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***Non-market activities – Session 9***

**M-N-O**  
***Economic Activities***

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***Abstract*** - This paper results from a pilot study conducted by Istat on three economic sectors characterised from the presence of economic actors typically defined as *serving households*. These sectors are classified in the sections M to O of Nace Rev.1 classification: education, health and social work, other community, social and personal services activities.

The aim of this paper is to analyse the M to O economic activities to improve the future economic statistics on them, given the relevant and rising interest to find a measurement for social aspects which have great importance in the social policy and economic decisions.

This paper will develop problems related to definitions, possible applications of the available nomenclatures, relevant economic variables which permit to measure the sectors and to satisfy some statistical information needs. Some results from an European Community survey on the “state of art” of the statistics on these sectors will be presented.

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<sup>1</sup> This paper is a result of a common study by the authors, co-ordinated by F. Riccardini. The single parts are written by: L. Nascia par. 6.1, 6.2.; A. Nurra par. 2.1-2.3, par. 4.1.1-4.1.6, par. 6.; F. Riccardini par.1, par. 3.1, 7, 9; par. 5.1 and 8 are jointly written by F. Riccardini and A. Nurra. The Appendixes are edit by A. Nurra.

The ideas expressed in this paper do not engage ISTAT as they are under the responsibility of the authors.

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## **1. Introduction**

Last year, from the Voorburg Group, it was suggested to pay more attention to Nace MNO activities and it was also rise the crucial point that for Business Registers, countries use the same terminology but they mean something different. On the other hand, there are countries that have a different terminology but they mean the same. This is the typical case of the registers on M to O activities. Taking into account this and the European Council Regulation on Structural Business Statistics on these activities the paper has been thought.

Within the context of the Regulation concerning Structural Business Statistics<sup>2</sup>, the aim of the Council is to *establish a common framework for the collection, compilation, transmission and evaluation of Community statistics on the structure, activity, competitiveness and performance of business in the Member States*. In particular the Annex 1 of this regulation provides a list of characteristics for which the statistics have to be compiled for each statistical unit defined by Council Regulation No 696/93.<sup>3</sup>

For the purposes of the common module defined in this Annex 1, the Member States have to report the Commission on the definition, structure and availability of information on statistical units which are classified under specific Group, Class, Division and Section of Nace Rev. 1.

A certain number of pilot studies are foreseen in the Regulation for those “problematic” sectors. M to O are ones of those.

Eurostat, to realise the pilot study on M,N,O activities, has developed a certain number of actions. In the frame of three Task Force meetings organised in 1997 and 1998 the following main actions have been undertaken:

- a study on the needs and links of (functional) social statistics to business statistics in the Nace sections M, N and O (Statistics Netherlands);
- a study on the needs of National Accounts and links to Structural Business Statistics on the Nace sections M, N and O (Statistics Sweden);
- a survey on existing statistics/registers and national methodologies developed by ISTAT and a questionnaire forwarded to 8 Member States<sup>4</sup>.

In this work we will analyse the results of the pilot study on Sections M to O of Nace Rev. 1.

Because the main problem for the M to O economic activities is the co-existence of public and private, profit and non-profit entities running the same activities, it is necessary to find out ways for aggregating these sectors in order to provide statistics and to make international comparisons.

We could say that the core problem of generating meaningful data on these economic activities is to find or improve common definitions. So, with this work, our first aim is to provide a brief report on the main characteristics of M to O activities, on problems related with definitions, classification systems, statistical units, relevant variables, and to provide the results from the survey conducted from ISTAT during the Task Force on M-N-O economic activities.

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<sup>2</sup> Council Regulation No 58/97 of 20 December 1996 concerning *structural business statistics*, Official Journal of the European Communities No L 14/96 pag. 1.

<sup>3</sup> Council Regulation No 696/93 of 15 March 1993 on the *statistical units*, Official Journal of the European Communities No L 76/93 pag. 1.

<sup>4</sup> The answering Countries were: Denmark, France, Ireland, Italy, Sweden, The Netherlands.

## **2. About M to O sectors**

### **2.1. M - Education (division 80 of the Nace Rev. 1 classification)**

The division includes public as well as private education at any level or for any profession.

Looking at the various activities we can observe that different sorts of organisations are active. Schools, both primary and secondary are usually owned by the state, but sometimes by associations, the Church, non-profit organisations, etc. Universities are in general state activities. For Nace class 80.40 the activities mainly take place in private enterprises.

<b>NACE_REV.1</b>
<b>M - Education</b>
<b>Division</b>
80 Education
<b>Class</b>
80.10 Primary education
80.21 General Secondary education
80.22 Technical and vocational secondary education
80.30 Higher Education
80.40 Adult Training and other education n.e.c.
80.41 Driving school activities
80.42 Adult and other education n.e.c.

### **2.2. N - Health and social work (division 85 of the Nace Rev. 1 classification)**

As the previous, this division includes public as well as private entities.

Various forms of organisations are of interest when we want to observe the whole sector. This sector is very important in employment and financial terms and various units of observations are to be covered if we want to collect information on the whole sector: organisations owned by state, organisations engaged in market operations, non-profit organisations, Churches. For Nace Classes 85.12 and 85.13 even when general practitioners and veterinarians are working in a highly regulated environment, their administration is in its basis the same as for sole proprietorship enterprises. Also partnerships are popular. These are in the basis market enterprises. The Nace Classes 85.31 and 85.32 concern non-profit organisations, co-operatives, etc.

<b>NACE_REV.1</b>
<b>N - Health and social work</b>
<b>Division</b>
85 Health and social work
<b>Class</b>
85.11 Hospital activities
85.12 Medical practice activities
85.13 Dental practice activities
85.14 Other human health activities
85.20 Veterinary activities
85.31 Social work activities with accommodation
85.32 Social work activities without accommodation

### **2.3. O - Other community, social and personal services activities:**

*Sewage and refuse disposal, sanitation and similar activities (division 90);*

*Activities of membership organisations n.e.c. (division 91);*

*Recreational, cultural and sporting activities (division 92);*

*Other service activities (division 93)*

Nace Section O covers a long list of activities.

In the case of divisions 90 and 93, there are no specific problems because they cover mainly market operations. Actually Nace division 90 contains also non-profit organisations often linked with municipalities and to a large extent it is state sector. The environmental sector may be seen as an important priority.

**NACE\_REV.1**  
**O - Other community, social and personal services activities**  
**Division**  
90 Sewage and refuse disposal, sanitation and similar activities  
    **Class**  
    90.00 Sewage and refuse disposal, sanitation and similar activities  
**Division**  
93 Other service activities  
    **Class**  
    93.01 Washing and drycleaning of textile and for production  
    93.02 Hairdressing and other beauty treatment  
    93.03 Funeral and related activities  
    93.04 Physical well-being activities  
    93.05 Other services activities n.e.c.

The Nace Division 91 includes the entities which have the status of association but the main activity of which does not correspond to any specific activity defined otherwise, or the activity of which cannot be specified with precision since it is too volatile or difficult to characterise. These economic activities are relatively unimportant as compared to education and hospitals and in this respect may be seen as a second priority in collecting data.

**NACE\_REV.1**  
**O - Other community, social and personal services activities**  
**Division**  
91 Activities of membership organisations n.e.c.  
    **Class**  
    91.11 Activities of business and employers organisations  
    91.12 Activities of professional organisations  
    91.20 Activities of trade unions  
    91.31 Activities of religious organisations  
    91.32 Activities of political organisations  
    91.33 Activities of other membership organisations n.e.c.

The Nace Division 92 includes public as well as private entities.

The Nace Classes 92.11-92.20 concerns the audiovisuals sector which is mainly market. The Nace Classes 92.51-92.72 contains much non-profit and state units. However the Nace Classes 92.61-62 may have profit units and have market productions. Classes 92.31- 92.40 can have a great economic relevance, as audiovisuals, for the new technologies related to information and communication.

**NACE\_REV.1**  
**O - Other community, social and personal services activities**  
**Division**  
92 Recreational, cultural and sporting activities  
    **Class**  
    92.11 Motion picture and video production  
    92.12 Motion picture and video distribution  
    92.13 Motion picture projection  
    92.20 Radio and television activities  
    92.31 Artistic and literary creation and interpretation  
    92.32 Operation of arts facilities  
    92.33 Fair and amusement park activities  
    92.34 Other entertainment activities n.e.c.  
    92.40 News agency activities  
    92.51 Library and archives activities  
    92.52 Museums activities and preservation of historical sites and building  
    92.53 Botanical and zoological gardens and nature reserves activities  
    92.61 Operation of sports arenas and stadium  
    92.62 Other sporting activities n.e.c.  
    92.71 Gambling and betting activities  
    92.72 Other recreational activities n.e.c.

### **3. Definition problems**

#### ***3.1. Defining the non-profit sector***

A problem stemming from the use of the SNA and ESA classification<sup>5</sup> is that it recognises a large group of non-profit institutions but includes only a subset of them in the Non-profit Sector. So the concept of the Non-profit sector adopted in both the SNA and ESA systems is quite restrictive. Only non-profit

insignificance of the set of institutions it leaves in the non-profit sector. Most of the organisations commonly considered part of the non-profit sector in most of the countries of the world are defined away under this definition because they receive significant portions of their income from fees or government support.

The ***structural/operational definition*** (proposed by Johns Hopkins University). The basis of this definition is not the purposes that organisations serve or their sources of income, but their basic structure and operations. Using these key features, the non-profit sector is defined as a collection of organisations that are *formal, private, non-profit distributing, self-governing, voluntary*. This structural/operational definition is not, of course, without its own problems but this definition still has more advantages than the alternative definitions, particularly from the perspective of cross-national empirical work. It makes it possible to define the non-profit sector empirically without separately investigating every organisation.

In the following paragraph on nomenclatures, we will report also on the existing and proposed classification system available for differentiating the non-profit sector at the international level.

## **4. Nomenclatures**

### ***4.1. Classification by economic activities, products, functions and institutional sectors***

The statistical units can be classified according to different nomenclature. In particular, in the study of units involved in the M to O activities, it is interesting to analyse six nomenclatures:

1. Nace\_Rev.1 - classification of statistical units *per* economic activities;
2. CPA - classification of products by activities;
3. Classifications of expenditures by purpose:
  - 3.a COFOG - classification of the functions of government;
  - 3.b COPNI - classification of the purposes of non-profit institutions serving households;
  - 3.c COICOP - classification of individual consumption by purpose;
4. ICNPO - classification of non-profit organisations by economic activities;
5. NTEE – national taxonomy of exempt entities.
6. Classification of institutions by sectors: SNA 93 and ESA 95

#### ***4.1.1. Classification by economic activities: NACE\_Rev.1***

The aim of the classification of economic activities is to provide a group of activities that can be used in the statistics divided into activity performed by a unit of production. So it is possible the elaboration of macroeconomic statistics whose objects are the study of the participation of the units to economic process as production, the use of factors of production, the income of the units.

The secondary aim is to make possible the classification of the economic entities (which are the object of many statistics started at the study of their trend) into the activity performed.

For "activity" it means "process": a combination of actions that give rise to a product (goods or services).

The Nace\_Rev.1 is more detailed than Nace 70 so that it is respected the differences and the similarities among the economic structures of the Member States.

The Nace\_Rev.1 is structured in *section* (an alphabetical code), *subsections* (two character alphabetical code), *divisions* (two-digit numerical code), *groups* (three-digit numerical code), and *classes* (four-digit numerical code).

