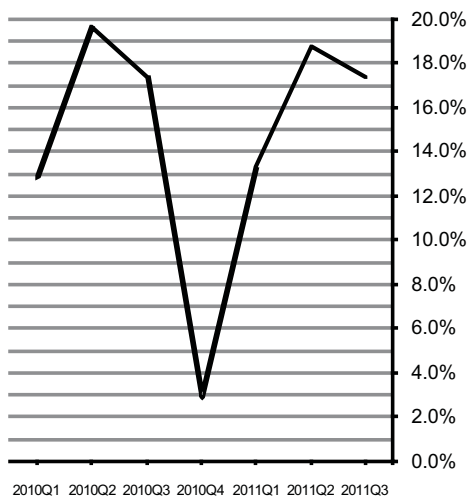




# Quarterly Institutional Sector Accounts

## Non-Financial Q3 2011

Chart 1: Gross Household Saving Ratio  
Q1 2010 - Q3 2011



### Gross Saving by Institutional Sector

Quarter	Non-Financial Corporations (S.11)	Financial Corporations (S.12)	General Government (S.13)	Households and NPISH (S.14 & S.15)
	€m			
Q3 2010	3,585	2,502	-4,614	4,019
Q3 2011	1,812	2,167	-3,409	3,863

### Gross Household savings ratio unchanged at 17.3 per cent

Gross disposable income of households (B.6g) decreased from €22,666m in Q3 2010 to €21,761m in Q3 2011 – a decline of €905m (-4%). At the same time household expenditure (P.3) fell by €723m over the same period, from €19,220m to €18,497m (-3.8%).

Overall, gross household savings declined by 3.9% from €4,019m in the third quarter of 2010 compared with €3,863m in the corresponding quarter of 2011. Nevertheless, when expressed as a percentage of gross disposable income the gross savings ratio remained unchanged at 17.3% for both periods (*see Background Notes - definitions*).

### Improvement in Government savings deficit

The gross savings of Government (resources less uses) amounted to a deficit of €3,409m an improvement of €1,205m on the corresponding deficit for Q3 2010 of €4,614m.

The change is largely explained by an increase in taxes on income and wealth (D.5) from €3,180m in Q3 2010 to €4,549m in the current quarter. The universal social charge and the levy on pension funds are the sources of this increase in Government revenue.

The entire series of data on *Quarterly Non-Financial Institutional Sector Accounts* (Tables 1.2 to 1.9 for Q1 2002 to Q3 2011) is available at: [www.cso.ie/shorturl.aspx/99](http://www.cso.ie/shorturl.aspx/99)

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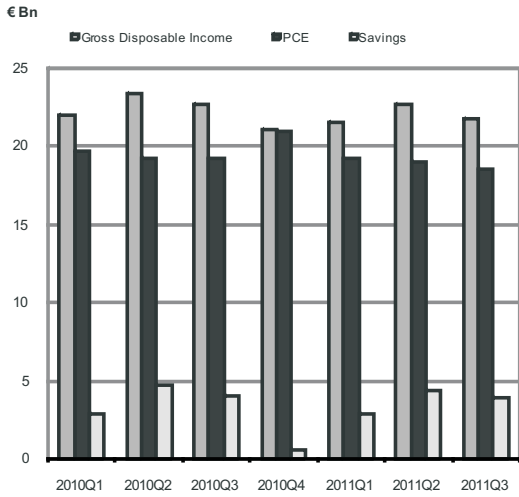
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**Total Gross Disposable Income's PCE and Savings  
Q1 2010 - Q3 2011**



**Non-financial (S.11) and Financial (S.12)**

The gross savings of non-financial corporations were €1,812m this quarter compared to €3,585m in Q3 2010. This reduction in savings is explained by lower net property incomes (D.4). This includes both higher earnings being accrued to the foreign owners of Multi National corporations operating in Ireland and lower earnings abroad by Irish corporations (D.42&D.43). Financial corporations had gross savings of €2,167m in Q3 2011 – down from €2,502m in Q3 2010.

**Rest of the World Sector (S.2)**

The rest of the world recorded a deficit of €849m with Ireland in the third quarter of 2011 (i.e. Ireland recorded a current account surplus with the rest of the world). This is in line with the seasonal trend of current account balances in the quarters of 2010. Net lending to the rest of the world amounted to €837m in the third quarter of 2011.

