Comparison of 1999 and 2007 Revised Philippine NTA Estimates

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Outline

I. Background

II. Decomposition

III. Comparison

I. Background

"Asia's Dependency Transition", NUPRI-UNFPA

- – Estimates for 1994, 1999, 2002 (2008)
- – Introduced one-year residency correction on migrant worker remittances: labor income v. transfers (2010)

"Inter-generational Transfers, Population Aging and Social Protection in Asia", NUPRI-TDRI-IDRC

- – Estimates for 1999, 2004, 2007 (2012)
- – Presented correction methodology

Remittance from migrant workers is important component of the economy (Salas, 2010)
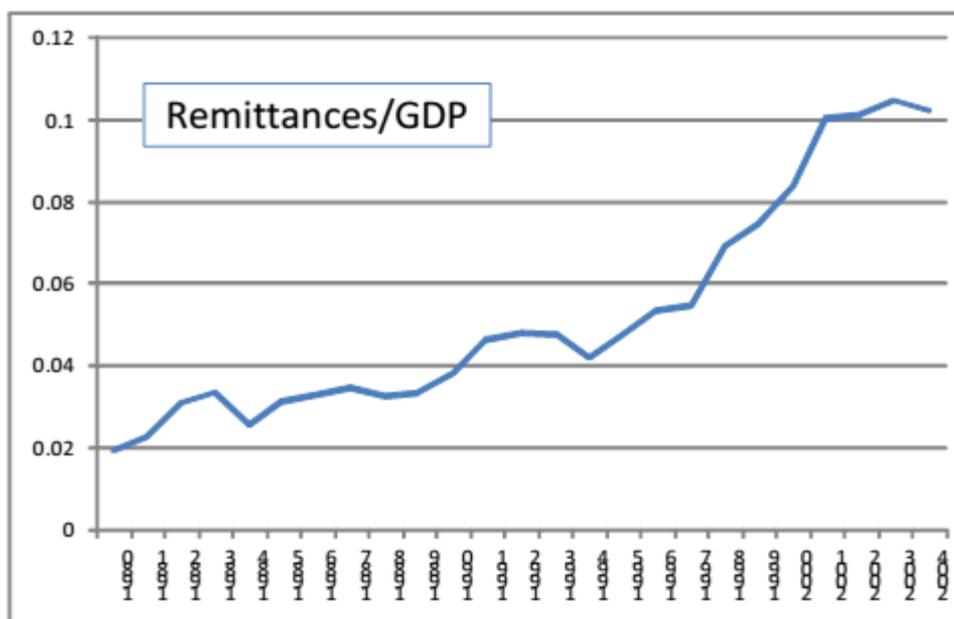
Salas (2009, 2010): NTA estimates sensitive to residency classification of migrant workers

- Remittances: net compensation of workers temporarily employed elsewhere, transfers from permanent residents

- PSNA residency classification

- Introduced one-year correction

Reverted to PSNA concept in 2012

Effect on aggregate controls: labor income and all dependent accounts

NTA 1999	With residency correction	PSNA concept
Lifecycle deficit	**759**	**586**
Consumption	2,278	2,278
Labor Income	1,517	1,692
Earnings	**857**	**1,030**
Self-Employment	662	662
Age Reallocations	**759**	**586**
Transfers	234	61
Public, Net	2	2
Private, Net	**232**	**59**
Asset-based Reallocations	525	525

Effect on consumption financing estimate: more labor, less transfers

With one-year residency correction
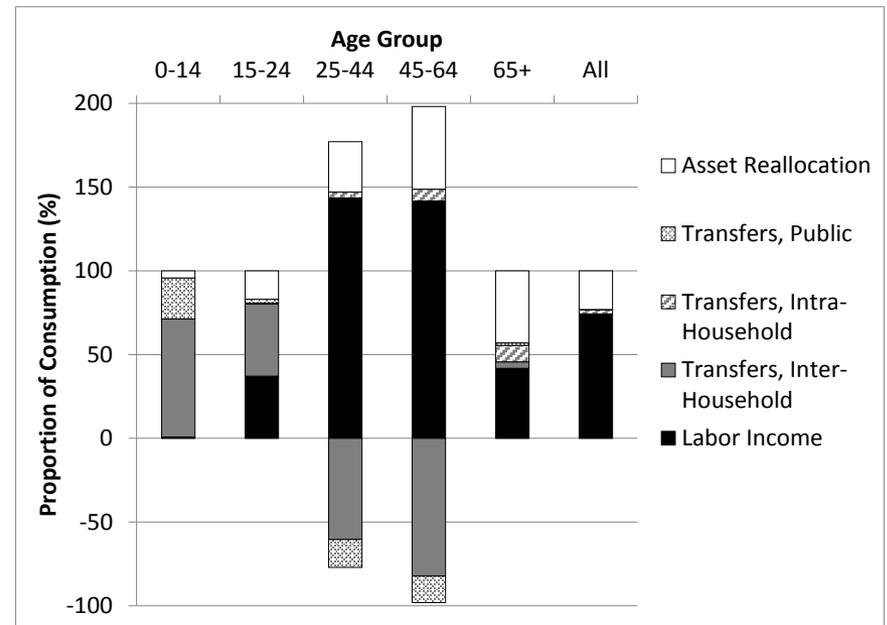
With PSNA definition

Decomposition

Components approach (Racelis and Salas, 2008)

– Decomposition of per capita value of age group "a" at time "t" into components

$$x(a, t) = \delta_s \frac{X(a, t)}{N(a, t)}$$

Components approach (Racelis and Salas, 2008)

