

**ISWGNA:NATIONAL ACCOUNTANTS MEETING**  
**APRIL 24, 2006**

**Participants**

Eurostat: D. Glatzel  
IMF: A. Bloem (chair),  
OECD: C. Aspden,  
UNSD: I. Havinga,  
UNECE: L. Bratanova,  
World Bank: B. Hexeberg  
1993 SNA Update project: C. Carson (Project Manager), A. Harrison (Editor).

**1. Priority issues from the Frankfurt meeting.**

*(a) Leases, licenses, etc.*

The ISWGNA: National Accountants (ISWGNA:NA) discussed the paper prepared by Charles Aspden (OECD), based on an earlier draft by Anne Harrison (Editor). The meeting agreed that this was a useful paper to base an e-discussion on, and suggested several clarifications. On taxes the meeting agreed the paper should mention the possibility of prepaid taxes as a government liability. For licenses the paper should also explain the possibility to record these as assets, even in cases without an underlying asset. For mobile phone licenses the paper should explain the pros and cons of the present and the financial lease recording. The questionnaire should avoid questions asking blanket agreement and ask whether respondents agree or not for each individual item, with the possibility for comment. The questionnaire should also point out possible inconsistencies in combination of answers. With input from others on the pros and cons of recording mobile phone licenses, Charlie undertook to redraft the paper by May 12, UNSD promised to have it out to the AEG by May 17, asking for comments for the end of May. Charlie could then draft conclusions for the ISWGNA to discuss on its June meeting.

*(b) Pension and Social Security Schemes.*

Dieter Glatzel (Eurostat) told the meeting that Eurostat is setting up a task force to deal with the delimitation between unfunded pension schemes and social security schemes, in which, besides Eurostat, the ECB and DG ECFIN will take part as well as several member countries. The IMF and the OECD are also welcome to join in as observers if they wish to do so. The Task Force will start looking at the issues from the available data and the impact on debt and deficit. Eurostat intends to produce a proposal before the end of 2006. Eurostat assured the ISWGNA that there will be a balanced country representation in the Task Force. The IMF committed to call a second meeting of the Task Force on Pension Schemes to discuss the proposals coming out of the European Task Force.

***(c) Guarantees.***

The meeting agreed the discussion of guarantees should refocus on government guarantees on loans. It found the paper by Brooks Robinson useful in clarifying the distinction between one-off and standard guarantees. The meeting also agreed that a delegation, consisting of Anne Harrison and a representative from EUROSTAT, should visit the ECB to discuss their views on this guarantees. This delegation should also discuss issues with classifying financial instruments with a view to following up on the Frankfurt AEG meeting.

**2. Procedures for dealing with proposals to reopen AEG recommendations (for example, about indexed linked bonds).**

The meeting confirmed it would strongly limit possibilities for reopening discussions on AEG recommendations. The ISWGNA will only consider such a proposal if someone identify serious unforeseen outcomes or an inconsistency.

**3. Indexed linked bonds**

The ISWGNA:NA discussed the note prepared by the IMF arguing for reconsideration of the AEG's July 2005 meeting's recommendation on indexed linked instruments. The meeting decided the note was not sufficiently self-contained to argue the case and asked the IMF to draft a more substantive paper. The paper should also include the background and underlying arguments for the various choices, as presented in the Bangkok paper.

**4. The next six months**

***(a) E-discussions with AEG***

The Project Manager and the Editor undertook to draft a list of issues flowing out of the Frankfurt meeting for which follow-up action is required. They will propose appropriate actions and their timing. Such issues discussed at this meeting included leases and licenses, guarantees, and the classification of financial instruments and institutions. On the latter, the meeting noted the need to undertake a consultation with financial experts.

***(b) Consistency issues***

The Project Manager's and the Editor's list will also include the consistency issues that need considering.

