

# Current approach and principles for the update of system of economic statistics

- United Nations Statistics Division
- **High Level Seminar on the Future of Economic Statistics**
- **3-5 June 2019, Shanghai China**

# New Economics for Sustainable Development

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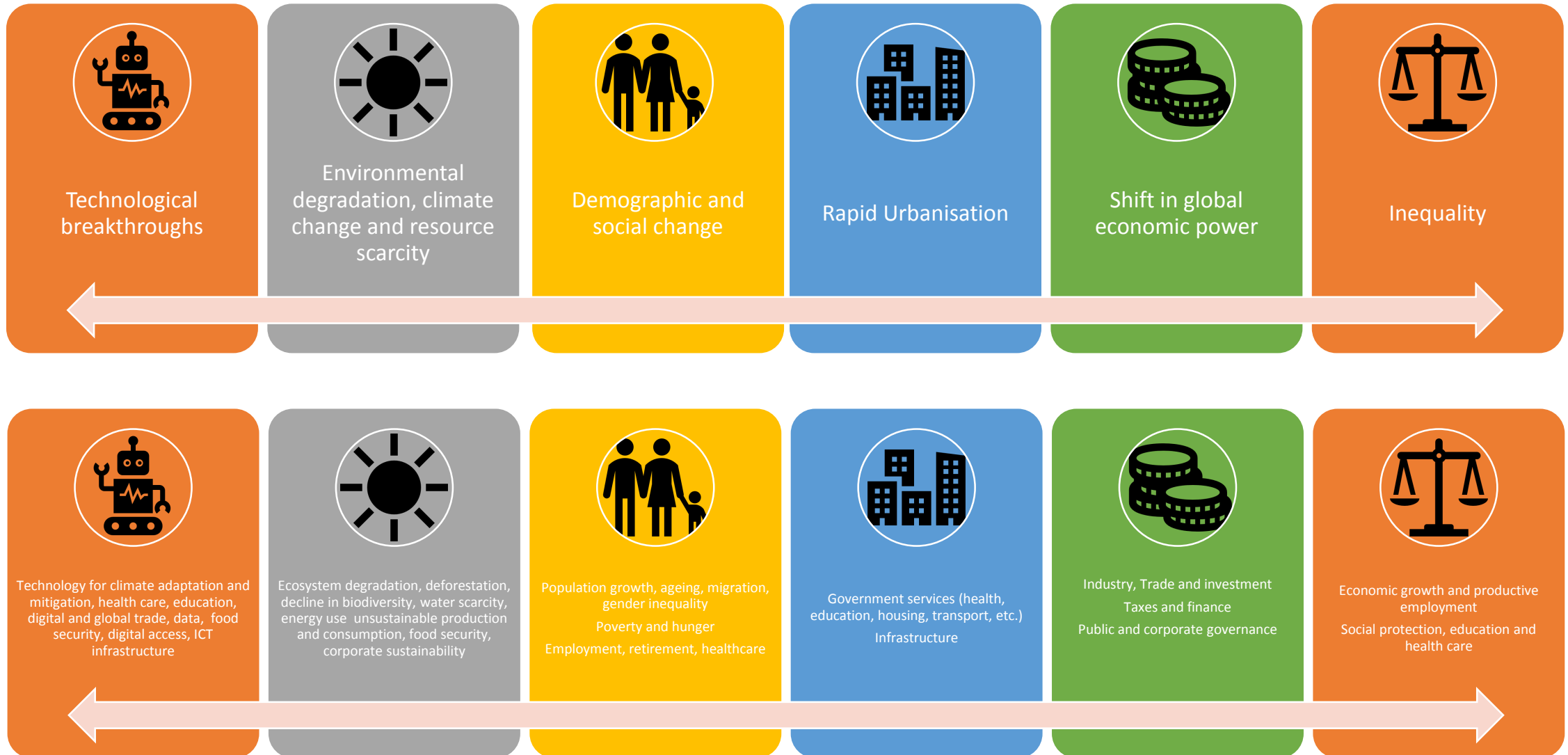