- Decomposition of per capita value of age group "a" at time "t" into components

$$x(a,t) = \delta_s \frac{X(a,t)}{N(a,t)} \cdot \frac{X(t)}{X(t)} \cdot \frac{N(t)}{N(t)}$$

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Components approach (Racelis and Salas, 2008)

– Share of aggregate account; Share of population; Constant over-all per capita

$$x(a,t) = \delta_s \frac{X(a,t)}{X(t)} \cdot \frac{N(t)}{N(a,t)} \cdot \frac{X(t)}{N(t)}$$

Comparison: 1999 and 2007 NTA

Will look into components

- Over-all per capita value (constant prices)

$$\delta_s \frac{X(t)}{N(t)}$$

- Population distribution

$$\frac{N(a,t)}{N(t)}$$

- Standardized per capita age profile

$$\frac{X(a,t)}{X(t)} \cdot \frac{N(t)}{N(a,t)} = \frac{x(a,t)}{x(t)}$$

Component 1: Per Capita (2000 = 100)

	1999	2007	↓↑
Lifecycle deficit	8,160	6,599	↓
Consumption	31,729	37,947	↑
Public Consumption	5,421	5,201	↓
Education	1,228	1,201	↓
Health	413	348	↓
Others	3,781	3,651	↓
Private Consumption	26,307	32,746	↑
Education	1,427	1,792	↑
Health	649	1,190	↑
Others	24,232	29,765	↑
Labor Income	23,568	31,347	↑
Earnings	14,352	20,801	↑
Self-Employment	9,217	10,546	↑

Component 2a: Population Share

Ageing Philippines?
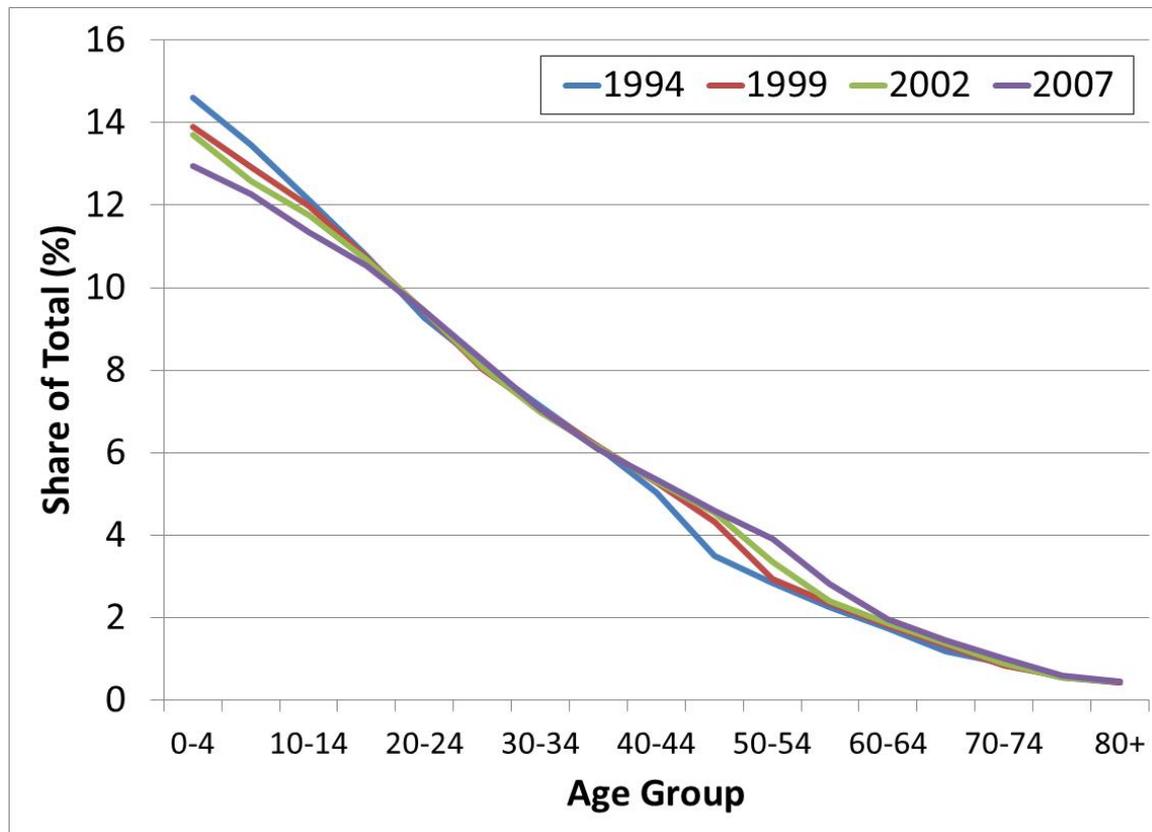
Component 2a: Population Share

