

Unpaid household services in the 2008 System of National Accounts

Measurement of well-being and
sustainability group

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Content

- Guidance aims and recommendations relating to:
 - UPW treatment in wider SNA framework
 - Defining UPW
 - Methods for valuing unpaid work in SNA
 - Time accounting – a welfare focused parallel account to the wider SNA framework
- Suggested next stage research
- Requested feedback from AEG

1 Aims and recommendations

For accounting for the value of unpaid work within the SNA

Guidance main objectives

- Address unanswered questions related to the treatment of unpaid household work within SNA 2008
- Create a feasible harmonised standard for treatment of Unpaid Household Work (UPW) within SNA
- Build on UNECE guidance (produced by task force also chaired by ONS from 2016-2017)
- Align treatment with other areas in the wider SNA framework

1.1 Wider framework

And the treatment of unpaid household service work

Wider framework would allow adjusted income, consumption and GDP estimates

- Extended measures of GDP factoring in UPW can be estimated to complement existing measures of GDP using a satellite account
- Both monetary and physical units can also be incorporated into supply use tables to create additional extended SUTs
- Some fixed household consumption should be re-categorised as an intermediate consumption

GDP, unpaid household service production and Extended GDP



Physical units added into SUT alongside monetary measures

CPA_U	Human health and social work services	
CPA_R	Arts, entertainment and recreation services	
CPA_S	Other services	
CPA_T	Services of households as employers; undifferentiated goods and services produced by households for own use	
CPA_U	Services provided by extraterritorial organisations and bodies	
_T	Total	
	Compensation of employees	
	Other taxes on production minus other subsidies on production	
	Consumption of fixed capital	
	Of which: Consumption of fixed capital related to consumer durables	
	Operating surplus and mixed income, net	
	Value added, gross	
	Output	
	Gross fixed capital formation	
	Of which: Gross fixed capital related to consumer durables	
	Closing balance sheet/Positions/Stocks	
	Of which: Stock of consumer durables	
	Paid employment, hours worked	
	Unpaid employment, hours worked	
	Memo item: leisure time, hours spent	
	Memo item: other activities not included elsewhere, hours spent	
	Total time spent	

1.2 The third-party/person criterion

“If an activity is of such character that it might be delegated to a paid worker, then that activity shall be deemed productive.”

(Margaret Reid, 1934, p.11)

Proposed categories of unpaid work

In scope:

- **Childcare** – Developmental, non-developmental, passive or active – Could include washing, feeding, dressing reading to children, helping with homework, home schooling.
- **Adult care** – Passive or active – Could include activities of informal volunteering. ADLs, IADLs, long term or acute care.
- **Nutrition** – Could include cooking, washing up, preparation of meals or even of drinks.
- **Transport** – Transporting yourself or others but not for pay – Could include walking, driving, but not being a passenger to travelling just for pleasure.
- **Household management services** – Could include paying bills, arranging school places, etc.
- **Laundry and clothing services** – Washing, drying and mending clothes. Excludes production of clothes for own use.
- **Informal volunteering** – Help to other households, but could also be for nature. Can be included in adult care.
- **Shopping** – Online or physical store – majority is likely to be shopping for essentials (food, household products, clothes).
- **Information services** – Providing online services for others (Online reviews, Wikipedia content, Website/Software).
- **Other unpaid household production (n.e.c)** – Any alternative forms of unpaid production which do not fit into the above.

Out of scope

- **Formal volunteering** – Volunteering through or for an organisation – needs further work on flows between business and household.

1.3 Methodology

Valuing unpaid household work within the SNA framework



The 'Input' and 'Output' approaches to valuing unpaid work



'Output' method

Market Equivalent Price
× Number of Units

- Intermediate
Consumption

= Gross Value Added

'Input' method

Time worked
× Market Equivalent Wage
rate

+ taxes - subsidies

+ assumed profit margin

= Gross Value Added



Two approaches for the valuation of unpaid household work

Use of the Input approach

- Time use data – regular collection with comparable standards.
- Input method may need adjustment to account for passive care time
- A replacement cost approach to valuation of hours worked should be followed using gross wage rates. Pragmatic application of specialist wage rates.
- Imputed adjustments for taxes and subsidies and gross operating surplus for consistency.

Use of the Output approach

- Output approach is an alternative to input approach and can be used as validation technique
- Wide range of data sources required for consumption of service and market equivalent prices – requires careful scrutinisation
- A reliable household expenditure survey for intermediate consumption used in unpaid household services.

1.4 Optional parallel time accounts

Accounting from a household perspective

Tracking societal change using time accounts

Categories of want:	1961					2015				
	UK time				Non-UK	UK time				Non-UK
	Consumption time	Unpaid work time	Paid work time	Total UK time	Imported work time	Consumption time	Unpaid work time	Paid work time	Total UK time	Imported work time
Sleep	502			502		511			511	
Food & shelter	149	157	88	394	33	143	135	51	329	17
Home Leisure	261	8	17	286	4	258	24	13	294	2
Leis out, shops	57	28	28	113	5	65	80	21	166	3
High end servs	9	0	46	55	4	18	11	53		2
Infrastructure services			32	32	2			26	26	1
Exported work time			57	57	12			33	33	8
TOTAL	978	193	269	1440	60	1020	265	196	1440	34

- Can be separately produced for subgroups of the population
- Closer to the household experience
- Work life balance is clearly defined
- Shows flow of types of good and service between groups
- Complete record of time – no production boundary cut off

2 Next stage research

Suggested next stage guidance

Further research suggested on:

- Treatment of formal volunteering
- Volume estimates and accounting for productivity change in household unpaid services
- Re-evaluating intermediate flows between households and business
- Some further research is needed to define whether industry breakdowns within existing supply use tables are optimal
- Task Team on Communication suggested to reflect on the terminology and presentation of extended macroeconomic indicators, and extended accounts.
- Further research is needed to define the most effective user applications of tables, particularly from a welfare policy perspective.

Feedback at this stage

The AEG is requested:

- To comment on the proposal to apply the third-party criterion for classification of UPW activities as productive, including the proposed breakdown into categories.
- To provide feedback on the feasibility, strengths and weaknesses of the recommended methods.
- To express views on the optional parallel full-time accounts or simplified physical accounting for unpaid household service labour.
- To comment on the recommended extended tables - happy with the approach, or perhaps there is a preferable alternative?
- To provide feedback on ways to further improve the guidance note.