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**United Nations Economic Commission for Europe**

Conference of European Statisticians

**Task Force on Valuing Unpaid Household Service Work**

First meeting

Geneva, 26-27 November 2015

Report of the Task Force on Measuring Unpaid Household Service Work on its first meeting

Note by the Secretariat

1. Introduction

A. Background

1. In October 2014, the United Nations Economic Commission for Europe (UNECE) Conference of European Statisticians (CES) established the Task Force on Valuing Unpaid Household Service Work to develop guidelines and provide recommendations for improving the international comparability and availability of statistics on household service work and the related metadata.
2. Currently, only a handful of countries have experience in compiling household satellite accounts and there is no general agreement on the methodological choices in resolving the measurement challenges. Further need to revisit the existing national experience and provide guidelines on the measurement issues emerged from the “Resolution concerning statistics of work, employment and labour underutilization” adopted by the International Conference of Labour Statisticians (ICLS) in October 2013. The Resolution provided operational concepts, definitions and guidelines for distinct forms of work, which have direct implications on the classification and analysis of activities related to unpaid household service work.

B. Attendance

1. The meeting of the Task Force on Valuing Unpaid Household Service Work was held on 26‑27 November 2015 at the Palais des Nations in Geneva, Switzerland. It was attended by Task Force members from Canada, Chile, Italy, Mexico, Republic of Moldova, Slovenia, Switzerland, United Kingdom, International Labour Organization, the Organization for Economic Cooperation and Development (OECD), and the Statistical Office of the European Union (EUROSTAT).

C. Mandate and objectives of the meeting

1. The UNECE Conference of European Statisticians mandated the Task Force with several tasks, among which to prepare an inventory of the approaches used for valuing unpaid household work in household satellite accounts, analyse the different national approaches, identify the practices to be recommended to countries and their implications for data collection, and draft guidelines on valuing unpaid household service work. The work is aligned with the work of other organizations like ILO and is consistent with the international statistical standards and systems.
2. The specific objectives of the first meeting included streamlining the draft chapters of the Guide on Valuing Unpaid Household Service Work, developing a consolidated position on the specific proposals for the draft chapters, distributing the chapters among contributors and agreeing on the next steps.

D. Organizational matters

1. The Task Force adopted the agenda as contained in the document *TFHhWork/2015/OCT/1* of 20 October 2015. The discussions at the meeting were based on the proposed outline of the Guide and chapter structure[[1]](#footnote-2) that are available on the UNECE wiki website[[2]](#footnote-3).
2. Mr. Dominic Webber (United Kingdom) chaired the meeting.
3. Inventory of approaches used for valuing unpaid household service work
4. One of the activities of the Task Force included the preparation of an inventory of the approaches used for valuing unpaid household work in household satellite accounts. To facilitate the preparation of the inventory, the Task Force designed a questionnaire on national practices, which was sent out to the CES member countries in April 2015. There were 33 responses from 32 countries. The Office for National Statistics of the United Kingdom prepared the analysis of the questionnaire results and presented it at the meeting. It provided a comprehensive overview of countries’ activities and plans in measuring unpaid household service work and was considered a useful step in identifying good practices and in developing recommendations.
5. The results of the analysis illustrated the following key findings:

* There was a disparity in the frequency of results;
* Most countries opt for mix of monetary and physical values;
* 87% of countries used a Time Use Survey (TUS);
* Only 7 countries (22% of the responded countries) have future plans to value unpaid work.

1. In terms of methodologies used by the countries, it was noted that although the most widely used approach was the input approach, there was no single approach that was seen as preferable. The Task Force agreed to keep in mind the following principles when drafting the Guide:

* Guidance should be clear on strengths and weaknesses of all approaches;
* Availability of data should be the main guide for decision on which approach to take;
* Encourage, where possible, estimation using both input and output approaches to allow greater sensitivity analysis.

1. The analysis showed that most countries first measure physical units, and then embark on measuring monetary values. Physical value is found in general relatively easy to obtain. The difficulty comes with the monetary valuation and the choice of the valuation method. It is possible for one physical value to have several monetary valuations by applying the various approaches, which may lead to substantially different results.
2. Only a few countries explore further depths in measuring household work and construct a full sequence of accounts. It was agreed that countries should aim at a minimum to provide physical values and monetary estimates of households’ unpaid service work. As a next step, the Task Force should provide guidance on how to go from valuing unpaid household service work to measuring a full sequence of accounts and explain the steps to creating a full sequence of accounts.
3. Based on the analysis, several issues were identified to be addressed in the Guide. These issues included how to measure multitasking (simultaneous activities), what wage rate to use in the replacement cost approach (RCA), which activities are currently not covered (e.g. internet services), and how to make sure that all relevant activities are included.
4. Some further, more specific issues emerged from the discussions:

* The difference between the two household service work outside the System of National Accounts (SNA) production boundary (production of services by households for own-use and volunteer work) should be clearly noted.
* It is important to evaluate the service not only from the point of view of the person who offers the service but also from the point of view of the person who receives the service. Whether the service is available (e.g. the person can receive it or not) may have a considerable impact on its valuation. For example, the forest of Mexico is available and constitutes 0.01% of GDP, however, if Mexico did not have forest, its estimate would be up to 2-3 times the GDP, considering all forest ecosystem services such as provisioning, regulating and cultural.
* Non-monetary values should be also disaggregated by key characteristics (e.g. by sex, age group, family status, labour force status) as this could be of interest for policy makers (e.g. when addressing the multitasking issue).

