

## Gross Domestic Product 2014

### National Reference Metadata in Euro SDMX Metadata Structure (ESMS)

#### National Statistics Office (NSO)

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Concept name	
1 Contact	
1.1 Contact organisation	National Statistics Office (NSO)
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2 Metadata update	
2.1 Metadata last certified	01/09/2014
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3 Statistical presentation	
3.1 Data	National accounts are a coherent and consistent set of macroeconomic indicators, which provide an overall

<p>description</p>	<p>picture of the economic situation and are widely used for economic analysis and forecasting, policy design and policy making.</p> <p>The National Accounts Unit publishes quarterly and annual national accounts, annual sector accounts as well as supply and use tables, which are each presented with associated metadata. Annual and quarterly national accounts are compiled in accordance with the European System of Accounts - ESA 2010, Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts. The first transmission in accordance with ESA 2010 will be available in September 2014.</p> <p>The domain consists of the following collections: GDP and main aggregates. The data are recorded at current and constant prices and include the corresponding implicit price indices. Final consumption aggregates, including the split into household and government consumption are recorded at current and constant prices. Income, saving and net lending / net borrowing at current prices and disposable income is shown in nominal terms. Exports and imports are recorded at current and constant prices and include the corresponding implicit price indices.</p> <p>Breakdowns of gross value added, compensation of employees, wages and salaries, operating surplus, gross fixed capital formation (GFCF) and fixed assets and other main aggregates by industry; investment by products and household final consumption expenditure by consumption purposes (COICOP). The data are recorded at current and constant prices.</p> <p>Auxiliary indicators: GDP per capita. The data are published in euro (i.e. in national currency), at current prices and in volume terms. Gross domestic product - GDP at market prices - is the final result of the production activity of resident producer units. It can be defined in three ways:</p> <ol style="list-style-type: none"> <li>1. Output approach - GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products (which are not allocated to sectors and industries). It is also the balancing item in the total economy production account.</li> <li>2. Expenditure approach - GDP is the sum of final uses of goods and services by resident institutional units (final consumption expenditure and gross capital formation), plus exports and minus imports of goods and services. At regional level the expenditure approach is not used in the EU, because there is no data on regional exports and imports.</li> <li>3. Income approach - GDP is the sum of uses in the total economy generation of income account: compensation of employees, taxes on production, less subsidies, gross operating surplus and mixed income of the total economy.</li> </ol>
<p>3.2 Classification system</p>	<p>The European System of National Accounts (ESA 2010) is the newest internationally compatible EU accounting framework for a systematic and detailed description of an economy. The ESA 2010 was published in the Official Journal on 26 June 2013 and will be implemented as from September 2014; from that date onwards the transmitted data will follow ESA 2010 rules.</p> <p>Annual and quarterly national accounts comprise the following aggregates: GDP and its components, final consumption aggregates, income, saving and net lending/borrowing, exports and imports. Breakdowns exist for variables by economic activity (industries), asset types and final consumption purpose (COICOP).</p> <p><u>Economic activity</u></p> <p>An industry (ESA2010, 2.150) consists of a group of local kind-of-activity units (KAUs) engaged in the same, or similar, economic activity. Production units in the same industry have the same main activity but may have different secondary and/or ancillary activities. ESA2010 uses aggregation levels of the NACE Rev.2 classification to define industry breakdowns (NACE stands for Nomenclature statistique des activités économiques dans la Communauté Européenne). NACE Rev.2 is a classification of economic activities widely used in statistics and in other domains.</p>

### Asset types

The new transmission programme of national accounts data (annex B of Regulation (EC) No 1392/2007) foresees the following asset types (AN\_F6) for quarterly data on gross fixed capital formation:

- Cultivated assets (AN.1114)
- Transport equipment (AN.11131)
- Other machinery and equipment (AN.11132)
- Dwellings (AN.1111)
- Other buildings and structures (AN.1112)
- Intangible fixed assets (AN.112)

More detailed information can be found in annex 7.1 of ESA95.

### Consumption purpose

Household consumption expenditure can be classified by consumption purpose according to the COICOP classification (Classification Of Individual Consumption by Purpose, see also Commission Regulation 113/2002 of 23 January 2002). COICOP categories at two-digit level are as follows:

- Food and non-alcoholic beverages.
- Alcoholic beverages, tobacco and narcotics.
- Clothing and footwear.
- Housing, water, electricity, gas and other fuels.
- Furnishings, household equipment and routine household maintenance.
- Health.
- Transport.
- Communication.
- Recreation and culture.
- Education.
- Restaurants and hotels.
- Miscellaneous goods and services.

### 3.3 Coverage - sector

Annual and Quarterly national accounts refer to the whole economy, but breakdowns by sectors are provided when compiling and publishing annual sector accounts.

### 3.4 Statistical concepts and definitions

This domain encompasses the main aggregates of national accounts. Its main variables are: GDP and its components, income, saving and net lending/borrowing, exports and imports. The above variables are calculated on an annual basis and on a quarterly basis. Breakdowns exist for certain variables by economic activity (NACE Rev.2), by asset (GFCF) and final consumption purpose (COICOP). All national accounts variables are shown in monetary units.

The following are brief definitions of concepts and variables from European System of Accounts 2010 (ESA2010). In general, the ESA2010 Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 may be referred to for more detailed explanations on methodology.

GDP - Gross domestic product

GDP at market prices is the final result of the production activity of resident producer units (ESA2010, 8.89). It can be defined in three ways:

#### a. GDP Output approach

From the production point of view GDP can be measured as the sum of the following components:

GDP = Total gross value added (B1G)

+ Taxes less subsidies on products (D.21 less D.31)

Gross Value Added (GVA) (ESA2010, 8.11) is the net result of output valued at basic prices less intermediate consumption valued at purchasers' prices. Output (ESA2010, 3.14) consists of the products created during the accounting period. Intermediate consumption (ESA2010, 3.88) consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital. The goods and services may be either transformed or used up by the production process. GVA is also available broken down by industries according to NACE Rev. 2 in the breakdowns collection. GVA is calculated before consumption of fixed capital.

Taxes less subsidies on products (ESA2010, 4.16, 9.43) are taxes or subsidies payable (resp. receivable) per unit of some good or service produced or transacted. They include in particular value added taxes, taxes and duties on imports, and taxes such as stamp taxes on the sale of alcohol and tobacco. When calculating value added, output is valued at basic prices whereas intermediate consumption is valued at purchaser's prices, and thus the difference between taxes and subsidies on products has to be put on top of value added. The GDP resulting is then valued at market prices.

#### b. GDP Expenditure approach

From the expenditure side, GDP can be measured as follows:

GDP = private final consumption expenditure (P3 in S14+S15)  
+ government final consumption expenditure (P3 in S13)  
+ gross fixed capital formation (P.51)  
+ changes in inventories (P.52)  
+ acquisition less disposal of valuables (P.53)  
+ exports (P.6)  
- imports (P.7)

Final consumption expenditure (ESA2010, 3.94-3.99) consists of expenditure incurred by residential institutional units on goods or services that are used for the direct satisfaction of the individual needs or wants or the collective needs of members of the community.

Total final consumption expenditure is the sum of final consumption expenditure by all residential units. Final consumption expenditure may take place on the domestic territory or abroad. In the system of national accounts, only the following sectors incur in final consumption: households, non-profit institutions serving households (NPISH) and general government.

Private final consumption expenditure includes NPISH's and households' final consumption expenditure. The household sector (ESA2010, 2.118) consists of individuals or groups of individuals as consumers and as entrepreneurs producing market goods and non-financial and financial services (market producers) provided that the production of goods and services is not by separate entities treated as quasi-corporations. It also includes individuals or groups of individuals as producers of goods or non-financial services for exclusively own final use. Non-profit institutions serving households (NPISH, ESA2010, 3.97 and 2.129) are separate legal entities serving households. They include for example trade unions, professional societies, political parties, churches, charities, sports clubs etc.

Government final consumption expenditure (ESA2010, 3.98) consists of expenditure, including imputed expenditure, incurred by general government on both individual consumption goods and services, net sales of goods and services. The expenditure may be divided into government expenditure on individual consumption goods and services and government expenditure on collective consumption services.

Gross capital formation (ESA2010, 3.122-3.145) consists of gross fixed capital formation, plus changes in inventories plus acquisition less disposal of valuables. It is measured gross of consumption of fixed capital. Net capital information is calculated by deducting consumption of fixed capital from gross capital formation.

Gross fixed capital formation - GFCF (ESA2010, 3.124) consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year. Disposals of fixed assets are treated as negative acquisitions.

Changes in inventories (ESA2010, 3.146-3.153) are measured by the values of the entries into inventories less the value of the withdrawals and the value of any recurrent losses of goods held in inventories.

Valuables (ESA2010, 3.154-3.157) are non-financial goods that are not used primarily for production or consumption, do not deteriorate (physically) over time under normal conditions and are acquired and held primarily as stores of values. Valuables consist of precious metals and stones, antiques and other art objects and other valuables, such as collections and jewellery of significant value fashioned out of precious stones and metals. Since acquisition less disposal of valuables usually is much smaller than changes in inventories, only the sum of the two may be available for some countries.

The External balance of goods and services (ESA2010, 8.68) is the difference between exports and imports of goods and services. It may be calculated separately for transactions in goods and in services. Exports of goods and services consist of transactions in goods and services (sales, barter, gifts or grants) from residents to non-residents (ESA2010, 3.158). Imports of goods and services consist of transactions in goods and services (purchases, barter, gifts or grants) from non-residents to residents (ESA2010, 3.159). Imports and exports of goods are to be valued free on board (f.o.b.) at the border of the exporting country. Imports of services are to be valued at purchasers' prices and exports of services at basic prices.

#### c. GDP Income approach

GDP income components and other income measures are only available at current prices, because purely monetary flows cannot naturally be decomposed into a price and a volume component. The central variables given are related with each other according to the following equations:

GDP = compensation of employees (D.1)

+ gross operating surplus and mixed income (B.2g and B.3g)

+ taxes less subsidies on production and imports (D.2 and D.3)

Gross national income = GDP

(B.5\*g) + primary incomes receivable from the rest of the world

- primary incomes payable to the rest of the world

Gross national disposable income = gross national income

(B.6g\_nat) + current transfers receivable from the rest of the world

- current transfers payable to the rest of the world

Saving, gross = Gross national disposable income (B.6g\_nat)

(B.8g) - final consumption expenditure

Net lending / net borrowing = saving, gross (B.8g)

(B.9) - consumption of fixed capital

+ capital transfers receivable from the rest of the world

- capital transfers payable to the rest of the world

- gross capital formation

- acquisitions less disposals of non-financial non-produced assets

Taxes less subsidies on production and imports (ESA2010, 4.14) consist of compulsory, unrequited payments, in cash or in kind, levied (taxes) or made (subsidies) by general government or by institutions of the European Union, in respect of the production or importation of goods and services, the employment of labour, the ownership or use of land, buildings or other assets used in production. Taxes and subsidies on production and imports (D.2, D.3) consist of taxes and subsidies on products (D.21, D.31) on the one hand and other taxes

and subsidies on production (D.29, D.39) on the other hand.

Compensation of employees (at current prices) (ESA2010, 4.02) is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the accounting period. Compensation of employees consists of wages and salaries, and of employers' social contributions.

Gross wages and salaries (ESA2010, 4.03 and 4.04) in cash and in kind. Wages and salaries in cash include the values of any social contributions, income taxes, etc. payable by the employee, even if withheld and actually paid directly by the employer on behalf of the employee. Wages and salaries in kind consist of goods and services, or other non-cash benefits, provided free or at reduced prices by employers that can be used by employees in their own time and at their own discretion, for the satisfaction of their own needs or wants or those of other members of their households. Gross wages and salaries differ from compensation of employees in that the latter contains also social contributions payable by the employer.

