



# Broadening the SNA framework to obtain more insights into well-being and sustainability

Jorrit Zwijnenburg

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# Introduction



# Importance of well-being and sustainability

- The boundaries of the [System of National Accounts \(SNA\)](#) define to a large extent 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 includes [relevant indicators](#) that provide better insights into aspects of well-being (e.g., household disposable income, savings and wealth)
- At the same time, the last decades saw a proliferation of alternatives to modify/expand these measures to address [well-being](#), [sustainability](#) and the [negative externalities](#) of economic activity
- It is important to assess how the SNA may [better capture](#) well-being and sustainability aspects
- Recent discussions reflect widely-held view: well-being and sustainability are [complex multidimensional phenomena](#)
- Measurement warrants [broadening the framework](#) to analyse interrelations, trade-offs and win-wins



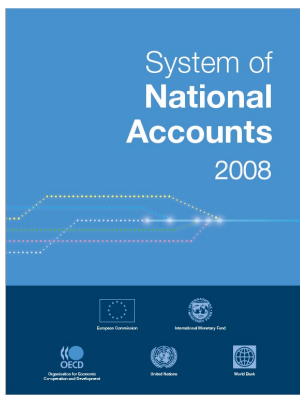
# How to obtain more insights into well-being and sustainability?

- Goal is regular compilation of **extended modules**, drawing on body of guidance already available
- The main aim is not to measure well-being as such (**outcome**), but elements that (may) affect well-being and its sustainability (**output**)
- **Not aiming for a composite indicator**, acknowledging multidimensionality of well-being and sustainability
- Modules focusing on measures and indicators that provide more insights into **current well-being**, mainly relating to flows, e.g., production, income and consumption
- Modules focusing on measures and indicators that provide more insights into sustainability issues, i.e., **future well-being**, mainly relating to stocks, e.g., financial wealth, natural and human capital
- Additional indicators providing more insights into the **distribution** of current and future well-being across different household groups
- **Flexibility** in frequency of compilation, dependent on policy relevance, volatility in relevant indicators over time, and compilation costs



Information already available  
from the framework

# Information already available from the SNA



- The SNA encompasses more than just GDP
- It contains a wealth of information on various aspects of the economy, providing detailed descriptions of:
  - Supply and use of goods and services (broken down by detailed products and industries)
  - Generation and distribution of income (e.g., wages and salaries, interest, dividends, taxes, social benefits)
  - Use of income (household consumption, government consumption, gross fixed capital formation, imports)
  - Accumulation of financial and non-financial wealth (capital transfers, financial transactions, revaluations)
  - Balance sheets of financial and non-financial assets (e.g., housing, land, machinery, deposits, bonds, equity, pension entitlements)
- This already provides relevant insights into aspects of well-being and sustainability, e.g., output and use of education and health care services, environmental taxes, government expenditure on specific goods and services, household income, consumption, saving and wealth, etc.



# Broadening the framework





# Labour accounts



- Recommendation to make labour accounts a **standard element** of the national accounts
- Provides insights into the **labour market**, its role in the **distribution of income**, and the role of labour in **economic growth** (productivity)
- Also provides insights into **working and living conditions**, including the impact of **changes in production arrangements** (e.g., driven by digitalisation and globalisation)
- Focus on **four dimensions**:
  - **Jobs**: Information on jobs, broken down into filled jobs (main and secondary jobs) and vacancies
  - **Persons**: Information on labour force (both employees and self-employed), also including information on unemployed persons, underemployed persons, under-utilised persons, etc.
  - **Volume**: Information on the hours actually worked and hours used in production
  - **Payments**: Information on labour costs incurred by enterprises and incomes received by people by providing labour



# Education



- Recommendation for **expanded accounts on education and training**
- Provides insights into the way education contributes to the **development of human capital**, which **household groups** are involved, what **types of education** it concerns, and how it is **financed**
- Breakdowns by:
  - **Purpose**, e.g., pre-primary education, primary education, secondary education, bachelor's, master's and doctoral, etc.
  - **Provider**, e.g., government, non-profit institutions, market producers in education, other market producers, imports
  - **Financing**, e.g., government, non-profit institutions, households, other sectors, exports
- Recommendation to also include **non-monetary data** such as population, **enrolled students**, **teachers/staff** or employed persons by educational attainment



# Health care



- Recommendation for [expanded accounts on health care](#)
- Provides insights into [operation and outputs](#) of health care systems, [who pays](#) and [who benefits](#)
- Breakdowns by:
  - [Product](#), e.g., hospital services, day care services, medical and dental practice services, residential care services, health insurance, etc.
  - [Function](#), e.g., curative care, rehabilitative care, long-term care, preventive care, etc.
  - [Provider](#), e.g., hospitals, residential long-term care facilities, providers of ambulatory care, retailers and providers of medical goods, etc.
  - [Financing](#), i.e., government schemes, compulsory contributory health care financing schemes, voluntary health care payment schemes, household out-of-pocket payments and rest of world financing schemes



