

Unclassified**English - Or. English****18 October 2019****DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
STATISTICS AND DATA DIRECTORATE****Working Party on Financial Statistics****Draft Annotated Agenda: Joint Meeting of the Working Party on Financial
Statistics (WPFS) and Working Party on National Accounts (WPNA)****5-7 November 2019**

OECD Conference Centre

The meeting will start at 11:00 on Tuesday 5 November and close at 18:00 on Thursday 7 November.

All documents, logistical information and presentations will be available in the ONE Community:
<https://community.oecd.org/community/nationalaccounts>.

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Joint Meeting of the Working Party on Financial Statistics and the Working Party on National Accounts

Tuesday 5 November 2019, 11:00 until Thursday 7 November 2019, 18:00

Tuesday 5 November, 11:00 – 18:00

11:00 – 11:15

Item 1. Opening

11:15 – 13:00

Item 2. Development in business and public sector accounting standards

Business and public sector accounting standards are continuously developing. Examples concern the recording of leasing, and the discussions that have taken place on the recording of implicit government liabilities (e.g. in the area of social insurance). In addition to a discussion on the impact of changes in business accounting standards with regard to the recording of leasing arrangements, more general presentations will be made on the relationship between business accounting standards and the standards for compiling national accounts.

Item 2.a. IFRS 16 – Leases: Discussion of the impacts for non-financial corporations' statistics *Filipa Lima, Banco de Portugal*

The application of IFRS 16 brings new challenges to statisticians. In particular, given that IFRS 16 will impact the lessor and the lessee differently, potential inconsistencies will emerge when compiling financial accounts and the flow of funds: both vertical and horizontal consistency are at risk. The use of micro data to successfully overcome this additional challenge is instrumental. In this presentation, we discuss how Banco de Portugal intends to address this issue and present some preliminary results.

Item 2.b. Impact of changes to treatment of leasing in IFRS to macroeconomic statistics in Chile

Alfredo Fuentes, Central Bank of Chile

The changes to the treatment of leases in international accounting standards (IFRS 16) have impacted macro-economic statistics in Chile. The main purposes of the presentation is to show the treatment of the standard and the impact on some aggregates in Chile. In doing so, the feedback from the international statistical community will be sought.

Item 2.c. Challenge of using company accounts in national accounts

Sanjiv Mahajan, UK Office for National Statistics

Can data from company accounts be used in national accounts? Company accounts meet separate regulatory requirements and have different levels of detail, presentation and timeliness. However it is difficult, and often not possible, to derive the components from company accounts to establish national accounts concepts or components. In the main, many estimates derived from 'published' company accounts can only be used as a proxy for the corresponding national accounts based variable(s), and are not adequate for actual or direct use within national accounts without adjustment. Furthermore, company accounts are not timely for the production of short-term national accounts estimates (which have different objectives compared with the annual accounts) but are available in time for annual benchmarking, reconciliation and balancing processes. Although more unpublished detail is available than the 'published' company accounts, for example data from purchase ledgers,

there is still more reliance on business surveys to provide the detailed data as required for the compilation of national accounts. In summary, many conceptual adjustments are required, as often company accounts and national accounts may use similar terminology but not the same concepts and have different valuation methods. Indeed, these will vary across countries depending upon the national legislation and the level of conformity to international accounting principles. Some of the general principles of company accounts are explained and their rationale as well as the different aspects of the use of company accounts, and the transition between company accounts and national accounts.

Item 2.d. Recent developments in International Public Sector Accounting Standards

John Verrinder, Eurostat

The International Public Sector Accounting Standards Board continues to be very active in its development of standards, including on accounting for leases. The Board has recently adopted its strategy and work plan for 2019-23. In collaboration with IPSAS Board staff, Eurostat will present the ongoing and planned work, drawing attention to those aspects most relevant for statistics.

Lunch, 13:00 – 14:30

14:30 – 16:00 and 16:30 – 18:00

Item 3. Benchmark revision policy

Countries have different practices when it comes to benchmark revisions, although at the European level international consensus is sought to arrive at a harmonised implementation. Under this item, presentations will be made on national revision practices, the related compilation of consistent time series, the communication about benchmark revisions, the harmonisation of benchmark revisions across different statistical domains (e.g. national accounts, balance of payments, government finance statistics), and the pros and cons of the revision practices.

Item 3.a. Benchmark revision policy in the Canadian macroeconomic accounts

Matthew MacDonald, Statistics Canada

Statistics Canada has a tightly integrated macroeconomic accounts program, with annual supply and use tables (SUTs) fully benchmarked on both a national and a regional basis, and Balance of Payments statistics fully integrated with the national accounts. This has many advantages from a quality and coherence perspective and users have come to expect it. As the program expands in terms of granularity and complexity, the challenge Statistics Canada increasingly faces is that business processes, IT and operations are increasingly complex, and implementing revisions consistently across program elements increasingly resource-intensive. In the context of modernisation and the imperative to be flexible in response to user requirements for frequent enhancements, Statistics Canada is rethinking its annual production cycle and exploring options for a more streamlined, agile approach to implementing historical changes. The presentation will provide an overview of current challenges and invite input on best practices from similar initiatives undertaken elsewhere.

