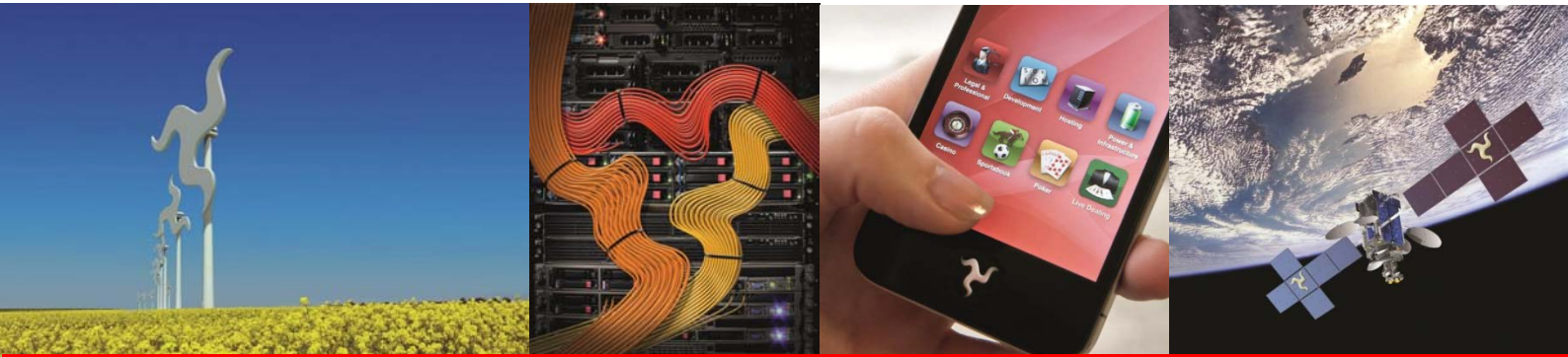




Isle of Man
Government

Reiltys Ellan Vannin



Isle of Man National Income Accounts

2013/14

Economic Affairs

Cabinet Office

September 2015

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Key Results

National income estimates for the Isle of Man have been produced annually since 1969/70. The national income accounts provide a measure of the size and growth of the Manx economy. They highlight the changing importance of sectors within the economy and the emergence of new economic activity.

The main national accounting aggregates are Gross Domestic Product (GDP) and Gross National Product (GNP), now being referred to as Gross National Income (GNI). GDP represents the monetary value of all goods and services produced within the Island's economy over a one year period. It also provides a measure of both personal and corporate income derived from economic activity on the Island. GNI also takes account of net income received from abroad in the form of interest, rents, profits and dividends and represents the total income of all Manx residents and companies.

The accounts show that 2013/14 was the thirty first successive year of growth for the Island's economy. Key results from the report include:

- Total GDP reaches £4.32bn
- Growth in GDP of 6.1%, or 4.5% in real terms (compared to 3.2% in 2012/13)
- Growth in GNP of 6.7%, or 5.1% in real terms (compared to 4.8% in 2012/13)
- Information and Communication Technology and e-Gaming were the main drivers of growth during the year, growing by 58% and 30% respectively in real terms.
- e-Gaming has replaced Insurance as the largest economic sector on the Isle of Man, with a 16.7% share of Manx-Sourced Income.
- Compared with 2012/13, the Construction sector has made a strong recovery, with real growth of 17%.
- Retail Distribution and Tourist Accommodation both contracted significantly during the year, with Tourist Accommodation being impacted by losses experienced during the year.

It should be emphasised that the accounts contained within this report relate to the year 2013/14 and do not necessarily reflect the current position of the Island's economy.

This report is available on the following web page www.gov.im/categories/tax,-vat-and-your-money/national-income/

Economic Affairs,

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**Table 1 - National Income by Economic Activity at Current Prices (£000s)
2012/13 to 2013/14**

Income in Year at Factor Cost	2012/13	2013/14	Change (%)	Sector Share (%) 2013/14
Agriculture, Forestry & Fishing	27,218	26,718	-2%	0.6
Manufacturing: Engineering	48,327	46,910	-3%	1.1
Food & Drink	33,341	33,285	0%	0.8
General	70,407	63,049	-10%	1.5
Mining & Quarrying	18,118	10,802	-40%	0.3
Construction	150,725	178,907	19%	4.3
Utilities	70,197	70,640	1%	1.7
Transport and Communications	255,772	228,561	-11%	5.5
Wholesale Distribution	31,544	31,042	-2%	0.8
Retail Distribution	162,633	129,259	-21%	3.1
Banking	329,803	317,810	-4%	7.7
Insurance	582,266	602,404	3%	14.6
Other Finance and Business Services	407,772	415,523	2%	10.1
Information and Communication Technology	215,678	345,884	60%	8.4
Legal and Accountancy Services	89,057	86,791	-3%	2.1
Corporate Service Providers	128,624	135,246	5%	3.3
Education	85,496	94,158	10%	2.3
Medical & Health Services	190,251	203,616	7%	4.9
Other Professional Services	127,504	128,384	1%	3.1
Tourist Accommodation	20,359	9,632	-53%	0.2
Catering and Entertainment	27,494	27,616	0%	0.7
e-Gaming	521,753	690,391	32%	16.7
Miscellaneous Services	138,526	106,344	-23%	2.6
Public Administration	135,136	138,846	3%	3.4
Sub-total (Manx sourced income)	3,867,998	4,121,820	6.6%	100
Imputed rent	159,996	157,372		
FISIM adjustment	-165,976	-157,616		
Government depreciation of fixed assets	127,504	125,123		
NPISH ¹	39,933	40,457		
ESA10 Adjustments ²	42,861	33,499		
Gross Domestic Product	4,072,315	4,320,745	6.1%	
Income from Abroad	1,997,563	2,168,190		
Income to Abroad	-1,916,787	-2,039,718		
Net Income From Abroad	80,775	128,472		
Net FISIM ³ adjustment	161,603	155,727		
Gross National Product	4,314,694	4,604,944	6.7%	
Subsidies on production	-10,590	-10,520		
Taxes on production	11,897	12,519		
Gross National Income	4,316,001	4,606,942	6.7%	

¹ NPISH; Non-profit institution serving households.

² Details on what is included within the ESA10 adjustments can be found in the methodological note on page 9.

³ FISIM; Financial Intermediation Services Indirectly Measured

**Table 2 - National Income by Economic Activity at Constant Prices (£000s)
2012/13 to 2013/14**

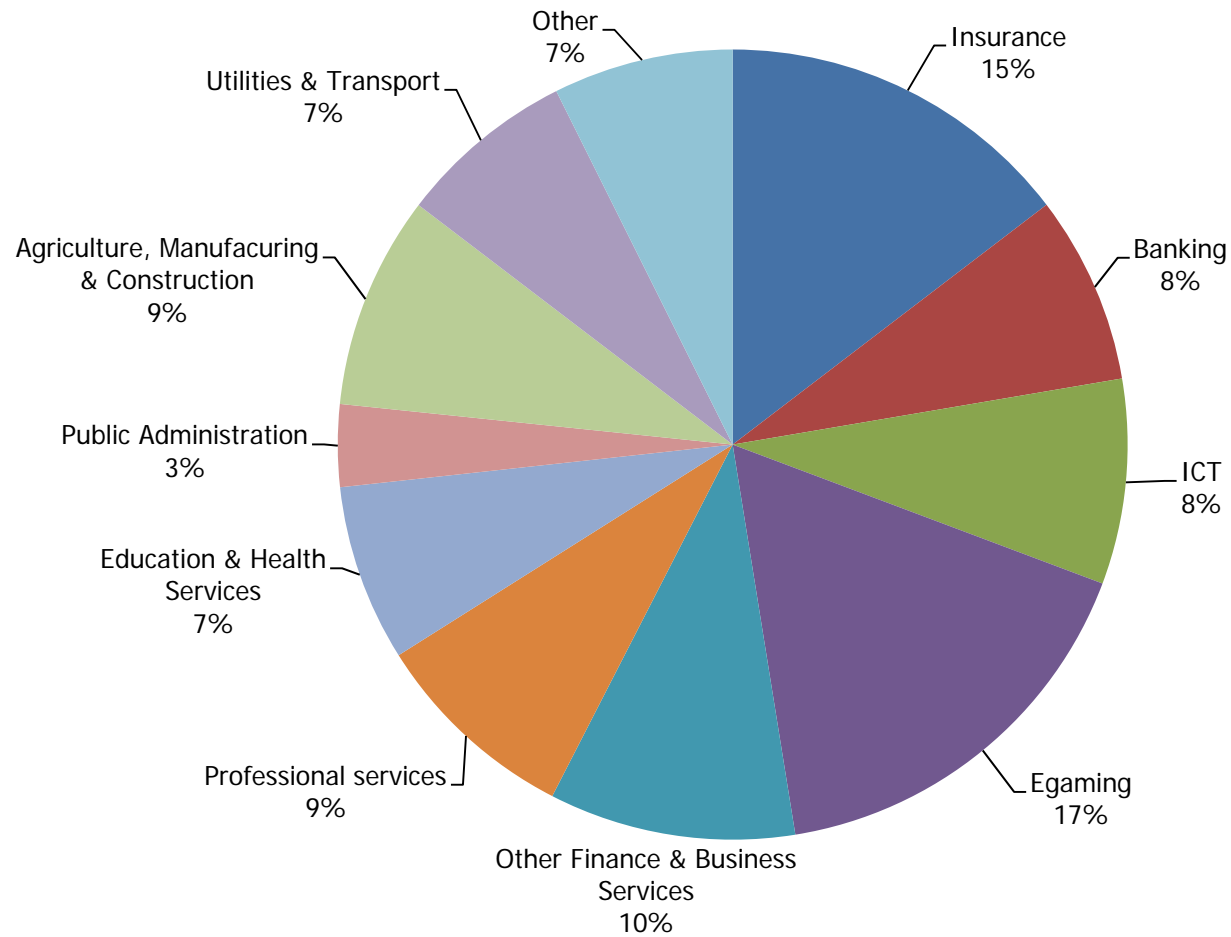
Income in Year at Factor Cost	2012/13	2013/14	Change (%)	Sector Share (%) 2013/14
Agriculture, Forestry & Fishing	27,637	26,718	-3%	0.6
Manufacturing: Engineering	49,070	46,910	-4%	1.1
Food & Drink	33,853	33,285	-2%	0.8
General	71,490	63,049	-12%	1.5
Mining & Quarrying	18,397	10,802	-41%	0.3
Construction	153,043	178,907	17%	4.3
Utilities	71,276	70,640	-1%	1.7
Transport and Communications	259,705	228,561	-12%	5.5
Wholesale Distribution	32,029	31,042	-3%	0.8
Retail Distribution	165,134	129,259	-22%	3.1
Banking	334,874	317,810	-5%	7.7
Insurance	591,220	602,404	2%	14.6
Other Finance and Business Services	414,042	415,523	0%	10.1
Information and Communication Technology	218,995	345,884	58%	8.4
Legal and Accountancy Services	90,426	86,791	-4%	2.1
Corporate Service Providers	130,602	135,246	4%	3.3
Education	86,810	94,158	8%	2.3
Medical & Health Services	193,177	203,616	5%	4.9
Other Professional Services	129,465	128,384	-1%	3.1
Tourist Accommodation	20,672	9,632	-53%	0.2
Catering and Entertainment	27,916	27,616	-1%	0.7
e-Gaming	529,776	690,391	30%	16.7
Miscellaneous Services	140,656	106,344	-24%	2.6
Public Administration	137,214	138,846	1%	3.4
Sub-total (Manx sourced income)	3,927,481	4,121,820	4.9%	100
Imputed rent	162,457	157,372		
FISIM adjustment	-168,529	-157,616		
Government depreciation of fixed assets	129,465	125,123		
NPISH	40,547	40,547		
ESA 10 Adjustments	43,520	33,499		
Gross Domestic Product	4,134,941	4,320,745	4.5%	
Income from Abroad	2,028,282	2,168,190		
Income to Abroad	-1,946,264	-2,039,718		
Net Income From Abroad	82,018	128,472		
Net FISIM adjustment	164,088	155,727		
Gross National Product	4,381,047	4,604,944	5.1%	
Subsidies on production	-10,753	-10,520		
Taxes on production	12,080	12,519		
Gross National Income	4,382,374	4,606,942	5.1%	

Note; It is standard practice to present economic statistics in terms of “constant prices” (i.e. adjusted for the effects of inflation). This means that changes or growth, are not affected by changes in price.

