

31 May 2018

Structure & Performance of the NI Economy 2014 & 2015

Experimental Results

Geographical Area: Northern Ireland

Theme: Economy Statistics

Frequency: Ad hoc

In recent years NISRA has been developing its economic statistics to provide a complete picture of the flows of goods and services in the Northern Ireland economy consistent with the European System of Accounts (2010) – an international standard approach. This provides a single measure of Gross Domestic Product (GDP) and provides the most complete picture of the detailed structure and characteristics of the local economy currently available.

This publication includes GDP estimates for 2014 and 2015 and the Supply and Use Tables (SUTs) on which they are based, the latest years for which complete sources are available. The resultant statistics are designated as “experimental” to reflect the fact that they are undergoing evaluation and to involve stakeholders in their development.

Results for 2014 and 2015 as well as further information on the SUT framework are provided in the subsequent sections.

Key Results

- Results show that in 2015, GDP for NI was £41.6bn, and £40.2bn in 2014.
- The change from 2014 to 2015 represents a 3.5% increase in GDP in current market prices.
- In 2015, the total value of “Final Use” in NI was estimated to be £66.2bn. This represents the total value of expenditure by Consumers and Government plus the value of Investment, external sales to Great Britain (GB) and exports:
 - Expenditure by the household sector (including non-profit organisations) was estimated to be £26.5bn or 40% of Final Use, showing the importance of the household sector’s contribution to local consumption of goods and services in the economy.
 - Central & Local Government Expenditure (£12.4bn) accounted for 19% of Final Use, (compared to 15% in the United Kingdom (UK)), showing the relatively

greater role government plays in NI (in addition to public sector wages and salaries)¹.

- Capital Investment (£5.6bn) accounted for 8% of NI Final Use, which is considerably lower than the UK as a whole (13%).
 - “External sales” (£21.6bn), including exports² and sales to customers in GB accounted for 33% of NI Final Use. In contrast, exports accounted for 21% of UK Final Use.
 - “Imports” (including purchases from GB) equated to £24.6bn and exceeded external sales resulting in a net negative trade balance of £3.0bn in 2015.
- In line with their designation as experimental statistics, previous SUTs (for 2013) have been withdrawn and will be revised to incorporate the methodological improvements made when calculating the 2014 and 2015 SUTs.

¹ Government expenditure in this framework excludes social transfers. This is the main difference between these figures and those produced in the Public Expenditure Statistical Analyses (PESA) publication.

² Exports in this framework exclude any taxes or duties due from GB residents.

Introduction

This release provides newly available results from the NISRA project to develop key elements of a system of Economic Accounts for Northern Ireland (NI). This provides users with a number of valuable indicators relating to the structure and inter-industry relationships of the NI economy to aid economic analysis and decision making.

A modern open economy like that of Northern Ireland engages in four basic economic activities:

- **Production** involves industries producing goods and services;
- **Consumption** represents purchases of goods and services by both industries and domestic final users comprising mainly households, and Central and Local Government;
- **Investment** includes the accumulation all capital transactions such as fixed investment expenditure and changes in the level of stocks; and
- **Trade** is the total value of external sales minus imports.

Measurement of these four activities is captured in the framework of the Supply and Use Tables (SUTs). The resulting tables serve a number of purposes (discussed later), all of which contribute in different ways to understanding the Northern Ireland economy.

One of the key outputs from the Supply and Use framework is the calculation of Gross Domestic Product (GDP) for Northern Ireland as measured using the income, expenditure and output approaches, in line with international standards. The SUTs provide detailed data on the supply and use of commodities, inter-industry flows and the structure of the economy; they are also the foundation from which Input-Output Tables (IOT) are derived. The IOTs provide a framework for modelling the impacts of changes to the domestic economy and are the pre-requisite for calculating a range of derived data such as multipliers which are used for economic planning, analysis and forecasting.

The following sections provide further details on the SUT and IOT framework along with key results emerging from the SUTs. A [glossary](#) of National Accounting terms used throughout this paper is presented at the end of this document.

Experimental Statistics

These statistics are experimental statistics (see [section 8](#)) which are still undergoing evaluation and are subject to revision. Given that these are still under review, users should adopt a cautious approach on their use. NISRA is therefore seeking feedback from users to inform the development of the statistics. Users should also consider the issues raised in the [Bean](#) independent review of UK economic statistics and any implications there may be for the NISRA economic accounts project.

Contents

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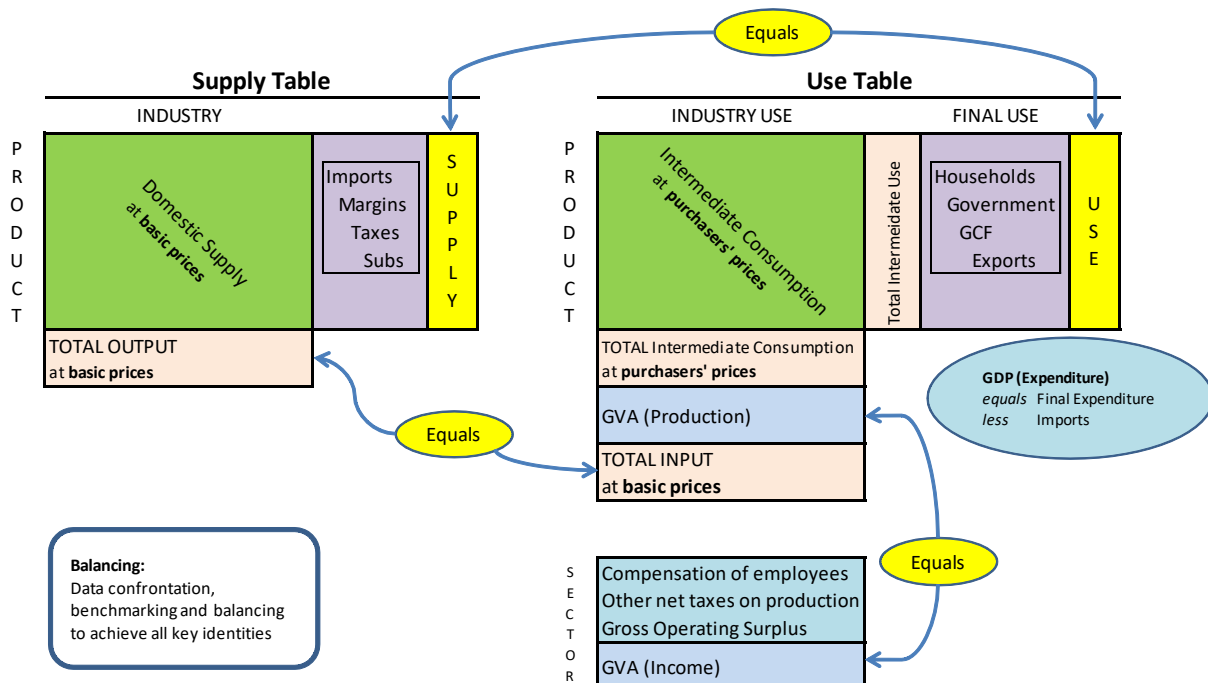
1

Overview of the Supply and Use framework

The SUTs provide a picture of the flows of products and services in the economy for a single year and are used to set the level of annual current price Gross Domestic Product (GDP). They show the composition of uses and resources across institutional sectors and the inter-dependence of industries in order to reconcile the production, income and expenditure approaches to the measurement of GDP.

The diagram below³ provides an overview of the SUTs showing how the framework provides a coherent picture of the economy. The methodology used and further information on how to interpret the tables can be accessed [here](#).

Figure 1: Framework for a coherent picture of the economy



The Supply table shows the output of each product by each industry. The value of industry output is based on NI official statistics surveys. As producers are classified according to their principal product, most domestic production lies on the diagonal. However, there are some off-diagonal elements in this table. These represent secondary production and by-products classified to Input-Output groupings (IOGs) other than the principal product of the industry. The profile of products within a category is currently based on the UK supply patterns. The Supply table is relatively sparse because most producers make a limited range of products.

The columns on the right of the Supply table show imports of products, distributors' trade margins on products and taxes on products (e.g. VAT) less subsidies on products. Summing across these columns and those in the main body gives the total supply of

³ Provided by Sanjiv Mahajan, ONS

products at purchasers' prices i.e. the value paid by purchasers excluding any refundable VAT.

The main body of the Use table shows, for each industry classification, the intermediate consumption of products. That is, the value of products used-up or altered by the production process. These estimates are currently based on a combination of survey data from the NI Annual Business Inquiry plus UK purchasing patterns pending the inclusion of a NI Purchases survey. The columns to the right of the main table give the components of final use for products. Both final use and intermediate use are valued at purchasers' prices and cover domestically produced and imported products.

The rows underneath the main body of the Use table give the income components of Gross Value Added (GVA) for each industry grouping. These components are labour costs (wages and salaries plus associated employers' contributions e.g. national insurance and pension contributions), gross operating surplus (essentially, companies' trading profits), mixed income (earnings of self-employed people), and taxes on production (e.g. business rates) less subsidies on production, etc⁴.

Each of the components of the SUTs are based on detailed analysis of a wide range of data sources covering the whole of the Northern Ireland economy. Behind each element there are a series of matrices which collate the analysis of the available data into the National Accounts framework which then feeds into the respective section of the tables above.

For further information on National Accounts and Supply and Use Tables please see the links below:

- [Eurostat Manual of Supply, Use and Input-Output Tables](#)
- [A Short Guide to the UK National Accounts](#)
- [Commentary on Supply and Use balanced estimates of annual GDP, 1997-2014](#)

⁴ [Input-Output Analytical tables: methods and application to UK National Accounts, 2013](#)
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Supply and Use tables for NI 2015

The SUTs for NI for 2015 are presented below in summary format.

Table 1: Summary Supply Table for NI, 2015

DOMESTIC SUPPLY at basic prices (£'m)	Domestic Supply	<i>Imports from ROI</i>	<i>Imports from GB</i>	<i>Imports from ROW</i>	Total Imports	Distributors' Trading Margins	Taxes (less subsidies) on products	Total Supply
Agriculture [1-3]	1,827	171	99	112	382	277	30	2,517
Production [5-39]	18,824	1,710	13,114	3,897	18,721	7,228	3,594	48,367
Construction [41-43]	6,727	3	-	4	7	-	445	7,180
Distribution, transport, hotels and restaurants [45-56]	14,638	203	247	293	742	(7,648)	660	8,392
Information and communication [58-63]	2,215	31	1,172	47	1,251	143	200	3,808
Financial and insurance [64-66]	2,529	36	949	41	1,026	-	123	3,678
Real estate [68.1-2-68.3]	5,232	33	27	54	114	-	23	5,369
Professional and support activities [69.1-82]	5,077	156	1,847	85	2,089	-	246	7,412
Government, health & education [84-88]	13,305	7	-	26	33	-	59	13,396
Other services [90-97]	2,525	34	109	109	252	-	168	2,944
Total Supply at basic prices	72,898	2,383	17,564	4,669	24,616	(0)	5,547	103,062

Table 2: Summary Use Table for NI, 2015

INTERMEDIATE CONSUMPTION BY INDUSTRY GROUP
(at purchasers' prices)
£'m

FINAL USE
at purchasers' prices
£'m

INTERMEDIATE USE at purchasers' prices	INTERMEDIATE CONSUMPTION BY INDUSTRY GROUP (at purchasers' prices) £'m										Total Intermediate Use	FINAL USE at purchasers' prices £'m								Total Use	
	Agriculture	Production	Construction	Distribution, transport, hotels and restaurants	Information and communication	Financial and insurance	Real estate	Professional and support activities	Government, health and education	Other services		HHFCE	NPISH FCE	CG FCE	LG FCE	Gross Capital Formation	Exports to ROI	External Sales to GB	Exports to ROW		Total Exports
Agriculture [1-3]	381	1,131	18	64	0	-	-	0	3	0	1,598	550	-	-	-	92	174	57	46	277	2,517
Production [5-39]	724	9,807	2,410	3,953	242	96	144	615	1,911	297	20,199	11,387	-	300	220	1,716	2,606	6,770	5,169	14,545	48,367
Construction [41-43]	60	217	970	171	22	65	346	13	155	24	2,043	34	-	376	-	2,730	177	1,759	61	1,997	7,180
Distribution, transport, hotels and restaurants [45-56]	41	577	121	1,206	67	232	20	101	368	56	2,789	3,610	-	-	-	13	197	1,523	260	1,980	8,392
Information and communication [58-63]	10	342	37	214	198	209	24	80	257	96	1,467	1,262	-	-	-	149	153	417	359	930	3,808
Financial and insurance [64-66]	24	728	64	167	52	369	426	68	158	39	2,095	1,111	-	-	-	0	145	11	315	472	3,678
Real estate [68.1-2-68.3]	3	68	31	124	10	55	13	7	143	10	464	4,747	3	-	-	65	8	71	9	89	5,369
Professional and support activities [69.1-82]	184	969	343	650	304	478	83	464	907	276	4,658	737	52	-	-	783	212	585	386	1,182	7,412
Government, health & education [84-88]	1	69	18	86	15	32	46	46	542	16	872	900	336	10,925	227	22	24	45	44	114	13,396
Other services [90-97]	2	18	1	25	69	19	1	11	120	427	692	1,431	363	120	264	24	8	24	18	51	2,944
Total Intermediate Consumption at purchasers' prices	1,431	13,927	4,013	6,662	979	1,554	1,102	1,404	4,563	1,241	36,877	25,769	754	11,722	711	5,593	3,706	11,263	6,667	21,636	103,062
Taxes less subsidies on production	(222)	125	46	462	18	14	18	94	22	33	610										
Compensation of employees	152	3,730	1,173	4,053	751	648	139	1,384	6,599	752	19,381										
Gross operating surplus and mixed income	573	2,605	1,268	3,041	291	520	3,723	993	2,400	615	16,029										
GVA (at basic prices)	503	6,461	2,486	7,556	1,060	1,182	3,880	2,471	9,021	1,400	36,021										
TOTAL OUTPUT (INPUTS) at basic prices	1,934	20,388	6,500	14,219	2,039	2,736	4,982	3,876	13,584	2,641	72,898										

More detailed SUTs can be downloaded [here](#).

It can be seen that the Supply and Use Tables are balanced so that total supply equals total use for each product and industry, and at the national level. Balanced SUTs are the prerequisite for calculating GDP using the three different methods as discussed in subsequent sections.

3

Gross Domestic Product for NI 2015

The Supply and Use framework allows GDP to be measured using three distinct approaches:

- the sum of all income generated by production within the economy (the **income** approach);
- the sum of all final expenditures within the economy (the **expenditure** approach); and
- the sum of all output within the economy (the **production** approach);

In order to maintain consistency with other official statistics, the NISRA SUT estimates of Gross Value Added (GVA) have been constrained to the latest 2015 GVA estimates for NI published by the Office for National Statistics.

The headline results are presented below with further analysis presented in the following sections.

NI GDP 2015 £41.6 bn	NI GVA 2015 £36.0 bn
NI GDP per head 2015 £22,450	NI GVA per head 2015 £19,454
GDP per head is equivalent to 77% of the UK figure	

An overview of how the three GDP approaches are calculated is presented on the next page alongside comparisons with the UK and Scotland.