Gross operating surplus and mixed income: operating surplus (ESA2010, 8.18) is the surplus (or deficit) on production activities before the interest, rents or charges which the production units must pay or receive as borrowers or owners of assets have been taken into account. It corresponds to the income which units obtain from their own use of production facilities. Mixed income (ESA2010, 8.19) is the remuneration for the work carried out by the owner (or members of his family) of an unincorporated enterprise. This is referred to as 'mixed income' as it cannot be distinguished from the entrepreneurial profit of the owner.

Gross national income (at market prices) (ESA2010, 8.94) represents total primary income receivable by resident institutional units. Primary income (ESA2010, 8.22) is the income which resident units receive by virtue of their direct participation in the production process, and the income receivable by the owner of a financial asset or a natural resource in return for providing funds to, or putting the natural resource at the disposal of, another institutional unit. Gross National Income at market prices equals GDP minus primary income payable by resident units to non-resident units, plus primary income receivable by resident units from the rest of the world. GNI replaces and is conceptually equivalent to the ESA79 Gross national product (GNP) at market prices. Net national Income equals Gross National income after deduction of the consumption of fixed capital.

Gross national disposable income (ESA2010, 8.95) equals Gross national income (at market prices) minus current transfers (current taxes on income, wealth etc., social contributions, social benefits and other current transfers) payable to non-resident units, plus current transfers receivable by resident units from the rest of the world. Net national disposable income equals Gross national disposable income after subtracting consumption of fixed capital. It may as well be derived from Net national income by adding the balance of current transfers.

Gross saving (ESA2010, 8.96) measures the portion of national disposable income that is not used for final consumption expenditure. If the consumption of fixed capital is subtracted, the result is net saving.

Net lending or borrowing of the total economy (ESA2010, 8.98) represents the net resources that the total economy makes available to the rest of the world (if positive) or receives from the rest of the world (if negative).

Primary incomes payable to/receivable from the rest of the world. If a foreign residential unit generates a primary income in the national economy's production process, this will be payable to the rest of the world. If, on the other hand, a national residential unit engages in another national economy, it will generate primary income receivable from the rest of the world.

Current transfers payable to/receivable from the rest of the world contain current taxes on income, wealth, etc, social contributions and benefits and other current transfers (e.g. non-life insurance premiums and claims, international co-operation transfers, transfers between households, fines and penalties, lotteries and gambling etc., see ESA2010 4.77 and following) between residential and non-residential units. They are distinguished from primary incomes in that they do not relate directly to production processes, but rather are

of redistributive nature.

Capital transfers payable to/receivable from the rest of the world. Capital transfers (ESA2010, 4.145, 4.146) are defined as transfers of ownership of an asset (other than inventories and cash), or the cancellation of a liability by a creditor, without any counterpart being received in return. They cover capital taxes, investment grants and other capital transfers. If the parties involved are a foreign residential unit and a residential unit, a capital transfer payable to or receivable from the rest of the world is constituted, depending on which party receives the asset.

Adjustment for the change in net equity of households in pension funds reserves (ESA2010, 4.141) represents the adjustment needed to make the change in the actual reserves on which households have a definitive claim and which are fed by premiums and contributions recorded in the secondary distribution of income account appear in the saving of households as social contributions.

Acquisitions less disposals of non-financial non-produced assets refers to land (not including buildings and structures) and other tangible non-produced assets (such as subsoil assets like coal, oil and metals), that may be used in the production of goods and services, and intangible non-produced assets (such as patents, leases, goodwill, etc.).

Consumption of fixed capital (ESA2010, 3.139) represents the amount of fixed assets used up as a result of normal wear and tear and foreseeable obsolescence, including a provision for losses of fixed assets as a result of accidental damage which can be insured against. Exceptional catastrophic losses are accounted for as "other volume changes in non-financial assets" which are not included in this domain.

Population and employment. While not strictly national accounts aggregates, these variables are widely used in a national accounts context. Employment and its components are important economic indicators in their own right, and they serve in the construction of derived indicators, turning monetary aggregates from absolute into relative indicators and thus allowing the comparison of economies of very different size.

Population (ESA2010, 11.05) consists of all persons, nationals or foreigners, who are permanently settled in the economic territory of the country, even if they are temporarily absent from it, on a given date. A person staying or intending to stay at least one year is considered to be settled on the territory. By convention, the total population includes neither foreign students nor members of foreign armed forces stationed in a country. To be in line with ESA2010, the National Accounts unit works population by taking average of quarter and not as at end of month.

Employment (ESA2010, 11.11) covers all persons engaged in some productive activity (within the production boundary of the national accounts). Employed persons are either employees (working by agreement for another resident unit and receiving remuneration) or self-employed (owners of unincorporated enterprises). Employment can be broken down by economic activity; this breakdown however is not given here, but in the breakdowns domain. Figures for both population and employment are understood to be stock values, not flows.

3.5 Statistical unit

National accounts deals with the economy (or large sub-sectors) as a whole. Data is combined from a host of base statistics, and thus no common sampling reference frame applies. The elementary building block of ESA2010 statistics is the institutional unit (ESA2010, 2.12.), "an institutional unit is an economic entity characterised by decision-making autonomy in the exercise of its principal function". This can be, amongst others, a household, a corporation or a government agency. Institutional units producing goods and services are often engaged in a combination of activities at the same time. For national accounts purposes, the institutional units are therefore split into local kind-of-activity units (ESA2010, 1.58), characterised by involvement in a single activity. These are then grouped into industries, so that a big industrial enterprise may contribute to activities in a number of different branches. For further detail, please refer to ESA2010.

