

Conclusions

20th Meeting of the Advisory Expert Group on National Accounts Remote meetings 5, 12 and 13 July 2022

The Advisory Expert Group on National Accounts:

1. Appreciated the (a) work done by the task teams, joint task teams, committees, working groups and expert groups and authors of the issues papers, draft guidance notes and papers on outcomes of global consultations, and (b) respective report of the project manager and lead editor on the progress of their work, which allowed for a better understanding of the various topics for discussion and an assessment of the status of the SNA update, respectively.

Report of the Project Manager and Lead Editor

Report of project manager

2. Agreed that the need for a phase 1 testing exercise for the guidance note IE.1 Statistical Framework for the Informal Economy requires further discussion.
3. Agreed that a standardized template to communicate testing results could be helpful.
4. Welcomed the joint process established with the BPM Update Team to resolve issues related to guidance notes D.17 Super dividends; F.12 Covering Hybrid Insurance and Pension Products; and F.15 Debt Concessionality.
5. Noted that, in general, approved guidance notes may still be subject to change if consistency issues become apparent later in the process and agreed that the process of making changes to guidance notes that have already been endorsed needs to be formalized, structured and well defined.
6. Underscored that the organization of regular regional meetings on the update of the SNA should remain an integral part of the outreach programme.
7. Highlighted the importance and benefits of the ongoing discussions with the BPM Update Team, and the SEEA, GFS and MFS communities on their contribution to the update process.

Report of lead editor

8. Agreed that the 2025 SNA should include a numerical example on the sequence of accounts.
9. Agreed that guidance in the 1993 SNA (for example, on multiple exchange rates and accounting under high inflation) that was dropped in the 2008 SNA should be reviewed and, if appropriate, be reintroduced in the 2025 SNA.
10. Agreed that the issue of debt concessionality should be reviewed in a more holistic manner to include also, for example, concessional lending by other economic agents, in an issues note.

AI.2 Treatment of Rent for the Recording of Data, Marketing Assets, and Biological Resources

11. Agreed that the definition of rent and related issues is highly important and that a dedicated guidance note to propose recommendations to resolve these issues should be developed.
12. Agreed that the guidance note will not be assigned to a task team, but will be co-authored by a team of volunteers under the secretariat services of Eurostat.
13. Requested that the guidance note should include a discussion on whether the distinction between rent and intermediate consumption needs to be changed.

WS.5 Health and Social conditions

14. Endorsed the outcome of the global consultation, which showed overall support for the inclusion of health and social conditions in the extended accounts.
15. Acknowledged the challenges compilers face in compiling robust estimates of health expenditure, including (a) the lack of data, especially micro data, (b) resource constraints and (c) lack of suitable methods or price deflators to construct quality-adjusted volume estimates of health expenditure and other types of services which undergo rapid changes in quality.
16. Requested the author(s) of the guidance note to update the guidance note to clarify the issues which were raised during the global consultation (for example, the distinction between sequence of economic accounts and extended accounts) and submit the revised guidance note to the AEG for final endorsement via written consultation.

DZ.3 Treatment of "Free" Digital Products in the "Core" National Accounts and DZ.4 Recording and Valuing "Free" Products in an SNA Satellite Account

17. Endorsed the recommendations of DZ.3.
18. Requested the author(s) of DZ.4 to revise the guidance note to (a) explain its potential linkages to guidance note DZ.5 (Increasing the Visibility of Digitalisation in Economic Statistics Through the Development of Digital Supply-Use Tables), in collaboration with the author(s) of DZ.5, (b) provide clearer communication on the conceptual basis underlying the various options and interpretation of the data that are compiled using the various options to users, (c) clarify the treatment and recording of barter transactions in the relevant options, (d) clarify that while option three (which includes the value of user-generated content) was the preferred option of respondents during the global consultation, all three options should be considered for the purpose of compiling experimental estimates to facilitate the incorporation of the options into the 2025 SNA.
19. Agreed that the revised DZ.4 can be considered endorsed without the need to circulate it again to the AEG.

DZ.6 Recording of data in the National Accounts

20. Endorsed the outcome of the global consultation which supported the conceptual recommendation that data should be included in the SNA production and asset boundaries.
21. Agreed that no conceptual change should be made to the recommendations concerning ancillary data, but highlighted the concerns raised in the global consultation and agreed that

the practical challenges of implementation will need to be addressed through the testing exercise.

