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and Investment**
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Northern Ireland Annual Business Inquiry (NIABI) 2008

31 March 2010



Department of Enterprise,
Trade and Investment

Northern Ireland Annual Business Inquiry (NIABI) 2007 Revised, 2008 Provisional Results on a SIC 2007 basis

31 March 2010

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NORTHERN IRELAND ANNUAL BUSINESS INQUIRY (NIABI) 2007 Revised, 2008 Provisional Results on a SIC 2007 Basis

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The 2008 Northern Ireland Annual Business Inquiry (NIABI) provides output-based estimates for the year, of the value of mainly business based economic activity across some two-thirds of the Northern Ireland economy. The survey covers most of the Production, Construction, Distribution and Service industries but excludes public sector activities for the most part. Revised information for 2007 is also made available in the report.

This is the first set of ABI results to be published under Standard Industrial Classification (SIC) 2007. The change of SIC has made it difficult to compare 2008 figures with the previous year. The notes in this Bulletin provide further information.

- Total Approximate Gross Value Added (GVA) at basic prices for 2008 is £17,544 million representing an increase of £835 million (5.0%) compared to 2007.
- The largest increase occurred in Manufacturing, where GVA increased over the year by £413 million (10.6%) to £4,307 million in 2008.
- The Construction sector reported a decrease of £37 million (1.5%) over the year to £2,463 million.
- Service sector GVA (£9,767 million) increased by £237 million (2.5%) in the period 2007-2008.
 - The highest level of growth over the year within the Services sector was in Professional, Scientific and Technical Activities where GVA increased by £148 million (13.7%) to £1,226 million.
 - The Transport and Storage sector also gained £136 million (14.4%) in GVA over the period, increasing to £1,080 million.
- GVA per person in employment was £33,199 in 2007 compared to £33,129 in 2008 in Northern Ireland.
- Total turnover has increased from £53,764 million in 2007 to £57,875 million in 2008, which equates to 7.6% growth over the year.
- Employment costs increased by 11.4% over the year from £8,416 million in 2007 to £9,377 million in 2008.

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Executive Summary

1

INTRODUCTION

The 2008 Northern Ireland Annual Business Inquiry (NIABI) collects both employment and financial information from businesses and other establishments and covers about two thirds of the economy. This includes the Production, Construction, Distribution and Service industries¹ in Northern Ireland but excludes public sector activity for the most part. Coverage also includes Agriculture (support activities), Hunting, Forestry and Fishing. The Office for National Statistics (ONS) has responsibility for the production of UK regional ABI estimates and 2008 results are scheduled for release on 29th July 2010.

For this report, in line with the major revision to the European Union's industrial classification system, NACE, NIABI has moved from using the SIC 2003 categorisation of business activities to the new SIC 2007 activity codes (see page 3). The UK is required by European legislation to revise the SIC in parallel with NACE so that both systems remain identical down to and including the 4 digit class level.

While the NIABI for reference year 2008 was conducted on a SIC 2007 basis, the reference year 2007 survey was on a SIC 2003 basis. Estimates for 2007 have been produced on a SIC 2007 basis and are included to give a broad indication of movements. Caution should be exercised when comparing these transitional years.

Previous NIABI results were published according to SIC 2003, therefore these results are not directly comparable with earlier results.

TURNOVER AND GROSS VALUE ADDED

Turnover² by businesses in Northern Ireland is estimated to be worth £57,875 million in 2008 (excluding VAT); an increase of 7.6% compared to 2007. After expenditure on goods and services was accounted for, this represented a total figure of £17,544 million in terms of approximate Gross Value Added (GVA). GVA, which is a measure of the value of economic activity generated by businesses, increased by 5.0% (£835 million) over the year.

SHARE OF TURNOVER AND GVA BY INDUSTRY

The relative importance of the main industry sectors in terms of GVA and changes between 2007 and 2008 can be seen in Figure 1. The Service sector accounts for approximately 56.6% of businesses'

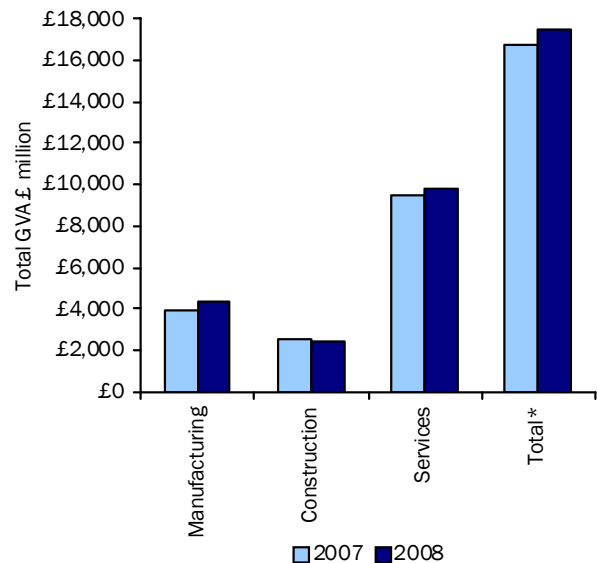
turnover and 55.7% of GVA in 2008, reflecting its continuing importance to the Northern Ireland economy. Manufacturing also continues to play a key role with the sector being responsible for 27.0% of turnover and 24.6% of GVA.

The Service sector accounts for 55.7 of GVA (£9,767 million) in 2008 compared to 57.0% (£9,530 million) in 2007.

Manufacturing accounts for 24.6% of GVA (£4,307 million) in 2008 compared to 23.3% (£3,894 million) in 2007.

In 2008, 14.0% (£2,463 million) of total GVA is accounted for by the Construction sector. This compares to 15.0% (£2,499 million) in 2007.

Figure 1: Total GVA at basic prices³, 2007- 2008



* Please note the Total shown here, and throughout the report, includes SIC 2007 sections that do not fall under Manufacturing, Construction and Services. See page 15 for further details.

CHANGES IN GVA 2007 - 2008

The £835 million increase in GVA is largely due to a 10.6% (£413 million) increase in Manufacturing GVA to £4,307 million. Service sector GVA increased over the period by 2.5% (£237 million) to £9,767 million. Construction fell by 1.5% (£37 million) to £2,463 million over the same period.

¹ Full details regarding ABI sectoral coverage can be found on page 15.

² Turnover is defined as the value of total sales and work done.

³ Basic prices reflect the amount received by a producer for a unit of goods and services minus any taxes payable on the product such as VAT.

ANNUAL CHANGES WITHIN SECTOR

After Manufacturing, the largest increase in GVA (in value terms) across the sectors is in Professional, Scientific and Technical Activities, with an increase of £148 million (13.7%). Sections H (Transport and Storage) and E (Water Supply, Sewerage, Waste Management and Remediation Activities) increased by £136 million and £123 million, respectively.

The largest value decrease is in Wholesale and Retail Trade; Repair of Motor Vehicles and Motor Cycles, with a decrease of £275 million (6.5%). This sector now accounts for 22.4% of total business GVA compared to 25.1% in 2007.

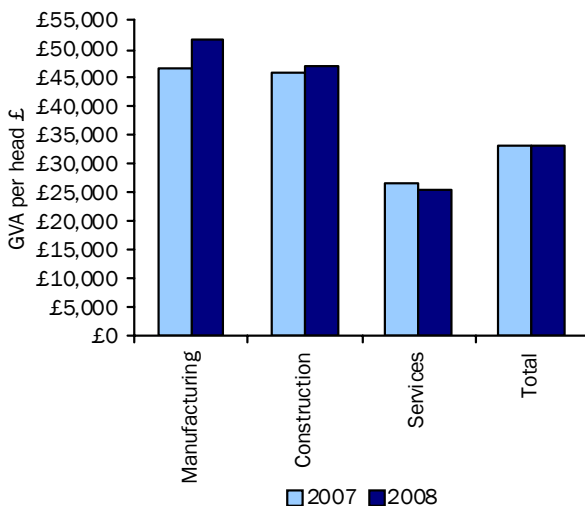
EMPLOYMENT LEVELS

The NIABI provides estimates of employment to enable per head calculations to be made. Preferred estimates of the changes in employment and employee jobs are provided by the Labour Force Survey and Quarterly Employment Survey respectively, and can be found on the DETI website.

GVA PER HEAD

The NIABI allows estimates of both the value added per person⁴ in employment (GVA per head) and employment costs per head to be calculated across different industries. Total GVA per head at basic prices was £33,199 in 2007 compared to £33,129 in 2008 in Northern Ireland. Over the same period, GVA per head increased in the Manufacturing sector by 11.1% to £51,723, and in Construction by 2.3% to £47,108. GVA per head at basic prices decreased in the Service sector by 4.8% to £25,475.

Figure 2: GVA at basic prices per head, 2007-2008



⁴ The ABI does not distinguish between full- and part-time jobs when calculating per head values.

GVA PER HEAD WITHIN MAIN SECTORS

GVA per head in Wholesale and Retail Trade; Repair of Motor Vehicles and Motor Cycles, the largest section by GVA value within Services, decreased by 7.9% in the period 2007-2008.

Service sector GVA per head is highest in Information and Communication, decreasing by 8.3% over the period to £49,147 in 2008.

Combined division 11&12 (Manufacture of Beverages and Tobacco Products), the largest division within Manufacturing by GVA value, has noticeably the highest GVA per head (£422,474) across the Manufacturing divisions in 2008.

There is considerable variation in terms of GVA per head between sectors, reflecting different value added contributions per person in employment and differences in the extent of part-time employment of which the per head measure does not take account.

EMPLOYMENT COSTS

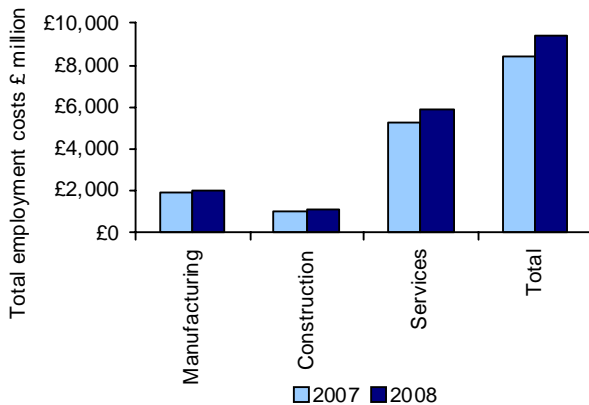
While GVA increased over the year by 5.0%, wages and salary costs and payments on behalf of employees have increased by 11.4%, from £8,416 million in 2007 to £9,377 million in 2008 – see Figure 3.

Sixty-three percent of such payments for employees are accounted for by the Service sector and are worth £5,913 million in 2008, up 13.0% on 2007. However, it is important to note that the inclusion of charities and non-profit organisations in Human Health and Social Work Activities (section Q) in NIABI 2008 contributed to this section's and Services' increase in employment costs (see Background Notes on page 15 for further details).

The value of Construction salaries are up 6.9% (£70 million) on 2007 and are worth £1,092 million in 2008.

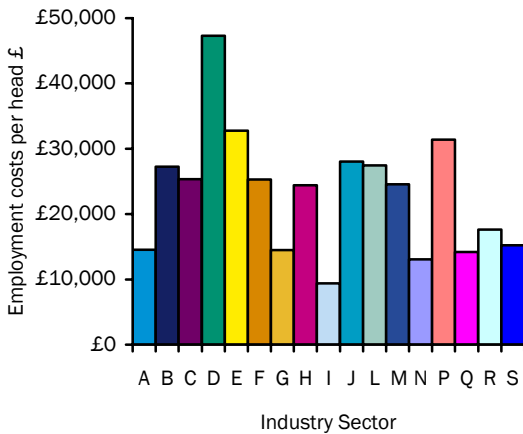
The value of Manufacturing salaries and employee payments increased by £106 million (5.5%) over the year, to be worth £2,042 million to the NI economy in 2008.

Figure 3: Total employment costs, 2007-2008



Employment costs per head vary considerably by SIC section, from £47,298 in Electricity, Gas, Steam and Air Conditioning Supply, to £9,388 in Accommodation and Food Service Activities – see Figure 4.

Figure 4: Employment costs per head by section, 2008



See Notes (right) for industry classifications.

PURCHASES

Total Purchases represent the value of all goods, materials and services purchased during the year. In 2008, total purchases are £38,407 million, which represented an increase of 8.4% from 2007. While Manufacturing purchases increased by 3.2% in the period 2007-2008, Service sector purchases increased by 8.7%.

Purchases per head increased by 3.1%, from £70,370 in 2007 to £72,525 in 2008.

FURTHER NIABI RESULTS

More detailed sectoral analysis for 2008 will be placed on the DETI website when available and revised results for 2008 will be published with provisional results for 2009.

NOTES

Users should note that the NIABI methodology is currently under review. In survey year 2007, the sample was redesigned to provide a specified level of precision. In survey years 2008 and 2009, work is being carried out to increase consistency of employee job measures in Northern Ireland.

It should also be noted that the employment information is at a fixed point in time, whereas the financial information is over an annual period. The data are not preferred measures of competitiveness and productivity, which are instead based on Regional Accounts measures of GVA.

The UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007) sections are as follows:

- A** Agriculture (part), forestry and fishing
- B** Mining and quarrying
- C** Manufacturing
- D** Electricity, gas, steam and air conditioning supply
- E** Water supply, sewerage, waste management and remediation activities
- F** Construction
- G** Wholesale and retail trade; repair of motor vehicles and motor cycles
- H** Transport and storage
- I** Accommodation and food service activities
- J** Information and communication
- L** Real estate activities
- M** Professional, scientific and technical activities
- N** Administrative and support service activities
- P** Education
- Q** Human health and social work activities
- R** Arts, entertainment and recreation
- S** Other service activities

Introduction

2

The Northern Ireland Annual Business Inquiry (NIABI) is a survey carried out by the Department of Enterprise, Trade and Investment (DETI) since 1998 that provides a number of key measures of the economic performance of businesses and other establishments⁵ based in Northern Ireland. This report provides provisional results for the 2008 survey and revised information for the year 2007.

For this report, in line with the major revision to the European Union's industrial classification system, NACE, NIABI has moved from using the SIC 2003 categorisation of business activities to the new SIC 2007 activity codes. The UK is required by European legislation to revise the SIC in parallel with NACE so that both systems remain identical down to and including the 4 digit class level.

While the NIABI for reference year 2008 was conducted on a SIC 2007 basis, the reference year 2007 survey was on a SIC 2003 basis. Estimates for 2007 have been produced on a SIC 2007 basis and are included to give a broad indication of movements. The 2008 changes in section Q (Human Health and Social Work Activities) are partly due to the exclusion of charities and non-profit organisations in 2007 and their inclusion in 2008. Caution should be exercised when comparing these transitional years.

The report includes financial information at basic prices⁶ for the most recent accounting year (2008) and reports employment levels at a fixed point in time (September 2008) to cover most of the main areas of the economy including the Manufacturing, Construction, Distribution and Service sector industries. Coverage also includes Agriculture (support activities), Hunting, Forestry and Fishing. The main exclusions from the survey are in the areas of public sector administration, health and education for the most part.

As such, the NIABI provides one of the earliest measures available of the levels of economic performance of about two-thirds of the Northern Ireland economy. Comparable information for all regions of the UK is scheduled to be published by the Office for National Statistics on 29th July 2010, which

will allow the Northern Ireland information to be placed in a wider context.

STRUCTURE OF THE REPORT

This report provides an analysis of a number of key indicators, such as the total value of sales and work completed by businesses (turnover), approximate GVA, the value of the purchase of goods, materials and services, and total employment costs.

The information is disaggregated by the major Standard Industrial Classifications (SIC 2007), and equivalent per head information is provided using the employment data collected. More detailed sectoral data at the 2 digit SIC level will be placed on the DETI website. Further variables and more detailed industrial breakdowns are also available (e.g. 3, 4 & 5 digit industrial classification subject to confidentiality constraints), as a bespoke analysis service on request.

Previous NIABI results were published according to SIC 2003, therefore these results are not directly comparable with earlier results.

EMPLOYMENT ESTIMATES

The NIABI provides estimates of employment to enable per head calculations to be made. Preferred estimates of the changes in employment and employee jobs are provided by the Labour Force Survey and Quarterly Employment Survey respectively and can be found on the DETI website.

The NIABI estimates are at a fixed point in time and as such do not take into account in-year seasonal variations in employment, and may therefore distort measures such as GVA (which is based on a full year) per head for those sectors where such effects occur.

⁵ Other establishments include organisations such as local authorities whose primary activities are classified outside public administration and non-profit making organisations.

⁶ Basic prices reflect the amount received by a producer for a unit of goods and services minus any taxes payable on the product such as VAT (see also Background Notes).

Turnover

3

Total turnover consists of total takings or invoiced sales and receipts of the business in connection with the sale of goods, work done and services rendered. Adjustments have been made so that all turnover excludes VAT.

Total turnover has increased from £53,764 million in 2007 to £57,875 million in 2008, which equates to an increase of 7.6%. This comprises increases of 6.4% in Manufacturing turnover, from £14,705 million to £15,641 million, 7.9% in Construction, from £6,707 million to £7,235 million, and 7.7% in Services, from £30,412 million to £32,749 million.

Figure 5: Total turnover, 2007-2008

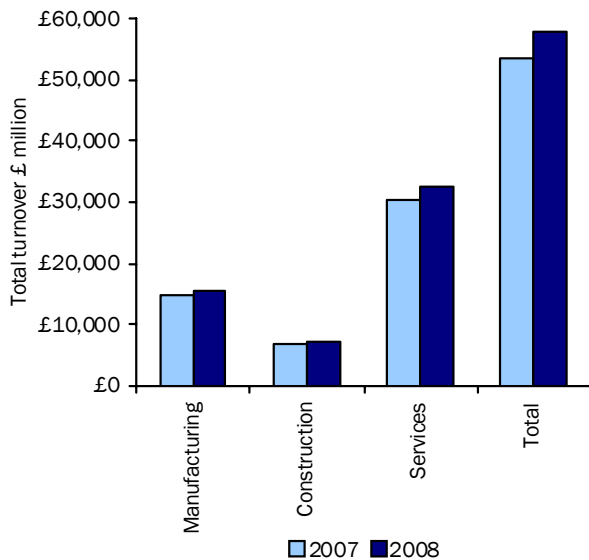
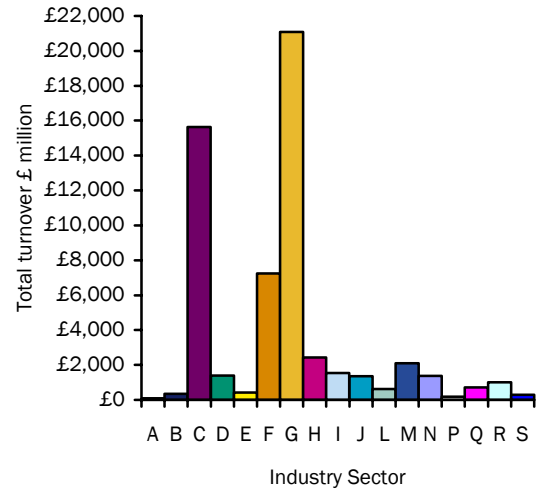


Figure 6 demonstrates the variation of turnover by industry sector in 2008, from the highest turnover in Wholesale and Retail Trade; Repair of Motor Vehicles and Motor Cycles (section G) worth £21,086 million; followed by Manufacturing (section C), £15,641 million; to just £91 million in Agriculture, Forestry and Fishing (section A).

Overall, the Service sector accounts for 56.6% of the total Northern Ireland turnover in 2007 and 2008, while Construction accounts for 12.5% in both years. Manufacturing accounts for 27.0% of turnover in 2008 compared to 27.4% in 2007.

Figure 6: Total turnover by section, 2008

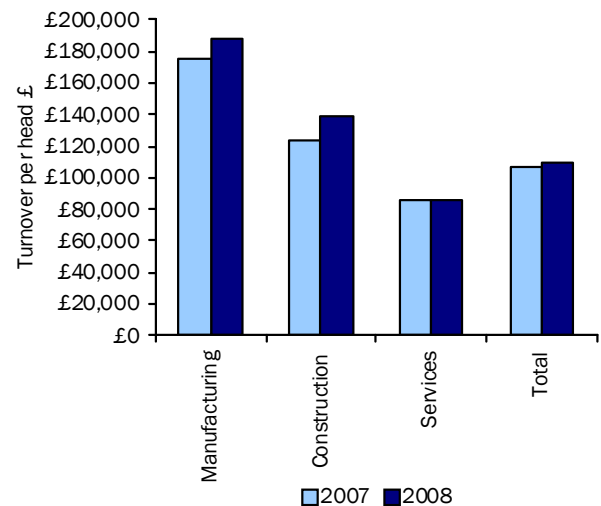


See page 6 for industry classifications.

TURNOVER PER HEAD

Turnover per head (Figure 7) is significantly lower within the Service sector (£85,419) than within Manufacturing (£187,817) for 2008.

Figure 7: Turnover per head, 2007-2008



Overall turnover per head has increased by 2.3% over the period 2007 to 2008, from £106,827 to £109,288.

Within the Service sector, Wholesale and Retail Trade; Repair of Motor Vehicles and Motor Cycles has the highest turnover per head in 2008 (£156,078), followed by Transport and Storage at £97,650 – see Figure 8.

Lowest turnover per head is experienced within Education (£16,383), Human Health and Social Work activities (£17,757) and Other Service Activities (£21,573).

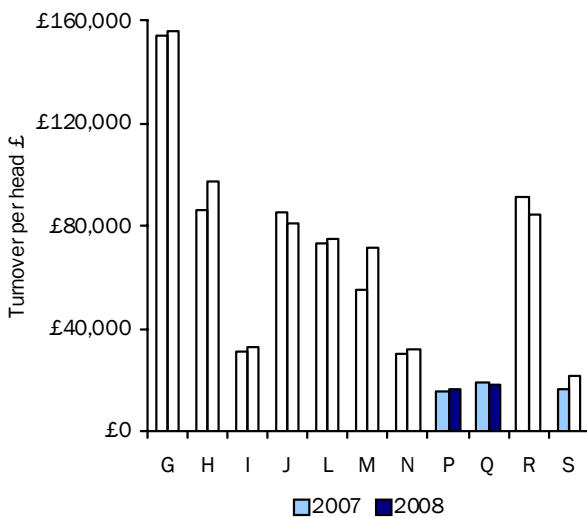
Within Wholesale and Retail Trade; Repair of Motor Vehicles and Motor Cycles, turnover per head rose from 2007 to 2008 by 1.3%.

The greatest increase in turnover per head within the Service sector in terms of value was in section M (Professional, Scientific and Technical Activities), which rose by £16,330 from £55,146 in 2007 to £71,476 in 2008. The lowest was a fall of £7,260 in section R (Arts, Entertainment and Recreation), from £91,622 in 2007 to £84,362 in 2008.

The UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007) sections are as follows:

- A** Agriculture (part), forestry and fishing
- B** Mining and quarrying
- C** Manufacturing
- D** Electricity, gas, steam and air conditioning supply
- E** Water supply, sewerage, waste management and remediation activities
- F** Construction
- G** Wholesale and retail trade; repair of motor vehicles and motor cycles
- H** Transport and storage
- I** Accommodation and food service activities
- J** Information and communication
- L** Real estate activities
- M** Professional, scientific and technical activities
- N** Administrative and support service activities
- P** Education
- Q** Human health and social work activities
- R** Arts, entertainment and recreation
- S** Other service activities

Figure 8: Turnover per head within Services, 2007-2008

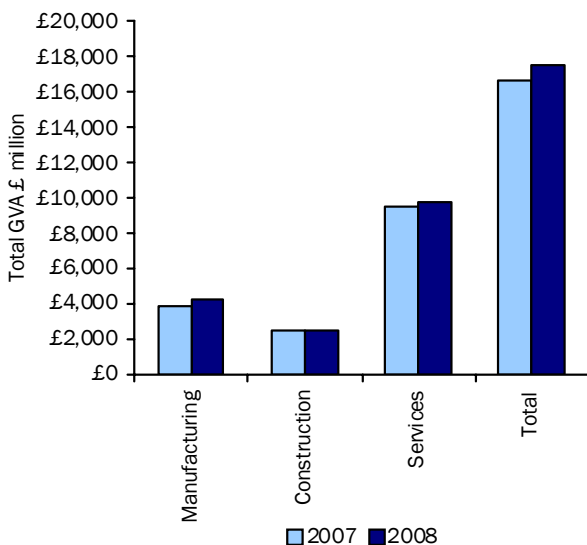


Gross Value Added at Basic Prices

4

Approximate Gross Value Added (GVA) represents the wealth created by businesses and is essentially the difference between income and expenditure on external goods and services, though it includes employment costs, such as wages and salaries and payments on behalf of employees such as national insurance. These are output-based measures of GVA. All published GVA is given at basic prices, i.e. adjustments are made for changes in stock levels, own account capital expenditure, local authority rates and excise duties.