In the Nace statistical unit can be enterprise, local unit (classified by their principal activity) unit of economic activity



In many cases it is important to know some characteristics (i.e. if the producer is public or private, market or non-market, profit or non-profit) to elaborate some statistics and it is necessary to create suitable classifications for this use. So it is possible to have useful information only crossing these classifications with Nace\_Rev.1.

#### 4.1.2. *Classification of products: CPA*

CPA is the statistical classification of products by activity in the European Economic Community. The term "product" shall mean *transportable goods, non-transportable goods and services*. This classification covers products considered in their functional relationship with the specific economic operations to which they are subjected (production, domestic and foreign trade, transportation, etc.). For this reason CPA can be used also in the economic analysis of the various markets from the point of view of the demand for, and use of, goods and services.

The structuring of a product classification, in accordance with the production activity involved (Nace Rev.1) avoids proliferation of unrelated coding schemes and facilitates the identification by producers of relevant markets. CPA is structured in *section* (an alphabetical code), *subsections* (two character alphabetical code), *divisions* (two-digit numerical code), *groups* (three-digit numerical code), *classes* (four-digit numerical code), *categories* (five-digit numerical code), and *subcategories* (six-digit numerical code).

#### 4.1.3. *Classifications of expenditures by purpose: Cofog, Copni, Coicop*

The following three functional classifications (which are also called classifications of expenditures by purpose) are currently being revised under the lead of UNSD and OECD.

**a. COFOG**, the classification of the functions of government, is a functional classifications used for studying changes in the pattern of government expenditures. It is described as functional classification because it identifies the *functions* in the sense of purposes or objectives for which the producers of general government engage in certain transactions. It was developed mainly for distinguishing between expenditure by government on individual services and collective services. So, this nomenclature, commonly used for Public Administration, represents a different approach in comparison with the Nace classification because it doesn't classifies the economic activities for function of the local unit, as it is in the Nace, but it classifies the expenditures of PA for function. The consequence is that for COFOG is relevant the concept of the financing of a process and, on the contrary, for Nace is relevant the concept of the process of production.

**b. COPNI**, the classification of the purposes of non-profit institutions serving households, consists of 9 divisions, 9 groups and 25 classes. All divisions cover the consumption expenditures of non-profit institutions serving households (NPISHs) (01. *housing*, 02. *health*, 03. *recreation and culture*, 04. *education*, 05. *social protection*, 06. *religion*, 07. *political parties, labour and professional organisations*, 08. *environment protection*, 09. *services n.e.c.*).<sup>6</sup>

**c. COICOP**, the classification of individual consumption by purpose, consists of 14 divisions. Divisions 01 to 12 cover the individual consumption expenditures of households; division 13 covers the individual consumption expenditures of NPISHs; and division 14 covers the individual consumption expenditures of government. The disaggregations defined for division 13 is, in effect, COPNI in its entirety. The disaggregations defined in division 14 are a subset of those defined for COFOG, and they relate to those groups and classes of COFOG, which SNA93 defines as individual (rather than collective) expenditures. There is a distinct overlap between the three classifications COFOG, COICOP and COPNI because COICOP covers the expenditures of non-profit institutions serving households (NPISHs) and the individual consumption expenditures of government as well as expenditures of households.

#### 4.1.4. *ICNPO - International Classification of the Non-profit Organisations*

<sup>6</sup> See the Appendix B for more details.

The task of defining the non-profit sector and identifying its common characteristics is important; however, this represents only the half of the conceptual challenge involved in coming to terms with this sector empirically. At least as important is a second crucial task: the classification of non-profit organisations (NPO). Definition and classification are, in a sense, two parts of a related process. The first specifies what the entities in a group have in common and the second spells out the ways in which they nevertheless differ. The needs for an effective classification system are particularly pressing in the case of the non-profit sector because of the tremendous diversity of this sector.

The ICNPO nomenclature, proposed by a project of Johns Hopkins University, has the aim to embrace the entire non-profit sector, defined as collection of organisations that are formal, private, non-profit distributing, self governing, voluntary, within 12 major activity groups and 24 sub groups.<sup>7</sup>


In NACE classification almost all organisations that satisfy the structural/operational definition of the non-profit sector identified above fall into one of only three broad classes identified in the NACE: Education (M), Health and Social Work (N) and Other Community, Social and Personal Activities (O). Although each of the categories is further subdivided, the subcategories are themselves quite broad. Thus, in the O division the sub grouping “other membership organisations” throws together advocacy organisations with literary societies, service clubs and numerous others. As a result it is difficult to use this scheme to make meaningful comparisons among countries at the level of major sub sectors of the non-profit sector. For these reasons NACE system fails to provide enough differentiation of the non-profit sector to permit effective analytical work at the subsector level.

Where the ICNPO differs from the NACE system is the range of activity codes it allocates to the fields where non-profits are active. While adhering to the basic structure of the NACE, the ICNPO system essentially breaks several of the large NACE groupings apart, as reflected in Table 1. Thus for example the Health and Social Work section of the NACE system is broken into two major activity groups in the ICNPO scheme: first, *Group 3 - Health*, and second, *Group 4 - Social Services*. Similarly, the catchall “Other Community Social and Personal Service Activities” section in the NACE system is broken into eight major activity groups in the ICNPO system: *Group 1, 5, 7, 8, 9, 10, 11, and 12*. The ICNPO thus preserves the basic structure of the NACE system while providing a more complete and more detailed system for differentiating the various types of non-profit organisations. Beyond this, the ICNPO system facilitates one of the most important analytical distinctions found in the literature on the non-profit sector: that between primarily *public serving* and primarily *member serving* organisations. Under the ICNPO system the member serving organisations can be separated out by focusing on Group 11 - Business and Professional Associations and Unions, plus the Social, Recreational and Sports Clubs classified in Subgroup 1 200 under Arts and Culture.

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<sup>7</sup> See the Appendix B for more details.

**Table 1** - *Cross walk between ICNPO and Nace\_Rev.1 and Ateco '91  
only for groups corresponding to the divisions M-N-O*

<i>ICNPO</i>	<i>NACE_REV. 1 and ATECO 91 (5 digits)</i>
<b>Group 1: Culture and recreation</b>	
1 100 Culture	92.1, 92.2, 92.3, 92.4, 92.5
1 200 Recreation	92.6, 92.72, 93.04, 93.05
1 300 Service clubs	

**Group 2:**

#### 4.1.6 Classification of institutions by sectors: SNA 93 and ESA 95

In these systems the *institutional units*<sup>9</sup> are grouped into five *institutional sectors* together making up the total economy: financial corporation; non-financial corporation; government; households; private non-profit institutions serving households. (See Appendix A point 1 for more details).

### 5. Defining Statistical Units<sup>10</sup>

#### 5.1. Problems of definition and the SBS Regulation delimitation

Council Regulation No 696/93 on statistical units defines **Enterprise** as

*the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.*

- Must we consider in the enterprise definition units as private non-market non-profit institutions (NPIs) and public organisations?

The Regulation on Business Registers (No 2186/93) in the Article 2, point 2, states:

*this Regulation shall apply only to units, which exercise wholly, or partially a productive activity. Then in Article 3 it specifies that the registers shall be compiled of all enterprise carrying on economic activities contributing to the gross domestic product at market prices (GDP), the legal units responsible for those enterprises, the local units dependent on those enterprises.*

- If we exclude private non-profit organisations and public institutions even when they are *producers* we do not measure the whole GDP.

The Council Regulation No 58/97 on Structural Business Statistics (SBS) in the Article 3, point 1, states:

*this Regulation shall cover all **market activities** in the Section C to K and M to O of the statistical classification of economic activities in the European Community (NACE Rev.1). This Regulation includes in its scope the statistical units of the types listed in Section 1 of the Annex to Council Regulation No 696/93.*

This **delimitation** of the Regulation on SBS can be connected with the division into institutional sectors and type of producer according to ESA 1995 and with the Nace division M to O as follows:

<sup>9</sup> The concept of *institutional unit* in the SNA is the same of institutional unit as statistical unit according the Council Regulation No 696/93: an institutional unit is an economic entity, or a decision taker, that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities; it is able to take economic decisions and actions for which it is itself held to be directly responsible and accountable at law; in principle, it must be both possible and meaningful from both an economic and legal viewpoint to compile a full set of accounts and to draw up a balance sheet for an institutional unit.

<sup>10</sup> See Appendix A point 2 for more details.

**Table 2 - Connection between institutional sectors, Nace divisions (MNO) and SBS**

Institutional Sector	Type of producer (50% criterion)	Nace Division MNO	Regulation SBS	
a) Non financial corporations: 1) corporations - public - national private - foreign controlled 2) private producers - for profit - non-profit	market or for own final use	Yes	Yes	<b>NON-PROFIT</b>
b) Financial corporations	Market	No	Yes	<b>NON-PROFIT<sup>11</sup></b>
c) General government	non-market	Yes	No	<b>NON-PROFIT</b>
d) Non-profit institutions serving households (NPISH)	non-market	Yes	No	<b>NON-PROFIT</b>
e) Household 1) as consumers 2) as entrepreneurs	producer for own final use or market producer	Yes	Yes	<b>NON-PROFIT<sup>12</sup></b>

*Sources:* Our elaboration of the Swedish Final Report for Task Force on MNO

[Olsson B., Levinsson L. - *The National Accounts' needs and links to SBS in the NACE Section MNO*, Statistics Sweden, 1998-04-07]

From the Table 2 above it is clear that for M to O Nace activities, two institutional sectors are not directly connected to the SBS Regulation: General government and Non-profit institutions serving household. The only non-profit organisations that the SBS Regulation considers are those included in the non-financial corporation as institutional sector. Actually all non-profit institutions are mostly active in the MNO Sections of Nace Rev 1.

So we have three different strategies which Council Regulation SBS could follow for these economic activities:

1. do not consider at all MNO activities;
2. to consider only the market activities (but harmonisation is not guarantee among community countries);
3. to consider market and non-market activities with harmonised methodologies.

Concerning the problems in operational rules of definitions of the *enterprise*, it seems that the actual difficulty lies in the fact that the Nace Rev.1 sections M to O are not homogeneous. In large number of groups (3 digits) and classes (4 digits) there are no specifics problems of definition of enterprises or local units. In others the feeling is different because in these groups or classes we can find organisations of very different forms: classical companies, natural persons acting as independent, but also large proportion of non-profit organisations and public agencies.

When companies or natural persons do the business, we do not have any specific problem defining them as enterprises. Actual problems come with business of non-profit organisations and of public agencies.

In the *case of non-profit organisations*<sup>13</sup> we have a lot of problems not only with the definition of the *enterprises* but also with their classification in *institutional sectors*. As we seen in Table 2, they can belong to all institutional sectors.

<sup>11</sup> In Italy the foundations are classified as non-profit financial corporation.

<sup>12</sup> The household sector includes non-profit institutions serving households which do not have independent legal status or those which do but are of only minor importance (see ESA par. 2.76 lett. e).

<sup>13</sup> Business Registers Committee, 2-3 June 1997, Eurostat.