**Institutional Sector Accounts  
Non-Financial Tables**

**Quarter 3 2011**

Summary Table - Quarterly Accounts by Institutional Sector, Q1 2010 - Q3 2011

€ million

Key Variables		Quarter	S.2 Rest of World	S.1 Total economy	S.IN Not sectorized	S.11 Non-financial corporations	S.12 Financial corporations	S.13 General government	S.14+S.15 Households including NPISH
(a)	B.1*g Gross domestic product	Q1 2010		38,949	3,461	18,410	4,222	5,338	7,519
		Q2 2010		39,881	3,671	18,968	4,349	5,150	7,743
		Q3 2010		39,770	3,981	18,780	4,079	5,252	7,678
		Q4 2010		37,392	3,739	17,585	3,875	5,524	6,669
		Q1 2011		38,484	3,566	18,035	4,272	5,365	7,246
		Q2 2011		39,682	3,689	18,746	4,266	5,197	7,785
		Q3 2011		39,096	3,822	18,597	3,973	5,203	7,501
(b)	B.2g/B.3g Gross operating surplus / Mixed income	Q1 2010		17,611	-46	9,377	2,606	742	4,932
		Q2 2010		18,276	-47	9,747	2,734	716	5,125
		Q3 2010		18,121	-47	9,643	2,701	753	5,071
		Q4 2010		17,020	-44	8,996	2,506	831	4,731
		Q1 2011		17,508	-45	9,299	2,623	761	4,871
		Q2 2011		18,105	-47	9,623	2,728	761	5,040
		Q3 2011		17,397	-46	9,240	2,602	761	4,840
(c)	D.1_D.4 Net Primary Income	Q1 2010		13,123	0	-6,867	-465	3,080	17,376
		Q2 2010		13,553	0	-7,102	-946	4,073	17,527
		Q3 2010		14,715	0	-5,583	-21	3,319	17,000
		Q4 2010		16,880	0	-3,310	-582	3,367	17,405
		Q1 2011		12,905	0	-6,685	-462	2,996	17,055
		Q2 2011		13,013	0	-6,708	-1,338	3,645	17,415
		Q3 2011		13,457	0	-6,920	-243	3,150	17,469
(d)	B.5g Gross national income = (b + c)	Q1 2010		30,735	-46	2,510	2,141	3,822	22,308
		Q2 2010		31,829	-47	2,645	1,789	4,789	22,653
		Q3 2010		32,836	-47	4,060	2,680	4,072	22,070
		Q4 2010		33,900	-44	5,686	1,924	4,198	22,136
		Q1 2011		30,413	-45	2,614	2,162	3,757	21,926
		Q2 2011		31,118	-47	2,915	1,389	4,406	22,455
		Q3 2011		30,854	-46	2,321	2,360	3,911	22,309
(e)	D.5_D.7 Net Current Transfers	Q1 2010		-756	0	-175	555	-887	-250
		Q2 2010		-515	0	-1,113	136	-292	753
		Q3 2010		-610	0	-475	395	-1,126	596
		Q4 2010		-436	0	-1,330	58	1,921	-1,086
		Q1 2011		-732	0	-231	505	-648	-357
		Q2 2011		-450	0	-916	240	-62	288
		Q3 2011		-496	0	-509	407	155	-548
(f)	B.6g Gross disposable income = (d + e)	Q1 2010		29,979	-46	2,335	2,696	2,935	22,058
		Q2 2010		31,313	-47	1,532	1,925	4,497	23,406
		Q3 2010		32,225	-47	3,585	3,076	2,946	22,666
		Q4 2010		33,464	-44	4,356	1,982	6,119	21,050
		Q1 2011		29,681	-45	2,383	2,667	3,109	21,569
		Q2 2011		30,669	-47	1,999	1,629	4,344	22,743
		Q3 2011		30,358	-46	1,812	2,767	4,065	21,761

