Working Party on National Accounts

SUMMARY RECORD OF THE JOINT MEETING OF THE WORKING PARTY ON FINANCIAL STATISTICS AND WORKING PARTY ON NATIONAL ACCOUNTS

OECD Conference Centre, Paris
27 October (4:00 pm) – 29 October (11:00 am) 2015
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Session 1: Opening statement

1. Peter van de Ven (OECD, Head of National Accounts at the Statistics Directorate (STD) of the OECD), welcomed all participants to the joint meeting of the Working Party on Financial Accounts (WPFS) and the Working Party on National Accounts (WPNA), and thanked the Delegates for participating in this joint meeting. Subsequently, Peter handed over the meeting to the chair of the WPNA Bureau, Brent Moulton (Bureau of Economic Analysis, U.S.). Brent chaired sessions 2 and 7, and Ann-Lisbet Brathaug (Statistics Norway) chaired sessions 3 – 6.

2. Jennifer Ribarsky, Head of the Sectoral National Accounts section (OECD/STD) and responsible for the Secretariat of the WPFS and WPNA, welcomed the Delegates and thanked all those who contributed to this meeting. She then provided information on the organisation of the meeting.

Adoption of the agenda


Session 2: Statistical Units: Theory and Practice

4. The 2008 SNA basically distinguishes two types of statistical units: establishments for the compilation of supply and use tables, and institutional units for the compilation of institutional sector accounts. Under this agenda item, presentations were given on current country practices and problems encountered in applying the current guidance. In addition, the OECD made a presentation on the future research agenda on statistical units.

5. In his presentation “Statistical Units: The ABS Practice” [STD/CSSP/WPNA(2015)12], Ian Ewing (Australian Bureau of Statistics) presented the Australian experience with business registers in the context of national accounts, the strategies in establishing and maintaining the register and the wider potential for registers beyond their traditional use.

6. Catherine van Rompaey (Statistics Canada) asked whether Australia has tried to apply SNA institutional sector codes in the register, particularly for the public sector and non-profit institution. Albert Braakmann (Federal Statistical Office, Germany) also asked about the coverage regarding sectors such as non-profit institutions and publicly traded corporations. Ian responded that public sector and non-profit institutions are included and must have Australian Business Numbers. He added that tax data can help in identifying most units, but that there are still challenges as government units in the Government Finance Statistics (GFS) are reported differently from the recording in the business register.
7. Dirk van der Wal (Bank of Netherlands) asked which groups have access to the register’s data, and what types of security measures are in place. Michael Connolly (Central Statistics Office, Ireland) also asked about the legal framework for sharing data between institutions. Mr. Ewing responded that the identification and classification of each unit is already publicly available, as a consequence of which the sharing of information from the register is not an issue, while the use of any tax-related data is subject to confidentiality agreements with the tax office.

8. Peter van de Ven (OECD/STD) inquired whether Australia has procedures for defining establishments. Ian responded that they find working at the enterprise level is more pragmatic, as this makes it possible to establish a direct link with the tax data.

9. Sanjiv Mahajan (Office for National Statistics, U.K.) asked how Australia links the legal unit in a legal context to an institutional unit in a national accounting context. Ian responded that for 95% of entities, the legal unit is the same as the institutional unit, and for the remaining 5% the ABS spends about 40 persons of resources to profile the relevant entities.

10. Ann Lisbet Brathaug (Statistics Norway) inquired who has the responsibility to set industrial codes in the register. Ian responded that the industrial classification is primarily decided by the businesses themselves when they register online.

11. Subsequently, Henk Nijmeijer (Eurostat) provided a presentation “Statistical Units: putting theory into practice” [STD/CSSP/WPNA(2015)2]. He outlined the recent developments regarding statistical units, the guiding principles of profiling different entities, and the operational rules for consistent implementation of the current EU-regulations on statistical units.

12. Peter van de Ven (OECD/STD) then provided a presentation “Statistical Units: An Agenda for Research” [STD/CSSP/WPNA(2015)8]. He summarized various reasons for possibly reconsidering the definition of statistical units. He also put forward the proposal for the creation of a Task Force under the umbrella of the Intersecretariat Working Group on National Accounts (ISWGNA). This Task Force would (re)consider the statistical units that are presently recommended in the 2008 SNA and, if they conclude that the SNA recommendations should be changed, to come up with concrete and implementable proposals for changing the current standards.

