

## **Minutes**

### **ISWGNA Meeting United Nations, New York 19-20 February 2009**

#### **Participants**

Eurostat: G. Gueye (Chair), C. Ravets

IMF: M. Shrestha

OECD: N. Ahmed

UNSD: H. Smith, G. Singh

World Bank: B. Hexeberg

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#### **1. Comments from the global review on Volume 2**

The global review period of volume 2 of the 2008 SNA closed on 15 February 2009. The ISWGNA considered the comments and agreed to the following:

##### **1.1. Chapter 18 – Elaborating the accounts**

A number of drafting points will be incorporated, including further discussion on the discrepancy between net lending/borrowing as emerging from the capital and the financial accounts. Requests for more information on regional accounts will be met by referring to the Eurostat manual on the subject. Requests for more information on revisions policies will be met by reference to material on the OECD web site.

##### **1.2. Chapter 19 – Population and labour inputs**

Most comments were for small drafting changes. Quality adjusted indicators for the labour input will be changed to be based on per hour measures rather than average wages per worker.

##### **1.3. Chapter 20 – Capital services and the national accounts**

A number of detailed comments on the algebra and numerical examples will be incorporated, in particular, a clarification on the use of the interest rate and the discounting factor.

#### **1.4. Chapter 21 – Measuring corporate activity**

A better exposition of “bad debts” and the relationship with non-performing loans will be incorporated. It was agreed that a new item should be added to the research agenda to continue to monitor the adequacy of the SNA to record events resulting from the financial crisis appropriately including the treatment of one-off guarantees. In addition, as part of the research agenda item to monitor the development of international accounting standards, the treatment of mergers and acquisitions will be reviewed.

#### **1.5. Chapter 22 – The general government and public sectors**

The main subject of comments concerned the text on economically significant prices. This had also been a subject of animated discussion at the AEG meeting in November 2008. Comments included statements that the 50 per cent threshold for sales covering costs was too prescriptive, not sufficiently prescriptive, too high and too low. At its November 2008 meeting, the AEG considered the existing text to be even-handed, given these various conflicting views. A considerable number of uncontroversial drafting changes will be incorporated.

#### **1.6 Chapter 23 – Non-profit institutions**

More detail on international relief agencies will be given (including reference to BPM6) and to the ongoing work on measuring voluntary labour (with reference to a forthcoming ILO handbook on the subject). It will be emphasized that, in the SNA, the output of NPIs is measured according to the general rules applicable to all institutional units.

#### **1.7. Chapter 24 – Household sector**

This was one chapter where an extensive list of additional subject matter was proposed. Following the proposals would have led to a considerable expansion of the volume and to the inclusion of material more suitably covered in other publications.

#### **1.8. Chapter 25 – Informal aspects of the economy**

A considerable number of detailed drafting suggestions were agreed by the ISWGNA to clarify the differences in approach between the SNA and ILO.

The Editor will prepare a note on the inconsistencies in the ILO approach of some SNA concepts for consideration by the ISWGNA.

## **1.9. Chapter 26 – The rest of the world accounts and links to the balance of payments**

A number of detailed drafting points will be incorporated.

## **1.10. Chapter 27 – “Links to monetary statistics and flow of funds**

A number of detailed drafting points will be incorporated.

## **1.11. Chapter 28 – Input-output and other matrix based analyses**

Most of the comments were very technical, relating to a couple of specific points in the chapter. These will be addressed and the consequences incorporated in the text. One comment related to the recommended treatment for goods for processing. This topic has been the subject of extensive discussion; it was originally proposed in the context of the BPM6 and the treatment described in volume 1 was agreed by the AEG and approved by the United Nations Statistical Commission in 2007. Therefore, the changes suggested could not be considered. However, the Task Force on Globalization is considering the implementation issues associated with this 2008 SNA recommendation.

## **1.12. Chapter 29: Satellite accounts and other extensions**

References to further examples of satellite accounts are being sought.

## **1.13. Annex 3: Changes from the 1993 SNA**

A request to list the changes to the SNA in a table will be met by text which lists the changes as they apply to each chapter in turn.

## **1.14. Annex 4: Research agenda**

Although comments were sought on volume 2 during the recent global review, some comments had implications for (or primarily concerned) volume 1. In a number of instances, the ISWGNA felt that, while the text of volume 1 should not now be changed, it would be appropriate to add some new items to the research agenda. These concern:

- Continuing work on the informal sector;
- Continued monitoring of the implications for the SNA of events resulting from the financial crisis including in particular the treatment of one-off guarantees;
- The treatment of index-linked instruments and the measurement of interest;
- Covering the costs of non-produced assets in the measurement of output;

- The treatment of mergers and acquisitions will be reviewed as part of monitoring the development of international accounting standards;
- Consumption subsidies and taxes.