- As for the definition of the enterprise the first problem lies on the weak definition and control of the legal units in this field. The situation differs according to countries and specific legal forms. In some countries Churches do not have any recognised legal form. In some other the practical procedure of legal registration introduce confusion between legal units and sections of legal units, those section being territorial or by domain. A good example of this situation is given by the sports clubs but also with trade unions. Very often when the legal representative of a local section of a non-profit organisation present his legal or administrative formalities he doesn't even know if section is and independent legal unit or just a branch of a national one.
- The second problem comes from the fact that non-profit organisations are very often included in a net. We do not say group as generally the reference to a group implies that a controlling organisation has the control on subsidiaries. In non-profit organisations, but it is also the case for all units belonging to the field of the so called "Social economy" as Co-operatives and mutual companies, the head of the net is not controlling but co-ordinating and in fact controlled by the co-ordinated units.
- The third problem comes from the fact that inside the domain of social economy we can find very often a double net of structures. Local entities with legal personality are representative of the users or partners, and are centres of power, they control all together regional representative structures which control a national structure. This national structure will create subsidiary often regional or even local to perform industries.

In the *case of public agencies*, when public agencies are legal units, we do not have specific problems in operational rule for enterprise definition. In some countries it is the majority of cases.

But in some countries large part of the public agencies are not legal units and we face the problem of definition of what the national accountants had recognised for a long time as the problem of "quasi corporation". Many public services as schools, health centres, cultural centres, activities of division 90 of NACE, are performed by central or local governments *without creation of any legal unit*. They perform just opening a special budget for a specific service that will have a complete operating accounting and may be a relative operating autonomy under the strict control of the government.

How to detect those services is a problem that can not be solved at European level, but requests a ***deep analysis of possible sources in each of the member states***. It is recommended doing this in close the National account departments. It is true that when it is desired to measure production and output, it may not be so important if a school or a hospital is an enterprise or a local unit (or local KAU) as long as they are included and can be separated in the business registers.

## **6. Problems related to the Business Registers**

Concerning the legal background of the business registers, the two basic regulations are:

1. the **Council Regulation 2186/93** on Community co-ordination in drawing up business registers for statistical purposes : articles 2, 3, 4 and 5 are of basic importance. In Article 2 the definitions of the units (i.e. the legal unit, the enterprise and the local unit) are laid down with reference to the Council Regulation 696/93 on the statistical units. In Article 3 the scope and coverage in terms of units and in terms of activities is defined. In Article 4 is included the "descriptive details" which are linked to the registered units. Finally, in Article 5 the updating procedures of the registers are laid down. The statistical units for which registration is compulsory, the enterprise and the local unit, are by far not the only ones that play a role in the European statistical system. Other units are the KAU, KAUL and the institutional unit. In the future the enterprise group may play an increasingly important role;
2. the **Council Regulation 696/93** on the statistical units.

Business registers are to a large extent built on information from administrative sources. They may also have links with other registers. Such links have high potential for statistics although the possibilities and impossibilities of linking statistical and administrative registers are highly country-specific. The *satellite register* is a part of the business register in which general identification and stratification data common to all sectors are matched with certain sector-specific characteristics drawn from specific sources. This is because for certain sectors it can be of particular value to have stratification variables other than general variables common to all sectors such as economic activity, location and size in terms of employed and turnover.

### **6.1. Information needs on non-profit sector and business register**

In the following paragraphs, we will see that, on the basis of the results from the survey questionnaire and of the TF meetings, the registers cannot cover exhaustively the NPIs Sector for two main problems:

- the first problem is that of classification and definition above mentioned;
- the second problem is that of conditions used for registration of statistical units.

In Italy census data and other not official sources confirm the relevance in MNO of the non profit organisations. In fact 1991 Census has recorded in Italy 62,025 Istituzioni sociali private<sup>14</sup> with 287,607 employees and 317,253 volunteers mainly of small dimension concentrated in MNO sectors.

While statistical business registers are drawn for general purposes and are focused on the classification of market enterprise needs for non profit units and subsequently for MNO, the business registers meet some troubles as instruments for the specific task of their classification. In fact many non-profit organisations have a different economic characterisation and their existence is witnessed by different sources. Variables as turnover and employed are not fit to explain the real dimension of non profit organisations, moreover in the business registers there is only a partial coverage of the population of non-profit institutions. The building up of a satellite register with specific features to analyse MNO sectors and the non-profit organisations included linkable with the central one could be the answer to the problems related to non-profit organisations classifications needs.

In many countries the social and economic environment is changing towards a model where private non-profit organisations substitute government in the supply of public services. In this framework the MNO satellite register is relevant to develop an information system to analyse goods and services supplied by non-profit organisations. For this purpose it will be priority the construction of quality indicators of the services offered by non-profit organisations answering to a growing demand of data especially in the sectors of health and instruction.

A future purpose of the MNO satellite register could be the analysis of the group of enterprises as stated by Council Regulation 2186/93. While for the market activities the concept of group of enterprises is characterised by a hierarchic linkage between holding and subsidiaries, for non-profit organisations the dynamics and the flows between the “holding” and the “subsidiaries” are usually reversed and sometimes there is also the presence of structural links among organisations affecting the production process even if there is the lack of an holding. The satellite register on MNO should be a feasible instrument to meet requirements of the analysis of groups of non-profit organisations as specific feature.

As stated by the European Regulation on Registers and as experienced by the ASIA register for enterprises (the new Italian Statistical Business Register integrating six different administrative registers), the way to build up a statistical register is data crossing from different sources especially from administrative registers.

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<sup>14</sup> Census considers as “istituzione sociale privata” a unit with a full system of accounts and decisional power mainly producing goods and services not to sell on the market. They are financed in prevalence by voluntary granting from households and from the other subjects organised for public benefit.

Moreover, for building up a *satellite register* for MNO including NPIs it is necessary to follow the definitions stated by SNA93 (market-non-market, prevalence of financing by government or by privates).

In such register the productive organisations could be classified as profit or non-profit public, private or public by the nature of statutes or institutive laws.

Specific dimensional variables coming from particular administrative registers (i.e. Register of Health Ministry, Education Ministry, University Ministry) should be added to the stratification characters common to all organisations.

In Italy in the following administrative registers, which are the main sources of ASIA, there are problems for a complete recording of NPIs:

- in Companies Register of Chamber of Commerce (Law 580/93), could be found many NPIs (of the *market* kind) but, nevertheless, they are not separated from the other enterprises nor for the character of non-profit nor for the character of public utility;
- in Tax Register, public and private NPIs are included only if they have a VAT code but they are not yet separated from the enterprises;
- in Social Security Register, public and private NPIs are recorded if they have at least one employee without distinction from the enterprises.

These administrative registers do not complete the framework of non-profit organisations.

For this purpose Istat is building up a specific register (ASIP) for private and public non-profit organisation by integrating other sources with the ASIA ones.

## **6.2. *Towards a MNO satellite statistical register***

In the MNO sectors there is the presence, not only in Italy as confirmed by the Eurostat task force, of a wide range of different legal units especially of non-profit nature. The legal heterogeneity reflects national differences and the lack in many countries of exhaustive legislative approaches. While in the United States the non-profit sector is delimited by a fiscal legislation that includes all private organisations with a non-profit distribution constraint, substantially identifying them as tax exempt organisations, in European countries there are relevant national differences, there is not a common definition, and the non-profit sector is not well delimited respect to the enterprises. The criteria stated by ESA95 (profit and non-profit) and the concentration of non-profit organisations in MNO Nace divisions are two of the few common elements within European Countries suitable to define non-profit sector.

The main purposes of a satellite register are:

- more efficient sample design, since variability within strata is reduced
- more accurate measurement of the actual state of business activity
- better monitoring of the state of certain general variables
- reduced burden of statistical administration on businesses; either no survey is needed, since data which have already been communicated for other purposes can be used or since the sample design is more efficient a smaller sample size is possible.

These purposes meet the requirements of the statistical needs of MNO that are characterised by the presence of high number of non-profit institutions, by definitional problems and by problems of coverage of total population.

The main steps for the construction of the satellite statistical register are:



*A - Definition and analysis of the sector specific needs*

The specific needs in MNO derive from:

- under-recording of the population;
- high heterogeneity of organisations;
- high presence of non-profit organisations (private and public);
- problems of estimation of the effective economical dimension of the units involved.

These issues lead to a need of other stratification variables different from the general ones used usually in business registers and of specific classification of the economic activities.

*B - Definition of general and specific stratification variables*

The first step for the management of the satellite register is the adoption of the criterion profit/non profit for the units included. This criterion finds a correspondence in many juridical forms. From many administrative register is simple to resume the profit/non profit nature of units, while the adoption of the criterion market/non market is more difficult and needs of more detailed documents like balance sheets. The stratification variables to implement should be the number of volunteers, number of membership and public/private financial transfers, which are common factors in non-profit institutions and have a key role as dimensional indicators.

Moreover, the analyse a range of specific variables which explain directly the service and the good offered as the number of available beds, number of students or number of beneficiaries is suitable to estimate better samples for demand side surveys.

*C - Research and standardisation of alternative sources*

The analysis and integration of specific sources, especially for variables on the product/service supplied, is a basic feature of the satellite register.

There are sources, apart those usually included in business registers, that can be relevant not only for a better coverage of population but also for the specific stratification variables.

One example, for the Italian context, is the register held by the Ministry of Defence for organisations using conscientious objectors under civilian service should be a suitable source. It collects an high number of institutions and the information available is very detailed (this register includes both private and public non-profit organisations at level of local unit too). Moreover, this source allows the construction of another stratification variable: the number of conscientious objectors under civilian service (it is relevant as dimensional indicator of many private NPIs).

Sometimes other specific sources, as the Italian regional registers of organisations of volunteers, are often not available in a standard format and only through a standardisation process it is possible to collect suitable data for the satellite register.

*D - Compatibility with the business register*

The final step for building up the satellite register is the feedback with the business register because, as stated in Council Regulation 2186/93, satellite register must be fully compatible with it. It means that the satellite sources may increase the number of units of the business register and may add sector specific stratification variables, but the presence of units not recorded in the central register it is strictly not allowed. This rule imply an integration of sources and a continuos feedback in order to have a linkage at unit level and in order to avoid double recordings. The corollary of compatibility constraint brings to the standardisation of sources and to the deletion of units not matching with the business register. In fact the challenge is to find sources with specific information and fully compatible with the business register structure to avoid mismatching and duplication of data. For example, in Italy the fiscal code allows linkages among different administrative files and it is the most suitable instrument for the compatibility between the business registers and the satellite one.

## **7. Problems related to the Variables for M to O**

The enterprises (if we can say that the concept of enterprise fit for all type of producers in these sectors) operating in most sectors covered by the three sections are considered suppliers of *public goods* and the presence of Government as *economic agent* is prevalent. Besides, the nature of the economic activity itself often implies that the units do not provide goods and services for profit and that their production process could be *non-market*. In most Member Countries, Education and Health can be held up to examples of sectors that traditionally fall under the scope of great state intervention and whose units, when controlled by a private subject, are often non-profit. But it is possible to also mention the presence of foundations, associations and voluntary organisation -which are non-profit by definition- in other economic activities.

Following the hypothesis of developing an information system in which market and non market, profit or non-profit units are combined, the consideration of M-N-O main characteristics brings out the necessity of an in-depth analysis of the variables to be observed in collecting data on the sections M to O. Those included in the list of the Annex 1 adopted by the Council in the Regulation no. 58/97 on Structural Business Statistics (SBS Regulation) seem to need improving to best qualify all the characteristics of the units operating in the three sections at issue, as they are quite general and tailored to the features of the sole market activities. Because different situations along countries with regard to the prevalence of market or non-market producers in each economic activities, to survey and collect data only on market activities could be meaningfulness of results. It is then necessary to search for items in order to yield a model capable of retain all the significant information value drawn from the collection of data.

