
Agenda item: I

Annotated agenda
Advisory Expert Group on National Accounts

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7th Meeting of the Advisory Expert Group on National Accounts
23-25 April 2012, New York

I. Terms of reference and programme of work for the period up to 2014

The AEG is expected to develop a work programme and procedures of work.

Following the decision of the United Nations Statistical Commission the Advisory Expert Group on National Accounts (AEG) was re-established in accordance with the terms of reference set out in the mandate and governance of the ISWGNA. These terms of reference indicate that the AEG assists the ISWGNA in developing the elements of the implementation programme of the 2008 SNA, in taking forward issues on the research agenda of the 2008 SNA and in addressing emerging national accounts related issues. The AEG will discuss issues through electronic communication facilities, such as internet, teleconferencing and electronic mail, and will also have physical meetings. The AEG would meet annually or as the need arises. Under this agenda item, the terms of reference, a more detailed proposal for the work programme up to 2014, and working arrangements will be discussed.

Lead ISWGNA organisation: UNSD/OECD

II. Current research issues and the provision of further guidance on the implementation of the 2008 SNA

Financial Services Indirectly Measured

The ISWGNA established the International FISIM Task Force to provide clarification on: how risk management and liquidity transformation is reflected in FISIM; international transactions in FISIM; and the price and volume measures of FISIM. The International Task Force deliberated these issues and proposed examples with actual country data on the various options discussed. Furthermore, a test exercise is being conducted in various countries. The interim report of the International Task Force is presented for consideration by the AEG.

The AEG is expected to provide guidance on the recording of FISIM in the SNA and to identify further research issues that may arise from the work of the FISIM Task Force.

Lead ISWGNA organisation: OECD, Chair of the FISIM Task Force
**Research and Development (R&D)**

The recording of R&D as gross fixed capital formation has raised some practical implementation issues, which may negatively impact on an internationally comparable implementation. An EU Task Force is currently investigating these issues. A final report is expected at the end of 2012/early 2013. Eurostat will communicate the results from this EU Task Force to the ISWGNA.

*The AEG is expected to discuss the interim results of the EU Task Force, and to provide recommendations on the implementation and measurement of R&D.*

*Lead ISWGNA organisation:* Eurostat, Chair of the EU Task Force on R&D

**Pension liabilities**

Regarding the measurement of pension liabilities, an ECB/Eurostat Task Force (including representatives from the IMF and the OECD) has met six times to look at measurement issues related to assets and liabilities of pension schemes in general government. Their final report, finalised in 2008, can be found at [http://www.cmfb.org/pdf/TF%20on%20Pensions%20-%20Final%20report.pdf](http://www.cmfb.org/pdf/TF%20on%20Pensions%20-%20Final%20report.pdf). The issue of measuring pension liabilities was also raised at the workshop on the implementation of the 2008 SNA (Paris, 25-27 October 2011, organised by the OECD).

*The AEG is expected to discuss the report, and to provide recommendations on the implementation and measurement of pension liabilities.*

*Lead ISWGNA organisation:* Eurostat

**Issues related to globalisation**

The CES Bureau established the Group of Experts on the Impact of Globalization on National Accounts (GGNA). The GGNA prepared a Guide focusing on the main aspects of globalization and recommended solutions and best practices on how to deal with possible distortions in national accounts. The GGNA identified a number of issues which may need further clarification, and placed global manufacturing (or preferably: global production) as one of the priority areas on the research agenda. Subsequently, an in-depth review of global manufacturing was conducted.

*The AEG is expected to provide guidance on addressing the future research on globalisation issues.*

*Lead ISWGNA organisation: UNECE – Secretariat of the CES*
**Stability fees**

In 2010 the OECD’s Centre for Tax Policy launched a questionnaire asking countries to provide details of any deposit insurance and financial stability schemes that were operational in their country and to describe whether payments to these schemes were recorded as taxes or as payments for services. The questionnaire revealed that six broad groupings of schemes were being operated in OECD countries, three of which raised delineation issues for government taxes versus other revenues, and where countries appear to have differing views on where the line should be drawn. The latter related to the classic stability fee schemes and two types of deposit insurance/protection schemes. The AEG has been asked to provide guidance on how the various payments for different schemes should be treated in the National Accounts, in particular considering the ‘unrequited’ notion of a tax.