Ageing Philippines?
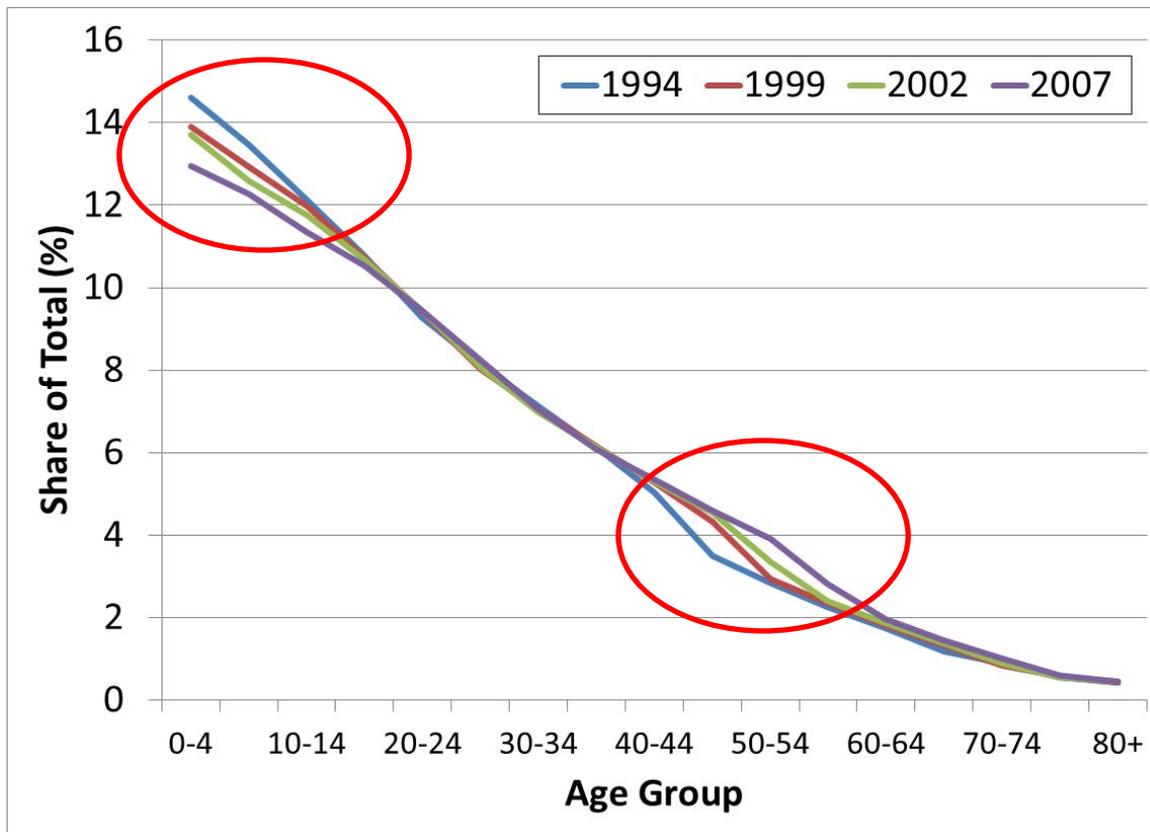
Component 2b: Standardized Profile