13. Sanjiv Mahajan (Office for National Statistics, U.K.) asked why the timeline for the Task Force to present proposals is set at five years and not a shorter timeframe such as three years. Peter responded that redefining statistical units would have significant impacts and that this would need to be assessed carefully over a longer timeframe.

14. Ian Ewing (Australian Bureau of Statistics) stated that the world is more globalised but that this does not necessarily mean that the statistics are not fit for use. He suggested to clearly distinguish between theoretical concerns and more practical issues. Francisco Guillén Martin (INEGI, Mexico) suggested that the Task Force should take into account the degree of fragmentation, and the feasibility of using the enterprise as the principal statistical unit. Albert Braakmann (Federal Statistical Office, Germany) noted that the question of statistical units is important when looking at industries and institutional sectors, but less important when looking at aggregate totals. He welcomed the creation of a Task Force and emphasized the need for them to develop concrete and implementable recommendations. Peter stated that the Task Force would need to look at statistical units from a user perspective and should indeed delineate conceptual issues from practical issues.

15. Yosuke Tada (Cabinet Office, Government of Japan) supported the creation of the Task Force and suggested that it looks at whether new definitions for statistical units can still keep homogeneity of
economic activities to the extent possible. He also requested that the Task Force should deliberately consider the issue raised taking into account both feasibility and usability.

16. Catherine van Rompaey (Statistics Canada) supported the creation of the Task Force, but emphasized the importance of looking at the impact of any changes and the extent to which compromises are being made in measurement. Ann Lisbet Brathaug (Statistics Norway) also supported the creation of the Task Force and suggested that the Task Force look at what would be lost versus what would be gained. Peter acknowledged that the definition of statistical units will always be a compromise solution. He gave the example of the trade-off between focusing on homogeneity in supply and use tables versus the potential to link micro and macro data.

17. Brent Moulton (Bureau of Economic Analysis, U.S.) stated that he sees the value in reconsidering the definition of statistical units, but was concerned with going up to the enterprise level, particularly with respect to maintaining the link between employment and output for measuring productivity in specific economic activities. He added that, if other than national accounts experts are part of the Task Force, then the UN group working on industrial classifications should also be included. Peter agreed with including this group, and responded that according to him there is no problem in measuring productivity at the enterprise level although it would be a more heterogeneous concept.

18. Christian Dembiermont (BIS) supported the Task Force and the enterprise approach. He explained that at the enterprise level, risks do not stop at a border. He also suggested that the Task Force should look at the impact with respect to the number of staff required to implement any recommended changes. Michael Machuene Manamela (Statistics South Africa) stated that many countries are still moving to a level of resources where they can meet all of the requirements of the SNA. In this respect, he suggested that there should be an alternative within the SNA-framework in order to meet the challenges that were raised in the presentation. Peter addressed the concerns of resources by explaining that the transition would require up-front resources, but in the long term, a single statistical unit would probably lead to fewer resource requirements.

19. Brent Moulton (Bureau of Economic Analysis, U.S.) closed the session by briefly summarising the discussions. He noted that there was broad support for the creation of the Task Force but that there were also concerns about making revolutionary changes to the definition of statistical units.

Session 3: Address by Martine Durand

20. Martine Durand, OECD Chief Statistician and Director of the Statistics Directorate (STD), thanked Delegates and was happy to see so many Delegates from National Statistical Institutes, National Central Banks and International Organisations having come to Paris, to participate in the meetings of the OECD Working Parties on Financial Statistics and National Accounts.

21. Martine began her address by stressing the importance of statistics. The strategic objectives of the OECD are basically governed by the inputs and the demands from member states, be it those expressed in the OECD Council, or closer to home, in the CSSP, the Committee on Statistics and Statistical Policy, or the many other committees of the OECD. Martine also mentioned the OECD’s strategic programme “21 for 21” puts statistics at the centre of the agenda. Thus, every day the OECD’s Statistics Directorate is called upon to participate in the research and policy analysis done by the Economics Directorate as well as other directorates throughout the organisation. STD is seen as an equal partner, highly contributing to horizontal projects such as trade in value-added (TiVA), and to work with other directorates in measuring health outcomes and inequality. The primary goal is to develop statistics for evidence based policy. If statisticians do not respond to user demands, then the data will be taken from where ever users can get
them. It is our role to make sure there is no misuse of data. In this respect, big data has become important in STD. Also the compilation of more timely data and the use of nowcasting is a high priority for STD.

