

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

**Deadline for comments: 21 August 2007
Send comments to: sna@un.org**

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Submission date:	September 3, 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:

These are some small comments (some about presentation, typos and style). Hopefully, you find them useful.

De Nederlandsche Bank (central bank of The Netherlands)

Comments to draft chapter 4: Institutional units and sectors

ad 4.1: the present text gives the impression of circular reasoning and repetition.

- Text proposal: The total economy consists of the institutional units that are residents of its economic territory. This chapter is concerned with the definition and description of institutional units and the way in which they are grouped to make up the sectors and sub-sectors of the System. In addition, it defines the

concept of residency.

ad 4.19, 5th sentence: ‘The attributes of an institutional unit described earlier explain why it is not possible to compile a full set of accounts for part of a unit.’

- Frankly spoken, I do not understand this sentence. It is preferable to explicitly mention the attributes that are referred to. Consequently, it can be stated that this is more fully explained earlier (refer to exact paragraph).

ad 4.23, 2nd sentence: ‘In the context of sectors, the term ‘corporation’ is used to encompass more units than those strictly meeting the definition of corporation given above.’

- This sentence needs to be clarified. It makes a reference to ‘above’, i.e. § 4.7. There it is explained that the term ‘corporation’ is extended to comprise notional resident units and quasi corporations. The reader of the SNA may reasonably assume that in this way all ‘corporations’ in the non-financial corporations sector or the financial corporations sector are covered. He may be surprised to find out that some institutional units exist that are still not covered (or he may completely overlook this fact). The text in §4.24 explains that these institutional units are NPIs engaged in the market production of goods.
I advise integrating the text of §§ 4.23 and 4.24.

ad 4.40 (c): indentation!

ad 4.75 (a), 3rd sentence: ‘(...), an NPI may be an informal entity whose existence is recognized by society but may not have any formal legal status;’

- This is not a correct sentence. Please, reformulate.

ad 4.102 (c): ‘Financial corporations engaged in lending, including the finance associated of retailers, (...)’

- What is meant by finance associated?

ad 4.106

- sub-numbering is missing.

ad 4.139, 4th sentence: ‘Other units supplying goods and services on a market basis are treated as unincorporated enterprises within local governments’

- This sentence gives the impression that these units are classified in the local governments sector (‘within local governments’). However, on the basis of § 4.40, I would conclude that these units are quasi-corporations, to be classified in the corporations sector.

ad 4.152, 2nd sentence: ‘Thus, the fact that a specific, detailed classification according to a criterion of interest is proposed here should not be interpreted as implying that the characteristics in question are less important for the purposes of economic analysis and policy-making.’

- The second part of the sentence seems to contradict the first part. Please, reformulate.

ad 4.164, 2nd sentence: Most international organizations are financed wholly or partly by contributions (transfers) from their member countries, but some organizations may raise funds in other ways such as borrowing on financial markets.

- Other, equally important sources of funding such as subscriptions to the capital stock of international organizations and lending by member countries are left out but deserve being mentioned on an equal footing.

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?

4.10	Click here and start typing.
4.11	Click here and start typing.
4.12	Click here and start typing.

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?

4.21	Click here and start typing.
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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?

4.52	Click here and start typing.
4.53	Click here and start typing.
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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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4.65	Click here and start typing.
4.66	Click here and start typing.
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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?

4.89	Click here and start typing.
4.90	Click here and start typing.

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?

4.94	Click here and start typing.
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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?

4.118	Click here and start typing.
4.119	Click here and start typing.

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>