4

Comparison of GDP in NI and UK, 2015

The tables below show how GDP is calculated for NI and the UK for 2015 using the three different approaches as previously mentioned. Note that 2015 SUTs are not yet available for Scotland so it is not possible to compare the 2015 figures with Scottish equivalents. A comparison of 2014 figures is presented in the next section.

Table 3: Calculation of GDP(I) for NI and UK, 2015

GDP Income approach 2015 (£bn)		
	NI	UK
Compensation of Employees (a)	19.4	930.2
Taxes, less subsidies, on production (b)	0.6	26.1
Gross Operating Surplus (c)	16.0	728.7
Gross Value Added at current basic prices (a+b+c)	36.0	1,684.9
Taxes less subsidies on products (d)	5.5	203.8
Gross Domestic Product at current market prices (a+b+c+d)	41.6	1,888.7

Table 4: Calculation of GDP(E) for NI and UK, 2015

GDP Expenditure approach 2015 (£bn)		
	NI	UK
Household Final Consumption (including NPISH)	26.5	1,238.5
Government final consumption (GGFCE)	12.4	362.1
Gross Capital Formation (GCF)	5.6	320.6
External sales (including sales to GB)	21.6	517.2
Total final Use (a)	66.2	2,438.3
Total "Imports" (b) (including purchases from GB)	24.6	549.5
Gross Domestic Product at current market prices (a-b)	41.6	1,888.7

Table 5: Calculation of GDP(O) for NI and UK, 2015

GDP Production approach 2015 (£bn)		
	NI	UK
Total output at basic prices (a)	72.9	3,220.9
Total intermediate inputs at purchasers' prices (b)	36.9	1,536.0
Gross Value Added at current basic prices (a-b)	36.0	1,684.9
Taxes less subsidies on products (c)	5.5	203.8
Gross Domestic Product at current market prices (a-b+c)	41.6	1,888.7

GVA/GDP per head of population is a useful way of comparing regions of different sizes and is an important indicator for both domestic and international policy purposes. It is calculated using the entire population (including the economically inactive). The table below compares the GVA and GDP per head for NI and the UK.

Table 6: GDP and GVA per head, 2015

2015	NI	UK
GVA per head (£)	19,454	25,878
GDP per head (£)	22,450	29,008

The GDP per head figures are based on analysis of the NI Supply-Use tables and the [UK Supply-Use tables](#).

Northern Ireland's GDP per head for 2015 is 77% of the corresponding UK total, whilst GVA per head equates to 75% of the UK GVA per head.

5

Comparison of GDP in NI, UK and Scotland, 2014

The tables below show how GDP is calculated for NI, the UK and Scotland for 2014 using the three different approaches as previously mentioned.

Table 7: Calculation of GDP(I) for NI, UK and Scotland, 2014

GDP Income approach 2014 (£bn)			
	NI	UK	Scotland
Compensation of Employees (a)	18.6	902.3	72.5
Taxes, less subsidies, on production (b)	0.5	25.3	1.6
Gross Operating Surplus (c)	15.7	711.1	52.0
Gross Value Added at current basic prices (a+b+c)	34.8	1,638.7	126.0
Taxes less subsidies on products (d)	5.3	198.3	17.0
Gross Domestic Product at current market prices (a+b+c+d)	40.2	1,837.1	143.0

Table 8: Calculation of GDP(E) for NI, UK and Scotland, 2014

GDP Expenditure approach 2014 (£bn)			
	NI	UK	Scotland
Household Final Consumption (including NPISH)	26.0	1,200.5	93.8
Government final consumption (GGFCE)	12.6	359.0	33.4
Gross Capital Formation (GCF)	5.1	314.3	25.5
External sales (including sales to GB)	21.2	518.9	75.6
Total final Use (a)	65.0	2,393.0	228.4
Total Imports (B) (including purchases from GB)	24.8	555.8	85.4
Gross Domestic Product at current market prices (a-b)	40.2	1,837.1	143.0

Table 9: Calculation of GDP(O) for NI, UK and Scotland, 2014

GDP Production approach 2014 (£bn)			
	NI	UK	Scotland
Total output at basic prices (a)	70.2	3,148.8	233.1
Total intermediate inputs at purchasers' prices (b)	35.4	1,510.1	107.1
Gross Value Added at current basic prices (a-b)	34.8	1,638.7	126.0
Taxes less subsidies on products (c)	5.3	198.3	17.0
Gross Domestic Product at current market prices (a-b+c)	40.2	1,837.1	143.0

The following table compares the GVA and GDP per head for NI, Scotland and the UK.

Table 10: GDP and GVA per head, 2014

2014	NI	UK	Scotland
GVA per head (£)	18,918	25,368	23,566
GDP per head (£)	21,822	28,439	26,743

The GDP per head figures are based on analysis of the NI Supply-Use tables, the [UK Supply-Use tables](#) and the [Scottish Supply-Use tables](#) (note that the Scottish figure does not match that reported in the ONS Regional Accounts as the Scottish SUTs are not constrained to the Regional Accounts).

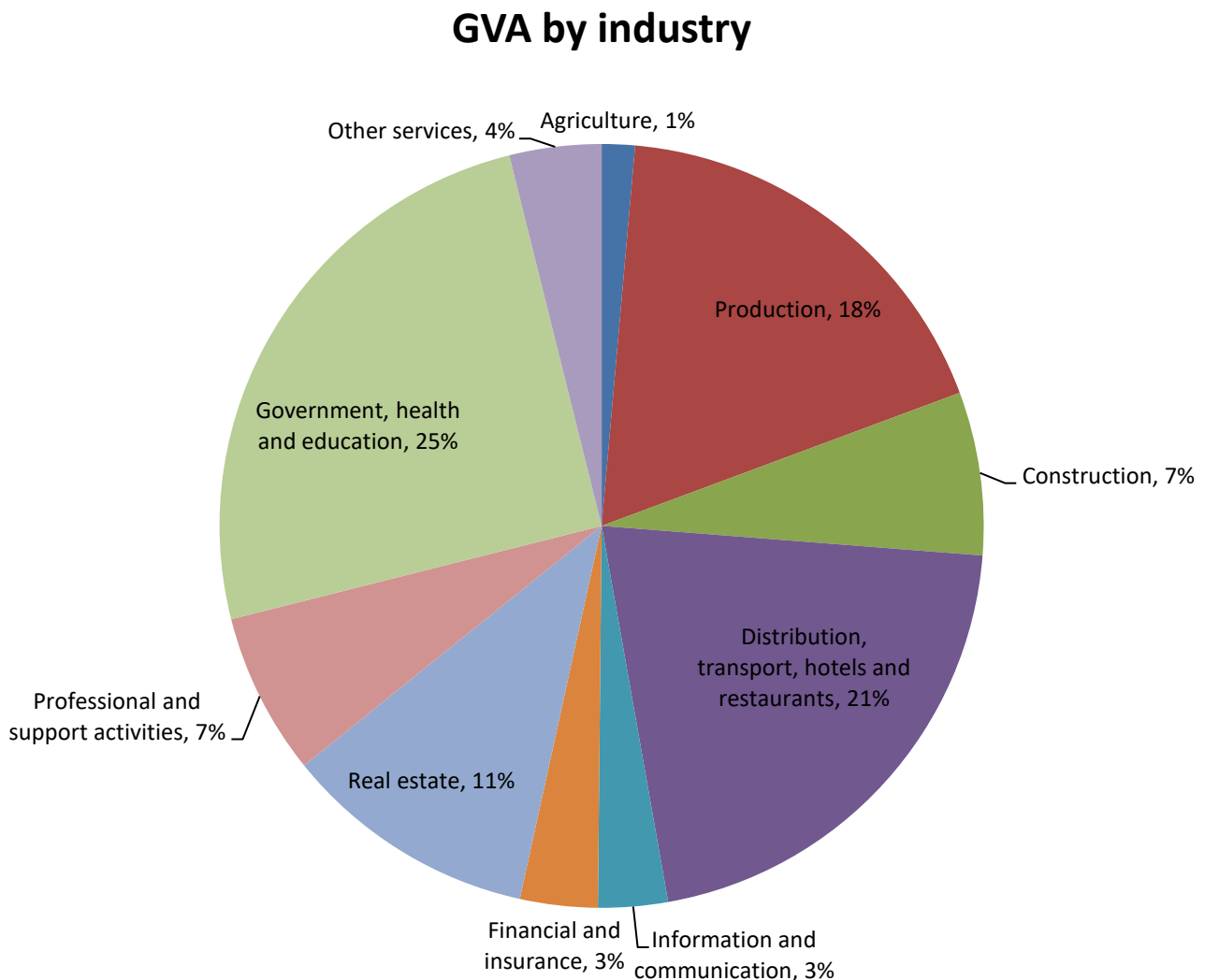
Northern Ireland's GDP per head for 2014 is 77% of the corresponding UK total. Scotland's GDP per head is 94% of the UK total.

NI GVA per head for 2014 was 75% of the UK value whereas Scotland's equivalent figure was 93% of the UK GVA per head.

Gross Value Added

The total value of GVA for Northern Ireland for 2015 equated to £36.0 bn. A breakdown of the broad industry shares of GVA is presented below.

Figure 2: Split of GVA by industry



It can be seen that government, health and education had the largest share (25%) of the total NI GVA in 2015. Note that this is largely composed of compensation of employees and non-market capital consumption (i.e. depreciation) which reflects the large workforce and ownership of buildings by organisations in these industries.