Item 3.b. Harmonized 2019 benchmark revision in the Spanish national accounts and balance of payments

Auxiliadora Moreno and Milagros Moreno (Banco de España) and Sixto Muriel de la Riva, Instituto Nacional de Estadística (INE)

The European Statistical System (ESS) and the European System of Central Banks (ESCB) have worked together to draw up guidelines for a harmonised revision policy for macro-economic statistics. The agreed guidelines specify that Member States should disseminate the results of Benchmark Revisions (BR) in 2019 and 2024, every five years. This presentation will show how the Spanish National Statistical Office (responsible for national accounts) and the Central Bank (responsible for

Balance of Payments/IIP, financial accounts and the compilation of public debt) have implemented this recommendation in practice in a harmonised way. The adherence to the twofold principle of alignment between statistical domains at national level and coordinated alignment across countries at EU level has been followed in the Spanish case. The presentation will explain the main points of the BR 2019, how full consistency between non-financial national accounts and BoP/IIP has been achieved, how the main differences between financial accounts and BoP/IIP have been removed, the revision policy and the different steps taken in relation to the communication to users of the results of the BR 2019.

Item 3.c. Harmonised European revision policy and benchmark revisions of national accounts in 2019

Orestis Tsigkas, Eurostat

Many European countries are benchmarking their national accounts in 2019, following the Harmonised European revision policy. In this presentation, a European-wide perspective on the results of the benchmarks, and their communication, will be provided.

Break, 16:00 – 16:30

16:30 – 18:00

Item 3.d. National accounts update cycle

Francisco Guillen Martin, INEGI, Mexico

INEGI's governing board has been promoting and approving a series of norms allowing for further dimension the relevance of data quality. In this context, INEGI has in place Guidelines for the Economic Information Update Cycle, which regulate the updating of national accounts of Mexico. These guidelines serve to guarantee the supply of statistics for the analysis of the economy, the addition of new topics related to public policies, planning and sectorial programs, as well as to introduce structural changes over time, advancements in methodologies and revisions of manuals and international guidelines. This policy supports the study and the timely addition of emerging topics in national accounts such as global value chains, digital economy, the presence of E-commerce, etc. It also enables the comparability of the information over time; the time coverage of national accounts products (five-year, annual, quarterly and monthly); as well as their alignment by geographic detail (national and by state). Simultaneously, it allows to schedule the incorporation of new series in the other statistical systems such as balance of payments and government finance statistics, both for methodological updates and the resulting numbers.

Item 3.e. The history and future plans for major revisions throughout the Australian Bureau of Statistics (ABS) macroeconomic accounts

Amanda Seneviratne, Australian Bureau of Statistics (ABS)

Throughout the history of the ABS economic statistics, ABS has attempted to come with a consistent policy on the timing on how major historical revisions (benchmark revisions) are implemented throughout the national accounts (including the financial accounts and balance sheets), international accounts (Balance of Payments and International Investment positions) and Government Finance statistics (GFS), referred to here as the macro-economic accounts. Even though the ABS to date does not have a policy on the timing of these major revisions throughout the macro-economic accounts, the ABS has undertaken a harmonised implementation between these accounts three times in the last 20 years (the implementation of SNA 93 and BPM 5; 2008 SNA and BPM6; and more recently for a major revision cycle in 2017). In September quarter 2021, ABS plans to undertake another historical revision cycle for the macroeconomic accounts. As with the cycles in the past, the planned historical cycles will face challenges such as (i) the implementation and receipt of the most recent source data;

(ii) implementation of revisions throughout the whole time series, including the Supply Use benchmarks; (iii) the coordination of work flows and workload of 150 staff working on the cycle; (iv) compilation and release of the regular quarterly and annual statistics during the historical project; (v) communication strategies with major users; (vi) possible suppression strategies for estimates until September 2021; and (vii) maintenance of dual compilation systems. This presentation and paper will discuss these issues and come up with strategies as to how the ABS plans to address them.

Item 3.f. Country survey on revision policies

Jim Tebrake, International Monetary Fund (IMF)

National accountants must constantly balance the need for timely, high frequency economic data focused on measuring economic growth with the need for detailed economic data highlighting the structure and level of economic activity. In general, most national account programs produce high frequency, timely sub-annual measures of gross domestic product that are benchmarked to more detailed, less timely, higher quality annual, bi-annual or quadrennial estimates of gross domestic product. The quality, availability and timeliness of benchmark data varies from one country to another and therefore each countries' benchmark revision policy is unique and developed based on their specific data system. As the national accounting community looks towards updating the international macroeconomic accounting manuals it is important to examine country practices related to their benchmark revision policy with the aim of identifying sets of best practices around overall revision policies, the analysis of revisions and how revisions are communicated to users.

Item 3.g. Revisions are good for you?