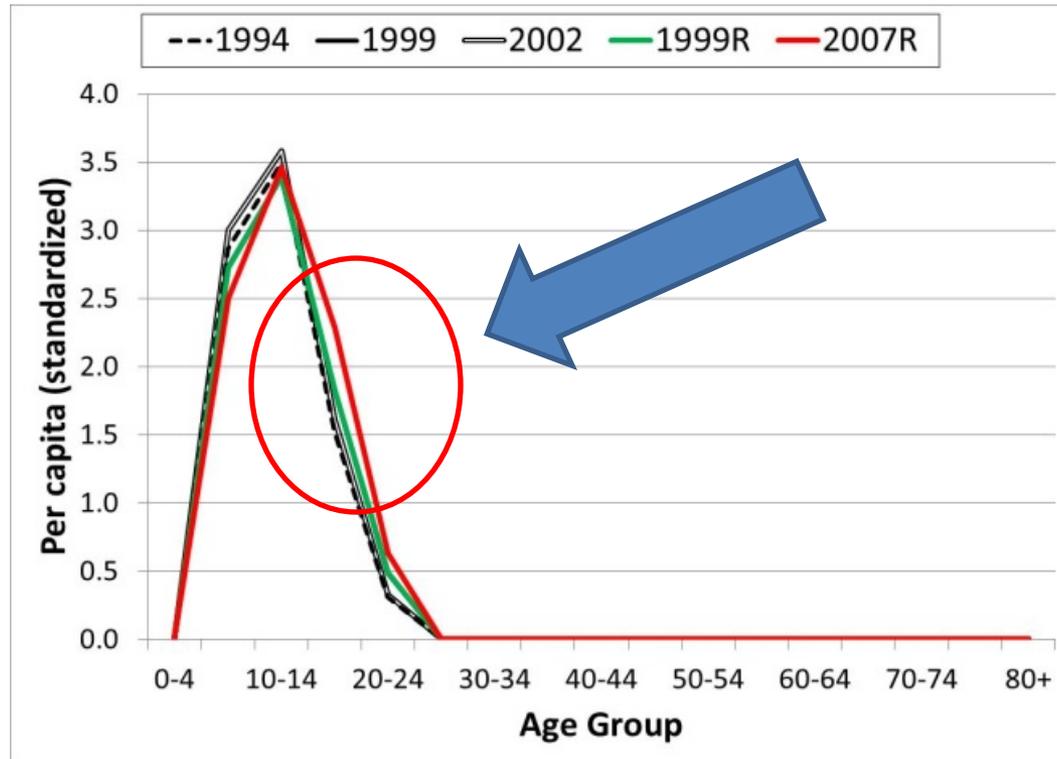Consumption

Education

Health

Labor Income

Education Consumption

Public consumption: shift towards tertiary education; equity concern?
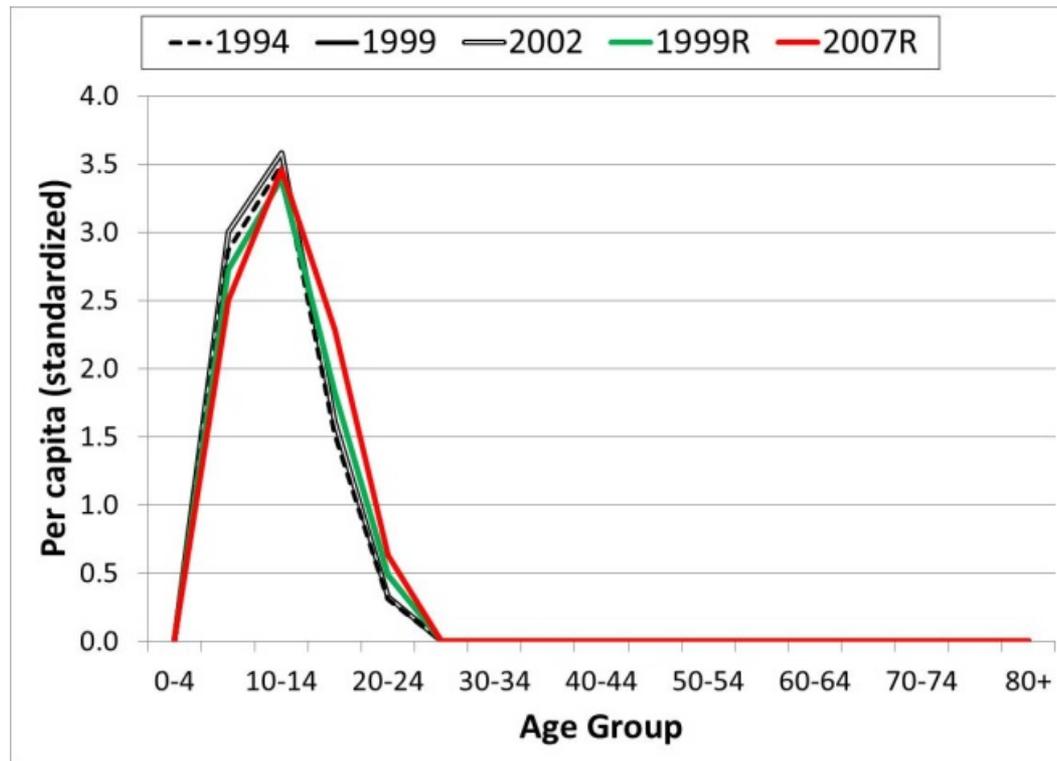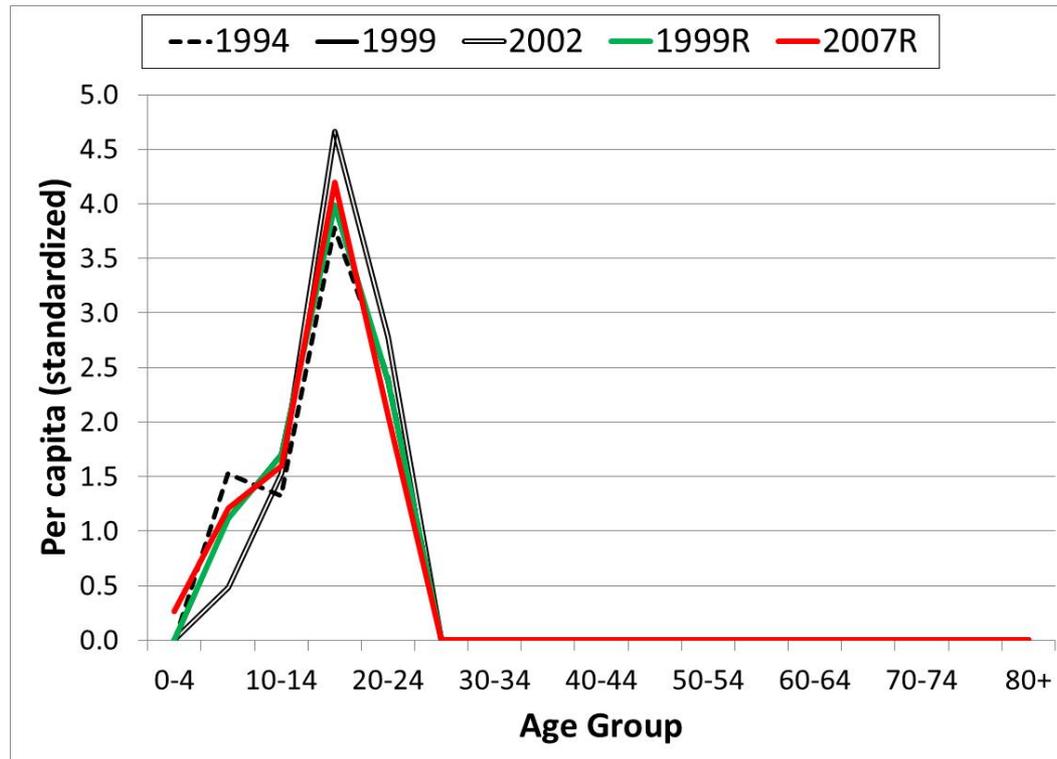
Education Consumption

Public consumption: shift towards tertiary education; equity concern?