3.6 Statistical

National Accounts combine data from many source statistics. The concept of statistical population is not

population	strictly applicable in a national accounts context.
3.7 Reference area	The National Statistics Office publishes national accounts data for Malta, and transmits data to Eurostat, with the latter publishing national accounts data for European Union, euro area, EU Member States, EFTA countries, Candidate Countries, the United States, Japan and possibly other countries on an ad-hoc basis. Malta as a Member State has legal obligations to submit data to Eurostat. These data are the inputs for Eurostat's estimates of EU and euro area.
3.8 Coverage - Time	Data at current prices is available on annual data as from 1995 to date (by derogation). Data current, previous years' prices and chain-linked volumes is available on a quarterly basis as from the year 2000 to date (by derogation).
3.9 Base period	<p>When flows and stocks are valued at the price level in the accounting period they are said to be valued at current prices. Valuation at constant prices (ESA2010, 1.99) means valuing flows and stocks at the price of a previous period (called base year). The purpose of the valuation at constant prices is to assess the dynamics of economic development irrespective of price movements. This is achieved by decomposing changes of values over time into changes in prices and changes in volume. Price, value and volume are related via the following central equation: <math>Value = Volume \times Price</math>.</p> <p>Flows and stocks at constant prices are hence said to be in volume terms. The base year for computation of constant prices is traditionally a single, fixed benchmark year, which is moved ahead about each five years. The whole time series available is then expressed in prices of the new base year.</p> <p>The calculations to transform the price levels from the current year to the base year were traditionally done in one step. A drawback of this practice is that the further one moves away from the base year, the more irrelevant becomes the price structure of the base year for the economic reality. In particular for economic activities in dynamic fields with rapidly moving prices (such as information and communication technologies) expressing growth in prices of a distant year leads to serious distortions. This is why Commission Decision 98/715/EC demands that the base year must be the previous year. This guarantees that volumes are measured using the most recent price structure. However, this also means that the base is moved ahead with the observation period, and no two years have the same price base, so that volume growth rates cannot be calculated directly from series at previous year's prices. For example, GDP growth for the year 2001 is calculated by dividing GDP 2001 at previous year's prices by GDP 2000 at current prices. Note that both figures are, effectively, expressed in prices of 2000. GDP growth for the year 2002 is in turn calculated by dividing GDP 2002 at previous year's prices by GDP 2001 at current prices. Note that here, both figures are expressed in prices of 2001. Multiplying successive growth rates starting from an arbitrary reference year's level will give a true volume time series. Due to its construction, this is called a chain-linked series. The choice of reference year in chain-linking is arbitrary and a mere convention without effect on growth rates (unlike the choice for a fixed base year, which can have a significant effect on growth rates).</p> <p>While the moving price base brings more accurate description of economic developments, it comes at a price: chain-linking involves the loss of additivity (i.e. the total does not equal the sum of the parts) for all years except the reference year and the directly following year, which are the only ones actually expressed purely in prices of the reference year. For other years, chain-linked components of GDP will not sum to chain-linked GDP, and chain-linked Member States' GDP will not sum to chain-linked EU GDP. For this reason also, custom aggregations not directly supplied (such as total demand = consumption (P3) + capital formation (P5) + exports (P6)) cannot be derived by simple summation of the chain-linked components, but must be derived from summing the component series at current and at previous year's prices, calculating growth rates and chain-linking the results.</p> <p>In addition, chain-linking cannot be performed directly on variables that can take both negative and positive values. Thus, no chain-linked series are provided for changes in inventories (P52), acquisition less disposal of valuables (P53) and the external balance (B11, B111 for goods only, B112 for services only). These are available only at current prices and at previous year's prices.</p>

	<p>Price indices (deflators) are calculated implicitly by dividing an aggregate measured at current prices by the same aggregate measured at constant prices, the result being multiplied by 100. National accounts aggregates are compiled in value (nominal terms, current prices) and volume (constant prices). Prices (deflators) are implicitly derived from the other two. Some direct price observations enter into the volume compilation of individual variables, but the deflators are aggregate measures of price developments.</p> <p>Implicit deflators are named after the aggregate used. Final consumption expenditure deflators, gross capital formation deflators, export and import deflators measure price movements in their respective domain of the economy.</p>
4 Unit of measure	The data are published in Euro, which refers to the national currency (with previous years (1995 to 2007) converted from former national currency i.e. the Maltese Lira to Euro using the fixed rate [LM1=0.4293] for all years). Locally National Accounts data is published in thousands but the transmission to Eurostat is generally in millions.
5 Reference Period	The accounting period is the calendar year.
6 Institutional Mandate	
6.1 Institutional Mandate - legal acts and other agreements	<p>EU law: Council Regulation (EC) No 549/2013 refer to the European System of National and Regional Accounts (ESA 2010) and the associated transmission programme. They prescribe the way in which all Member States must calculate their national and regional accounts data and the results to be transmitted. The ESA concepts are largely in line with those of the System of National Accounts (SNA) of the United Nations, which is used worldwide. At larger regular intervals, both systems are revised. The current SNA 2008 has served as a basis for revising the European System of National and Regional Accounts which, in the form of the new ESA 2010, entered into force on 26 June 2013 and was implemented throughout the European Union as from September 2014. In addition, many specific legal bases are in place at the European level, which cover individual issues such as sector accounts or financial accounts.</p> <p>Other bases: Many international handbooks that are not legally binding, for example by the United Nations (UN) (especially SNA 2008), by the Organisation for Economic Co-operation and Development (OECD) and by Eurostat (e.g. Quarterly National Accounts Handbook); participation in the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF) to provide metadata.</p>
6.2 Institutional Mandate - data sharing	Data sent via the transmission programme to Eurostat are shared with other institutions in accordance with specific agreements, notably with the ECB and the OECD.
7 Confidentiality	
7.1 Confidentiality - policy	<p>Regulation (EC) No 223/2009 on European statistics (recital 24 and Article 20(4)) of 11 March 2009 (OJ L 87, p. 164), stipulates the need to establish common principles and guidelines ensuring the confidentiality of data used for the production of European statistics and the access to those confidential data with due account for technical developments and the requirements of users in a democratic society.</p> <p>The National Statistics Office (NSO) is governed by the Malta Statistics Authority Act, 2000. In terms of the Malta Statistics Authority Act, ACT XXIV of 2000, as amended by Act XXXII of 2007 and Legal Notices 426 of 2007 and 105 of 2008, Chapter 422, Part 1 Preliminary, confidential data means data obtained by the National Statistics Office for the production of official statistics when such data allows statistical units to be identified directly or indirectly, thereby disclosing individual information. All information supplied to the National Statistics Office is treated as strictly confidential. This information is used solely in the compilation of</p>