Sanjiv Mahajan, UK Office for National Statistics

Timeliness versus quality versus user needs are example of key issues when considering implementing revisions and a revision policy. The need to incorporate revisions, either as major revisions (e.g. five yearly benchmark) or as regular revisions, is recognised as well as balancing the conflicting requirements. The trade-off between national data accuracy and the respect to the revisions practice should be assessed on a case-by-case basis. The need to make revisions is not a sign of weakness but more so as continual improvement and the degree of confidence by statisticians of the first estimate (e.g. flash GDP or first quarterly national accounts) and subsequent estimates (e.g. benchmarked data, improved methodologies). No revisions for several years is more of an indication of reducing quality. In the forthcoming decade, the expected number of major revisions (e.g. impact of the Census, eCOICOP, impact of globalisation, etc.) is high and should be coordinated across all the statistical domains and accounts. Coordination across countries – Harmonised EU Revision Policy? The presentation covers how the UK handles these challenges of a regular revision policy.

Wednesday 6 November, 09:30 – 18:00

9:30 – 11:00, 11:30 – 13:00 and 14:30 – 16:00

Item 4. Globalisation

Globalisation is one of the topics that drive the current agenda of the system of national accounts. However, globalisation covers a large number of issues. Under this item, an overview of recent international developments will be provided on how countries deal with multinational activities, on how they try to arrive at a consistent recording, and on how they are trying to provide a better monitoring instrument for capturing the impact of global activities. In addition, a presentation will be provided by the OECD Centre for Tax Policy and Administration (CTP) on the Base Erosion and Profit Shifting (BEPS) Programme.

Item 4.a. Short introduction to the work initiated in the context of the 2008 SNA

Jim Tebrake, International Monetary Fund (IMF)

The Inter Secretariat Working Group on National Accounts (ISWGNA) has mandated a “subgroup” to draft guidance notes on issues on the research agenda of the 2008 SNA, which are related to globalisation. The presentation will shortly introduce the organisation, the objectives, as well as the planning of the work.

Item 4.b. Effect of multinationals on national accounts: Corporate inversions and reallocation of R&D

Leo Hiemstra, Statistics Netherlands

In 2016 users of macro-economic statistics were startled by the revision of the Irish Gross Domestic Product (GDP) which appeared to have grown by more than 30 percent in 2015. Such a growth figure is way beyond growth figures normally recorded for Western economies. The relocation of large amounts of intangible assets to Ireland by a number of multinational corporations was the main cause of the unusual high growth rate of GDP. The large effects of globalization on the compilation of national accounts was already known, but the Irish case revealed the potential large effects of the activities of a select group of multinationals on the economic statistics of relatively small countries. The experiences of Ireland raised questions on the possible effects of activities of multinationals on the Dutch economy. Two specific aspects often related to multinational corporations are corporate inversions and the relocation of intellectual property to the Netherlands. On request from the Ministry of Finance and the Ministry of Social Affairs and Employment, Statistics Netherlands has investigated to what extent the Dutch macro-economic data have been influenced by these two aspects. To this end Statistics Netherlands has analysed its microdata and has compiled estimates of the impact of both aspects on Dutch macro-economic data for the time period 2010 to 2017. The presentation and paper will first show the theoretical effects of corporate inversions and relocation of intellectual property on GDP and Gross National Income (GNI). Further, the sources used and the applied methods will be elaborated and the results of the investigation will be presented. The conclusion from the investigation is that the two aspects each have a significant impact on Dutch macro-economic data. However, from the perspective of the overall size of the Dutch economy the impact is fairly modest. The impact of corporate inversions has increased in recent years, leading to an impact of 1.2% of GNI in 2017. The impact from the relocation of intellectual property is more stable over time looking at GDP and GNI. In 2017 the impact is 0.4% of gross domestic product and 0.2% of gross national income.

Item 4.c. International data reconciliation when MNEs and MNE groups allocate their activities across countries without creating separate legal units

Marina Sorrentino, Italian Statistical Office (Istat)

MNEs and MNE groups may allocate their activities across countries without creating separate legal units. In this case, according to the 2008 SNA, a branch may be identified as an institutional unit, that

is a part of the enterprise by which it is created, that is located in a different country from the enterprise's head office, and has substantial operations over a significant period of time. Since no separate legal entity exists, specific issues arise in relation to the international reconciliation of the data related to the branch. In fact, this unit resides in the country where it is located, but it is not required to compile and publish annual balance sheets or income statements, even if it could be meaningful to do so from an economic point of view. Therefore, a first issue is the very identification of the activity run in one country by a non-resident unit as a branch, both by the country where it is located and by the one where the enterprise's head office is. This involves recognising a part of an enterprise as a separate institutional unit and distinguishing the branch from affiliates and subsidiaries, which are separate legal units. Moreover, both concerned countries need to be aware of the existence of the branch. However, this may not be obvious, given that the branch has no obligation to compile public reports and that in general the branch's flows and stocks are not measured separately from those of the rest of the enterprise in its annual balance sheets and income statements. Finally, the activity of the branch needs to be included in the GDP of the country where it resides and the flows generated by it towards the enterprise's head office need to be included in the GNI of the head office's residence country and in the balance of payments of both countries. In our experience, all three issues create problems for an exhaustive and consistent measurement of GDP and GNI in all countries concerned. In this presentation and paper, we analyse the impact of these issues in the work done so far in Italy on Italian branches of foreign enterprises and on foreign branches of Italian enterprises, for both NA and an always higher coherence between national accounts and balance of payments, considering both the results, and the difficulties identified and still not overcome. Among the most relevant of them, it is worth mentioning those related to the use of shared criteria for the identification of branches across countries; the correct assignment of the branch's economic activity; the economic ownership of the means of production used by branches, especially in the case of cruises; and the specificities of branches in the sector of passenger air transport across countries. Part of the work on which the paper is based has been carried out in the contexts of the inter-institutional group between Istat and the Bank of Italy aimed at achieving the maximum coherence between national accounts and balance of payments, and the Eurostat GNI MNE Pilot exercise.