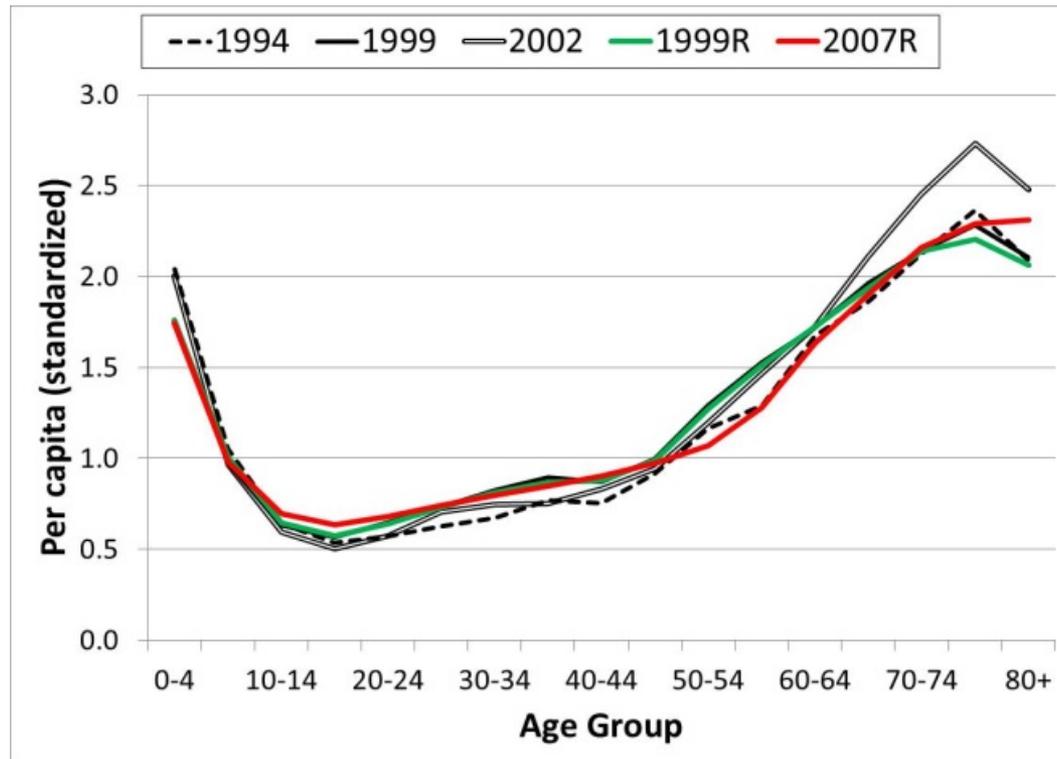Poorer children have higher chance of dropping out of school (Alberts, et. al., 2012)

Education Consumption
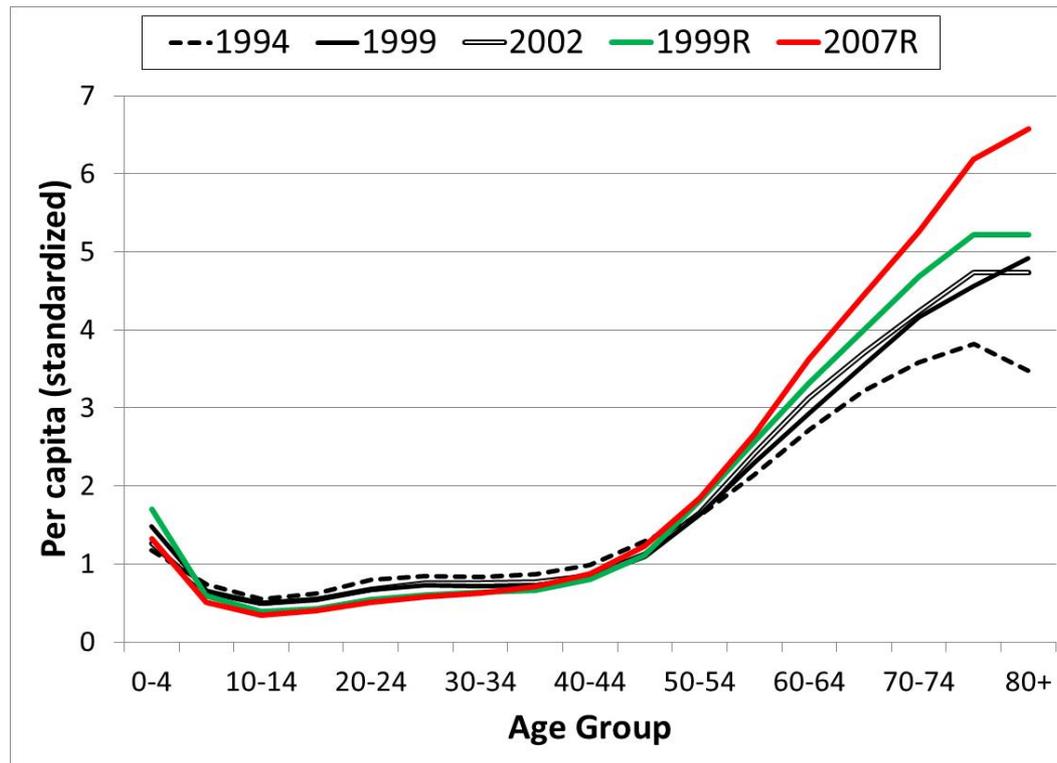
Private consumption: no discernible movement
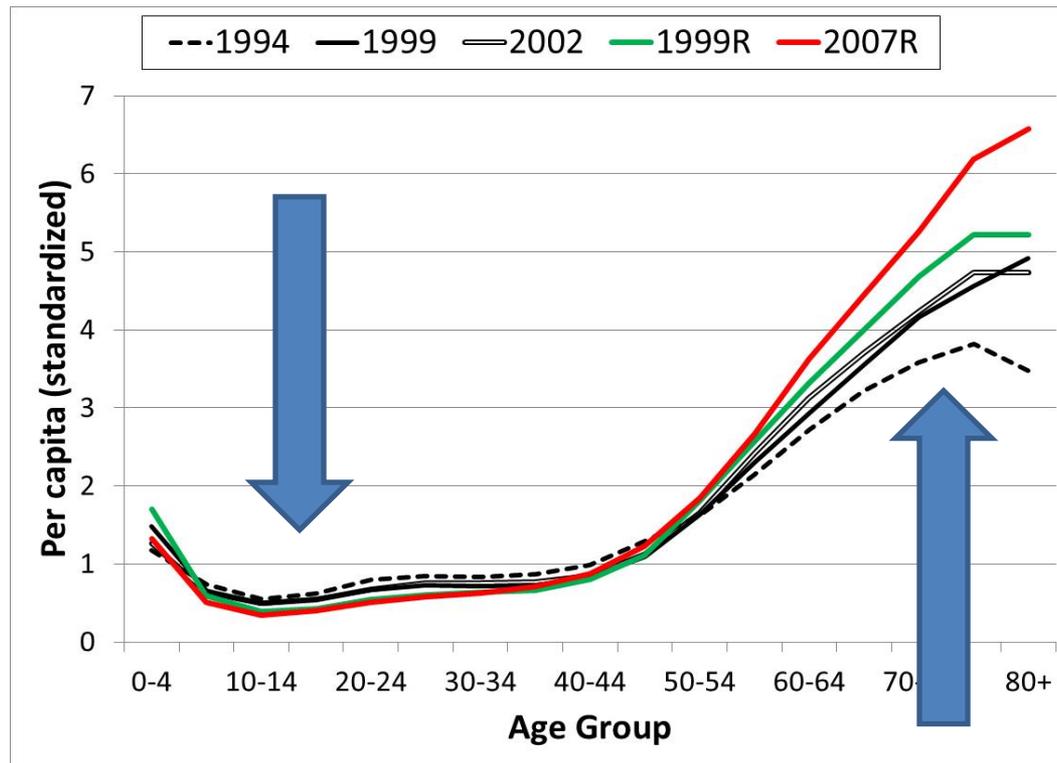
Health Consumption

