

**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**

Your name:	Brent Moulton
Your country/organization:	United States of America/Bureau of Economic Analysis
Contact (e.g. email address):	brent.moulton@bea.gov
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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

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>We are concerned that this chapter continues a trend toward an SNA that is increasingly prescriptive. The very detailed guidelines covering every possible situation make demands on statistical offices that many, or most, cannot meet. The SNA should make clear that these guidelines represent an ideal that would be obtainable if complete information were available, and then identify the general principles that should guide statistical offices in cases where complete information is not available.</p> <p>Our other most important point is that the guidance on recording of tax credits is flawed and needs to be corrected. We discuss this in our comments on paragraphs 22.102 to 22.105.</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	No comments on this section.
22.1	Click here and start typing.
*	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.
22.39	The measure of “production costs” used in this paragraph differs from the concept used elsewhere in the SNA (for example, paragraph 6.93 of volume 1). The paragraph should make clear how the measure differs (it does not deduct subsidies, except those subsidies that are made available to all private producers for this type of activity) and why (because when general government decides to sell a good or service far below costs, it must subsidize the production to make up the difference, making the value net of subsidies a poor guide for measuring the difference between sales at basic prices and production costs).
22.40	For reasons explained in our comments on 22.39, this paragraph should make clear that this is a special definition of “production costs” for the purpose of determining whether a price is “economically significant,” and is not the general definition of production costs used in the SNA.

* 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.
22.84	The term, “net level of government liabilities” has not been defined. Is it the same as “financial net worth” (paragraph 22.175) with the sign reversed?
22.85	In the next to last sentence, add a comma before “interest” (inside the parentheses).

* 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.
22.104	<p>In the first sentence, change “both payable and non-payable tax credits” to “payable tax credits.” In the second sentence, add “payable” before “tax credits.”</p> <p>According to the report of 3rd AEG meeting in Bangkok, page 44, “A clear majority of the AEG decided that payable tax credits should be recorded on a gross basis.” The AEG did not decide to record non-payable tax credits on a gross basis, nor did it even discuss the possibility of doing so. The rationale for recording payable tax credits on a gross basis is that they may be a close substitute for social benefits. That rationale is not applicable to non-payable tax credits, which are used as substitutes for other types of deductions and allowances in the calculation of taxes. Users of the national accounts would be very poorly served if expenditures (social benefit or subsidy) were to be imputed for the large and growing category of non-payable tax credits. We <i>strongly</i> encourage the ISWGNA to return to the AEG’s decision by limiting this recommendation to payable tax credits only.</p>
22.105	<p>The second sentence is confusing; we don’t understand what it means to say.</p> <p>For the same reasons explained in our comment on 22.104, the last sentence should change “non-payable tax credits and payable tax credits” to “payable tax credits.”</p>
22.125	<p>This paragraph appears to contradict paragraph 22.128 when it describes “certain well-defined financially distressed situations,” whereas paragraph 22.128 describes a bailout as “loosely defined.” The guidance on treating a guarantee as if it were called at inception is not likely often to be usable, since even during a bailout there is often a likelihood that the guarantee will not be called. Furthermore, there is seldom information available on the likelihood that it will be called.</p>
22.130	<p>The guidance that in all these cases, the assistance provided by the government is recorded as a capital transfer must be balanced against the frequent lack of information on the value of that assistance.</p>

* 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	No comments on this section.
22.169	Click here and start typing.
*	Click here and start typing.

* 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?
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?

Specific comments:

Specific comments	As explained in our comments on 22.104, only payable tax credits should be recorded on a gross basis.
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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 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>