Break, 11:00 – 11:30

11:30 – 13:00

Item 4.d. The European Early Warning System

Steinar Todsén, Eurostat

Among European projects on globalisation, the “Early Warning System” (EWS) is a major example of close cooperation between national accountants and business statisticians and of enhanced data sharing via secure channels within the European Statistical System. The EWS was established in 2017 to detect in a timely manner, and being prepared for, restructuring events of MNEs that recently challenged user perceptions of the quality and consistency of European business statistics and National Accounts. The purpose of the EWS is to facilitate an early knowledge of restructuring cases across Member States directly concerned; to ensure the consistency of European statistics as regards such globalisation events; to guarantee a coordinated timing in the publication of first results and revisions, finally providing a timely, harmonised and interlinked communication. The EWS is intended as a clearly structured, light (non-legislative) procedure based on the voluntary cooperation between national data compilers and Eurostat. It crucially relies on a network of national EWS correspondents, coordinated by Eurostat (which ensures the secretariat). Cooperation with the European System of Central Banks (ESCB) and the European Central bank (ECB) has been established and statistical confidentiality is ensured through secure communication channels. At

present, 18 restructuring cases have been reported to the EWS, with the involvement of more than 20 EU/EFTA countries. Relevant anonymised EWS cases will be presented.

Item 4.e. Detecting and measuring aggressive tax planning by MNEs: A micro approach

Federico Sallusti, Italian Statistical Office (Istat)

Aggressive Tax Planning (ATP) is a set of practices aimed at exploiting mismatches and loopholes in the international tax framework in order to reduce the overall tax burden of multinational enterprises (MNEs). According to the literature, ATP has three main channels: (1) debt management; (2) R&D policies; (3) strategic transfer pricing. Furthermore, a set of illegal practices (i.e. non-disclosure of revenues, trade mis-invoicing) can be used with the same goal. Measurement of ATP is relevant for monitoring the phenomenon and for informing policies aimed at contrasting it, but also for assessing related illicit financial flows, and for adjusting GDP and GNI among countries. Generally, top down methods (using macro information) have been used to provide estimates of different facets of ATP, while bottom-up approaches have been less used due to the difficulty to access micro data. This work proposes a bottom-up method relying on the analysis of micro data related to Italian MNEs. The aim is to identify tax-avoiding MNEs and to adjust their value added. The dataset is composed by three main informative sources (Frame-SBS, COE-TEC and ASIA-groups), which provides, for the whole population of Italian firms (about 4.4 million units), comprehensive information about their economic and organizational structure, the characteristics of their inclusion in the network of international trade and, if applies, their positioning within MNE groups. The PS-ROC procedure used to estimate ATP is composed of two main steps, where the first phase is aimed at identifying tax-avoiding MNEs, and the second at adjusting their operative margin (value added where the cost of labor is fixed). Identification is carried out in three stages. In the first stage, a Propensity Score Matching analysis is carried out to define a control group for each Italian MNE unit. In the second stage, a comparison between MNE units and control groups is used to define a proxy variable, which can be interpreted as a “suspect” of tax-avoiding behavior. In the last stage, a ROC analysis is used to provide a final classification of MNEs based on the shape of a composite indicator including micro information about the variables that are supposed to be “sensitive” with respect to ATP. Adjustment is carried out by exploiting the identification model. In particular, the operative margin of each tax-avoiding MNEs is adjusted so as to bring the given unit on the threshold defined by the ROC analysis in the identification phase. Results of this pilot study show that about 60 percent of Italian MNEs can be supposed to use ATP strategies. On average, Italian MNEs under-report about 11.5 percent of their operative margin, which sum up to about 32.8 billion euros. These results are also characterised by a significant sectoral pattern, which seems to be traced back to the peculiar features of the given market in terms of “sensitivity” with respect to possible ATP-related strategies.