Table 3 - Growth in GDP and GNP at Constant Prices 1991/92 to 2013/14

	Change In Constant Price GDP (%)	Change In Constant Price GNP (%)
1991/92	1.6	1.0
1992/93	0.8	0.6
1993/94	2.6	-0.4
1994/95	4.0	1.7
1995/96	4.3	3.9
1996/97	7.7	6.8
1997/98	8.6	9.5
1998/99	13.5	10.5
1999/00	13.7	11.2
2000/01	5.3	3.4
2001/02	5.4	5.8
2002/03	6.2	5.7
2003/04	6.0	6.1
2004/05	5.2	5.4
2005/06	5.9	5.7
2006/07	7.7	7.5
2007/08	7.5	7.7
2008/09	4.9	-5.9
2009/10	2.1	0.0
2010/11	3.4	1.7
2011/12	2.0	2.5
2012/13	3.2	4.8
2013/14	4.5	5.1

Figure 1 Sectoral Analysis of 2013/14 National Income



Note:

Professional Services includes Corporate Service Providers, Legal & Accountancy services and all other professional services.

Other includes Retail Distribution, Wholesale Distribution, Tourist Accommodation, Catering & Entertainment and Miscellaneous Services.

Figure 2 Percentage Change in GDP and GNP at Constant Prices 1991/92 - 2013/14 (%)

