



Guidance note WS.1: Enhancing and broadening the SNA framework for household well-being and sustainability

Catherine van Rompaey and Jorrit Zwijnenburg

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Introduction



Well-being and sustainability in the SNA (1)

- As the overarching macroeconomic measurement framework, the boundaries of the System of National Accounts define what we know as **the economy**
- While not designed for this purpose, its headline indicator, GDP, is **often misused** to represent societal progress
- The SNA already includes **relevant indicators** that may provide better insights into aspects of well-being (e.g., household disposable income, savings and wealth)
- However, **need for insights into other aspects**, such as household distributions, unpaid household service work, labour, education, human capital, health care, and the impact of economic activity on the environment
- The focus in our work is on **current economic well-being of households** ('well-being') and the **maintenance and generation of resources to support economic well-being in the future** ('sustainability')



Well-being and sustainability in the SNA (2)

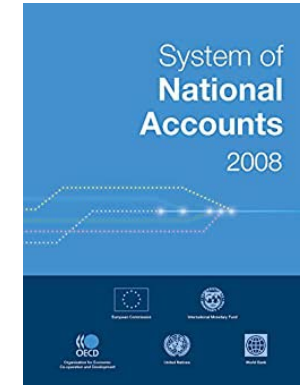
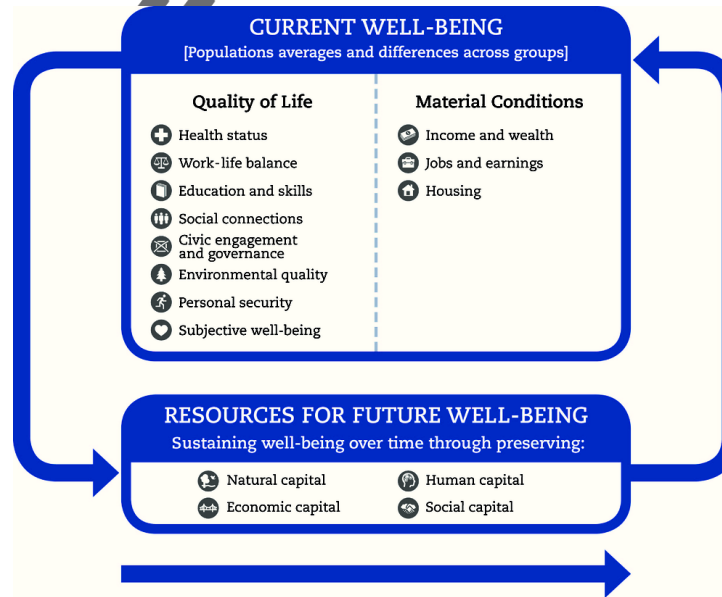
- Proliferation of alternatives to expand these measures to address **well-being, sustainability** and the **negative externalities** of economic activity
- These reflect widely-held view: well-being and sustainability are **complex multidimensional phenomena**
- Measurement warrants **enhancing and 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**
- This GN provides an **overview of the main recommendations** in the underlying GNs WS2 to WS.14 and how they relate to well-being and sustainability



Existing initiatives



How's Life? 2020 MEASURING WELL-BEING



Economic Commission for Europe
 Conference of European Statisticians
 67th plenary session
 Paris, 26-28 June 2019
 Item 9 (a) of the provisional agenda
Outcomes of the recent in-depth reviews carried out by the Bureau of the Conference of European Statisticians

In-depth review of satellite accounting
 Note by Statistics Canada

Summary

The document is an updated version of the in-depth review paper on satellite accounting that the Bureau of the Conference of European Statisticians discussed in February 2019. It was prepared by Statistics Canada with inputs from Eurostat, International Monetary Fund, Organisation for Economic Cooperation and Development, United Nations Economic Commission for Europe and United Nations Statistics Division.

The document provides an overview of existing national practices with satellite accounting based on a global survey carried out in 2018, suggests a typology of satellite accounts and recommendations for future work. The last section summarises the discussion and decision by the Bureau in February 2019.

I.A.R.I.W.



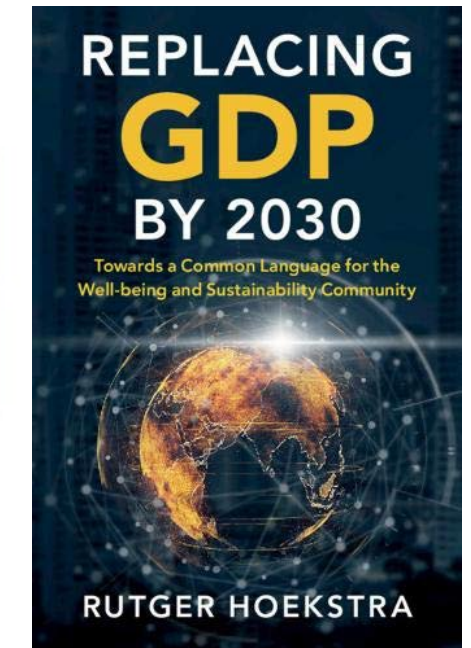
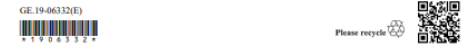
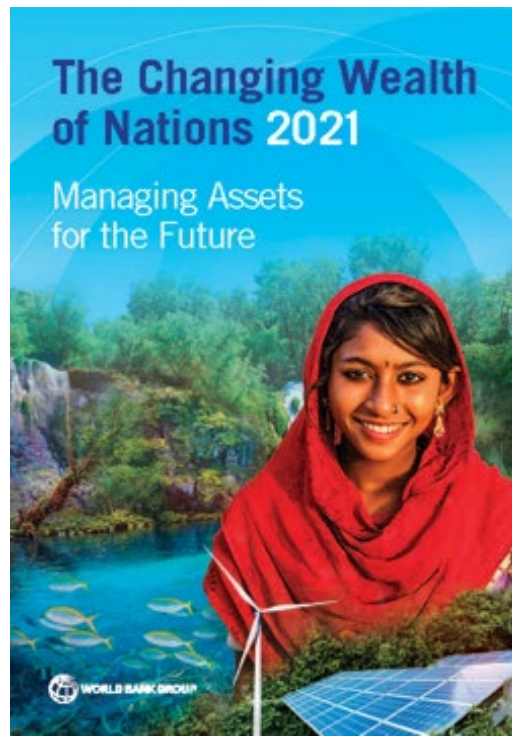
The Future of the SNA in a Broad Information System Perspective

André Vanoli (Association de comptabilité nationale, France)

Paper Prepared for the IARIW-OECD Special Conference: "W(h)ither the SNA?"

Paris, France, April 16-17, 2015

Keynote Address
 Thursday, April 16
 8:45-9:30





Guiding principles

Guiding principles for the approach

1. Changes will be restricted to **economic (material) aspects**
2. Changes will not compromise the **current key applications** of the sequence of economic accounts
3. It will leverage the comparative advantages of the SNA as a **coherent framework**
4. **No one single indicator** will be featured
5. **Non-monetary measures** will be integrated as appropriate
6. The focus will be on **output type** measures
7. Enhancement will (to the extent possible) address the **full sequence** of economic accounts
8. Enhancement will seek a broad correspondence with **existing well-being indicators**
9. The efforts will leverage guidance in well-developed **satellite account** frameworks