## **2. Finalization of the 2008 SNA**

The first priority is to incorporate the comments on volume 2, as explained above. The timing is dictated by the availability of the United Nations editors to conduct this review. Once this is done the revised (pre- United Nations edit) version will be posted on the Update web site along with material showing the changes made. Work on volume 1 will resume once the text for volume 2 has passed to the United Nations editor.

Then work will start on the incorporation of the remaining agreed substantive changes on volume 1, as reported to the 40<sup>th</sup> session of the United Nations Statistical Commission, followed by the process of the final check of both volume 1 and volume 2. The only substantive changes to volume 1 involving significant rewording are the following:

- Clarifying the text on the treatment of some non-life insurance claims as capital rather than current transfers. The new text will draw on material in a paper discussed at the AEG meeting in November 2008.
- Incorporating changed text on the treatment of the implications of changes to pension plans. The situation is summarized in paragraph 17.188. New text for this paragraph was agreed at the AEG meeting in November 2008 and posted on the Update web site in the same month as part of the short report from that meeting.
- The extension of standardized guarantees from loans to other financial instruments. This change is in response to the recent financial crisis and was agreed by the AEG in November 2008.

With the exception of the changes already identified, no substantive changes will be made. The ISWGNA will be consulted about any other proposed changes, which will be restricted to correcting clear errors, inconsistencies within the SNA or with BPM6, or clarifications beyond dispute. A note of all changes will be made available on the Update web site.

The full revision process described above is expected to be completed by the end of August 2009. At that point, final text ready to go to publication, translation and to be published on the web will be available and the update process can be considered to be complete.

## **3. Room document for the 40<sup>th</sup> session on the UNSC on comments on volume 2**

The ISWGNA agreed on draft text for the room document for the 40<sup>th</sup> session of the UNSC on comments on volume 2 to be finalized by Monday 23 February 2009 incorporating the comments by the ISWGNA management group.

## **4. Other issues**

### **4.1 Volume 1 issues**

#### **4.1.1. One-off guarantees**

The ISWGNA recognised that the current text on one-off guarantees in par 17.203 needs clarification and requested the Editor to propose new text without changing the recommendation.

#### **4.1.2. Taxes on the financial and capital transactions**

The Editor requested the ISWGNA to review the treatment of taxes on the transactions on financial and capital as some of the items may not be products which would make it inconsistent with the general treatment of taxes on products. The ISWGNA agreed that the treatment cannot be changed now, but agreed that the clarification proposed by the Editor should be included in the text. In addition the ISWGNA agreed to review this case under the new item consumption subsidies and taxes on the research agenda.

#### **4.1.3. Index-linked bonds**

The Editor requested the ISWGNA to review the treatment of index-linked bonds, where the principal but not the coupon is linked to a foreign currency index, as described in par 17.272. Several options were considered but the ISWGNA agreed to delete the paragraph as it contains errors and inconsistencies with other paragraphs in the 2008 SNA and the BPM6.

#### **4.1.4. Annexes 1 and 2**

The ISWGNA reviewed the new text of Annex 1 and 2 incorporating the proposals of the AEG at its November 2008 meeting. It was agreed to retain the text with the codes in the Annex 1 and to adjust the alternative presentations of the general government. Annex 2 was agreed to by the ISWGNA which also include the revised numerical presentation of the tables.

### **4.2. Safekeeping of the working documents of the SNA-update process**

On request of the Project Manager to ensure the safe-keeping of the working documents of the SNA-update process the ISWGNA agreed that the UNSD, as secretariat of the ISWGNA, should be the custodian of the working documents and electronic files of the 2008 SNA. The Editor will provide the documents in “Framemaker” and “PDF” formats. The Editor will also explore the possibility to provide the file in MS-Word format.

#### **4.3. Future of the Advisory Expert Group on National Accounts**

The ISWGNA agreed that it would be useful to retain the AEG after the completion of the 2008 SNA. However, its future role in the work on the research agenda of the SNA and the implementation of the SNA is still under consideration.

#### **4.4. Taskforce on emission permits**

The IWGNA agreed with the proposed terms of reference for a Task Force on Emissions Permits proposed by the OECD and Eurostat. The ISWGNA took note that the proposal called for two meetings in June and October and to submit a report by the end of 2009.

#### **5. Next meeting**

The Chair would call the next ISWGNA meeting as the need arises.

#### **6. To do list**

<b>Action</b>	<b>By when</b>	<b>Responsible</b>	<b>Status</b>
Glossary of terms	31 January	Editor	Done
Summary of comments on the global review	18 February	ISWGNA	Done
Room document for the UNSC	23 February	Project Manager	Done
Revised Volume 2 for submission to the UN Editor	End March	Editor	
Final text on the 2008 SNA	End August	Editor	