22. Martine also discussed the inclusive growth agenda and how to ensure that economic growth benefits all people in society. Obviously, from the perspective of the Statistics Directorate, this agenda is first and foremost driven by the Better Life Index. Well-being is at the top of the agenda, as was discussed at the recent OECD World Forum on “Statistics, Knowledge and Policy” which is a gathering of decision makers, policy actors, social leaders, statisticians and academics to discuss how best to measure and foster people's well-being and the progress of societies. But also from the perspective of national accounts, several initiatives can be directly related to the inclusive growth agenda. STD has done research into the main drivers of the difference between economic growth and real household disposable income. Furthermore, recently a household dashboard has been released on the OECD-website, which was picked up very well by the media. Last but certainly not least, STD collaborates with quite a number of member states on aligning the household distributional information from micro surveys with the System of National Accounts.

23. In addition, Martine mentioned the measurement of the economic resilience of our economy and our society at large. This is also about mitigation of risks, such as those experienced during and in the aftermath of the economic and financial crisis of 2008. This crisis has affected the well-being of many people in our society. One only has to look at its impact on unemployment, especially amongst young people in our society, to realise the detrimental impact this can have on the well-being of people. Therefore, the OECD strongly supports the improvement of statistics which try to capture these risks to the economic system, also as part of the G20 Data Gaps Initiative. She commented that in this respect it was also good to see items such as shadow banking and the many presentations on risk monitoring, be it related to interconnectedness, maturity and/or currency risk, on the agenda of the Working Party on Financial Statistics. The improvements countries have made in compiling financial accounts and balance sheets, including from-whom-to-whom tables, are truly impressive.

24. Martine ended her address by discussing sustainability, not least environmental sustainability. Future well-being very much depends on the capital base of our society. Recently, the OECD organised together with the UNECE a very successful seminar on the implementation of SEEA. The measurement of wealth more generally, to be considered as one of the major gaps in the system of national accounts, also remains high on the OECD agenda.

Session 4: Measuring Financial Services

25. Because the measurement of financial services still leads to strong and sometimes passionate debates, this session focused on how countries measure financial services and on issues related to financial intermediation that still need to be resolved.

26. Amanda Seneviratne presented “Measurement of the Finance and Insurance industry in the Australian National Accounts, including a detail focus on the measurement of FISIM” [STD/CSSP/WPNA(2015)5]. She provided an overview of the measurement of the finance and insurance industry in both volumes and current price terms, including some of the practical problems encountered. She then concentrated on the measurement of FISIM, presenting detailed compilation methods; practical problems encountered; and the current ABS position on some of the debated issues around measuring FISIM such as the inclusion/exclusion of risk elements.

27. After Amanda’s presentation delegates asked several specific questions on ABS’s methodology. Yosuke Tada (Cabinet Office, Government of Japan) noted that ABS didn’t follow the 2008 SNA in estimating the output of life insurance. Amanda answered that they rather use the default option (2008
SNA as well) to measure it through profit margins. Emmanuel Manolikakis (Statistics Canada) was curious to know if the consumer price index (CPI) included FISIM. Amanda confirmed that FISIM is excluded from the all groups CPI and that the CPI is used to deflate current price estimates for the balances (loans and deposits) by counterparty sectors and subsectors.

28. In his presentation “Intermediation services for non-bank financial intermediaries”, Brent Moulton (Bureau of Economic Analysis, U.S.) summarized recent research by the U.S. Bureau of Economic Analysis (BEA) on measuring financial intermediation services for non-bank financial intermediaries, including the broad category of financial intermediaries known as “shadow banking”. He also discussed suggestions for handling unresolved issues in measuring FISIM, such as accounting for credit default risk.

