

Questionnaire on accruals of earnings on equity in SNA (superdividends, capital injections and reinvested earnings)

September 1, 2004

Team 1 of the Working Group 2 of the TFHPSA

1. In the context of classifying transactions between public corporations and government, is the existing 1993 SNA adequate?

- Adequate Not fully adequate Not adequate enough

If not fully adequate or not adequate enough, please explain why

2. Have you observed actual cases in your country where this is a problem?

3. What do you think of the *Eurostat Manual on Government Deficit and Debt (MGDD)* guidance on capital injections and superdividends?

3.1 Capital injections

- a) Not helpful
 b) A helpful interpretation of the existing SNA, and should be part of the updated SNA
 c) Better than nothing, but a more substantial reform is needed for the updated SNA

3.2 Superdividends

- a) Not helpful
 b) A helpful interpretation of the existing SNA, and should be part of the updated SNA
 c) Better than nothing, but a more substantial reform is needed for the updated SNA

Other comments:

4. If 3{a} or 3{c}, what are the main weaknesses with the Eurostat MDD?

- | | | | | |
|---------------------|--------------------------|--------------------------|--------------------------|--|
| Main weakness | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | a) asymmetry |
| Somewhat a weakness | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | b) cherry picking |
| Not a weakness | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | c) deviation from the revenue/expense criteria for dividends and capital injections |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | d) such events, though booked as government expense/revenue, are not demand expanding/contracting |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | e) deviation from accrual recording (time of recording) |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | f) having to record as a revaluation (rather than as a transaction) the fall in value of shares at time of dividend distribution |

Other comments:

6. Do you agree with the accruals of earnings approach described in the paper?

- Yes/Broadly Yes In some measure No/Not really

Other comments:

7. Would accrual of earnings pave the way to convergence with IPSAS/GAAP?

- Yes Perhaps/In some measure No

7.1 Should convergence with IPSAS/GAAP be a main/important consideration in the SNA review?

- Yes To some extent No

Other comments:

8. Do you consider that accrual of earnings should be applied consistently across national accounts, or could be only extended to particular types of corporations

- Only consistently Preferably, but not necessarily Not important

Other comments:

9. If particular types, which ones?

Yes Perhaps No

- a) all 100% owned public corporations
 b) all public corporations (i.e., above 50%)
 c) all associates of government/public corporations (i.e., above 10 or 20%)
 d) all equity stakes of government/public corporations

- e) all 100% ownership (public / private)
 f) all subsidiaries (i.e., above 50%)
 g) all associates (i.e., above 10 or 20%)
 h) all equity stakes

Other comments:

10. Do you think accrual of earnings should be extended to mutual fund shares in SNA, as it is already the case in ESA 1995?

- Yes Perhaps/In some measure No

Other comments:

11. Technical issues

11.1 What should be the definition of earnings to accrue?

- | | | | |
|--------------------------|--------------------------|--------------------------|---|
| Yes | Perhaps | No | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | a) The current SNA definition |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | b) The current SNA definition amended for bad loans |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | c) Another definition |

Other comments, and if c) please provide another definition:

11.2 What should be the treatment of losses?

- | | | | |
|--------------------------|--------------------------|--------------------------|--|
| Yes | Perhaps | No | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | a) negative revenue of the shareholder |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | b) expense of the shareholder |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | c) subsidy/expense for 100% own public corporations and negative revenue otherwise |

Other comments:

11.3 Assuming accrual of earnings is retained: should the reinvested part be shown as a subcomponent of a new SNA equity property income position, or should the 1993 SNA presentation be retained? Or should solely the accrual of earnings be shown under SNA?

- | | | | |
|--------------------------|--------------------------|--------------------------|---|
| Strong preference | Slight preference | Does not agree | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | a) show the reinvested part as a subcomponent of a new "earnings/income on equity" position |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | b) keep the 1993 SNA presentation of two separate entries |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | c) show only the accrual of earnings |

Other comments: