

**Comments on draft SNA chapter:  
Chapter 8: The redistribution of income accounts**

**Deadline for comments: 12 March 2007  
Send comments to: [sna@un.org](mailto:sna@un.org)**

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Submission date:	12th March 2007

This three-part template allows you to record your comments on draft chapter 8 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.

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**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:*

We agree with Anne Harrison that the breakdown of social contributions should be reconsidered. The same is true for social benefits, where the distinction between (and terminology of) private funded social benefits and unfunded employee social benefits may need further consideration.

Furthermore, we would prefer the inclusion of some more clarifications on the delineation between taxes on the one hand and permits and government licenses on the other hand. There has been a lot of discussion (and conclusions) on this subject and it may be useful to reflect this outcome in the update of the SNA. Or will this be done in a different part of the updated SNA? If so, reference to this text should be made in chapter 8.

**Part II: Comments on specific draft paragraphs or passages**

In your review of draft chapter 8, 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.

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

General remark: The numbering of the “subsections” seems to have gone wrong. As distinct from the table of contents, it runs from 1 to 26.

Para. 8.8: In the final sentence, it is suggested that the relevant transaction is not to be recorded in the current account. We suggest a small rephrasing: change “... are shown ...” into “... are also recorded ...”.

Para. 8.13: We suggest to delete the part “... other than those provided by the ... social assistance benefits” in the beginning of the paragraph, as this is repeated later on. Furthermore, in the following sentence, we suggest to change “... are therefore ...” into “... as such they are ...”. Finally, we do not understand the rationale for adding “... in its capacity as an employer” at the end of the paragraph.

Para. 8.14: We suggest to change “... transfers to NPISHs ...” to “... transfers to and from NPISHs ...”.

Para. 8.18: In our opinion, the addition of this paragraph may not be very helpful, especially for outsiders. If we agree that text on this subject is to be added, then we should agree to add more text in order to be able to explain it in more detail. At least, a clear distinction should be made between FISIM, social insurance and life insurance. Furthermore, in our opinion, the addition of investment funds may be irrelevant here; instead of comparing it to life insurance, we feel that investment fund shares show more resemblance with saving deposits.

Para. 8.25: The text between brackets suggests that social transfers in kind are to be valued at costs of production. This is not true, however, as a small part of the provided goods and services may be paid for in cash (e.g. tuition fees).

Para. 8.27: Change at the end of the paragraph “... government units and households ...” into “... government units, NPISHs and households ...”.

Para. 8.28: The definition (or interpretation) of adjusted disposable income hardly differs from that of disposable income. In our opinion, text is needed here to address the specific differences between disposable income and adjusted disposable income, mainly from an analytical point of view. Furthermore, we do not understand the final part of this paragraph, i.e. “... for the purpose, given ... provided to households”.

Para. 8.30: What is the rationale for adding this paragraph?

Para. 8.32: We agree to address this subject in the updated SNA. However, in our opinion, the main reason for including transactions related to pension schemes in the distribution of income, as distinct from transactions related to life insurance, are twofold: their collective and redistributive character, and the point that most policy holders (also)

look upon the receipts as current income and contributions as part of current expenditures. A “pay-as-you-go” system may be an indication that there is a large redistributive element in the scheme. However, this is not necessarily the case, as a “pay-as-you-go” system is first and foremost a financing construction (cf. unfunded pension schemes). Furthermore, we fail to see the relevance of the third reason, as this seems to be true for many life insurance policies as well.

Para. 8.67: In part (b), employment related schemes are put on a par with the provision of pension entitlements. The relevant schemes may however cover much more; see also para. 8.82.

Para. 8.70: Here, it is stated that employment-related social insurance contributions are always recorded as if the schemes are adequately funded. Apart from putting employment-related schemes on a par with pension schemes (see previous remark), this does only hold when the employer is responsible for the underfunding (or overfunding) of the scheme. If this is not the case, e.g. in the case of multi-employer schemes or in the case of specific (legal) arrangements, then only contributions actually paid may need to be recorded here.

Para. 8.71: In the first sentence, we suggest to change “... schemes are made by households ...” into “... schemes are recorded as being made by households ...”. Furthermore, as in previous paragraphs, social insurance schemes are put too much on a par with pension schemes.

Para. 8.74 up to 8.77: See general remarks. Furthermore, one may consider the inclusion of social security contributions as a separate item (cf. the breakdown of social benefits).

Para. 8.82 up to 8.86: See general remarks. Furthermore, note that breakdown in the text is not according to the breakdown in table 8.4. (The same is of course true for table 8.3.)

Para. 8.91: What is the rationale for adding this paragraph?

Section G. Other current transfers: One may want to include “contributions to international organizations” as a (sub-)item of other current transfers in the text and/or the classification of transactions. In the EU, this item is quite substantial and has a high political relevance, because of the contributions of Member States to the European Union.

Para. 8.106: The amounts paid for lottery tickets may contain three elements. Apart for the two elements mentioned, a lot of lotteries explicitly support charities etc., at least in the Netherlands. A substantial part of the payments for lottery tickets is explicitly set aside and is used to make transfers to NPISHs. In our opinion, one should make explicit reference to this element as well.

Para. 8.110: At the end of the paragraph, change "... social assistance benefits and transfers of individual goods and services" into "... social assistance benefits in kind and transfers of individual non-market goods and services".

Para. 8.115: Similar transfers as described in the definition may be part of social benefits in kind. The relevant transfers should be explicitly excluded from the definition.

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

If you don't have Adobe Acrobat Version 6 or 7 and would like to make very detailed comments please send a message to [sna@un.org](mailto:sna@un.org) requesting to receive a version of the draft chapter permitting 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>