Figure 9: Total GVA at basic prices, 2007-2008

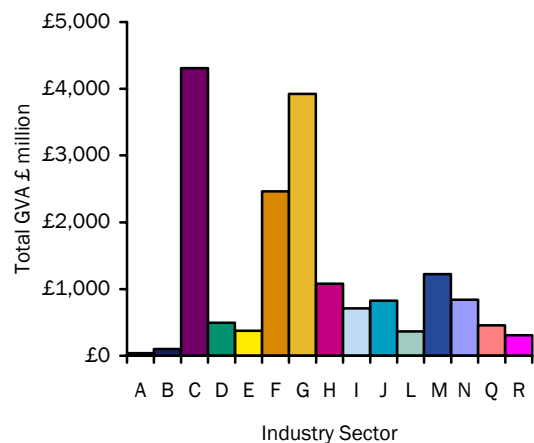


In 2008, total GVA at basic prices is £17,544 million, an increase of £835 million (5.0%) on the figure for 2007 (£16,709 million) – see Figure 9.

This comprises a 10.6% increase in Manufacturing (from £3,894 million to £4,307 million) and a 2.5% increase in Services (from £9,530 million to £9,767 million). Over the year Construction recorded a fall of 1.5% (from £2,499 million to £2,463 million).

Overall, the Service sector accounts for 55.7% of GVA in 2008, down slightly from 57.0% in 2007. Manufacturing accounts for 24.6%, up from 23.3%, and Construction accounts for 14.0%, down from 15.0%.

Figure 10: Total GVA at basic prices by section, 2008

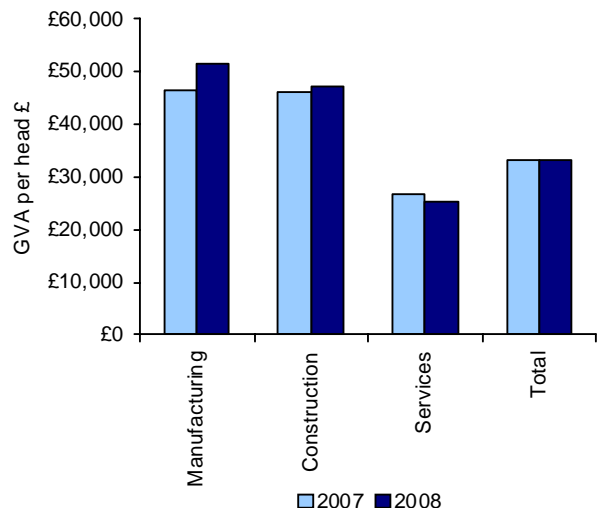


Sections P (Education) and S (Other Service Activities) have been excluded as the data are disclosive. Section L (Real Estate Activities) has been included, but may not be an appropriate measure of GVA for this sector.

See page 8 for industry classifications.

Within the Service sector, Wholesale and Retail Trade; Repair of Motor Vehicles and Motor Cycles, at £3,923 million, accounts for the greatest proportion of GVA (22.4% of the total for NI in 2008). This represented a decrease of £275 million compared to 2007 (£4,198 million), when this sector accounted for 25.1% of the total for NI.

Figure 11: GVA at basic prices per head, 2007-2008



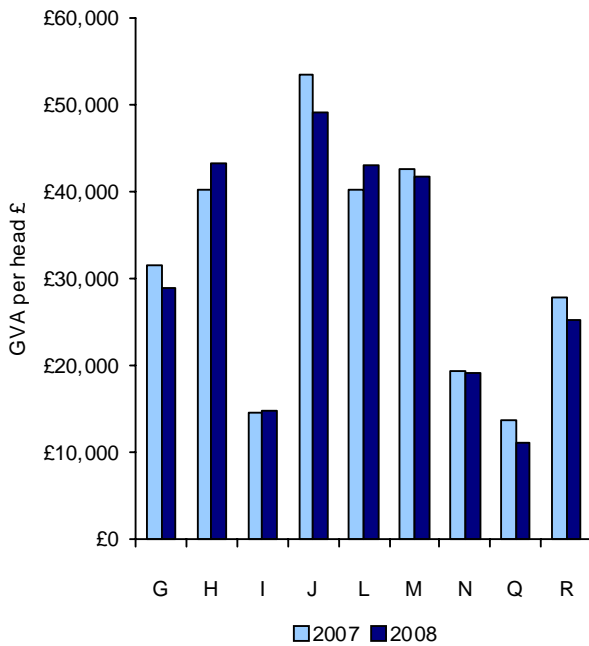
GVA at basic prices per head stands at £33,129 in 2008, compared to £33,199 in 2007 – see Figure 11.

Within the three main industry sectors, Manufacturing has the highest GVA per head within NI at £51,723, and Services the lowest at £25,475 in 2008. Over the period 2007 to 2008, Manufacturing recorded an increase in GVA per head of 11.1%, while Construction GVA per head increased by 2.3%. However, Services recorded a decrease of 4.8% over the period.

Within the Service sector, GVA per head is highest in Information and Communication, decreasing by 8.3% over the period to £49,147 in 2008 – see Figure 12.

As with all the per head measures in this report, no account is taken of variation in full and part-time working patterns across sectors, and this should be borne in mind when interpreting differences.

Figure 12: GVA at basic prices per head within Services, 2007-2008



Sections P (Education) and S (Other Service Activities) have been excluded as the data are disclosive. Section L (Real Estate Activities) has been included, but may not be an appropriate measure of GVA per head for this sector.

The UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007) sections are as follows:

- A** Agriculture (part), forestry and fishing
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- C** Manufacturing
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- R** Arts, entertainment and recreation
- S** Other service activities

See also Background Notes for further details of the SIC 2007 sections and the GVA calculation applied.

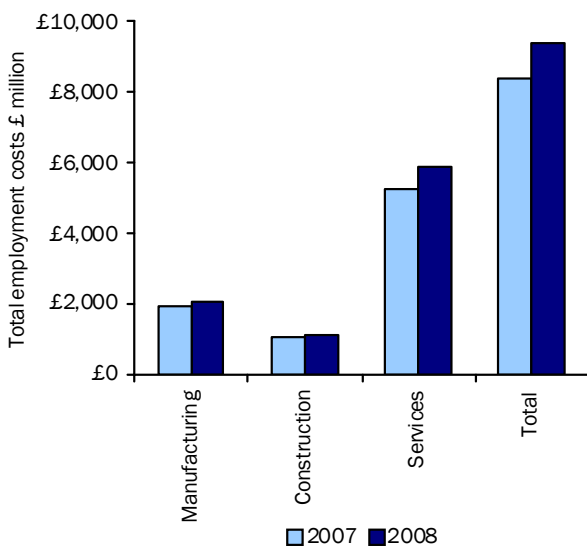
Employment Costs

5

Employment costs represent the amounts paid during the year to, or on behalf of, employees. This includes all overtime payments, bonuses, commissions, payments in kind, benefits in kind, holiday pay, employer's national insurance contributions, payments into pension funds by employers and redundancy payments less amounts reimbursed for this purpose from government sources. No deduction is made for income tax or employee's national insurance contributions etc. Payments to working proprietors, travelling expenses, lodgings allowances etc., are excluded. These employment costs are not adjusted to take account of full- and part-time working and are also calculated at a point in time rather than annual averages.

From 2007 to 2008, overall employment costs have increased by 11.4%, from £8,416 million in 2007 to £9,377 million in 2008. This is reflected with increases of 13.0% in Services, 6.9% in Construction and 5.5% in Manufacturing – see Figure 13. With an increase of £201 million, Human Health and Social Work Activities within Services experienced the largest increase in employment costs (in value terms) between 2007 and 2008. It is important to note that the inclusion of charities and non-profit organisations in 2008 contributed to this section's and Services' increase.