Item 4.f. Transfer prices in national and international accounts: A proof of concept

Henry Vargas Campos, Central Bank of Costa Rica

Globalisation has spread multinational enterprises (MNEs) throughout the world. This entails thriving international transactions among affiliated firms. MNEs could be shifting benefits from a high tax to a low tax jurisdiction, charging exchanged products between affiliated enterprises not at market prices, but at transfer prices which do not reflect the transaction at its “true” value. This is not only an issue to deal with for tax administrations but also for national accounts, because it might introduce distortions in the main economic aggregates. In Costa Rica, the MNEs operating in Free Zones are exempt from taxes, and they usually operate as cost centres, recording production at transfer prices that are lower than the market prices. This presentation, including the underlying paper, will focus on presenting the experience of Costa Rica in addressing the impact and treatment of transfer prices in national and international accounts in two of its major export industries, medical devices and business management consulting, which represent 23% of the total exports. It will also show how transfer price corrections affect exports, output, and operating surplus in the above-mentioned activities; and

depending on the mechanism used as counterpart, how it might affect other accounts such as the distribution of income account, the financial accounts and balance sheets, and the international investment position.

Lunch, 13:00 – 14:30

14:30 – 16:00

Item 4.g. Estimating residual profits using national accounts

Tibor Hanappi, OECD Centre for Tax Policy and Administration (CTP)

The tax challenges of the digitalisation of the economy were identified as one of the main areas of focus of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project. The Policy Note Addressing the Tax Challenges of the Digitalising Economy, approved on 23 January 2019, highlighted the desire of Members of the Inclusive Framework to explore several specific reform proposals and to carry out more in-depth analysis of each proposal and their interlinkages with a particular focus on the importance of assessing the revenue, economic and behavioural implications of the proposals in order to inform the Inclusive Framework in its decision making. The presentation discusses the methodology used to produce empirical estimates for the size, location and composition of residual profits based on aggregated jurisdiction-level data. The approach starts with the definition of a measure of total profits from national accounts. In this context, residual profits are defined as the profits that remain unexplained once all normal profits attributable to observed assets are subtracted from total profits. It builds not only on national accounts but also uses data from the OECD Activities of Multinational Enterprises database (AMNE), the OECD Analytical Activities of Multinational Enterprises database (AAMNE,) and the US Activities of Multinationals database to further refine residual profit estimates. Ultimately, the estimates are developed to support economic analyses of the policy proposals addressing tax challenges arising in digitalising economies.

Item 4.h. Work on extended supply and use tables in Chile

Simón Guerrero, Central Bank of Chile

This presentation will show the progress made by the Central Bank of Chile in compiling extended Supply and Use Tables (eSUTs). For this exercise, administrative records have been used to introduce firm's size heterogeneity in the traditional SUTs framework. Significant efforts have been undertaken to introduce information on sales and purchases among firms in order to obtain the disaggregation for intermediates inputs.

Item 4.i. Extended Supply and Use tables for Mexico – Main challenges for their construction and results

Francisco Guillen Martin, INEGI, Mexico

Globalisation demands the generation of new and complementary statistics that provide information on the interdependencies between countries and the impacts on national economies. The extended Supply and Use Tables (eSUTs) constitute a set of tables that describe the magnitude of inter-industrial flows at a more granular level, and is oriented to the external sector, giving special attention to the economic units that interact with other countries. These tables imply different levels of disaggregation aimed at identifying: ownership, export focus, size of economic unit, and level of integration in global value chains. The presentation will discuss the main challenges in obtaining the various dis-aggregations and how they were solved, as well as the main results of this extension. Particularly, these tables allow us to analyse the impact of Global Value Chains (GVCs) on the Mexican economy.

Item 4.j. Sharing algorithms, methods, data and learning using the UN Global Platform for Official Statistics

Gavin Phillips, UK Office for National Statistics

Digital technologies, including data, are rapidly transforming our world. Technological advances such as low-cost computing, the internet and mobile connectivity mean we are more connected globally than ever before and we have access to unprecedented opportunities to improve people's lives. The United Nations Global Platform is developing a cloud-service ecosystem to support international collaboration in the development of Official Statistics using new data sources and innovative methods. This will form a crucial forum in the future to enable information exchange, data sharing and data reconciliation, from networks in a secure environment, amongst statistical bodies such as the NSOs (at this stage, NCBs will need to partner with their respective NSI or an appropriate international institution). This presentation will be an overview of some of the work on the United Nations Global Platform, some on-going and upcoming projects and collaborations, and how you can join.

Break, 16:00 – 16:30

16:30 – 18:00

Item 5. Well-being and sustainability

One of the main criticisms regarding the system of national accounts is that GDP growth falls short of capturing sustainability and broader measures of well-being. These criticisms cannot be addressed anymore by simply arguing that GDP is a measure of economic activity, and should thus not be used as a measure of well-being. The question becomes how the system of national accounts can support research, policy analysis and decision-making on well-being and sustainability. Under this agenda item, contributions are made on how a future system of national accounts can contribute in a better way to a broader perspective to societal developments, including ideas and suggestions on the future direction of the 2008 SNA.

