

Report on the Outcome of the Global Consultation on the Draft 2025 SNA

Chapter 7: Production account

47 comments were received from 19 respondents.

Question 1 – Have the agreed recommendations been reflected appropriately?

Three substantive issues were raised.

Issue 7.1.1: The treatment of loyalty programmes is still under investigation, and presumably it won't be possible to arrive at a solution in time for the finalization of the 2025 SNA. Therefore, it is very likely that the issue will be put on the 2025 SNA Research Agenda. However, one respondent suggested to revise the current guidance, by broadening the issue of loyalty programmes, instead of the current association which restricts these programmes to goods only.

Proposed response: It is proposed to add a more generic paragraph on the current treatment of loyalty programmes in chapter 7, for example in the context of providing guidance on the measurement of market output. This opportunity could also be used to alert readers of this issue being put on the 2025 SNA Research Agenda.

Issue 7.1.2: In the recommendations of GNs DZ.7, DZ.8 and DZ.9, it was suggested to add guidance on artificial intelligence (in subsection B1 and at the end of section F), cloud computing (at the end of section F) and digital intermediation platforms (in subsection F6). These recommendations have been overlooked, probably assuming that this is adequately covered by chapter 22.

Proposed response: It could indeed be considered to add relevant guidance. However, in view of time, it would be useful to have support from members of the Task Team in arriving at concrete and concise text for adding such guidance.

Issue 7.1.3: The recording of firewood pops up regularly, not only in the context of biological resources, but also in the context of the production of heat (similar to, for example, heat pumps). Question is what to do at this stage of the process.

Proposed response: It seems too late in the process to resolve all ins and outs regarding the treatment of firewood. Therefore, it is proposed to put it on the 2025 SNA Research Agenda. As this is probably an issue which provides further clarification, without affecting the basic concepts, guidance could be developed relatively quickly, and once agreed, communicated in the SNA News & Notes.

Five minor additional issues were raised which are considered relevant for inclusion:

- Paragraph 7.45: It is proposed to change “the 2008 SNA production boundary” to “the production boundary in the integrated framework of national accounts”.
[Note: Already done.]
- Paragraph 7.194: To avoid the impression that a factoring company is necessarily a financial corporation, it is proposed to change “a bank, a specialised factoring company or another financial organisation” to “a bank or other financial corporation, or a specialised unit offering factoring services”. In addition, it is proposed to change “trade accounts” to the more frequently used term “trade credits”.

- Paragraph 7.214: In view of further precision, it is proposed to change the term “technical reserves” into “life insurance and annuity entitlements”. [Note: Already done.]
- Paragraph 7.225: It is proposed to make the reference to chapter 24 in his paragraph more generic, as chapter 24 does not provide that much more detail on the calculation of output. In doing so, it is proposed to change the last sentence into the following (changes highlighted by underlining): “See chapter 24 for more details on the recording of social insurance schemes”. [Note: Already done.]
- Paragraph 7.232: It is proposed to add “data and databases” after the word “software” in the first sentence.

Question 2 – Is the material in the chapter clear?

Three substantive issues were raised:

Issue 7.2.1: In paragraph 7.27, it is stated that the own-account production of goods includes “the production of electricity through the use of solar panels and wind power plants and the production of heat for heating water or heating a dwelling through geothermal heat or heat pumps”. One of the respondents noted that it may be important to acknowledge that heat pumps are also used for cooling in summer, while solar energy is also used for heat, also adding that heat pumps use either geothermal energy or surrounding air.

Proposed response: The important feature here is what is being produced, not what it is being used for. As such, it may be useful to make more explicit reference to the relevant products, i.e., electricity and heat.

Issue 7.2.2: Paragraphs 7.176 to 7.178 describe the accounting of implicit (and explicit) charges in the investment fund industry. However, one respondent noted that the current guidance does not explain how to account for implicit financial services on loans and deposits of the investment funds vis-a-vis deposit-taking corporations. In this respect, the respondent requested to take into consideration that in the case of these implicit services the attribution of the charges directly from the banks to the shareholders may be difficult in practice. For this reason, one may want to consider to make an exception, by recording intermediate consumption and output of the fund for the amount of these implicit services (resulting in zero value added for the funds).

Proposed response: This issue has been discussed quite extensively with the representative from the central bank of a European country. After substantive discussion within the editorial teams of the 2025 SNA and BPM7, it was agreed to stick to the conceptually preferred method, i.e., to treat the relevant implicit financial services on loans and deposits similarly to explicit charges and other implicit charges. However, it is proposed to add a sentence, along the following lines: “Implicit financial services on loans and deposits charged to investment funds should also be recorded as being paid by the shareholders of the funds to the deposit-taking corporations, similar to the treatment of explicit services charges paid to them”.

Issue 7.2.3: Paragraphs 7.227 to 7.230 discuss the production of validation services in the case of crypto assets without a corresponding liability designed to act as a medium of exchange (CAWLM), with the output measured as the sum of both the validation fees and implicit fees in the form of new crypto assets coins. There seems to be some confusion in the sense that this would be different from the creation of crypto assets with a corresponding liability. Another respondent also noted that it would be useful to generalize the section to crypto assets with a corresponding liability.

Proposed response: It is proposed to slightly generalize the section, by also including, at the start of the section, a paragraph on the recording of the creation of fiat money, including crypto currency issued by governments and central banks, by explaining that output and value added are also affected, in this case by the costs of producing these (financial) assets. At the end of the section, it could be usefully added that more generally validation services may be relevant for crypto assets with a corresponding liability (and essentially for all transactions that take place on the Blockchain).

