1 Follow-up on the March 2006 meeting of the UN Statistical Commission

The meeting was pleased with the Statistical Commission’s positive reaction on the progress report on the update of the 1993 SNA. The Commission had welcomed a chapter on the measurement of informal sector activities. It had also suggested that the treatment of social services of government be added to the long-term research agenda. The meeting decided to make this addition.

The Statistical Commission had expressed its positive outlook on a timely resolution of the issues related to the treatment of unfunded government pension schemes. One member of the ISWGNA noted that it was significant that the Statistical Commission used the word “resolution” rather than “compromise.”

2 Selected issues: next steps

(a) Leases, Licenses, Government Permits

Recent documents on this subject included worked examples illustrating the two financial assets approach prepared by Mr. Aspden, a draft discussion note including a decision tree drafted by the IMF, and a document on Government permits and licenses by Mr. Dupuis.

Mrs. Laliberté reported that the March 8-10, 2006 meeting of the Task Force Harmonization Public Sector Accounting (TFHPSA) had contended that taxi licenses issued by government do not involve a (pre-existing) produced asset or natural resource. Most TFHPSA members had been in favor of treating payments for taxi licenses as taxes, irrespective of whether government auctions these licenses. Some TFHPSA members thought that such tax payments could give rise to the recognition of a nonfinancial asset for the holder depending of transferability and other factors. According to the TFHPSA, there is only one case in which multi-year permits may lead to ascribing a government liability. This is when government is, legally or by constructive obligation, liable to make a refund to the holder when the permit is rescinded by government or surrendered by the holder.
One ISWGNA member noted that the criterion used by the TFHPSA (obligation to refund) was stricter than an often suggested “prepayment” criterion. The TF’s criterion could easily lead to differences between license issuers’ and holders’ points of view.

The meeting discussed how to deal with the different proposals concerning the treatment of leases, licenses, and permits. One option was to consult the Advisory Expert Group on National Accounts (AEG) or to bring the issues in the April 2006 ECE/OECD/Eurostat meeting of national accounts in Geneva. Another option was to have a discussion within the ISWGNA first, following an holistic approach. The meeting decided to address the issues during a face-to-face meeting on April 24, 2006. In preparation for that meeting, Mr. Aspden (OECD) and Mrs. De Clerck and Mr. Gorter (IMF) were asked to prepare papers to be ready by April 17. In the Geneva meeting, Mr. Aspden will focus on describing the issues the AEG has agreed upon, but will also identify those still outstanding.

(b) Pensions

Mr. Glatzel reported that, in view of other commitments, Eurostat is unlikely to be able to take up the treatment of employer pensions schemes and their borderline with social security before mid-April 2006. However, at least a partial outcome at the EU level is expected by the end of June. The IMF will take the lead in arranging a second meeting of the Task Force on Pensions to be held about September 2006.

Mr. Lequiller will adapt his draft paper on pension liabilities for the Geneva meeting on the basis of comments received from ISWGNA members.

(c) Income from index-linked bonds

The IMF expressed hesitations on the acceptability of the AEG recommendations concerning the treatment of income from index-linked bonds. Mrs. Carson proposed that she consider the process to be followed for such cases, given the importance of (i) avoiding that AEG recommendations start to unravel and (ii) following transparent processes. It was agreed that Mrs. Carson will come back to the ISWGNA with a proposition regarding procedures on re-opening SNA update issues.

(d) Fees on guarantees

During discussions in the TFHPSA, the need had emerged to clarify the borderline between fees for guarantees that should be treated as insurance premiums and those that should be treated as transfers. Mrs. Laliberté said that Mr. Moulton (BEA) had offered to prepare a paper on this subject. The meeting welcomed this offer. It was decided that the paper should be seen as a suggestion for consideration of the Editor rather than an official Issue for Clarification.

3 Short report and other follow-up on the January/February 2006 AEG meeting

- The meeting agreed to Mr. Havinga’s suggestion to include a draft classification of financial instruments in the “short report” of the January/February 2006 AEG meeting.
• The issue descriptions currently used in the short report will not be changed but a note will be added that work is underway on an update of the descriptions.
• UNSD targets at posting the short report on the web before March 24, 2006.