1. The group took into consideration the comments provided by its members and finalized the Task Force’s work on the inventory of approaches.
2. Country practices
3. The analysis showed that countries have used different methodologies for measuring unpaid household service work. The group, therefore, agreed that the exchange of experience and guidance on good practices should have a special emphasis in the Guide. Three Task Force members presented their country experience, which provided good examples to be included in the Guide:
4. Mexico presented their experience in calculating the unpaid work of households satellite account;
5. Republic of Moldova shared knowledge and lesson learned from collecting data on unpaid household services work;
6. Italy presented their study on household production in National Accounts.
7. In the discussion, the following points were made:

* Hybrid evaluation approach using figures from National Accounts in combination with figures from surveys can be advantageous for analysis.
* Having household satellite accounts allows comparisons with other economic activities already included in the GDP. Moreover, it allows linking to other satellite accounts – like Health Satellite Account.
* Determining the value of household production can be used in social policy, for example, in defining the alimony or the amount of survivor's pension.
* How to improve the data from surveys and interviews - the results can differ substantially depending on how the questions are phrased; open questions are not efficient; providing options helps in receiving complete answers; participation in short activities, or secondary activities are more difficult to record; should distinguish between “active” care and “care” when referring to caring for children/adults.
* How to make a clear distinction between “family” and “household”? For example, in Switzerland, a distinction was made between people living most of time in their own household (at least 4 days a week) and people living outside their own household (relatives or friends, acquaintance, neighbours).
* Detailed classification of occupations is not necessary (e.g. people are looking for a housekeeper and not one person to clean dishes, another to iron the shirts, etc.). In this context, the Task Force should think carefully about the difference between housework (cooking, cleaning, …) and care tasks such as childcare.

1. Drafting the Guide on Valuing Unpaid Household Service Work
2. The United Kingdom Office for National Statistics prepared a note with proposed scope and structure of the Guide on Valuing Unpaid Household Service Work (doc. “How to take the UNECE Task Force on valuing unpaid household service work forward?”). The Task Force members agreed with the proposal and the following chapter structure was adopted:
3. Chapter 1: Introduction
4. Chapter 2: The concepts and definitions
5. Chapter 3: Methodological approaches
6. Chapter 4: The structure of household satellite accounts
7. Chapter 5: Implementation and measurement challenges
8. Chapter 6: Country cases
9. Chapter 7: Future research work
10. A more detailed outline of the chapters’ structure is provided in the Annex to this Report.
11. In the discussion, the following main points were made:

**Chapter 2**

* Defining the production boundaries on a general level should take into account the international standards (e.g. ICLS’ Resolution concerning statistics of work, employment and labour underutilization). The Guide could be more specific on a more detailed level, e.g. how intensive should be the childcare to qualify for an activity.
* Definitions need to be consistent with SNA and ILO. The Guide will focus more on own use service work and volunteer work for other households (informal volunteering) and non-profit organisations (formal volunteering) will come later. The Guide should explain the links with national accounts definitions.
* The Task Force should recommend what the minimum is (i.e. measuring households’ unpaid work in physical units and valuing it) and make sure that minimum is internationally comparable. On that basis, a set of separate tables could be set up. It should also describe the benefits of a full household satellite production model.
* The Guide should explain the importance of unpaid household service work for policy makers.
* The Guide should contain a glossary.

**Chapter 3**

* Input method was seen as the most realistic approach for countries.
* There is support for the replacement cost approach using generalist wage approach. However, difficulties with the replacement cost need to be tackled with (e.g. differences in productivity, treatment of taxes and social contributions).
* Age of person producing should be consistent with international practices (SNA, ILO, etc.)
* The most available data should be the leading principle in choosing an approach. The Guide should provide an assessment of the quality of the different approaches and the benefits of going a step further to satellite accounting (having the resources in mind).
* Examples with experimental results with data from one country will be useful to illustrate the difference in estimates provided by the various approaches.
* How the unpaid work stands in terms of other types of work – in terms of hours and values? The importance of household work could be shown by the number of hours spent, e.g. 8 hours spent in paid work versus 8 hours spent in unpaid work.
* The Task Force agreed that the Guide should recommend a production boundary, which contains adult care, childcare, nutrition, housekeeping (incl. garden but not for own consumption), pet care, management and administrative activities (organizing appointments), shopping, transport (issue with multitasking). While voluntary work is within the production boundary, guidance on its measurement will be undertaken at a later date.
* The issue of how to distinguish between primary and secondary activities was found important when referring to simultaneous activities. The Task Force considered that country examples in this respect would be useful.
* The TUS methodology could be used as a starting point for the description of methods, followed by examples, etc. The Task Force should ensure that the output approach is not neglected.