29. Emmanuel Manolikakis (Statistics Canada) welcomed the broadening of the scope to include other units besides commercial banks in the calculation of FISIM. He asked why BEA, in their methodology for calculating FISIM, did not use loan loss provisions. Brent explained that after research it was preferred to avoid using loan loss provisions but instead look at actual losses, as the latter provided more stable and plausible results. Yosuke TADA (Cabinet Office, Government of Japan) asked where default margins are recorded. Brent explained that these were recorded in other changes in volume of assets. Peter van de Ven (OECD/STD) asked if different reference rates for different types of financial corporations were used. Brent responded that financial corporations who issue asset-backed securities (ABS) and mortgage-backed securities (MBS) are sufficiently different from commercial banks, and therefore require a different reference rate. Ian Ewing (Australian Bureau of Statistics) wanted to know whether leaving some of the risk premiums, apart from the credit default losses, in FISIM is the official BEA position, in response to which Brent confirmed it was.

30. Claudia Dziobek (IMF) presented “Loan-loss Provisions and the Measurement of Financial Intermediation”. Claudia noted that on the future SNA research agenda for financial intermediation services there is a debate about whether higher rates paid by riskier clients represent “services” or “interest.” She commented that the higher rates may not be sufficient to capture the effects of loan losses and may, particularly during times of financial distress, overstate the value added of financial intermediation. Country data on loan losses were presented and Claudia discussed how provisions for loan losses could be reflected in the national accounts.

31. Peter van de Ven (OECD/STD) commented that a shift from implicit to explicit charges may have an unwarranted impact on the volume measurement of financial services, especially if the current deflation method for FISIM is being applied. Brent Moulton (Bureau of Economic Analysis, U.S.) noted that the BEA uses a volume indicator (number of ATM withdrawals, checks, etc.) and that this method should be indifferent between whether the services are explicitly or implicitly charged. He also noted that the BEA treats the accounting for loan losses as other changes in volume and not as capital transfers as advocated by Reinsdorf and Hood. Michael Wolf (Statistics Sweden) brought up whether adjustments for provisions should be included, and Claudia replied that it may be more of a timing issue.

32. Karen Kuhn (South African Reserve Bank) presented "Measuring financial sector output and its contribution to the South African GDP”. Karen outlined how the value added of the financial sector is estimated in South Africa, including the source data used. She presented the changes they made to comply with the 2008 SNA and further challenges in expanding the measurement of production in the financial sector. In addition, Karen discussed the composition of financial services as well as the contribution of the different types of financial services to GDP.

33. Peter van de Ven (OECD/STD) noted that in other countries the share of financial services in current prices was increasing rapidly, but that in volume terms the increase was much more moderate. Peter noted that South Africa shows a different picture and asked whether they were comfortable with the
price/volume split. Karen replied that volume measurement needed further research. Emmanuel Manolikakis (Statistics Canada) asked why non-residents were excluded in the FISIM calculations. Karen explained that they did not estimate FISIM for the rest of the world, because the Balance of Payments is not yet ready to implement it. Germany confirmed that the price adjustment for FISIM is a complicated issue for users. Finally, Karen stated that they had a lot of questions from users and that they were looking for practical experience from other countries.

Session 5: Items for Information

34. Sung-Ja Kim (Bank of Korea) presented “Public sector statistics in Korea”. Doing so, Sung-Ja described the scope of the Korean public sector and showed the compilation results. This project was a joint effort between the Central Bank and the Ministry of Strategy and Finance. The Bank of Korea started to release the annual public sector accounts from 2014, to check fiscal soundness as well as to assess the outcomes of public expenditure. Fiscal indicators such as total revenue, total expenditure and net lending/borrowing of the public sector, and their ratios to GDP, were calculated in accordance with the 2008 SNA.

35. The Bank of Indonesia asked whether the breakdown by currency was included in the Public Sector Debt (PSD). She also wondered if the corporate governance of the state-owned and local-owned companies was based on equity shares or on management control. Sung-Ja explained that the PSD estimates were compiled according to the PSD manual and she proposed to answer the second question by e-mail. As regards the questions from Filipa Lima (Bank of Portugal) on the coverage of financial instruments and the valuation used, Sung-Ja suggested to contact directly the Ministry of Strategy and Finance for further information.

36. Jennifer Ribarsky (OECD/STD) presented “It’s about households” [STD/CSSP/WPNA(2015)3], recent work conducted by the OECD to determine how people are doing, based mainly on indicators that focus on the actual material conditions of households. She presented the Household Dashboard launched last September 2015 and the recent research into the differences between the growth rate in GDP and adjusted household disposable income.