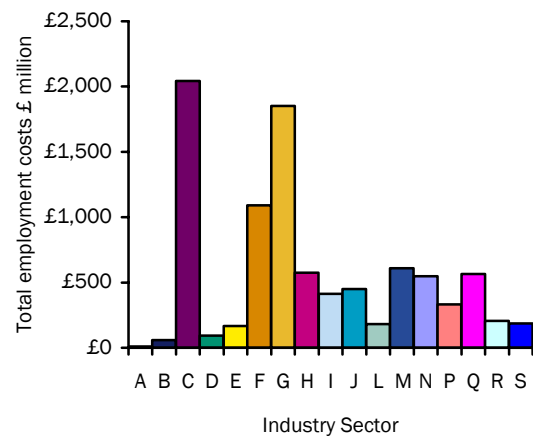
Figure 13: Total employment costs, 2007-2008



Within the Service sector, Wholesale and Retail Trade; Repair of Motor Vehicles and Motor Cycles has the highest employment costs, at £1,851 million in 2008 – see Figure 14.

Employment costs accounted for a higher proportion of total GVA (53.5%) in 2008 than in 2007 (50.4%). In Services, this proportion grew from 54.9% in 2007 to 60.5% in 2008, while decreasing in Manufacturing (from 49.7% in 2007, to 47.4% in 2008).

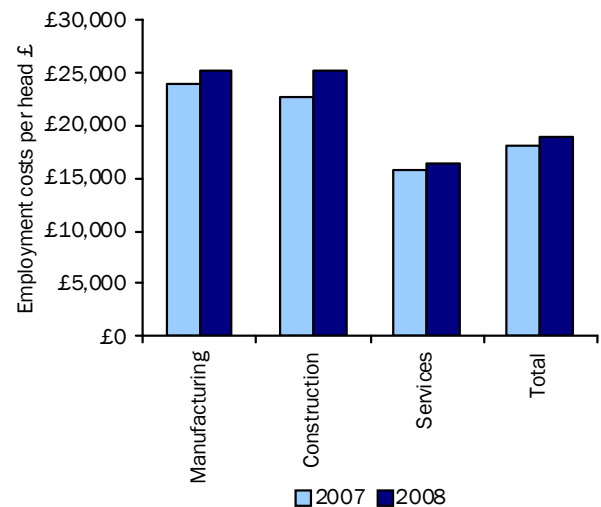
Figure 14: Total employment costs by section, 2008



See page 10 for industry classifications.

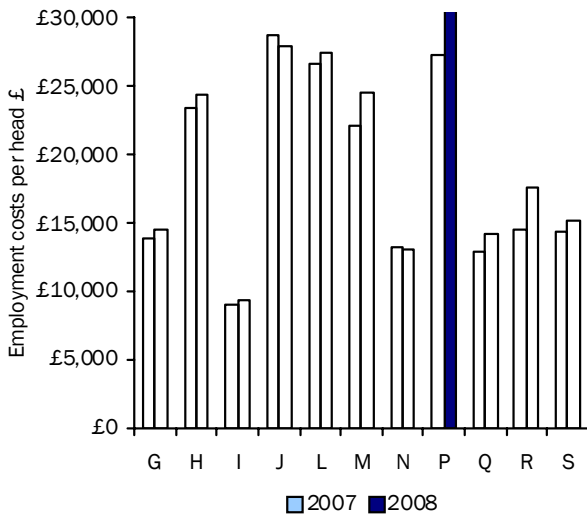
Employment costs per head continue to be lowest in the Service sector (£16,487), however it should be noted that the ABI does not take into account the greater number of part-time jobs within the Service sector – see Figure 15.

Figure 15: Employment costs per head, 2007-2008



Within the Service sector, employment costs per head vary, from £31,397 in Education to £9,388 in Accommodation and Food Service Activities.

Figure 16: Employment costs per head within Services, 2007-2008



The UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007) sections are as follows:

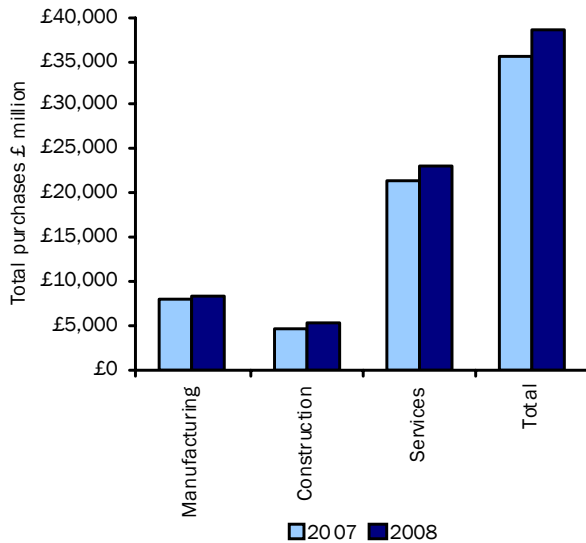
- A** Agriculture (part), forestry and fishing
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- P** Education
- Q** Human health and social work activities
- R** Arts, entertainment and recreation
- S** Other service activities

Purchases

6

Total purchases represent the value of all goods, materials and services purchased during the year.

Figure 17: Total purchases, 2007-2008



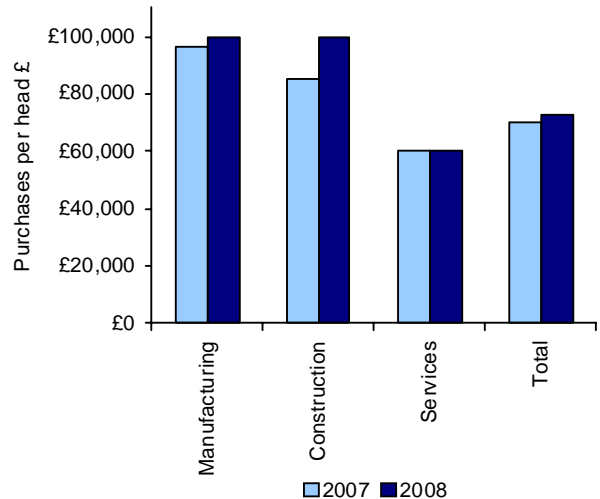
Total purchases have increased by 8.4% over the year 2007 to 2008, from £35,416 million to £38,407 million – see Figure 17.

Of the total, 60.5% is accounted for by the Service sector (£23,224 million) and a further 21.6% by the Manufacturing sector (£8,309 million).

Purchases per head have increased in the Manufacturing sector by 3.7%, from £96,240 in 2007 to £99,770 in 2008. In the Services sector, purchases per head were £60,014 in 2007, compared to £60,577 in 2008 – see Figure 18.

Construction sector purchases per head increased by 16.7%, from £85,311 in 2007 to £99,538 in 2008.

Figure 18: Purchases per head, 2007-2008



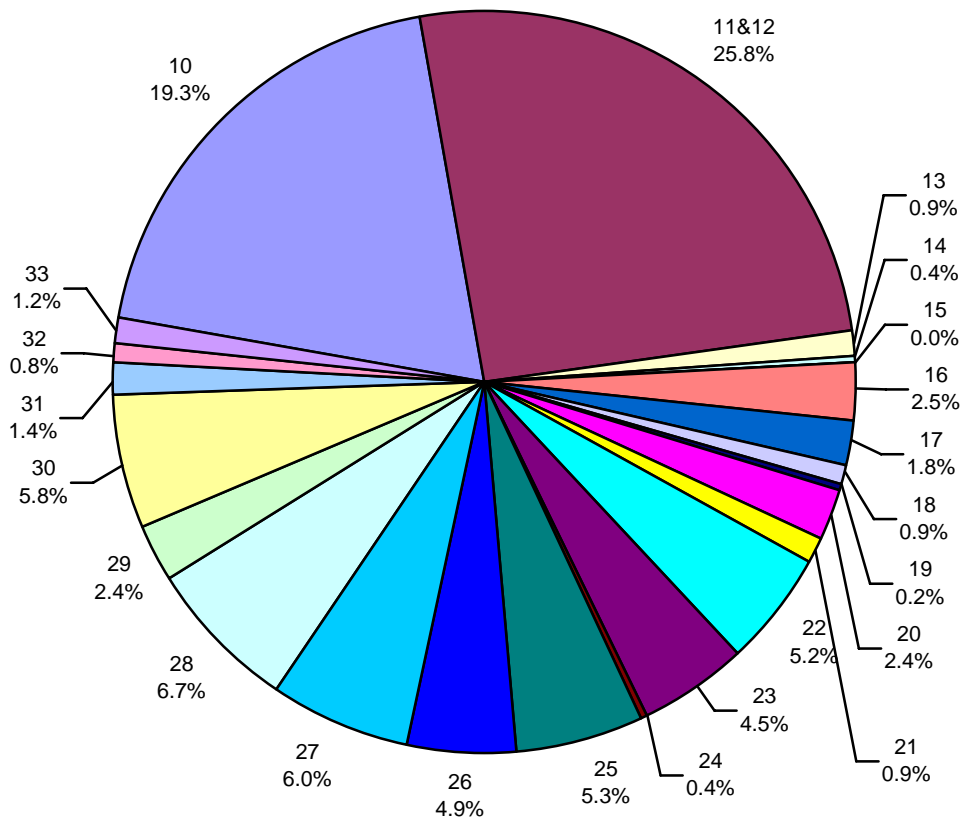
Results by Manufacturing Division

7

TURNOVER

Just under half of Manufacturing turnover is accounted for by divisions 10 (Manufacture of Food Products), 11 (Manufacture of Beverages) and 12 (Manufacture of Tobacco Products) combined. At £7,054 million in 2008, this represents 45.1% of total Manufacturing turnover (see Figure 19).