Public consumption: no movement?

Health Consumption

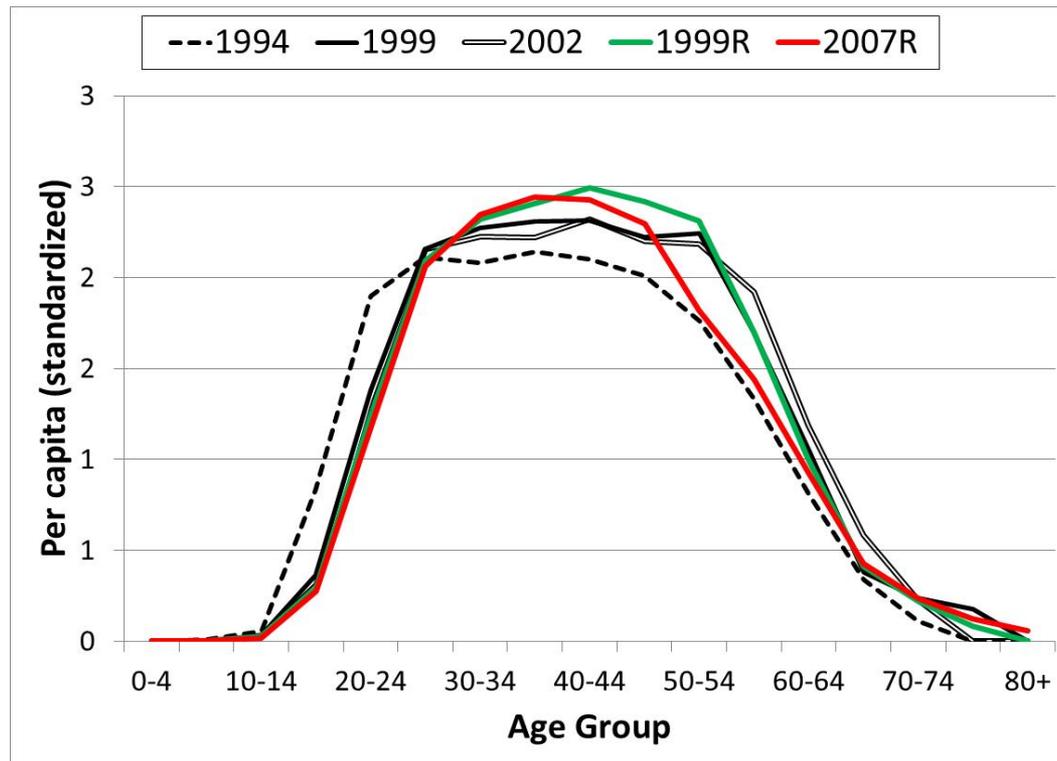## Private consumption: shift towards elderly care