37. Sanjiv Mahajan (Office for National Statistics, U.K.) asked whether the analysis tried to assess the impact of the imputed rent for owner-occupied dwellings. In addition, Michael Wolf (Statistics Sweden) suggested looking at the household disposable income on a net basis. Christian Dembiermont (BIS) complimented the OECD for their work and especially for the dynamic charts of the Household Dashboard. Finally, the Delegate from “Banque de France” asked about the impact of public wage cuts on the contribution of “compensation of employees, other” and its impact on the GDP deflator (through public consumption deflator).

38. Jennifer confirmed that so far reactions from users on the Household Dashboard were positive and, as suggested by BIS, at the next meeting the OECD will update the Delegates on further feedback received from users following the regular updating of this new product. She informed the Delegates that the plan is to produce a STD working paper on the drivers of the difference between economic growth and household disposable income. Following Sanjiv’s and Michael’s interventions, Jennifer proposed to include in the next version of the paper a further analysis of the impact of operating surplus and consumption of fixed capital. Finally, answering the French Delegate, Jennifer pointed out that not only compensation of employees paid by government but also net receipts of compensation from RoW were included in the contributions’ table. As such, compensation from RoW could make a difference for some countries.
39. Christian Dembiermont (BIS) presented “A new database on general government debt”. Christian discussed the new dataset released by BIS in September 2015 on credit to the general government sector for 26 advanced and 14 emerging market economies. The new BIS series was an attempt to provide more comparable data for “public debt”. Also, the dataset contains series expressed in both nominal value and market value, allowing for a wide range of analyses. Lastly, the statistical concepts are identical to those underlying the BIS dataset on credit to the private non-financial sector, published since 2013. Taken together, the datasets can thus provide a useful picture of the aggregated indebtedness of all non-financial sectors.

40. Luigi Infante (Bank of Italy) asked BIS whether this new dataset was aimed at assessing financial sustainability or financial vulnerability/soundness. He also mentioned that a lot of information about public debt was available in Europe from administrative data.

41. Sanjiv Mahajan (Office for National Statistics, U.K.) pointed out that the nationalisation of banks could have an impact on the differences observed in the presentation. He also put into question and suggested to review the 50% rule which defines whether a unit is a market producer or not.

42. Catherine Van Rompaey (Statistics Canada) will get back to BIS on the “other accounts payable” (OAP) figures for Canada. She also informed the audience that general government data was currently being revised by Statistics Canada following the implementation of new accounting standards for Government Finance Statistics (GFS). In addition, a significant statistical revision, related to the availability of more granular data, was expected in the balance sheets data to be released in mid-December 2015.

43. André Schwaller (Switzerland, Federal Finance Administration) wondered about the need for this new dataset. He mentioned that data provided to the WB/OECD/IMF for PSD statistics corresponded to nominal value.

44. The German delegate asked BIS if it was planned to enlarge the dataset to cover the net debt concept (including information on assets); this could be of interest to economists. Reacting on the 50% rule, he stressed that the legal form of the public corporations has also to be considered.

45. Peter van de Ven (OECD/STD) recognised the difficulty to have internationally comparable data for debt. He mentioned that the inclusion of detailed metadata could be useful. He also supported the cascading approach, as presented by the IMF, which allows for different coverages for population and instruments, and mentioned that some remaining work needs to be done to be able to publish data according to this approach. Peter stressed that the debt definition used by BIS was too narrow and he pointed out the usefulness of the OAP to compare data across countries and over time, especially after the financial crisis. He also supported the inclusion of net debt figures. Finally, he recognised that the issue on differences in valuations was important and more and more relevant nowadays. He added that the valuation principles were usually discussed on tradable debt securities but it could also concern non-tradable instruments such as loans.