Overview of underlying guidance notes

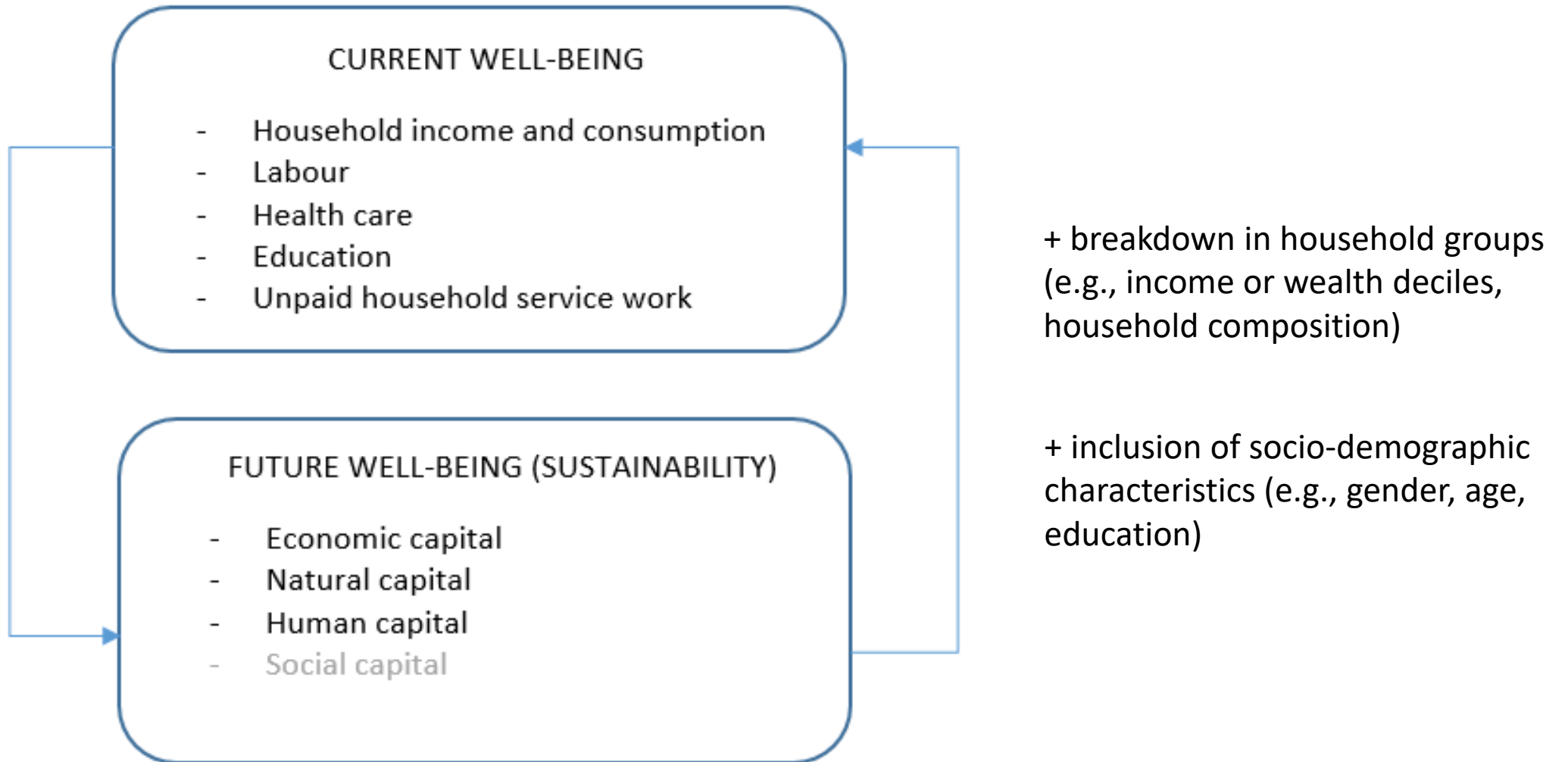
Overview of WSTT guidance notes

1. Enhancing and broadening the SNA framework for household well-being and sustainability
2. Distributions of household income, consumption and wealth
3. Unpaid household service work
4. Labour, human capital and education
5. Indicators of health care in the system of national accounts
6. Accounting for the economic ownership and depletion of natural resources
7. Treatment of emission trading schemes
8. Accounting for biological resources
9. Recording of provisions
10. Valuation of mineral and energy resources
11. Treatment of renewable energy resources as assets
12. Environmental classifications
13. Recording of losses
14. Distinction between a tax, a service and other borderline cases