Health Consumption

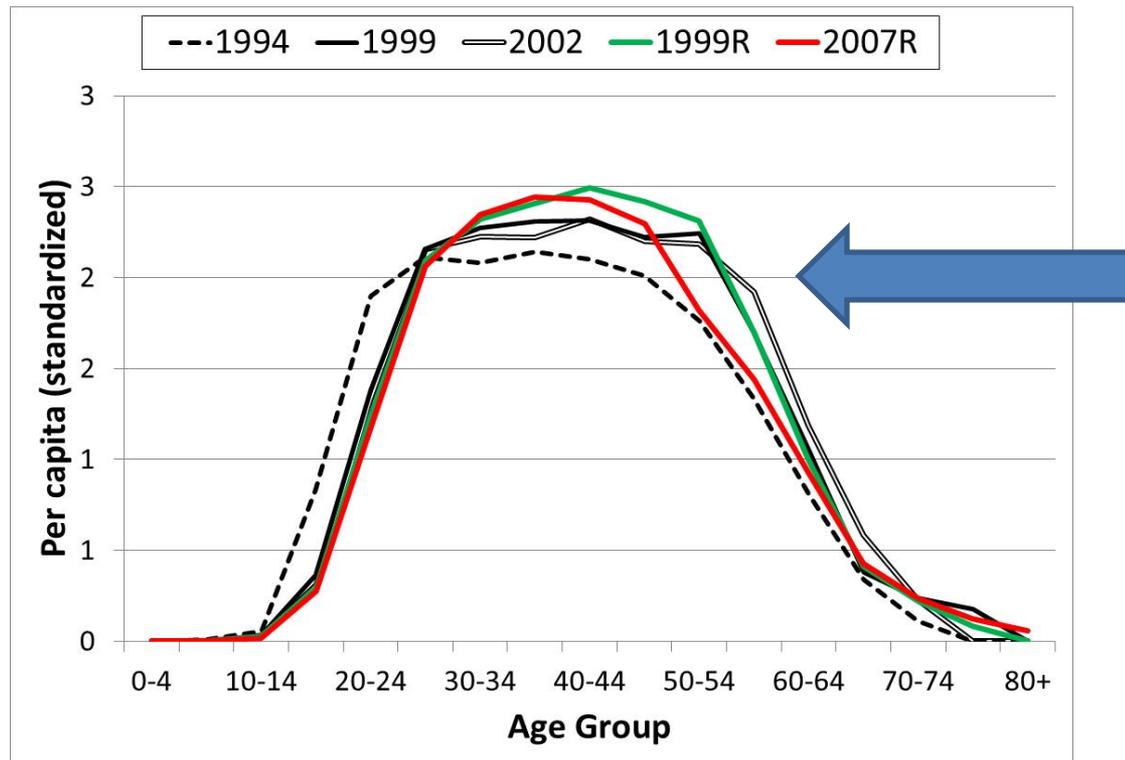## Private consumption: shift towards elderly care

Labor Income

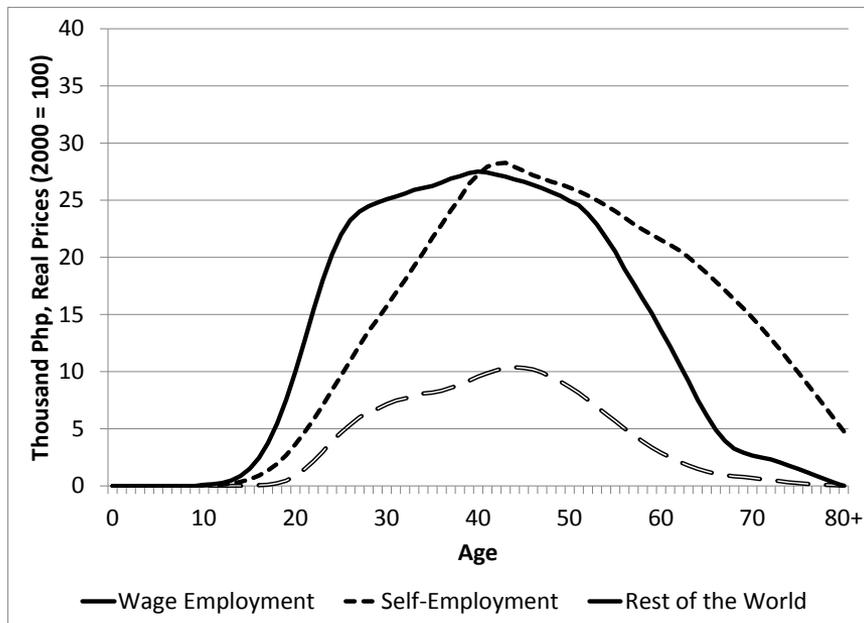Earnings from wage employment: concentration towards prime age