**Summary Table - Quarterly Accounts by Institutional Sector, Q1 2010 - Q3 2011**
**€ million**

Key Variables	Year	S.2	S.1	S.IN	S.11	S.12	S.13	S.14+S.15
		Rest of World	Total economy	Not sectorized	Non-financial corporations	Financial corporations	General government	Households including NPISH
(g) P.3 + D.8 Use of disposable income	Q1 2010		-26,994	0	0	-596	-7,240	-19,159
	Q2 2010		-26,577	0	0	-587	-7,281	-18,708
	Q3 2010		-26,780	0	0	-573	-7,560	-18,647
	Q4 2010		-28,463	0	0	-584	-7,441	-20,437
	Q1 2011		-26,232	0	0	-573	-7,009	-18,650
	Q2 2011		-26,139	0	0	-605	-7,159	-18,374
	Q3 2011		-25,971	0	0	-599	-7,474	-17,898
(h) B.8g Gross saving = (f + g)	Q1 2010		2,984	-46	2,335	2,100	-4,304	2,899
	Q2 2010		4,736	-47	1,532	1,338	-2,784	4,697
	Q3 2010		5,445	-47	3,585	2,502	-4,614	4,019
	Q4 2010		5,001	-44	4,356	1,398	-1,322	613
	Q1 2011		3,449	-45	2,383	2,093	-3,900	2,919
	Q2 2011		4,530	-47	1,999	1,024	-2,816	4,369
	Q3 2011		4,387	-46	1,812	2,167	-3,409	3,863
(i) Changes in Capital Accounts	Q1 2010		-305	-46	388	10,477	-10,271	-854
	Q2 2010		-1,160	-47	-607	2,303	-2,659	-150
	Q3 2010		-189	-47	466	8,606	-9,424	210
	Q4 2010		-205	-44	1,403	9,669	-11,678	444
	Q1 2011		-646	-45	-307	42	199	-535
	Q2 2011		-1,177	-47	-892	47	74	-359
	Q3 2011		277	-46	195	74	-31	85
(j) K.1 Consumption of fixed capital	Q1 2010		4,112		2,131	160	678	1,143
	Q2 2010		4,092		2,118	159	678	1,136
	Q3 2010		4,080		2,111	159	678	1,132
	Q4 2010		3,936		2,022	152	678	1,084
	Q1 2011		3,820		1,962	147	678	1,034
	Q2 2011		3,852		1,981	148	678	1,044
	Q3 2011		3,828		1,966	147	678	1,037
(k) B.9 Net lending (+) / Net borrowing (-) = (h + i) - j	Q1 2010	1,432	-1,433	-92	592	12,417	-15,253	903
	Q2 2010	516	-516	-94	-1,193	3,481	-6,120	3,411
	Q3 2010	-1,176	1,176	-94	1,939	10,950	-14,716	3,097
	Q4 2010	-859	860	-88	3,738	10,916	-13,678	-27
	Q1 2011	1,017	-1,017	-91	113	1,989	-4,379	1,350
	Q2 2011	498	-499	-93	-874	923	-3,420	2,965
	Q3 2011	-837	836	-92	40	2,094	-4,118	2,911

**Quarterly Accounts by Institutional Sector, 2011 Q3**
**€million**

Uses								CURRENT ACCOUNTS	Resources							
S.14+S.15 Households including NPISH	S.13 General government	S.12 Financial corporations	S.11 Non-financial corporations	S.IN Not sectorized	S.1 Total economy	S.2 Rest of World	S.1+S.2 Sum over sectors		S.1+S.2 Sum over sectors	S.2 Rest of World	S.1 Total economy	S.IN Not sectorized	S.11 Non-financial corporations	S.12 Financial corporations	S.13 General government	S.14+S.15 Households including NPISH
<b>1.2 GENERATION OF INCOME ACCOUNT</b>																
								<b>B.1*g</b>	<b>Gross domestic product</b>		<b>39,096</b>	<b>3,822</b>	<b>18,597</b>	<b>3,973</b>	<b>5,203</b>	<b>7,501</b>
2,652	4,442	1,346	9,021		17,461	126	17,587	D.1	Compensation of employees							
118	0	24	396	3,987	4,526		4,526	D.2	Taxes on production and imports, paid							
								D.3	Subsidies, received	288	288	119	60	0	0	109
<b>4,840</b>	<b>761</b>	<b>2,602</b>	<b>9,240</b>	<b>-46</b>	<b>17,397</b>			<b>B.2g/ B.3g</b>	<b>Gross operating surplus/ Mixed income</b>							
<b>1.3 ALLOCATION OF PRIMARY INCOME ACCOUNT</b>																
								<b>B.2g/ B.3g</b>	<b>Gross operating surplus/ Mixed income</b>		<b>17,397</b>	<b>-46</b>	<b>9,240</b>	<b>2,602</b>	<b>761</b>	<b>4,840</b>
								D.1	Compensation of employees	17,587	187	17,400				17,400
								D.2	Taxes on production and imports, received	4,526	96	4,430			4,430	
	160				160	127	288	D.3	Subsidies, paid							
1,149	1,420	13,254	9,730		25,553	13,654	39,207	D.4	Property income	39,207	21,866	17,340	2,810	13,011	300	1,218
1,111	1,420	7,678	270		10,480	9,457	19,937	D.41	Interest	19,937	7,586	12,351	229	11,402	209	511
0	0	3,708	3,111		6,819	*	*	D.42	Distributed income of corporations	*	*	2,284	482	1,368	91	343
0	0	1,165	6,349		7,513	*	*	D.43	Reinvested earnings on direct foreign investment	*	*	2,340	2,099	240	0	0
0	0	703	0		703	0	703	D.44	Property income attributed to insurance policy holders	703	376	327	0	0	0	327
38	0	0	0		38		38	D.45	Rent	38		38	0	0	0	38
<b>22,309</b>	<b>3,911</b>	<b>2,360</b>	<b>2,321</b>	<b>-46</b>	<b>30,854</b>			<b>B.5g</b>	<b>Gross national income</b>							

