

Emphasize the Household Perspective

Progress report of the Task-Force on household perspective and distributional aspects of income, consumption and wealth

EUROSTAT

Abstract. The "Stiglitz/Sen/Fitoussi" Commission on the Measurement of Economic Performance and Social Progress recommends in particular emphasizing the household perspective, notably household income, consumption and wealth including their distributional aspects. This document is a first progress report of the taskforce of Eurostat that was set-up to analyze how this challenge could be met by the European Statistical System.

1. Background

The first five recommendations of the Commission on the Measurement of the Economic Progress in Societies¹ address how economic statistics could better reflect households welfare, i.e how their material needs and wants are fulfilled on average but also by category of households.

The INSEE/Eurostat Sponsorship on "Measuring progress, wellbeing and sustainable development" gave mandate to a specific Taskforce to explore the feasibility of these recommendations. The taskforce "HP" gathers delegates from seven countries, namely: Austria, Bulgaria, Denmark, France, Germany, Italy and the Netherlands and four international organisations: UNECE, OECD, ECB and Eurostat. It is co-chaired by Wim van Nunspeet (NL) and Helena Figueira (Eurostat) with Fabrice Lengart (FR) as co-chairman and Denis Leythienne (Eurostat) as secretary.

TF-HP has met for the first time on 2 July in Luxembourg to take stock of the experiences and projects of its members in each of the following fields:

- Better promoting existing National Accounts data on household income
- Fostering the compilation of the balance sheets accounts of households
- Broaden income measures to non market domestic activities as well as leisure time
- Providing information on the distribution of income, consumption and wealth

¹ <http://www.stiglitz-sen-fitoussi.fr/en/index.htm>

Rapporteurs have been designated for each 4 items of the mandate, as follows: Better promoting National Accounts data on household income (Albert Braakmann) ; Fostering the compilation of balance sheets accounts of households (Luisa Piccozi) ; Broadening income measures to non-market activities of households (Ferdinand Kassberger) ; Providing information on the distribution of income, consumption and wealth (Fabrice Lengart).

The Task Force HP will meet again on 22 October 2010 in Brussels. Rapporteurs for each item will present draft contributions to the final report, for discussion, whereas the general rapporteur (Wim van Nunspeet) will present the draft introduction and structure of the final report. A third and last meeting of TF-HP is scheduled on 1 February 2011.

Rapporteurs will present their final contributions to the report taking into account the comments received at/after the October meeting. The report of the Task Force is to be finalized by the general rapporteur by 28 February 2011, reviewed by the Task Force in the following weeks and submitted by 31 March 2011.

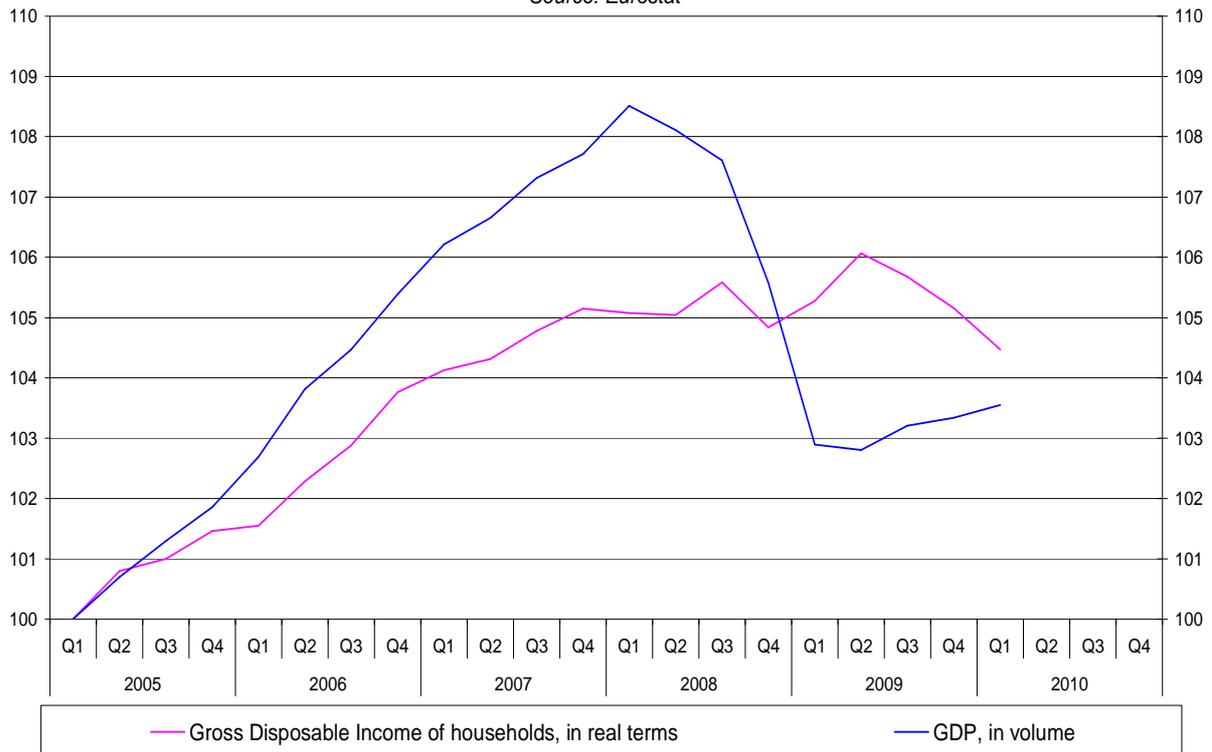
The results of the stock-taking exercise done so far are presented below together with a list of open issues, for further work of the taskforce, and provisional conclusions.

2. Better promoting National Accounts data on household income

To illustrate the importance of better promoting data in household income, the chart below plots together the cumulated growth, since the first quarter of 2005, of GDP in volume and of household gross disposable income in real terms. Household gross disposable income is deflated by the price index for the final consumption expenditure of households.

In the euro area, GDP increased by 8.5% between the first quarter of 2005 and the first quarter of 2008 against 5.1% for the gross disposable income of households. The latter then decreased by 0.6% between the first quarter of 2008 and the first quarter of 2010, whereas GDP decreased by 4.6 % over the same period.

Cumulated Growth of GDP versus Gross Disposable Income of households
 - Euro area, seasonally adjusted data, volume/real terms, 2005Q1=100 -
 Source: Eurostat



2.1 Data availability

Annual data on the gross and net disposable income of households are required by the ESA transmission programme², and then available in all Member States although some (DE, AT, DK) do not distinguish between households and non-profit institutions serving households (NPISH).

Quarterly data are also required, through the QSA Regulation³, for both the gross and net disposable income of households + NPISH and then available for all Member States whose GDP represent more than 1% of the EU total.

Data on actual consumption, both in nominal and real terms, are transmitted through the ESA transmission programme (on a voluntary basis for quarterly data) and hence available in all Member States.

² Regulation (EC) N° 1392/2007 of the Council / European Parliament

³ Regulation (EC) N° 1161/2005 of the Council / European Parliament

2.2 *Experiences and projects*

Among TF members, only few have selected household disposable income as one of their key indicators. This is the case for **DE** (annual data), **IT**, **DK** and **NL** (annual and quarterly data). Some countries publish data on quarterly disposable income after correcting for the size of the household ("equivalent income"). Such annual and quarterly data are compiled, at current prices, by **FR** and, on a non-regular basis, by **DE**. They could be easily compiled in real terms by **NL**.

The publication of data on actual consumption per household expressed in OECD consumer-units seems not very common. However, **FR** and **NL** publish these data in both nominal and real terms. They could be easily compiled in real terms by **NL**.

