

News Release



Date: 26 June 2007
No. : 106/2007
Time of release: 11.00 hrs

Cut-off date for data presented:
4 June 2007

Theme:
Economy and Finance

Compiled by:

National Accounts Unit
email:nationalaccounts.nso@gov.mt
Tel: 25997259

The monthly calendar of NSO News Releases may be consulted on the Office's website at www.nso.gov.mt

National Accounts

Non-financial accounts by institutional sector: 2000-2003

The National Statistics Office is for the first time publishing annual accounts for institutional sectors, covering the period from 2000 to 2003.

The compilation of annual sector accounts is the outcome of close collaboration between the NSO and Eurostat. This first release will be followed by regular annual releases. The figures for the years under review show that Non-Financial Corporations are key players in the economy, retaining a share of around 55 per cent of Gross Value Added. On the other hand, the economic weight of Non-Profit Institutions Serving Households (NPISH) is relatively limited (under 2 per cent).

This News Release has two main objectives: first, it explains the concepts underlying sector accounts, based on the methodology of the European System of Accounts (ESA95); second, it presents macroeconomic developments in the light of finalised GDP data up to 2003.

Typology of institutional sectors

The basic economic unit in National Accounts is known as the institutional unit. It is an elementary, economic decision-making centre characterised by uniformity of behaviour and autonomy in the exercise of its principal function. Institutional units are grouped into sectors based on principal activity and function, economic behaviour and objectives. The distinction of sectors within National Accounts makes it possible to measure the role of key contributors in the economy: their production, income and use of income, investments and net worth. The accounts for sectors record all the activities, whether principal or secondary, of the institutional units covered.

The resident institutional units that make up the total economy are grouped into the following five mutually exclusive institutional sectors:

- (i) Non-financial corporations (S.11)
- (ii) Financial corporations (S.12)
- (iii) General government (S.13)
- (iv) Households (S.14)
- (v) Non-profit institutions serving households (S.15)

Corporations (financial and non-financial) are institutional units created for the purpose of producing goods or services for the market. Government units organise and finance the provision of non-market goods and services to households and the community at large and, therefore, incur final consumption expenditure. They may also engage in non-market production themselves and are also concerned with the distribution and redistribution of income and wealth through taxation and other transfers. Households are primarily consumer units, but can engage in any kind of economic activity. They not only supply labour to enterprises but may also operate their own producer units in the form of unincorporated enterprises. Non-profit institutions serving households (NPISHs) are institutional units created for the purpose of producing or distributing goods or services, and not for generating any income or profit.

The role of sector accounts in economic analysis

Macroeconomic developments, such as economic growth and inflation, are driven by the actions of the individual economic units in an economy. Grouping economic units with similar behaviour into institutional sectors facilitates the understanding of how an economy functions and how they all inter-relate. For the purpose of this Release, the production account and the generation of income account have been worked out by institutional sector, using annual data. The standard sector accounts tables as disseminated by Eurostat are also included.

The production account shows the transactions relating to the production process. Resources refer to output and taxes less subsidies on products, and uses refer to intermediate consumption. The balancing item of the production account is value added. The sum of Gross Value Added over all domestic sectors, plus taxes less subsidies on products, is equal to the Gross Domestic Product (GDP) of the economy as a whole, at market prices. The generation of income account shows how the proceeds of this accrue to various income categories, such as the compensation of employees. The balancing item consists of mixed income, which accrues to self-employed households, and gross operating surplus, which mainly accrues to corporations.

National Statistics Office
Library & Information Unit
Lascaris, Valletta CMR 02, Malta
Tel: (+356) 25997219
Fax: (+356) 25997205
e-mail: nso@gov.mt
<http://www.nso.gov.mt>

Non-financial Accounts by Institutional Sector 2000

(Lm millions, current prices)