Figure 19: Total turnover by Manufacturing division, 2008



See page 14 for the Manufacturing division classifications.

The next largest division is 28 (Manufacture of Machinery and Equipment not elsewhere classified), at £1,051 million. Six divisions have turnover in the £700 million to £1,000 million range, over £300 million more than the next highest division. These are (in descending turnover order):

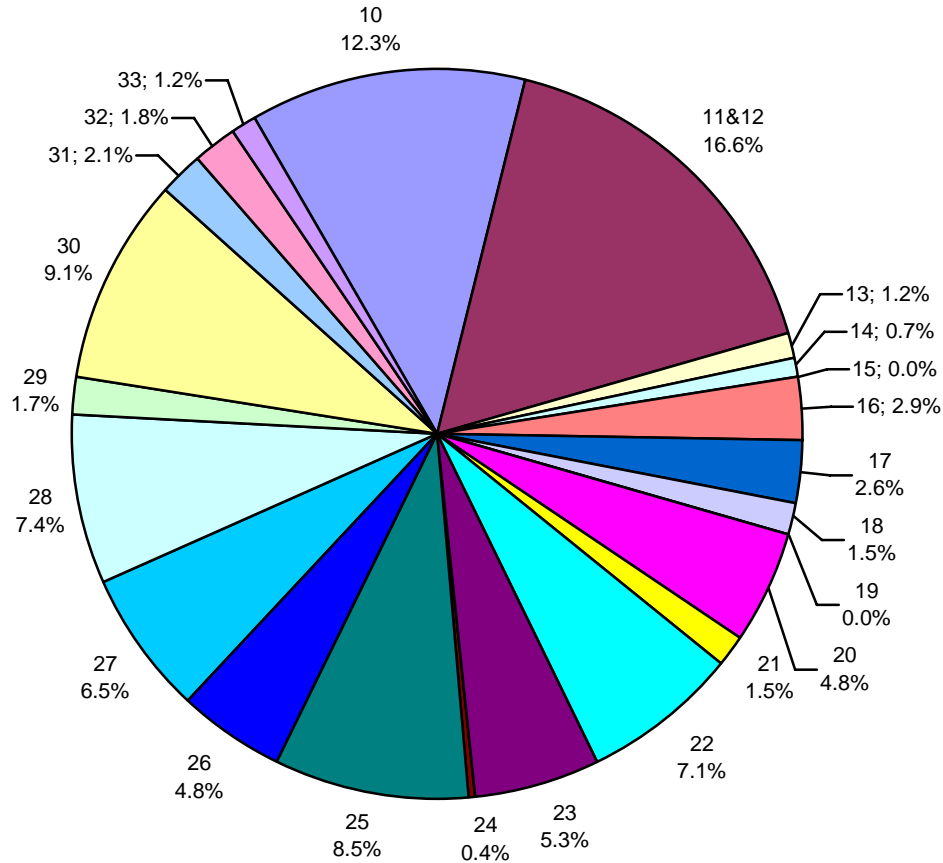
- 27 Manufacture of Electrical Equipment;
- 30 Manufacture of Other Transport Equipment;
- 25 Manufacture of Fabricated Metal Products, except Machinery and Equipment;
- 22 Manufacture of Rubber and Plastic Products;
- 26 Manufacture of Computer, Electronic and Optical Products; and
- 23 Manufacture of Other Non-Metallic Mineral Products.

In 2008, at £2,379,696, turnover per head is noticeably highest in combined division 11&12 (Manufacture of Beverages and Tobacco Products).

GROSS VALUE ADDED (GVA)

Almost three tenths of Manufacturing GVA in 2008 is accounted for by divisions 10 (Manufacture of Food Products), 11 (Manufacture of Beverages) and 12 (Manufacture of Tobacco Products) combined. At £1,244 million in 2008, this represents 28.9% of total Manufacturing GVA (see Figure 20).

Figure 20: Total GVA by manufacturing division, 2008



See page 14 for the Manufacturing division classifications.

Eight divisions have GVA in the £200 million to £400 million range, while the other divisions (excluding 10, 11 and 12) have GVA of £126 million or less. The eight divisions are (in descending GVA order):

- 30 Manufacture of Other Transport Equipment;
- 25 Manufacture of Fabricated Metal Products, except Machinery and Equipment;
- 28 Manufacture of Machinery and Equipment not elsewhere classified;
- 22 Manufacture of Rubber and Plastic Products;
- 27 Manufacture of Electrical Equipment;
- 23 Manufacture of Other Non-Metallic Mineral Products;
- 20 Manufacture of Chemicals and Chemical Products; and
- 26 Manufacture of Computer, Electronic and Optical Products.

In 2008, at £422,474, GVA per head is noticeably highest in combined division 11&12 (Manufacture of Beverages and Tobacco Products).

The UK SIC 2007 manufacturing divisions are as follows:

- 10** Manufacture of food products
- 11** Manufacture of beverages
- 12** Manufacture of tobacco products
- 13** Manufacture of textiles
- 14** Manufacture of wearing apparel
- 15** Manufacture of leather and related products
- 16** Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
- 17** Manufacture of paper and paper products
- 18** Printing and reproduction of recorded media
- 19** Manufacture of coke and refined petroleum products
- 20** Manufacture of chemicals and chemical products
- 21** Manufacture of basic pharmaceutical products and pharmaceutical preparations
- 22** Manufacture of rubber and plastic products
- 23** Manufacture of other non-metallic mineral products
- 24** Manufacture of basic metals
- 25** Manufacture of fabricated metal products, except machinery and equipment
- 26** Manufacture of computer, electronic and optical products
- 27** Manufacture of electrical equipment
- 28** Manufacture of machinery and equipment not elsewhere classified
- 29** Manufacture of motor vehicles, trailers and semi-trailers
- 30** Manufacture of other transport equipment
- 31** Manufacture of furniture
- 32** Other manufacturing
- 33** Repair and installation of machinery and equipment

Background Notes for Northern Ireland Annual Business Inquiry (NIABI) 2008

8

The NIABI is a statutory survey and data are collected from Northern Ireland based companies by the Statistics Research Branch (Department of Enterprise, Trade and Investment) under the Statistics of Trade and Employment (Northern Ireland) Order 1988.

COVERAGE AND SAMPLING

The results for 2008 cover most sectors within the NI economy. The main areas excluded are Public Administration and Defence (section O), and Financial and Insurance Activities (section K). Local authority and central Government bodies in Education (section P) and Human Health and Social Work Activities (section Q) have also been excluded from this publication, as has 86.2 (Medical and Dental Practice Activities) within section Q. Agriculture, Forestry and Fishing (section A) excludes farming (groups 01.1, 01.2, 01.3, 01.4 and 01.5).

To maximise survey precision for the 2008 survey, the Neyman allocation approach to sampling was utilised. The survey universe was stratified by sic2 and employee size band, and all businesses with 50+ employees, or 20+ employees and more than one local unit, were fully enumerated. Businesses falling below the threshold of complete enumeration are selected on a random stratified basis.

IMPLICATIONS OF MOVING TO A NEW CLASSIFICATION SYSTEM

For this report, in line with the major revision to the European Union's industrial classification system, NACE, NIABI has moved from using the UK Standard Industrial Classification of Economic Activities 2003 (SIC 2003) categorisation of business activities to the new SIC 2007 activity codes. The UK is required by European legislation to revise the SIC in parallel with NACE so that both systems remain identical down to and including the 4 digit class level.