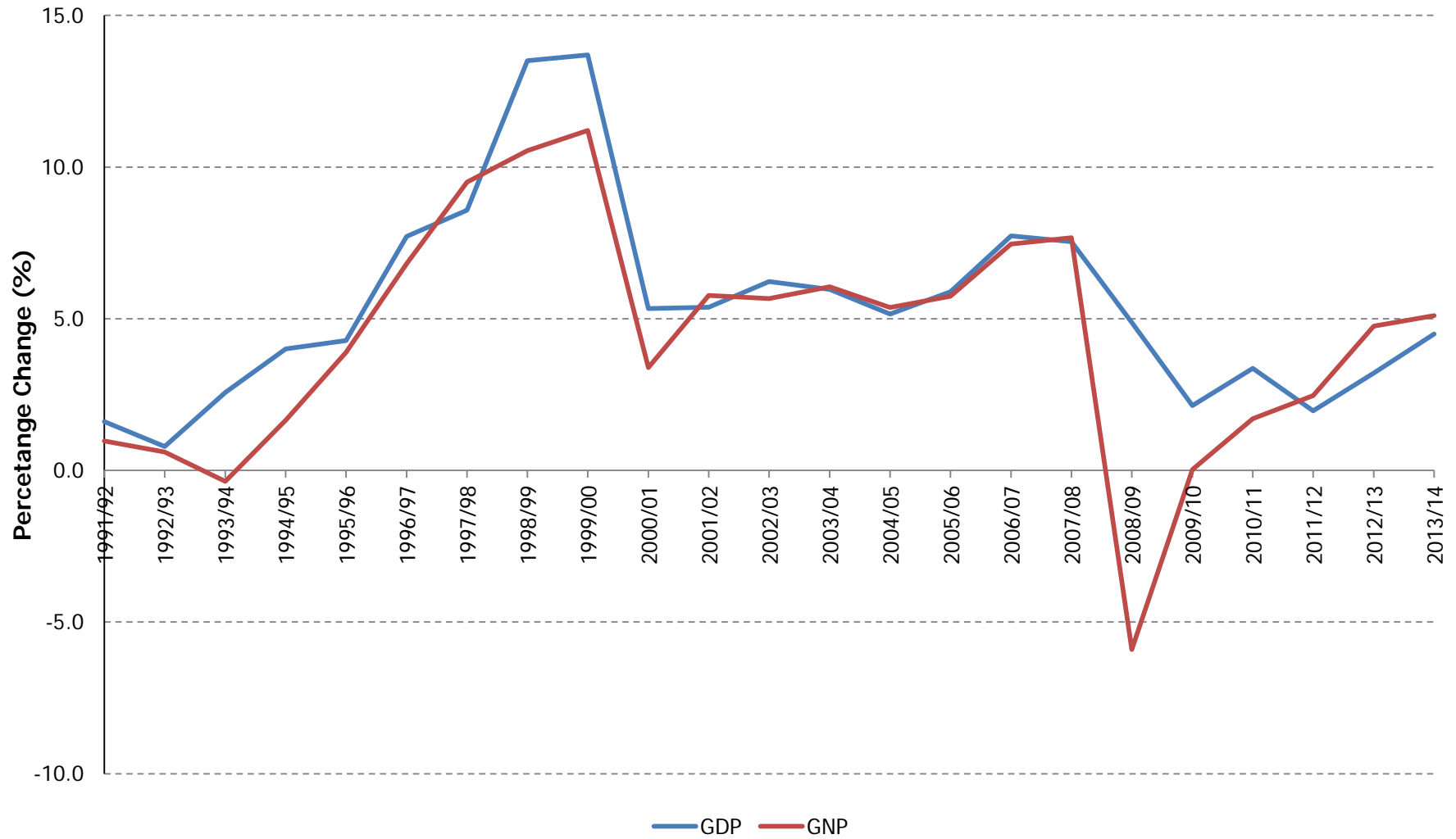
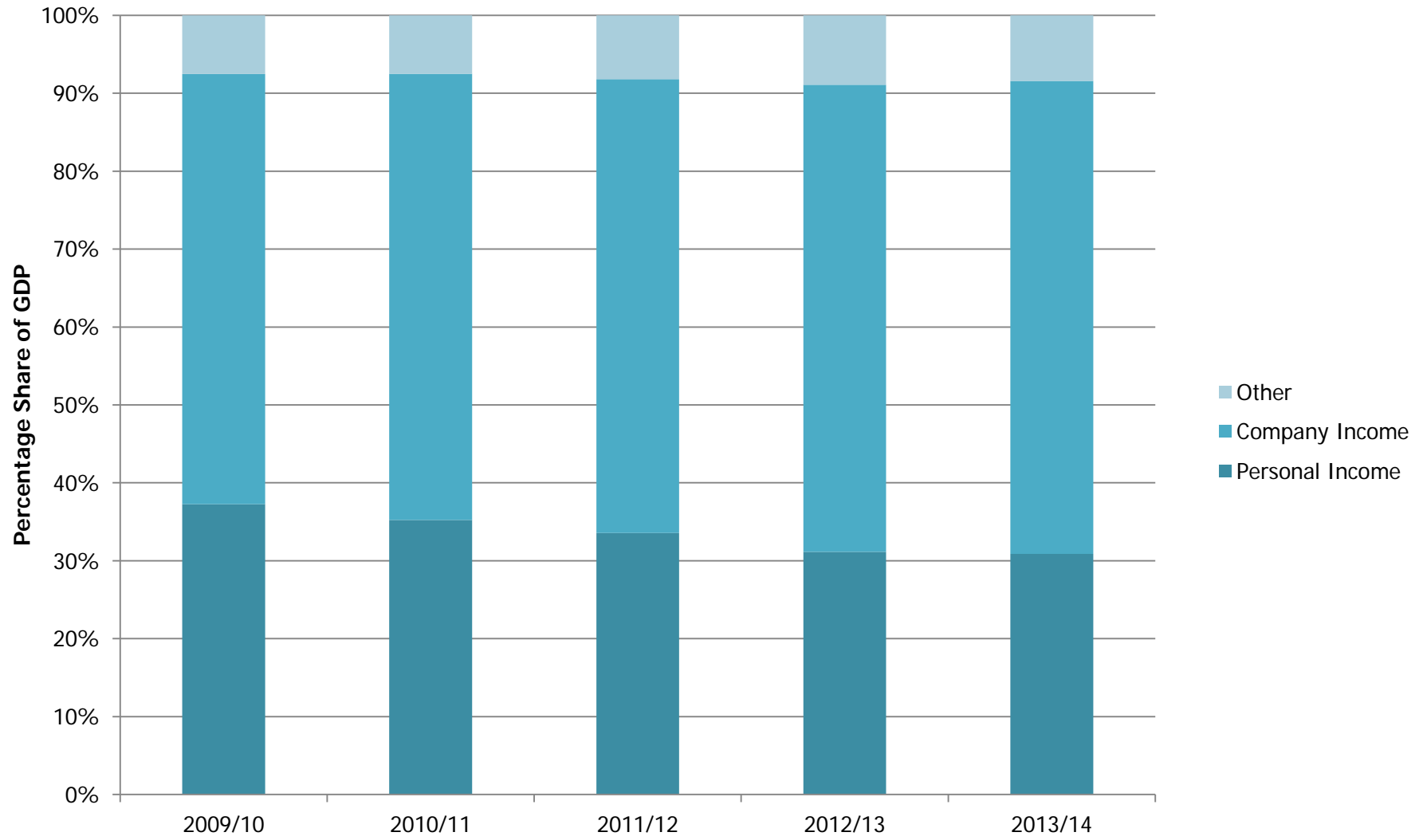


Figure 3 Share of GDP by Source



Methodological Statement

The Isle of Man National Income Accounts have been updated to reflect changes in the methodology for calculating Gross Domestic Product and Gross Domestic Product. The changes have been made in line with the new National Accounts Framework (European System of Accounts 2010 or ESA10), and incorporate a number of changes to how certain elements within National Income accounts are calculated and the inclusion of some new types of income or expenditure.