In doing so, four aspects should be taken into due consideration:

1. the widespread presence of Government;
2. the fact that most units are non-profit;
3. the fact that most outputs are non-market;
4. the heterogeneity of economic activities performed.

The first three points imply that some of the variables belonging to the 'common core' of SBS Regulation could become meaningless. For instance there might be no use in estimating *Turnover* when no price are charged for the services delivered and nominal fees are levied by government institutions instead (i.e. for state-owned schools).

Anyway we must note that units characterised by a market producers could be found alongside non-market producers and that private non-market producers or government and its intermediation could supply market products. For instance, education can be provided by both government and commercial institutions and commercial tariffs can be charged for special medical treatment.

The last point suggests the adoption of section-specific variables, in order to meet the goals set out by the SBS Regulation at the level of detail required. Important aspects may fall outside of the scope of business statistics if the variables are chosen only at common level. Yet, this could be insufficient to distinctively capture the characteristics of such diverse activities as those allocated to the O section. It would perhaps be advisable to go further and spot division-specific variables. An example of specific variables for each section is showed in Table 4.

A summary of variables considered during the task force meetings and in the survey questionnaire is showed in Table 3 following (the new variables do not present in SBS Regulation are signed with "xx xx x").

Table 3 – List of economic variables: summary

			TYPE OF PRODUCERS BY INSTITUTIONAL SECTORS			
			MARKET		NON-MARKET	
CODE	TITLE	Variable related with:	NON FINANCIAL CORPORATION	HOUSEHOLDS	NPISH	GENERAL GOVERNMENT
A N N E X 1 of SBS Reg. No. 58/97						
11 11 0	Number of enterprises		No comment	No comment	Correspondent definition	Does it make sense?
11 21 0	Number of local units		No comment	No comment	Correspondent definition	Correspondent definition
12 11 0	Turnover		No comment	No comment	Specific calculation	Specific calculation
12 12 0	Production value		At current prices		Sum of cost incurred	
12 14 0	Value added at basic prices	12150	No comment	No comment	Value added at factor cost (Code 12150) plus other taxes on production less other subsidies on production	
12 15 0	Value added at factor cost		No comment	No comment	Compensation of employees (Code 13310) plus consumption of fixed capital	
13 11 0	Total purchases of goods and services		No comment	No comment	No comment	No comment
13 12 0	Purchases of goods and services purchased for resale in the same condition as received		No comment	No comment	No comment	No comment
13 31 0	Personnel costs	13320 +13330	No comment	No comment	No comment	No comment
13 32 0	Wages and salaries	Part of 13310	No comment	No comment	No comment	No comment
16 11 0	Number of persons employed		It is necessary to indicate whether <i>voluntary workers</i> are included or not			
16 13 0	Number of employees	Part of 16110	It does not include <i>voluntary workers</i> and <i>agency workers</i>			
Other Variables						
Structural Variables						
xx xx x	Number of enterprises broken down by institutional sectors	Part of 11110	No comment	No comment	No comment	No comment
xx xx x	Number of local units broken down by institutional sector	Part of 11210	No comment	No comment	No comment	No comment
Profit and loss Accounting variables						
13 21 0	Change in stock of goods and services	Part of 12140	No comment	No comment	No comment	No comment
13 41 0	Operating costs linked to buildings and equipment	Part of 13110	No comment	No comment	No comment	No comment
13 43 0	Other operating costs	Part of 13110	No comment	No comment	No comment	No comment
13 13 1	Payment for agency workers		It is not included in the variable <i>wages and salaries</i> (Code 13320)			
xx xx x	Funding	Part of 12110	It is relevant for non-market activities			
xx xx x	Breakdown of production value of non-market activities		It is relevant for non-market activities			
xx xx x	Payment for (paid) voluntary workers	May be part of 13310	Not relevant	Not relevant	Relevant	No comment
Balance sheet variables – Assets						
15 11 0	Gross investment in tangible goods		No comment	No comment	No comment	No comment
xx xx x	Legacies, gifts, donation in tangible goods	Separated from 15110	Not relevant	Not relevant	Relevant	No comment
Variables on employment						
16 13 1	Number of part time employees	Part of 16130	It is calculated by reference to the <i>number of hours worked per week</i> for which they are paid			
xx xx x	Number of agency workers	Not included in 16130	No comment	No comment	No comment	No comment
xx xx x	Number of intermittent - seasonal employees	Part of 16130	No comment	No comment	No comment	No comment
xx xx x	Number of (paid) voluntary workers	May be part of 16110	No comment	No comment	It must be decided if it is included in 16110. Rather <i>not included</i>	
xx xx x	Number of pure voluntary workers		No comment	No comment	No comment	No comment
xx xx x	Number of part-time (paid) voluntary workers		No comment	No comment	No comment	No comment
xx xx x	Number of external employees		No comment	No comment	No comment	No comment
xx xx x	Number of persons on compulsory military service (conscientious objectors)	Part of 16130	Not relevant	Not relevant	No comment	
xx xx x	Number of hours worked by (paid) voluntary workers		No comment	No comment	No comment	No comment

**Table 4 – List of specific variables by economic activity**

<b>SPECIFIC VARIABLES</b>	<b>ECONOMIC ACTIVITY</b>		
	<b>M</b>	<b>N</b>	<b>O</b>
Number of teachers			
Number of pupils or students			
Number of hours provided by teachers			
Number of hours attended by pupils			
Number of pupils or students per class or per teacher			
Number of courses provided			
Number of teacher hours per pupil or student			
Rate of success in official examinations			
Total number of personnel broken down by:			
• personnel involved in teaching			
• administrative personnel			
Contributions to Technical and Vocational Training broken down by:			
• contributions from enterprises			
• contributions from professional organisations			
Fees paid by pupils or students (for private schools)			
Contributions to public schools			
Contributions to private schools broken down by:			
• contribution from public authorities			
• contributions from private entities, such as enterprises or professional organisations			
Number of beds, cross-classified by ward			
Number of person employed (by ward) broken down by:			
• physicians			
• para-medical personnel			
• administrative personnel			
Average period into which beds are occupied			
Number of dismissed patients (alive or deceased)			
Number of physicians working on their own account (by speciality)			
Number of physicians working for Health National Services outside hospitals (by speciality)			
Number of visits or consultations by physicians working on their own account (by speciality)			
Number of visits by vets			
Number of beds and number of occupied beds in social institutions with accommodation			
Number of beneficiaries of social institutions without accommodation			
Number of seats of entertainment facilities ( e.g. theatres)			<b>div. 92</b>
Number of seats of sport facilities			<b>div. 92</b>
Number of users (e.g. Number of visitors of museums or archaeological sites)			<b>div. 92</b>
Contributions from government or local authorities			<b>div. 92</b>
Contributions from private foundations (e.g. for museums)			<b>div. 92</b>

## **8. Data from the Survey Questionnaire**

The main goal of the “MNO Questionnaire”, sent to 8 European countries, was to gain in-depth knowledge about the European situation of statistics on the three Nace sections in order to make guidelines for SBS Regulation compatible with the characteristics of the M to O economic activities.

In doing so, we have investigated the following five items:

*institutions:* this part of the Questionnaire aimed at getting information on who is responsible of collecting and what tools are used;

*statistical units:* Member States were asked to specify what statistical units, as defined in the Council Regulation No. 696/93, are observed and whether the collection of data covers other units not listed in the Council Regulation; furthermore we asked about the legal forms of the units;

*registers:* we asked the coverage of the units given by the Business Registers, with reference to Council Regulation No. 2186/93; in this regard it was important for us to obtain information on how non-profit organisations are treated;

*sources and variables:* this part of the Questionnaire aimed at obtaining knowledge on what kind of source is used in investigating the variables included in the Annex 1 of the SBS Regulation and with what frequency; Member States were also asked to specify whether different variables from those above mentioned are observed;

*priorities, problems, plans and perspectives:* the last part of the Questionnaire was left for the comments of Member States.

Six Countries replied to the Questionnaire: Italy, the Netherlands, Sweden, France, Denmark, and Ireland. The results are summarised in the following section:

As concern the section ***Institutions***, in general, all Nace Classes are covered by almost half Countries with exception of Division 91.

The Nace Classes observed by almost 5 or 6 Institutes of National Statistics, probably most of them classifiable as market activities, belongs to Nace 92 and some of 85. At the other hand, the Nace Classes mostly observed by Other Institutions, typically Ministries, are those wherein they have their secondary activities (school, hospital, archive, library, museum). Probably most of these secondary activities can be classified as non-market activities.

As concern the section ***Statistical Units***, those observed are mainly enterprises and local units (see Figure 1). Institutional units are observed by not more than two Countries, in particular, in the Nace Divisions 80 – Education and 85 – Health and social work.

Four Countries declared to observe different statistical units of Regulation. Ones again, this means that countries may use the same terminology for saying different things, but they can express same things with different terminology.

At last the following statistical units are not observed from all Countries:

- the enterprise group;
- the kind of activity unit (KAU);
- the unit of homogeneous production (UHP);
- the local kind of activity unit (local KAU);
- the local unit of homogeneous production (local UHP).

Figure 1 – Statistical Units observed by Countries

Statistical Unit																										
B	A	2	2	2	2	4	3	2	2	2	3	3	2	2	4	2	2	2	1	2	3	5	5	6	5	3
	a	2	2	2	2	1	2	2	2	2	2	1	2	2	1	1	1	1	1	1	1	1	1	1	1	1
	b	2	2	2	2	1	2	2	2	2	2	1	2	2	1	1	1	1	1	1	1	1	1	1	1	1
	c	2	2	2	2	1	2	2	2	2	2	1	2	2	1	1	1	1	1	1	1	1	1	1	1	1
	d	2	2	2	2		2	1	1	1	1		1	1												
	e	1	1	1	1		1	1	1	1	1		1	1												
	f	2	2	2	2	1	2	2	2	2	2	1	2	2	1	1	1	1	2	1	1	1	1	1	1	1
C																										
D																										
E																										
F	2	2	2	2	1	2	2	2	2	2	1	2	2	2	1	1	1	1	1	2	2	2	2	1	1	
G																										
H																										
Functional Unit																										
Central/Local Gov.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Administrative Unit	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Registration Unit	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Local Work. Place	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Nace_Rev.1																										
		80.10 Primary education																								
		80.21 General Secondary education																								
		80.22 Technical and vocational secondary education																								
		80.30 Higher Education																								
		80.41 Dining school activities																								
		80.42 Adult and other education n.e.c.																								
		85.11 Hospital activities																								
		85.12 Medical practice activities																								
		85.13 Dental practice activities																								
		85.14 Other human health activities																								
		86.20 Veterinary activities																								
		86.31 Social work activities with accommodation																								
		86.32 Social work activities without accommodation																								
		90.00 Sewage and refuse disposal, sanitation and...																								
		91.11 Activities of business and employers organisations																								
		91.12 Activities of professional organisations																								
		91.20 Activities of trade unions																								
		91.31 Activities of religious organisations																								
		91.32 Activities of cultural organisations																								
		91.33 Activities of other membership organisations n.e.c.																								
		92.11 Motion picture and video production																								
		92.12 Motion picture and video distribution																								
		92.13 Motion picture projection																								
		92.20 Radio and television activities																								
		92.31 Artistic and literary creation and interpretation																								
		92.32 Operation of arts facilities																								
		92.33 Fair and amusement park activities																								
		92.34 Other entertainment activities n.e.c.																								
		92.40 News agency activities																								
		92.51 Library and archives activities																								
		92.52 Museums activities and preservation of historical ...																								
		92.53 Botanical and zoological gardens and nature...																								
		92.61 Operation of sports arenas and stadium																								
		92.62 Other sporting activities n.e.c.																								
		92.71 Gambling and betting activities																								
		92.72 Other recreational activities n.e.c.																								
		93.01 Washing and dyeing of textile and for prod....																								
		93.02 Hairdressing and other beauty treatment																								
		93.03 Funeral and related activities																								
		93.04 Physical well-being activities																								
		93.05 Other services activities n.e.c.																								
Nace_Rev.1																										

LEGENDA	
In each cell are represented the number of Countries involved in the observation of the statistical unit	
A	enterprise
a	private and public companies, public corporations
b	co-operatives or partnerships recognised as independent legal entities
c	public enterprises which by virtue of special legislation are recognised as independent legal entities
d	non profit institutions recognised as independent legal entities
e	agencies of general government
f	quasi-corporate enterprises
C	the enterprise group
D	kind of activity unit (KAU)
E	unit of homogeneous production (UHP)
F	the local unit
G	the local kind of activity unit (local KAU)
H	local unit of homogeneous production (local UHP)

In the part of Questionnaire referred to the **Legal Form**, we did not receive many answers. Anyway the most common legal forms used in the Countries are:

- Associations
- Foundations
- Public authorities
- Sole proprietorships
- Partnerships
- Limited companies
- Co-operatives

As concern the section **Registers** all Countries include the enterprise and the local unit in their Business Register (see Figure 2).

