

**Comments on draft SNA chapter:  
Chapter 22: The general government and public sectors**

**Deadline for comments: 13 September 2008  
Send comments to: [sna@un.org](mailto:sna@un.org)**

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Submission date:	<a href="#">Click here and enter your submission date</a>

This template allows you to record your comments on draft SNA chapter 22 “The general government and public sectors” 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 or all parts of the template.

There is no file comparing existing text with draft text for this chapter because the draft is all new text.

Save this template and send it as an attachment to the following e-mail address:  
[sna@un.org](mailto:sna@un.org)

**Part I: General comments**

In the space below, please provide any general comments. This may cover e.g. the structure of the chapter, issues missing and (lack of) consistency with other chapters of the 2008 SNA.

*General comments:*

General comment	<p>The ABS is generally happy with this new chapter. It is very useful to bring together in the one chapter all aspects relating to the public sector. In that regard we suggest that the treatment of currency (notes and coins) should also be included.</p> <p>ABS does not support the reference to the so called 50% rule in determining economically significant prices.</p> <p>ABS does not support the reference to the treatment of tax credits in the SNA. It is not our understanding of the decision of the AEG.</p> <p>The use of US and UK spelling needs to be made consistent. The words nationalisation, organisation and recognised appear using both ‘s’ and ‘z’.</p> <p>A number of specific comments are included below.</p>
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## Part II: Comments on specific draft paragraphs and sections

All comments on specific draft paragraphs are welcome. They can be about e.g. scope, content and clarity. Proposing a concrete alternative text or table is also possible. For the paragraphs in separate sections, separate forms are used for providing and collecting comments (see below).

### A. Introduction (paragraphs 22.1-22.12)

General comment	The introductory paragraphs could be more explicit in referring to the objectives of the chapter – it brings together information related to general government that is dispersed throughout the chapters of volume one. Another objective is to highlight the inter-relationship between GFS statistics and national accounts statistics. It is noted that the IMF GFS Manual is not explicitly mentioned.
22.12	Discusses consolidation under the heading ‘data sources’. Presumably it is implying that unconsolidated data sources should be used?
*	Click here and start typing.

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### B. Defining the general government and public sectors (paragraphs 22.13-22.66)

General comment	Click here and start typing.
22.15	The word ‘available’ should be inserted after ‘output’ in the first sentence.
22.29	The reference to ‘average at least half of the production costs over a sustained period’ goes further than the 2008 SNA vol 1 discussion of this topic and allows too much latitude. Words such as ‘a high proportion of’ is more in keeping with the principles expressed in the previous sentence of the paragraph. ABS does not support a reference that might be interpreted as a ‘50% rule’.
22.34	There is a circularity that is very difficult to unwind in that the "sells to government" is not a clear concept. It is very difficult to draw a distinction between selling to government and the government funding the activities by way of a grant. Government funding of private schools is an example in Australia, and the decision has a significant impact on the level of government and household final consumption expenditure. Some comments or guidelines would be useful.
22.40	The words consumption of fixed capital should be replaced with capital services.
22.49	Spelling ‘institutional’ in second last sentence.

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### C. The government finance presentation of statistics (paragraphs 22.67-22.92)

General comment	Click here and start typing.
22.75	Italics in 'plus grants'
22.81	It is suggested that " <i>less</i> Acquisition less disposal of non-financial assets" be changed to read " <i>less</i> net acquisition of non-financial assets" consistent with the text above it.
22.82	It would be preferable to have this paragraph re-written as follows:  "22.82 Net lending or net borrowing can also be calculated as net transactions in financial assets less net transactions in liabilities i.e. as the balancing item of the financial account. While it is conceptually identical, in practice a statistical discrepancy could appear as a result of possible errors and omissions."
22.84	This paragraph does not appear to be very useful and could be deleted.

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### D. Accounting issues particular to the general government and public sectors (paragraphs 22.93-22.168)

General comment	Click here and start typing.
22.96 a	Spelling of word 'confirm'
22.104	<p>Paragraphs 22.102-105 discuss the treatment of tax credits. The text makes the point that GFSM2001 uses a net treatment, ie tax credits are netted off tax payments.</p> <p>However, paragraph 22.104 says that tax credits should be treated as an expense in the SNA, so that the government data should show a gross tax revenue item and an expense for all tax credits.</p> <p>This appears inconsistent with the AEG position and ABS does not accept that it is an appropriate treatment. The AEG took the view that non-payable tax credits, which are only available to tax payers and cannot exceed the amount of tax that would otherwise be payable are an integral part of the taxation system and a net recording of these is appropriate.</p> <p>The general recommendation put to the AEG by TFHPSA was that tax relief embedded in the tax system should be recorded as reducing tax revenues. In the special case of payable tax credit (the element of excess credit actually paid), the recommendation was that it be recorded as government expenditure.</p> <p>Our understanding is that the AEG supported this recommended treatment. It is also the treatment supported by the ABS.</p>

22.107	Spelling of word 'transfer'.
22.111	Full stop second last sentence.
22.120	This paragraph is difficult to read and the comment on SPEs might usefully begin another paragraph. The statement that only SPEs created abroad are to be treated as separate institutional units appears at odds with the general discussion of SPEs in paragraphs 4.57 and 4.58. An SPE can qualify as a separate institutional unit as long as it can act independently of its parent.
22.121	It is suggested that "effectively" be reworded to "arguably", so the statement would then read "concessional loans arguably include a transfer from the creditor to the debtor". This is a slightly less definitive statement in recognition of the difficulties around this topic (it is arguable that implicit transfers are also involved in much of government service provision)
22.139	Section D is meant to include issues unique or exceptional for governments. The issue of currency (notes and coins) certainly meets this criterion, yet it is not covered. It is suggested that a new sub-heading "currency notes and coins" be added and the treatment discussed, possibly under a new paragraph 22.139.
22.159	Insert space in "assets,the"

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### **E. The public sector presentation of statistics (paragraphs 22.169-22.175)**

General comment	Click here and start typing.
22.173	It is suggested that "(or saving in the sequence of accounts)" be changed to read "(or saving plus capital transfers in the sequence of accounts)".
22.174	There is some confusion in this and the following paragraph between SNA and GFS presentation. Terms 'public sector borrowing requirement' and 'financial net worth' are not used in the SNA. Suggest these two paragraphs be deleted.

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### **Part III. Other specific comments**

You are welcome to make other specific comments. To assist you in doing so, the following points are provided as a guide to the types of points on which you might wish to comment. Note, though, that you are not restricted to commenting on only these points.

1. Are the extended examples about how to decide when a unit supplying to government is market or non-market helpful/too extensive?

2. Is the relationship between the SNA and GFS clear?

Not always (see comment above).

3. Is the description of privatisation and nationalisation helpful/sufficient?

4. Is the section on debt sufficiently comprehensive given the existence of other manuals e.g. external debt guide?

5. Do you have comments on the treatment of tax credits?

Yes (see comment above)

*Specific comments:*

Specific comments	Click here and start typing.
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You are also welcome to comment directly on the PDF file of the draft chapter. Please do so by using Adobe Acrobat Version 6 or 7.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to [sna@un.org](mailto:sna@un.org) requesting a version of the draft chapter that permits 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>