Enhancing and broadening the SNA framework for household well-being and sustainability

Catherine van Rompaey and Jorrit Zwijnenburg

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Outline of the presentation

- Introduction

- Recommendations on well-being and sustainability

- Main implications on the accounts

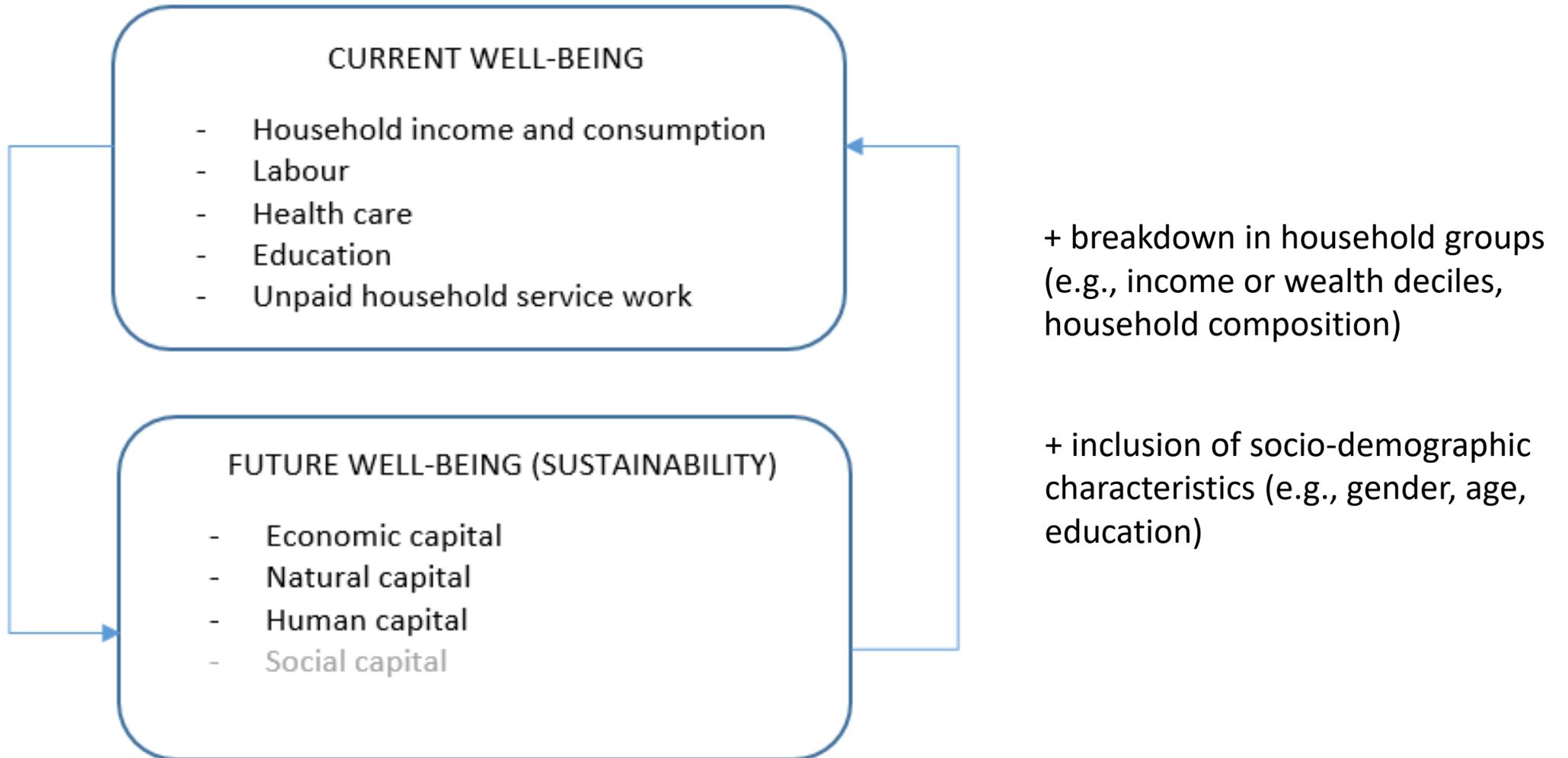- Implementation considerations

- Next steps

Introduction

Well-being and sustainability in the SNA

- While not designed for this purpose GDP is often misused to represent societal progress

- The SNA includes relevant indicators that may provide better insights into aspects of well-being (e.g., household disposable income, savings and wealth)