	<p>statistical reports. No information on individual returns can be given to any external public or private entity. With the adoption of the European Statistics Code of Practice, Eurostat and the statistical institutes of the EU Member States, including NSO, have committed themselves to an encompassing approach towards high quality statistics. It builds upon a common European Statistical System definition of quality in statistics and targets all relevant areas from the institutional environment, the statistical production processes to our output: official statistics. The European Statistics Code of Practice sets out 15 key principles for the production and dissemination of European official statistics and the institutional environment under which national and Community statistical authorities operate. A set of indicators of good practice for each of the 15 principles provides a reference for reviewing the implementation of the Code. The European Statistics Code of Practice has been adopted by the Statistical Programme Committee on 24 February 2005 and has been promulgated in the Commission Recommendation of 25 May 2005 on the independence, integrity and accountability of the national and Community statistical authorities. Principle 5 of the European Statistics Code of Practice states that the privacy of data providers (households, enterprises, administrations and other respondents), the confidentiality of the information they provide and its use only for statistical purposes are absolutely guaranteed. This principle is respected and safeguarded by ensuring that the following indicators are put into practice: statistical confidentiality is guaranteed in law; staff signs legal confidentiality commitments on appointment; penalties are prescribed for any wilful breaches of statistical confidentiality; guidelines and instructions are provided to staff on the protection of statistical confidentiality in the production and dissemination processes. The confidentiality policy is made known to the public; physical, technological and organisational provisions are in place to protect the security and integrity of statistical databases; and strict protocols apply to external users accessing statistical microdata for research purposes.</p>
<p>7.2 Confidentiality - data treatment</p>	<p>If data is transmitted with a confidentiality flag, these data are not disseminated until the confidentiality flag is removed in a subsequent data transmission. Confidentiality issues arise at NACE division level in Malta. Data is flagged subject to a minimum frequency count of 3 and a dominance rule of (2,75) where aggregated data is flagged if there are less than three contributors or the largest two contribute to 75% or more of the group total.</p>
<p>8 Release policy</p>	
<p>8.1 Release calendar</p>	<p>The NSO News Releases are covered by a pre-announced release calendar. Only in the occurrence of unforeseen circumstances, News Releases appearing in the NSO calendar are subject to deferral. National data become visible on Eurostat's online database usually one to two days after their reception (processing including quality monitoring).</p>
<p>8.2 Release calendar access</p>	<p>The News Release calendar is published on the official website of NSO: <a href="http://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Releases-Calendar.aspx">http://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Releases-Calendar.aspx</a>.</p>
<p>8.3 Release policy - user access</p>	<p>In line with the Malta Statistics Authority Act 2000 and the European Statistics Code of Practice, the National Statistics Office disseminates statistics on its official website respecting professional independence, objectivity, transparency in which all users are treated equitably. In fact, the mission of the office is to produce efficiently and with minimum burden on respondents high-quality statistics that are relevant, reliable and comparable, and to disseminate them in an impartial, independent and timely manner, making them available simultaneously to all users. The news release calendar is made known to users at least three months in advance. In the case of SDDS, this is available four months in advance. Changes to news release dates are implemented immediately as specified in the NSO Policy on Dissemination: <a href="http://nso.gov.mt/en/nso/About_NS0/Pages/NSO-Policies.aspx">http://nso.gov.mt/en/nso/About_NS0/Pages/NSO-Policies.aspx</a>.</p>
<p>9 Frequency of dissemination</p>	<p>Annual and Quarterly</p>
<p>10 Dissemination</p>	

format	
10.1 Dissemination format - News release	<p>A regular press release is published with annual and quarterly GDP data from the output, expenditure and income approach. Annual and quarterly data are estimated and updated with the subsequent releases announced on the NSO website and can be accessed online for free.</p> <p>The National Accounts Unit publishes the following News Releases:</p> <ol style="list-style-type: none"> <li>1. Gross Domestic Product: <a href="http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A1/National_Accounts/Pages/Gross-Domestic-Product.aspx">http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A1/National_Accounts/Pages/Gross-Domestic-Product.aspx</a>.</li> <li>2. Regional Gross Domestic Product: <a href="http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A1/National_Accounts/Pages/Regional-Gross-Domestic-Product.aspx#">http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A1/National_Accounts/Pages/Regional-Gross-Domestic-Product.aspx#</a>.</li> <li>3. Non-Financial Accounts by institutional Sector: <a href="http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A1/National_Accounts/Pages/Non-Financial-Accounts-by-Institutional-Sector.aspx">http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A1/National_Accounts/Pages/Non-Financial-Accounts-by-Institutional-Sector.aspx</a>.</li> </ol>
10.2 Dissemination format - Publications	The National Accounts Unit compiles and publishes for free online quarterly sets of consistent, reliable and comparable macroeconomic accounts.
10.3 Dissemination format - online database	<p>A time series of data presented in the GDP news release is available, in greater detail, at the online Statistical Database - StatDB - on the NSO website <a href="http://nso.gov.mt/statdb">http://nso.gov.mt/statdb</a>.</p> <p>Data is also available for download from Eurostat's website: <a href="http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database">http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database</a>.</p>
10.4 Dissemination format - microdata access	The National Accounts unit has never provided micro data.
10.5 Dissemination format - other	<p>There are various publications in which National Accounts data is referred to, including the 'Malta in Figures', and 'Gozo in Figures' which includes the GDP at current market prices. These are available on the NSO website: <a href="http://nso.gov.mt/en/Pages/NSO-Home.aspx">http://nso.gov.mt/en/Pages/NSO-Home.aspx</a>.</p>
11 Accessibility of documentation	
11.1 Documentation on methodology	The methodology used in the National Accounts Unit is described in the Gross National Income Inventory (ESA 1995) published in April 2008. The inventory in relation to ESA 2010 will be available in September 2015.
11.2 Quality management - documentation	Article 2(2) of the Council Regulation on the harmonisation of gross national income at market prices (1287/2003) stipulates that Member States forward to the Commission (Eurostat) figures for GNI and its components before 22 September each year. Article 2(3) of this GNI Regulation further stipulates that at the same time a report on the quality of GNI data shall be transmitted. The quality report is provided to Eurostat. Ad hoc questionnaires on specific issues are sent from time to time to all member states by Eurostat.
12 Quality management	