\* Suppressed for confidentiality reasons

Quarterly Accounts by Institutional Sector, 2011 Q3

€million

Uses								CURRENT ACCOUNTS	Resources								
S.14+S.15 Households including NPISH	S.13 General government	S.12 Financial corporations	S.11 Non-financial corporations	S.IN Not sectorized	S.1 Total economy	S.2 Rest of World	S.1+S.2 Sum over sectors		S.1+S.2 Sum over sectors	S.2 Rest of World	S.1 Total economy	S.IN Not sectorized	S.11 Non-financial corporations	S.12 Financial corporations	S.13 General government	S.14+S.15 Households including NPISH	
<b>1.5 SECONDARY DISTRIBUTION OF INCOME ACCOUNT</b>																	
								<b>B.5g</b>	<b>Gross national income</b>			<b>30,854</b>	<b>-46</b>	<b>2,321</b>	<b>2,360</b>	<b>3,911</b>	<b>22,309</b>
3,909	0	189	444		4,542	25	4,568	D.5	Current taxes on income, wealth, etc.	4,567	19	4,549				4,549	
3,670					3,670	0	3,670	D.61	Social contributions	3,670	0	3,670	0	986	2,594	90	
119	6,155	387	0		6,661	73	6,734	D.62	Social benefits other than social transfers in kind	6,734	83	6,652					6,652
809	844	1,405	207		3,265	693	3,957	D.7	Other current transfers	3,957	1,185	2,772	142	1,402	12	1,216	
<b>21,761</b>	<b>4,065</b>	<b>2,767</b>	<b>1,812</b>	<b>-46</b>	<b>30,358</b>			<b>B.6g</b>	<b>Gross disposable income</b>			<b>30,358</b>	<b>-46</b>	<b>1,812</b>	<b>2,767</b>	<b>4,065</b>	<b>21,761</b>
<b>1.6 USE OF DISPOSABLE INCOME ACCOUNT</b>																	
								<b>B.6g</b>	<b>Gross disposable income</b>			<b>30,358</b>	<b>-46</b>	<b>1,812</b>	<b>2,767</b>	<b>4,065</b>	<b>21,761</b>
18,497	7,474				25,971			P.3	Final consumption expenditure								
		599			599	0	599	D.8	Adjustment for the change in net equity of households in pension funds reserves	599	0	599					599
<b>3,863</b>	<b>-3,409</b>	<b>2,167</b>	<b>1,812</b>	<b>-46</b>	<b>4,387</b>			<b>B.8g</b>	<b>Gross saving</b>								
<b>1.7 EXTERNAL ACCOUNT</b>																	
						41,186		P.6	Exports of goods and services								
								P.7	Imports of goods and services		31,600						
							<b>-9,586</b>	<b>B.11</b>	<b>External balance of goods &amp; services</b>								
					66,438	14,698	81,136	D.1 to D.8	Primary incomes and current transfers	81,135	23,435	57,700					
							<b>-849</b>	<b>B.12</b>	<b>Current external balance</b>								



## Background Notes

**Description of institutional sectors** In the sector accounts, institutional sectors are distinguished not in terms of the nature of their production activity (such as agriculture, industry, services etc) but rather in terms primarily of the institutional form of the units that make them up. Thus companies, whether engaged in commercial non-financial or financial business, are grouped in a different sector from households, even though the latter are in many cases also engaged in commercial production, and from government or other non-market producers such as voluntary agencies.

