

**Comments on draft SNA chapter:
Chapter 4: Institutional units and sectors**

**Deadline for comments: 1 September 2007
Send comments to: sna@un.org**

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| Submission date: | 01 September 2007 |

This three-part template allows you to record your comments on draft chapter 4 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.

Especially when providing comments in Part III of the template, you are encouraged to focus on the new passages of the draft text. To facilitate this process, a file comparing the existing text and the draft text is available on the website under the following link: <http://unstats.un.org/unsd/sna1993/projectmanagement/drafts/Chapter4dv2cdv0.pdf>

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 (30 words or less).

Comment:

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| A big improvement. |
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Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 4, you may wish to devote particular attention to the passage listed below. For ease of reference, we have identified the relevant paragraphs.

Please use the space provided to the right of the paragraph number to make your comment.

1. Section A, paragraphs 4.10 – 4.12:

The definition of ‘residence’ was slightly changed in the 1993 SNA Rev.1 by introducing ‘predominant’ before “economic interest.” Because residence is principally a BOP term, the text in paragraphs 4.10 – 4.12 has been taken from *BPM* 6. Do you consider the definition appropriately described? Is it clear to a national accountant?

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| 4.10 | The definition still does not clarify the case for entities with significant interest in two or more economies. |
| 4.11 | The discussion should also touch on the case of overseas workers. What would be the treatment for overseas workers that have significant economic interest in both their home and host countries? |
| 4.12 | Need to expound further the concept of residence |

2. Section A, paragraph 4.20:

A decision tree allocating units to institutional sectors and sub-sectors has been added as figure 4.1. It is first referred to in paragraph 4.21 to the 1993 SNA Rev.1. Do you think it is useful?

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| 4.21 | The decision tree is very helpful. The diagram may be enhance further by specifying where the other NPI's is classified and similarly the unincorporated enterprises. |
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3. Section B, paragraphs 4.52 – 4.54:

The expression ‘ancillary corporation’ in the 1993 SNA did not fit neatly with the discussion on ancillary activities discussed in draft chapter 5 of the 1993 SNA Rev.1. Therefore the term ‘artificial subsidiary’ has been introduced. Do you agree with this new terminology?

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| 4.52 | The terminology is helpful to distinguish them from units doing ancillary activities |
| 4.53 | Treatment of these units as part of the parent company may pose some problems in sub-national accounts (i.e. regional/provincial accounts) if they are located in different areas. |
| 4.54 | The distinction between artificial subsidiary and units conducting ancillary units should be clearly discussed in this paragraph. |

4. Section B, paragraphs 4.64 – 4.72 and section C, paragraphs 4.82 – 4.83
 Material from draft chapter 21 (public sector) of the 1993 SNA Rev.1 on control of corporations and of NPIs by government has been brought together. Do you consider this useful?

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| 4.64 | Yes. Paragraphs 4.64-4.70 have clearly defined what is a gov't. corporation |
| 4.65 | |
| 4.66 | |
| 4.67 | |
| 4.68 | |
| 4.69 | |
| 4.70 | |
| 4.71 | Paragraphs 4.71-4.72 clearly define control by a non-resident unit. |
| 4.72 | |
| 4.82 | Paragraphs 4.82 & 4.83, the indicators in identifying gov't controlled NPI's are of great help. |
| 4.83 | |

5. Section D, paragraphs 4.89 – 4.90:
 NPIs are distinguished as a sub-sector of the non-financial corporate sector in the 1993 SNA Rev. 1. Other units in the sector have been labeled 'For Profit Institutions' (FPIs). Do you agree with the new terminology introduced in paragraph 4.89? Do you agree with the full sub-sectoring introduced in paragraph 4.90 and shown in table 4.1?

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| 4.89 | Paragraphs 4.89-4.90, the sectoring for non-financial corporation is now lucid. |
| 4.90 | Table 4.1 makes it clearer |

6. Section E, paragraph 4.94:
 The new sub-sectoring of the financial corporations sector, including again by NPIs and FPIs, has been introduced in paragraph 4.94. Do you agree with the new classification?

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| 4.94 | To have a clearer picture of the sectoring for financial corporations, Table 4.2 may be enhanced further by adopting a similar presentation in Table 4.1, taking off from the three broad classes of financial corporation. |
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7. Section F, paragraphs 4.118 – 4.119:

Do you consider the clarification of the role of social security funds in paragraphs 4.118 – 4.119 consistent with the GFSM? Paragraphs 4.118-4.119 set out the role of social security funds while trying to stay in line with text in the *GFSM* and draft chapter 21 of the 1993 SNA, Rev. 1. Is the text appropriate and clear?

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| 4.118 | For consistency, it is worth mentioning that social security schemes are organized by gov't. units. |
| 4.119 | The discussion is quite sufficient considering that the social security practices vary across countries. |

Part III. Other specific comments

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comment directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to sna@un.org requesting a version of the draft chapter that permits you to comment. To optimize your commenting tools, please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>