

**Minutes
of the Intersecretariat Working Group on National Accounts (ISWGNA)
Teleconference, April 28, 2005**

Participants: C. Aspden, F. Lequiller (OECD), A. Bloem, C. Gorter (IMF), B. Newson (Eurostat), I. Havinga, M. Csizmada, G. Singh, V. Vu (UNSD), C. Carson (Project Manager), A. Harrison (Editor), L. Bratanova (UNECE), M. Belkindas, B. Hexeberg (World Bank)

1 Adoption of agenda

The agenda is attached as annex I.

2 Progress with action items agreed during the March 17 teleconference

Only item two—Send “model papers” to the manager—was outstanding. One member of the ISWGNA had identified issue papers that he considered to be good examples for authors of future papers to use as models. It was agreed that Ms Carson would distribute his suggestions to other members of the ISWGNA and the editor for comment.

3 Progress reports

(i) Canberra II:

The OECD (Charles Aspden) reported that, all issues for the July AEG meeting within the group’s domain were on track, except #18 Use of natural resources by non-residents. All issues for the January 2006 AEG meeting within the group’s domain were also reported to be on schedule, although #21, Leases and licenses, was likely to be difficult. The ISWGNA was informed that the Canberra II group should be able to finalize the discussions of classifications and terminology that fall under the group’s domain, and prepare papers in time for the January 2006 AEG meeting.

The ISWGNA commended the Canberra II group on the progress made and amount of work undertaken.

(ii) Consultations following up on December 2004 discussions:

The UNSD informed that they had initiated the consultation with the AEG members on issue #25c, Multi-territorial enterprises. The relevant papers had been forwarded, and they would follow up (within a couple of days) with a note explaining how the consultation would take place using a restricted website for the discussions. The time allocated for discussion would be limited to two weeks.

With regards to the consultations that shall take place on issue #16, Government owned assets: Assets used in non-market production, it was agreed that Canberra II / OECD would prepare the documents and cover note, and share it with the ISWGNA for comments before distribution to AEG.

On issue #40, Goods sent abroad for processing, some remaining work is needed on the paper before the consultations can take place. It was agreed that comments on the papers should be provided to the authors as soon as possible.

(iii) Comments from countries on recommendation of the December 2004 AEG meeting:

The UNSD had provided the ISWGNA with an overview of the replies from the 24 countries that had responded to the 14 issues sent to all national statistical offices / Central Banks for consultation. The vast majority of the responding countries were in agreement with the AEG decisions on all except one issue. With regards to the AEG's recommendation on issue #16, Government owned assets: Cost of capital services, 11 countries were in agreement, while 8 were in disagreement and 1 asked for further clarification. Because of the limited response to the initial consultation, the meeting agreed to ask the UN regional commissions to contact the Heads of the national account offices in their member countries directly. (UNECE volunteered to include all OECD countries in their outreach.) In addition, the forthcoming ICP meeting in Africa will be used to gather feedback. The extended consultation would operate with an encouraged deadline of May 8th, but that responses made after this date would be taken into consideration.

4 Review of Calendar

It was agreed to update the meeting calendar by email the coming week. Some meetings (e.g., a meeting on units) were suggested moved, so as to minimize scheduling conflicts and allow the discussions / decisions of one task force meeting to feed into discussions in other task forces handling 'overlapping' issues.

5 Preparation for AEG meeting

(i) The meeting confirmed that nearly every issue scheduled for the July AEG meeting is on track.

For the Canberra II issues, as reported above, all issues with the exception of issue #18 are on schedule for the July AEG meeting. Several of the issues were suggested as candidates for electronic discussion prior to the AEG meeting in July (-- this will be discussed further at the May 25 ISWGNA teleconference.)

With regards to the issues under the Task Force on Harmonization of Public Sector Accounting (TFHPSA) umbrella, it was reported that they would all go as planned, with the exception of an unclarified point related to permits (issue #35), which

will be on hold until the Canberra II have dealt with Leases and licenses. The TFHPSA would also have short papers for information on issue #34 (Super-dividends, capital injections and retained earnings) as well as issue #25b Special Purpose Vehicles, both scheduled for decision in January 2006.

On issues under the UNSD's domain, it was reported that with regard to issue #32 Informal sector, no outline would be ready (for information) for the July meeting, but a brief note would be prepared and distributed for information. Furthermore, based on a suggestion from UNSD and CSC, it was decided to take issue #33 Illegal and Underground Economy off the list for change, and move it to clarifications. A sentence to acknowledge this would be included in the above mentioned note on the Informal sector.

The IMF reported that repurchase agreements will be moved from the list of issues for change to the research agenda, and that a note to that affect would be distributed to the AEG prior to the July meeting. Other issues under the IMF domain (BOPCOM issues treated separately below) were on schedule.

With regards to the issues discussed by the BOPCOM, issue #42 Retained earnings from mutual funds, pension funds and insurance companies will be pushed forward to the July AEG for decision, assuming needed input from Eurostat becomes available. Issue #43b Interest on concessional rates, however, will have to be post-poned to the January 2006 meeting, because of the need of further work related to the impact of changes in market interest rates. Issues #43c Fees payable on securities lending and gold loans and #44b Financial assets classification will be brought to the July AEG for decision, except for the issues on how to treat fees on gold and the location of gold in the financial asset classification, which will be delayed for the January 2006 meeting.