- Need for insights into other aspects, such as household distributions, unpaid household service work, labour, education, human capital, health care, and impact of economic activity on environment

- Measurement warrants enhancing and broadening the framework to analyse interrelations, trade-offs and win-wins

- Goal: Regular compilation of additional breakdowns and extended modules, drawing on existing guidance

- Main benefits of linking this information to the sequence of economic accounts:
  - Strength of the underlying conceptual and methodological SNA framework
  - Policy users can directly assess how economic events impact well-being and sustainability
  - Approach ensures a high degree of cross-country comparability

Recommendations

Schematic overview of enhancing and broadening the system

CURRENT WELL-BEING

- Household income and consumption
- Labour
- Health care
- Education
- Unpaid household service work

FUTURE WELL-BEING (SUSTAINABILITY)

- Economic capital
- Natural capital
- Human capital
- Social capital

+ breakdown in household groups (e.g., income or wealth deciles, household composition)

+ inclusion of socio-demographic characteristics (e.g., gender, age, education)

Current well-being

Current well-being

- Labour:
  - WS.4 recommends the inclusion of new tables on labour as standard component to the sequence of accounts
  - The tables will focus on four dimensions, i.e., jobs, persons, volume and payments
  - Extend accounts with information on unpaid household service work

- Health care:
  - WS.5 recommends the regular compilation of supplementary information on health care expenditure
  - The tables will focus on breakdowns by function, providers and financing
  - Extend accounts with information on unpaid household service work

- Education:
  - WS.4 recommends the regular compilation of thematic tables on education and training
  - The tables will focus on breakdowns of output and expenditure by purpose, provider and financing
  - Include information on time spent on learning

- Unpaid household service work:
  - WS.3 recommends compilation of supplementary accounts on unpaid household service work at least every 5 years
  - Extend SUTs with estimates in physical units and monetary terms, broken down by various types of activities
  - Use measures to derive extended estimates of GDP and HDI including value of unpaid household service work
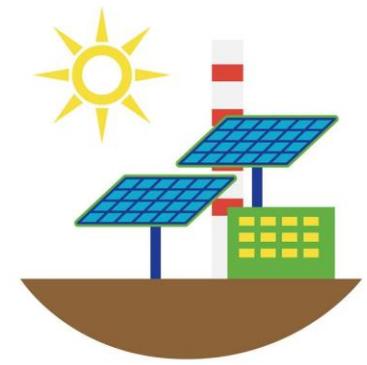 - Include memorandum items to arrive at a complete accounting for the use of time

Future well-being

Future well-being

- Natural capital:
  - WS.11 recommends inclusion of renewable energy resources
  - WS.8 recommends removing distinction between cultivated and non-cultivated biological assets, and to only distinguish between migrating and non-migrating biological assets (with all the latter being regarded as produced)
  - WS.12 recommends additional breakdowns for environment-related assets and flows and separately distinguishing natural assets in the SNA
  - WS.6 proposes a split asset approach when resource rents are split between legal owner and extractor
  - WS.6 recommends recording depletion as standard component in the SNA, with more emphasis on net measures
  - WS.10 proposes further clarifications on application of NPV method for valuing natural resources
  - WS.7 includes recommendations on treatment of emission trading schemes
  - WS.9 recommends supplementary table capturing provisions (e.g., related to terminal costs)
- Human capital:
  - WS.4 recommends development of extended tables on human capital according to two valuation approaches
  - However, more work is needed to improve methods to arrive at high quality, comparable estimates
- Social capital:
  - It is acknowledged that social capital is often referenced in relation to comprehensive wealth measures
  - However, due to lack of consensus on a common definition and difficulties in deriving market values, it is not proposed for inclusion in the 2025 SNA

Distributions of income, consumption and wealth

Distributions of income, consumption and wealth

- Distributional information is relevant for both current and future well-being

- WS.2 recommends the regular compilation of household distributions as supplementary accounts

- Focus is on consistent breakdowns for income, consumption and wealth, but also for other topics, such as unpaid household work, labour, etc.

