

# **CES Task Force on valuing unpaid household service work**

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- What is unpaid household service work?
- CES Taskforce on valuing unpaid household service work
- Methodological considerations
- Next steps

# Unpaid household service work

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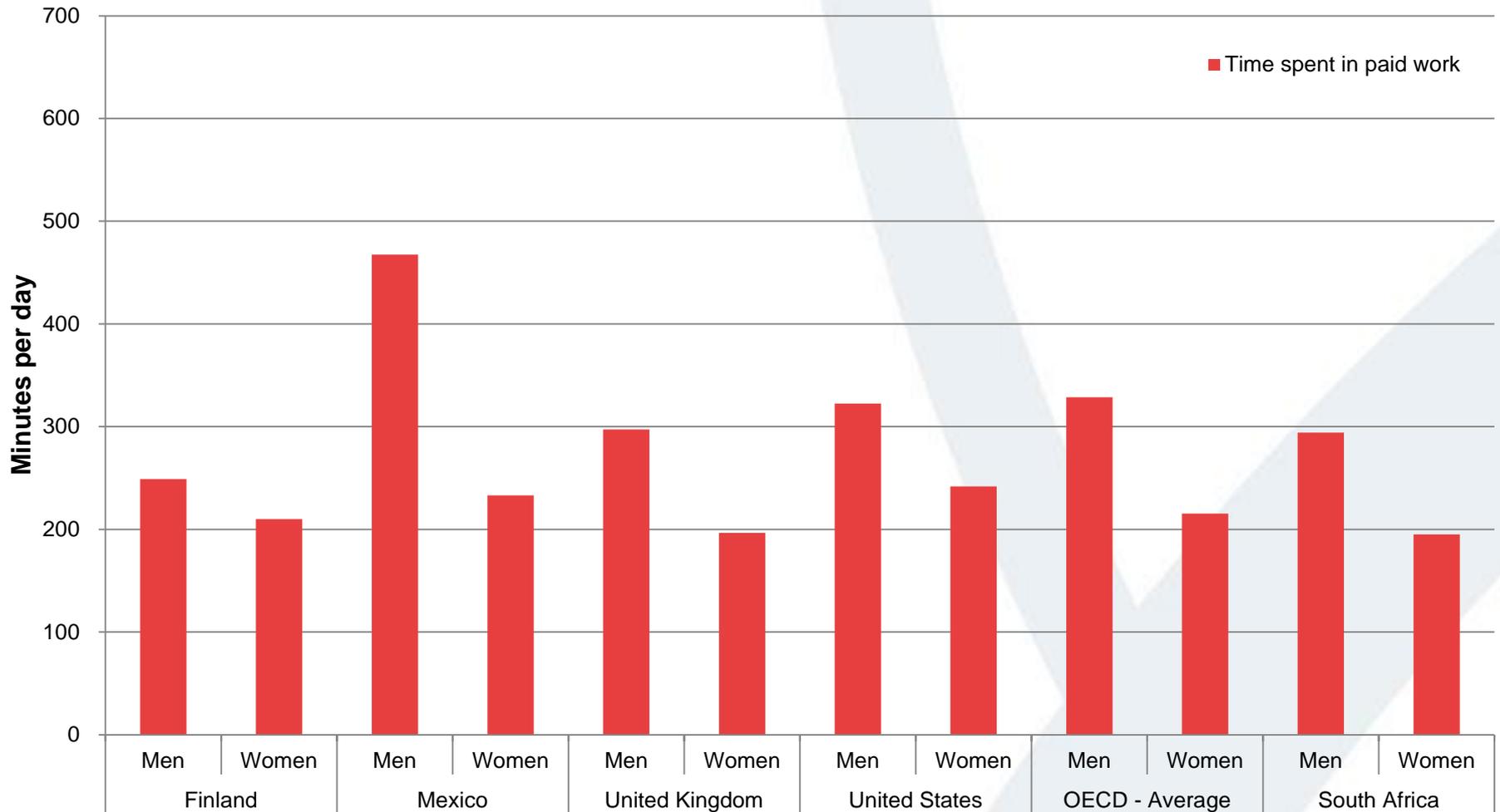
- SNA definition: *The production of services by members of the household for their own final consumption.*
- E.g. preparing meals, looking after children, cleaning the house, caring for the elderly etc.
- Dictated by the third party criterion.

