

August 12, 2004

Comments on AEG Government Income Equity on its
Investment in Public Corporations by Jeff Golland, United Kingdom Treasury

-----Original Message-----

From: Golland, Jeff [mailto:Jeff.Golland@hm-treasury.x.gsi.gov.uk]

Sent: Thursday, August 12, 2004 1:07 PM

To: Philippe.DE-ROUGEMONT@cec.eu.int; albert.braakmann@destatis.de; vgidar@mof-glk.gr; Tracey.McCarron@stats.govt.nz; Giorgiom02@hotmail.com; brooks.robinson@bea.gov; iargyris@mof-glk.gr; tim.dobbs@bea.gov; Rivas, Lisbeth; Weisman, Ethan; Basanti, Rifaat K.; Dublin, Keith G. N.

Cc: Francois.LEQUILLER@oecd.org; jean-pierre.DUPUIS@oecd.org; Laliberte, Lucie C.; Luca.Ascoli@cec.eu.int; Dieter.Glatzel@cec.eu.int

Subject: RE: IMF paper.....FW: . RE: TFHPSA - Team 1

Philippe,

Thank you for copying this to me.

I fully support the conclusion of the paper that dividends should be recorded equal to the profit of the public corporation, and not equal to the cash actually paid. Perhaps this conclusion could be expressed as follows:

Actual cash transactions between government and a public corporation (such as a cash payment of the dividend) should be recorded as financial transactions in equity (except payments that are clearly something else because they do not depend on government ownership - such as sales of goods and services or investment grants) and non-financial transactions (property income/subsidies) should be recorded for the PC's profit/loss together with a transaction in equity of the same size.

In the numerical example I do not see the need to split the property income into the actual cash dividend and imputed dividend for the undistributed profit; it should all be recorded in the same category.

My main comment on the text concerns the description of the recording of dividends under the current SNA rules. It implies that for certain types of public corporations, dividends from those corporations to government are recorded on an accruals basis in the sense that the dividend is equal to the profit of the public corporation. My understanding of SNA is that this sort of approach applies only to foreign direct investment, and does not apply to quasi public corporations or other types of public corporations.

Jeff

-----Original Message-----

From: Philippe.DE-ROUGEMONT@cec.eu.int

[mailto:Philippe.DE-ROUGEMONT@cec.eu.int]

Sent: 03 August 2004 16:32

To: albert.braakmann@destatis.de; Golland, Jeff; vgidar@mof-glk.gr;

Tracey.McCarron@stats.govt.nz; Giorgiom02@hotmail.com;

brooks.robinson@bea.gov; iargyris@mof-glk.gr; tim.dobbs@bea.gov;

Irivas@imf.org; eweisman1@imf.org; rbasanti@imf.org; kdublin@imf.org

Cc: Francois.LEQUILLER@oecd.org; jean-pierre.DUPUIS@oecd.org;

LLaliberte@imf.org; Luca.Ascoli@cec.eu.int; Dieter.Glatzel@cec.eu.int

Subject: IMF paper.....FW: . RE: TFHPSA - Team 1

Dear colleagues,

Find attached a draft document by the IMF in relation to TFHPSA WG2 Team 1. This document takes the form of a draft paper for submission to the AEG (point 2 of the "next steps" in my E-mail last Friday).

I would welcome receiving comments by August 16 COB.

(I would welcome comments on the other circulated documents too)

Thanks and regards - Philippe de Rougemont.

-----Original Message-----

From: Dublin, Keith G. N. [mailto:KDUBLIN@imf.org]

Sent: Tuesday, August 03, 2004 3:19 PM

To: DE ROUGEMONT Philippe (ESTAT)

Cc: Weisman, Ethan

Subject: FW: . RE: TFHPSA - Team 1

Philippe,

As promised, please find attached the paper on government reinvested earnings that was revised by Lucie.

Regards,

Keith

-----Original Message-----

From: Laliberte, Lucie C.