*The AEG is expected to provide guidance on the recording of stability fees and deposit insurance/protection schemes.*

**Lead ISWGNA organisation:** OECD

**Other issues**

A need for further clarification of a number of issues was expressed in the workshop on the implementation of the 2008 SNA (Paris, 25-27 October 2011, organised by the OECD). At the workshop questions were raised in relation to the delineation and classification of Special Purpose Entities (SPEs), holding companies and head offices, the measurement of pension liabilities (see above), the recording and measurement of land and natural resources, the measurement of (service lives of) military expenditures, and the definition of catastrophes in the measurement of non-life insurance.

Furthermore, in the review of the draft handbooks “The 2008 SNA – Compilation in Brief” and “Financial production, flows and stock”, two issues were raised. Firstly, a clarification to exclude holding gains and losses in the estimates for premium supplements and changes in technical reserves when calculating the output for life and non-life insurance. Secondly, to include imputed estimates for investment income in the estimates for contribution supplements of defined-benefit pension plans.

*The AEG is expected to provide further guidance on these issues.*

**Lead ISWGNA organisation:** OECD and UNSD to prepare issues papers on these topics as a basis for discussion and possible extended follow-up by the ISWGNA and AEG.
III. Review of the SNA research agenda

The AEG is expected to provide guidance on the procedures to address the research issues and update the research issue list with new items that emerge; and to evaluate each of the research issues in general to assign priorities and AEG focal points. The AEG also needs to respond to the request of the 2011 UNSC meeting. As being stated in the work programme, it is proposed not to pursue these future research issues for the next few years, unless there is a strong and pressing demand for immediate action and solutions. However, this does not preclude preparatory work being done.

Annex 4 of the 2008 SNA lists research issues that have emerged during the update of the 1993 SNA, but where more extensive consideration is needed than what was possible in the course of the update process. These issues are grouped under four topics, namely basic accounting rules; the concept of income; issues involving financial instruments; and issues involving non-financial assets; see annex to this annotated agenda. The ISWGNA website, hosted by the UNSD, contains a webpage dedicated to the SNA research agenda. This page lists the research issues and will be updated with new items that emerge and recommendations on existing items as agreed. The AEG needs to provide guidance on a mechanism for resolving the research issues, which may include criteria for assigning priorities to the issues and assigning AEG focal points for each issue.

*Lead ISWGNA organisation: UNSD*

IV. Review of compilation guidance drafted by ISWGNA members

The AEG is expected to provide guidance on the procedures to develop handbooks and compilation guidance on national accounts and propose new topics for which compilation guidance is needed.

To strengthen the statistical capacity for the compilation of national accounts in accordance with the implementation programme for the 2008 SNA and supporting statistics the ISWGNA members are developing a number of handbooks and compilation guidance for national accounts and also recommendations for the compilation of basic statistics.

*Lead ISWGNA organisation: All*

*ISWGNA members to provide information on the handbooks and guidance notes that are (nearly) completed, and to provide issues papers for proposed future publications for discussion. UNSD to provide a proposal for the rules of procedure for the development of manuals, handbooks and guidance notes.*
V. The development of training material on the SNA

The AEG is expected to provide guidance on the sorts of training to be provided, and also on the training material that needs to be developed for a knowledgebase on training material, taking into account the World Bank’s Virtual Statistical System, Eurostat’s Essential SNA: Building the basics, and the IMF materials on the 2008 SNA course.