FR and **IT** mentioned forthcoming publications in this area whereas the other TF members indicated they were willing to do so in the near future. **Eurostat** published a Statistics in Focus in 2009 based on annual data that compared the gross adjusted disposable income of households per capita, in Purchasing Power Parities, across European countries and with the US. Eurostat also mentioned that the QSA news release had been reviewed to give more prominence to the households sector, in particular the quarterly growth of real gross disposable income. At the United Nations level, data on the household sector including disposable income and saving is collected through the annual National Accounts Questionnaire and published in "National Accounts Statistics: Main Aggregates and Detailed Tables"⁴.

2.3 *Open issues*

The taskforce envisage addressing the following issues:

- Should the ESS promote the publication of data on adjusted disposable income of households, in real terms and/or Purchasing Power Parities?
- Are data on the consumption of fixed capital harmonized enough to allow for the publication of adjusted disposable income in net terms? If this is not the case, shall the ESS devote efforts to harmonize capital consumption estimates?

⁴ The collection of the data for EECCA and SEE countries is coordinated by UNECE.

- Would it be useful to provide data according to alternative income concepts that are more familiar to individual households, excluding *e.g.* imputed rents and property income from insurance technical reserves?
- Should actual consumption be extended to include that part of consumer durables consumed during the reporting period (instead of the full value in the purchasing period)?

3. Fostering the compilation of the balance sheets accounts of households

In order to have a comprehensive measure of household wealth, it is not sufficient to compile data on their holding of financial instruments but also estimate the value of their non-financial assets, in particular dwellings. Such data on wealth allows measuring the net indebtedness of households and may contribute to a better understanding of their consumption behaviour through wealth effects.

3.1 Data availability

Through the current ESA95 Transmission Program (TP), Eurostat collects data on the annual balance sheet accounts of households back to year 1995. Data are to be transmitted on a voluntary basis, except for the asset “dwellings” which is compulsory.

For three countries (**FR, LU, CZ**), all types of assets are available back to 1980 (**FR**) or 1995 (**CZ, LU**). For another group of countries (**BE, HU, LV and NL**), tangible produced assets are available, back to 1995 (except for **LV**). Finally, data for dwellings are also provided by **EE, LT, PL, SK, FI and SE**.

The 13 remaining Member States provided no data up to now. **IT** and **UK** are expected to deliver data, for dwellings at least, by the end of 2010.

3.2 Experiences and projects

Among TF members, **FR** publishes long time series of complete balance sheet accounts back to 1980. **DK** does not compile data for the non-financial assets of households except dwellings at market value. No estimates for land and other fixed assets are available. The household sector includes unincorporated enterprises. Due to a lack of sources, **AT** does not compile non-financial assets data for households. The Austrian National Bank is about to start

to collect micro-data on household assets based on household surveys but this project is still at a very early stage.

In **DE**, data are available for fixed assets and consumer durables whereas the household sector is merged with NPISH. In **NL**, there is a plan to complete financial and non-financial balance sheets for the period 1995-2009, improving the coverage of the non-financial assets (fixed assets, inventories, land, subsoil assets and consumer durables) and the breakdown by institutional sector.

In **IT**, a project was started in 2007 to produce first estimates for the main non-financial assets: dwellings, non-residential buildings and other structures, machinery and equipment, computer software, land underlying buildings and land under cultivation. For these assets (except land) an estimate for S.1 based on the Perpetual Inventory Method (PIM) was already available. The breakdown by sector of dwellings, non-residential buildings and land underlying buildings was carried out combining this approach with direct estimates (Quantity \times Price) mainly based on administrative data. A provisional direct estimate has been obtained for land under cultivation too, while the value by sector of the other assets (as well as of the memorandum item “consumer durables”) has been calculated through PIM. By December 2010, the estimates of the stock of dwellings by institutional sector for the years 1995-2008 will be finalised and transmitted to Eurostat. As regards the other assets, the work will go on to improve the estimation method.