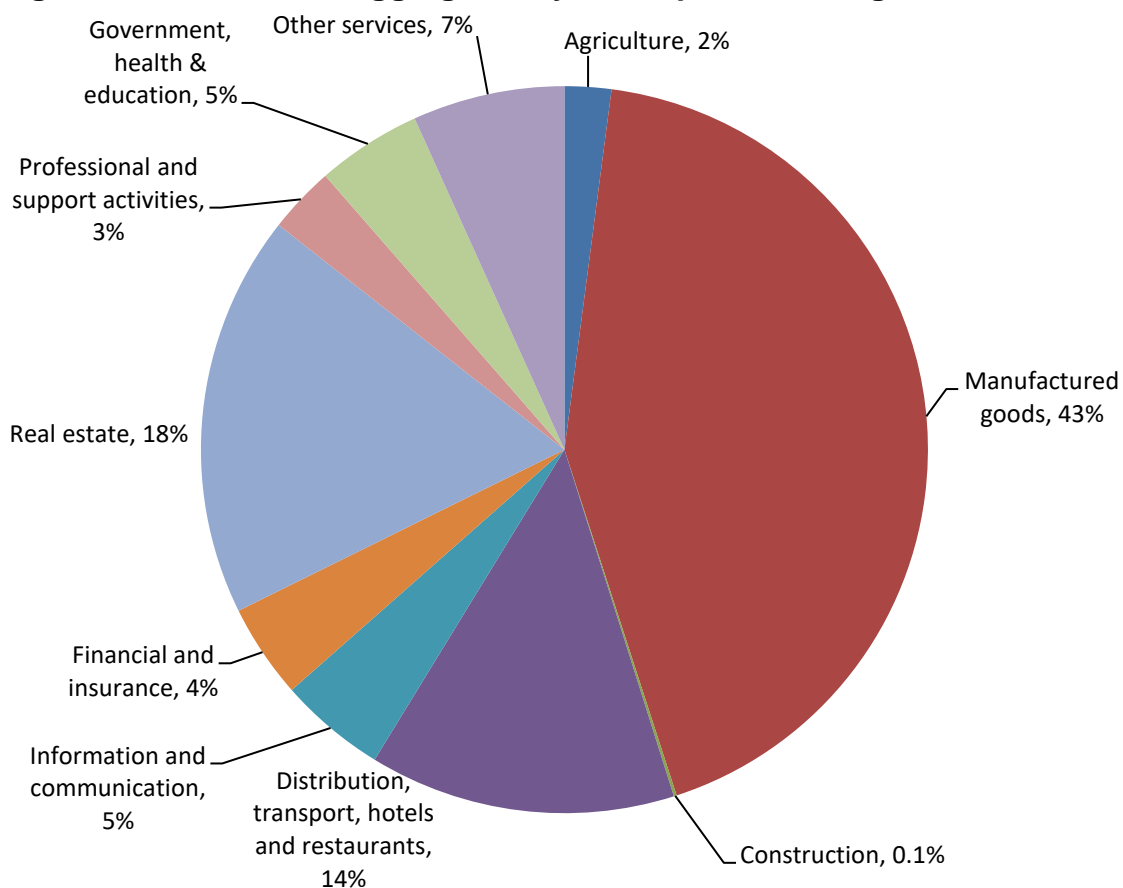
Household Final Consumption Expenditure (HHFCE)

HHFCE comprises all the goods and services purchased and consumed by households in Northern Ireland. This includes expenditure on food, alcohol, clothing, cars, rental on houses and holidays, amongst others. It does not include the purchase of houses or payment of interest on loans, which are expenditure on assets and property income respectively, and not consumption expenditure. HHFCE is important because it represents the biggest driver of economic activity. Lower consumption can be influenced by a variety of factors including lower levels of income, increased savings or lower costs.

Key points:

- In 2015, household consumption (by households, and the not for profit sector) was worth £26.5bn;
- This accounted for the largest proportion (40%) of Final Use, showing the importance of the local consumption of goods and services to the economy;
- The largest component of HHFCE (Figure 3) was expenditure on goods and services from the manufacturing sector (43%) – this includes purchases of goods such as food, clothing, coke and refined petroleum products, and alcoholic beverages;
- Expenditure on Real Estate goods and services accounts for the second largest element of HHFCE (18%);
- The next largest component of HHFCE is expenditure on distribution transport, hotels and restaurants (14%), the greatest element of which is owner-occupiers' housing services⁵.

Figure 3: NI HHFCE disaggregated by broad product categories, 2015



⁵ This is the amount an owner occupier would need to pay to rent their own property.
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Gross Capital Formation (GCF)

Gross Capital Formation (including capital investment as its largest element) is made up of three parts:

- Gross Fixed Capital Formation (GFCF), which relates to the purchase (and disposal) of fixed assets (investment) e.g. buildings, plant and machinery, computer systems and aircraft;
- Changes in inventories, which is made up of materials and fuel, work in progress and unsold finished goods; and
- Acquisitions less disposals of valuables (e.g. jewellery, precious metals, works of art and antiques).

The table below provides an overview of the composition of GCF for NI in 2015.

Table 11: Gross Capital Formation, 2015

GCF calculation for NI 2015 (£bn)	
Gross fixed capital formation	5.5
Acquisitions less disposals of valuables ⁶	-
Changes in inventories	0.1
Total GCF	5.6

- In Northern Ireland GCF accounts for 8% of final use, this proportion is lower than in the UK, where GCF accounts for around 13% of final use⁷.
- This represented £3,021 per head of the NI population in 2015 compared to £4,923 for the UK as a whole.

⁶ It is noted that theoretically acquisitions less disposals of valuables should also be included in the calculation of GCF however there is no available data for this for NI. It is a small component of GCF.

⁷ 2015 UK SUT tables

Net Trading position

Producing a balanced set of Supply and Use Tables, and specifically the calculation of GDP(E) provides detailed information on the value of imports (including purchases from GB) and external sales (including sales to GB) for Northern Ireland at an industry and product level. While not consistent with the international standard Balance of Payments method, the analysis provides an insight into NI's net position in terms of the goods and services sold externally relative to purchases from outside NI.