Item 5.a. Short introduction to the work initiated in the context of the 2008 SNA

Peter van de Ven, OECD Statistics and Data Directorate (SDD)

The Inter Secretariat Working Group on National Accounts (ISWGNA) has mandated a “subgroup” to draft guidance notes on issues on the research agenda of the 2008 SNA, which are related to well-being and sustainability. The presentation will shortly introduce the organisation, the objectives, as well as the planning of the work.

Item 5.b. The drivers of differences between growth in GDP and household adjusted disposable income in OECD countries: Comparisons before and after the financial crisis

John Mitchell and Esther Bolton, OECD Statistics and Data Directorate (SDD)

In many OECD countries, real GDP grew at a faster pace than real household income since the financial crisis. However, the drivers of this divergence appear different to those before the crisis. Using the wealth of information available in the System of National Accounts, this presentation updates work previously undertaken in 2016 and provides an assessment of what may be driving this gap, including a comparison of the drivers both before and after the financial crisis. Due to the relationship that exists between GDP and household income, a calculation can be made to identify each component's contribution to the divergence in the growth rates. Based on this deconstruction, differences between the growth rates reflect several underlying effects that (often) offset each other. Several indicators are investigated to help explain the underlying developments.

Item 5.c. Accounting for unpaid care and domestic work: Preliminary results for Costa Rica

Henri Vargas Campos, Central Bank of Costa Rica

Domestic care activities, as well as activities that contribute to the physical, cognitive and emotional development of household members, have a great impact on social and individual health, and the human development potential of the countries. According to Stiglitz-Sen-Fitoussi report, the image offered by national accounts should be complemented by comprehensive and periodic accounts of households' activities. The National Time Use Survey and the Satellite Account of Unpaid Domestic Work allows us to improve the study of issues such as equity and welfare of society, by providing more complete national statistics that provide additional elements to those currently available, to deepen the analysis of social inequalities, especially those related to gender. Starting from the 2008 SNA, the objective of the compilation of the Satellite Account for Unpaid Domestic Work is to raise awareness about the economic value of unpaid work that households perform in productive activities to generate services for satisfaction of the needs of their members, allowing more accurate dimensioning of the contribution of households to the national economy, as well as facilitating the integral analysis of the households' sector, when presenting the production of the services not included in SNA production boundary.

Thursday 7 November, 09:30 – 18:00

09:30 – 11:00 and 11:30 – 13:00

Item 5.d. General recommendations for the implementation of satellite accounts

Francisco Guillen Martin, INEGI, Mexico

In recent years, the need to measure subjective aspects, such as living condition perceptions by individuals and their relation to society and the environment, has become increasingly evident. While it is important to continue having and improving conceptual and statistical tools on this type of analysis, it is clear that there is a long way to go in this field. Joseph Stiglitz had already stated since 2008, that it is time for our statistical system to focus more on measuring the welfare of our population instead of trying to capture economic production. It is desirable that such measures of well-being be looked upon in a context of sustainability. However, shifting attention does not mean invalidating measurements of GDP. It is therefore considered that statistical tools such as satellite accounts are an effort of the statistical community to incorporate measurements of development and well-being, and allow breaking the paradigm that established the economy as the only centre of interest. Satellite accounts can help to expand that vision and show us how the economy is an integral part of a broader system that includes the minimum needs of any society for health, work, education, etc., and basic elements for the subsistence of the human being, such as natural capital and ecosystem services. Therefore, accounting frameworks have to be more flexible to incorporate this type of analysis that generates information and indicators that contribute to the measurement of well-being and sustainable development. In this respect, it should be highlighted that the efforts made in Mexico in this regard include the development of seven satellite accounts: environmental accounts, tourism, housing, culture, unpaid work of households, health and non-profit institutions.

Item 5.e. Improving the measurement of the distribution of personal income

Dennis Fixler, US Bureau of Economic Analysis (BEA)

Over the past several years, BEA has undertaken the research and development of a distribution of personal income. After discussing past efforts, the presentation will discuss current research in improving the distribution: the allocation of national totals to households, creation of time series, which involves the imputation of missing survey data, and improvements in enhancing the upper tail of the income distribution.

Item 5.f. Recent developments in distributional national accounts for New Zealand*Gary Dunnett, Statistics New Zealand*

Abstract: to be added

Item 5.g. Towards distributional financial accounts for the euro area*Henning Ahnert, European Central Bank (ECB)*

The ECB, in close collaboration with the national central banks in EU countries, launched in 2015/16 a project on linking household survey and financial accounts data for households, with the aim to compile distributional results for the household sector in the euro area. The presentation gives an overview of the first results of the project, the main challenges faced, the linking and estimation methods used, and the way ahead.

Break, 11:00 – 11:30

11:30 – 13:00

Item 5.h. The issue of missing wealth in compiling distributional accounts*Thomas Blanchet, WID.world*

Abstract: To be added.