**Institutional Sectors** The classification system is that of the European System of Accounts 1995 (ESA95). The sectors and sub-sectors distinguished in the present publication are as follows:

**S.1 Resident Economy** is the sum of all the sectors of the domestic economy.

**S.11 Non-Financial Corporations** are corporate bodies producing goods and non-financial services on a commercial basis. They include public limited companies, private companies and other corporate forms of business, whether owned by residents (including the government) or non-residents or both. In particular, therefore, Irish subsidiaries of foreign companies and the Irish branches of foreign companies operating in Ireland on a branch basis are included; while the foreign subsidiaries of Irish companies and the foreign branches of Irish companies operating abroad are excluded (they form part of the Rest of the World sector S.2). The business activities of self-employed persons (quasi-corporations) are in principle to be included here if separate accounts are available for statistical purposes.

**S.12 Financial Corporations** are corporate bodies producing financial services on a commercial basis. As with S.11, they can take various legal forms, with a range of ownership arrangements. They include monetary financial institutions, other financial intermediaries, financial auxiliaries and insurance corporations and pension funds.

**S.13 General Government** consists of central and local government and the social security fund. Central government includes the National Pension Reserve Fund, and non-commercial agencies owned and funded by government, but does not include commercial state-owned companies (which are proper to S.11 or S.12 as appropriate).

**S.14 + S.15 Households (S.14) and Non-Profit Institutions Serving Households (S.15).** S.14 consists of persons in their capacity as holders of financial assets or as borrowers. The business assets and liabilities of unincorporated self-employed persons are also mainly reflected in this sector. S.15 consists of non-profit institutions such as charities and non-commercial agencies not owned by the government, such as some schools and hospitals.

### **S.2 Rest of the World.**

The figures represent the economy's transactions with non-residents. The conceptual definition is the same as in the balance of payments (BOP) statistics. In particular, non-residents include foreign subsidiaries of Irish companies, the foreign branches of Irish companies that operate abroad on a branch basis, and the head offices of foreign companies that operate in Ireland on a branch basis.

### **S.1N Not Sectorised.**

In the non-financial accounts an additional residual sector is used to report taxes and subsidies in the Generation of Income Account (*Account 1.2*) as it is not possible to allocate these amounts to Institutional Sectors. In addition throughout these accounts S.1N is used to report the amounts that appear as the statistical discrepancy in the National Income and Expenditure GDP accounts, arising from the use of two independent estimates of GDP (from the Income and Expenditure approaches). In the Annual National Accounts NIE tables 3 and 5, the official estimate of GDP is reported as the average of the two measures, and the discrepancy is therefore displayed as half the difference between the two independent estimates (and thus with different signs in the two tables). The discrepancy is projected forward on a quarterly basis in line with the trends in the Expenditure components and is presented in Table 2 of the Quarterly National Accounts. In the sector accounts it appears as the first balancing item in the sequence (in the gross value added item in the production account), and is then carried through successive accounts via the balancing item. In the final non-financial account, the full amount of the discrepancy then emerges as the unallocated net lending or borrowing in the economy.

**Description of detailed non-financial accounts** Sector accounts present a coherent overview of all economic processes and the roles played by the various sectors. Each economic process is described in a separate account. The accounts describe successively generation of income, primary and secondary income distribution, final consumption, redistribution by means of capital transfers and capital formation. Note that the *Production Account (1.1)* from the Annual Accounts is not included in these quarterly accounts as the data is not available on a quarterly basis. The accounts record economic transactions, distinguishing between uses and resources, (e.g. the *resources* side of the transaction category *D.41 Interest* records the amounts of interest receivable by the different sectors of the economy and the *uses* side shows interest payable) with a special item to **balance** the two sides of each account. By passing on the balancing item from one account to the next a connection is created between successive accounts.

The accounts are compiled for the total economy and include accounts for separate domestic sectors and the Rest of the World sector. In this way the sector accounts describe:

- for each economic process the role of each sector, for instance General Government in income redistribution and Financial Corporations in financing.
- for each sector all economic transactions and their relation with other domestic sectors and the Rest of the World.

