



# Own Account Construction

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## SNA production boundary

Activities that fall within the production boundary of the SNA are:

- a) the production of all individual or collective goods or services that are supplied to units other than their producers (or intended to be so supplied);
- b) **the own-account production of all goods that are retained by their producers for their own final consumption or gross fixed capital formation (GFCF);**
- c) the own account production of housing services and of personal and domestic services by paid domestic staff.

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## Own-account construction

The major part of own account GFCF of households constitutes the construction, extension and capital repair of dwellings and the construction activities in rural areas undertaken by unincorporated households.

Construction activities of unincorporated households are often not covered by regular data collection and are therefore considered as part of NOE.

In Eurostat Tabular Framework own-account construction (OAC) is included under non-exhaustiveness type N3 Producers not required to register.

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## Measurement and valuation

The user and the producer of OAC are within the same institutional unit. Thus all OAC output should be recorded as gross fixed capital formation.

The finished structure should be valued at estimated basic prices. When reliable market prices cannot be obtained, a second best procedure is to value output by costs of production;

If some or all of the labour is provided free, an estimate of what the cost of paid labour would have been must be included in the estimated total production costs using wage rates for similar kinds of work.

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## Data sources

Own-account construction of dwellings:

- Administrative data on planning permissions and registered finished buildings (including information on investment costs), other data from local authorities;
- Benchmark surveys of construction industry (share of own account construction), other specialised surveys;
- Annual construction and investment statistics;
- Household budget survey (HBS);
- Other household surveys e.g. time use surveys.

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## Data sources (cont'd)

Own-account improvement and repair of dwellings

- HBS (distinction between capital and current repair);
- Specialised surveys (cross-checked with HBS);
- Time use surveys, hourly rates.

Own account construction of agricultural buildings

- Sample surveys, data from specialised agencies;
- Imputed hours worked; hourly rates.

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## Methods used by countries

1. Starting point are administrative data sources
  - GO of own-account construction is estimated on the base of data from registering authorities (investment protocols, building permits, inspection certificates).
  - IC is estimated on the base of investment costs shown in building permissions or as a ratio to GO. Often these data are complemented with information on expenditures from HBS;
  - Adjustments for misreporting are done (e.g. price per m<sup>2</sup>);
  - GVA is derived as a difference or as ratio of labour inputs to GO.

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## Methods used by countries (cont'd)

2. Starting point are special benchmark surveys of own-account construction and/or annual investments statistics
  - Specialised surveys provide detailed data on household construction: costs, informal labour, hours worked, payments for services, hourly rates;
  - On the base of the survey, the value and share of GO, IC or GVA of own-account construction are estimated;
  - The benchmark estimates of GO and/or IC are projected using related growth rates (e.g. growth in the number of constructed dwellings); or
  - The shares of household construction in the base year are applied to annual construction and investments statistics.

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## Methods used by countries (cont'd)

3. Starting point is estimate of value added based on labour inputs
  - Labour inputs (hours worked by owners, relatives, casual helpers) are estimated on the base of a household survey (LFS, time use, etc.);
  - Imputed hourly rates for the construction industry are applied to the hours worked to obtain value added;
  - Some countries include uplift for OS;
  - GO is estimated using ratios for small construction enterprises.

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## Methods used by countries (cont'd)

4. Starting point to estimate own-account repair of dwellings is the HBS or other household survey
  - HBS provides information on household expenditures on maintenance of dwellings;
  - Distinction is made between current repair (consumption) and capital repair (investment);
  - The HBS data are usually cross-checked with information from other specialised surveys that are carried out less frequently.

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## Methods used by countries - examples

### Moldova:

- The protocols for acquisition of dwellings and execution of construction projects issued by local authorities provide information on size, living area, value of dwellings, etc. The information is aggregated separately for rural and urban areas;
- GO is estimated on the base of values shown in the protocols;
- Adjustments are done on the base of comparisons of declared price per m<sup>2</sup> and market price per m<sup>2</sup>.

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## Methods used by countries - examples

### Czech republic

- Individual housing construction is covered by the reports of local construction authorities. They provide information on total investment cost (planning, materials, installations, etc.);
- IC is estimated on the base of total investment cost adjusted for work usually carried out by specialised companies e.g. gas and power installations, plumbing systems, etc.;
- Wages and OS are estimated using the ratio to IC for small construction companies;
- HBS is used to estimate the repair not covered by local authorities. A special group of expend. related to construction is excluded from final consumption and added to GFCF.

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## Methods used by countries - examples

### Netherlands

- A survey in 1991 of underground activities in house-building sector provided information on privately built dwellings;
- GO is estimated using the ratios received from the survey and the production value estimated on the base of building permits;
- IC is estimated using production statistics of small construction firms, GVA is obtained as a difference;
- HBS provides information on small-and large-scale maintenance.

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## Methods used by countries - examples

### Netherlands (cont'd)

- A specialised household survey gathered information on underground maintenance. It revealed that non-invoiced payments to individuals are 30% of total maintenance spending of households.
- Total value of household expenditure on maintenance corresponds to the total value of HBS. Therefore only output side data are adjusted.

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