Item 5.i. Environmental accounts in Europe, with a focus on latest developments in accounting for ecosystems*Arturo de la Fuente, Eurostat*

Eurostat is engaged in the domain of environmental accounts. In the European Union there are eight data collections of environmental accounts for different environmental aspects (energy, air emissions, material flows, etc.). These accounts are aligned to the SNA production boundary and asset boundary. They enhance detail in two respects, either the focus on physical flows entering and exiting the economy (these are based on supply and use tables measured in physical terms, e.g. tons) or focus in the environmental-related parts of the economy (flows of environmentally-related output, consumption, investment, taxes and subsidies etc.). In measurement terms, these environmental accounts address in more detail than SNA some aspects of output (as compared to gross value added), ancillary activities and intra-establishment flows, production for own final use (e.g. of energy), etc. The accounts on environmental-related parts of the economy require specific functional classifications and definitions to set the scope of those parts of the economy. There is a third type of environmental accounts, the so-called experimental ecosystem accounts. These accounts extend the SNA production and asset boundary to take account of natural capital and ecosystem services. There is an ongoing process to revise the current SEEA handbook on experimental ecosystem accounts, with submission to the UN Statistical Commission by 2021.

Item 5.j. Reporting on today's well-being: A UK perspective*Gueorguie Vassilev, UK Office for National Statistics*

The UK ONS has a wide-ranging measuring national well-being programme, which was established in 2010 following the Stiglitz-Sen-Fitoussi Report in 2008 to go beyond GDP in its measures of UK progress. The programme encompasses the environment, social relationships, human capital among other domains. Since February 2019, the Office for National Statistics has been publishing quarterly estimates combining personal and economic well-being concepts. Economic well-being builds upon the National Accounts framework, taking a household finance perspective as well as monitoring perceptions of the economy and finances, while personal well-being monitors people's happiness, life

satisfaction, anxiety and sense of worthwhileness. The presentation will discuss the wider programme, background to the releases, the choice of indicators, the driver for such a regular release and user feedback to date. We will also outline future developments we are considering for the release, in order to keep up with users' needs, which include expanding the coverage, more targeted analysis, and strengthening links with National Accounts.

Item 5.k. Comparing well-being “Here and Now”, “Later”, and “Elsewhere” in the EU28

Edwin Horlings, Statistics Netherlands

There is growing demand to find better ways to measure well-being. Many OECD member nations now have instruments for monitoring well-being and sustainability. Even though they have common conceptual roots (the report by Stiglitz, Sen, and Fitoussi; the CES Recommendations on Measuring Sustainable Development), each uses its own definitions, selects its own themes and indicators, and ‘speaks’ its own language. We still lack an international statistical standard for measuring well-being and sustainability. Statistics Netherlands has developed the Monitor of Well-being (MoW), which supports the parliamentary debate on the effectiveness of government policy and reports on the Sustainable Development Goals (SDGs). The results of the Monitor of Well-being 2019 for the Netherlands will be used to compare well-being “Here and Now”, “Later”, and “Elsewhere” in the EU28. Based on our preliminary results, the importance of comparability across countries will be discussed. Also some proposals for the design criteria of an international statistical standard aligned with the SNA and the SEEA will be presented.

Lunch, 13:00 – 14:30

14:30 – 16h00 and 16:30 – 17:55

Item 6. Digitalisation

Recent years have seen a rapid emergence of new disruptive technologies with new forms of intermediation, service provision and consumption, with digitalisation being a common characteristic. These include new platforms that facilitate peer-to-peer transactions, such as AirBnB and Uber, new activities such as crowd sourcing, a growing category of the “occasional self-employed” and prevalence of “free” media services, funded by advertising and Big Data. To arrive at an improved accounting for (the impact of) the digitalisation of the economy, the OECD Informal Advisory Group on Measuring GDP in a Digitalised Economy has developed a satellite account on the digital economy, i.e. the “Digital Supply and Use Tables”. In addition to providing a presentation on the latter tables, including a proposal for indicators that could be estimated with a higher priority, recent attempts will be presented to measure certain aspects of the digital economy, in particular sources and methods to arrive at estimates for certain parts of the Digital Supply and Use Tables.

Item 6.a. Short introduction to the work initiated in the context of the 2008 SNA

Nicola Massarelli, Eurostat

The Inter Secretariat Working Group on National Accounts (ISWGNA) has mandated a “subgroup” to draft guidance notes on issues on the research agenda of the 2008 SNA, which are related to digitalisation. The presentation will shortly introduce the organisation, the objectives, as well as the planning of the work.

Item 6.b. An update on recent activity in the development of Digital Supply and Use Tables

John Mitchell, OECD Statistics and Data Directorate (SDD)

The Informal Advisory Group on Measuring GDP in a Digitalised Economy (the advisory group) has developed a framework and template for Digital Supply and Use Tables (Digital SUTs). When populated, the Digital SUTs will offer a suite of internationally comparable indicators that will provide

information on the level of digital activity in the economy as well as the actors involved. The finalised framework along with a template for collecting data based on the framework was sent to members of the OECD Working Party on National Accounts (WPNA) in July 2019. As outlined in that note, the Digital SUTs are designed, in part, to act as road maps that help to motivate the development of new data sources and methodology. At the most recent meeting on July 1-2, 2019, the advisory group began a discussion on identifying several indicators that will be viewed as high priority. Following this meeting, a note was sent to members of the advisory group offering more detail on the high priority indicators along with recent work by a variety of NSOs in producing estimates that could contribute to the population of the Digital SUTs. This session will discuss any feedback on the Digital SUTs received from the WPNA and summarise the next steps for the advisory group and the WPNA in compiling the Digital SUTs, especially the identified high priority indicators.