Assessments undertaken by the UNSD of the level of implementation of the 1993 SNA and the regional consultations undertaken by the member organizations of the ISWGNA identified insufficient training for national accounts compilers as one of the key impediments to the successful implementation of the SNA for countries with less advanced statistical systems. The 2008 SNA implementation strategy as endorsed by the Statistical Commission at its thirty-ninth session, therefore, gives greater emphasis to training and technical cooperation to meet the challenges of national accounts development in countries with less advanced statistical systems and also to help institutional capacity building and development of data sources. To use the available resources as effective as possible, training activities of international organizations and national initiatives need to be coordinated to the extent possible. The ISWGNA should also pursue the development of standardized training materials on the 2008 SNA and supporting classifications, statistical registers and basic economic statistics. As a first step all available training materials will be made available through a link to the ISWGNA website. In consultation with the Regional Commissions and countries, the translation of these materials to official United Nations languages will be pursued. The portal on training materials will also include a coordinated list of activities undertaken by international organisations which will be updated on at least an annual basis.

Lead ISWGNA organisation: UNSD – Background paper
World Bank – Virtual Statistical System

ISWGNA members to provide information on their training activities for discussion.

VI. Issues related to the implementation of the System of National Accounts

It is expected that the AEG would provide guidance on the implementation of the System of National Accounts.

The Implementation Programme for the System of National Accounts 2008 and Supporting Statistics, adopted by the Statistical Commission at its fortieth session, represents a global statistical initiative with the dual objectives of assisting countries in developing the statistical and institutional capacity to (a) make the conceptual change over from the 1968 or 1993 SNA to the 2008 SNA and (b) improve the scope, detail and quality of the national accounts and supporting economic statistics. The forty-first session of the Statistical Commission also established a Friends of the Chair Group (FOC) on the barriers
to the implementation of the 1993 SNA to assist the Commission with identifying the
causes of the low and slow adoption of 1993 SNA and to make suggestions for the way
forward, given that 1993 SNA has been updated to 2008 SNA.

Lead ISWGNA organisation: UNSD

VII. Connecting to ongoing work in the broader remits of national accounts

It is expected that the AEG would provide recommendations on the presentation of
national accounts data, focussing more prominently on households, and also provide
recommendations on the compilation of satellite accounts for households, including more
distributive information.

There are emerging issues which merit high priority on the work programme. For the
time being, two current issues are considered important. First, the UNSC has asked the
ISWGNA, including the AEG, “to consider … guidance … on household sector issues,
including distributional issues of household income, on issues of well-being as reflected in
the findings of the Commission of Economic Performance and Social Progress (Stiglitz
report) …”. Secondly, there is ongoing work of the Inter-Agency Group (IAG) on the G-20
Financial Crisis and Data Gaps initiative. The first issue will be discussed, the second is
more for information.

Lead ISWGNA organisation: OECD/Eurostat
Annex: List of issues for the research agenda according to annex 4 of the 2008 SNA

Review of the SNA research agenda – Basic accounting rules:

The relationship of SNA and IASB
Consolidation of enterprise groups
Trusts
Final consumption of corporations
Measuring the output of government services
The treatment of social transfers in kind to the rest of the world
Output of central banks: taxes and subsidies on interest rates applied by central banks
The treatment of establishments in the SNA
The inclusion of international organizations in the SNA

Lead ISWGNA organisation: Eurostat

Review of the SNA research agenda – Issues involving financial instruments and non-financial assets:

The issues involving financial instruments and non-financial assets include:
Issues arising from a financial crisis
Recognition of social security entitlements as liabilities
Wider use of fair value for loans
Provisions
Debt concessionality
Equity valuation and its implications
Reverse transactions
 Tradable emission permits
Leases to use or exploit natural resources
Broadening the fixed asset boundary to include other intellectual property assets
Costs of ownership transfer of valuables and non-produced
Distinction between current maintenance and capital repairs
Treatment of Private-Public Partnerships
Transfer of ownership of an asset during its life

Lead ISWGNA organisation: OECD

Review of the SNA research agenda – The concept of income

Issues under the concept of income include:
Clarification of income concept in the SNA
GDP at basic prices
The role of taxes in the SNA
Life insurance
Reinvested earnings
Accruing interest in the SNA
Calculation of FISIM
High inflation
The measurement of neutral and real holding gains and losses
Income arising from assets
Income from activities undertaken on an informal basis

*Lead ISW/GNA organisation:* IMF