Sent: Friday, July 30, 2004 3:58 PM

To: 'philippe.derougemont@banque-france.fr'

Cc: 'Jean-Pierre.DUPUIS@oecd.org'; 'Luca.Ascoli@cec.eu.int';

'Dieter.Glatzel@cec.eu.int'; 'philippederouge@aol.com'; Dublin, Keith G. N.;

'francois.lequiller@oecd.org'

Subject: . RE: TFHPSA - Team 1

Philippe

Tel que convenu avec Jean-Pierre au début juin et discuté avec toi il y quelques semaines, nous avons poursuivi le travail du groupe de travail lors de ton absence. A cet effet, tu trouveras ci-joint copie de l'ébauche que nous avons produite à partir de ton document de février, y compris les exemples numériques que tu avais produits. Tu noteras que nous avons mis l'accent sur le "income equity of government on its investment in public corporation" et que nous avons tenté de suivre le format des "Operational Guidelines" du AEG .

Jean-Pierre, François et moi-même voulions nous assurer qu'il y ait un sommaire de quelques 15 pages (AEG Operational Guidelines) qui soit soumis à la réunion du Task Force en septembre, et qui devra être envoyé peu après au AEG. Je suis très heureuse que tu prennes de nouveau la relève du groupe de travail. Le document que je te fais parvenir pourra servir d'input à ce sommaire .

Lucie

Je vois que nos documents se croisent et n'aurai pas le temps avant de partir en vacances de lire ta dernière documentation.

-----Original Message-----

From: philippe.derougemont@banque-france.fr

[mailto:philippe.derougemont@banque-france.fr]

Sent: Friday, July 30, 2004 1:30 PM

To: Tracey.McCarron@stats.govt.nz; iargyris@mof-glk.gr; vgidar@mof-glk.gr;

albert.braakmann@destatis.de; Giorgiom02@hotmail.com;

Jeff.Golland@hm-treasury.x.gsi.gov.uk; brooks.robinson@bea.gov;

tim.dobbs@bea.gov; Rivas, Lisbeth; Weisman, Ethan; Dublin, Keith G. N.;

Basanti, Rifaat K.

Cc: Jean-Pierre.DUPUIS@oecd.org; Laliberte, Lucie C.;

Luca.Ascoli@cec.eu.int; Dieter.Glatzel@cec.eu.int; philippederouge@aol.com

Subject: Executive summary and third version of the paper RE: TFHPSA -

Team 1

Dear colleagues
(sorry, my finger tripped on my previous e-mail)

I would appreciate if you would provide comments on the Executive Summary that I circulated last week (attached again) as well as on a revised third version of the February paper. The latter includes a new section on business accounting, which may be useful.

The next steps should involve: (1) Jean Pierre circulating a questionnaire (using notably the questions in the Executive Summary). This leaves some time to polish it. (2) producing a draft paper for submission to the AEG, that would be longer (and include required features) than the Executive Summary, but shorter than the whole paper.

I will start on Monday August 2 at Eurostat, and will keep in touch for the follow up as soon as I get an e-mail. In the meantime, you can send mails to philippederouge@aol.com

Best regards - Philippe de Rougemont

-----Message d'origine-----

De: DE ROUGEMONT Philippe (UA 1421)

A: Tracey.McCarron@stats.govt.nz ; iargyris@mof-glk.gr ;
vgidar@mof-glk.gr ; albert.braakmann@destatis.de ;
Giorgiom02@hotmail.com ; Jeff.Golland@hm-treasury.x.gsi.gov.uk ;
brooks.robinson@bea.gov ; tim.dobbs@bea.gov ; lrivas@imf.org ;
eweisman1@imf.org ; kdublin@imf.org

Cc: Jean-Pierre.DUPUIS@oecd.org ; Luca.Ascoli@cec.eu.int

Date: 22/07/04 16:28

Objet: Executive summary RE: TFHPSA - Team 1

Dear team 1 colleagues, following my tuesday message, please find an EXECUTIVE SUMMARY (6 pages) of the paper.

The executive summary includes questions that ought to be examined and answered in September. I think, this executive summary of 6 pages is long enough and comprehensive enough to be the ultimate basis of discussion and decision of the working group in September, and short enough to be digestable by anybody.

[I have observed that BOP colleagues, in the three groups they have recently created, aim at 4-6 pages documents for examination. I thought it a good idea.]