3.3 Open issues

Statistical data on non-financial assets available for European countries seem to be still widely incomplete and show large differences among countries. Further work is needed to increase the coverage of the assets. Moreover, the comparability of existing estimates has to be investigated more in depth, starting from the definition of the household sector. Some Member States do not compile separate estimates for households and NPISH. In **IT**, unlike the other countries, the household sector is split in two subsectors: consumer households (whose main function consists of consumption and production of goods and services for own final use) and producer households (unincorporated enterprises, other than partnerships, with 5 or less employees and all financial auxiliaries with no employees).

4. Broaden income measures to non market domestic activities as well as leisure time

Broadening income measures to non market domestic activities / leisure time necessitates information on the time spent by households in such activities and methods to value this time in economic terms. According to some estimates (DE), the inclusion of these activities within production boundaries may increase household disposable income by as much as 40 %.

Moreover, the inclusion of non-market domestic activities in both household income and consumption may explain part of the differences observed in the household saving rate across countries. Indeed, such a correction would comparatively increase the household disposable income, and thus decrease the household saving rate, of countries in which non-market domestic activities are comparatively important.

4.1 Data availability

At present, there is no EU Regulation that provides for the compilation of regular Time Use Surveys (TUS) in the European Union. However, methodological guidance has been provided by Eurostat through guidelines on Harmonised European Time Use Surveys (HETUS, 2nd edition in 2008)⁵. It must be noted that guidelines give priority to individual data, not to the household level.

Eurostat has already launched two projects to prepare comparable tables for time use based on the HETUS guidelines, covering ten European countries in a working paper from February 2005⁶ and five countries in a working paper issued in February 2006⁷.

Concerning household satellite accounts, there is no EU provision either but Eurostat issued in 2003 a set of methodological proposals⁸, based on an interim report of the taskforce on Household Satellite Accounts which had been set up in 2001.

⁵ http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-RA-08-014

⁶ http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CC-05-001/EN/KS-CC-05-001-EN.PDF

⁷ http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CC-06-006/EN/KS-CC-06-006-EN.PDF

⁸ http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-CC-03-003

4.2 *Experiences and projects*

In **NL**, the latest TUS was not carried out by Statistics Netherlands (CBS) but by a research institute. The results are therefore not available to CBS for further analysis. But CBS will carry out next year's TUS and, hence, will have the results at hand. Due to the conceptual uncertainties in valuation, CBS has not yet provided estimates on the value of non-market household production.

IT has made preliminary estimates of non-market household production based on the TUS 2002/2003 as a result of its project on household satellite accounts⁹. The income value of unpaid domestic work was estimated by applying a generalist housekeeper hourly wage rate.

AT has carried out TUSs for years 1981, 1992 and 2008/2009. The latter was conducted on behalf of the Austrian Federal Chancellery, and it is not yet decided whether a project on valuing household production will also be financed. A first attempt in estimating household production in Statistics Austria was already taken upon the results of the time use survey of the year 1992.

Thus, at least conceptual considerations and preliminary results are available from that project.

DK has run a survey for the year 2008/2009, covering issues like time use, consumption and income. However, estimates for the value of household production have not yet been made.

In **DE**, TUSs were carried out for the years 1991/1992 and 2001/2002, not within the regular survey programme of DESTATIS but externally financed. Household production was valued upon the results of both surveys; the estimate was about 40% of GDP in both cases¹⁰. A new survey (2011/2012) will only be feasible if financial resources are available. Finally, a TUS is currently being conducted in **FR**.

⁹ Antonella Baldassarini, Maria Clelia Romano: Non-market Household Work in National Accounts, (paper presented at the 18th Annual Meeting on Socio-Economics, Trier, Germany, 30 June – 2 July 2006)

¹⁰ Dieter Schäfer (2004): Unbezahlte Arbeit und Bruttoinlandsprodukt 1992 und 2001, in: *Wirtschaft und Statistik* 9/2004, Wiesbaden: Statistisches Bundesamt, pp. 960 - 978 (in German!)
<http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Publikationen/Querschnittsveroeffentlichungen/WirtschaftStatistik/Monatsausgaben/WistaSeptember04.property=file.pdf>

Concerning international institutions, an in-depth review on TUS was conducted by the Conference of European Statisticians (CES) in June 2010.¹¹ The topic will be further discussed by the CES Bureau in November 2010 with the aim to propose international actions to improve TUS. A possible way forward could be the use of “light” time use surveys. Finland is currently piloting such a survey.