Uses								Current accounts		Resources							
Non-profit institutions serving households (S.15)	Households (S.14)	General government (S.13)	Financial corporations (S.12)	Non-financial corporations (S.11)	Total economy (S.1)	Rest of the World (S.2)	Sum over sectors (S.1+S.2)			Sum over sectors (S.1+S.2)	Rest of the World (S.2)	Total economy (S.1)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households (S.14)	Non-profit institutions serving households (S.15)
PRODUCTION ACCOUNT																	
								P.1	Output	3,330.6		3,330.6	2,406.2	146.9	339.6	407.2	30.6
9.1	135.6	81.9	57.3	1,536.1	1,819.9		1,819.9	P.2	Intermediate consumption								
21.5	271.7	257.7	89.7	870.1	1,510.7			B.1g	Gross value added								
					1,705.7			D.21-D.31	Taxes less subsidies on products		195.0						
								B.1g* ⁽¹⁾	Gross Domestic Product (GDP)								
3.0	48.3	35.3	6.4	150.5	243.4			K.1	Consumption of fixed capital								
18.5	223.3	222.5	83.3	719.7	1,267.3			B.1n / B.1n* ⁽¹⁾	Net value added / Net domestic product								
⁽¹⁾ Gross Domestic Product (GDP) is gross value added plus taxes less subsidies on products (D21-D31). Net domestic product is net value added plus taxes less subsidies on products (D21-D31).																	
GENERATION OF INCOME ACCOUNT																	
								B.1g / B.1g*	Gross value added / Gross Domestic Product		1,705.7	870.1	89.7	257.7	271.7	21.5	
18.5	26.8	222.5	48.1	431.3	747.2	4.4	751.6	D.1	Compensation of employees								
					208.8			D.21	Taxes on products								
0.0	1.3	0.0	0.0	4.2	5.6			D.29	Other taxes on production								
								D.31	Subsidies on products		13.8						
								D.39	Other subsidies on production		10.3	8.9	0.0	0.0	1.4	0.0	
3.0	244.9	35.3	41.5	443.5	768.2			B.2g ⁽²⁾	Gross operating surplus								
3.0	48.3	35.3	6.4	150.5	243.4			K.1	Consumption of fixed capital								
0.0	196.6	0.0	35.2	293.0	524.8			B.2n ⁽²⁾	Net operating surplus								
⁽²⁾ Including mixed income for S.14, S.15 and S.1																	

Non-financial Accounts by Institutional Sector 2001

(Lm millions, current prices)

Uses								Current accounts	Resources								
Non-profit institutions serving households (S.15)	Households (S.14)	General government (S.13)	Financial corporations (S.12)	Non-financial corporations (S.11)	Total economy (S.1)	Rest of the World (S.2)	Sum over sectors (S.1+S.2)		Sum over sectors (S.1+S.2)	Rest of the World (S.2)	Total economy (S.1)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households (S.14)	Non-profit institutions serving households (S.15)	
PRODUCTION ACCOUNT																	
								P.1	Output	3,188.1		3,188.1	2,229.4	139.1	372.0	415.7	31.9
9.5	137.9	75.5	46.4	1,393.6	1,662.8		1,662.8	P.2	Intermediate consumption								
22.4	277.7	296.6	92.8	835.8	1,525.3			B.1g	Gross value added								
								D.21-D.31	Taxes less subsidies on products		207.7						
					1,733.1			B.1g* ⁽¹⁾	Gross Domestic Product (GDP)								
3.2	49.9	37.6	7.0	166.4	264.1			K.1	Consumption of fixed capital								
19.2	227.8	259.0	85.7	669.4	1,261.2			B.1n / B.1n* ⁽¹⁾	Net value added / Net domestic product								
(1) Gross Domestic Product (GDP) is gross value added plus taxes less subsidies on products (D21-D31). Net domestic product is net value added plus taxes less subsidies on products (D21-D31).																	
GENERATION OF INCOME ACCOUNT																	
								B.1g / B.1g*	Gross value added / Gross Domestic Product		1,733.1	835.8	92.8	296.6	277.7	22.4	
19.2	28.5	259.0	49.7	450.9	807.2	2.4	809.6	D.1	Compensation of employees								
					223.5			D.21	Taxes on products								
0.0	1.5	0.0	0.0	4.8	6.3			D.29	Other taxes on production								
								D.31	Subsidies on products		15.7						
								D.39	Other subsidies on production		12.8	11.2	0.0	0.0	1.6	0.0	
3.3	249.4	37.6	43.1	391.3	724.6			B.2g ⁽²⁾	Gross operating surplus								
3.2	49.9	37.6	7.0	166.4	264.1			K.1	Consumption of fixed capital								
0.0	199.5	0.0	36.1	224.9	460.5			B.2n ⁽²⁾	Net operating surplus								
(2) Including mixed income for S.14, S.15 and S.1																	

Non-financial Accounts by Institutional Sector 2002

(Lm millions, current prices)

Uses								Current accounts	Resources									
Non-profit institutions serving households (S.15)	Households (S.14)	General government (S.13)	Financial corporations (S.12)	Non-financial corporations (S.11)	Total economy (S.1)	Rest of the World (S.2)	Sum over sectors (S.1+S.2)		Sum over sectors (S.1+S.2)	Rest of the World (S.2)	Total economy (S.1)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households (S.14)	Non-profit institutions serving households (S.15)		
PRODUCTION ACCOUNT																		
								P.1	Output	3,276.7								
9.5	142.7	83.9	44.8	1,393.6	1,674.4			P.2	Intermediate consumption									
25.7	295.0	306.6	86.1	888.9	1,602.3			B.1g	Gross value added									
								D.21-D.31	Taxes less subsidies on products	233.2								
								B.1g⁽¹⁾	Gross Domestic Product (GDP)									
								K.1	Consumption of fixed capital									
3.7	53.6	39.9	8.3	182.4	287.7			B.1n / B.1n⁽¹⁾	Net value added / Net domestic product									
22.0	241.5	266.7	77.8	706.5	1,314.6													
								GENERATION OF INCOME ACCOUNT										
								B.1g / B.1g[*]	Gross value added / Gross Domestic Product	1,835.5	888.9	86.1	306.6	295.0	25.7			
22.0	28.4	266.7	49.7	470.1	836.9	3.5	840.4	D.1	Compensation of employees									
								D.21	Taxes on products									
								D.29	Other taxes on production									
0.0	1.9	0.0	0.0	5.5	7.4													
								D.31	Subsidies on products	9.3								
								D.39	Other subsidies on production	29.4	27.0	0.0	0.0	2.4	0.0			
3.7	267.2	39.9	36.3	440.2	787.4													
								B.2g⁽²⁾	Gross operating surplus									
3.7	53.6	39.9	8.3	182.4	287.7													
								K.1	Consumption of fixed capital									
0.0	213.7	0.0	28.1	257.9	499.7													
								B.2n⁽²⁾	Net operating surplus									

