

**Comments on draft SNA chapter:
Chapter 10: The capital account**

**Deadline for comments: 12 February 2007
Send comments to: sna@un.org**

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This three-part template allows you to record your comments on draft chapter 10 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:
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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:

<p>A full assessment of the treatment of R&D as well as of military weapons can only be provided, after having received all relevant chapters and after the decision on how to deal with these issues in the future SNA has been taken.</p> <p>The description of research and development (R&D) should be in line with the explanations presented in the document for the 38th session of the Statistical Commission of the UN (E/CN.3/2007/7), i.e. describe the difficulties and the links to work underway to solve them and mention the solution to start by compiling a satellite account for R&D outside the core accounts.</p> <p>What is meant by inventories in services (10.6 + 10.9)? If it means unfinished services, please specify.</p> <p>We suggest to check the order of the tables and the references again.</p>

Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 10, 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. Sections B covers produced assets. Much new material has been included originating in the Canberra II Group. Are the additions clear, especially to those not involved in the Canberra II Group work?

Comment:

10.40 and 10.45: The wording concerning the treatment of improvements seems contradictory.

10.60: We miss a definition of the term “cost of production” or a link to the concerned paragraph.

10.61. The output of own account construction by voluntary non-paid work as an asset requires a general description to which para. 10.60 should refer to.

10.65: We are in favor of keeping the distinction between tangible and intangible assets in order to keep the consistency with the production boundary.

10.85+10.89: We deplore the use of the term “natural growth” for an activity under direct control of an institutional unit, just growth is sufficient (e.g. is genetically improved growth a natural growth?).

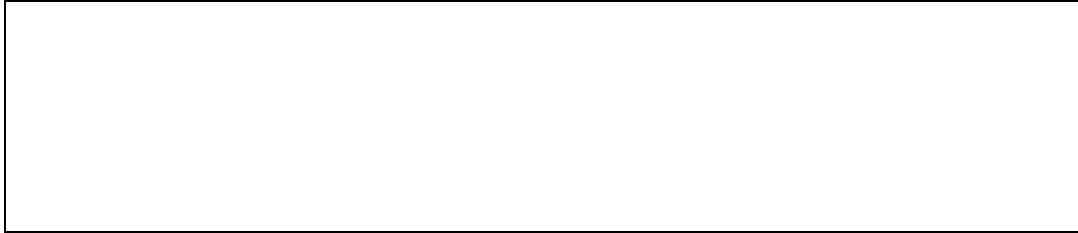
10.93: It seems preferable to refine the definition of exceptional losses. Shouldn't exceptional losses only cover unexpected losses ? For instance natural disasters such as hurricanes can be expected with a high degree of certainty in certain geographical areas and thus considered in advance in the price calculations by the institutional units concerned.

10.95: We prefer to keep the present SNA term of intangible assets instead of intellectual property . Our problems with the term “intellectual property” stem from its content, as “knowledge” does not seem to cover the copyrights of most artistic originals.

10.97: Replacing the term intangible assets by intellectual property renders the definition of artistic originals deceptive. The present SNA-93 was clear , that originals consist in some tangible “master copies” of the intangible original. In fact even if all (master)copies have been destroyed, there is still possible to reconstruct them (out of other copies or by memory). The Originals are not bound to any tangible copies, the production of tangible copies is the reproduction process of an original. This clarity of the present SNA gets lost in the new draft by using the term intellectual property . We suggest to keep the terms of intangible originals and tangible copies.

10.122: We do not see that costs of harvested products always affect mainly the harvesting period. By contrasts, there are a lot of preparation or maintenance activities in all quarters. Further there are also the invariable costs (e.g. rental fees) which will be charged to all quarters. We suggest allowing the possibility to calculate work in progress upon the costs structure even for agricultural products. Using an average cost structure for all agricultural products may be a good idea, especially considering the probable (un)availability of data related to the costs by products.

10.132: It seems unclear to us, if and when changes of prices and /or costs lead to revaluation to. We are generally in favour of correcting the previous estimations for work in progress, except for forestry (standing timber). Due to the long period of the work in progress of trees, we need a feasible special rule for the calculation of the work in progress in forestry.



2. Section D1 covers natural resources. Every attempt has been made to harmonise with the asset categories in SEEA and some detail is left optional within SNA though included in SEEA. Are you satisfied with the balance? If not, what would you propose?

Comment:

10.162: The reference should be to table 10.3 instead of 10.7 (this one does not exist). In addition, table 10.3 exists two times in the present draft (on page 23 and on 28). The proper reference is the table on page 28 (which could be renamed table 10.4).

10.164: The referred points are described in section 10.159 instead of 10.156.

3. Section D2 covers contracts, leases and licenses. A fuller exposition of these will appear in chapter 17 on Cross-cutting and Other Special Issues. Although it may be difficult to comment without having chapter 17 in hand, are there points missing from this summary that you think should be necessary even in a summary?

Comment:

10.179+10.180: Resource lease is mentioned in 10.180, but not described in 10.179. If the explanation is anywhere else, a reference would be a good idea.

10.180: Related to the permissions to undertake a special activity, we would like a clarification concerning milk quota (in our view this case isn't covered by the given definitions).

10.181 + 10. 182: We find these paragraphs very difficult to handle and wonder which facts they aim to exclude or to include. In our view it should be made clear, that road fees (permission to use a road) are treated as services and not as rental payments independently from who is the owner of the road.

4. It is proposed to omit the annex on costs of ownership transfer. Is there anything missing on this subject from the chapter if the annex is dropped?

Comment:

Click here and start typing.



Part III. Other specific comments

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 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

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