

## MINUTES OF THE ISWGNA MEETING OF 14 APRIL 2003

### (VOORBURG)

The meeting was attended by Brian Newson (Eurostat, chair), Adriaan Bloem (IMF), Barbro Hexeberg (World Bank), François Lequiller (OECD), Lidia Bratanova (UNECE), Ivo Havinga (UNSD), Viet Vu (UNSD), Joachim Recktenwald (Eurostat).

#### 1. Adoption of the agenda

The draft agenda (see Appendix 3) was adopted.

#### 2. Review of actions agreed upon at the 14-15 October, 2002, meeting

Action	Responsible	By when	Comment
1. Preparation of the letter to invite experts to the Advisory Group on National Accounts	UNSD	Asap	Done
2. Short report to SC on quality assessment of national accounts data	IMF	Asap	Done
3. Table of issues for updating	UNSD	Asap	Done
4. Setting the date for the first meeting of the Advisory Group on National Accounts	All	Asap	Will be done as soon as issues concerning finance and hosting have been sorted out.
5. Revise TOR for the Canberra II group	OECD	Asap	Done
6. Statement on the ISWGNA recommendation on accrual accounting of interest	IMF	Asap	Done
7. Establishment of an EDG and TOR for unfunded pension funds	IMF	Asap	Done
8. TOR for treatment of taxes on capital gains	OECD	Asap	Done (consultation is ongoing; 25 April is deadline for replies)
9. Letter to WTO	Eurostat	Asap	Not done yet. Brian Newson will contact WTO

10. SNA News and Notes			
10.a. SC decision on updating	UNSD	Before 1 April 2003	Done
10.b. Official position of ISWGNA on accrual accounting of interest	IMF	Before 1 April 2003	Done
10.c. Allocation of FISIM	Eurostat	Before 1 April 2003	Done
10.d. Treatment of insurance in Malaysia	UNSD	Before 1 April 2003	Done
10.e. Treatment of insurance	OECD	October 2003	Done
10.f. Unfunded pension schemes	IMF	October 2003	Done

### 3. Update of the 1993 SNA

#### Items 3(a), 3(c) and 3(d) of the agenda:

#### **Review of the actions taken by the SC; Activities of the AGNA; Plan for the updating process**

The Statistical Commission asked for a well-managed and transparent updating process. It requested a detailed project document to be submitted by the Intersecretariat Working Group. The ISWGNA discussed the key issues to be addressed in the project document: the Advisory Group on National Accounts and its relationship with the ISWGNA; the decision-making mechanism; the role of the editor-in-chief; funding; timetable. UNSD will prepare the first draft of the project document.

#### **Advisory Group on National Accounts (AGNA)**

The AGNA will play, jointly with the ISWGNA, an essential role in the process of revision. Jointly with the ISWGNA, it will be the decision-making body. In order to improve regional balance, the ISWGNA decided to increase the number of members of the AGNA by four from various regions in the world.

The AGNA will meet once a year, in 2003, 2004 and 2005 (its first meeting is tentatively scheduled for November 2003). The meetings will be chaired by the ISWGNA. As a rule the chair is taken by the member organisation which is specialised in the items to be discussed, and the start-off will be made by UNSD.

The first task of the AGNA will be to achieve agreement on the scope and process of the review. The AGNA will use inputs from the various task forces, city groups, EDGs and regional meetings for further deliberation on the issues in scope for the review. Based on these input documents the AGNA will either take a decision (and give green light for the final drafting) or ask the authors for further work or revisions. If agreement is reached on a proposal for change or clarification, the task force, city

group (etc.) that had prepared the issue documents will be asked to also prepare redrafts for specific paragraphs in the 1993 SNA. The AGNA is free to consult other experts on specific issues. The ISWGNA agreed that the task forces, city groups (etc.) involved in this process should be asked to ensure global balance in their membership.

The discussions of the AGNA take place on a continuous basis (via e-mail, for example). The purpose of the physical meetings is to reach agreements. The Group should strive for consensus to the highest extent possible. There will be voting if necessary, through written consultations or during the meetings. Those entitled to vote include the AGNA and the ISWGNA (25 voting members).

As regards the funding of the AGNA meetings the ISWGNA did not take a final decision. The IMF offered to host one meeting including financial support for AGNA members from developing countries. Several ISWGNA members thought this could be a model for financing the meetings of the Advisory Group. UNSD expressed reservations about this incremental approach as it felt that the UN should establish a trust fund. UNSD will inform the ISWGNA whether this option is feasible.

The first meeting of the AGNA is scheduled for the second week of November 2003. The main item on the agenda will be the decision on the scope and process of the review (based on a proposal by the ISWGNA). In addition, some issues within scope have been identified that are candidates for resolution (see point 4, below) by the AGNA and ISWGNA. UNSD will prepare a structured agenda. There will be a separate document on each of the candidate issues on the updating list (deadline for the issue documents: September) that will be submitted to the members of the AGNA. Documents for the Advisory Group will also be sent to the member countries of the SC for information.