UNECE also prepares a section on economic valuation of household services produced for own final use for the updated version of the Canberra Group Handbook on Household Income Statistics (CGH). The section will focus on methodological and practical issues related to measuring the contribution of such services to household income.

The OECD will add a special chapter to the 2011 edition on ‘Society at a Glance’, dealing with physical data. Monetary estimates will be included in the report ‘Going for Growth’.

4.3 *Open issues*

Time use surveys, which are recommended as the basis for estimates of non-market household production, are available for many EU countries. They are costly and intricate and, therefore, they mostly need extra external financing. It was agreed that TUS need not be carried out every year, but in regular intervals. The taskforce could work out precise recommendations on the frequency of such TUS at EU level (*e.g.* every 10 years).

According to the recommendation of the Stiglitz-Sen-Fitoussi report, non-market household production is not to be included in the core national accounts but in satellite accounts. There again, the taskforce could issue recommendations, at EU level, on the frequency and content of such household satellite accounts.

On the methodological side, the main conceptual problems observed are (1) the reconciliation of TUS and labour statistics; (2) the valuation of household production and (3) comparability over time and space. The recent research done by the American National Institute of Science¹² was considered a fruitful input in this respect.

¹¹ In-depth review on time use surveys. Note by the German Federal Statistical Office, Conference of European Statisticians, 58th plenary session, Paris, 8-12 June 2010
<http://www.unece.org/stats/documents/ece/ces/2010/25.e.pdf>

¹² National Research Council (2005): *Beyond the Market: Designing Nonmarket Accounts for the United States*. Panel to Study the Design of Nonmarket Accounts, Washington, DC: The National Academies Press
http://books.nap.edu/openbook.php?record_id=11181&page=R1

Finally, the feasibility is subject to both the availability of resources and the agreement on conceptual and methodological issues. Perhaps it would be a practicable first step to dispense with a broad approach (estimates for output and consumption) and confine the work to valuing unpaid working hours as a starting point.

5. Providing information on the distribution of income, consumption and wealth

National Accountants are used to compile, analyse and publish macro-aggregates that provide information on the household sector as a whole. Indeed, the National Accounts framework is a consistent and comprehensive system that allows, through accounting relationships and balances, cross-checking and improving the quality of macro-aggregates by the data of the counterpart sectors.

However, such average data do not capture inequalities in income and wealth or different saving/consumption patterns within the households sector. They also fall short of explaining part of the dynamics of the household sector which are partly triggered by different economic behaviours across subgroups of the population.

Therefore, measuring the distribution of income, consumption and wealth necessarily go through micro data collected at the household or individual level. However, such data should be checked against / matched with NA totals to obtain the best results out of both statistical sources.

5.1 Data availability

At EU level, micro-data on households mainly come from Statistics on Income and Living Conditions (EU-SILC) and Household Budget Surveys (HBS).

SILC data are transmitted according to a EU Regulation, although the precise list of variables collected may change over years. SILC data are collected for households and individuals with data of year Y being published in December Y+2. The most commonly used definition of income excludes rents for owner-occupied dwellings and social transfers in kind.

There is no EU Regulation for the Household Budget Survey. Data are generally collected every 5 years with data for year Y being transmitted in December Y+2 and released in April Y+3. They are collected for households except "institutional households" and concern

consumption (mainly) and income. HBS covers the consumption of residents and non-residents. Income includes rents for owner-occupied dwellings but excludes social transfers in kind.