Need economic policies that support the 2030 Agenda and SDG goals

UN has established a Network of Economists to provide leadership

We also need new economic measurement to support this policy development and implementation

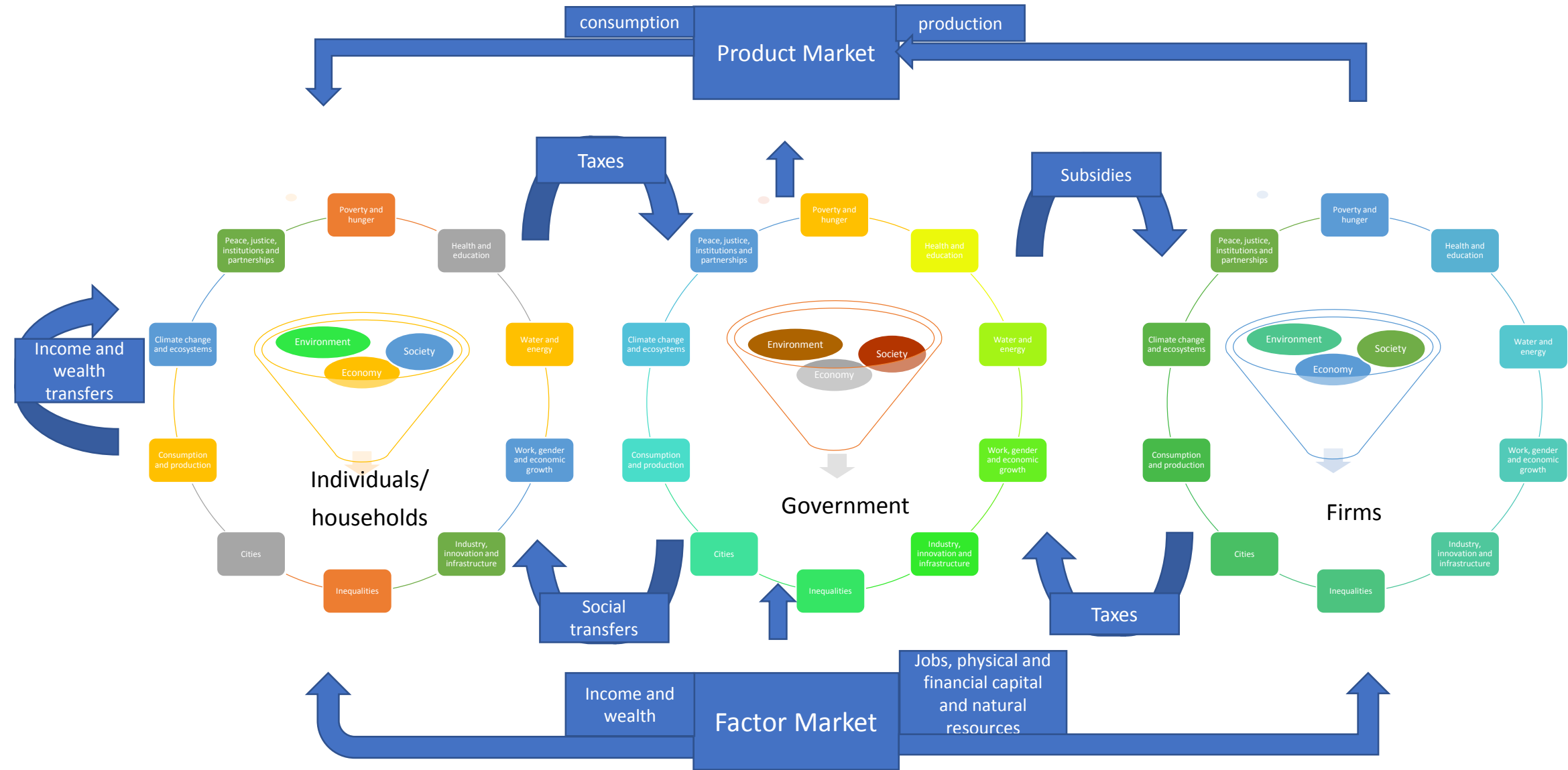
# Managing Global Trends to Achieve SDGs



# Economic Measures And SDGs



# Economic circular flow integrated with SDGs



# Global Statistical Standards

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United Nations Statistical Commission, established in 1947, brings together the Chief Statisticians from member states from around the world



Highest decision making body for international statistical activities especially the setting of statistical standards and their implementation

UNSC address all statistical domains and establishes various types of groups to provide advice on the different statistical topics

Inequality measures cut across a number of the statistical domains that are on the UNSC agenda: Macroeconomic Statistics, Household Economic Statistics, Demographic Statistics etc.

# New Economics for Sustainable Development

The March 2019 UNSC meeting recognised a need for broad review of economic statistics driven by:

- an urgent update to address the economic, social and environmental nexus if we are to truly depict and attain the 2030 Agenda of leaving no one behind, and having meaningful SDGs
- an urgent need for an institutional update whereby statistical agencies are transforming from principal producers of statistics to stewards of an evolving and complex data landscape
- the urgent need to revisit and transform some of our long held practices to meet the needs of policy makers and citizens

With the aim of ensuring a relevant, responsive and robust system of economic measurement



# Statistical update

Urgent update to address the economic, social and environmental nexus if we are to truly depict and attain the 2030 Agenda of leaving no one behind, and having meaningful SDGs. This requires statistical agencies to:

- Maintain a coherent and consistent system of economic measures, including macroeconomic, business, trade and price statistics
- Better capture the impact of digitalization and globalization on production, consumption, employment, investment and financial flows.
- Move beyond GDP to include broader measures of progress including subjective measures of well-being such as life satisfaction, trust, economic insecurity, as well as measures of inequality in earnings, income, consumption and wealth and opportunity.
- Advance measurement of economic, natural, human and social capital.



# Institutional update

Urgent need for an institutional update whereby statistical agencies are transforming from principal producers of statistics to stewards of an evolving and complex data landscape.

This requires statistical agencies to:

- Institutionalize ongoing dialogue between economists and statisticians to set strategic directions
- Increase the use of alternative and big data and their integration with survey and administrative data sources to provide more detailed and timely statistics and analysis
- Increase collaboration and develop partnerships with stakeholders including the private sector and academia

# Transform practice of update

Transform practices of update to be responsive to emerging data needs. This requires statistical agencies to:

- Devise more flexible and more responsive procedures for standard setting, which now take decades to develop and implement
- Take calculated risks in releasing experimental “good enough or fit for purpose” standards and related statistics and indicators that can be iterative and be implemented quickly
- Seek a country led and more integrated governance structure building on a continuous dialogue between statisticians, economists and other users

# Measures of Inequality

A range of different measures are required including:

- Macroeconomic measures
- Micro economic measures
- Longitudinal Data
- Subjective measures

Relying on a range of data sources including:

- Administrative Data
- Household Surveys (including panel surveys)
- Enterprise Surveys

And provided in a range of ways:

- Linked micro datasets
- Integrated accounts
- Standardised indicators



# System of National Accounts 2008

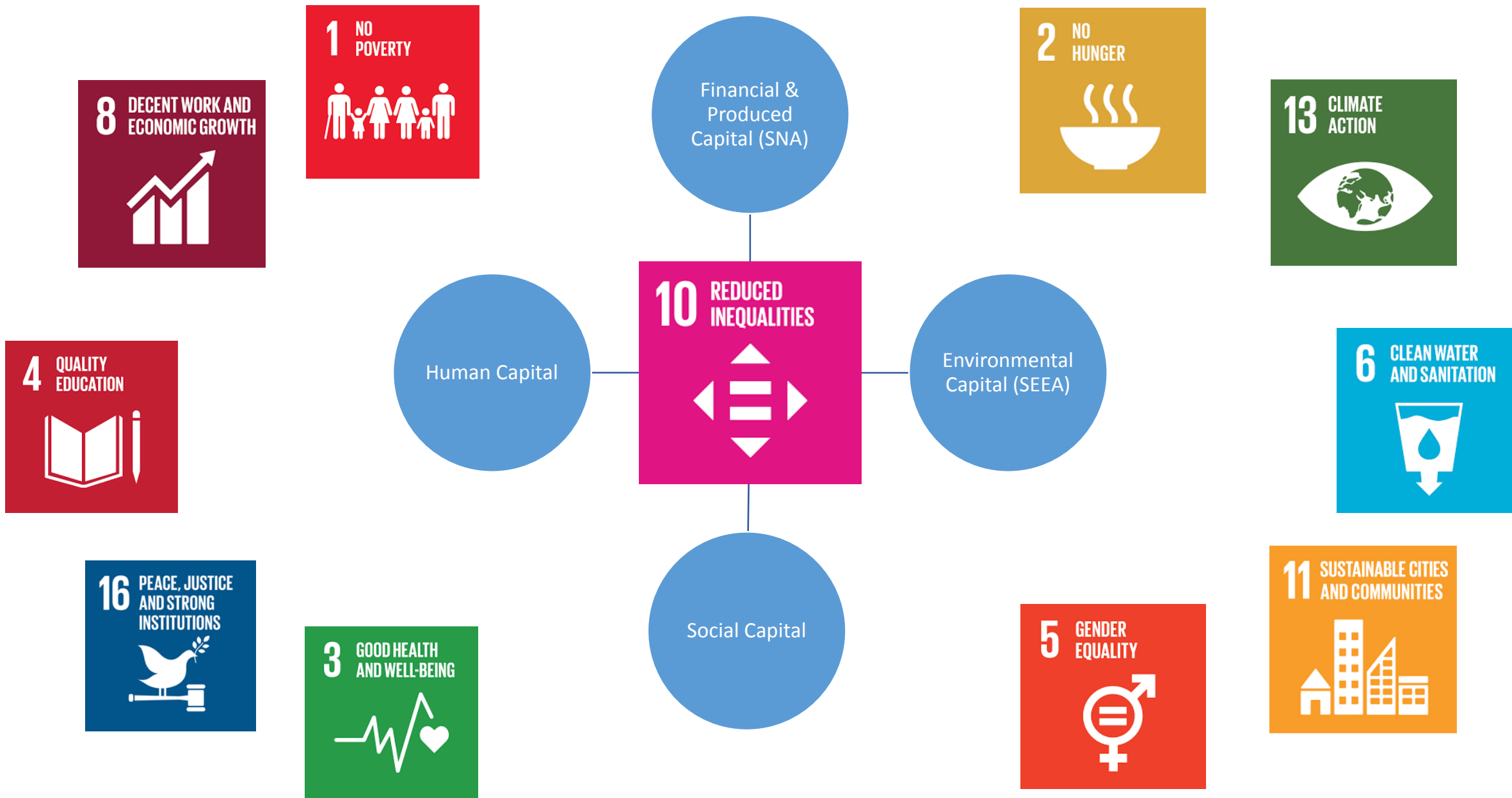
## System of National Accounts – Household Distributions

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The SNA describes a coherent, consistent and integrated set of macroeconomic accounts in the context of a set of internationally agreed concepts, definitions, classifications and accounting rules.

Building measures of household distribution into the System of National Accounts (SNA) is clearly an important area of focus within the field of inequality measurement

- What is the process for updating the SNA?
- And where does the topic of household distributions sit within the update process?



