classification: a) a split of an existing item to allow for more detailed statistics and b) the movement of a particular item (usually a single detailed activity or service) between categories. The latter is usually a correction and concerns only a small portion of the classes involved. It should however be noted that the releasing and the receiving class are affected by this, although

this will mostly be negligible. The split of an existing category does not affect collected or compiled data, as the combination of these new categories represents an equivalent to the previous classification.

More detailed information about the differences between ISIC Rev.3 and Rev.3.1 and between CPC Ver.1.0 and Ver.1.1 is available on the classifications webpage of UNSD at <http://unstats.un.org/unsd/cr/registry/regrev.asp?LG=1>

ESTABLISHING AN ELECTRONIC DISCUSSION GROUP TO DETERMINE THE TREATMENT OF PENSION SCHEMES IN MACROECONOMIC STATISTICS

By Philippe de Rougemont, IMF

At the request of the Intersecretariat Working Group on National Accounts (ISWGNA), the IMF Statistics Department has established an Electronic Discussion Group (EDG) on the treatment of pension schemes, including social security and unfunded employer pension schemes. The purpose of the EDG, which is accessible on the external web site of the IMF (www.imf.org), is to explore alternatives and to identify the most appropriate treatment of such pension schemes in macroeconomic statistical systems

Pension obligations, which have the potential of exerting pressure on government finance, have been the subject of increased focus in assessing medium-to-long-term fiscal sustainability. In the accounting area, the International Federation of Accountants (IFAC) has recently begun work on the accounting treatment of government social policy obligations. These developments have led to a renewed interest in the question of how the activities of pension schemes should be recorded in macroeconomic statistics.

Under the *System of National Accounts 1993 (1993 SNA)*, a distinction is made between social security schemes and employer insurance schemes, and among the latter between funded and unfunded schemes, to the effect that activities of many pension schemes – notably many schemes of government units – do not lead to recognition of financial assets/liabilities. More recently, the IMF's *Government Finance Statistics Manual 2001 (GFSM 2001)* recommends that contributions and benefits of government employer insurance pension schemes be recorded exclusively as financing transactions, and recognizes stocks of government liabilities for all employer schemes, both funded and unfunded, in the form of *insurance technical reserves*.

The discussion in the EDG may need to consider several points, such as the following:

- the importance of the funded/unfunded distinction;
- the extension of the recognition of pension obligations as liabilities to social security schemes and other social assistance schemes;
- the recording of actual or imputed contributions;
- the reconciliation of the recording of relevant transactions in the *1993 SNA* – which involves three elements of non-financial transactions, financial transactions, and the adjustment item – with that in *GFSM 2001*;
- the valuation rules for pension liabilities;
- the valuation rules for *property income attributed to insurance policy holders*; and
- the harmonization of statistical and accounting treatments of pension schemes.

The conclusion of the group will be documented in a report that will be circulated for consideration by bodies such as the ISWGNA. What is your opinion? To express your views or to get background documents and read views of others, go to <http://www.imf.org/external/np/sta/ueps/index.htm>

The envisaged timetable is as follows. November 2002: Contact potential members in countries with a particular interest in the topic of pension schemes. Seek opinions from the general public via the IMF website. May 2003: Complete an initial report to be circulated to members and posted on the website for further discussion. September 2003: Complete an interim report.

OVERVIEW OF ELECTRONIC DISCUSSION GROUPS ON NATIONAL ACCOUNTS

By Viet Vu, UNSD

Electronic Discussion Groups (EDGs) are created by the Inter-Secretariat Working on National Accounts to support discussions on topics that are important to National Accounts and may require updates in the 1993 System of National Accounts.

- Each topic of discussion is administered by one expert associated with an international organization or a national office.
- EDGs are all linked to the website of the United Nations Statistics Division: <http://unstats.un.org/unsd/nationalaccount/edg.htm>.
- Readers can however go directly to the individual EDG site shown below.

Treatment of share (stock) options: <http://www1.oecd.org/std/shares.htm>

Employee stock options are an increasingly common tool used by companies to motivate their employees. Given that the 1993 SNA does not provide guideline to this issue, the question raised is whether stock options should be considered as compensation of employees and therefore as a cost to employers.