Detailed below are the changes and new items that have been included within the accounts:

- The inclusion of illegal drugs within the National Income accounts (Illegal Activities).
- A change in how full funded defined benefit pension schemes are accounted for within employment income, from being based upon the contributions paid by the employer to the actuarial cost of the scheme.
- Expenditure on Research & Development is now capitalised rather than being shown as a cost to businesses.
- A change from using the LIBOR rate to using a reference rate for the calculation of FISIM.

Within the United Kingdom's National Accounts there are also additional changes relating to ESA10 such as the inclusion of the costs of Weapons and Decommissioning Costs, however these additional items have not been deemed relevant for the purposes of the Isle of Man National Income Accounts.

Separately to the changes made due to ESA10, the calculation of NPISH has also been altered to reflect that the Isle of Man Accounts had become out of date with international standards. The Isle of Man Accounts have historically only included the surplus on charities as NPISH. They were therefore not compliant with any international standard. The change to NPISH involved looking at charities total costs, and discounting those who earned more than 50% of income from sales (as these are defined as trading companies).

The ESA10 adjustment figures included within the National Income Accounts shown in this report include the following adjustments:

- Illegal Activities
- Expenditure on Research & Development

The changes in relation to pension costs for fully funded defined benefit schemes, NPISH and the interest rate used for calculating FISM have been allocated to employment income (which forms part of Manx Sourced Income), NPISH and to the FISIM adjustment respectively.

Additional Publications

The Isle of Man National Income Accounts is one of a series of publications compiled by Economic Affairs, the Cabinet Office. Other publications available include the following:

Isle of Man in Numbers 2015 (Formerly the Isle of Man Digest of Social & Economic Statistics)

Isle of Man Passenger Survey Annual Report 2014

Isle of Man Census Report 2011

Isle of Man Earnings Survey 2014

Isle of Man Inflation report (monthly report)

Isle of Man Labour Market Statistics (monthly report)

A number of publications plus selected monthly economic statistics are available on the Economic Affairs web page:

www.gov.im/about-the-government/offices/cabinet-office/economic-affairs-division/

All publications and additional information may be obtained by contacting:

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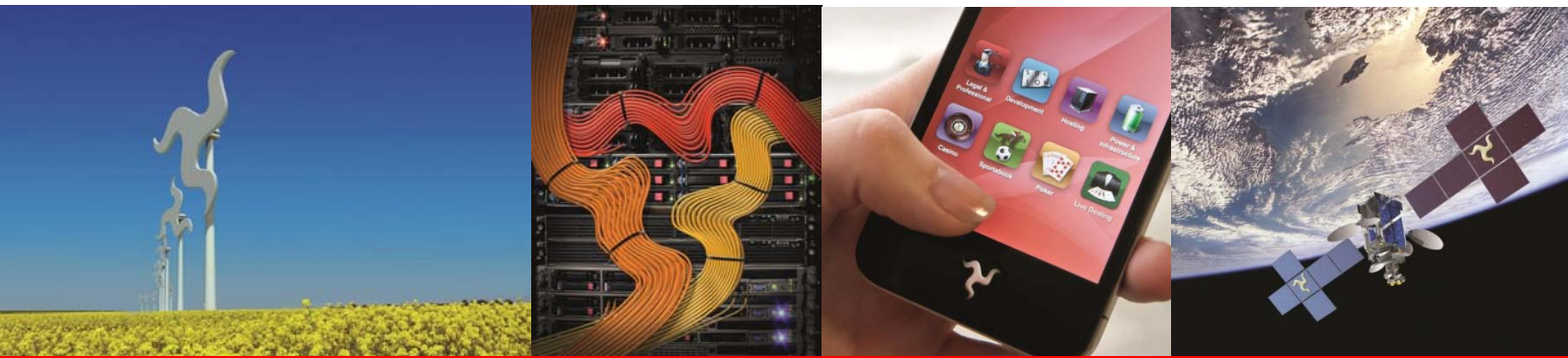
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