

SNA UPDATE: WELLBEING AND SUSTAINABILITY



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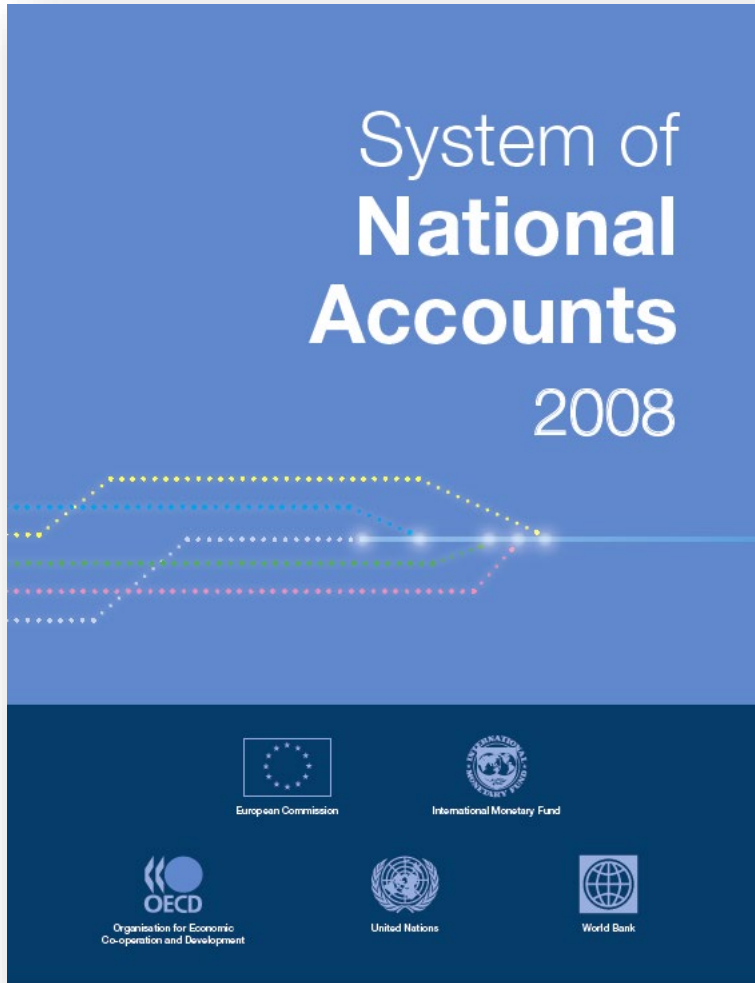
Group of Experts in National Accounts

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Outline

- **Background**
- **Status of SNA guidance**
- **Highlights of guidance in each domain**
- **Next steps**

Well-being and sustainability in the SNA



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

Status of SNA guidance (1)

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

Status of SNA guidance (2)

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

Households' unpaid service work

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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