4 The consolidated AEG recommendations document

The meeting congratulated the Editor on the four write-ups that had been distributed as examples of the approach she suggested to follow in preparing a document that consolidates all AEG recommendations. Several further suggestions were made, such as on using the term “defined contribution” pension schemes and the inclusion of references to the 1993 SNA. In answer to one of the questions asked by the Editor, the meeting decided that no letter needs to be written to inform certain countries of the proposed treatment of nonperforming loans.

The Project Manager suggested that the ISWGNA review the consolidated recommendations document as soon as the Editor has drafted it. The full package would then be ready for translation and transmission to countries (in English) by early April. Translation of this important document in Russian, French, and Spanish should be considered. In contrast, she suggested that the report of the January/February 2006 meeting should not be translated. This was agreed because it seems that little use was made of the translations of the Bangkok AEG meeting.

The Editor said she expected to be able to send a substantial batch to the ISWGNA in about one week, provided that changes in the material would still be possible. Most of the remainder of the document would be available by the end of March 2006. On issues that are still under discussion, only what already has been agreed will be included. The document to be sent to countries will comprise the full set of provisional recommendations—the issue descriptions, the recommendations and the list of paper—as well as material of use in drafting. Where appropriate, related issues will be treated in groups.

The meeting decided the following:
• All ISWGNA members will be asked to review the issue discription and summary recommendations for each of the forty-four update issues;
• The full list of provisional recommendations will be sent to countries inviting them to provide comments on overall consistency, but not to revisit the individual recommendations themselves.
• UNSD will provide the Editor with a number for the documents on consistency.

5 Checklist of Action items agreed at the March 1, 2006 meeting

On item 4 “Prepare EDGs for consistency issues,” not much had been done as yet. UNSD is constructing a website on consistency issues, as had been agreed earlier.

Item 5 “Provide input to SNA News and Notes,” was no cause of problems. The ISWGNA Declaration on estimates of the unrecorded economy and national accounts had been accepted by all international agencies. The draft version of the next SNA News and Notes will be sent out for comments by mid April.
The other Actions were either done, or were progressing satisfactorily (revision of short report).

The Editor proposed and it was agreed that the “to do list” that derives from the Frankfurt AEG meeting should be considered each time the ISWGNA reviews the check lists of actions.

6 Next meetings

(a) Teleconference

The next teleconference will be held on April 19, 2006. Topics will include progress with leftovers from the last AEG meeting and actions to be taken in the coming period. Mr. Havinga will again be calling the participants.

(b) Face-to-face meeting Geneva, April 24, 2006

An ISWGNA meeting will be held at on the day before the Joint UNECE/Eurostat/OECD/Meeting on National Accounts and update of SNA (Geneva, 25-28 April 2006) starts.

7 Other issues

- The document on financial assets and liabilities being prepared by Mr. Mink (ECB) is under discussion with the Editor and the IMF (Mr. Heath). Progress will be added to the “To do” list.
- The authorities from the Netherlands have made a commitment to provide additional financial support to the 1993 SNA update project.
Annex 1

List of Agreed Actions

<table>
<thead>
<tr>
<th>Action</th>
<th>By when</th>
<th>Responsible</th>
</tr>
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<tbody>
<tr>
<td>1. Add treatment of government social services to long-term research agenda</td>
<td>ASAP</td>
<td>UNSD</td>
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<tr>
<td>2. Prepare paper(s) on leases/licenses/permits</td>
<td>April 17</td>
<td>OECD and IMF</td>
</tr>
<tr>
<td>3. Organize second meeting Pensions Task Force</td>
<td>September</td>
<td>IMF</td>
</tr>
<tr>
<td>4. Propose procedures on re-opening SNA update issues</td>
<td>ASAP</td>
<td>Project Manager</td>
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<tr>
<td>5. Follow up with BEA on guarantee paper</td>
<td>ASAP</td>
<td>IMF</td>
</tr>
<tr>
<td>6. Send draft consolidated AEG recommendations document (in batches)</td>
<td>End March</td>
<td>Editor</td>
</tr>
<tr>
<td>7. Comment on all issues in the draft consolidated AEG recommendations document</td>
<td>ASAP after receipt of document</td>
<td>All</td>
</tr>
<tr>
<td>8. Review new issues in the ECB’s financial assets and liabilities document</td>
<td>ASAP after receipt of document</td>
<td>Project Manager and IMF</td>
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