

# 1993 SNA Rev 1 – Preliminary draft

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*Note by the Editor*

*In response to various comments received on chapter 8, the AEG at its meeting in New York in March 2007 asked that greater elaboration be provided on the distinction between social security, social assistance and social transfers in kind.*

*The original intention was to provide a decision tree showing how all receivables of transfers and of goods and services by households should be classified. A draft of such a decision tree was circulated to the AEG for comment but the most frequent comment was that, although the sequence of decision making was welcome, portrayal in a chart did not give enough detail and more text, with examples, was required to elaborate the decision process.*

*While the decision process was satisfactory in eliminating those items that did not fall into any of the “social” categories, questions arose about exactly how in kind transfers should be allocated. The ESA95 had elaborated a distinction not present in the SNA that allocated all health expenditure to social security. There was therefore discussion about whether this allocation should be carried over to the SNA. However, on reflection, the ISWGNA concluded that the split of social transfers in kind in the 1993 SNA, between social security benefits, reimbursement, other social security benefits in kind, social assistance benefits in kind and transfers of non-market goods and services was no longer of persuasive analytical interest, not least because of the different institutional arrangements from country to country. Instead it was felt that a more relevant breakdown was between the individual services produced by government and NPISHs as non-market producers and those provided to government and NPISHs by market producers and then transmitted to households. Further, it was agreed this distinction was more usefully made in the use of adjusted disposable income account, described in chapter 9, than in chapter 8.*

*In response to these considerations, revised text has been proposed for parts of chapters 8 and 9 but these are being posted on the web site for comment in the same way as the original drafts of the chapters were exposed for comment. They will be merged into the original chapter as indicated in the Add1 document at the time that the final draft version is produced reflecting consideration of all comments received.*

*Another change has been incorporated into the proposed additional text for chapter 9. The discussion on a decision tree to allocate units to appropriate sectors revealed that it is logically necessary to allow the possibility of an NPISH producing collective services. As a result, the present convention that NPISHs produce only individual services is relaxed to read that by convention they produce only individual services unless there is evidence of the production of collective services.*

*Anne Harrison*

*10 August 2007*

## Chapter 9 Add 1

Three sets of changes are necessary to the draft of chapter 9 dated 31 August 2006 These are as follows:

- (i) changes necessary to incorporate the distinction between social transfers in kind that consist of the result of non-market production by general government and NPISHs and those social transfers in kind that are the result of market production purchased by government and NPISHs for transmission to households at prices that are not economically significant.
- (ii) changes necessary to allow the possibility of NPISHs producing collective services. The default assumption, in the case where there is no quantified evidence to the contrary, continues to be that their production is of individual services.
- (iii) mention of the possibility of social transfers in kind being rendered to non-residents along the lines of text proposed in chapter 8 Add 1, para 8.98

These changes impact a number of paragraphs throughout the chapter as noted below. They will be incorporated at the same time as other comments on the 31 August 2006 draft are considered.

Para	Change (i)	Change (ii)	Change (iii)
Table 9.2	X		
9.17	X		X
9.86	X		
New para to follow 9.107	X		
9.110		X	
9.111	X	X	
9.115		X	
9.116	X		
9.117	X		
9.118		X	
9.120		X	
9.121			X