<p>12.1 Quality assurance</p>	<p>The system of national accounts reflects a complete macroeconomic circuit. The procedure of balancing the gross domestic product may be considered central to a comprehensive system of quality assurance to accompany the process of compiling national accounts. Such a quality assurance approach distinguishes between ex-ante checks (source statistics), ongoing national accounts checks (results), ex-post checks on national accounts (methods used), and external checks and consultations (e.g. Eurostat, European Court of Auditors, IMF). Discussions with user representatives (Central Bank of Malta, Ministry of Finance) take place on every release date.</p> <p>The national accounting system is based on harmonised European rules that are laid down in a legally binding form in the European System of National and Regional Accounts (ESA 2010). In addition, they are explained in more detail in a large number of international methodology handbooks (e.g. for the compilation of quarterly national accounts or seasonal and calendar adjustment).</p> <p>Ensuring exhaustiveness of gross domestic product (GDP) and gross national income (GNI) statistics has been a major goal of Maltese national accounting and a main concern of the European Commission and the GNI Committee in the process of harmonising national accounts at the European level. To this end, several measures have been adopted: supply and use tables reconciliation, reconciliation with the business register, reconciliation with VAT and income tax data, separate exhaustiveness checks in individual areas of national accounts. Based on these exhaustiveness checks, additional amounts are calculated, if required, for the areas affected by under coverage. These additional amounts are an integral part of national accounting; their sole purpose is to ensure exhaustiveness of GDP and GNI.</p>
<p>12.2 Quality management - assessment</p>	<p>Due to the early calculation dates, not all source data required for national accounting are available for the first release date. For this reason, the first publication is based to a considerable extent on indicators and estimates. Initially, missing data are estimated or extrapolated on the basis of partly rather provisional indicators. Later the data basis is improved by additional statistics that are successively integrated into the calculations. Only after about four years, almost all source statistics required are available and the national accounts data are considered as final (subject to major revisions). For quality assurance of source statistics see concept 12.1.</p>
<p>13 Relevance</p>	
<p>13.1 Relevance - User Needs</p>	<p>Annual and quarterly national accounts data are a key instrument for economic analysis. The National Accounts Unit compiles and publishes free online quarterly sets of consistent, reliable and comparable macroeconomic accounts intended to meet the needs of government and private-sector analysts, policy makers and decision takers.</p> <p>Local users include the Central Bank of Malta, Ministry of Finance, Economic Policy Department, researchers, students, politicians, etc. Foreign users include the European Commission, European Parliament, European Council, IMF, WB, International Agencies, Credit Rating Agencies, researchers, students, etc.</p>
<p>13.2 Relevance - User Satisfaction</p>	<p>In the first quarter of 2014, a user satisfaction survey was carried out by the National Statistics Office to measure the degree to which it meets its obligations towards its users. The first survey of this kind was held in 2002/3. Additionally, in 2007, the Office carried out a satisfaction survey among registered users of the NSO website. The results which were published in a dedicated news release, can be found at: <a href="http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_01/Methodology_and_Research/Pages/User-Satisfaction-Survey.aspx">http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_01/Methodology_and_Research/Pages/User-Satisfaction-Survey.aspx</a>.</p> <p><u>Results for the National Accounts Unit:</u>  Quality of news releases: high/good 65.6%  Timeliness of news releases by domain: high/good 86.7%  Usefulness of news releases by domain: high/good 78.7%  Quality of requests by domain: high/good 53.7%  Timeliness of requests by domain: high/good 67.1%</p>

