

Items for discussion and decision: National accounts

**Report of the Inter-Secretariat Working Group on National Accounts:
Supplement**

1. In its report (E/CN.3/2007/7), the Inter-secretariat Working Group on National Accounts asked the Commission to adopt the recommendations as set out in the background document entitled The Full Set of Consolidated Recommendations with additional considerations on five issues. On four of the five issues, it presented these considerations. On the fifth, Government and other non-market producers: cost of capital of own assets, it wished to undertake further consultations before coming to the Statistical Commission with its considerations.
2. The further consultations were completed. The arguments were much the same as summarized in paragraphs 38 and 39 of the ISWGNA report. In each round of consultation, views have been divided. On the one hand, a majority of countries that responded within the SNA update consultation process supports the principle that a return to capital should be included when non-market output is estimated by the sum of costs. A large majority of the AEG members who responded in the recent e-consultation supported the original recommendation to include an estimate of the return to capital in the measurement of non market output. They recognize that some determinants, especially the rate of return to use, are the subject of on-going research. Moreover, the methodology should consider the case where basic data are sparse or of poor quality as well as the optimal case of data availability. On the other hand, other countries argue that the issue of a return to capital on own assets used in non-market production raises substantial conceptual and implementation difficulties, which may hamper comparability across countries and groups of countries. Those that hold this view also indicate the need for further research.
3. Without doubt, a consensus would be preferable, but consensus has not emerged despite considerable effort. The ISWGNA notes that, for some countries, the issue is seen as critical to the relevance of their accounts in order to avoid a conceptual inconsistency in the SNA between market and non market estimates and they are prepared to move ahead. Some other countries favor more caution for conceptual and practical reasons. In trying to reconcile these positions, the ISWGNA brings to the Statistical Commission the view that more research should be undertaken in a manner that deals squarely with the unresolved points, tests as conclusively as possible the impact on GDP, and takes into account the differing degrees of data availability around the world. The ISWGNA is prepared to coordinate this research and to report to the Statistical Commission on progress. In the meantime, the updated 1993 SNA will recommend that countries continue with the current 1993 SNA's recommendations regarding the estimation of non market output.