Proposals

Schematic overview of enhancing and broadening the system





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

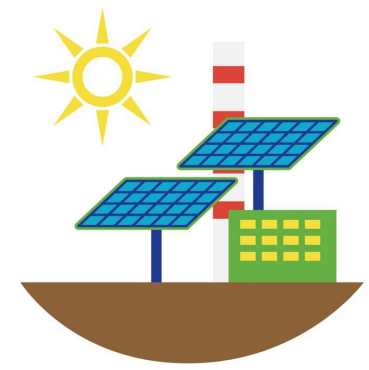




Future well-being



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

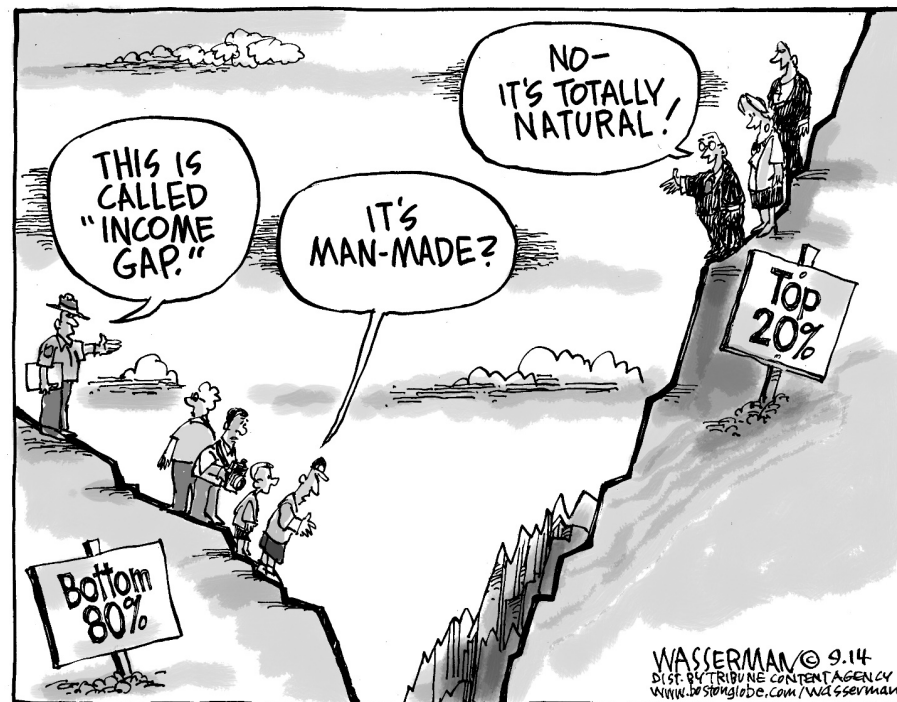




Distributions of income, consumption and wealth

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
...	...
S124	Non-MMF Investment funds
	Of which: ESG funds
	Of which: Climate adaptation investment funds
...	...
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
P2	Intermediate consumption
B1g	Gross value added
P51c	Consumption of fixed capital
	Depletion of natural resources
B1n	Net value added
D2	Taxes on production and imports
D21	Taxes on products
	Of which: Environmental taxes on products
D29	Taxes on production
	Of which: Other environmental taxes on production
	Taxes related to emission trading schemes
	Other 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

D45	Rent
	Natural resource rent
	Rent on land
	Rent on non-renewable energy resources
	Rent on renewable energy resources
	Rent on mineral resources
	Rent on biological resources
	Rent on water resources
	Rent on other natural resources
	Non-natural resource rent

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
	Of which: Renewable energy installations
	Of which: Fossil fuel installations
	Machinery and equipment
	Transport equipment
	Of which: Electric powered transport equipment
	ICT equipment
	Other machinery and equipment
	Of which: Carbon capturing equipment
	Of which: Nuclear fusion 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
- This needs to be done in close collaboration with the communications task team
- 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



Main recommendations

Considerations for implementing new guidance

- The relevant **SNA chapters** should build on the analysis in this GN (and underlying notes), explaining the main objectives for enhancing and broadening the SNA framework in response to policy demands
- In **implementing** the guidance, priority should be given to recommendations impacting the sequence of economic accounts
- Furthermore, discussions at the national level should be accompanied by a dialogue between countries and with international organisations on **priority information**
- Instead of focusing on an individual indicator, the rich set of well-being and sustainability data resulting from this guidance should be used to **populate dashboards and/or indicator sets** and as input for comprehensive analyses of well-being and sustainability in relation to the economy



Questions for AEG

Questions

1. Do you feel the note properly reflects the recommendations from the [underlying guidance notes](#)? If not, do you feel that specific information is missing or misrepresented?
2. Do you agree with the [recommendations](#) as presented in the guidance note?
3. Do you agree that the guidance note is ready to go out for [global consultation](#)?
4. Do you have any suggestions for [questions](#) to raise during the global consultation?



THANK YOU!



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