In the case of the Netherlands, even if not covered in the business statistics, the statistical units C (the enterprise group) and F (the local unit) are included in the Register.

In the case of Sweden and Ireland, even if not covered in the business statistics, the statistical units F (the local unit) are included in the Register.

In the case of Denmark, even if not covered in the business statistics, the statistical units D (the kind of activity unit), F (the local unit) and G (the local kind of activity unit) are included in the Register.

Institutional units are included in the Business Registers of three Countries.

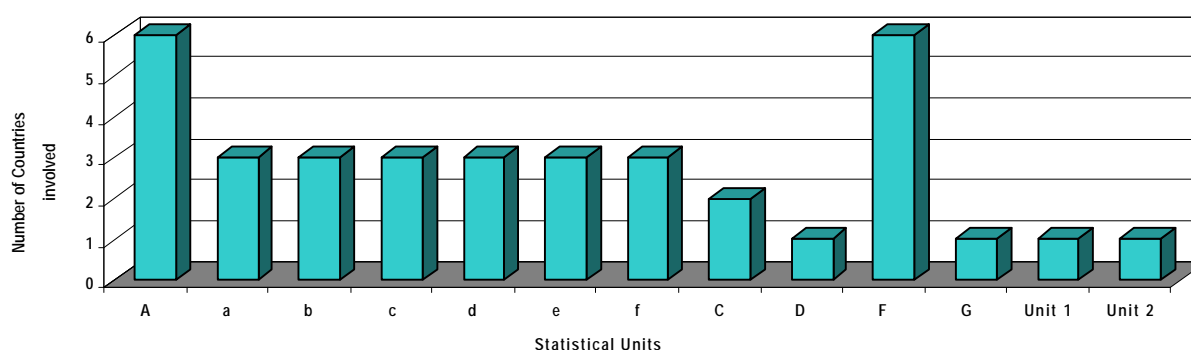
➤ The conditions used for registration are common to all Countries:

(a) to have at least one employee in the payroll;

(b) to be registered in VAT register.

These conditions represent one of the reasons of an underestimation of the non-profit sector.

**Figure 2 – Statistical Units included in the Business Register**  
Figure 4 - The Statistical Units included in the Business Registers



LEGENDA	
The <b>ordinate</b> represents the number of the Countries involved	
The <b>abscissa</b> represents statistical units:	
<b>A</b>	enterprise
<b>a</b>	private and public companies, public corporations
<b>b</b>	co-operatives or partnerships recognised as independent legal entities
<b>c</b>	public enterprises which by virtue of special legislation are recognised as independent legal entities
<b>d</b>	non-profit institutions recognised as independent legal entities
<b>e</b>	agencies of general government
<b>f</b>	quasi-corporate enterprises
<b>C</b>	the enterprise group
<b>D</b>	kind of activity unit (KAU)
<b>F</b>	the local unit
<b>G</b>	the local kind of activity unit
<b>Unit 1 DK</b>	registration unit
<b>Unit 2 DK</b>	local working place

As concern the section *Source and Variables*, in general, it can be noted that for all M-N-O economic activities the number of enterprises, number of local units, number of persons employed and number of employees, are observed from almost all Countries. The same is for the variable wages and salaries that is not included in the list of the “enterprise characteristics for which yearly statistics are to be complied”

of the Annex 1 of SBS Regulation. For the other variables of the Annex 1, 3 or 4 Countries with exception of Division 91 cover almost all Nace Classes. With regard to the economic variables with code but not considered in the Annex 1, it can be noted that only in two cases, other operating costs and number of part-time employees, and only in some Nace classes at least three countries are involved in the data collection.



As concern the section ***Priorities, problems, plans and perspectives***, the Countries answering consider the following items:

as Priorities:

- to cover non observed parts of section M-N-O;
- to get more information about NPISH.

as Problems:

- the business register does not include information on secondary activity;
- to classify services and statistical units linked to them;
- to obtain information on total population of non-profit units;
- to develop methodologies for mixed sectors (market, non-market, and government units).

as Plans:

- to reach an agreement on a list of variables and statistical units;
- to harmonise business statistics with SBS Regulation;
- to improve the business register in respect of non-profit and government units;
- to develop methodological aspects.

## **9. CONCLUSION: THE MAIN QUESTIONS**

The main issues discussed in this paper are:

1. the problem of definition. As for MNO activities we have the coexistence of private-public market, non market units profit, non-profit units, we have to find a definition of non profit sector useful to our purposes. Nomenclatures are related to this.
2. National accounts may not be sufficient to give a complete picture of these activities in relation to emerging statistical information needs.
3. The need to find harmonised statistical units inside business register, and the necessity to develop satellite registers
4. The high heterogeneity among European countries does not allow harmonised statistics.
5. Three possible strategies have to be pursued by the Structural Business Services Regulation in these sectors:
  - do not consider at all MNO activities. In this case we have to find different sources to get information
  - only the market activities; but harmonisation is not guaranteed among community countries as present statistical systems are so different. The concept of enterprise is not implemented in the same way by countries
  - consider market and non-market activities with harmonised methodologies, taking into consideration profit and non profit units and statistical information needs for structural statistics.

Questions:

- If the accountants use the criteria adopted in the SNA and ESA classification, exists a problem of underestimation of *non-profit sector*?
- Because the aim of the NACE Rev.1 is not sufficient to discover all the characteristics of the unit of production making the same activity, it is necessary to have information crossing other classifications with Nace. How could be create suitable classifications? Can be adopted a classification system that recognise an organisation as non-profit one empirically?
- How to consider the *general government* and the *non-profit institutions serving households* in respect of definitions of the Council Regulation No 696/93 on statistical units and SBS Regulation? To which extent are the Countries' definitions of statistical units harmonised with the Council Regulation No 696/93?
- How we could avoid the underestimation of non-profit sector in the Business Registers because of criteria used for registration? Is the satellite register a solution?
- Because the non-market activities are relevant in the M to O sector, does it make sense to consider only the market activity as stated by the Council Regulation 58/97?
- What are the variables significant for M-N-O activities?
- What is the *state of art* of data on M-N-O in other countries?

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## **1. Definition of Institutional Sectors by SNA 93 and ESA 95**

### **Definitions by SNA 93**

The System on National Accounts provides a macroscopic view of national economies in terms of economic transactions between economic agents or units, especially households and institutions. For convenience, certain types of economic units are grouped into broad classes or sectors. Sectors include units that are similar in the way in which they participate in the production and use of goods and service. At the highest level of aggregation the SNA distinguishes five sectors: financial corporation; non-financial corporation; government; households; and private non-profit institutions serving households. The SNA sectors are aggregations of so called *institutional units*. An institutional unit is an economic entity, or a decision taker, that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities; it is able to take economic decisions and actions for which it is itself held to be directly responsible and accountable at law; in principle, it must be both possible and meaningful from both an economic and legal viewpoint to compile a full set of accounts and to draw up a balance sheet for an institutional unit.<sup>15</sup>

The units that are capable of possessing all the attributes of an institutional unit are persons (or groups of persons in the form of households) and legal or social entities whose existence is recognised by law or society independently of the persons or other entities which may own or control them. Because it may be impossible to draw up meaningful accounts of income, consumption and saving for the members of the household on an individual basis, the SNA uses the households as the institutional unit for persons. Corporations, non-profit institutions and government are considered institutional units although their freedom to take decisions and actions for which they are responsible may be more or less constrained by other institutional units. Then SNA attributes to certain unincorporated enterprises a notional unit that may not exist from a strict legal viewpoint; such units are called quasi corporations in the SNA and when it is not possible to split off transactions, assets, liabilities of them, the activities of the unincorporated enterprises are consolidated with those of the owner.

The SNA further distinguishes *market* and *non-market* producing units as follows:

producers are defined as *market* if they sell most or all of their output at prices that are economically significant, in the sense that the prices influence quantities supplied or demanded, and as *non-market* if they provide most of their output to others free or at prices which are not economically significant.

### **Non-profit Institutions**

The NPIs are legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gains for the units that establish, control or finance them.

Their productive activities are bound to generate either surpluses or deficits but any surpluses they happen to make cannot be appropriated by other institutional units. For this reason the NPIs are frequently exempted from various kinds of taxes. (SNA 4.54)

Although they may provide services to groups of persons or institutional units, by convention they are deemed to produce only individual services and not collective services. (SNA 4.55)

The SNA defines some characteristics of non-profit institutions:

- most NPIs are legal entities created by process of law whose existence is recognised independently of the persons, corporations or government units that establish, finance, control or manage them;

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<sup>15</sup> The concept of *institutional unit* in the SNA is the same of institutional unit as statistical unit according the Council Regulation No 696/93. We'll take up this concept in the following of this paper.

the purpose of NPIs is usually stated in the articles of associations or similar document drawn up at the time of its establishment;

associations whose members have equal rights and votes control many NPIs;

there are no shareholders with a claim on the profits or equity of NPI; the members are not entitled to a share in any profits, surplus, generated by productive activities of NPI;

the direction of an NPI is usually vested in a group of officers, executive committee or similar body elected by a simple majority vote of all the members;

the term *non-profit institution* derives from the fact that the members of the association controlling the NPI are not permitted to gain financially from its operations and cannot appropriate any surplus which it may make: it does not imply that an NPI cannot make an operating surplus on its production.

### **The sectoring of Non-Profit Institutions in the SNA**

SNA divides between non-profit institutions engaged in *market* and *non-market* production.