- Also relevant to include socio-demographic breakdowns (e.g., gender, age, education, employment status)

Main implications

Updated sector classification

S1	Total economy
S11	Non-financial corporations
S12	Financial corporations
S13	General government
S14	Households
	Household equivalized disposable income groups (quintiles/deciles/percentile)
	Household equivalized net worth groups (quintiles/deciles/percentage)
	Main source of income groups (wages and salaries; income from self-employment; net property income; pension benefits; net other current transfers received)
	Household type (single less than 65 years old; single 65 and older; single with children living at home; two adults less than 65 without children living at home; two adults at least one 65 or older without children living at home; two adults with less than 3 children living at home; two adults with at least 3 children living at home; and other)
S15	Non-profit institutions serving households
S2	Rest of the world

New categories are displayed in red

Updated transaction classification

P1	Output		D45	Rent
P2	Intermediate consumption			Natural resource rent
B1g	Gross value added			Rent on land
P51c	Consumption of fixed capital			Rent on non-renewable energy resources
	Depletion of natural resources			Rent on renewable energy resources
B1n	Net value added			Rent on mineral resources
				Rent on biological resources
D2	Taxes on production and imports			Rent on water resources
D21	Taxes on products			Rent on other natural resources
	Of which: Environmental taxes on products			Non-natural resource rent
D29	Taxes on production			
	Of which: Other environmental taxes on production			
	Taxes related to emission trading schemes			
	Oher carbon taxes			
D3	Subsidies			
D31	Subsidies on products			
	Of which: Environmental subsidies on products			
D39	Subsidies on production			
	Of which: Other environmental subsidies on production			

New categories are displayed in red

Updated asset classification (1)

AN	Non-financial assets
AN1	Produced non-financial assets, excluding natural resources
	Fixed assets, excluding produced natural resources
	Dwellings
	Other buildings and structures
	Machinery and equipment
	Transport equipment
	ICT equipment
	Other machinery and equipment
	Weapon systems
	Ownership transfer costs
	Intellectual property products
	Inventories
	Valuables
	Memorandum item: Consumer durables
AN2	Non-produced non-financial assets, excluding natural resources
	Contracts, leases and licences
	Goodwill

New categories are displayed in red
Changes to existing categories are displayed in green

AN3	Natural capital
	Natural resources
	Land
	Mineral and energy reserves
	Non-renewable mineral and energy reserves
	Oil reserves
	Natural gas resources
	Other mineral and energy resources
	Renewable mineral and energy resources
	Wind energy resources
	Solar energy resources
	Water energy resources
	River water energy resources
	Tidal energy resources
	Wave energy resources
	Geothermal energy resources
	Other renewable energy resources
	Biological resources
	Biological resources yielding repeat products
	Animal resources yielding repeat products
	Tree, crop and plant resources yielding repeat products
	Biological resources yielding once-only products
	Migrating biological resources yielding once-only products
	Non-migrating biological resources yielding once-only products
	Work-in-progress on non-migrating biological resources
	Water resources
	Other natural resources
	Radio spectra
	Other
AN4	Human capital

Updated asset classification (2)

AF	Financial assets
AF.1	Monetary gold and SDRs
AF.2	Currency and deposits
AF.3	Debt securities
	Of which: ESG bonds
	Of which: Green bonds
	Of which: Emission permits (still to be decided)
AF.4	Loans
	Of which: ESG loans
	Of which: Green loans
AF.5	Equity and investment fund shares
	Of which: ESG equity and investment fund shares
	Of which: Green equity and investment fund shares
AF.6	Insurance, pension and standardized guarantee schemes
AF.7	Financial derivatives and employee stock options
AF.8	Other accounts payable/receivable

New categories are displayed in red

Implementation considerations

Considerations for implementing new guidance

- Given the increased attention on well-being and sustainability, the 2025 SNA will give high prominence to these topics:
  - Chapter 2 will specifically focus on the importance of capturing measures of well-being and sustainability in the national accounts
  - Chapters 34 and 35 will provide detailed guidance on current and well-being and sustainability respectively
- Several recommendations may imply sourcing new data
- There may also be a need for practical guidance to assist countries in implementing the new guidance
- This may be facilitated by establishing dedicated expert groups or task forces and by organising workshops or seminars, in close collaboration with relevant communities
- Also a need to look into the labelling of some new elements, such as the inclusion of depletion, to ensure a good uptake by users
- Furthermore, there may be a need for prioritisation, particularly for supplementary information
- This will require careful discussions between compilers and users, at both national and international level

Next steps

Next steps

- Guidance Note WS.1 will shortly go out for global consultation

- The main focus in the consultation will be on:

  - Whether the recommendations have been properly reflected

  - Views on prioritisation

  - Main challenges envisaged

- You are very much encouraged to participate in the global consultation

THANK YOU!

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