

**Comments on draft SNA chapter:
Chapter 23: Non-profit institutions in the System**

**Deadline for comments: 30 September 2008
Send comments to: sna@un.org**

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Submission date:	Click here and enter your submission date

This template allows you to record your comments on draft SNA chapter 23 “Non-profit institutions in the System” 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 there is no equivalent chapter in the 1993 SNA.

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>The ABS is generally happy with Chapter 23.</p> <p>The discussion of the use of NPI satellite accounts could be expanded – especially the desirability of bringing to account the services provided by volunteers and the study of social capital and community.</p> <p>A substantial issue not mentioned concerns how to distinguish between sales of services to government and receipt of government grants.</p> <p>Specific comments follow.</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 23.1-23.11)

General comment	Click here and start typing.
23.2	An NPI in the system is a separate institutional unit so the use of the word "most" in the sentence that reads "Most NPIs are separately identified institutional units." is confusing. It is suggested that "most" be deleted.
23.3	The last sentence in this paragraph that reads " ... the NPI may not be a source of income, profit or financial gain to its owners" is technically incorrect and should be made consistent with the description in paragraph 4.8. NPIs do not have "owners" and their equity is not recorded as assets of other institutional units in the system. It is suggested that "to its owners" be replaced by "for the units that establish, control or finance them".
23.5	The control of an NPI by government as described here has a different 'flavour' to that in volume 1. It is suggested that the first sentence be changed to read "An NPI may be controlled by government in that government has the ability to determine the general policy or programme of the NPI." The ability to appoint officers and determine objectives is a manifestation of this. NPIs in the general government sector may provide collective and/or individual services. The last sentence should be changed to reflect this.
23.6	It is suggested that the words 'providing market services' are replaced with 'engaging in market production' in the second sentence.
23.7.	a. include the words 'goods and' before the word 'services'. c.ii replace 'an' with 'at'
23.8	Add 'to' after 'allocated' in first sentence There needs to be a mention here of the consequences of the sectoring for the valuation of output and value added – NPISH output is valued at cost. The decision as to whether an NPI is classified as a market or non-market producer can have a significant effect on the valuation of its output. For this reason ABS supports a high threshold for the cost to sales ratio in order for it to be allocated to the market sector.
23.10	The discussion of 'growing policy interest' could be expanded to include a mention of socio-economic linkages including the recognition of the impact of social capital and community as one of the determinants of national wealth and well being. It is also common for an NPI satellite account to adopt an extended production boundary to include the value of the services provided to others by volunteers and this could be drawn out further.

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

B. The units included in the NPI satellite account (paragraphs 23.12-23.29)

General comment	<p>An issue not mentioned is a practical one of assembling a register of units. As many NPIs have a tax exemption status the usual sources for business registers are unlikely to be comprehensive or up to date. Under coverage is also likely to be an issue for the core national accounts.</p> <p>A related matter concerns the scope of NPI institutional units in the SNA and that in the satellite account. Are they one and the same? There may be large numbers of very small entities where for the purpose of the SNA it is not possible or practicable to compile a set of accounts. On the other hand their characteristics may be of interest in a satellite account context because of their link with volunteering and studies of social cohesion. The scope of NPIs to be included in a satellite account is a significant issue facing compilers.</p>
23.12	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.

C. Accounts for NPIs in the satellite account (paragraphs 23.30-23.36)

General comment	Click here and start typing.
23.32	The significance or even necessity for this calculation depends on the rule of thumb used to allocate a unit as market or non-market. If a high cost to sales ratio is used the 'second' version of the accounts described would only record a minor difference with the standard 'first set' accounts.
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* Insert rows in this Word table for each paragraph on which you wish to comment.

D. Other SNA considerations concerning NPIs (paragraphs 23.37-23.44)

General comment	<p>A significant issue not discussed is how to distinguish between government grants and government purchases of services. For example, governments often make large payments to schools and hospitals that are NPIs. The decision around how to treat these payments affects the classification of the NPI as market or non-market, its output and the magnitude of government final consumption expenditure and household final consumption expenditure. The nature of any contract or agreement needs to be examined in order to determine whether the government or the institution has control over the quantity and quality of the services supplied. This often requires judgement. Payments based on numbers of units (such as student numbers) and where the government sets the required standard of services to be delivered would indicate that the government is purchasing a service rather than making a grant.</p>
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23.37	Click here and start typing.
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* 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. Is the scope and purpose of the satellite account clear?
2. Are the three alternative valuations of output of NPIs in the satellite account clear?
3. Are there any other issues that should be added to section D?

Specific comments:

Specific comments	See earlier comment
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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>