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Sent: 18 April 2008 16:30
To: GUEYE Gallo (ESTAT); RAVETS Christian (ESTAT); FRANKFORD Ligia (ESTAT)
Cc: relint@istat.it
Subject: Comments on Volume 1 of the updated 1993 SNA

Importance: High

Dear all,

following the mail sent by Mrs. DOMAIRON on April the 17th, I send the followin comments on Actual final consumption of NPISH

Comments on Actual final consumption of NPISH

Quoting from par. 2.128

"...Consequently, actual final consumption of government refers only to collective consumption, whereas NPISHs, whose final consumption expenditure is deemed to be in total individual, have no actual final consumption."

Quoting from par. 9.112 **Actual final consumption of NPISHs (P4)** *"The value of the actual final consumption of NPISHs is equal to the value of its total final consumption expenditure less its expenditure on individual goods or services provided as social transfers in kind to households. The value of the actual final consumption of NPISHs is thus equal to the value of the expenditures they incur on collective services. If it is not possible to identify and measure collective services provided by NPISHs, there may be no actual final consumption of NPISHs shown in the accounts."*

In our opinion a guidance should be provided as for the existence of not of the NPISH's P4 aggregate, because the above quoted paragraphs seems to be inconsistent.

When data availability allow to recognize the existence of a collective component of NPISH's P3, and as a consequence to estimate it, a guidance should be provided to the statisticians.

In this sense a suggestion should be done for using a classification that allow to split the NPISH's Final consumption expenditure between the individual components (consumed by the Households- HHs P4) and the collective component, that should remain as NPISH's Actual final consumption.

Since COPNI classification does not supply any guidance about how to split individual and collective consumption, we suggest to apply for this purpose the same approach followed for General government based on COFOG nomenclature.

For instance in the COPNI there exist specific Divisions, Environmental protection and Housing, and Groups, such as all groups concerning R&D inside Divisions having individual character (Health, Education and Social Protection), that in the COFOG classification identify expenditure for collective consumption.

The NPISH's final consumption expenditure on these items could be considered as a collective consumption (NPISH's P4).

In addition more guidance should be provided for the classification of services, (more collective than individual?), included in the COPNI Division 9 Services n.e.c..

Comments on new consistency issue "Calculating the output of life insurance"

We have some remarks on the new consistency issue "Calculating the output of life insurance". It looks to be quite a recently introduced item, so in our opinion it would be worth to have further clarifications

about it. We are much interested in receiving a document concerning the conceptual background of the issue. More, it would maybe be useful to redraft it in order to provide a more clear description.

Comments on Weapons systems and Military inventories

Reference: Par 10.86 and Par. 10.142

With reference to military inventories (consisting in single-use items) a question would be raised about some valuation's issues. As a matter of fact, a change in inventory balanced by an intermediate consumption should be registered, as those goods are taken out of stock in order to enter into the production process. The individuation of such transactions is very difficult in general for inventories and in particular for strategic inventories, for which there is not a large availability of data sources; furthermore, it should be taken into account that the choice of the price for the valuations of such inventories could have an impact on public deficit calculation.

Comments on Non residential buildings and Public monuments

Reference: Par. 10.73 and Par.10.77

We underline the need for a strong and shared guidance concerning the average lifetime of this very particular kind of assets (public monuments). This is particularly relevant for countries that have very large historical sites.

As to the title of the new Manual we would prefer SNA rev1.

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