# SNA Research Agenda

Recognising the need to keep the SNA reflective of contemporary socio-economic developments and policy needs, the most recent UNSC meeting held in March 2019 agreed to the establishment of a SNA research agenda

Three streams to the research agenda: Globalisation, Digitalisation, Wellbeing & Sustainability

Household Distributions has been identified as a priority within the Wellbeing & Sustainability stream

For each issue the group will provide guidance on:

Existing material, measurement options considered, recommended approaches (both conceptual and practical), and changes required to the 2008 SNA

# Research Agenda

Typically for a new topic/issue to be included within any standard there needs to be broad agreement on:

- the relevance of the issue I.e. policy need being addressed
- the conceptual and methodological approach to the issue
- the practical feasibility of implementation

The distribution topic would appear to have a strong claim across these dimensions:

- high level political drivers: SDGs, Stiglitz-Sen-Fitoussi etc.
- maturing body of guidance material: Canberra Group (UN), OECD, World Income Lab etc.
- an increasing body of country practices: particularly by OECD member states

Need to reach agreement on outstanding issues: definition of income, distributing modelled estimates, population breakdowns etc

# Beyond the SNA update process

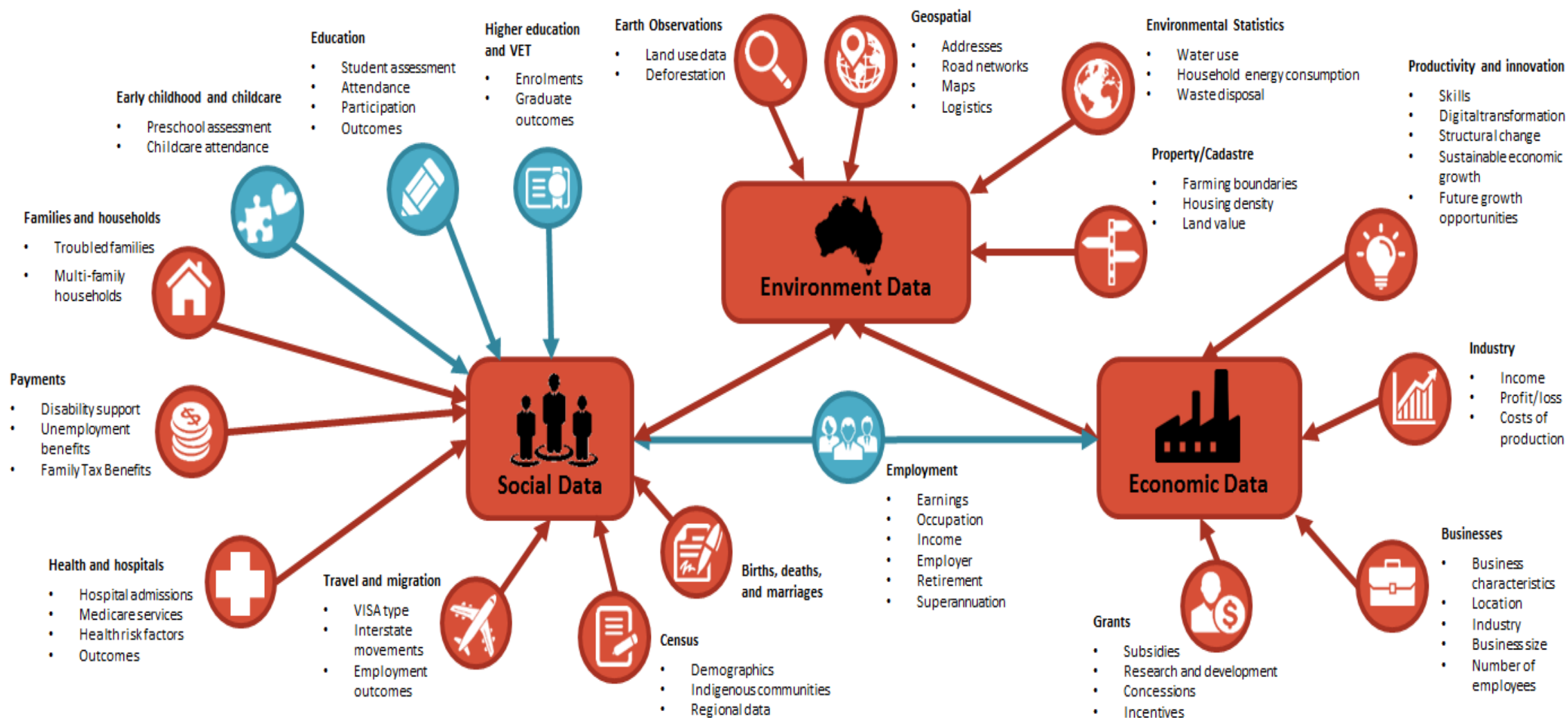
Getting measures of household distribution as a global standard aligned with the SNA is part of the solution to having better measures of inequality