### **Editor-in-chief**

The ISWGNA agreed that a person working full-time as editor-in-chief is indispensable. This person should have excellent drafting and managerial skills. The ISWGNA will prepare a position description, make it public in its project description of the revision process and supervise the selection of candidates. The editor-in-chief will take instructions from the ISWGNA, but could be located, for practical reasons, within the staff of one of the five international organisations. The person should oversee the whole process, monitor progress and do the final editing of the texts to be incorporated in the SNA. Secretarial support would be provided by UNSD. The editor-in-chief will be involved in the preparation of the AGNA meetings. Although not being a member of the Group s/he will also participate in the meetings. His/her engagement should start in the middle of 2004 and end in 2007/8. By the time of the next ISWGNA meeting there should be an agreement on possible candidates.

UNSD will check whether the UN can open a trust fund for the financing of the post. ISWGNA members will find out whether they are allowed to pay into such a fund.

## **Project description**

UNSD will prepare a first draft of the detailed project description by 15 May. ISWGNA members will then send their comments within two weeks. Consultation of the member countries of the Statistical Commission must be done before summer.

Under the heading "Towards SNA93 rev.1" UNSD will set up an easily accessible web page which will ensure the visibility of the updating process, make available key documents, and provide links to all EDGs.

### **3(b) Relation between ISWGNA and Canberra Group/ Scope of Canberra Group**

The ISWGNA agreed to wait for the outcome of the first meeting of the Canberra II group before taking any further decisions on the issue.

### **3(e) Other issues**

So far updating of the SNA was based on an incremental mechanism. The ISWGNA should discuss whether the launching of the revision of the SNA would lead to freezing changes in the interim period, before 2008.

## **4. Review of the 1993 SNA**

### **(a) Current EDGs**

#### *Treatment of repurchase agreements*

Except for one technical point there is agreement on the treatment of repos. IMF checks whether further research has started.

Repos will not be put on the list of items for the first meeting of the Advisory Group.

#### *Accrual accounting for interest*

After the decision taken by the SC the issue is closed. The IMF is invited to identify possible textual changes to the SNA.

This item will not be put on the AGNA list

#### *Treatment of interest under conditions of high inflation*

This issue will be put on the list for the first AGNA meeting. The existing EDG papers will serve as an input.

#### *Unfunded pension schemes for government employees*

Active participation in the EDG would be highly desirable. The IMF will submit a first report on the EDG to the OECD NA meeting.

Item to be put on the AGNA list.

*Employee stock option plans*

The issue is almost finished. Once the bodies responsible for accounting standards have taken a formal decision Eurostat will draft a proposal to be submitted to the Advisory Group.

*Treatment of non-performing loans*

The IMF will provide a revised input paper for the November meeting of the AGNA. UNSD will contact Ethiopia on the issue of non-performing loans.

*Insurance/reinsurance (Task force)*

The final report of the task force will be ready for the OECD national accounts meeting in October.

Item to be put on the AGNA list.

*Financial services*

The last meeting of the TF will be held in August. Doubts were expressed whether there has been enough progress. There seemed to be a preference within the ISWGNA not to put the issue on the list for the November meeting of the Advisory Group.

*FISIM*

Eurostat will draft a paper for the Advisory Group. The AGNA should decide on the principles (not on details of the method) to be applied for the allocation of FISIM to users.

Other possible substantive items to be included in the November 2003 meeting of the AGNA are taxes on holding gains, and (following the first meeting of the Canberra II group) military expenditures and ownership transfer costs.

**(b) Other issues perhaps to be included in the updating list**

*Treatment of provisions*

OECD will write an issue paper.

*Treatment of implicit subsidies (raised by Turkmenistan)*

UNSD will send a reply to Turkmenistan (focussing on the link this issue has with the PPP project). At the same time, UNECE will inform Y. Ivanow.

The majority of the ISWGNA does not want to raise this point in the wider context of the SNA review.

*Treatment of net worth for public quasi-corporations and public corporations (raised by Russia)*

The ISWGNA considers that SNA is not explicit on this issue, but that the appropriate treatment can be deduced. No further action is needed.

*Balance of Payments Issues and Government Finance Statistics Issues*

The IMF had sent a list of issues emanating from the ongoing revision of the *Balance of Payments Manual, fifth edition*. This list will be finalised in time for the next ISWGNA meeting. At that time, the IMF will also present a list of issues in government finance statistics that impinge on the review of the SNA 1993.

### **(c) Assessment of the implementation of the 1993 SNA**

#### *Conceptual compliance questionnaire*

UNSD will report on the results at the October meeting of the ISWGNA.

#### *Data quality assessment*

- IMF and Eurostat are currently revising their quality frameworks to get more convergence.
- IMF plans to carry out 15 data quality assessment exercises per year, in the context of Reports on Standards and Codes (ROSC). They are aiming at a balanced mix of developing and developed countries. Once agreed with the countries concerned the results will be published.