Treatment of non-performing loans: <http://www.imf.org/external/np/sta/npl/eng/discuss/index.htm>

The treatment of non-performing loans is a topic on which the Thai authorities had asked the ISWGNA for clarification as to what extent unpaid interest (the financial intermediation services indirectly measured on such interest may affect GDP) should be accrued. The purpose of the EDG is to determine what criteria should be applied to the writing-off of non-performing loans and to make sure that they are consistent with the other major macroeconomic statistical systems (balance of payments, government finance, and money and banking statistics). The conclusion of the group will be documented in a report that will be circulated for consideration by bodies such as the ISWGNA and the IMF Balance of Payments Statistics Committee.

Treatment of nominal holding gains and interest on financial assets (under high inflation):

http://www.worldbank.org/data/working/iswgna_background.html

Peter Hill and Andre Vanoli have written to the ISWGNA, with regard to the treatment of nominal holding gains and interest on financial assets under conditions of high inflation, as described in the 1993 SNA, Chapter XIX Annex B and subsequently in the OECD publication "A Manual on Inflation Accounting" written by Peter Hill along a different line from that taken in Annex B in the 1993 SNA. Mr. Vanoli has written a paper for discussion at the 1998 IARIW conference paper, which raised issues regarding the Inflation Accounting treatment. Mr. Hill has responded with a paper also submitted to the 1998 IARIW conference, essentially giving counter-arguments and in turn raising issues regarding Annex B. The ISWGNA asked the World Bank to set up this electronic discussion group to promote further discussion with a view to clarifying the issues and to help propose what changes may be necessary in the 1993 SNA.

Cost of transferring ownership of assets: <http://www1.oecd.org/std/transfsna.htm>

This EDG is now closed. The conclusion of the moderator (Peter van de Ven, Statistics Netherlands) is that there is no case for changing the 1993 SNA treatment of the costs incurred in transferring ownership of assets. The relevant part of his report of 10 March 2000 to the ISWGNA reads "... it is recommended to

leave the 1993 SNA unchanged, as there are convincing arguments for as well as against the recommendations of the present international guidelines". The ISWGNA discussed this issue at its meeting in April 2001 and agrees with this conclusion and so has decided to close off the EDG.

Accrual accounting of interest: <http://www.imf.org/external/np/sta/na/interest/index.htm>

This discussion group on the concept and measurement of interest has been instituted pursuant to a decision of the ISWGNA, which met at a technical level in April 1999 in Washington, D.C. The main question raised is whether interest is measured from the point of view of the debtors or the creditors. The ISWGNA supported the conclusion of the moderator of the EDG on this subject that the SNA accrues interest on the basis of the debtor approach.

Treatment of unfunded employer pension schemes: <http://www.imf.org/external/np/sta/ueps/index.htm>

In the SNA 93, promises to pay future pension benefits are not recognized as liabilities of social security schemes and unfunded employer schemes. The EDG will investigate the analytical relevance of recording these liabilities in the national accounts and, if appropriate, will formulate recommendations regarding their valuation and measurement. The EDG will also formulate proposals to reconcile the recommendations of the SNA 95 and the IMF Government Finance Manual regarding the treatment of (government) unfunded employer pension schemes. More information on this EDG can be found in the article by Philippe de Rougemont, IMF in this number.

Measurement of non-financial assets: <http://webdomino1.oecd.org/std/capstock.nsf>

This EDG is devoted to discussions on capital stocks, capital services and intangibles in the national accounts with a specific priority on a reassessment of the coverage and treatment of intangible assets. This task force can be considered as a continuation of the reconstituted Canberra II group. Mandate, objectives and calendar of work are being discussed at the OECD National Accounts Expert Meeting of October 8-11, 2002, in Paris.

Chair: Australia, Moderator: paul.schreyer@oecd.org

Other EDGs on OECD Sites

A description of these EDGs is provided on the basis of the information note by Francois Lequiller that was included in No 14 (April 2002) of the SNA News and Notes

These OECD-supported Electronic Discussion Groups (EDG) are the communication tools related to task forces specializing in new emerging issues of National Accounts. They are open to interested official statisticians. However, they can only be accessed through prior registration. **To register and obtain a password, you need to send an email to the moderator.**

EDG on financial services in the national accounts: <http://webdomino1.oecd.org/std/finservice.nsf>

