

**Comments on draft SNA chapter:
Chapter 15: The Goods and Services Account and
Supply and Use Tables**

Deadline for comments: 29 November 2007

Send comments to: sna@un.org

Your name:	Peter Harper
Your country/organization:	ABS
Contact (e.g. email address):	Peter.harper@abs.gov.au
Submission date:	Click here and enter your submission date

This three-part template allows you to record your comments on draft chapter 15 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

Save this template and send it as an attachment to the following e-mail address:
sna@un.org

Part I: General comments

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated. Also, you may wish to comment on whether there is enough cross-referencing to earlier chapters for the basic concepts and definitions used in the supply and use tables (30 words or less).

Comment:

Overall we think it is a very good chapter.

Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 15, you may wish to devote particular attention to the passages listed below. For ease of reference, we have identified the relevant paragraphs. For each passage, a Word table is provided for you to use in making your comments. In most cases, there is a row for general comments at the top of the table. Thereafter please use a separate row for each paragraph on which you wish to make detailed comments.

Goods and services account

As the foundation of the supply and use tables, the goods and services account is discussed in paragraphs 15.7. This account also serves as a preliminary step to the material on the summary measures of the accounts (now in chapter 14, but to be moved in the next version of the full set of chapters where this chapter on the goods and services account and supply and use table will be chapter 14, prices and volumes will be chapter 15 and part of the existing chapter 14 will be described as “Summarising and integrating the accounts” in place of the present title of “Summarising and presenting the accounts”> and will be chapter 16.).

1. Do you find this discussion useful? Is it clear and sufficient?

General comment	Yes discussion is clear
15.7	Click here and start typing.

Goods for processing

The implications of the new treatment for goods sent abroad for processing (and returned from abroad after processing) for the supply and use tables is described in paragraphs 15.32-15.36.

2. Is the discussion of goods for processing clear and sufficient?

General comment	Yes discussion is clear
15.32	Click here and start typing.
*	Click here and start typing.

* Insert rows in this Word table for each paragraph on which you wish to comment.

Trade and transport margins

The decision on how to record goods for processing has implications for how to record transport margins on such goods. Further, the principles of how to record trade and transports margins within supply and use tables when valuation is at basic prices as compared with purchaser's prices were not elaborated in the 1993 SNA text. Such a clarification is now provided (paragraphs 15.42-15.66)

3. Is the discussion of trade and transport margins clear and sufficient?

General comment	
15.43	The wording in this paragraph could be misleading. First, where the producer supplies the delivery services (cases 1 and 2 in Table 15.2) these are not treated as transport margins in the SU system. Second, in case 6 in Table 15.2 we would conclude that the purchaser's price for the good being delivered is also 231 not 220 and the service being provided by C is a transport margin service. Consequently, the second sentence of para 15.43 is not correct.
15.60	<p>This paragraph and general section highlight for us an inconsistency between SNA and BPM in terms of valuation. By way of example suppose an Australian company exports coal from Australia to Japan using a Greek owned vessel. Suppose the value of the coal fob is \$900 and the value of the transport services is \$100. The contract requires the Australian company to include the shipment of the coal.</p> <p>Following SNA the Japanese record an fob import of \$900 and imports of transport services of \$100. The Australian record an export fob of \$900, export of transport services of \$100 and import of transport services of \$100 from Greece.</p> <p>Following BPM the Japanese recording is the same but for Australia only the exports fob of \$900 are recorded. This is because under our interpretation of BPM the ownership of the coal is deemed to change at the customs frontier and hence any provision of services by a third country (Greece) to the importing country (Japan) are deemed non-resident to non-resident and hence not in scope of the BOP.</p> <p>Overall we find the SNA treatment correct as it does not leave out legitimate transactions. We have raised this matter through the update process of BPM but no change was made to our knowledge.</p>
15.61	An issue with recording of fictional exports of service is that it leads to different values of exports/imports between different statistics i.e. SNA estimates will be different to BoP/trade estimates which confuses users. Another solution is to record a negative import of the same value. While this has potential problems it does lead to the same level of exports/imports across different economic statistics.

* Insert rows in this Word table for each paragraph on which you wish to comment.

The supply and use tables in volume terms

Section D.2 provides a general discussion of the supply and use tables in volume terms, covering output, imports and exports, margins, taxes less subsidies on production, and value added.

4. Is the discussion of supply and use tables in volume terms clear and sufficient?

General comment	Overall, the discussion is good. Reading the text has raised an issue on which the ABS was seeking clarification of the existing SNA. The issue is that we feel the underlying concept of the volume of taxes less subsidies on products is not defined sufficiently well. This issue reaches particular significance when a new tax is introduced or a existing tax eliminated. It is also an underlying issue in balancing supply and use tables as the visibility of taxes less subsidies on products is quite different from the expenditure and production perspectives.
15.127	Click here and start typing.
*	Click here and start typing.

* Insert rows in this Word table for each paragraph on which you wish to comment.

Additions and deletions to the draft chapter

The chapter aims to give a more comprehensive view of supply and use tables and how they might be used than is found in the *1993 SNA*. As explained in the Note by the Editor, new material was added on several aspects.

5. Bearing in mind that input-output tables will be described in a later chapter, are there other aspects of supply and use tables that you feel should be added to the chapter?

Comment:

We think there is sufficient coverage of the issues in the chapter

Table 15.3 of the *1993 SNA* shows the cross classification of production account items by industries and institutional sectors. It has been omitted from the draft chapter.

6. Do you see any reason to restore it to the draft?

Comment:

No we agree with it being omitted

Part III. Other specific comments

Para 15.75 – The term intermediate consumption is used to describe both the aggregate use of a specific product by using industries and the aggregate use of product by an industry or industries. It is a source of confusion that the same term is used to describe two different notions. It might be helpful to use the term intermediate usage or intermediate inputs to describe the use of product by industry, thus distinguishing the row and column dimensions.

Para 15.80 - The intent of this paragraph is unclear. The suggestion that COFOG can be used to allocate GFCE between intermediate use and other expenditure is inappropriate, and it is unclear why this statement is included. It may be more appropriate to say that COFOG can be used to classify the components of GFCE according to the products produced by government units.

Para 15.85 – ‘ not subject to trade margins’. In our experience this is not the case. In Australia most of the plant, machinery and equipment GFCF is imported and sold with a retail margin added on.