5.2 *Experiences and projects*

NL (CBS) has a long tradition of expanding national account macro-economic aggregates into matrices describing how these aggregates are distributed through population. These so-called “social account matrices” (SAM) are compiled both on the demand side (12 categories by sex and highest educational attainment) and the supply side (10 household categories: Main source of income \times Household composition) of the labour market. Once the decomposition of the Household sector into 10 household groups is achieved for primary income, secondary distribution account and consumption expenditures are also decomposed.

CBS has been publishing such SAM since the beginning of the 90’s. In particular, household revenues derived from fiscal declarations are individually matched with survey data. In terms of publication, emphasis has been given to social accounting matrices in levels, year after year. In 2010, time series of the SAM will be published, allowing for derived annual growth of income and consumption by household groups.

In **IT**, developing measures on the distribution of income across groups of households is a priority issue for ISTAT. The main statistical sources are:

- SILC data: 26,000 households, about 70,000 individuals. The data are available in December Y+2 but timeliness should improve in the future;
- Biennial Survey on Household Income and Wealth (SHIW) run by the Bank of Italy with the aim of gathering data on the incomes and savings of Italian households: 8,000 households, about 21,000 individuals. Data are available in December Y+1;
- Sample survey on Households expenditure run by ISTAT: 21,000 households, about 52,000 individuals. Data are available in December Y+1 (see ISTAT's press release of 5 July 2010).

A two-step action plan has been set-up. In a first step (Sept. 2010 - Dec 2010), the consistency between information collected through surveys and NA definitions will be assessed, including

different treatments of the underground economy. The data will be processed in a second step, starting by the end of 2011 (after the benchmark revision).

In **DK**, like in the Netherlands, Households surveys can be matched with fiscal administrative information. Micro-data on annual income cover the whole population and are based on information from tax authorities and population register. The Household budget survey is conducted and published yearly and the results are based on a three years average. It provides micro-information on consumption, income and saving, albeit with a small sample and a low response rate. Under a research programme (2005-2007), DK envisages collecting micro-data on wealth covering market value on owner-occupied dwellings, co-operative owned dwellings and cars.

In **DE**, the household sector is not separated from the NPISH sector for the moment. As regards micro data, there is a Household budget survey every five years (60,000 households surveyed), and the SILC survey (14,000 households surveyed). HBS also provides some information on wealth (financial and non financial assets - dwellings, business assets and consumer durables). In addition, income tax data are available, but it is not possible to match them with BDS-data on an individual basis. DE is willing to engage in an Insee's type exercise of household account breakdown by category.

In **AT**, income data from EU-SILC are annually tested for coherence by comparing the results to national accounts estimates and to wage tax statistics. The results of the household budget surveys, which are carried out every five years, are also compared to national accounts estimates on household consumption expenditure.

In **FR**, INSEE has embarked on a long term project, consisting in breaking down the Households' account by categories, since mid 2007. The first aim of this project was to reconcile macro-economic figures on purchasing power with public's perception. Since then, providing information on the distribution of income, consumption and wealth within the national account framework has become one of the central recommendations of the "Stiglitz" report.

The first results (disposable income and household consumption expenditure for reference year 2003) have been published in June 2009, after two years of preliminary work. The

project was then extended to cover individualized consumption expenditure provided by general government and NPISH. Next steps are the following:

- Mid 2011: Revision of the HHs' account by category for reference year 2003, due to the release of the national account benchmark revision;
- End 2011: Publishing balance sheet accounts by category of households;
- End 2011 / Mid-2012: Measuring medium-term (1997-2007) changes in purchasing powers by category of households.

For the success of the project, it is crucial to make national accountants and statisticians specialised in household surveys work together. About 600 working days were devoted to the first step of the project: 12 people (half of them national accountants, half of them specialists in household surveys), among whom 5 more specifically involved.