These revisions are motivated by the need to adapt the classifications to changes in the world economy. The revised classifications reflect the growing importance of service activities in the economy over the last fifteen years, mainly due to the developments in information and communication technologies (ICT).

More information on the extent of the revisions and correspondence between SIC 2007 and the former SIC 2003 can be accessed via the following link:

<http://www.ons.gov.uk/about-statistics/classifications/future-developments/operation-2007/index.html>

While the NIABI for reference year 2008 was conducted on a SIC 2007 basis, the reference year 2007 survey was on a SIC 2003 basis. Estimates for 2007 have been produced on a SIC 2007 basis and are included to give a broad indication of movements. The 2008 changes in section Q (Human Health and Social Work Activities) are partly due to the exclusion of charities and non-profit organisations in 2007 and their inclusion in 2008. Caution should be exercised when comparing these transitional years.

Previous NIABI results were published according to SIC 2003, therefore these results are not directly comparable with earlier results.

The UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007) sections covered by the 2008 NIABI data are as follows:

- A** Agriculture (support activities), forestry and fishing
 - B** Mining and quarrying
 - C** Manufacturing
 - D** Electricity, gas, steam and air conditioning supply
 - E** Water supply, sewerage, waste management and remediation activities
 - F** Construction
 - G** Wholesale and retail trade; repair of motor vehicles and motor cycles
 - H** Transport and storage
 - I** Accommodation and food service activities
 - J** Information and communication
 - L** Real estate activities
 - M** Professional, scientific and technical activities
 - N** Administrative and support service activities
 - P** Education (excludes local authority and central government bodies)
 - Q** Human health and social work activities (excludes local authority and central government, and medical and dental practice activities (group 86.2))
 - R** Arts, entertainment and recreation
 - S** Other service activities
- Service Sector** – comprised of sections G, H, I, J, L, M, N, P, Q, R and S

RESPONSE RATE

A total of 4,180 returns were received by the Department (82.4% of those sampled).

METHOD

The Inter Departmental Business Register (IDBR) is the sampling frame used for the NIABI. The register consists of companies, partnerships, sole proprietors, public authorities, central government departments, local authorities and non-profit making bodies in the UK. The reporting units on IDBR hold the addresses to which the NIABI form is sent and may cover one or more local units. A local unit is an individual site (factory, shop, office etc.) at which business is conducted. The forms were issued by and returned to Statistics Research Branch. Data validation was carried out on the returned forms ensuring internal consistency within the form, checking data fell within expected limits or by contacting the company for clarification where appropriate. For non-returns above a selected employment threshold, data was imputed using methodology, which takes account of previous returned data and the performance of other similar businesses. The returned and imputed data are at reporting unit level, which may cover a number of local units. These data are then apportioned to each local unit according to its industrial classification and sizeband. The local unit data are used to gross all local units in the population by industrial classification and employment sizeband.

PERIOD COVERED

For the 2008 ABI, businesses were asked to make returns for the calendar year 2008, but where this was not possible, returns for business years ending between 6 April 2008 and 5 April 2009 were accepted. Similar procedures operated in previous years. Returns covering fewer than twelve months were accepted for businesses, which had started or ceased trading during the year.

DISCLOSURE

The inquiry is conducted under the Statistics of Trade and Employment (Northern Ireland) Order 1988 and great care is taken to avoid disclosing information about individual enterprises (in line with the stipulations in Article 7 of the Order). Figures which would be likely to disclose particulars relating to an enterprise are not published (i.e. they are suppressed) unless prior written consent for their publication has been obtained directly from the business.

DEFINITIONS

Approximate Gross Value Added at Basic prices represents the income generated by businesses, out of which is paid wages and salaries, the cost of capital investment and financial charges before arriving at a figure for profit. It includes taxes on production (e.g. business rates), net of subsidies but excludes subsidies and taxes on products (e.g. VAT and excise duty). This is an output-based measure of GVA. All

published GVA is given at basic prices. Please find below calculation applied to derive GVA.

The calculations used in the NIABI are:

- GVA AT BASIC PRICES: GVA at factor cost + business rates + vehicle excise duty
- GVA AT MARKET PRICES: Total turnover + insurance claims + change in stocks + own account capital expenditure – total purchases
- GVA AT FACTOR COST: GVA at market prices + subsidies – total taxes + customs & excise drawback

(Please note the GVA at basic prices is the only published GVA from the NIABI.)

Turnover is defined as total sales and work done. This is calculated by adding to the value of sales of goods produced, goods purchased and resold without further processing, work done and industrial and non-industrial services rendered.

Employment Costs represent amounts paid during the year to employees without any deduction for income tax or employee's national insurance contributions etc. This includes all overtime payments, bonuses, commissions, payments in kind, benefits in kind, holiday pay, employer's national insurance contributions, payments into pension funds by employers and redundancy payments, less any amounts reimbursed for this purpose from government sources. No deduction is made for income tax or employee's national insurance contributions etc. Payments to working proprietors, travelling expenses, lodgings allowances etc., are excluded.

Purchases represent the value of all goods, materials and services purchased during the year.

NORTHERN IRELAND ABI, UK NATIONAL ESTIMATES AND THE ONS REGIONAL ABI

The current Northern Ireland Annual Business Inquiry report has been produced using separate business sites ("Local Units") as the unit of analysis for key variables, whereas the UK National estimates (including the Northern Ireland component) published on 17th November 2009 treats multi-site organisations as single entities (i.e. based on "Reporting Units"). NIABI information is included in the UK National (and later Regional) estimates and since 2002 is constrained to NI Reporting Unit totals.

ABI “APPROXIMATE GROSS VALUE ADDED” AND “REGIONAL GROSS VALUE ADDED”

The financial information from the Regional ABI provides a measure of approximate GVA, which is ultimately used to contribute to the picture of the whole economy to be built up for National Accounts purposes at the United Kingdom level. When regional economic accounts are subsequently derived, the resulting measure of Regional Gross Value Added (GVA) is a much broader based measure relating to the whole economy in a region, taking into account information from a series of economic and labour market surveys. The results of the ABI only comprise one element of the regional economic account figures, and a number of adjustments are made in line with National Accounts methodologies before estimates of Regional GVA are produced. The most recent Regional GVA estimates for Northern Ireland at industry level by ONS relating to 2008 were released on 9th December 2009. The ABI provides more detailed industry information than is possible in Regional Accounts measures.

FURTHER INFORMATION

The data released in the summary results in the current report cover the basic variables by standard industrial classification at section level. There are further variables and more detailed industrial breakdowns available (subject to confidentiality constraints). There is also a facility to provide bespoke analysis relating to employment or turnover sizebands, on request.

If you wish to register your interest for some further analysis:

E- mail: abihelpline@detini.gov.uk

Telephone: (028) 9052 9656

Further information is also available on request from:

Department of Enterprise, Trade and Investment

Statistics Research Branch

ABI Section

Room 110

Netherleigh

Massey Avenue

Belfast BT4 2JP

Telephone: (028) 9052 9424

Fax: (028) 9052 9658

Textphone: (028) 9052 9304

E-mail: brian.spence@detini.gov.uk

Web: <http://www.detini.gov.uk/deti-stats-index.htm>

Table 1: NIABI results by section, 2007-2008

YEAR	STANDARD INDUSTRIAL CLASSIFICATION	DESCRIPTION	TURNOVER (£MILLION)	TURNOVER PER HEAD (£)	GROSS VALUE ADDED (GVA) AT BASIC PRICES (£MILLION)	GROSS VALUE ADDED (GVA) AT BASIC PRICES PER HEAD (£)	EMPLOYMENT COSTS (£MILLION)	EMPLOYMENT COSTS PER HEAD (£)	PURCHASES (£MILLION)	PURCHASES PER HEAD (£)	EMPLOYMENT
2007	A ¹	Agriculture, forestry and fishing	74	52,392	30	21,295	15	16,388	45	31,463	1,416
2008			91	77,385	37	31,423	10	14,526	48	40,761	1,182
2007	B	Mining and quarrying	310	135,328	86	37,488	51	23,079	226	98,425	2,291
2008			348	155,943	103	46,154	59	27,253	251	112,506	2,234
2007	C	Manufacturing	14,705	175,855	3,894	46,567	1,935	23,934	8,048	96,240	83,621
2008			15,641	187,817	4,307	51,723	2,042	25,350	8,309	99,770	83,279
2007	D	Electricity, gas, steam and air conditioning supply	1,242	1,346,670	419	454,356	46	50,522	826	895,883	922
2008			1,395	696,543	493	246,416	94	47,298	937	467,895	2,002
2007	E	Water supply, sewerage, waste management and remediation activities	314	66,289	250	52,751	115	24,663	275	58,094	4,741
2008			416	80,056	373	71,825	167	32,766	433	83,366	5,195
2007	F	Construction	6,707	123,517	2,499	46,034	1,022	22,709	4,632	85,311	54,297
2008			7,235	138,377	2,463	47,108	1,092	25,311	5,204	99,538	52,283
2007	G	Wholesale and retail trade; repair of motor vehicles and motor cycles	20,509	154,131	4,198	31,548	1,732	13,943	16,571	124,535	133,065
2008			21,086	156,078	3,923	29,041	1,851	14,503	17,198	127,296	135,099
2007	H	Transport and storage	2,014	85,778	945	40,231	515	23,482	1,124	47,883	23,482
2008			2,435	97,650	1,080	43,317	575	24,420	1,406	56,384	24,939
2007	I	Accommodation and food service activities	1,373	31,165	648	14,721	373	9,103	740	16,796	44,046
2008			1,552	32,420	709	14,809	413	9,388	822	17,166	47,858
2007	J	Information and communication	1,306	85,507	819	53,614	429	28,733	494	32,324	15,279
2008			1,358	81,007	824	49,147	450	28,051	556	33,142	16,767
2007	L	Real estate activities	632	73,107	349	40,349	181	26,724	273	31,613	8,651
2008			631	74,721	365	43,208	180	27,469	279	33,045	8,440
2007	M	Professional, scientific and technical activities	1,390	55,146	1,078	42,756	465	22,127	339	13,460	25,211
2008			2,097	71,476	1,226	41,780	608	24,543	801	27,283	29,340

Table 1 (continued): NIABI results by section, 2007-2008

YEAR	STANDARD INDUSTRIAL CLASSIFICATION	DESCRIPTION	TURNOVER (£MILLION)	TURNOVER PER HEAD (£)	GROSS VALUE ADDED (GVA) AT BASIC PRICES (£MILLION)	GROSS VALUE ADDED (GVA) AT BASIC PRICES PER HEAD (£)	EMPLOYMENT COSTS (£MILLION)	EMPLOYMENT COSTS PER HEAD (£)	PURCHASES (£MILLION)	PURCHASES PER HEAD (£)	EMPLOYMENT
2007	N	Administrative and support service activities	1,194	29,966	771	19,347	512	13,289	476	11,940	39,859
2008			1,375	31,490	843	19,296	548	13,083	570	13,048	43,665
2007	P ²	Education	187	15,620	*	*	324	27,255	151	12,613	11,983
2008			175	16,383	*	*	332	31,397	156	14,553	10,704
2007	Q ³	Human health and social work activities	546	18,762	403	13,832	365	12,855	157	5,379	29,109
2008			722	17,757	457	11,252	566	14,207	289	7,105	40,652
2007	R	Arts, entertainment and recreation	1,035	91,622	315	27,893	158	14,506	784	69,375	11,300
2008			1,019	84,362	306	25,339	205	17,627	847	70,146	12,078
2007	S	Other service activities	224	15,972	*	*	178	14,341	255	18,215	14,011
2008			299	21,573	*	*	185	15,198	302	21,841	13,844
2007	NI	Total of Above	53,764	106,827	16,709	33,199	8,416	18,040	35,416	70,370	503,284
2008			57,875	109,288	17,544	33,129	9,377	19,048	38,407	72,525	529,562
2007	Services	Services – G, H, I, J, L, M, N, P, Q, R and S	30,412	85,429	9,530	26,771	5,232	15,760	21,365	60,014	355,996
2008			32,749	85,419	9,767	25,475	5,913	16,487	23,224	60,577	383,387

¹ Excludes farming (groups O1.1, O1.2, O1.3, O1.4 and O1.5).

² Excludes local authority and central government bodies.

³ Excludes local authority and central government bodies, and Medical and Dental Practice Activities (group 86.2).

Changes in how charities and non-profit organisations are reported on between 2007 and 2008 contribute to the differences between 2007 and 2008 in section Q.

* Data suppressed to avoid disclosure.

Table 2: NIABI results by manufacturing division, 2008

YEAR	STANDARD INDUSTRIAL CLASSIFICATION	DESCRIPTION	TURNOVER (£MILLION)	TURNOVER PER HEAD (£)	GROSS VALUE ADDED (GVA) AT BASIC PRICES (£MILLION)	GROSS VALUE ADDED (GVA) AT BASIC PRICES PER HEAD (£)	EMPLOYMENT COSTS (£MILLION)	EMPLOYMENT COSTS PER HEAD (£)	PURCHASES (£MILLION)	PURCHASES PER HEAD (£)	EMPLOYMENT
2008	10	Manufacture of food products	3,025	178,208	529	31,160	327	19,609	2,527	148,849	16,974
2008	11 & 12	Manufacture of beverages; manufacture of tobacco products	4,029	2,379,696	715	422,474	81	48,142	178	105,424	1,693
2008	13	Manufacture of textiles	148	95,418	50	32,102	32	22,113	99	63,500	1,552
2008	14	Manufacture of wearing apparel	66	76,837	30	35,116	14	17,482	34	39,467	855
2008	15	Manufacture of leather and related products	3	71,377	1	14,994	0	10,257	2	56,259	44
2008	16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	390	97,107	126	31,228	84	22,299	264	65,630	4,021
2008	17	Manufacture of paper and paper products	284	141,925	112	55,931	56	28,184	177	88,131	2,004
2008	18	Printing and reproduction of recorded media	141	86,702	65	39,948	34	21,861	77	47,089	1,626
2008	19	Manufacture of coke and refined petroleum products	27	684,740	2	52,736	1	36,065	*	*	39
2008	20	Manufacture of chemicals and chemical products	378	223,652	208	122,869	49	29,672	177	104,652	1,691
2008	21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	145	99,346	63	43,179	37	25,517	84	57,269	1,464
2008	22	Manufacture of rubber and plastic products	813	133,559	306	50,372	153	25,475	532	87,361	6,084

Table 2 (continued): NIABI results by manufacturing division, 2008⁴

YEAR	STANDARD INDUSTRIAL CLASSIFICATION	DESCRIPTION	TURNOVER (£MILLION)	TURNOVER PER HEAD (£)	GROSS VALUE ADDED (GVA) AT BASIC PRICES (£MILLION)	GROSS VALUE ADDED (GVA) AT BASIC PRICES PER HEAD (£)	EMPLOYMENT COSTS (£MILLION)	EMPLOYMENT COSTS PER HEAD (£)	PURCHASES (£MILLION)	PURCHASES PER HEAD (£)	EMPLOYMENT
2008	23	Manufacture of other non-metallic mineral products	711	124,081	229	39,929	143	25,648	474	82,729	5,728
2008	24	Manufacture of basic metals	66	117,066	15	26,976	13	23,599	49	87,243	561
2008	25	Manufacture of fabricated metal products, except machinery and equipment	831	101,958	367	45,035	194	25,471	467	57,260	8,155
2008	26	Manufacture of computer, electronic and optical products	769	173,784	206	46,601	122	27,759	601	135,877	4,425
2008	27	Manufacture of electrical equipment	944	204,157	279	60,241	129	28,091	670	144,930	4,624
2008	28	Manufacture of machinery and equipment not elsewhere classified	1,051	190,943	319	57,969	158	29,875	753	136,731	5,505
2008	29	Manufacture of motor vehicles, trailers and semi-trailers	375	109,506	73	21,437	81	24,382	304	88,671	3,426
2008	30	Manufacture of other transport equipment	905	126,370	393	54,909	229	32,077	505	70,426	7,165
2008	31	Manufacture of furniture	221	68,401	93	28,664	54	19,090	130	40,193	3,228
2008	32	Other manufacturing	125	86,961	76	52,806	28	22,065	51	35,557	1,433
2008	33	Repair and installation of machinery and equipment	194	196,880	51	51,452	23	25,289	*	*	983

⁴ 2007 Manufacturing division results are not presented on a SIC 2007 basis, due to disclosivity issues associated with their comparison to previously released SIC 2003 Manufacturing sub-section results.

* Data suppressed to avoid disclosure.