Table 12: Overview of NI Imports by origin and External sales by destination, 2015

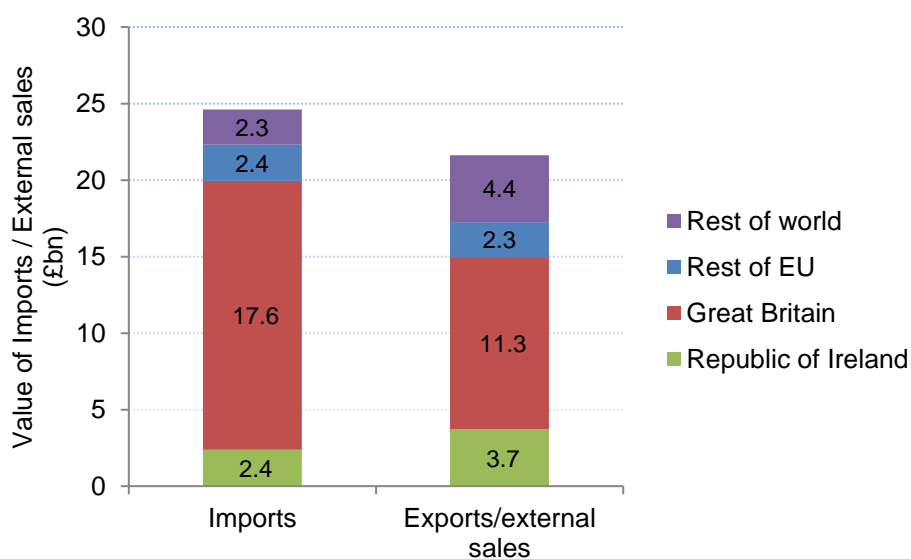
Origin of Imports / Destination of external sales	Imports (including purchases from GB) (£bn)	External sales (including sales to GB) (£bn)	Trade Balance (£bn)
Great Britain (GB)	17.6	11.3	(6.3)
Republic of Ireland (ROI)	2.4	3.7	1.3
Rest of the EU (REU)	2.4	2.3	(0.1)
Rest of the World (ROW)	2.3	4.4	2.1
Total Imports / External sales	24.6	21.6	(3.0)

*Note numbers may not sum due to rounding

- In 2015, NI sold goods and services to the value of £21.6bn to customers outside of NI with the majority sold to customers in Great Britain;
- NI imported goods and services (including purchases from GB) to the value of £24.6bn;
- The total of external sales (including sales to GB) minus imports is known as the balance of trade. In 2015, NI imports exceeded external sales resulting in a **net negative trade balance of £3.0bn**.

The split of trade by origin/destination is presented below.

Figure 4: Overview of NI Purchases by origin and External sales (including sales to GB) by destination, 2015



Please note that the external sales figures presented in this document differ to those reported by the NISRA Broad Economy Sales and Exports (BESES) measure due to the SUT framework excluding taxes or duties due from GB residents. In addition, the BESES measure does not cover the finance sector or the export of live animals, both of which are included in the figures above.

7

Multipliers derived from Input-Output tables

The SUTs serve not only statistical but also analytical purposes, especially when they are transformed into symmetric Input-Output Tables (IOTs). Product and Industry based IOTs have been calculated for Northern Ireland for the reference year 2015 and one of the key outputs from the IOT analysis is the production of multipliers which help to analyse relationships within the economy. The methodology used to derive IOTs and corresponding multipliers can be accessed [here](#).

The GVA and Output multipliers are known as **Type 1 multipliers** which estimate the impact on the supply chain resulting from a producer of a certain product increasing their output to meet additional demand. In order to meet the additional demand the producer must in turn increase the goods and/or services they purchase from their suppliers to produce the product in question. These suppliers in turn increase their demands for goods and services and so on down the supply chain. These Type 1 multipliers are also referred to as direct and indirect effects:

- **Direct:** This is the immediate effect caused directly by the change in final use e.g. if there is an increase in **final use** for a particular product, we can assume that there will be an increase in the output of that product as producers react to meet the increased demand.
- **Indirect:** This is the subsequent effect caused by the consequent changes in intermediate demand i.e. as producers increase their output; there will also be an increase in demand on their suppliers and so on down the supply chain.
- **Induced:** This is the effect attributable to change in household spending as a result of change in household income. This change in household spending on final goods and services is called the **induced effect**.

It is noted that **Type I multipliers** cover direct and indirect effects only, and therefore underestimate the effect on the economy. **Type II** multipliers cover induced effects as well, under the implicit assumption that final consumers do not change their final consumption patterns in response to changes in income. However, due to data availability it has not been possible to produce robust Type II multipliers at this stage.

Note that the **multipliers produced through this project relate to both products and industry**. These multipliers ***underestimate the effect on the economy as they do not estimate induced effects***.

Output and GVA multipliers for both products and industry have been calculated and can be accessed [here](#). Given that these are the first such official economic statistics produced for NI, users should adopt a cautious approach on their use. Users should also check equivalent multipliers from other sources.

Please note that the IOTs provide the basis for calculating a range of other multipliers and effects. NISRA is seeking feedback on the utility of the material provided to inform future development.