NPIs engaged in *market* production may be divided into two main groups, with regard to *beneficiaries*:

**a.** NPIs *serving businesses*: are created by associations of the businesses whose interests they are designed to promote (i.e. chamber of commerce, agricultural, manufacturing or trade associations, employers' organisations, research or testing laboratories or other organisations or institutes). These organisations are engaged in activities, which are of *mutual* interest or benefit to the group of businesses that control and finance them. Contributions or subscriptions from the group of businesses concerned usually finance the NPIs. These subscriptions are treated not as transfers but as payment for services rendered and these NPIs are, therefore, classed as *market producers*.<sup>16</sup> (SNA 4.59)

**b.** NPIs *serving households*: they sell their output at economically significant prices particularly in the field of education and health or other services (i.e. schools, colleges, universities, clinics, hospitals, etc.); because of their status as non-profit institutions they are also able to raise additional funds by appealing for donations from persons, corporations or government. In this way, they may be able to acquire assets, which generate significant property income in addition to their revenues from fees, thereby enabling them to charge fees *below average costs*. However, they must continue to be treated as market producers so long as their fees are determined mainly by their costs of production and are high enough to have a significant impact on demand (SNA 4.58).

The NPIs engaged mainly in *non-market* production may be distinguished not only by the fact that they are incapable of providing financial gain to the units which control or manage them, but also by the fact that they must rely principally on funds other than receipts from sales to cover their costs of production or other activities. Their principal source of finance may be regular subscriptions paid by the members of the association that control them or transfers or donations from third parties, including government. (SNA 4.60)

NPIs engaged in *non-market* production may be divided into two main groups, with regard to *sources of finance*:

**a.** NPIs non-market controlled and mainly financed by government (NPIs public). They must be properly constituted legal entities, which exist separately from government. Such NPIs may be engaged in research, development, health, safety, environment, accounting, finance, education, etc. for the benefit of both enterprises and households. Government find it appropriate to create NPIs for this purpose rather than using agencies of government to carry out the same functions, because NPIs

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<sup>16</sup> However when the market NPIs serving businesses are controlled and mainly financed by government units, they are classified as *non-market NPIs* and allocated to the general government sector.

concerned with public standards may need to be seen as detached and objective and not subject to political pressures. These NPIs are allocated to the *general government sector* irrespectively of the types of institutional units that mainly benefit from their activities. (SNA 6.62)

**b.** NPIs non-market, serving households, financed mainly by transfers from non-governmental sources (households, corporations or non-residents) (NPISHs - Non-profit Institutions Serving Household). NPISHs engaged in *non-market* production may be divided into two main groups, with regard to *beneficiaries*:

**b1** NPISHs *serving their own members* which are created by associations of persons to provide goods or, more often, services primarily for the benefit of the members themselves. The services are usually provided free, being financed by regular membership subscriptions or dues (i.e. professional or learned societies, political parties<sup>17</sup>, trade unions, consumers' associations, churches<sup>18</sup> or religious societies, and social, cultural, recreational or sports clubs). (SNA 4.65)

In same communities NPISHs may be found which do not possess any legal status or formal articles of association. In this case they should be treated as NPISHs when they perform the same kinds of functions described above even if they are not legally constituted as NPISHs; however these NPISHs should normally have a continuing role to play and not be deemed to be created for single projects of limited duration. (SNA 4.66)

**b2** NPISHs *engaged in charitable purposes*, which are created for philanthropic purposes and not to serve the interests of members of association controlling the NPISHs (charities, relief or aid agencies). The resources of such NPISHs are provided mainly by donations in cash or in kind from the general public, corporations or governments. (SNA 4.67)

The Table 5 summarises the characterisation on non-profit institutions proposed in the 1993 SNA, the first column indicates the types of non-profit institutions distinguished and the second column the implications of these distinctions for sectoring.

**Table 5 - Non-profit institutions as institutional units in the 1993 SNA**

Sub-categories	Sector assignment
Market NPIs serving businesses	<i>Non-financial or financial corporations</i>
Market NPIs serving households	<i>Non-financial or financial corporations</i>
Non-market NPIs serving their own members	<i>NPIs serving households</i>
Non-market NPIs engaged on charitable purposes	<i>NPIs serving households</i>
Non-market NPIs controlled and financed by government	<i>General Government</i>

<sup>17</sup> Political parties in countries with one party political systems that are controlled and financed by government units are always included in the general government sector.

<sup>18</sup> Churches are an exception: they are treated as serving households even when mainly financed by government units.

## **Definitions by ESA 95**

The European System of National Accounts is based on the basic System of National Accounts. While retaining the SNA distinction between market and non-market services, ESA also defines a specific criterion to establish if a price is economically significant.

In particular in the ESA the first distinction is between *private* and *public producers*: a public producer is a producer that is controlled by the general government, the private producer is a producer that is not controlled by the general government.

Control is defined as the ability to determine the general (corporate) policy or programme of an institutional unit by appointing appropriate directors or managers, if necessary. Owning more than half the shares of a corporation is a sufficient, but not a necessary, condition for control (ESA 3.28).

The second distinction is between *for-profit* and *non-profit* producers.

In order to determine this classification, the surplus appropriation criterion should be applied:

- 1) producers are for profit if the institution's status permits that other institutional units can appropriate the surpluses generated by activities (private producers);
- 2) producers are non-profit if the institution's status does not permit that other institutional units can appropriate the surpluses generated by activities (private and public non-profit producers). Non-profit institutions are defined as *public non-profit* producers if they are controlled *and* mainly financed by general government (ESA 3.28). Actually the distinction between NPIs and other public producers is irrelevant for classifying public producers (ESA 3.37), in fact *all public producers are non-profit producers*.

The last distinction is *between market* and *non-market* producers:

In order to determine the type of producer (market or not market) and the sector, a 50% criterion should be applied (ESA 3.32 and 3.37)<sup>19</sup>:

- 1) if more than 50% of the production costs are covered by sales the producer is market;
- 2) if less than 50% of the production costs are covered by sales the producer is non-market;

*Note that:*

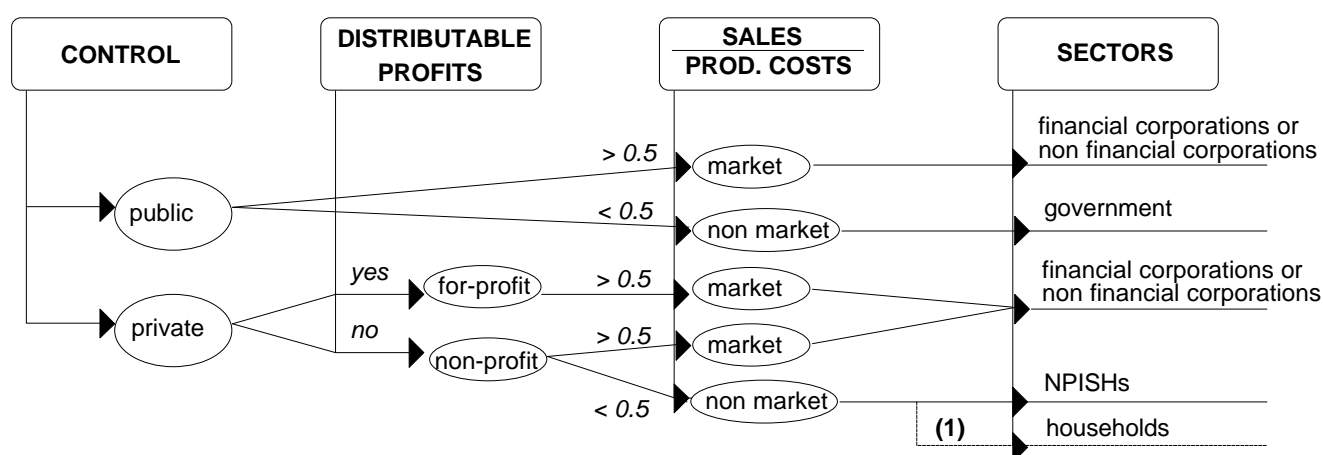
- a) *all private producers that are not NPIs are market producers.*
- b) *the NPIs producers can be market or non-market producers.*
- c) *private producers are found in all sectors except the sector general government;*
- d) *public producers are only found in the corporations sectors (financial and non-financial) and in the general government sector.*

The Figure 3 summarises the classification methods used by the 1995 ESA.

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<sup>19</sup> The 50% criterion should be applied by looking over a range of years: only if the criterion holds for several years or holds for the present year and is expected to hold for the near future, it should be applied strictly. Minor fluctuations in the size of sales from one year to another do not necessitate a reclassification of institutional units. (ESA 3.33)



**Figure 3 - Classification methods by ESA 95**

(1) the NPISHs without economic significance are classified in the households sector

## 2. Statistical units and Council Regulation Number 696/93

Application of the ESA requires standard definitions of statistical units for registers, surveys and presentation of statistics. For this reason the Council Regulation Number 696 of 1993 gives a list of 8 statistical units of the production:

- A. the enterprise
- B. the institutional unit
- C. the enterprise group
- D. the kind of activity unit (KAU)
- E. the unit of homogeneous production (UHP)
- F. the local unit
- G. the local kind of activity unit (local KAU)
- H. the local unit of homogeneous production (local UHP)

### The definitions of the statistical units

The Regulation provides the definitions and the explanatory note specific to each unit.

For now we will focus on three statistical units: the enterprise (A), the institutional unit (B), and the local unit (F).

**Enterprise** is defined as *the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.*

The definition of "legal unit" is specified in the Section II.A.3. and 4. of the Regulation on statistical units. *Legal unit includes:*

*legal person whose existence is recognised by law independently of the individuals or institutions which may own them or are members of them;*

*natural persons who are engaged in an economic activity in their own right.*

*The legal unit always forms, either by itself or sometimes in combination with other legal units, the legal basis for the statistical unit known as the "enterprise".*

It seems opportune to quote the connections between the enterprise and the legal unit expressed by the Council Regulation No 2186/93 on business registers for the statistical purposes. In this Regulation, in the Article 2, there is the references to the definitions of enterprise and legal unit in the meaning of Regulation and then it states that *the enterprise is attached to one or more legal units and the legal unit is responsible for the enterprise*.

The second statistical unit of the Regulation on statistical units is the ***institutional unit*** that is defined as *an elementary economic decision-making centre characterised by uniformity of behaviour and decision-making autonomy, in the exercise of its principal function. A unit is regarded as constituting an institutional unit if it has decision-making autonomy in respect of its principal function and keeps a complete set of accounts*.

The following units are deemed to be institutional units:

*units which have a complete set of accounts and autonomy of decision*

- (a) private and public companies, public corporations:
- (b) co-operatives or partnerships recognised as independent legal entities
- (c) public enterprises which by virtue of special legislation are recognised as independent legal entities
- (d) non-profit institutions recognised as independent legal entities
- (e) agencies of general government

*units which have a complete set of accounts and by convention autonomy of decision*

- (f) quasi corporate enterprises

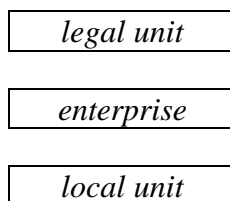
*units which do not keep necessarily a complete set of accounts but which have by convention an autonomy of decision*

- (g) households

The third statistical unit that we consider is the ***local unit*** that is defined as *an enterprise or part of thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. At or from this place economic activity is carried out for which - save for certain exceptions - one or more persons work (even if only part-time) for one and the same enterprise*.

One connection between the local unit and enterprise is expressed by the Council Regulation No 2186/93 on business registers for the statistical purposes - Article 2: *the local unit is dependent on an enterprise*.

So the legal unit, the enterprise and the local unit are linked to each other in particular way and their relationship can be depicted as follows<sup>20</sup>:



This diagram represents the fact that each enterprise consists of one or more legal units and each enterprise consist of one or more local units. It is important noting that some additional legal units, so called "dormant units", are not necessarily linked to any enterprise, but local units are always linked to an enterprise.