**Chapter 4**

* The Guide should contain a table linking the national accounts with the household satellite account – see Italy’s presentation slide 27 “Allocation of intermediate consumption and household durables to main outputs/principal functions”.
* For comparability, the countries should select the same criteria and the same products to allocate to intermediate or final consumption. Countries should use the same method (e.g. perpetual inventory method) to estimate the consumption of fixed capital.
* The Guide should provide assistance on developing a full sequence of account. The group agreed to invite Finland and United States to contribute on this topic. This chapter will also draw on guidance provided by Eurostat (Eurostat manual 2003, “Household Production and Consumption – Proposal for a Methodology of Household Satellite Accounts Eurostat Working Paper and Studies”)

**Chapter 5**

* The Guide should provide examples on how to measure unpaid household service work from TUS, based on country experience. It should draw on the ILO work on alternative to TUS methods (a full TUS is very expensive and resource intensive). Case studies from Switzerland, United States and United Kingdom will be included. The Task Force will also look for countries that have done comparison between TUS and Labour Force Survey (LFS) on time spent on different activities in order to include such studies in the Guide.
* The Guide should make a clear distinction between sources to measure the labour force (hours spent on activities) and sources for monetary valuation (sources for wage rates, etc.).
* The wage information used in the various approaches needs to be decided by the country depending on their information source. A recommendation of a certain wage rate would enhance international comparability. The Task Force should examine research work done on wage rate used in such circumstances (e.g. wage rate with/without social security contributions, taxes, etc.) in order to formulate its recommendation to countries.
* The impact of the black market should be investigated – it is especially relevant for unpaid household services.
* The chapter will include a discussion on the periodicity and reference year. The TUS guidelines refer to the need for more frequent data to serve the development of household satellite accounts, for example Mexico has observed that in a period of 5 years, the time use had significant changes in the reduction of entertainment and socializing activities, but the hours spent on unpaid housework and care has dramatically increased.
* Ultimately, countries should value unpaid household every 2-3 years to ensure changes in society are captured. However, more likely to be determined by policy needs, and data availability (including the costs for the surveys). To ensure international comparability, countries should aim to publish results in years ending in 5, or 10.
* The Task Force agreed to recommend that countries provide breakdowns by age, gender and household composition at a minimum. Further breakdowns, e.g. by ethnicity, income distribution, education, regional territories, children’s age, etc. are encouraged. The breakdowns should apply to both hours worked and monetary values (e.g. by gender).
* The Guide should include examples of indicators on household production that can be used for policy, e.g. “value of households service work to GDP at market prices”, “value of the unpaid work to personal expenditure of goods and services” (replacement cost), “value of the unpaid work to paid work (compensation of employees)”, etc. It should explain how these could be related to policy, for example in determining the social pension of women who stayed at home; the role of the minimum wage, etc.

**Chapter 6**

* In the discussion, the following country cases were identified:
* Mexico - a country case
* Italy’s satellite account
* United Kingdom – output approach
* United States/Australia –full satellite accounts
* Finland – leading role in TUS and in building satellite accounts in household production
* Switzerland – evaluation of the effects of using different wages (for the discussions in chapter 3)

**Chapter 7**

* In the discussion, the following topics for future research work were identified:
* Volunteer work (see also ILO’s forthcoming work)
* The possible benefits of including the household production within the SNA production boundary, e.g. extending GDP to be a better measure of well-being.
* How household satellite accounts align with the new Sustainable Development Goals?
* What is the relationship between paid and unpaid work and the factors that influence this relationship, e.g. the household composition, the number of elderly people in the family, etc?
* The issue with evaluating multitasking (simultaneous activities) – is there a solution?
* Disaggregation of taxes for household production (in which way to estimate them) – see Italy’s presentation slide 31 “Estimate taxes and social security contributions”.

**Chapter 1**

* The meeting agreed that the introductory chapter will be drafted the last.
* The chapter should contain a summary of the Guide, discussion on further work and explain the importance of the topic and its relevance for policy.