***(c) Report from Program Manager and Editor on drafting and review***

The Project Manager and the Editor also undertook to prepare a note on drafting the 1993 *SNA Rev. 1* and on reviewing this draft. This should be in time for discussion in the week following this meeting<sup>1</sup>. One specific proposal discussed in this meeting was about the drafting examples for the ISWGNA:Managers' meeting on June 12. The proposal included drafting an example of a chapter with few changes stemming from AEG recommendations (chapter 9), and a new chapter (the summary chapter). These chapters would be available to the ISWGNA:NA well before the June 12 meeting for them to consider and comment. The meeting agreed with this proposal.

**5. Draft chapter on Government and public sector: next steps.**

The ISWGNA:NA undertook to review the draft chapter on the Government and Public Sectors, prepared by the IMF and the OECD. Members committed to sharing their comments on main issues (such as possible inconsistencies, gaps, duplications, redundancies) to all ISWGNA members by May 12. At its next teleconference the group will consider how to carry this forward.

**6. Other issues that arose from the AEG meeting in Frankfurt**

***(a) Units***

The meeting discussed a proposal to add to the definition of institutional units that these should operate at own risk. It decided that this addition would be useful for government units for which the standard market-non market distinction (economically significant prices) does not work. This would be the case for units performing financial tasks. However, it also decided that this addition could not be used as a blanket requirement, because one could interpret this as covering all units for which government covers losses (such as public utility or transport agencies). The meeting also noted that this addition brought out the inconsistency between the recording of financial subsidiaries in government and in the corporation sectors. In the latter sectors, financial subsidiaries that meet the requirements for institutional units are recorded as separate units in the financial corporation sector.

***(b) Theft***

To amend an inconsistency in the present SNA, the meeting agreed with a proposal to expand the definition of theft. This expansion rules that irregular and exceptional theft is to be included in output and its use as other changes in volume. This is irrespective of whether the output had gone into inventories or not.

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<sup>1</sup> The ISWGNA:NA discussed such a note on Wednesday, April 26 and accepted it with minor amendments.

***(c) Consultation with countries (added)***

The meeting agreed that UNSD and IMF should send the short minutes of the Frankfurt meeting as soon as possible. The cover letters for the short report should refer to the UN website for long report and the complete list of preliminary recommendations, and invite countries to comment both on content and on consistency.

**7. Preparations for the Update Seminar in UN ECE – OECD –EUTOSTAT meeting**

The meeting discussed the logistics of the UN ECE–OECD–EUTOSTAT seminar on the update of the *SNA 1993* (April 25 - 26) and agreed on the content of the introduction prepared by the Project Manager.

**8. *Other business***

The chair told the meeting about added donations from the Netherlands and the IMF.

**9. Next meetings and teleconferences**

The meeting agreed on May 17 as the date for the next teleconference. Topics for the agenda will include (i) the Government and Public Sector Chapter, (ii) leases and licenses, (iii) the list of topics for e-mail discussions and consistency issues, (iv) a proposal with chapter names and first level headings.

As no ready possibilities came up for a face-to-face meeting before the intended meeting at the OECD's national accounts meeting (10-13 October 2006), the group decided to seize opportunities when several members would be in the same place to conduct a semi-teleconference. The first such opportunity would be June 16.

**List of Agreed Actions**

	<b>Action</b>	<b>By when</b>	<b>Responsible</b>
1	Provide impute on pros and cons ISWGNA mobile phone licenses position	AS SOON AS POSSIBLE	Messrs. Bloem and Glatzel
2	Finish paper on leases and licenses	May 12	Mr. Aspden
3	Post paper on leases and licenses on UNSD website for AEG e-discussion	May 17	Mr. Havinga
4	Draft conclusions on leases and licenses	June 11 (?)	Mr. Aspden
5	Provide comments on chapter on Government and the Public Sectors	May 12	All
6	Draft paper on indexed linked securities	June 11	IMF
7	Send short report Frankfurt meeting to NSOs and CBs	AS SOON AS POSSIBLE	Messrs. Bloem and Havinga
8	Prepare a list of issues for e-consultation with AEG and of consistency issues	May 12	Project Manager and Editor
9	Prepare a note on drafting the 1993 SNA Rev. 1	May 12	Project Manager and Editor
10	Comment on all issues in the full set of provisional AEG recommendations document	AS SOON AS POSSIBLE	All