It seems relevant to stress the reference to the concept of **activity**<sup>21</sup> in the case of the enterprise and the reference to the concept of **principal function** in the case of institutional unit.

Finally when the coexistence of private and public entities, particularly in M to O economic activities required the combination of data on private sector with data on general government and private non-profit institutions, classified by type of economic activities, the Regulation No 696/93 (Section IV - Additional Explanatory notes - point A.3.) give the following instruction: *their identification and classification must be carried out using statistical units corresponding to entities which are closest to the statistical units defined in the private sector. This is why all the criteria used in private sector are - by analogy - applied to general government bodies. The same applies to private non-profit institutions.*

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<sup>21</sup> In the Section II, point C.1., of Regulation No 696/93 is stated that **economic activity of production** (referred to as activity) can be said to take place when resources such as equipment, labour, manufacturing techniques, information networks or products are combined, leading to the creation of specific goods or services. An activity is characterised by an input of products (goods or services), a production process and an output of products.

## **Appendix B - Classifications**

### ***The ICNPO - International Classification of Non-profit Organisations***

The ICNPO classifies non-profit establishments into 12 major groups based on their primary economic activity and then further sub-divides these into 24 sub groups. The result is a system that scores high in terms of five key evaluation criteria: economy, significance, rigour, organising power and richness.

### **Breakdown by groups and subgroups**

#### ***Group 1: Culture and recreation***

organisation and activities in general and specialised fields of culture and recreation

*1 100 Culture*

*media and communications*

*visual arts, architecture, ceramic art*

*performing arts*

*historical, literary and humanistic societies*

*museum*

*zoos and aquariums.*

*1 200 Recreation*

*sports clubs*

*recreation and social clubs*

*1 300 Service clubs*

*membership organisations*

#### ***Group 2: Education and research***

organisations and activities administering, providing, promoting, conducting, supporting and servicing education and research

*2 100 Primary and secondary education*

*elementary, primary and secondary education*

*2 200 Higher education*

*higher education (university level).*

*higher learning*

*2 300 Other Education*

*vocational/technical schools*

*adult/continuing education*

*2 400 Research*

*medical research*

*science and technology*

*social sciences, policy studies*

#### ***Group 3: Health***

organisations that engage in health-related activities, providing health care, both general and specialised services, administration of health care services and health support services

*3 100 Hospitals and rehabilitation*

*hospitals*

*rehabilitation*

*3 200 Nursing homes*

*nursing homes*

*3 300 Mental health and crisis intervention*

*psychiatric hospitals*

*mental health treatment*

*crisis intervention*

*3 400 Other health services*

*public health and wellness education*  
*health treatment, primarily outpatient*  
*rehabilitative medical services*  
*emergency medical services*

**Group 4: Social services**

organisations and institutions providing human and social services to a community or target population

*4 100 Social services*  
*child welfare, child services, day care*  
*youth services and youth welfare*  
*family services*  
*services for the handicapped*  
*services for the elderly*  
*self help and other personal social services*  
*4 200 Emergency and relief*  
*disaster/emergency prevention and control*  
*temporary shelters*  
*refugee assistance*  
*4 300 Income support and maintenance*  
*income support and maintenance*  
*material assistance*

**Group 5: Environment**

organisations promoting and providing services in environmental conservation, pollution control and prevention, environmental education and health and animal protection

*5 100 Environment*  
*pollution abatement and control*  
*natural resources conservation and protection*  
*environmental beautification and open spaces*  
*5 200 Animals*  
*animal protection and welfare*  
*wildlife preservation and protection*  
*veterinary services*

**Group 6: Development and housing**

organisations promoting programmes and providing services to help improve communities and the economic and social well-being of society

*6 100 Economic, social and community development*  
*community and neighbourhood organisations*  
*economic development*  
*social development*  
*6 200 Housing*  
*housing association*  
*housing assistance*  
*6 300 Employment and training*  
*job training programmes*  
*vocational counselling and guidance*  
*vocational rehabilitation and sheltered workshops*

**Group 7: Law, advocacy and politics**

organisations and groups that work to protect and promote civil and other rights, or advocate the social and political interests of general or special constituencies, offer legal services and promote public safety

*7 100 Civic and advocacy organisations*  
*advocacy organisations*  
*civil rights associations*

*ethnic associations*

*civic associations*

7 200 *Law and legal services*

*legal services*

*crime prevention and public safety*

*rehabilitation of offenders*

*victim support*

*consumer protection associations*

7 300 *Political organisations (political parties and organisations)*

**Group 8: *Philanthropic intermediaries and voluntarism promotion***

philanthropic organisations and organisations promoting charity and charitable activities

8 100 *Philanthropic intermediaries and voluntarism promotion*

*grant making foundations*

*voluntarism promotion and support*

*fund raising organisations*

**Group 9: *International activities***

organisations promoting greater intercultural understanding between peoples of different countries and historical backgrounds and also those providing relief during emergencies and promoting development and welfare abroad

9 100 *International activities*

*exchange/friendship/cultural programmes*

*development assistance associations*

*international disaster and relief organisations*

*international human rights and peace organisations*

**Group 10: *Religion***

organisations promoting religious beliefs and administering religious services and rituals; includes churches, mosques, synagogues, temples, shrines, seminaries, monasteries and similar religious institutions, in addition to related associations and auxiliaries of such organisations

10 100 *Religious congregations and associations*

*congregations*

*associations of congregations*

**Group 11: *Business, professional associations and unions***

organisations promoting, regulating and safeguarding business, professional and labour interests

*business associations*

*professional associations*

*labour unions*

**Group 12: *Not elsewhere classified***

12 100 *Not elsewhere classified*



***The NTEE - National Taxonomy of Exempt Entities Classification System developed by The National Centre for Charitable Statistics (NCCS).***

**Breakdown by groups, categories and subgroups**

**A Arts, Culture, and Humanities:** A20 Multipurpose (Visual, Media, Performing Arts), A23 Cultural/Ethnic Awareness, A24 Folk Arts, Traditional Arts, A25 Arts Education/Schools, A26 Arts Council/Agency, A30 Media, Communications, A31 Film, Video, Holography, A32 Television, A33 Printing, Publishing, A34 Radio, A40 Visual Arts, A41 Architecture, A42 Photography, A43 Sculpture, A44 Design Centres/Services, A45 Painting, A46 Drawing, A47 Ceramic Arts, A48 Art Conservation, A50 Museums, A51 Art Museums, A52 Children's, A53 Folk Arts, Ethnic, A54 History, A55 Marine, Maritime, A56 Natural History, Natural Science, A57 Science & Technology, A58 Sports, Hobby, A59 Specialised Museums, A5A Planetarium, A60 Performing Arts, A61 Performing Arts Centres, A62 Dance, A63 Ballet, A64 Choreography, A65 Theatres, A66 Playwriting, A67 Musical Theatre, A68 Music, A69 Symphony Orchestras, A6A Opera, Light Opera, A6B Singing Choral, A6C Music Groups, Bands, Ensembles, A6D Music Composition, A6E Performing Arts Schools, A6F Multimedia, Experimental, A6G Circus, A70 Humanities, A71 Art History, A72 Archaeology, A73 Classical Languages, A74 Foreign Language Schools, A75 Linguistics, A76 Literary Services, A77 Philosophy, Ethics, A78 Theology, Comparative Religion, A80 Historical Societies and Activities, A82 Historic Preservation, A83 Genealogical, A84 Commemorative Events, A85 Veterans' and War Memorials, A90 Arts Service Activities/Organisations, A91 Artists' Services, A99 Other Art, Culture, Humanities Organisations/Services

**B Educational Institutions:** B20 Elementary, Secondary Ed, B21 Nursery School, Early School Admissions, Kindergarten, Montessori, B22 Child Development, B24 Primary/Elementary School, B25 Secondary/High School, B26 Bilingual, B27 Gifted Students, B28 Special Ed Institutions/Schools for Visually or Hearing Impaired, Learning Disabled, B30 Vocational Technical, B31 Post-Secondary Technical, B32 Vocational/Trade High School, B40 Higher Ed Institutions, B41 Community/Jr. College, B42 Undergraduate College (4-year), B43 University or Technological, B50 Graduate, Professional, B51 Business, B52 Dental, B53 Law, Legal Education, B54 Medical, B55 Nursing, B56 Teaching, B57 Engineering, B58 Theological, B59 Social Work, B5A Public Health, B5B Health Sciences, B60 Adult, Continuing Ed, B61 Adult Basic Compensatory, B63 English as a Second Language, B64 Continuing Education, B70 Libraries, Library Science, B71 Public, B72 School, B73 Academic, Research, B74 Medical, B75 Law, B76 Special, B77 Archives, B80 Student Services and Organisations, B82 Scholarships, Student Financial Aid, B83 Student Sororities, Fraternities, B84 Alumni Associations, B90 Other Educational Services and Schools, B91 Drop-Out Prevention, B92 Remedial Reading, Reading Encouragement, B93 Educational Testing, B94 Parent Teacher Group, B95 Co-operative, Community Ed (promote joint efforts between businesses, communities and schools), B99 Other Education

**C Environmental Protection, Beautification:** C20 Pollution, C21 Air Pollution, C22 Water Pollution, C23 Noise Pollution, C24 Radiation Control, C25 Hazardous Wastes and Toxic Substances, C26 Solid Waste, C27 Recycling, C28 Global Warming, C30 Conservation, C32 Water Resource, Wetlands, C34 Land Resources, C35 Energy Resources, C36 Forest, C38 Plant, C40 Botanical, Horticultural, and Landscape



Facilities (Primarily Outpatient), E31 Group Health Practice (HMOs), E32 Ambulatory Health Centre, Community Clinic, E33 Well-Baby Clinic, Infant Centre, E34 Dental Clinic, E35 Optometry, Eye Screening Clinic, E36 Podiatry, Foot Clinic, E38 Burn Centre/Institute, E39 Rural Health Care, E40 Reproductive Health Care Facilities and Services, E41 Ob/Gyn, Birthing Centres, E42 Family Planning Centres, E43 Abortion Clinic, E44 Fertility Treatment Centres, E45 Voluntary Sterilisation Centres, E46 Prenatal Care, Child Birth Preparation Centres, E47 Sexuality Ed/Counselling, E50 Rehabilitative Medical Services, E51 Physical Therapy Services, E52 Art Therapy, E56 Speech and Hearing Centres, E60 Health Support Services, E61 Blood Supply, E62 Ambulance/Emergency Transport, E63 Emergency Medical Services (Shock, Trauma, Lifeline), E65 Organ and Tissue Bank, E66 Pharmacy, Pharmacology, E70 Public Health Programs, E71 Sexually Transmitted Disease Control, E72 Communicable Diseases Control, E73 Occupational Health Promotion, E74 Epidemiology, E80 Health (General and Financing), E81 Health Insurance, Prepaid Health Care Plans (not HMOs), E82 Health Care Cost Containment, E83 Health Care Financing, E84 HMO Financing, Insurance, E85 Medical, Bioethics, E86 Patient Services/Entertainment/Recreation (Make-A-Wish, Ronald McDonald House), E87 Patient Counselling, E90 Nursing Services General (includes Candy Strippers), E91 Nursing, Convalescent (Geriatric and Nursing), E92 Home Health Care (includes Visiting Nurse Associations), E99 Other Health/Medicine, Medical Care