With regards to clarification C12 ISIC top-top classification, it was suggested to move it from the clarification list to the issue list. It was also agreed to postpone consideration of the top-top and intermediate industry classifications by the AEG until January 2006, and to have a world-wide consultation via the UNSD (and OECD) websites and mail beforehand.

On a general basis, the issue of links between issues and the need for these links to be recognized was discussed. In this regard, the editor informed that she would spend time looking carefully at the issue papers to see that all aspects had been covered, and that links were properly recognized.

(ii) The dates for the AEG meeting in Bangkok, July 18-23 were reconfirmed. The UNSD as secretariat would send an official invitation to all AEG members as soon as meeting localities and hotels have been decided. ESCAP/UNSD in cooperation with the World Bank will make the necessary arrangements.

6 Outreach prospects

UNSD (Viet Vu) reported on a workshop for national accountants from developing countries in the ESCAP region. UNSD/ESCAP with input from IMF had conducted the workshop, which presented many of the issues being considered in the SNA review.

The following possibilities for much needed outreach activities were discussed:

- (i) Conference of LAC Statisticians (Santiago, June 1, 2005): The meeting supported the manager's suggestion to contact Peter Pariag (AEG member and member of the executive board of this conference), asking him to do a presentation/intervention on the Update of the 1993 SNA at the meeting.
- (ii) CRIW (July 2005): Chuck Hulten, chair of the CRIW and a member of the Canberra II Group, has organized a brief presentation (about 1 hour) on aspects of non-financial assets at the NBER Summer Workshop July 25-26, 2005. The manager is looking further into the possibilities of a presentation at a CRIW-sponsored meeting in the future, focusing on the main changes taking place under this update.
- (iii) IARIW (Aug. 2006): Brian Newson (Eurostat) is organizer for the SNA session. Two issues were identified as possible candidates for discussion at the conference: (i) main changes of the update, and (ii) test implementation of for instance Research and Development, Capital Services and Pensions. Papers will not need to be submitted before summer 2006, however. Even though the IARIW conference is open to members from all regions, participation seems to be limited to OECD countries. The meeting agreed to explore whether some funds (e.g. from the Ruggles Fund) could be available to subsidize travel for participants from previously non-participating countries that could make a presentation on an Update of the 1993 SNA related topic.
- (vi) ISI (Portugal 2007): The manager has made initial contact through the International Association of Official Statistics to explore the possibility of making a presentation.
- (vii) The Forum of Statisticians in the Asia and Pacific: The manager will make contact with the chair of the association (Dennis Trewin) to explore how to reach senior-level managers in the region about the SNA Update and SNA implementation.

As the Update project is experiencing a financing gap, the meeting recognized that the above mentioned outreach activities could only be suggestions, and that any commitments would need to be discussed and cleared with the management group.

7 Compulsory memo items

The OECD had prepared a note proposing a definition of memorandum items in the Updated SNA. The note also suggested to give memorandum items codes and to create sub-accounts/special accounts within the sequence of accounts in order to give them a high profile and promote their compilation and to show where they fitted in the sequence of accounts. The meeting was supportive of the idea of creating specific codes so as to "officially" recognize the memorandum items, while the idea of integrating specific sub-accounts got less support. The meeting asked for examples on how the "integration" of a memo item could be done—a note on Non-performing loans (IMF) would attempt to do so—and agreed to continue the discussion at a later stage.

8. State of the project – report to MG

The meeting agreed that progress seems sufficient and that the ‘Update’ is on track. Furthermore, the meeting wanted to bring to the MG attention that the group is working on outreach activities, but that some assurance with regards to the funding of these activities is needed.

9 Upcoming ISWGNA meetings

The date for the next teleconference was changed to May 25. The face-to face meetings in conjunction with the July AEG meeting were confirmed for July 17 and 23.

10 Other

The ISWGNA was informed that the Chair of the task force on harmonization of public accounts has decided that the drafting of the chapter plus annex on the public sector will be shared by John Pitzer (consultant, recruited by IMF) and Jean-Pierre Dupuis (consultant recruited by Eurostat and OECD).

Letter from Mr. Lester Salamon to UNSD: Mr. Salamon had asked that his letter/note to the ISWGNA discussed at the previous meeting would be made available for the AEG. The meeting agreed to follow previous agreed procedure and post the note on the designated web-site.

Annex I

**ISWGNA Teleconference
Thursday April 28, 2005**

Agenda

- 1 Adoption of Agenda
- 2 Action items from last meeting
- 3 Progress report with special attention to
Canberra II
Consultations following up on the Dec. 2004 discussions
Comments from countries on recommendations of the Dec 2004 AEG
- 4 Review of calendar
- 5 Preparation for AEG meeting
When will papers be ready for the ISWGNA/AEG?
Update on logistics
Other
- 6 Outreach prospects
- 7 Compulsory memo items
- 8 State of project – Report to MG
- 9 Upcoming ISWGNA meetings
- 10 Other

Annex II

Actions agreed upon at the meeting

Agenda item	Action	Responsible	By when
3(ii)	Issue #16: Prepare cover note and papers	OECD / Canberra II	ASAP
3(ii)	Issue #40: Send comments on paper to author	All	ASAP
4	Send dates for calendar to project manager	All	ASAP