

To: Mr. Herman Smith
Chief of the National Accounts Section
United Nations Statistics Division
sna@un.org

Subject: Comments on Volume 2 of the 2008 SNA

Dear Mr Smith, in answering the kind request of Mr Paul Cheung to comment on the revised Volume 2 of the System of National Accounts, 2008, Istat feels that the Herculean task of renovating SNA93 is near to completion. Istat is pleased to join the leading institutions of many countries in thanking UNSD for its continuous and effective effort in this process. Here follow some comments referring to chapters 19, 24 and 25.

Chapter 19: Population and labour input

The chapter on labour input has been deeply revised with respect to the SNA93. The changes proposed are quite substantial, as has been underlined by Istat in previous comments to the original draft. In that occasion, Istat has made some general remarks that have not been taken into account in the present revised version.

The structure of the chapter remains not homogeneous for the following reasons:

- (1) the part on the different measures of employment is not developed with the aim of providing clear definitions of measures of labour input but mainly for introducing the section on productivity;
- (2) definitions of persons employed and jobs as well as the differences among them are not well explained;
- (3) section D includes full-time equivalents and hours worked (which are two different measures of labour input) along with others concepts like quality-adjusted labour and labour input at constant compensation (which are two index measures).

The chapter often refers to employment and population definitions of ILO and/or of SNA because of some differences among them; Istat remarks that all the differences between definitions should be clearly explained and referred to specific international regulations, handbooks and guidelines. This could be developed in a specific paragraph or summarized in a figure as in the SNA93.

Chapter 24: The households sector

In this chapter, par. 24.51 states that "By convention, all the value added arising from leasing dwellings is treated as operating surplus, not mixed income". However, this statement apparently contradicts par. 7.9 in Volume 1 (presently at the stage of "Pre-edited version").

To recall, par. 7.9 gives the following definition of operating surplus and mixed income for the household sector: ". In practice, all unincorporated enterprises owned by households that are not quasi-corporations are deemed to have mixed income as their balancing item, except owner-occupiers in their capacity as producers of housing services for own final consumption and households employing paid domestic staff. For owner-occupiers, all value added is operating surplus and for domestic staff all value added is compensation of employees".

Istat suggests to amend par. 7.9 in Volume including the convention referred to in par. 24.51.

Chapter 25: Informal aspects of the economy

Istat agrees that the new title of the chapter creates less confusion with respect to the previous version that included the term "sector", which has a quite specific meaning in the SNA. Istat also appreciates the substantial revision made with respect to the original draft, stating clearly the main objective of the chapter, focused on the ILO definition of "informal sector" and on households.

At the same time, Istat supports the idea of identifying an area within the manual where the relevant issues of exhaustiveness in the national accounts and of the coverage of unrecorded activities should be coped with in detail.