The main methodological challenges were the following: Reduction of the NA account scope (excluding people living in communities); Design and imputation of a «NA standard of living» variable at a micro level within surveys ; Choices for imputations (TVA fraud, financial income) ; Introduction and estimates of private transfers ; Working at the same time on income and consumption as HBS micro data need to be scrutinized to provide plausible information on savings ; Reliability of the household surveys on income for estimating income annual/pluriannual growth.

Bringing together macro and micro perspectives on household income is identified by **OECD** as one of the key recommendations from the Stiglitz Commission. After a presentation of INSEE research to OECD WPNA on Nov. 2009, OECD proposed that countries interested establish a group to implement the approach, based on common assumptions and methodology. Interest was expressed at the WPNA meeting from several countries (incl. many non-European) and CSTAT ranked this work 2nd out of 10 new activities. As of September 2010, INSEE will second an expert to OECD in order to pursue this work.

ECB is launching the Euro Area Household Finance and Consumption Survey (HFCS): micro data on income, consumption and wealth are being collected in the euro area countries and should be updated every 2/3 years. This is the first time ex-ante harmonised information is collected for wealth in every country. Each NCB finances and conducts its own wealth survey

(in a few cases in cooperation with NSIs) whereas the ECB coordinates and ensures methodological consistency. The focus is on wealth, i.e. income and consumption information is less detailed than in SILC and in the HBS, respectively. The total sample size is circa 52,000 households (euro area + country representativeness), with possible oversampling of the wealthy households. First results are expected in 2012. The ECB is also organising (jointly with the Central Bank of Luxembourg) a Conference¹³ on Household Finances and Consumption in October 2010.

UNECE provides the secretariat and contributes to the Task Force on updating the Canberra Group Handbook on Household Income Statistics. The revised Handbook is expected to be published in 2011. It will provide detailed practical guidance on compilation of the income components. It will also include new material related to measuring the distribution of income: quality assurance guidelines; best practice for analysis of income distribution statistics; the appropriate use of survey and administrative data sources; material deprivation and multi-dimensional indicators of poverty and the appraising of the concentration of top incomes.

Earlier this year, the Task Force conducted a survey of country practices for measuring distribution of household income in order to inform the update of the Handbook. The survey included two questionnaires, with the first one focusing on the main data sources used to estimate the distribution of household income at the national level including a range of data issues such as coverage; collection; editing and imputation; estimation and dissemination. The second questionnaire collected information on the income components covered by the national definitions of income.

5.3 *Open issues*

Concerning the coordination between institutional organisations, it is proposed that:

- UNECE / Canberra group deal with closing the gap between different definitions of income used in National Accounts versus social statistics;

¹³ http://www.ecb.europa.eu/events/conferences/html/joint_ecb_lux.en.html

- The OECD working group discusses the methodological work at a more technical level to discuss the methodology of crossing household surveys data with National Accounts data.
- Eurostat / TF-HP issues a set of political recommendations in its final report which is due by spring 2011.

One issue to be tackled by TF-HP is to what extent it can be recommended to generalize at EU level the French and Dutch experiences in matching household surveys data with National Accounts totals.

On the basis of the French experience, it seems that EU-SILC is the best survey when it comes to approximating at a micro level the national account's concept of disposable income. However, in order to run this approximation, it must be underlined that all the detailed micro - information provided by SILC is needed (that is information collected relative to the different types of revenue received by each surveyed household). Moreover, additional sources (ideally fiscal data) seem necessary to impute variables which are under-covered by SILC (*eg* dividends). Finally, additional sources would be needed to estimate the annual growth of household income by category, due to the generally narrow sample size of SILC.

The Household Budget Survey is the best micro source to breakdown household consumption expenditures provided, once again, access is given to the whole information collected.

TF-HP could also aim at setting recommendations in the following areas:

- Indicators: Should the work lead to directly breaking down National Accounts or rather to producing a separate set of supplementary distributional indicators?
- Delineation of the household sector: shall it exclude NPISH? Households living in communities? Shall it include unincorporated enterprises?
- Scope and frequency of household surveys: advantages and disadvantages of a single survey covering income, consumption and wealth versus separate surveys combined via unit linking (unrealistic?) or statistical matching. How to address the issue of different frequency/timeliness between surveys and annual sector accounts?