13.3 Completeness	Annual and quarterly national accounts data provide detailed breakdowns on production, consumption, investment and income. GDP data is 100 per cent completed.
14 Accuracy	
14.1 Accuracy - overall	The quality of the national accounting calculations is continuously checked during the calculation process so that possible shortcomings or errors can be detected and eliminated. Major elements of that quality assurance procedure include checks for completeness and plausibility, comparison of the source statistics used in national accounting and of the very results of national accounts with complementary data from other sources, reconciliation of the national accounting results with the results of supply and use tables.
14.2 Sampling error	<p>The national accounts is compiled from a myriad of data series derived from administrative and external survey sources (STS, SBS, HBS etc...), which are subject to sampling and non-sampling errors. Early estimates of the accounts are based on less information than will be available later. Later information relies on more comprehensive and higher quality data sources, which can yield substantial improvements in the quality of the accounts. The process of incorporating these quality improvements inevitably leads to revisions of earlier published figures. Applying estimation methods and extrapolating time series may lead to inaccuracies. However, this is necessary to meet the user requirements regarding timeliness of the national accounts data. For this reason, a certain degree of inaccuracy is the price to pay for having a high degree of timeliness of the national accounts data. The quality of the national accounting calculations is continuously checked during the calculation process so that possible shortcomings or errors can be detected and eliminated. Major elements of that quality assurance procedure are the following:</p> <ul style="list-style-type: none"> <li>-Source statistics, where produced as part of official statistics and used by national accounts, are subjected to quality control in the relevant specialised departments.</li> <li>-In national accounts, the source data provided are checked again for completeness and plausibility.</li> <li>-A major quality assurance element is the far-reaching comparison of the source statistics used in national accounting and of the very results of national accounts with complementary data from other sources.</li> <li>-The national accounting results are reconciled with the results of supply and use tables.</li> </ul> <p>Also, due to their great importance for financial and economic policies and as they are widely used for administrative purposes in the European Union (e.g. payments to the EU budget, calculation of Maastricht criteria), national accounts are regularly subjected to international audits; for example by Eurostat.</p>
14.3 Non-sampling error	See concept 14.2
15 Timeliness and punctuality	
15.1 Timeliness	Malta, as a Member State has a legal obligation to transmit the quarterly and annual data GDP figures to Eurostat at t+70 by derogation. On average it takes four weeks to compile the quarterly news release. Supply and Use tables on average take six months to compile and Malta is obliged to provide the data at t+54 by derogation. Work in relation to annual institutional sector accounts is spread throughout the year and Malta is obliged to provide the data at t+85.
15.2 Punctuality	At present the quarterly and annual GDP figures are provided at t+70 days (by derogation). These data are revised every quarter for three consecutive years, as new data sources or more definitive estimates become available. News releases are generally published at 11.00 am. Late publications of the quarterly and annual GDP figures may occur at times. This is generally due to detailed checking procedures. In fact considering

	<p>news releases related to GDP between 2011 and august 2014; 4 out of 18 were late (released after 11.10am). Supply and Use (SUT) tables are not transmitted to Eurostat on a regular basis and are generally transmitted at t+48 due to lake of human resources. Annual institutional sector accounts should be transmitted at t+85 but Malta generally transmits the data at t+145. Late transmissions for annual institutional sector accounts are due to lack of human resources.</p>
16 Comparability	
16.1 Comparability - geographical	<p>The definitions of Malta national accounts are entirely identical to those of the binding European System of National and Regional Accounts, so that data are available that are harmonised and comparable at the European level. Furthermore, the first release of quarterly GDP at about 45 days after the end of the reference quarter is harmonised on the basis of a gentlemen agreement within the European Union.</p> <p>At a global level, there is far-reaching comparability of national accounts thanks to the application of the worldwide guidelines on national accounting set out in the United Nations System of National Accounts (SNA). However, the SNA is not legally binding. The structure of the new ESA 2010 is consistent with the SNA 2008. The ESA 2010 is already legally in force and was implemented as from September 2014 throughout Europe; data transmission from Member States to Eurostat has to follow ESA 2010 rules.</p>
16.2 Comparability - over time	<p>National accounts data using a specific methodological framework are comparable over time. Agreed methodological changes are implemented in a coordinated way and include the estimation of back series. Whenever data are not comparable over time, it is considered and treated as a "break" in series with a flag. Quarterly and annual data without breaks are provided for Malta as a whole from 1995. The quarterly data are consistently linked with the annual results.</p> <p>One of the characteristics of national accounts is the fact that, in the case of fundamental changes to methods or classifications, revisions of long time series are performed going far back into the past, so that an optimum range of data are offered to data users.</p> <p>The comparability of national accounting results over long periods will be impaired if, in the context of major revisions whose main purpose is the integration of new concepts and/or new classifications, data are calculated backwards only for the more recent past rather than for the entire period so far covered by a long time series. In the course of the 2014 major revision, all national accounts aggregates have been revised in full detail for the whole time series back to 1995.</p>
17 Coherence	
17.1 Coherence - cross domain	<p>In certain cases, data from other domains of economic statistics, i.e. balance of payments statistics, business statistics, public finance or external trade statistics may not be coherent with published national accounts data due to different methodology or the timeliness set by other EU regulations which are not in line with the ESA transmission programme.</p>
17.2 Coherence - internal	<p>National GDP is coherent with Regional GDP data when the latter GDP is released. However National GDP data is revised continuously, but Regional GDP only once per year.</p>
18 Cost and Burden	Not available.
19 Data revision	
19.1 Data revision - policy	<p>Revisions to statistical information are an essential bridge between the timeliness and accuracy of data. A statistical system that does not encompass revisions would soon become irrelevant, as it would not be</p>

