



Objectives and progress of the sub-group on wellbeing and sustainability

Advisory Expert Group on National Accounts
October 2019

Carol Coy (Statistical Institute of Jamaica)
Catherine Van Rompaey (Statistics Canada)



Statistics
Canada

Statistique
Canada

Canada

Objectives

According to the terms of reference, the subgroup will:

... produce one or more guidance notes on well-being and sustainability issues identified by the AEG as a first priority.

These are:

- *Unpaid household work*
- *Distribution of household income, expenditure and wealth*
- *Environmental-economic accounting*
- *Defining a broader framework for capturing economic activities, well-being and sustainability*

The subgroup will also work to enhance the presentation of well-being and sustainability statistics, to improve the (consistent) integration between 'core' national accounts and 'satellite' accounts under a broader accounting umbrella, in line with the conclusions of the 12th AEG meeting in November 2018.

A pragmatic way forward...

- GDP is perceived as a flawed metric of global development
- “Beyond GDP” discussion recommends broader view of wellbeing and sustainability as a multi-dimensional phenomena

How can and should the SNA respond to this discussion?

- Well-developed satellite account extensions touch on aspects of wellbeing and sustainability, including both monetary and physical metrics
- To what extent can these feed into a broader SNA framework and how should this be characterized?
- What are the elements of an “ideal” framework as distinct from what is practical or feasible in the short term?

Governance

Co-chairs: Carol Coy (Statistical Institute of Jamaica) and Catherine Van Rompaey (Statistics Canada)

Area groups :

Unpaid household activities (Chris Payne, UK, ONS)

Environmental-economic accounting (Mark de Haan, Statistics Netherlands)

Distribution of household income, consumption, saving and wealth
(Richard Tonkin, UK, ONS)

Education and human capital (Patrick O'Hagan, former Statistics Canada)

Health and social conditions (Dylan Rassier, US BEA)

Broader framework: Catherine Van Rompaey (lead), Peter van de Ven (OECD), Branko Vitas (ABS), Michael Smedes (UNSD)

Steering Group: co-chairs, leads and other key players

Secretariat: OECD

Operation and timeframes

- Each area lead draws on a team of designated experts
- Guidance coordinated with broader framework
- Scope of exercise differs considerably across area groups

Key dates:

- Advisory Expert Group (AEG) on National Accounts in Washington
October 1 – 3, 2019.
- UN Statistical Commission, March 2020.
- Preliminary guidance notes, June 2020, for consultation at the IARIW
general conference in Oslo, August 2020.
- Final draft guidance notes, fall 2020, for discussion at the meeting of
the AEG.

Activities to date

- Confirm membership of steering committee and area groups
- First steering committee in August
- Kick-off meetings with each area group throughout September-October
 - Clarify scope, objectives, process and timeframes
 - Position area leads to advance work
- AEG report, planning IARIW session proposals and confirming format

Five areas of consideration

1. Unpaid household activities
2. Environmental-economic accounting
3. Distributions of household income, consumption, saving and wealth
4. Education and human capital
5. Health and social conditions

Unpaid household activities

- Ongoing questions and measurement challenges formal, informal and household activity
- If included, considerable implications for production boundary
- Stiglitz recommendation to broaden income measures to non-market activities
- International guidance recently finalized (UNECE, 2017)

Potential areas of discussion:

- Need for improved or alternative data sources on time use and consumer durables
- Relationship with “free” digital services available via the internet, social media, etc.
- Treatment of household volunteer work, including creation of freely available assets (Wikipedia, R, etc.)

Environmental-economic accounting

- System of Environmental-Economic Accounting (SEEA) 2012 Central Framework links environmental issues, in a consistent and integrated way, with the current SNA.
- From SNA's perspective, to what extent should specific accounts be included in a broader framework?

Potential areas for discussion:

- Estimating net present value of natural resource stocks
- Accounting for and valuation of stocks/flows not sold on markets (water, biological assets, renewable energy resources)
- Accounting for depletion in the SNA sequence of accounts
- Recording and accounting for losses (energy, water)
- Experimental ecosystem accounting and extensions to SEEA

Distribution of household income, consumption, saving and wealth

- Clear need and expectation to better inform on *who* is benefiting – how economic activity impacts specific household groups
- Post Stiglitz-Sen-Fitoussi, significant investments in micro-macro linkages, both international and country-specific

Potential areas for discussion:

- Distribution of social transfers in kind
- Institutional households
- Intra-household transactions
- Positioning the role of SNA measures in the context of “micro-based” distributions, or measures of inequality or poverty

Education and human capital

- New business models arising from globalization and digitization, changing nature and availability of work
- Need to better articulate the *labour* factor within the SNA production model, growing human capital content of labour, impacts on growth and productivity
- Significant advances in guidance and measurement of satellite accounts of human capital and education and training (UNECE Guide on Human Capital)

Potential areas for discussion:

- Extent of integration of human capital
- Alternative measures of capital stocks and flows
- Nature of elaboration of new dimensions (labour accounts)

Health and social conditions

- Pressure on budgets and service-delivery of governments driven by aging population and technological advances increasingly a policy concern
- Valuation of non-market activity problematic
- Guidance required on price and volume measurement
- **Significant knowledge available from work on Health Satellite Accounts**

Potential areas for discussion

- Specify new tables to enable linkage of *outputs* to *outcomes*
- Reconsider current SNA guidance re measuring non-market services
- Further guidance on price and volume measures

The broader framework

- Expand current (traditional) scope of the SNA to include these new elements
- Likely to comprise elaborations/extensions but changes to concepts (e.g., production or asset boundary) not precluded
- Focus on understanding linkages with standard monetary measures and among the added dimensions

Potential areas of discussion:

- Characterizing the expanded framework in relation to the existing SNA
- Relationships with other frameworks, such as the OECD Better Life Index or the Sustainable Development Goals (SDGs), or alternative indicators
- Missing elements (e.g. social capital) and how to address
- Expected degree of coherence across domains
- Leveraging the comparative advantage of the SNA as a coherent integrating framework

Questions for the AEG

1. What do you consider priorities for SNA expansion to address well-being and sustainability?
2. To what degree should a broader framework tie in with the dimensions of sustainability and well-being in other indicator frameworks such as the OECD Better Life Index or the SDGs?
3. How should the broader framework be characterized in relation to the current SNA?
4. What is the best way to leverage the comparative advantage of the SNA as a coherent integrating framework in elaborating elements of wellbeing and sustainability?