Labor Income

Earnings from wage employment: concentration towards prime age

Labor Income

Younger workers earning more? Effect of labor migration and BPO


1999   2007

Labor Income

Younger workers earning more? Effect of labor migration and BPO

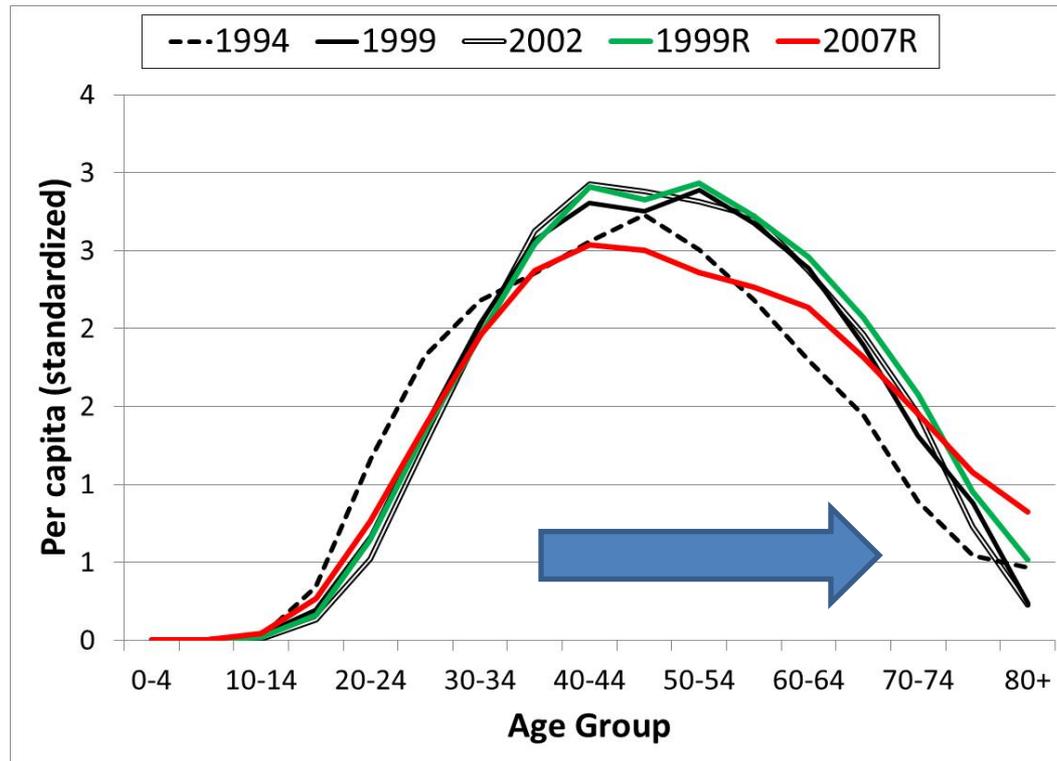|	Ave. Age	Ave. Monthly Wage*
Location		
Migrant Workers	35	13,000
Local Workers	38	6,885
Industry		
Computer and Related	28	11,014
Others	38	6,857

Source: Author's calculation based on LFS, SOF 2010 October
* Remittance for Migrant Workers

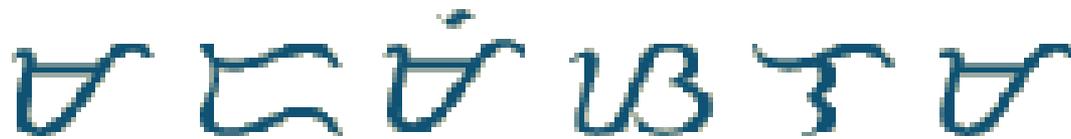# Self-employment income: elderly extending working years?
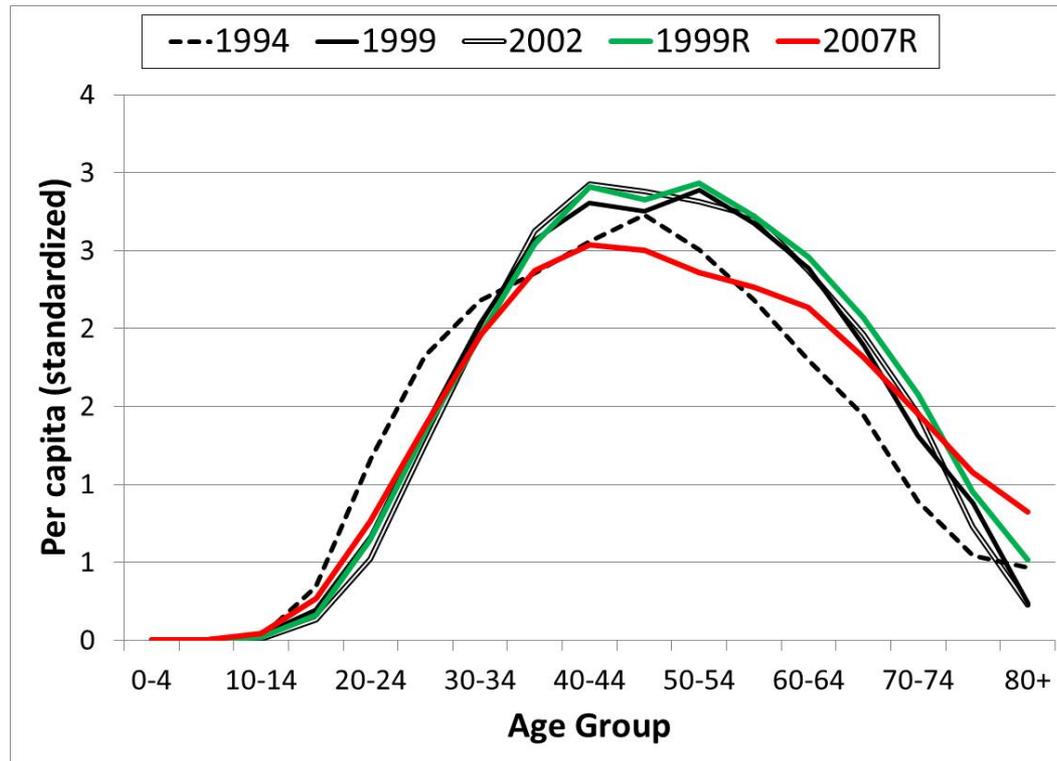
Self-employment income: elderly extending working years?

Future Directions

1. Update

2. Estimate

3. Revise

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(Thank you very much!)

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