	<p>responsive to the availability of updated data, improved methodologies and developments in the socio-economic spheres. This is especially the case in complex statistical compilations such as the National Accounts, which would require inputs from a multitude of sources and substantial computations. Revisions reflect the availability of new information as well as efforts to improve methodologies. There are usually three frequencies at which data are revised backwards, namely quarterly, annually and benchmark revisions.</p> <p>(a) Every quarter: Data are revised for a maximum of twenty quarters (depth=20), and all quarterly data is supported by revised annual data.</p> <p>(b) Every year: The depth of the revision may vary but is generally less than five years.</p> <p>(c) Benchmark revisions: These are major revisions aimed at incorporating major new data sources or methodological changes, or a change in what is being described. These imply a full backward revision of all time periods. These benchmark revisions are carried out every five years.</p> <p>Annual estimates are fully consistent with ESA2010 standards, and the quarterly accounts and annual accounts are fully integrated. Developments in recent years have improved the coverage and quality of quarterly estimates and strengthened this method of production. Apart from major conceptual changes, such as those that were involved with the introduction of ESA95 and eventually with the transition to ESA2010, there are other revisions that arise from methodological reviews and data assessments. The decision on whether to incorporate these revisions is taken during the monthly staff meeting to ensure consistency in the approach used and also to agree on a timeframe when these revisions will take place. Since the Production Approach and the Expenditure Approach are based on independent statistical sources, revisions to one of the approaches need not necessarily imply the need for revisions in the other approach.</p>
19.2 Data revision - practice	National accounts data are subject to continuous routine revisions as new input data becomes available. Changes in methodology may intervene as a result of implementing EC Regulations. Any such change is commented in the subsequent data release after the changes.
20 Statistical processing	
20.1 Source data	<p>Many sources are used to compile national accounts, among them administrative data from government, censuses, business surveys and household surveys. No single survey can hence be referred to. Sources used may cover a large set of economic, social, financial and environmental items, which need not always be strictly related to national accounts. In any case, there is no single survey source for national accounts. In particular, different sources are used for calculating the different approaches of GDP mentioned above under '3.4 Concepts and definitions'. If more than one of these approaches is used, their results are usually balanced, i.e. forced to be coherent, so that a single value for GDP is obtained.</p> <p>Data for most industries are based on direct methods, i.e. sample surveys for producers and administrative records for government. Extensive use is made of the separate surveys undertaken for the various groups of industries by other units within NSO. However these surveys do not cover all sectors, so alternative sources are used to fill in the gaps. Furthermore, survey data for a few industries, such as construction, were not considered to be reliable enough, so other sources, such as income data, were used instead.</p>
20.2 Frequency of data collection	Annual and quarterly
20.3 Data collection	The National Accounts unit does not engage in collection of raw data. The data collected is secondary data provided by other units within the national statistics office or other external organisations. National Accounts combine data from many source statistics. Techniques of data collection vary widely, depending on the compilation approach, the source statistics available, the particular account in the system of accounts, the timeliness of data release and other factors.

<p>20.4 Data validation</p>	<p>The methodology used to check the data is typically that of comparing past trends, growth rates, published data. Where possible data at company level is requested from the different units in order to be able to cross check figures so as to ensure consistency within NSO. Additionally, the supply and use data (SUT) balancing exercise is carried out involving various comparisons, checks and analyses on the detailed product data received. Certain validation checks lead to investigations and subsequent changes affecting either product supply or product demand, and at times value added.</p> <p>Output and Income Approach The main variables of the output and generation of income accounts are grouped such that a visual analysis of the data for the whole time series being published is clearly visible. Gross value added (GVA) and compensation of employees are compared to past releases at 2-digit NACE and by quarter. Any significant revision is verified with source data and documented. Absolute changes in GVA and compensation of employees of +/- 1 million is cross checked with the basic data source and documented. A similar procedure is done for percentage changes in these variables. The intermediate consumption to output ratio for consecutive quarter and years is analysed at 2-digit NACE. This is typically consistent across years and thus an increase of +/-2% is generally verified with source data. The output approach is generally finalised one week prior the release however further checks are generally done given that the growth rate is derived from the output approach. In this particular quarter the queries which resulted in a revision of source data following NA queries related mainly with the STS indices and subsidies.</p> <p><u>Expenditure Approach:</u></p> <p>The main variables in the expenditure approach computed by the NA unit are the final consumption expenditure of households and non-profit institutions serving households (NPISH) and gross capital formation (GCF). Household consumption expenditure is checked at COICOP 4-digit level and any revisions and absolute changes of +/- 2 million are rechecked. GFCF is particularly volatile thus it is difficult to check. The extrapolation method used is generally verified and in case of sharp increases or decreases the import data at company level is checked.</p> <p>The final consumption expenditure of the general government is supplied by the Public Finance Unit, while exports and imports of goods and services are supplied by the BOP unit.</p>
<p>20.5 Data compilation</p>	<p>Sampling methodology does not apply in national accounts. However, exhaustivity adjustments are made to compliment survey or administrative sources received.</p>
<p>20.6 Adjustment</p>	<p>Quarterly GDP time series are cleared from usual seasonal fluctuations and typical calendar effects. National Accounts compiles quarterly seasonally adjusted data in line with ESS guidelines on Seasonal Adjustment (2009). Data is transmitted to Eurostat, but not published locally.</p> <p>Final results represents combined seasonally adjustment and working day adjustment including moving holiday effect. Calendar adjustment is based on the Malta national holiday calendar.</p> <p>For the adjustment Demetra+ ver.1.04 software is used with a model based method of TRAMO/SEAT. Automatic selection of a model and decomposition scheme is applied followed by manual model selection for the important and problematic time series. No constrains are applied to assure consistency between raw and seasonally adjusted data.</p> <p>Direct approach is performed for the GDP three approaches and Export/Import data by destination. To assure consistency between the aggregate and components the discrepancy is appointed to the series Changes in inventories (expenditure GDP approach) and components time series which reveal seasonality (output and expenditure GDP approach).</p> <p>Indirect approach is used for GNI series.</p> <p>Calendar adjusted series: Total Gross Domestic Products (GDP), Gross Value Added (GVA at A10 NACE rev.2</p>

aggregation).

Seasonal and Calendar adjusted series:

GDP output approach (series in current prices): Total Gross Domestic Products (GDP), Gross Value Added (GVA at A10 NACE rev.2 aggregation), Taxes and Subsidies on products.

GDP expenditure approach components (series in current and constant prices): Households Final Consumption Expenditure, NPISH, Government Collective and Individual Consumption, Export and Imports of Goods and Services, Gross Fixed Capital Formation by Investment Product (Pi6 product aggregation), Acquisition less Disposal of Valuables, Changes in Inventories inclusive of statistical discrepancy.

GDP Income approach components (series in current prices): Compensation of employees (at A10 NACE rev.2 aggregation), Gross operating surplus and mixed income, Taxes and Subsidies on production and imports, Wages and salaries (at A10 NACE rev.2 aggregation), Final consumption expenditure of households by durability (series in current and constant prices).

GNI components: Primary income receivable and payable to the rest of the world, Consumption of fixed capital.

Seasonal adjusted series: Total population, Total employees, Total self-employed, Total Unemployed Employees and Self Employed at A10 NACE rev.2 aggregation.

21 Comment

Not applicable.