Distributions in the national accounts will only provide a component of the information set required, and other data sets will be required to support different types of analysis: longitudinal, microeconomic, inequalities of opportunity, subjective measures etc

Does not guarantee that countries will produce these estimates (there is considerably more demand for statistics than most statistical offices are resourced to provide)



# Microdata – Integrated and Accessible





Australian Government  
Australian Bureau of Statistics  
Australian Taxation Office  
Department of Education and Training  
Department of Health  
Department of Human Services  
Department of Social Services

## Multi-Agency Data Integration Project (MADIP)

Connecting nationally important datasets to maximise the value of existing public data for policy analysis, research, and statistical purposes

### MADIP Data



Education



Income &  
Taxation



Health



Migrants



Social  
Support



Families &  
Households

### Safe Integration

Existing data is linked to create a comprehensive resource

### Value for Australia



MADIP has demonstrated the feasibility of linking existing public data to develop a more comprehensive picture of Australia and its people



Approved researchers and analysts can make better use of the integrated data for policy analysis, research, and statistical purposes, helping improve our lives and economy



The project has shown agencies how existing data can be used to provide insight into the effectiveness of government policies, programs, and services to ensure they are delivering value to the Australian public



Now in an evaluation phase, MADIP has shown the potential of linked information to inform better targeting of services — such as healthcare and early childhood services — to people and communities who need them

### Data Security

There are strong legislative protections in place to safeguard privacy, including the *Privacy Act 1988*

Data can only be accessed via highly secure systems, by approved researchers and analysts

MADIP is for policy analysis, research, and statistical purposes only. It cannot be used for compliance purposes.

Approved researchers looking for patterns and trends in the data can only see confidentialised information. No individual person can be identified.



Find out more [www.abs.gov.au/dataintegration](http://www.abs.gov.au/dataintegration)

## Subjective Measures & Outcomes – Panel Surveys



# Challenges facing national statistical agencies

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The existing pressures on statistical agencies are considerable and mounting

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Statistical programs are struggling to meet the ever-increasing demands of users domestically and internationally

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To remain relevant requires a statistical system that is more nimble in the process for setting “official standards” and more efficient

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Collective efforts must be better aligned and focused, avoiding duplication of efforts, to better connect and coordinate the efforts underway



# New Economics for Sustainable Development

To take this review forward the UNSC established a Friends of the Chair Group on Economic Statistics

- Consisting of both economists and statisticians
- Consulting globally across regions and sectors

The Group has been tasked to undertake:

- an assessment on the efficiency, effectiveness and responsiveness of the governance of the current system
- a stock-take of existing initiatives and recommendations to take these forwards in an update of economic statistics
- progress issues of the statistical development that have already reached a high level of maturity

# New Economics for Sustainable Development

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First meeting of the Friends of the Chair Group (FOCG) will take place in late May

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A series of regional consultation seminars through 2019

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UN World Data Forum on Economic Statistics in January 2020

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Report back to UNSC in March 2020

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**Enduring dialogue between the broader community of economists and statisticians**

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**Undertaking pilot testing in countries for topics that are relevant, conceptually mature and practically feasible, such as INEQUALITY MEASURES**

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**Seeking collaborators to take the country pilot testing forward**

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