Experimental statistics

The statistics will remain classified as experimental statistics until user feedback indicates that they are useful and credible. The quality of the current statistics is restricted because of the lack of up to date information on purchases made by businesses for use as part of their production process. It is hoped that new purchases data will be incorporated in 2019.

NISRA is making these experimental statistics available so that users and stakeholders can be involved in their development. NISRA has engaged extensively throughout the project with expert users of NI economic statistics whose views have helped shape the development of the SUTs. Users include Department for the Economy, Department of Finance and Department of Agriculture, Environment and Rural Affairs economists, the Ulster University Economic Policy Centre and a number of NI economic commentators and consultants.

NISRA hope to receive informed feedback which will improve the quality and value of the statistics. In addition, this release is to help users become aware of the work undertaken by NISRA in the development of the Supply and Use framework for Northern Ireland.

NISRA plan to publish the SUTS for the 2016 reference year in 2019.

NISRA plans to have these statistics assessed against the Code of Practice for Official Statistics which is required to gain National Statistics status. It is likely that the statistics will not be put forward for assessment until the new purchasing data is incorporated.

Acknowledgments

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A glossary of key elements discussed in this paper is presented below. Further information on National Accounts concepts can be found in [“A Short Guide to the UK National Accounts”](#) paper published by the ONS.

- **Basic prices** are the preferred method of valuing gross value added and output. They reflect the amount received by the producer for a unit of goods or services minus any taxes payable plus any subsidy receivable on that unit as a consequence of production or sale (that is the cost of production including subsidies). As a result the only taxes included in the basic price are taxes on the production process – such as business rates and any vehicle excise duty paid by businesses – which are not specifically levied on the production of a unit of output. Basic prices exclude any transport charges invoiced separately by the producer.
- **Compensation of employees (COE)** is the sum of all employment income, including wages and salaries, employers’ pension and National Insurance contributions, bonuses and benefits in kind.
- **Distributors' Trading Margins (DTM)** Transportation, storage and distribution do not change the physical appearance or nature of goods but change their time or place. The value added by the distributive industries is calculated as the difference in value of the good when it started and when it finished being held or moved i.e. the actual receipts from sales less the purchase of goods for resale less recurrent losses due to wastage, theft, etc plus net change in distributors' inventories.

These margins are typically earned by motor trades, wholesale, retail and catering industries and represent, for example, the difference between the price paid by the wholesaler for the good and the price paid by the purchaser. The distributors’ trading margins column sums to zero because it simply reallocates the supply of distribution services to the products being distributed.

- **Exports** are goods and services produced in NI purchased by units in the rest of the world (including external sales to GB); conversely **imports** are goods and services produced in the rest of the world and purchased by NI residents. These do not include financial flows which form part of the balance of payments. The total of **exports minus imports** is known as the **balance of trade**.
- **Government final consumption expenditure** Includes expenditure from both local authorities and central government. This covers pay of employees, procurement of goods and services and capital consumption.
- **Gross capital formation** (which can be thought of as investment) is made up of three parts.
 - The first (and largest) is **gross fixed capital formation (GFCF)**, which relates to the purchase (and disposal) of fixed assets. Fixed assets are items which contribute to a productive process for more than a year and are not used up in the process of production. Examples of such assets are buildings (including dwellings), vehicles, plant and machinery, computer systems and aircraft.
 - The second component is **changes in inventories**, which is made up of materials and fuel, work in progress and unsold finished goods.

- iii. The third component is **acquisitions less disposals of valuables**. Valuables are defined as goods which do not contribute to a process of production but are a store of value for the owners. These include jewellery, precious metals, works of art and antiques.
- **Gross operating surplus** is officially defined as the balance between GVA and labour costs paid by producers. In effect, it is equal to the sum of gross trading profits and income earned through the ownership of buildings (rental income).
 - **Household final consumption expenditure** comprises all the goods and services purchased and consumed by households. This will include food, alcohol, clothing, cars, rental on houses and holidays, to name but a few items. It does not include the purchase of houses or payment of interest on loans, which are expenditure on assets and property income respectively, and not consumption expenditure).
 - **Intermediate consumption** is defined as all goods and services used up or transformed in a process of production. This includes raw materials, power and fuel, rental on buildings and business services such as advertising, recruitment consultancy and cleaning. It specifically excludes staff costs and capital investment which are handled elsewhere in the accounts.
 - **Mixed income** is the income from self-employment. It recognises that the income of the self-employed is a combination of wages (COE) and profits (GOS), but it is not realistic or appropriate to split it into these two components
 - **NPISH Final Consumption Expenditure** is all consumption by institutions which provide goods and services; either free or below the market price.
 - **Purchasers' prices** are the prices paid by purchasers. They include transport costs, trade margins and taxes (unless the taxes are deductible by the purchaser from their own tax liabilities).

Additional Reading

Further information on the background to the NISRA project to develop the Supply-Use Tables can be found on our [website](#).

Other useful sources of information relating to National Accounts and the Supply-Use framework include:

- [Eurostat Manual of Supply, Use and Input-Output Tables](#)
- [European System of National and Economic Accounts \(ESA 2010\)](#)
- [ONS Series of National Accounts articles](#)
- [Scottish Government Input-Output Methodology Guide](#)