CES Bureau

In-depth review of Satellite Accounting

Statistics Canada and UNECE
13th AEG Meeting
1-3 October 2019, Washington D.C

Delivering insight through data, for a better Canada
In-depth review of satellite accounting

- Increasing proliferation of satellite accounts
- AEG discussed future strategy for satellite accounting in 2017 and 2018, including their role in building broader framework for capturing well-being and sustainability
- Joint UNECE/Eurostat/OECD Group of Experts on National Accounts requested general guidance on priority areas and recommended approaches

In-depth review of Satellite Accounting by the CES Bureau

- Background paper prepared by Statistic Canada with support from UNECE, Eurostat, OECD, UNSD, and the IMF
- Based on survey of national practices (80+ countries; 240+ SA)
- Inventory of international guidance
- Recommendations for next steps
In-depth Review of Satellite Accounting

Satellite Accounting and the 2008 System of National Accounts

Three ‘types’ of satellite accounts

<table>
<thead>
<tr>
<th>Type 1</th>
<th>Type 2</th>
<th>“Type 3”</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Thematic)</td>
<td>(Extensions)</td>
<td>(Thematic / Extensions)</td>
</tr>
<tr>
<td>Rearrangement of the classifications, presentation and possible addition of complimentary information not found in the existing core accounts.</td>
<td>Modification of the underlying concepts, boundaries of the core system and/or testing new methods. (e.g. including volunteer activities as production)</td>
<td>Any combination of 1 and 2</td>
</tr>
</tbody>
</table>

Benefits of Satellite Accounting

- **Data Development**: Generally leads to improved quality as compilers are able develop new methods and exploit new sources of data in order to construct satellite accounts.
- **User-centric**: Users-centric in that they often provided products that are tailored to a users-specific question.
- **Experimentation**: Offer NSOs the opportunity to experiment and test before making fundamental changes to their core national accounts.
Survey of National Practices in Satellite Accounting

Six key themes explored

1. Sponsorship / financing of satellite accounts
2. Work units responsible for producing satellite accounts
3. Relationship of the satellite account to the “core” 2008 SNA
4. Frequency and timeliness of satellite accounts
5. Data sources and methods used to construct satellite accounts
6. Data gaps and demand for satellite accounts

- 82 Countries responded
- Collected between Sept-Nov 2018
- EQ in English, French and Russian
- Easily repeatable
In-depth Review of Satellite Accounting

**Main Findings**

There is a need for a common language and a way to position satellite accounts in a greater framework.

- **Standard System of National (economic) Accounts**
  - The existing 2008 SNA but ‘branded’ for what it is and not what it is not.

- **Sustainability and Well-being Accounts**
  - A set of ‘endorsed’ satellite accounts focused on sustainability and well-being that constitute the Extended System.

- **Thematic Accounts**
  - Sector specific accounts (tourism, culture, agriculture, transport) that are developed using general guidance to ensure consistency and credibility.
In-depth Review of Satellite Accounting

Main Findings

✓ Thematic or activity accounts appear to be more prevalent than well-being and sustainability type accounts.

Responses by category of account

Which ‘themes’ did your satellite account address?
In-depth Review of Satellite Accounting

Main Findings

- The majority of satellite accounts were initiated by the NSO. The majority of the satellite accounts are funded by the NSO.

Who initiated development of this satellite account?

How are the development costs related to this satellite account funded?

- Fully funded by the NSO: 140
- Shared between the NSO and a government organization: 40
- Shared between the NSO and a non-government organization: 20
- Fully funded by an outside non-governmental organization: 10
- Fully funded by an outside government organization: 5
- No response: 0

Number of responses:

- Initiated by the national accounts division: 120
- Initiated by a division outside the national accounts division but within the NSO: 40
- Initiated by an organization outside the NSO: 30

Number of satellite accounts:

- Initiated by the national accounts division: 120
- Initiated by a division outside the national accounts division but within the NSO: 40
- Initiated by an organization outside the NSO: 30
In-depth Review of Satellite Accounting

Main Findings

✓ Most satellite accounts are developed in order to give more prominence to an activity or subject. Most satellite accounts do not deviate from the core SNA concepts.

In which ways does this satellite account deviate from the core concepts of the System of National Accounts?

- This satellite account does not deviate from the core concepts of the SNA
- The SNA or other international classifications were altered
- The consumption boundary was altered
- The asset boundary was altered
- The production boundary was altered

What is the primary reason for the development of the account?

- The core national accounts conceptual boundaries (production, asset, consumption) were too restrictive to address the user’s needs and requirements
- The core national accounts lacked the necessary detail to address the user’s particular questions
- The user wanted to give more prominence to a particular activity by estimating the economic size, growth and structure of the activity
The majority of the satellite accounts relate to reference periods 2000 and later. In total, 9 satellite accounts cover reference periods prior to 1980, 40 cover reference periods in the 1980s and 1990s, and 148 cover reference periods from 2000 onwards.
In-depth Review of Satellite Accounting

Main Findings

✓ Most statistical organizations have established specialized groups to develop and compile national accounts. International guidance was readily available. As part of this in-depth review an international inventory of satellite accounting manuals, handbooks and guides was developed. Few gaps were identified and most guidance has recently been updated.
In-depth Review of Satellite Accounting

Main Findings

- NSOs received a wide range of input from outside organizations. Most NSOs obtained a wide range of input.
In-depth Review of Satellite Accounting

Main Findings

✓ There is significant unmet demand. There are a total of 241 satellite accounts produced – 130 are demanded but not produced. Demand is evenly split between Thematic Satellite Accounts and Extensions. Most of this is due to resource limitation on the part of the NSO.

Demand by Type

Are there any satellite accounts you have been asked to develop which are not actively in development or production?
## In-depth Review of Satellite Accounting

**Recommendations**

<table>
<thead>
<tr>
<th>A Guide to Satellite Accounting</th>
<th>Inventory</th>
<th>Extended System of National Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>- OECD draft Guide on Thematic Satellite Accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Elaborate in consultation with various fora.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- To be finalized by end of 2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- UNECE to develop a wiki page presenting core information collected in the country survey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- To be updated continuously e.g. in conjunction with the meetings of UNECE/Eurostat/OECD Group of Experts on NA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- UNSD extends to the rest of UN member countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- SNA research agenda - guidance notes related to the development of an extended set of accounts on well-being and sustainability</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Addressing the need for more consistent, comprehensive and relevant national accounts and economic statistics
In-depth Review of Satellite Accounting

AEG is invited to:

• provide opinion on the proposed follow up work
• offer any other suggestions for work that needs to be undertaken in the area of satellite accounting
• how this should be integrated in the context of the SNA research agenda