Thanks to provide me by Monday, COB:

- (1) general comments on the other ways the Executive Summary should look like;
- (2) comments in substance on missing points, on mistakes etc....;
- (3) any editorial changes you see fit.

There is no need for you to answer to questions at this stage; more to comment on whether some questions are difficult to follow, ambiguous, unnecessary etc...

I welcome all types of contributions, including in the form of tracking changes. Please feel free to massively edit, and to circulate your own comments to other colleagues if you wish (which I generally encourage / I do not plan to recirculate those myself, short of exceptions).

We should aim at producing a questionnaire by next week as well as a third version of the original document (it will have a new section on accounting rules).

I copy my future Eurostat colleagues (Luca ascoli, acting chief - Unit C3 Public Finance and Taxation, and Dieter Glatzel, advisor and in charge of a new task force on the SNA review). It is likely Eurostat will have a keen interest in following up (and advise) the TFHPSA progress.

Best regards - Philippe

-----Message d'origine-----

De: DE ROUGEMONT Philippe (UA 1421)

A: iargyris@mof-glk.gr ; vgidar@mof-glk.gr ;

albert.braakmann@destatis.de ; Giorgiom02@hotmail.com ;

Jeff.Golland@hm-treasury.x.gsi.gov.uk ; brooks.robinson@bea.gov ;

tim.dobbs@bea.gov ; lrivas@imf.org

Cc: Tracey.McCarron@stats.govt.nz ; Jean-Pierre.DUPUIS@oecd.org ;

eweisman1@imf.org ; kdublin@imf.org

Date: 20/07/04 10:49

Objet: TR: TFHPSA - Team 1

Dear colleagues of team 1

See below some update on where we are, following a question by Tracey.

1- I would welcome country estimates and/or short papers (2-4 pages) detailing the method (or possible method) of compilation.

2- I would welcome comments on how the existing February text should

evolve.

I will issue in the coming days a new version, and any early advice would be helpful.

Best regards - Philippe de Rougemont

-----Message d'origine-----

De: DE ROUGEMONT Philippe (UA 1421)

A: Tracey.McCarron@stats.govt.nz ; DE ROUGEMONT Philippe (UA 1421)

Cc: Jean-Pierre.DUPUIS@oecd.org

Date: 20/07/04 10:29

Objet: RE: TFHPSA

Hi Tracey,
Good to hear from you.

Quite unexpectedly, I decided this spring to leave the IMF and accept a position at Eurostat (though now delayed by a few weeks: hence my stay at my mother institution - since July 1). Owing to the uncertainty in March/April and then very busy to arrange for my removal out of DC and other affairs in May/June, I have not been active in Team 1 since February.

In July, the OECD asked the Banque de France to let me work on the TFHPSA, and as of late, I have been busy trying to revamp the text.

I am not sure about what the agenda posted by the IMF exactly means. Eurostat is stepping up its work on the SNA Review, notably on the GFS side. We will certainly be represented in DC in September, although it is not certain I will be able to attend. I take the agenda to mean that Keith/Ethan would be enlisted to carry the flag, then.

1- As you remember, I was interested if you could come up with a NZ estimate and way to present the reinvested earnings. Do you think it feasible?

2- Do you have ideas in terms of restructuring the February paper?

I am adding a part on GAAP/IPSAS.

I will be adding soon questions.

I wonder if I would not write a selfcontained summary text of 4-6 pages and keep the rest as annexes. What do you think?

Many thanks and best regards
Philippe de Rougemont

-----Message d'origine-----

De: Tracey.McCarron@stats.govt.nz
A: philippe.derougemont@banque-france.fr
Date: 20/07/04 02:48
Objet: TFHPSA

Hi Phillipe,

I am supposed to be on the team that is looking into government transactions with public corporations for the next meeting in September to be hosted by the IMF. I haven't seen anything on the IMF website except a paper that Eurostat has written. Have I missed something? I thought that you were the leader of this but now I see that Keith Dublin and E weisman are the discussion leader of this in the agenda but there is no paper as yet.

Regards
Tracey McCarron
Senior Economic Statistician
National Accounts
ph (03) 964 8959

When you want the answers visit www.stats.govt.nz

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