⁽¹⁾ Gross Domestic Product (GDP) is gross value added plus taxes less subsidies on products (D21-D31). Net domestic product is net value added plus taxes less subsidies on products (D21-D31).

⁽²⁾ Including mixed income for S.14, S.15 and S.1

Non-financial Accounts by Institutional Sector 2003

(Lm millions, current prices)

Uses								Current accounts		Resources											
Non-profit institutions serving households (S.15)	Households (S.14)	General government (S.13)	Financial corporations (S.12)	Non-financial corporations (S.11)	Total economy (S.1)	Rest of the World (S.2)	Sum over sectors (S.1+S.2)			Sum over sectors (S.1+S.2)	Rest of the World (S.2)	Total economy (S.1)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households (S.14)	Non-profit institutions serving households (S.15)				
PRODUCTION ACCOUNT																					
								P.1	Output	3,441.8						3,441.8	2,396.0	142.3	413.5	452.9	37.1
9.9	144.4	93.5	60.8	1,472.8	1,781.4	1,781.4		P.2	Intermediate consumption												
27.1	308.5	320.0	81.5	923.2	1,660.4			B.1g	Gross value added												
								D.21-D.31	Taxes less subsidies on products	223.5											
								B.1g⁽¹⁾	Gross Domestic Product (GDP)												
								K.1	Consumption of fixed capital												
3.8	52.4	40.8	8.0	176.1	281.1	1,883.9		B.1n / B.1n⁽¹⁾	Net value added / Net domestic product												
23.3	256.1	279.2	73.6	747.1	1,379.3																
⁽¹⁾ Gross Domestic Product (GDP) is gross value added plus taxes less subsidies on products (D21-D31). Net domestic product is net value added plus taxes less subsidies on products (D21-D31).																					
GENERATION OF INCOME ACCOUNT																					
								B.1g / B.1g[*]	Gross value added / Gross Domestic Product	1,883.9					923.2	81.5	320.0	308.5	27.1		
23.3	32.8	279.2	53.1	492.5	880.9	4.7	885.6	D.1	Compensation of employees												
										234.7											
0.0	2.0	0.0	0.0	6.2	8.3			D.21	Taxes on products												
										11.2											
								D.29	Other taxes on production												
								D.31	Subsidies on products												
								D.39	Other subsidies on production	29.8	26.1	0.0	0.0	3.7	0.0						
3.9	277.4	40.8	28.4	450.6	801.1			B.2g⁽²⁾	Gross operating surplus												
3.8	52.4	40.8	8.0	176.1	281.1			K.1	Consumption of fixed capital												
0.0	225.0	0.0	20.5	274.5	520.0			B.2n⁽²⁾	Net operating surplus												
⁽²⁾ Including mixed income for S.14, S.15 and S.1																					

Methodological Notes

1. The institutional sectors comprise various economic activities as indicated below (using 2-digit NACE categories – A60)
 - (i) Non-Financial Corporations: All economic activities except 65, 66, 67, 75 and 95;
 - (ii) Financial Corporations: 65, 66 and 67;
 - (iii) General Government: 01, 22, 35, 36, 45, 71 (from 2001), 74, 75, 80, 85, 90 and 92;
 - (iv) Households: All economic activities except 11, 16, 23, 40, 64 and 75;
 - (v) Non-Profit Institutions Serving Households: 22, 24, 60, 80, 85, 91 and 92.

The following economic activities are not found in Malta and are therefore also excluded from both the Non-financial Corporations and Households sectors: 02, 10, 12 and 13.

2. All data in this News Release are in line with the European System of National and Regional Accounts (ESA95) Manual (ISBN 92-827-7954-8). The classifications of industries (at A60 level) may be found in Annex IV of this Manual, or in News Release 195/2003 Appendix A.
3. All data in this News Release is based on finalized GDP data as published in News Release 96/2007 on 8th June 2007. Figures may not add up exactly due to rounding.
4. For further details on the breakdown of Institutional Sectors, kindly contact the National Accounts Unit on 2599 7259.