46. Answering the Italian and the Swiss Delegates, BIS stressed that financial markets were sensitive to debt data and the comparison in percentage of GDP across countries leads to significantly different numbers depending on which valuations is used. As regards net debt, he stressed the difficulty to have comparable estimates of the value of government assets. He also mentioned that debt of public enterprises usually fluctuates a lot with privatisation and introduces breaks in series. As for the exclusion of OAP, he stressed the major differences in the results across countries and the difficulty to interpret these differences. He concluded that he will follow up these points with his colleagues.
Session 6: Panel Discussion on the SNA Research Agenda

47. Peter van de Ven (OECD/STD) introduced the panel discussion. Six panellists were selected to give their views on the “SNA Research Agenda”. The panellists were requested to send a short note [STD/CSSP/WPNA(2015)17] in response to the following: “The recent conference “W(h)ither the SNA”, organised by the International Association for Research on Income and Wealth (IARIW) and the OECD, kicked-off a worldwide discussion on the priority issues to be addressed in the next set of national accounts standards, likely to be completed sometime in the mid-2020s. A panel discussion will be organised to discuss the main areas for further developing the 2008 SNA and related standards. Also ways in which emerging issues like well-being, environmental sustainability, knowledge economy, etc. need to be addressed may be a topic for discussion”.

48. All panellists were asked to briefly introduce their viewpoints after which a more generic floor discussion followed. Below is a summary of the main points.

49. Gerard Eding (Statistics Netherlands) stated the following key points for the next SNA: keep it small, make it non-national, and always check if concepts can actually be assessed. He elaborated that the SNA is and was always designed to be a theoretically based systematic approach to measuring economic performance of a region. He further stated that the recent SNA made substantial progress in trying to handle the impact of globalisation but we see that today’s economic reality can sometimes not be captured appropriately with the current SNA. He also stated that the current SNA introduced some concepts which from a theoretical perspective seem very sensible, but from a practical perspective, i.e. measuring or assessing these concepts, statisticians are sometimes left without a clue and an almost impossible task. We should learn from this for a future update to the SNA.

50. Francisco Guillén Martin (INEGI, Mexico) said that some of the most important issues to be addressed in a future SNA are issues related to environmental sustainability and well-being. He concluded that the role of satellite accounts should be significantly elevated in a future SNA, as this will allow a link between national accounts and these issues.

51. Barbro Hexeberg (World Bank, Chair of the ISWGNA) stated that in her opinion the ideas put forward so far fit into three not mutually exclusive buckets: (i) changes in the economy; (ii) what users want and/or demand; and (iii) new opportunities because of new data sources and Big Data. Her intervention focused mainly on the second and third point.

52. Young-tai Kim (Bank of Korea) started with the need to update the research agenda (starting from annex 4 of the 2008 SNA) and the need to prioritise the research issues while also explaining why these issues are important, how the related phenomena can be measured, and what impact they have on which parts of national account statistics. Young-tai commented that for future discussions we may consider issues related to the recent global trends of slow growth and low inflation as well as to demographic changes such as population aging, in addition to the use of micro data and satellite accounts.

53. Sanjiv Mahajan (Office for National Statistics, U.K.) discussed how quickly the world was changing and that this poses many measurement challenges, but that this does not necessarily constitute a problem for the framework of the SNA. Sanjiv listed four key areas that need to be addressed: (i) widening of the production boundary; (ii) improving the measurement of existing concepts; (iii) improving the processes to produce the accounts; and (iv) designing infrastructure (business register, classifications, data sources, etc.).

54. John Verrinder (Eurostat) stated that according to his impression there is no strong appetite for a major change in the SNA standards or importing major new elements into the so-called core accounts. He
commented on Andre Vanoli’s presentation at the recent IARIW-OECD conference where Andre argued that we should move away from the idea of a core/non-core distinction and towards a presentation of accounts (social, environmental, …) alongside each other, showing clearly the links between them. GDP would still be GDP, but users would see the overall context more clearly. He stated that this approach appeals to him, provided that we can clearly communicate the quality and main assumptions underlying the different parts.

55. From the general floor discussion two main points emerged:

- In the opinion of Delegates, the central framework should be kept relatively stable, while satellite accounts need to be further developed, allowing for putting them on par with the central framework.
- It was also noted that ways in which it is possible to deal with more granularity within the central framework is a major issue that needs further investigation.

Session 7: Household Distribution of Income, Consumption and Wealth

56. While aggregate income, consumption and wealth measures provide important information on how households as a whole are doing it tells nothing of how those measures are distributed across different groups of households. Several initiatives (such as recommendation 16 of the G20 Data Gaps Initiative and the recommendations of the Stiglitz/Sen/Fitoussi Report (2009)) highlight the need for such information.

