

**Comments on draft SNA chapter:  
Chapter 7: The distribution of income accounts**

**Deadline for comments: 15 April 2007  
Send comments to: [sna@un.org](mailto:sna@un.org)**

Your name:	Peter Harper
Your country/organization:	ABS
Contact (e.g. email address):	<a href="mailto:Peter.harper@abs.gov.au">Peter.harper@abs.gov.au</a>
Submission date:	12 March 2007

This three-part template allows you to record your comments on draft chapter 7 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](mailto: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:*

Overall we thought the chapter was quite good. However we do feel that the discussion of employee stock options could be increased with a more complete explanation on how to account for these.
--

**Part II: Comments on specific draft paragraphs or passages (*to follow soon*)**

In your review of draft chapter 7, you may wish to devote particular attention to the passages listed below. There is space after each issue for any comment you wish to make.

1. There are some changes in the text of section B on compensation of employees received from the ILO. Do you have any questions on the changes?

*Comment:*

No comments, changes seem fine

2. In sections C and D, there are some changes in the text on taxes and subsidies suggested by the IMF and OECD staff responsible for classifying tax statistics. Do you have any questions on the changes?

*Comment:*

No comments

3. Section E, on property income, is expanded in keeping with AEG recommendations (see the Note by the editor). Do you find the new text clear enough? . It is proposed to introduce a heading, Investment income, under property income (equal to property income less rent) to facilitate consistency with the BPM. Do you have any comments on this proposal?

*Comment:*

No comments

4. It is proposed (section E.5) to use the expression “after-tax rent” instead of “net rent” to facilitate consistency with the SEEA. Do you have any comments on this?

*Comment:*

Proposal seems OK

### **Part III. Other specific comments**

7.4 Need to make sure that whether to use gross or net is consistent across chapters. In Ch 7 net is assumed but in Ch 6 it is gross.

7.9 For clarity we think the last sentence should include the words "an activity that generates operating surplus" following the words "housing services for own final consumption".

7.28 The discussion of treatment of education and training could be improved here and elsewhere in the chapter (including 7.45) to make the appropriate treatment more explicit i.e. where is the boundary between intermediate consumption and income in kind

7.48 Based on work we have undertaken on salary sacrifice we believe it is more appropriate to treat as wages and salaries in cash. This is because that employees generally chooses to salary sacrifice wages and salaries that would have otherwise been payable in cash.

7.52 The third sentence seems to indicate that time should be spread but I think what is meant is that the value of the option should be spread over a period of time.

7.53 should reference the appropriate chapter for the discussion of ESOs as a financial instrument.

7.58 This paragraph is slightly confusing; it could be made clearer what is meant by imputing the costs of operating the scheme.

7.87 – 7.88 It would be helpful to articulate more completely the border between subsidies and social benefits.

7.98 This para seems to have limited itself to land and subsoil assets whereas in principle the scope is broader including forests and spectrum. This could be recognised. Also, the statement that the land is returned in the same state as when the lease started assumes no depletion or degradation - this might clarified.

7.100 We think the use of the term nominal interest rather than bank interest would be more appropriate and understandable. The definition in 7.101 could than be stated to be referring to nominal interest.

7.106-108 We prefer the term "distributable income" over "distributable earnings"

7.110 The description of FDI is not consistent with the BPM definition.