Item 6.c. Toward a digital economy satellite account: Experimental results and future steps

Dylan Rassier and Erich Strassner, US Bureau of Economic Analysis (BEA)

BEA's GDP statistics include economic activity associated with the digital economy, but they do not allow data users to separately identify the contribution of the digital economy to economic growth. Recent work at BEA – made possible by support from the Commerce Department's National Telecommunications and Information Administration – develops estimates toward the construction of a new digital economy satellite account. The estimates are constructed within a supply-use table (SUT) framework. This presentation outlines the methodology used by BEA to identify and measure digital activity and preliminary estimates of digital activity in the U.S. economy. In 2017, the digital economy accounted for 6.9 percent of U.S. GDP – just below professional, scientific, and technical service industries. Also in 2017, the digital economy supported 5.1 million jobs and digital economy employees earned \$132,223 in average annual compensation compared to \$68,506 per worker for the total U.S. economy. Estimates have been made for 1997-2017. Future steps that will be described include preliminary results for 2018 as well as estimates for indicators, including, ideally, aggregates for ICT goods, digital services, cloud computing, and expenditure estimates from the SUTs.

Break, 16:00 – 16:30

16:30 – 17:55

Item 6.d. Measurement of economic activities of domestic digital platforms and pilot project of populating digital SUTs in Japan

Yuko Ueno, Cabinet office, Government of Japan

The sharing economy and the gig economy are growing rapidly all over the world, and Japan is no exception. In the meantime digital intermediary platform companies have come to play key roles to support these activities. In Japan not only global ones, but also domestic platform companies started their businesses, which are mainly targeted at domestic markets. Referring to the previous discussions led by the OECD and other international organizations, the presentation will discuss how to record new services supported by these intermediaries. It will also provide preliminary estimates of value added related to the sharing economy in Japan, based on the survey results collected from the online domestic platforms as well as individual service providers. The presentation will also discuss issues related to the first attempts to populate the “Digital SUTs” for Japan, including issues to arrive at granular estimates and possible solutions for them.

Item 6.e. Accommodation and the sharing economy in New Zealand

Gary Dunnett, Statistics New Zealand

Accommodation provision is a vital part of the New Zealand economy as it enables tourism which is a significant income generator for country. What is happening in the accommodation industry is part

of understanding this and there are a range of existing indicators for accommodation provision in New Zealand. While not new, the growth of those renting out their homes to others as part of the sharing economy poses challenges for existing indicators and related national accounts estimates. This paper outlines the existing data sources and methods used in the NZ national accounts and the challenges that the growth in this sharing activity poses. An approach to resolving these challenges is outlined along with an estimate of the size of the accommodation sharing economy in New Zealand.

Item 6.f. Cloud computing

Jim Tebrake, International Monetary Fund (IMF)

Digitalisation and the innovative use of digital technologies is changing the way we work, learn, communicate, buy and sell products. One emerging digital technology of growing importance is cloud computing. More and more businesses, governments and households are purchasing hardware and software services from a small number of large cloud computing providers. This change is having an impact on how macroeconomic data are compiled and how they are interpreted by users. Specifically, this is changing the information and communication technology (ICT) investment pattern from one where ICT investment was diversified across many industries to a more concentrated investment pattern. Additionally, this is having an impact on cross-border flows of commercial services since the cloud service provider does not need to be located in the same economic territory as the purchaser of cloud services. This paper will outline some of the methodological and compilation challenges facing national accountants, provide some tools that can be used to overcome these challenges and highlight some of the implications these changes are having on the way users of national accounts data look at investment and trade in commercial services.

Item 6.g. Free services in the national accounts of Statistics Netherlands

Martin van Elp and Nino Mushkudiani, Statistics Netherlands

The digital economy has been growing immensely in the last two decades. Its effects now are ingrained in many facets of our life and lifestyle and probably in all sectors of the economy. Significant concerns are whether the digital economy is appropriately measured. There are many attempts to categorise the size of the impact on traditional sectors. At this moment the digital economy still accelerates and National Statistical Offices are lagging behind, by applying the established System of National Accounts that does not always provide proper measurements. A feature of digital economy is the proliferation of new and free goods and services. The question is what (new) free services and free goods contribute to welfare change, and whether it affects GDP growth significantly. Free goods often have an implicit price. The positive quantity of these goods that are consumed have a zero measured value. There is no observable market price and the SNA therefore excludes them entirely from GDP. This presentation and paper discuss the methods proposed in the literature on including free services in national accounts, and also explore different approaches of measuring free services within the national accounts of the Netherlands.

17:55 – 18:00

Item 7. Closing of the joint meeting of the OECD WPFS/WPNA