1. Distribution of tasks and next steps
2. The Task Force members were invited to make commitments to specific tasks based on their areas of expertise, to agree on ways to communicate and to set mid-term deadlines. The lead contributors and contributors who volunteered to draft certain parts of the chapters on specific issues are listed in the Annex to this Report.
3. The Task Force members decided to prepare a first draft of the Guide by **end February 2016**. In addition, the following working timetable for progress on the Guide was agreed:
4. **End February 2016** – Zero draft
5. **April 2016** – Full first draft
6. **April - June 2016** - Consultation of the draft guidelines within the Task Force and wider expert network
7. **July - September 2016** - Revision of the draft guidelines based on the consultation; submission of the full draft to the CES Bureau
8. **October 2016 - January 2017** - Revision and editing of the guidelines to take into account comments by the Bureau
9. **February 2017** - Electronic consultation of the draft guidelines among CES members
10. **March - June 2017** - Finalisation and submission of the guidelines to the June 2017 CES plenary session for endorsement
11. Mode of operation and next meeting
12. All the Task Force documents are loaded on the wiki platform. The Task Force members are invited to use the wiki platform for loading their contributions and providing comments.
13. The next face-to-face meeting is tentatively scheduled for September – October 2016.

ANNEX

**Structure of the Guide with commitments for contributions**

**1. Chapter 1: Introduction**

* Providing a summary of the Guide and its component parts, along with the aims of the Guide, and a discussion of further work.
* This section will also cover the purposes and uses of information on unpaid household service work
* Policy relevance of the topic

*United Kingdom, UNECE, OECD*

**2. Chapter 2: The concepts and definitions**

* This chapter will outline the definition of unpaid household service work to be considered in the rest of the Guide.

*Canada, ILO*

* It will also introduce household satellite accounts and include considerations such as the scope of the production boundary and the extent of the household satellite accounts proposed (a restricted approach or a fully elaborated one).

*Canada, Slovenia*

**3. Chapter 3: Methodological approaches**

*Canada to coordinate*

**3.1 Measuring work**

*ILO – measurement of labour inputs*

**3.2 Valuing work**

* This chapter will consider the methods and approaches for valuing unpaid household service work – in particular considering both the input and output approaches.

*Canada, United Kingdom*

* This section will also consider the advantages and disadvantages of the different approaches to valuing unpaid household service work.

*Canada, United Kingdom, OECD*

* Finally, it will consider if there is a preferred approach/approaches and reconciliations needed among them (input approach using general wages seems to be the most preferred)

*Canada, United Kingdom, OECD*

*United Kingdom – example of the output-based approach*

*Moldova, Switzerland – empirical examples with different assumptions on wages*

*OECD – literature review of handling multitasking*

*Switzerland – a summary of different approaches to estimating replacement wage, for Task Force’s discussion*

**4. Chapter 4: The structure of household satellite accounts**

* This chapter will outline the structure of a household satellite account, including key variables and draft accounts/tables of the satellite accounts.
* It will also consider links with the SNA, in particular, the household sector accounts.

***Italy - coordinating the preparation of the chapter, bringing the examples together***

*Italy, Switzerland, Eurostat*

*USA – full satellite account example*

*Finland – to be invited to provide an example*

*OECD – valuation principles underlying unpaid household service work; development of satellite accounts related to national accounts*

**5. Chapter 5: Implementation and measurement challenges**

* To the extent possible, this chapter will be an implementation guide for staff within statistical offices who wish to construct measures of unpaid household service work.
* This chapter should include consideration of data issues.

*United Kingdom – coordinating the preparation of the chapter, bringing the examples together*

*ILO – alternative sources to time-use surveys*

*USA – example of a continuous time-use survey*

*Finland – example of using time-use surveys - a light diary / full diary*

*Switzerland – example of the LFS module*

*All - Examples of indicators on household production that can be used for policy as available in countries publications (to include in the section on data presentation)*

**6. Chapter 6: Country cases**

* This chapter will consider some ‘best practice’ cases

*Mexico –country case*

*Finland – building satellite accounts in household production (country case)*

*Australia – full satellite accounts (country case)*

*United States – full satellite accounts (country case)*

**7. Chapter 7: Future research work**

* This chapter will consider any further research work that the Task Force considers necessary
* Volunteer work

*ILO - a short section*

* Extended household production (to bring the GDP closer to a measure of well-being)

*Canada*

* How to align satellite accounts with various national development agendas and the Sustainable Development Goals

*Mexico*

* How to interpret the household satellite accounts and what explains the values measured in different societies and at different times

*Switzerland*

* How to handle simultaneous activities

*OECD*

* How to use the information on taxes on production and miscellaneous current taxes

*Italy*

* Discussion on the use of new data collection methods and sources

*Mexico*

* Glossary

*Mexico*

1. Doc.: “How to take the UNECE Task Force on valuing unpaid household service work forward?” [↑](#footnote-ref-2)
2. Wiki website:

   http://www1.unece.org/stat/platform/display/HhWork/Task+Force+on+Valuing+Unpaid+Household+Service+Work [↑](#footnote-ref-3)