# Unpaid household service work



- Recommendation for [extended accounts on unpaid household service work](#)
- Provides [more comprehensive overview](#) of economic activity, also taking into account activities in the unpaid household domain
- Also provides insights into the [balance between working life and other activities](#)
- Breakdown by [type of unpaid household service work](#), e.g., childcare, adult care, laundry and clothing services, formal volunteering, informal volunteering, shopping, etc.
- [Full time use accounting](#) (in hours), i.e., specification of hours worked on paid and unpaid work and of leisure time
- [Frequency](#) will be lower than for other results (every 3 to 5 years) due to dependency on time use survey data



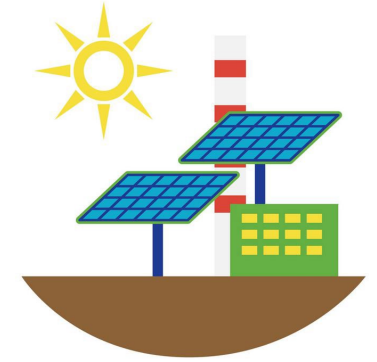
# Distribution of household income, consumption and wealth

- Recommendation for **regular compilation** of household distributional results
- Provides better insights into economic situation of **different groups of households**, who benefits from economic growth, and how **inequality** is developing over time
- **Complements micro information** by providing more comprehensive income and wealth measures, and by providing consistent information across income, consumption and wealth
- Breakdowns by income and wealth **quintiles/deciles/percentiles**, by household type, by main source of income and other
- Also including **socio-demographic characteristics** of households/persons included in each quintile/decile/percentile





# Environmental-economic information (1)

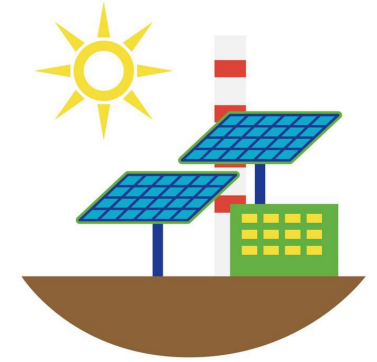


- Accounting for **depletion** of natural resources as a cost of production
- Increased focus on **net measures** (e.g., NDP and NNI) to acknowledge the impact of depreciation and depletion
- More detailed information on environmental-economic **expenditures, taxes** and **subsidies**
- More detailed information on **natural assets**, including **renewable energy resources** such as wind, solar and hydro energy
- Properly accounting for the **economic ownership** of natural resources, acknowledging that this may be split between the legal owner and the extractor
- Provides insights into **environmental costs** of economic activity, the degree and impact of specific **policy measures** on economic activities and on the environment
- It also provides insights into the development of natural resources, including the impact of the **energy transition**





## Environmental-economic information (2)



- Detailed information on:
  - **Natural resources**, including **mineral and energy reserves** (e.g., oil resources, gas resources, wind energy, solar energy), **biological resources** and **water resources**
  - **Income from natural resources** (e.g., rent from land, from non-renewable energy resources, from mineral resources, etc.)
  - **Sustainable finance** (e.g., green bonds, equity and loans)
  - **Carbon pricing** mechanisms
  - **Environmental taxes** and **subsidies**
- A lot of information is also available from the **system of environmental-economic accounting**
- Furthermore, information on **ecosystems** and ecosystems services may provide useful additional information





# Human capital



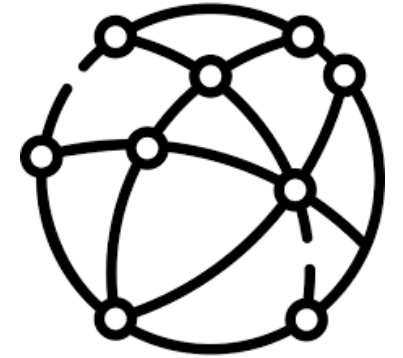
- Recommendation to further explore **experimental estimates** of human capital
- Provides better insights into the development of **knowledge-based capital**, acknowledging the important role of (development of) human capital for **future economic activities**
- Also enables the development of **broader wealth measures**, including human and social capital
- However, still several **challenges** in properly measuring the value of human capital and assessing the elements that contribute to its development
- Exploring results according to:
  - **Cost-based approach**, i.e., accumulating costs of generating human capital (e.g., expenditures on education)
  - **Lifetime income approach**, i.e., estimating the value of human capital by calculating the net present value of future earnings





# Presenting this information in coherence

# Ensuring coherent overview



- Several **interlinkages** between the various topics
- Important to present information **in coherence**
- Alignment of various proposals to **facilitate comprehensive analyses**:
  - Breakdowns aligned to **standard classifications** in supply-and-use tables and institutional sector accounts
  - Tables on **education and health care** will also include provision via unpaid household services
  - **Time use data** will provide insights into paid work, unpaid work and leisure
  - Also including **distributional information** on unpaid household service work
  - **Socio-demographic breakdowns** (e.g., breakdowns by gender, age group, employment status, housing status, education status, etc.) will be aligned across various topics
- Development of **dashboards** providing insights into relevant aspects
- In this way, users can combine information **across topics**, link information to **core macroeconomic aggregates**, and analyse **spill-over effects**, **trade-offs** and **win-wins** across various dimensions



# THANK YOU!



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