57. This session began with the most recent work of the OECD Expert Group on Disparities in National Accounts (EG DNA). Jorrit Zwijnenburg (OECD/STD) gave a presentation on “Towards regular household distributional results within a national accounts framework”. Jorrit presented the results of the recent exercise, the main challenges that still need to be tackled (the most important being how to solve the largest micro-macro gaps) and the work that has been done on exploring nowcasting techniques to compile more timely estimates.

58. Subsequently, Francisco Guillén Martin (INEGI, Mexico) presented “Distribution of Income, Consumption and Saving by Quintiles: An Experimental Exercise for Mexico”. Francisco showed distributional results for three years, focusing on breakdowns into quintiles, household type, and main source of income. For Mexico, one of the main challenges is how to appropriately account for the informal economy which is relatively large in Mexico. With regard to future work, he explained that Mexico is trying to further expand their distributional results on the basis of the methodology provided by the EG DNA.

59. Tali Shalem (Israel Central Bureau of Statistics) made a presentation “Distributional Information on Consumption in Israel” [STD/CSSP/WPNA(2015)10] for the period 2009-2013. She explained the methodology to arrive at distributional results in constant prices (using the implicit price index) and showed developments for the quintiles over time for various consumption categories in current and in constant prices. She concluded that it is important to look at the relative share of each quintile in the various consumption categories as for most items consumption is unequally distributed among quintiles, and that more detailed breakdowns in consumption items would be helpful in this regard.

60. Peter van de Ven (OECD/STD) complimented Mexico on their time series information. In relation to the results, he wondered whether the negative savings rates for the first four quintiles could also be observed in the micro data sources. Francisco explained that this was indeed the case. In this respect, Brent Moulton (Bureau of Economic Analysis, U.S.) wondered whether underreporting in mixed income could be one of the explanations for the larger negative savings rates for some of the quintiles. Francisco explained that this could indeed be the case, as the gaps between micro and macro results for mixed
income are substantial. The allocation of this gap to the quintiles affects the savings rates for all the quintiles.

61. With regard to the Israeli presentation, Peter van de Ven (OECD/STD) was happy to see that five years of distributional data on consumption are available and asked if they also had information on the distribution of income for the same period. Tali explained that Israel is going to work on that in the near future. Peter was also interested to know whether they had looked at differences in CPIs for the quintiles as a result of applying the different weights of the consumption items across quintiles. Tali explained that currently consumption for each quintile is deflated with the implicit price index derived from national accounts, but that for the near future, they want to start looking at applying the price index at a more detailed level.

62. Amanda Seneviratne (ABS) asked Jorrit on how countries derive cross-classifications on breakdowns by household type and main source of income by quintile. Jorrit explained that most countries do this on the basis of socio-demographic information that is available in the micro data sources. With regard to the Mexican presentation, Amanda was interested in the inclusion of "financial perceptions" in the income concept, as that moves away from the traditional income concepts. Francisco explained that it is included to find more explanations for the negative savings.

63. Catherine van Rompaey (Statistics Canada) had a question regarding the treatment of pension transactions in the EG DNA methodology. Jorrit explained that both premiums and benefits are taken into account in calculating adjusted disposable income and the correction item for adjustment in pension entitlements is taken into account when calculating savings. In that way, the calculations are in line with the SNA and should align with the results from the financial accounts.

64. Amanda Seneviratne (Australian Bureau of Statistics) started a second batch of presentations on the compilation of distributional information, by presenting “A time series of the distribution of household income, consumption and wealth within the National Accounts”. She presented the results and explained the main techniques to construct these time series. She also showed the results of an analysis on the contributions of the various quintiles and underlying income components to the income growth rate for the household sector as a whole. The time series will be extended (2013-2014), to be released in November 2015. Furthermore, ABS is also looking into nowcasting techniques to see whether they can also publish first results for 2014-2015 soon.

65. Ivette Fernández (Central Bank of Chile) presented “Household wealth distribution in Chile: An application of Survey of Household Finances”. The Chilean survey focuses on assets, debts and income for households as well as on socio-demographic information. On the basis of the results of this survey, she presented distributional results by net wealth quintile, age of the reference person and housing tenure, as well as information on the composition of wealth for these household groups.