# Why is it important?

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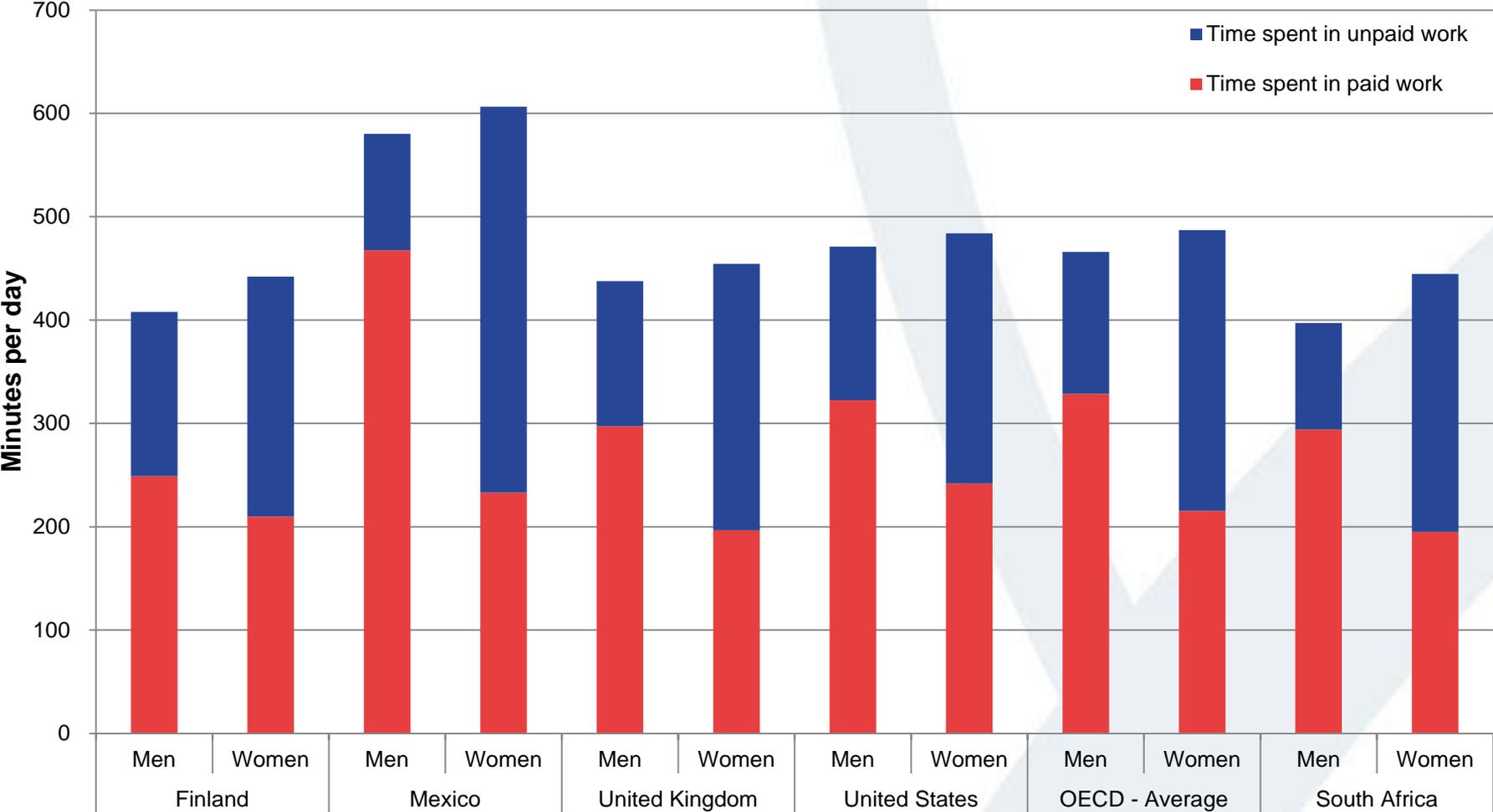
- Traditional measures of the economy (GDP) ignore this work. However, unpaid household work is closely related to well-being.
- Plays an important contribution to the successful functioning of the economy, labour market and society.
- Vital in examining the gender division of work.