- Surveys on wealth: quality of the information collected ? Importance of crossing micro data with National Accounts data which implies compiling balance sheets accounts of households.

6. Provisional conclusions

In its roadmap the Task Force sets out to pursue four lines of development. Based on the experiences in the different countries, it is time to draw some provisional conclusions.

➤ *Better promoting the already existing information in the National Accounts that is relevant to the recommendations of CMEPSP (net adjusted disposable income and actual final consumption) (short term)*

Aim: Extending income and consumption aggregates to include the measurement of in-kind services produced by government should help to reduce discrepancies in the comparison of household aggregates between countries with different social organizations and/or sizes of government. This concerns in particular the provision of free or subsidized services in the field of health or education.

First conclusions: Most of the data are available under the current ESA transmission programme. However, in most countries there is little or no attention to this type of data in their publications on national accounts outcomes. The remaining issues seem to be of no complex or structural nature. An interesting new idea in this field is to look at alternative household accounts that come closer to normal daily perceptions of households.

The Task Force is confident that it will be able to come up with concrete proposals in this area within its time limits.

➤ *Fostering the compilation of the balance sheets accounts of households (medium term)*

A vital indicator of the financial status of a firm is its balance sheet, and the same holds for households. To construct the balance sheets accounts of households, we need to have comprehensive accounts of their assets (mostly dwellings) and their liabilities (what is owed by them). The availability of balance sheets is still limited and their construction should be promoted. There is also a need to “stress test” balance sheets with alternative valuations when market prices for assets are not available or are subject to bubbles and bursts. Note that

measures of wealth are also central to measuring sustainability. What is carried over into the future necessarily has to be expressed as stocks whose right valuation plays a crucial role.

First conclusions: Within the EU transmission programme, data on financial balance sheets are readily available. The situation on the main non-financial assets of households, dwellings, is improving rapidly. On other non-financial assets information is scarce and there seems, for the moment, at EU level no rapid improvement possible. The current situation already offers the possibility to analyse and publish on a more structural basis on the relation between debts (mortgages) and the value of dwellings.

➤ *Broaden income measures to **non market domestic activities** as well as leisure time (medium to long term)*

Many services that households produce for themselves are not recognized in official income and production measures, yet they constitute an important aspect of economic activity. While their exclusion from official measures reflects uncertainty about data more than it does conceptual dissent, more systematic work should be undertaken in this area. This should start with information on how people spend their time that is comparable both over the years and across countries. Comprehensive and periodic accounts of household activity as satellite information to the core national accounts should complement the picture.

First conclusions: the main complication for the work of the Task Force is the lack of regular data on time use. The situation between the member states is very different. Another important item for further work and discussion within the Task Force is the current lack of agreement on the need, the valuation and the use for analytical purposes of income measures including non market domestic activities.

➤ *Using household surveys in order to provide macro-economic **information on the distribution of income, consumption** (medium term) and **wealth** (long term)*

Aim: Average income, consumption and wealth are meaningful statistics, but they do not tell the whole story about living standards. For example, a rise in average income could be unequal across income groups, leaving some households relatively worse-off than others. Thus, average measures of income, consumption and wealth should be accompanied by indicators that reflect their distribution across households. Ideally, such information should not come in isolation but be linked, i.e. one would like information about how well-off

households are with regard to all three dimensions of material living standards: income, consumption and wealth.

First conclusions: The good thing about this item is that there is a lot of data available in all EU member states and that there are a lot of ideas on how to process them into statistical output. A lot of work has already been done by the UNECE/Canberra group on definitions of household income, by the OECD on crossing household survey data with national accounts data, and by the French and Dutch statistical institutes on national data. The Task Force sees the outlines of a proposal for integrating these approaches as its main task in this area.