Comments on Volume I of the updated System of National Accounts for the following issues:

1. ISSUE 25A – ANCILLARY UNITS
   
   **Comment:**

   Operationally, it may be difficult to implement the agreement of ISWNGA since it is not that easy to gather or compile data on the ancillary activities with a disaggregation into those that are sold and those that are not sold. This should be studied further considering the operationalization issue.

2. ISSUE 25B – INSTITUTIONAL UNITS (A. HOLDING COMPANIES, SPES, TRUST)
   
   **Comment:**

   We don’t think it would be problem to use the term “head office” instead of holding company so long as it is clearly defined and stated why it is treated as financial auxiliaries.

3. NEW CONSISTENCY ISSUE (BPM) – FRANCHISE FEES
   
   **Comment:**

   Franchise fees (as an asset) could be treated as property income rather than services since it is similar to rent derived from an apartment unit wherein the landlord also provides certain services like repair and maintenance services. This issue should be discussed further for proper treatment of assets of this nature.

PREPARED BY:
Economic Statistics Office
National Statistical Coordination Board
28 April 2008
28 April 2008

MR. PAUL CHEUNG
Director
Statistics Division/DESA
United Nations Plaza
New York, N.Y.,
USA

Dear Mr. Cheung,

This refers to your letter dated 03 March 2008, inviting us to comment on Volume I of the updated System of National Accounts (SNA) and seeking our opinion on the title of the updated SNA. We went over the latest ISWGA decisions on clarification and consistency issues and found that most of the issues have been dealt with and clarified substantially. However, please find attached our comments on a few issues.

Regarding the title of the updated SNA, we are of the view that while it would traditionally be more appropriate to name it "System of National Accounts 1993, Revision I (1993 SNA Rev. I)" since basically it took off from the principles of the published 1993 SNA with some refinements introduced in some areas, in the interest of enhancing the relevance of statistics and addressing apprehension of the public about "outdated" statistics and methodologies, we deem it more strategic to call it "System of National Accounts 2008 (2008 SNA)."

We hope that we have been of help in the revision of the SNA. Should you have any clarifications regarding our comments, our contact person is Mr. Raymundo J. Talento, Director of the Economic Statistics Office, with telefax numbered (63)-2 895-24-81 and e-mail address rj.talento@nscb.gov.ph.

Thank you and Best Regards.

Very truly yours,

Romulo A. Virola
Secretary-General