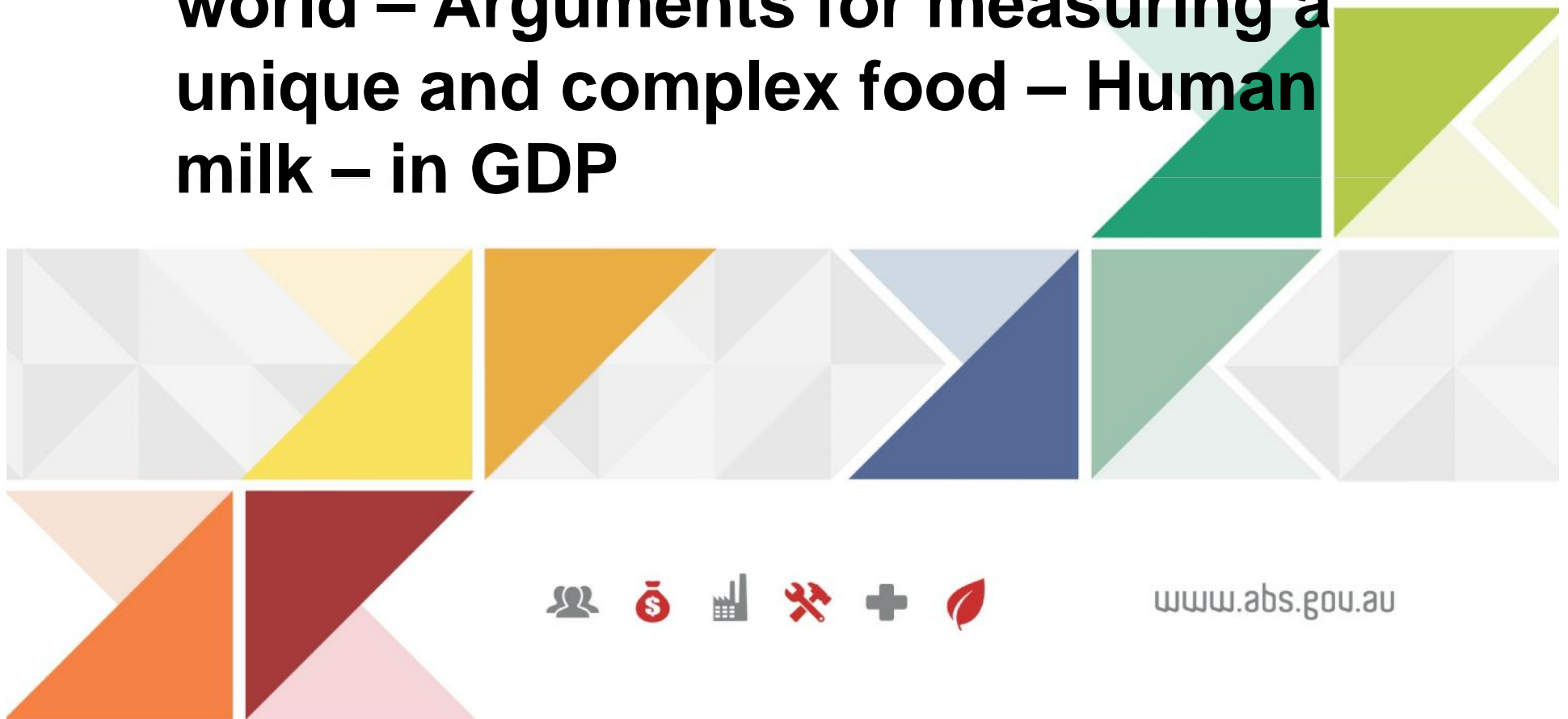




# Increasing GDP relevance and usefulness in a changing, globalising world – Arguments for measuring a unique and complex food – Human milk – in GDP



## Focus on



- GDP relevance and the broader System of National Accounts.
- Household production of goods that are consumed for own use.
- Measurement issues relating to human milk
  - valuation
  - human capital
- Measuring unpaid work.
- Note some recent related ABS work.
- Still some further work required.

# GDP and national income history



- National Accounting began as an attempt to measure income, not production - 1665 William Petty
- Simon Kuznets, 1934 .
- Richard Stone, 1952.
  
- Never meant to measure welfare or well-being
  
- Monitor the behaviour of the economy
- Macroeconomic analysis
- Monetary policy and fiscal policy



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- Need to consider repercussions on the economy



## Services of owner-occupied dwellings



- Variations in home ownership
- Well organised markets for rented housing
- Policy implications
- Imputed rent can be taxed



# Sequence of Accounts



## Transaction accounts

1 2 3 4 5

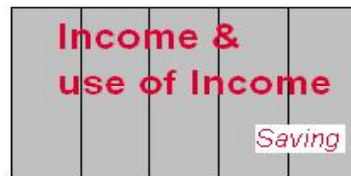
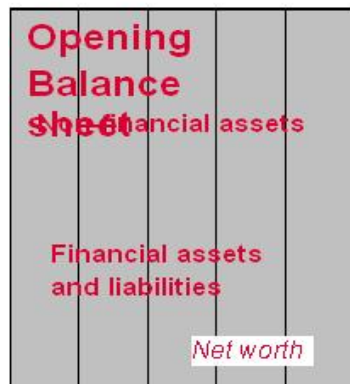


## Sectors

- 1 = Non-financial corporations
- 2 = Financial corporations
- 3 = General government
- 4 = Household + Uninc + NPISH
- 5 = Rest of world

## Stock accounts

1 2 3 4 5



## Other flows accounts

1 2 3 4 5



## Stock accounts

1 2 3 4 5



Opening stock + Transactions + Other flows accounts = Closing stock







- Valuation?
- Paper estimates Human milk to be equivalent to 17% of Food consumption.
- This is for roughly 2 % of the population.
- Willingness to pay / choice of substitute
- Labour Force implications
- OECD defines Human capital as the productive wealth embodied in labour, skills and knowledge.



- Time use survey,
- Domestic work, Child care, Shopping, Volunteer and community work
- Value of unpaid work = wage rate x time spent on unpaid work x population (>15)
- Market replacement cost or opportunity cost
- Divergent results but still large (41.6% to 58.7% of GDP) for 2006



## Australian Bureau of Statistics related work



- Enhance the measurement of output in the non-market sector (particularly in health and education) on a basis consistent with the national accounts
- Develop a labour account on a national accounts basis to allow industry analysis of labour growth, jobs, hours worked and income.



# Concluding remarks.



- In concept, production of human milk should be in the accounts
- Some classification issues to work through.
- Agreement on valuation is going to be tricky.
- Need to consider the sequence of accounts and also intermediate consumption.
- Need to consider relevance in relation to macroeconomic policy implications.
- Broader household services are better served from a Satellite account approach.