

**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:
sna@un.org

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:

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| <p>This chapter is presented in a logical way and in general it should be easy to refer to. However, a few parts of the text do not adequately reflect AEG decisions and/or are difficult to follow. It is evident that a spell-checker has not been used.</p> |
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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:

Most of the text is clear, but here are some particular comments that are repeated in the text.

10.39 Negative GFCF sometimes occurs for the public sector when large assets are sold to the private sector. It most commonly occurs in small jurisdictions.

10.61 The last part of this paragraph requires further explanation. If the unpaid labour is recorded in production and is not attributed to CoE, where is it recorded on the income side of the accounts - GMI?

10.61 "The only type of capital transfer in kind concerns communal construction by households." Why? What if government gives to another unit, such as an NPISH, an asset.

10.75 CFC should also be calculated for existing monuments. This may be determined as the expected cost of maintaining the monument in its current condition.

10.97 The text relating to a licence to use a copy does not reflect the recommendations of the AEG very well at all, and bears little relation to the text in the FSPR.

Suggested text:

A copy made available under a licence to use may also be treated as a fixed asset if it meets the necessary conditions, that is, it is expected to be used in production for more than one year and the licensee assumes all the risks and rewards of ownership. A good, but not necessary, indication is if the licence to use is purchased with a single payment for use over a multi-year period. If the acquisition of a copy of a licence to use purchased with regular payments over a multi-year contract is judged to meet the conditions of capital formation then it should be regarded as the acquisition of an asset under a financial lease. If regular payments are made for a licence to use without a long-term contract, then the payments are treated as payments for a service under an operating lease. If there is a large initial payment followed by a series of smaller payments in succeeding years, the initial payment is recorded as gross fixed capital formation and the succeeding payments are treated as payments for a service.

10.100 The text has been amended by the commentator to reflect the revision to FSPR regarding R&D.

10.151 Should be omitted, or the last sentence of the previous paragraph should be omitted.

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:

Balance with SEEA seems OK.

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:

10.174 The text in this section does not cover cases like long-term licences to use natural assets, such as land and the radio spectrum. In these cases, transferability is not critical. Hence, the second type of third-party property rights does not fit the bill.

10.180 This second example is unclear.

10.182 This paragraph requires quite a few amendments to make it clear.

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:

Without checking out chapter 6 it is hard to say whether anything has been omitted. A reference to chapter 19 should be made.

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

<http://www.adobe.com/products/acrobat/readstep2.html>