22. Acknowledged the limitations of the current SNA framework in dealing with the explicit purchases of observable phenomena, but noted that while the issue may not be very significant in the sequence of economic accounts framework, the final decision on its treatment, may have larger implications on the agreed treatment of only recording free products in the extended account, which may require additional clarification.

23. Requested the author(s) of the guidance note to revise it to (a) change the wording in the valuation of the production of data according to sum-of-cost approach, to assist in delineating it from the relevant measurement of research and development. Also stressed that the testing exercise should review if the proposed new definition is implementable and (b) a further elaboration, using detailed examples on when payments to households for access to observable phenomena should be considered as payments for services provided by active households to perform activities like completing survey forms versus payments of rent to passive households for providing access to their privacy, while acknowledging that the final recommendations would also depend on the decisions for the overarching guidance note AI.2 Treatment of Rent.

24. Requested the task team to organize a phase 1 testing exercise and complete it by early 2023 at the latest to test the following conceptual recommendations: (a) the ability of the compiling agency to estimate the costs contributing to its production of data for own final use, (b) whether expenditure on data production (both purchased and on own account) can be separated from expenditure on computer software, and (c) the possibility to delineate and exclude costs associated with the production of ancillary data that does not provide a clear economic benefit to the economic unit.

25. Requested the task team to encourage countries participating in the testing exercise to consider participating in a subsequent early implementation exercise in 2023 to test the following practical aspects which will provide inputs to the development of practical guidance to facilitate the compilation of internationally comparable estimates of data: (a) models and parameters for the depreciation of data assets, and (b) identification of suitable price deflators.

26. Further requested the task team to explore the feasibility of adding data as a separate product in the revised CPC with the classifications community.

DZ.7 Improving the visibility of Artificial Intelligence in the national accounts

27. Supported the proposal to modify the proposed definition of artificial intelligence (AI) to “a computer program operating a system capable of recognition, reasoning, communication, and prediction simulating human recognition, reasoning, and communication”.

28. Supported the proposal to modify the definition of intellectual property products to “the result of research, development, investigation, or innovation leading to knowledge or the creation of artificial intelligence systems that the developers can market or use to their own benefit in production because use of the knowledge or system is restricted by means of legal or other protection”.

29. Clarified that in the guidance note, AI refers to Artificial Intelligence Systems and underscored that this terminology should be consistently used in the 2025 SNA.

30. Agreed that Artificial Intelligence Systems should be included as an of which subcategory in a new IPP category “Computer Software including Artificial Intelligence Systems” in the 2025 SNA.

31. Requested the author(s) of the guidance note to revise the note, by addressing (a) consistency issues such as the use of the terms “artificial intelligence systems” and “artificial intelligence” as well as how to apply the definition of AI across time to account for outdated AI systems, and (b) the practical aspects of distinguishing between AI and computer software.

32. Agreed that the revised guidance note can be considered endorsed without the need to circulate it again to the AEG.

33. Requested the task team to explore the feasibility of adding Artificial Intelligence Systems as a separate product in the revised CPC with the classifications community.

DZ.9 Incorporating Digital Intermediation Platforms into the System of National Accounts

34. Endorsed the outcomes of the guidance note for final publication in the 2025 SNA subject to the proposed amendments outlined below.

35. Agreed that the solutions to practical issues raised could be further investigated in an early implementation exercise.

36. Requested the author(s) of the guidance note to revise it to address issues such as (a) how to account for and record in the national accounts the advance payments and deposits that many DIPs receive on an accrual basis, and (b) the possible impact on the price of the intermediation services from the income earned by many DIPs on these advance payments and deposits, while noting that many other units such as travel agents also receive such payments.

37. Agreed that the revised guidance note can be considered endorsed without the need to circulate it again to the AEG.

38. Requested the task team to explore with the ISIC update task team the feasibility of providing guidance on which classes are to be included in an alternative aggregation, i.e. an “intermediation sector”.

WS.14 Distinction between recording a tax, a services transaction and similar boundary cases

39. Requested the author(s) of the guidance note to revise it to (a) further develop the decision tree and proposed clarifications for the SNA, and (b) address the use of terms such as “proper regulation”,

40. Requested that the revised guidance note should also take into consideration the following observations: (a) some of the proposals may lead to changes in the SNA, and (b) the endorsed SNA research agenda excludes this topic.

41. Requested the author(s) to circulate the revised guidance note to the AEG for comments before it is discussed at the AEG meeting in October 2022.