66. In her presentation “Distributions of household income, consumption, saving, assets, liabilities and net worth in the Canadian Macro-economic Accounts”, Catherine van Rompaey (Statistics Canada) explained that Statistics Canada is embarking on a project to develop distributional information on household income, consumption, savings, assets, liabilities and net worth. She presented information on the micro data sources that will be used as well as the way in which they envisage to align the micro and macro data. This will be done on the basis of the Social Policy Simulation Database (SPSD) that is constructed from a variety of data sources and that contains micro information on over 80,000 Canadian households. Provisional distributional estimates are targeted towards the end of 2016. Refinements and official publication is foreseen for the end of 2017.
67. Peter van de Ven (OECD) complimented all three countries on their work and wanted to know whether the macro results differed much from the micro results. Amanda replied that in Australia this was not the case, but that the micro statistics focus more on deciles and on income and consumption separately, whereas the focus for the national accounts is more on the savings per quintile.

68. With regard to the Chilean presentation, Peter noted that the results are primarily survey driven. He wondered whether they had made any attempts to link the results to the national accounts figures. Ivette explained that they looked at the confrontation of the two and that it revealed some coverage problems. They are aware that further work is needed in this field. Furthermore, Peter was wondering whether the wealth surveys captured the very wealthy households in Chile, as this is always problematic. Ivette explained that they tried to tackle this issue by oversampling this specific group and by using administrative data.

69. Finally, Peter was very happy to hear Canada’s plans to start compiling distributional results. He noticed that for some instruments the micro aggregates on wealth exceeded the macro aggregates. As it is usually the other way around, he was interested to know if they had any explanation for this phenomenon. Catherine explained that they indeed noticed that assets are often over-reported, whereas liabilities are often underreported. As survey data is used as a quality check of the national accounts data (especially where data on households are derived as a residual), the confrontation of the data may reveal some issues with regard to the national accounts estimates. In those cases it may also lead to revisions of the latter results.

70. Ann-Lisbet Brathaug (Statistics Norway) explained that Norway just started with the compilation of distributional results. In that regard she had a question how countries deal with the distribution of Social Transfers in Kind (STiK), as no information is usually available from household surveys. Peter van de Ven responded by explaining that two approaches are currently used, the actual cost approach and the insurance approach.

71. Young-Tai Kim (Bank of Korea) had a question for Canada with regard to their use of administrative data. He explained that in Korea they have difficulties with linking these data to other data sources, as administrative data often have to be treated as confidential. Catherine explained that this is not the case in Canada and that they are able to use record linkage to include administrative data in their database.

72. Arlyana Abubakar (Bank of Indonesia) asked Canada why they did not opt for a single survey to obtain all relevant information on households. Catherine explained that this is mainly because of the response burden. Arlyana also wondered whether countries use tax and bank data in the compilation of distributional results for households. Amanda explained that this is indeed the case in Australia. Catherine explained that via micro-linkages these data are also included in the micro survey results in Canada and in their database. However, as these data often lack socio-demographic information, some specific information still needs to be collected via surveys.

73. Brent Moulton (Bureau of Economic Analysis, U.S.) asked how Australia communicated developments in their time series, as you have to be aware that people may move from one group to another. Amanda stated that they try to explain these demographic shifts when communicating the results. With regard to Canada, Brent queried whether the database constituted a longitudinal dataset or was merely a series of cross-sections. Catherine explained that the database was a cross-sectional database. Finally, Brent had a general comment with regard to the indicator that would come closest to economic well-being. In his view, consumption would probably come closest to this concept, but the inclusion of Social Transfers in Kind (STiK) on health poses a challenge in that respect. STiK on health go to the sickest people, but it is a question whether that has to be regarded as a positive aspect of well-being. Peter
van de Ven (OECD/STD) explained that there had been a discussion on this issue in the EG DNA. It is important to show both disposable income (excluding STiK) and adjusted disposable income (including STiK) to be transparent about the differences. In this way users could see the impact of STiK on the distributional results. He also mentioned that there were some interesting papers on this topic at the last IARIW conference in Rotterdam.

**Closing**

74. The chair, Brent Moulton (Bureau of Economic Analysis, U.S), thanked the delegates for participating in a very successful meeting.