# Why does it matter for gender equality?



Source: OECD time use database. Latest year data available.

# Why does it matter for gender equality?



Source: OECD time use database. Latest year data available.

# Goal 5: Achieve gender equality and empower all women and girls

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**5** GENDER  
EQUALITY



## Indicator 5.4

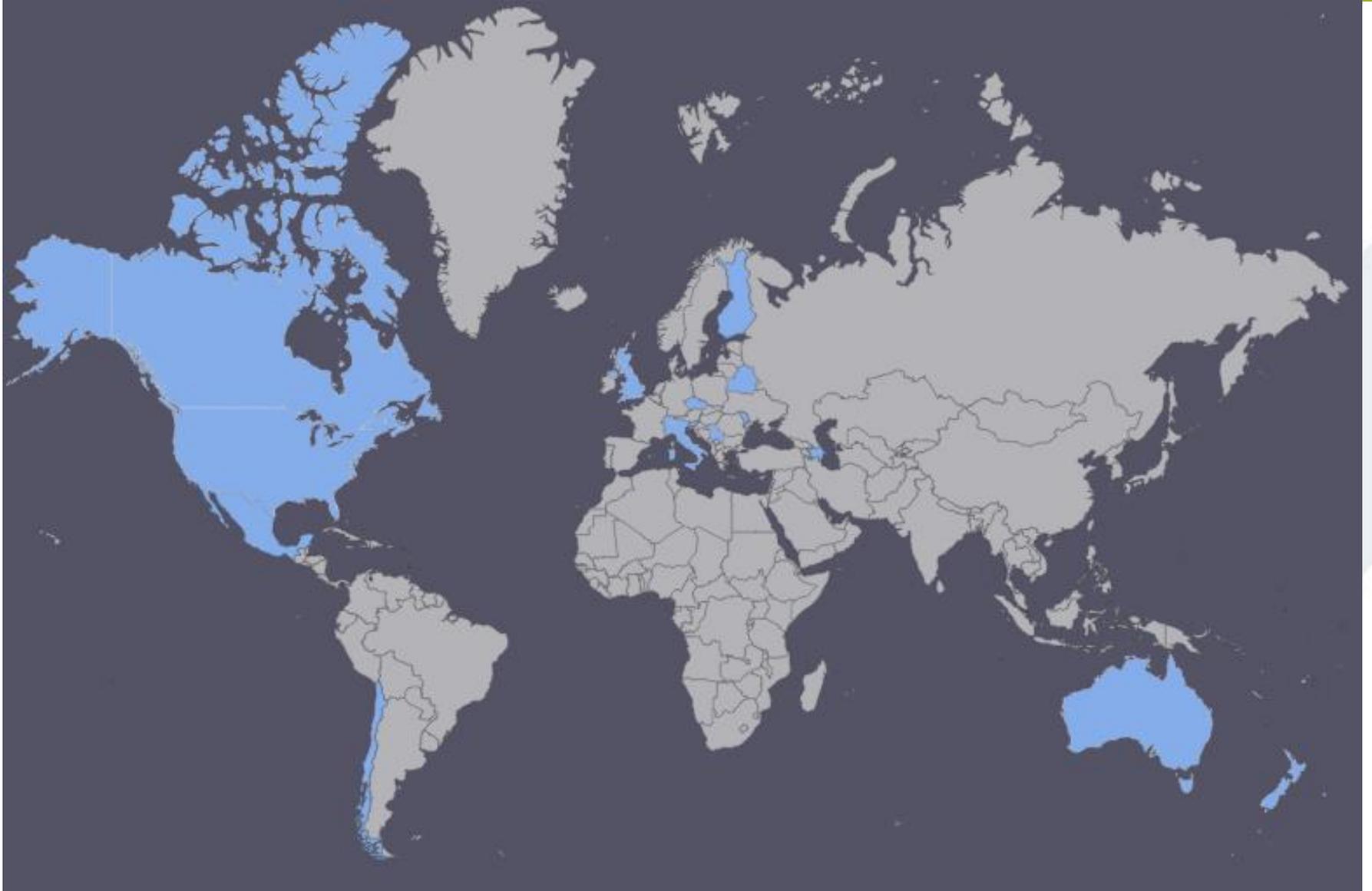
Recognise and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate

# **Objectives of CES taskforce on valuing unpaid household service work**

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1. Prepare an inventory of the approaches used for valuing unpaid household work in Household Satellite Accounts – DONE!
2. Analyse the different national approaches – DONE!
3. Identify the practices to be recommended and their implications for data collection – DONE!
4. Draft guidelines on valuing unpaid household service work. – ONGOING....

# International participation



# Structure of the guidance

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- Chapter 1: Introduction
- Chapter 2: Concepts
- Chapter 3: Methodological Issues
- Chapter 4: Satellite accounts
- Chapter 5: Data considerations
- Chapter 6: Future work

# Chapter 3: Methodological issues

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- Measuring unpaid household service work:
  - Input vs. output approach
- Valuing unpaid household service work:
  - Replacement cost vs opportunity cost.

# Opportunity cost vs replacement cost

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A lawyer and baker spend 3 hours baking a cake at home



## Lawyer's cake

$$\begin{aligned}\text{Opportunity cost} &= \\ 3 * \text{£}25.04\text{p.h.} &= \text{£}75.12\end{aligned}$$



## Baker's cake

$$\begin{aligned}\text{Opportunity cost} &= \\ 3 * \text{£}8.51\text{p.h.} &= \text{£}25.53\end{aligned}$$

**So the value of lawyer's cake is three times more than a baker's cake??**

# Opportunity cost vs replacement cost

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A lawyer and baker spend 3 hours baking a cake at home



## Lawyer's cake

Replacement cost =  
 $3 * £8.51 \text{p.h.} = £25.53$



## Baker's cake

Replacement cost =  
 $3 * £8.51 \text{p.h.} = £25.53$

**So the cake is worth the same no matter who baked it. What about quality?**

# Chapter 4 – Satellite Accounts

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- Integrating measures of unpaid household work into the system of national accounts.
- Challenges
  - Allocating intermediate consumption
  - Estimating consumption of fixed capital
- Benefits
  - Enables comparisons with market-based substitutes.
  - Can compare to overall economic activity

# Satellite accounts enable direct comparisons with GDP

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UK GDP -  
£1,817bn in 2014.

Value of home  
production -  
£1,019bn in  
2014.

Equivalent to  
56.1% of GDP

# Chapter 6 – Future work/challenges

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- The treatment of simultaneous activities.
- Adjusting for the quality of output
- Volunteering
- Internet services

# Next steps

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- Now – finalising a first draft
- Nov/Dec 2016 - Submit first draft to CES
- January – March 2017 – Revision of guidance.
- April 2017 – Electronic consultation of the draft guidelines among CES members
- May – June 2017 - Finalisation and submission of the guidelines to the June 2017 CES plenary session for endorsement

# Thank you for your attention

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