This EDG is devoted to discussions on Financial Services in the National Accounts. The business of financial corporations has undergone a structural transformation towards a rising importance of the portfolio management of financial assets. This generates holding gains and losses, that, typically, national accounts exclude from the production boundary and therefore income. The task force will consider whether and how the production boundary can be adapted to this rising activity, and how this could influence income. The first meeting of the task force was in June 2002. A first draft of the study should be discussed during the OECD National Accounts Expert Meeting of October 8-11, 2002, in Paris. The final report is expected in late 2003. Chair: Switzerland, Moderator: paul.schreyer@oecd.org

EDG on Software: <http://webdomino1.oecd.org/std/software.nsf>

This EDG is devoted to discussions on the implementation of the 1993 SNA recommendation to capitalize software. Studies have shown that statistical offices have varied considerably in the practical measurement of GFCF in software, with a significant impact on GDP. The objective of this joint OECD/Eurostat task force is to produce a set of recommendations that will lead to better international comparability. The European task force reported to the GNP Committee in July 2002. The OECD task force report is presented to the OECD National Accounts National Accounts Expert meeting of October 8-11, 2002. The ISWGNA supported the recommendations of the taskforce. EDG on software is closed. Chair: USA, Moderator: francois.lequiller@oecd.org

EDG on measurement of non-life insurance services: <http://webdomino1.oecd.org/std/inservice.nsf>
This EDG is devoted to discussions on the measurement of non-life insurance services, with a special focus on the treatment of catastrophic losses. The output of insurance services as calculated using the SNA 93 algorithm depends on the balance of premiums to claims (on an accrual basis) and can therefore appear extremely volatile (even negative) following major catastrophes. The massive claims generated by the 11 September terrorist attack, is a recent example. It had impacts on GDP and balance of payments (reinsurance). The objective of the task force is to propose measures that would be more consistent with the perception of production in this activity. In particular, medium to long-term aspects of non-life insurance are to be taken into consideration. The first meeting of the task force was in June 2002. A first draft of the study should be discussed during the OECD National Accounts Expert Meeting of October 8-11, 2002, in Paris. The final report is expected in late 2003.
Chair: France. Moderator: fenella.maitland-smith@oecd.org

MANUALS, HANDBOOKS AND REFERENCE TOOLS

Measuring the Non-Observed Economy – A Handbook. OECD, IMF, ILO, CIS-Stat, 2002.

Handbook on National Accounting - Use of Macro Accounts for Policy Analysis. Studies in Methods, Series F, No. 81. United Nations, 2002.

Purchasing Power Parities – Measurements and uses. OECD, 2002. Available electronically at www.oecd.org/pdf/M00027000/M00027819.pdf

Purchasing Power Parities and Real Expenditures: 1999 Benchmark year 2002 Edition. OECD 2002.

Une Histoire de la Comptabilité Nationale (“History of National Accounts”) by André Vanoli, Editions Repères, La Découverte, ISBN 2-7071-3702-2; available at present only in French.

OECD Glossary of Statistical Terms. Available electronically at www.oecd.org/statistics/glossary

Other manuals/handbooks in planning or planned for release:

- Handbook on Non-profit Institutions (UNSD jointly with Johns Hopkins University)
- Handbook on Environmental Accounting (UNSD, OECD, EUROSTAT, IMF, World Bank)
- Handbook on ICP (World Bank)
- Compendium on poverty statistics (UNSD with Rio Group)
- Manual on PPP (OECD jointly with Eurostat)
- Manual on foreign trade price indexes (IMF)
- National Accounts: A Practical Introduction (UNSD)

MEETINGS, SEMINARS

18 November - 6 December 2002: National accounts seminar on the implementation of the 1993 SNA and two-week training workshop about the compilation of national accounts organized by CARICOM in collaboration with the UNSD and CARTAC, St Kitts and Nevis

December 2002: Meeting on results of PPP comparisons for Europe and North America, UNECE, Geneva, Switzerland

Editorial Note

SNA News and Notes is a bi-annual information service of the ISWGNA prepared by United Nations Statistics Division (UNSD). It does not necessarily express the official position of any of the members of the ISWGNA (European Union, IMF, OECD, United Nations and World Bank).

SNA News and Notes is published in four languages (English, French, Russian and Spanish) and can be accessed on the internet: <http://unstats.un.org/unsd/nationalaccount/snaneews.htm>

The updated version of the 1993 SNA with search capability, national accounts glossary, handbooks on national accounts and activities and reports of the ISWGNA can be accessed on the internet: <http://unstats.un.org/unsd/sna1993/introduction.asp>

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