SNA UPDATE: WELLBEING AND SUSTAINABILITY

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Outline

• Background

• Status of SNA guidance

• Highlights of guidance in each domain

• Next steps
Clear need for more insight into household well-being and sustainability issues in addition to traditional economic measures.

Recent discussions reflect widely-held view: wellbeing and sustainability are complex multidimensional phenomena

- Multiple work streams to address the relevant issues
- Measurement warrants a broader framework to analyze interrelations, tradeoffs and win-wins
Proposed guidance: A pragmatic way forward

- Goal is regular compilation of **extended modules**, largely drawing on body of guidance already available

- **Flexibility** in frequency of compilation, integration of **non-monetary measures** as appropriate

**Five areas of consideration**

1. Distribution of household income, consumption saving and wealth
2. Unpaid household service work
3. Labour, education and human capital
4. Health and social conditions
5. Environmental-economic accounting
6. Broader framework to bring all dimensions together
Wellbeing and sustainability task team

**Co-chairs:** Catherine Van Rompaey (World Bank) and Gabriela Saborio (Central bank of Costa Rica)  **Secretariat:** Jorrit Zwijnenburg, Virginie Elgrably (OECD)

**Six area groups:**

1. **A Broader SNA framework for Wellbeing and Sustainability**  
   - Catherine Van Rompaey, World Bank

2. **Distributions of household income, consumption saving and wealth**  
   - Amanda Seneviratne, Australian Bureau of Statistics

3. **Unpaid household service work**  
   - Chris Payne, UK Office for National Statistics

4. **Labour, education and human capital**  
   - Michael Smedes, Australian Bureau of Statistics

5. **Health and social conditions**  
   - Ann-Lisbet Brathaug, Statistics Norway

6. **Environmental-economic accounting – multiple guidance notes on specific issues**  
   - Joe St-Lawrence, Statistics Canada
Public consultations already finalized:

- Distributions of household Income, consumption, saving and wealth
- Households’ unpaid service work
- Labour accounts, education and human capital
- Health and social conditions
- Environmental-economic accounting
  - Ownership and depletion of natural resources
  - Emission permits in the national accounts

Public consultations upcoming:

- Environmental-economic accounting
  - Recording of provisions
  - Valuation of mineral and energy resources
  - Accounting for biological resources
  - Accounting for renewable energy resources
Public consultations foreseen in the fall:
- Environmental-economic accounting
- Environmental economic classifications
- Broader framework on well-being and sustainability

Furthermore, testing will take place for some of the notes (until end-2022):
- Distributions of household Income, consumption, saving and wealth
- Households’ unpaid service work
- Environmental-economic accounting
  - Ownership and depletion of natural resources
  - Emissions in the national accounts
  - Accounting for biological resources
  - Accounting for renewable energy resources

Finally, early implementation for some of the guidance will start end-2022
Distributions for the household sector

Main recommendations:

• Highlight the **importance** of household distributional information
• Present the **scope** of the work:
  • Focus on households
  • Focus on equivalized results
• Present main **balancing items** (to be tested):
  • **Income**: Alternative recording of non-life insurance benefits and lottery winnings
  • **Consumption**: Alternative recording of non-life insurance premiums and separate (of which) item for consumer durables
  • **Wealth**: Remove non-technical insurance reserves and include info on social security pension entitlements; present stock of consumer durables as memorandum item
• Present **possible breakdowns** for the household sector:
  • Income and wealth quintiles/deciles/percentiles
  • Socio-demographic groups
• Highlight **specific issues** in the compilation of distributional results
  • Importance of inter-household flows; imputation in case micro data is missing; matching techniques
Main recommendations:

- Apply **third-party criterion** to include unpaid household service work.
- At minimum, **summary time estimates** should be added to existing SUTs as extension and an **additional value for unpaid work** should be estimated alongside GDP estimates.
- Various **subcategories** are proposed (but they don’t have to be identified separately if not possible).
- Estimates should include **passive supervisory care** to ensure complete adherence to the third party criterion for care activities (best way to do so still needs testing).
- **Input-approach** should be adopted for valuations of unpaid work, using main activities recorded by a harmonized **time-use survey**.
- Specialist wage rates should be selected from market occupation (to be tested).
- Time-use data should be collected with a time-use survey based on **time diary methods**.
Health and social conditions

Main recommendations:
• Develop extended supply and use tables for health care and long term social care
• Develop extended tables including unpaid household provision of health care and long-term social care
• Develop additional indicators to inform policy on health care, social care and well-being
• Improve estimates of health services in constant prices, by applying improved methods for health expenditure data, capturing changes in quality of care
• Include classifications from the System of Health Accounts 2011 (SHA) for health care functions and providers in the new SNA
• Harmonize SHA and SNA to the extent possible
Labour, education and human capital

Main recommendations:

• **Labour accounts:**
  - To be included *within central framework*
  - Focus on **four dimensions**, i.e., jobs, people, volume (hours) and payments, providing both monetary and non-monetary information
  - Highlight specific issues in the compilation of labour accounts

• **Education and training:**
  - Produce **satellite account** for education and training, including both monetary and non-monetary data
  - Use classifications for education and training by purpose, based on ISCED
  - Valuation of costs both in current and constant prices
  - **Own-account production** (in-house training) of education services should be imputed as secondary output
  - Imputed values for **unpaid household services** may be included

• **Human capital:**
  - Start developing extended accounts on human capital as **experimental statistics**
  - Develop both **cost-based** and **income-based** measures
Environmental-economic issues

Includes the following issues:
• Ownership and depletion of natural resources
• Emissions in the national accounts
• Recording of provisions
• Valuation of mineral and energy resources
• Accounting for biological resources
• Accounting for renewable energy resources
• Environmental economic classifications

To be discussed under item 4 of the agenda
Broader framework

To be developed on basis of all underlying guidance notes:

- Explain **multi-dimensional** aspect of well-being and sustainability
- Stress importance to bring information together in **overarching framework** to obtain comprehensive overview and to analyze interrelations and tradeoffs
- Present key dimensions and main recommendations:
  - Additional product, industry, sector and asset **breakdowns**
  - **Extensions** to the production and asset boundary
  - Inclusion of **non-monetary information**
- Explain important **links** between dimensions, e.g.:
  - Health care and education provided in form of unpaid household activities
  - Environmental-economic issues may affect health (care)
  - Changes in health (care) may affect human capital
  - Further breakdowns into socio-demographic groups relevant for a lot of the topics
  - ...
- Present **proposal** how to combine all of this information in the central framework and in extended accounts and how this may feed into **new indicators**
Next steps

• Finalise remaining guidance notes and launch **global consultations**
  • Recording of provisions (May-June)
  • Valuation of mineral and energy resources (June-July)
  • Accounting for biological resources (June-July)
  • Accounting for renewable energy resources (June-July)
  • Environmental economic classifications (August-September)
  • Broader framework on well-being and sustainability (September-December)

• **Process feedback** from global consultations (also including health care and social conditions)

• Conduct **testing** for some specific topics

• Finalise the guidance notes (towards end-2022)

• Start **early implementation** of guidance (as of end-2022)
Thank you!

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