The successive accounts are explained in more detail below.

#### **Current Accounts 1.1 Production Account**

This Account is not presented in the Quarterly Non-Financial Accounts as quarterly data is not available.

#### **1.2 Generation of Income Account**

This account displays the transactions through which Gross Domestic Product at market prices is distributed to labour (compensation of employees), capital (operating surplus) and government (the balance of taxes and subsidies on production). The balancing item for the Household and NPISH sector in this account is called mixed income, because apart from operating surplus it also contains compensation for work by self-employed persons and their family members. B.2g/B.3g Gross Operating Surplus / Gross Mixed Income is the balancing item for the entire account.

#### **1.3 Allocation of Primary Income Account**

This account records, as resources, the income from direct participation in the production process, as well as property income received in exchange for the use of land, financial resources and other intangible assets. In addition, this account records the taxes on production and imports received by the government. On the uses side, property income is recorded as well as the subsidies paid by the government.

On this account the interest paid and received are recorded excluding imputed bank services (financial intermediation services indirectly measured - FISIM<sup>1</sup>). In the national accounts insurance technical reserves are seen as a liability of insurance enterprises and pension funds to policyholders. Therefore, the receipts from investing these reserves are recorded as payments from insurance enterprises and pension funds to households, in the form of property income attributed to insurance policy holders and pension scheme members. The balancing item of this account for each sector is B.5g Gross National Income. Primary Income for the total economy is the National Income.

<sup>1</sup>See Appendix 3 in Institutional Sector Accounts – Non-Financial and Financial, October 2011 at [www.cso.ie/shorturl.aspx/98](http://www.cso.ie/shorturl.aspx/98) for a comprehensive explanation of FISIM

**1.4 Memorandum - Entrepreneurial Income Account**

This account is not presented in the Quarterly series.

**1.5 Secondary Distribution of Income Account**

The secondary distribution of income account shows how primary income is redistributed by means of current taxes on income and wealth, social contributions (including contributions to pension schemes), social benefits (including pension benefits) and other current transfers. The balancing item of this account is B.6g Gross Disposable Income. For the consuming sectors (Households, NPISH and General Government) this item is passed on to 1.6 Use of Disposable Income Account. For the other sectors the disposable income is generally equal to savings. This is then passed on to the capital account.

**1.6 Use of Disposable Income Account**

This account shows the element of disposable income that is spent on final consumption and also the element that is saved. As mentioned above final consumption only exists for Households, NPISH and General Government. The net equity of Households in pension funds and life insurance reserves are seen as financial assets that belong to Households. Changes in these reserves need to be included in the savings of Households. However, contributions to pension schemes and pension benefits have already been recorded on 1.5 Secondary Distribution of Income Account (as social contributions and social benefits). Therefore, an adjustment is needed to include in the savings of Households the change in pension funds reserves on which they have a definite claim. This adjustment is called D.8 'Adjustment for the change in net equity in pension funds reserves'. There is no need for a similar adjustment concerning life insurance because life insurance premiums and benefits are not recorded as current transactions. The balancing item for this account is B.8g Gross Saving.

**1.7 External account**

This account records the summarised transactions of S.2 the Rest of the World sector, including on the uses side exports of goods and services, primary incomes and current transfers receivable. The resources side of this account includes imports of goods and services together with primary incomes and transfers payable. The balancing item is B.12 Current External Balance, which records the balance on current accounts with the Rest of the World.

**Capital accounts 1.8 Change in Net Worth due to Saving and Capital Transfers**

On this account the capital transfers are recorded and combined with gross saving and the current external balance. The resulting balancing item is B.10.1 Changes in Net Worth due to Saving and Capital Transfers.

**1.9 Acquisition of Non-Financial Assets Account**

On this account gross fixed capital formation, changes in inventories, acquisitions less disposals of valuables and non-produced non-financial assets are recorded among the uses. The decline in the value of fixed capital goods caused by consumption of fixed capital goods is recorded among the resources. The balancing item is Net Lending (+) or Borrowing (-). It shows the amount a sector can lend / invest or has to borrow as a result of its current and capital transactions.

**Definitions**

**Household Savings Ratio** The household saving ratio is Gross Household Saving expressed as a percentage of total resources i.e. the sum of Gross Household Disposable income and the adjustment for the change in net equity of households in pension funds.