Issue 7.2.4: It was noted that in relation to depletion, nothing is said about the recording of the decrease in value of non-produced non-financial assets other than non-produced natural resources, similarly to having explanations on the exclusion of valuables in the case of depreciation.

Proposed response: It is proposed to add a concise paragraph on the exclusion of depletion of non-produced non-financial assets other than non-produced natural resources. Proposals for the main rationale for this exclusion are welcomed. Having said this, it leaves open the question on how to account for the run-down of these non-produced non-financial assets. The current guidance is in line with the 2008 SNA, which treats the run-down as other changes in the volume of assets. However, it is also clear that this run-down has close parallels to the depletion of natural resources, and could thus be looked upon as costs of production. Having said that, there is no category for this run-down, unless one considers it as either depreciation or depletion. Given time constraints, it is proposed to put this issue on the 2025 SNA Research Agenda.

Six minor additional issues were raised which are considered relevant for inclusion:

- Paragraphs 7.102, 7.136 and 7.141: For reasons of clarification, it is proposed to change “Rent payable on the use of non-produced non-financial assets” to “Rent payable on the use of (rented) non-produced non-financial assets”. In view of consistency, this needs to be changed in other chapters as well.
- Paragraph 7.174 to 7.178: Whereas the section title, “Financial services provided in return for explicit charges”, suggests that this section only covers those financial services provided in return for explicit charges, paragraphs 7.177 and 7.178 also discuss services for which an implicit fee may be paid. For this reason, it is proposed to change the title of the section to “Financial services provided in return for explicit charges and financial services provided in relation to investment funds”.
- Paragraph 7.178: In view of further precision, it is proposed to include, in the last sentence, that also remuneration of employees is always zero. In addition, it is proposed to refer, in the one but last sentence to “financial services”, instead of “services”. [Note: Probably also relevant for BPM.]

- Paragraph 7.254 (including heading): It is proposed to make this paragraph (and heading) more generic, by referring to “software, data and databases and research and development”, instead of only “research and development”.
- Paragraph 7.285: In view of further precision, it is proposed to add “[for example, to allow the resource to regenerate and thus allow higher future extraction)” after “... in the case the amount of extraction is below the level of growth”.
- Paragraph 7.286: In view of further precision, it is proposed to refer to “depletion for biological resources yielding once-only products”, instead of “depletion for biological resources”.

Question 3 – Are there any errors in the chapter, or inconsistencies within this chapter or with other chapters?

One substantive issues was raised.

Issue 7.3.1: It is proposed to delete paragraph 7.286 and 7.287, with the exception of the first sentence in paragraph 7.286, as the relevant text suggests that the way to measure depletion is through biophysical models but this is generally not how countries measure this in practice. For example, in the case of timber, the net annual increment (i.e., the natural growth) based on forest inventories is measured. The use of biophysical models is rather seen as an advanced method.

Proposed response: The current text is copied, almost one-to-one, from paragraphs 5.81 to 5.83 of SEEA Central Framework. Two possible options: (i) leave the text as is, but provide further qualifications on the use of these advanced methods; or (ii) simply remove text in line with the proposal. As this text is derived from SEEA, and not something completely new or “invented”, it is proposed to apply the first option.

Five minor additional issues were raised which are considered relevant for inclusion:

- Paragraph 7.91: It is proposed to replace the bullets by letters, in view of the text at the end of the paragraph.
- Paragraph 7.129: In view of further precision, it is proposed to delete the word “including” from “including data and databases”. Note: This is also relevant for paragraph 11.98.
- Paragraph 7.233: In view of consistency, it is proposed to change the words “with a mark-up” to “including a net return to capital used in production”, and to change “any mark-up” to “any net return”.
- Paragraph 7.283: In view of further precision, it is proposed to change “In monetary terms, it corresponds with the decline in future income, due to extraction, that can be earned from a resource” to the following (changes highlighted by underlining): “In monetary terms, it corresponds with the decline in future income, due to extraction in excess of regeneration, that can be earned from a resource”.
- Paragraph 7.292: In view of arriving at a correct text, it is proposed to change “depending on whether or not the growth of the resources is higher or lower than sustainable yields” to the following (change highlighted by underlining): “whether or not the extraction of the resources is higher or lower than (net) natural growth”.

Question 4 – Are there any other concerns?

One substantive issue was raised.

Issue 7.4.1: One respondent noted that the description of goods, in paragraph 7.15, is relatively short, certainly when compared to the discussion of services in paragraphs 7.16 to 7.21. The respondent proposes to add another paragraph on certain borderline cases of goods, such as electricity and heat.

Proposed response: In view of the new guidance on the own-account production of electricity through, for example, solar panels, it is proposed to add a paragraph.

Two minor additional issues were raised which are considered relevant for inclusion:

- Paragraph 7.39: In view of providing more generic guidance, it is proposed to change “(e.g., paid taxi services to third parties)” to “(e.g., paid taxi services to third parties, or the dual use of equipment in an unincorporated enterprise more generally)”.
- Paragraph 7.265: In view of consistency, it is proposed to change “non-produced biological resources yielding once-only products” to the following (change highlighted by underlining): non-cultivated biological resources yielding once-only products”. Note: This may also be relevant for other paragraphs.

Disagreement with agreed recommendations for the update of the 2008 SNA – provided for information only

There were no recommendations regarding which five or more respondents disagreed.

Substantive concerns with 2008 SNA text unaffected by agreed recommendations – provided for information only

There were no substantial concerns regarding the 2008 SNA text unaffected by agreed recommendations.

Other points for reflection:

Some respondents made additional comments or suggestions which may need further reflection, as follows:

- The issue around the delineation of environmental assets, natural capital, natural resources, biological resources also pops up in the context of this chapter (see chapters 2 and 35). These issues are dealt with in a separate issues note.