**F Mental Health, Crisis Intervention:** F20 Alcohol, Drug, and Substance Abuse, F21 Alcohol, Drug Abuse (Prevention Only), F22 Alcohol, Drug Abuse (Treatment Only), F30 Mental Health Treatment, F31 Psychiatric Hospital, F32 Community Mental Health Centre, F33 Group Home, Residential Treatment Facility, F34 Transitional Residential Care/Treatment (Half-Way House), F40 Hot Line, Crisis Intervention, F41 Suicide Prevention, F42 Rape Victim Services, F50 Addictive Disorders, F52 Smoking, F53 Eating Disorder, F54 Gambling, F60 Counselling Support Groups, F61 Grief/Bereavement Counselling, F70 Mental Health Disorders, F71 Stress Related, F72 Depression, F73 Schizophrenia, F80 Mental Health Associations, F99 Other Mental Health

**G Disease, Disorders, Medical Disciplines:** G20 Birth Defects, Genetic Diseases, G21 Haemophilia, G22 Sickle Cell, G23 Cerebral Palsy, G24 Cystic Fibrosis, G25 Down's Syndrome, G30 Cancer, G31 Leukemia, G40 Diseases of Specific Organs, G41 Eye Diseases, Blindness, G42 Ear/Throat, G43 Heart and Circulatory System, G44 Kidney, G45 Lung, G46 Skin, G47 Liver, G48 Brain, G50 Nerve, Muscle, and Bone Diseases, G51 Arthritis, G52 Muscular Dystrophy, G53 Multiple Sclerosis, ALS and Lou Gehrig's Disease, G54 Epilepsy, G55 Spinal, G56 Myasthenia Gravis, G60 Allergy, G61 Asthma, G70 Digestive Diseases, Disorders, G80 Specifically Named Diseases, G81 AIDS, G82 Alcoholism, G83 Alzheimer's, G84 Autism, G85 Diabetes, G86 Learning Disabilities, G87 Parasitic Diseases, G88 Tropical Diseases, G89 Lupus, G8A Rare (Orphan) Diseases/Disorders, G90 Medical Disciplines, G91 Anaesthesiology, G92 Biomedicine, Bioengineering, G93 Chiropractic, G94 Geriatrics, G95 Internal Medicine, G96 Neurology, Neuroscience, G97 Pathology, G98 Paediatrics, G9A Radiology, G9B Surgery, G9C Immunology, G9D Orthopaedics, G99 Other Diseases

**H Medical Research:** H20 Birth Defects, Genetic Diseases Research, H21 Haemophilia, H22 Sickle Cell, H23 Cerebral Palsy, H24 Cystic Fibrosis, H25 Down's Syndrome, H30 Cancer Research, H31 Leukaemia, H40 Specific Organ Research, H41 Eye, H42 Ear and Throat, H43 Heart and Circulatory, H44 Kidney, H45 Lung, H46 Skin Diseases, H47 Liver, H48 Brain Disorders, H50 Nerve, Muscle, and Bone Research, H51 Arthritis, H52 Muscular Dystrophy, H53 Multiple Sclerosis, ALS, Lou Gehrig's Disease, H54 Epilepsy, H55 Spinal Diseases, H56 Myasthenia Gravis, H60 Allergy Related Diseases Research, H61 Asthma, H70 Digestive Diseases/Disorders Research, H80 Specifically Named Diseases Research, H81 AIDS, H82 Alcoholism, H83 Alzheimer's, H84 Autism, H85 Diabetes, H86 Learning Disabilities, H87 Parasitic Diseases, H88 Tropical Diseases, H89 Lupus, H8A Rare (Orphan) Diseases, H90 Medical Specialty Research, H91 Anaesthesiology, H92 Biomedicine, Bioengineering, H93 Chiropractic, H94 Geriatrics, H95 Internal Medicine, H96 Neurology, Neuroscience, H97 Pathology, H98 Paediatrics, H9A Radiology, H9B Surgery, H9C Immunology, H9D Orthopaedics, H99 Other Medical Research

**I Crime, Legal Related:** I20 Crime Prevention, I21 Delinquency Prevention, I22 Dangerous Weapons Regulation and Control, I23 Drunk Driving, I24 Missing Persons Services, I30 Correctional Facilities, I31 Transitional Care, Half-Way House for Offenders/Ex-Offenders, I40 Rehabilitation Services for Offenders,

I41 Probation, Parole, I42 Bail Assistance, I43 Services to Prisoners/Families, I44 Prison Alternatives, I50 Administration of Justice, Courts (Court Administration, Court Reform, Alternatives to Litigation and Sentencing), I51 Dispute Resolution/Mediation, I60 Law Enforcement Agencies (Police Departments), I70 Protection Against and Prevention of Neglect, Abuse, Exploitation, I71 Spouse Abuse, I72 Child Abuse, I73 Sexual Abuse, I80 Legal Services, I81 Landlord/Tenant, I82 Guardianship, I83 Public Interest Law/Litigation, I99 Other Public Protection

**J Employment, Job Related:** J20 Employment Procurement Assistance and Job Training, J21 Vocational Counselling/Guidance/Testing, J22 Employment Training, J23 Retraining Programs, J30 Vocational Rehabilitation (includes Job Training and Employment for Disabled and Elderly), J31 Homebound Employment, J32 Goodwill Industries, J33 Sheltered Remunerative Employment, Work Activity Centre, J40 Labour Unions/Organisations, J99 Other Employment

**K Agriculture, Food, Nutrition:** K20 Agricultural Programs, K21 Farmers' Co-op Marketing, K22 Irrigation, K24 Soil and Water Conservation and Development, K25 Farmland Preservation, K26 Livestock Breeding, K28 Farm Bureau, K30 Food Service, Free Food Distribution, K31 Food Banks, Food Pantries, K32 Groceries on Wheels, K33 Commodity Distribution, K34 Congregate Meals, K35 Organisation-Sponsored Eatery or Agency, K36 Meals on Wheels, K40 Nutrition Programs, K50 Home Economics, K99 Other Food, Agriculture, Nutrition

**L Housing, Shelter:** L20 Housing Development, Construction, Management, L21 Public Housing, L22 Senior Citizens' Housing, Retirement Communities, L23 SROs (Single Room/Single Resident Occupancy), L25 Housing Rehab/Renovation, L30 Housing Search Assistance, L40 Low-Cost Temporary Housing (includes Youth Hostels), L41 Temporary Shelter for the Homeless, L50 Housing Owners, Renters Organisations, L51 Home Owners' Association, L52 Tenants' Organisations, L53 Co-operative Ownership, L80 Other Housing Support Services, L81 Home Improvement/Repairs, L82 Housing Expense Reduction Support, Rent Assistance, L99 Other Housing, Shelter

**M Public Safety, Disaster Preparedness and Relief:** M20 Disaster Preparedness and Relief Service, M21 Civil Defence, Emergency, M22 Flood Protection and Control, M23 Search and Rescue Services, M24 Fire Prevention/Protection/Control, M40 Safety Education, M41 First Aid Training, M42 Automotive Safety, M43 Poison Control and Prevention, M99 Other Public Safety, Disasters

**N Recreation, Sports, Leisure, Athletics:** N20 Recreational and Sporting Camps (Day, Overnight, etc.), N30 Physical Fitness/Community Recreational Facilities, N31 Community Recreational Centres, N32 Parks and Playgrounds, N40 Sports Training Facilities, N41 School Athletics, N42 Sports/Athletic Academy, N50 Recreational, Pleasure, or Social Club, N51 Country Clubs, N52 County/Street/Civic/Multi-Arts Fairs and Festivals, N60 Amateur Sports Clubs, Leagues, N61 Fishing and Hunting Clubs, N62 Basketball, N63 Baseball, Softball (includes Little Leagues), N64 Soccer Clubs/Leagues, N65 Football Clubs/Leagues, N66 Tennis and Racquet Sports Clubs/Leagues, N67 Swimming, Water Recreation, N68 Winter Sports (Snow and Ice), N69 Equestrian, Riding, N6A Golf (Country Clubs, use N51), N70 Amateur Sports Competitions, N71 Olympics Committees and Related International Competitions, N72 Special Olympics, N80 Professional Athletic Leagues, N99 Other Recreation, Sports, or Leisure Activities

**O Youth Development:** O20 Youth Centres and Clubs (includes Boys/Girls Clubs), O21 Boys Clubs, O22 Girls Clubs, O23 Boys and Girls Clubs (Combined), O30 Adult, Child Matching Programs, O31 Big Brother, Big Sisters, O32 Foster Grandparents, O40 Scouting, O41 Boy Scouts, O42 Girl Scouts, O43 Camp Fire, O50 Youth Development Programs, O51 Community Service Clubs, O52 Agricultural, O53 Business, O54 Citizenship Programs, O55 Religious Leadership, O99 Other Youth Development

**P Human Services:** P20 Human Service Organisations, P21 American Red Cross, P22 Urban League, P24

Life Science Research (includes Marine Biology, Physiology, Biochemistry, Genetics, Biotechnology, etc.), U51 Human Anatomy/Physiology, U52 Botany, Plant Physiology, U53 Animal Anatomy/Physiology, U99 Other Science, Technology

**V Social Science Research Institutes:** V20 Social Science Research Institutes, V21 Anthropology, Sociology, V22 Economics (as a Social Science), V23 Behavioural Science, V24 Political Science, V25 Population Studies, Demographics (includes Geography), V26 Law, International Law, and Jurisprudence, V30 Interdisciplinary Research, V31 Black Studies, V32 Women's Studies, V33 Ethnic Studies, V34 Urban Studies, V35 International Studies, V36 Gerontology, V37 Labour Studies, V38 Rural Studies, V39 Poverty Research/Studies, V40 Mystic Paranormal Studies (includes Astrology), V99 Other Social Science

**W Public, Society Benefit:** W05 Public Affairs Research (includes Pollsters), W06 Public Policy Research and Analysis (General), W17 Government Agencies, W20 Government and Public Administration, W21 Welfare Policy/Reform, W22 Public Finance, Taxation, Monetary Policy, W23 Election Regulation, W24 Citizen Participation, W25 Political Organisations, W30 Military/Veterans' Organisations, W40 Public Transportation Systems and Services, W50 Telephone, Telegraph, and Telecommunications Services, W52 Telecommunications and Electronic Messaging Services, W60 Financial Institutions/Services (Non-Government Related), W61 Credit Unions, W70 Leadership Development (other Than Youth), W80 Public Utilities, W90 Consumer Protection and Safety, W99 Other Public Affairs and Society Benefit

**X Religion, Spiritual Development:** X20 Christian, X21 Protestant, X22 Roman Catholic, X23 Coptic, Orthodox Catholic, X24 Mormon, Latter Day Saints, X30 Jewish, X40 Islamic, X50 Buddhist, X60 Confucian, X70 Hindu, X80 Bahai, X90 Interfaith Issues, X99 Other Religious, Spiritual

**Y Mutual/Membership Benefit Organisations:** Y20 Insurance Providers/Services (other than Health), Y21 Group Insurance Programs, Y22 Benevolent Life Insurance Association, Y23 Mutual Insurance Company or Association, Y24 Supplemental Unemployment Compensation, Y30 Pension and Retirement Funds, Y33 Teachers' Retirement Fund Association, Y34 Employee Funded Pension Trust, Y35 Multi-Employer Pension Plan, Y40 Fraternal Beneficiary Societies, Y50 Cemeteries and Burial Services, Y51 Burial Association, Y52 Cemetery Company, Y99 Other Mutual/Membership Benefit