### **5. SNA News and Notes**

At the end of the first article, there should be a box informing that the ISWGNA discussed key issues of the updating process and that the first meeting of the Advisory Group is tentatively planned for November 2003. The title of the article on FISIM should be corrected to read "Allocation of FISIM in the European Union countries". In the article on accrual accounting the last sentence of the third paragraph ("His report suggested....") will be deleted. In the Meetings section the OECD National Accounts and Financial Accounts experts meeting (6 - 10 October) should be mentioned.

UNSD will revise the latest version and send it out again for approval.

### **6. Data issues**

OECD informed about an activity under the SDMX program which aims at putting countries' completed Eurostat/OECD NA questionnaire in XML format on their web site. There is an on-going test with Australia and Canada. OECD will report on the results.

### **7. Handbooks and manuals**

Member organisations are invited to keep UNSD informed.

### **8. Meetings, training and seminars**

Information should be sent to UNSD.

## **9. Other business**

UNSD will make available documentation linked to the discussion on the SNA 93 (a start will be made with documents relating to the meetings in New York and Harare).

The next meeting of the ISWGNA will take place on 2 and 3 October 2003 at OECD in Paris.

## Appendix 1

### Actions agreed upon at the 14 April 2003 meeting

Action	Responsible	By when	Comment
1. Contact WTO	Eurostat	Asap	
2. Invite identified candidates as experts to the AGNA	UNSD	Asap	
3. Find out names of possible candidates for the AGNA from various countries	IMF	Asap	
4. Check whether UN can open a fund for the financing of the editor-in-chief post	UNSD	Asap	
5. Find out whether member organisations are allowed to pay into a fund	All	Asap	
6. Inform ISWGNA whether the IMF proposal for financing AGNA meetings can be accepted	UNSD	Asap	
7. Agree on the updating list for the first meeting of the Advisory Group	All	Asap	
8. Draft issue paper on each item of the updating list <ul style="list-style-type: none"> <li>- Unfunded pension schemes</li> <li>- Employee stock options</li> <li>- Treatment of interest under conditions of high inflation</li> <li>- Non-performing loans</li> <li>- Insurance</li> <li>- FISIM</li> <li>- Other issues</li> </ul>	IMF  Eurostat World Bank  IMF OECD Eurostat  To be decided	By September        Asap	
9. Prepare draft agenda of the first meeting of the AGNA	UNSD	By September	
10. Prepare the publication of a position and agree on candidates for the editor-in-chief post	All	By next meeting of the ISGNA	
11. Draft first version of the project description	UNSD	15 May	
12. Comments on draft project description	All	End of May	
13. Consult Statistical Commission	UNSD	Before summer	
14. Set up web page 'Towards SNA93 rev.1'	UNSD	Asap	



15. Check whether further research on repos has started	IMF	Asap	
16. Following the decision on accrual accounting for interest identify possible textual changes to SNA	IMF	Asap	
17. Contact Ethiopia on the issue of non-performing loans	UNSD	Asap	
18. Write issue paper on the treatment of provisions	OECD	Asap	
19. Send reply to Turkmenistan (implicit subsidies)	UNSD	Asap	
20. Send out revised version of SNA News and Notes no. 16 for approval	UNSD	Asap	
21. Make available documentation on the SNA 93 discussions (a start will be made with the meetings in New York and Harare)	UNSD	Asap	

## Appendix 2

### List of participants

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## Appendix 3

### DRAFT AGENDA

ISWGNA MEETING, STATISTICS NETHERLANDS (CBS), VOORBURG, 14 APRIL 2003

1. Adoption of Agenda
2. Review actions agreed upon at the last meeting
3. Update of the 1993 SNA
  - (a) Review of the actions taken by the SC meeting
  - (b) Relation between ISWGNA and Canberra Group / Scope of Canberra Group
  - (c) Activities of the Consultative/Advisory Group for the ISWGNA
  - (d) Plan for the updating process (deadline for the conclusions, rewriting of the SNA by incorporating of new changes, draft and publication, etc.)
  - (e) Other issues
4. Review of the 1993 SNA
  - (a) Current EDG's
    - Treatment of repurchase agreements
    - Accrual accounting for interest
    - Treatment of interest under conditions of high inflation
    - Un-funded pension funds for government employees (TOR by IMF)
    - Employee stock options plans
    - Treatment of non-performing loans
    - Insurance/ reinsurance (Task force)
    - Financial services
    - Other possible EDG's
  - (b) Other issues to be included in the updating list
    - Treatment of provisions
    - Treatment of implicit subsidies (raised by Turkmenistan)
    - Treatment of net worth for quasi-public and public enterprises (raised by Russia)
  - (c) Assessment of the implementation of the 1993 SNA
    - Conceptual compliance questionnaire
    - Data-quality assessment
6. SNA News and Notes
7. Data issues
  - (a) Common standard of codes for national accounts data
8. Handbooks and manuals
9. Meetings, training and seminars
10. Other business

