

## NORTHERN IRELAND INDEX OF PRODUCTION - QUARTER 2 2011

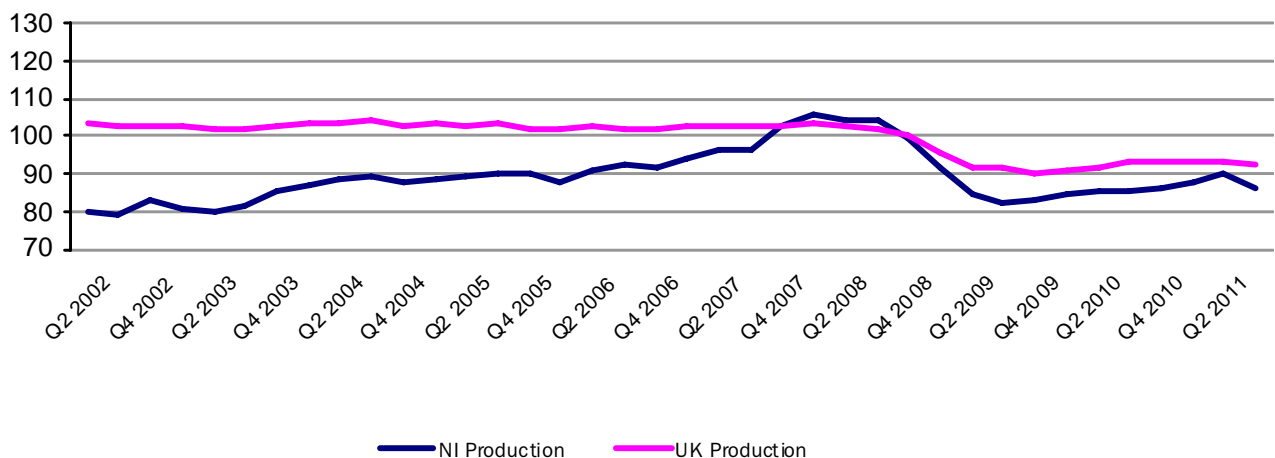
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**IMPORTANT NOTICE:** Users of the Index of Production (IOP) should be aware that the Index is being published for the first time on a Standard Industrial Classification 2007 (SIC07) basis. This publication also sees the introduction of annual chainlinking and a move from a panel study to a population grossed methodology. Further details are available in sections 1 and 4 of the bulletin.

The IOP is a quarterly survey of companies designed to provide a general measure of changes in the output of the Northern Ireland production sector industries in real terms. This publication contains seasonally adjusted data on a 2008 = 100 basis. These data are provisional and may be subject to change.

- Provisional results from the Index of Production for the second quarter of 2011 showed that output in NI fell over the quarter (-4.1%), whereas output in the UK as a whole fell by 1.2%. This quarter's decline in the production sector in NI is only the second fall in output in the last eight quarters.
- The NI index remains some 18.9% below the peak recorded in Q4 2007, whereas the UK index fell by 10.6% over the same time period.

**Index of Production in NI and UK**  
(2008 =100)



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### National Statistics

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

### Northern Ireland Statistics and Research Agency

From the 1st April 2011, the responsibility for the collection of data and production of official labour market and economic statistics transferred from the Department of Enterprise, Trade and Investment to the Northern Ireland Statistics and Research Agency (NISRA), an agency of the Department of Finance and Personnel (DFP). This transfer mirrored the position in Great Britain where most business surveys and labour market data collection and statistical production have been transferred from the departments with policy responsibilities to the Office for National Statistics (ONS). However, it is important to note that there are no planned changes to the production of economic and labour market statistical publications and outputs as a result of the transfer.

# 1: Summary and Commentary

## Introduction

This bulletin provides provisional data from the Index of Production (IOP) for Northern Ireland (NI). The IOP is one of the earliest official indicators of the performance of Northern Ireland industry and, as such, represents an important short-term measure of change in a significant area of the economy. The contents of this report will be of interest to government policy makers, Members of the Legislative Assembly, the business community, economic commentators, academics and member of the general public with an interest in the state of the NI economy. A summary of uses is available on the website at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production.htm>

The latest Department of Enterprise, Trade and Investment Economic Commentary (June 2011) provides an overview of the state of the Northern Ireland economy, setting it in context with the UK and Republic of Ireland. This can be found at <http://www.detini.gov.uk/deti-stats-index/deti-stats-index-4.htm>

The most up-to-date official statistics on the economy and labour market, including those published on the same day as the Northern Ireland Index of Services and Index of Production, are available on the Economic Overview page of the DETI website at <http://www.detini.gov.uk/deti-stats-index/deti-stats-index-2.htm>

The Northern Ireland Index of Services (IOS) provides a general measure of changes in the output of the private sector services. Provisional figures for Quarter 2 2011 show that output rose by 0.6% over the quarter, compared with a rise of 0.2% in the UK as a whole. The full bulletin can be accessed at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-ios.htm>

The Index of Production is published for the first time on a Standard Industrial Classification 2007 (SIC07) basis. This has an impact on the type of businesses classified as production sector. For example, publishing activities move from the production to the services sector and sewerage and waste disposal moves from services to the production sector. Within the production sector there are some new groupings of businesses. The previous IOP data were collected on a SIC03 basis and it has been converted to approximate the SIC07 coverage. Further detail can be found in the background notes (section 4).

The background notes in Section 4 of this publication provide detailed information on the methodology used to produce the statistics as well as information on the quality and accuracy of the data. This bulletin contains detailed results for the Production Industries i.e. the Mining & quarrying , the Manufacturing, the Electricity, gas, steam and air conditioning supply and the Water supply, sewerage, waste management (inc. recycling) sectors on a 2008=100 basis giving data up to the most recent available quarter (Quarter 2 2011).

Manufacturing is typically the main determinant of change in the production sector, representing 83% of the approximate Gross Value Added in the production industries. The other elements of the Index relate to Electricity, gas, steam and air conditioning supply which represents around 10% of the Index, Water supply, sewerage, waste management

(inc. recycling) which represents around 4% and Mining and quarrying which represents around 3%.

Comparative UK data (produced by the Office for National Statistics) are presented where these are available. The latest ONS IOP results are available at

<http://www.ons.gov.uk/ons/rel/iop/index-of-production/august-2011/stb-iop-aug-2011.html>

Data for the manufacturing sub-sectors (e.g. Food, drink and tobacco) along with information by market sector (classifying production under one of three headings, according to the purpose for which output is intended i.e. Investment Goods, Intermediate Goods and Consumer Goods) will be published later on the DETI website. The date of publication will be announced at

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production.htm>

This publication provides three measures of growth for the Index. The quarter-on-quarter change provides the most recent measure of how the sector is changing. It is appropriate to compare consecutive quarters as the indices are seasonally adjusted to remove the effects of changes in output as a result of the time of the year. We also provide comparisons with the same quarter one year ago and a comparison of the most recent twelve months with the twelve months before. The quarterly comparison over the year provides an additional control on seasonal effects. The comparison of the rolling annual average is useful for identifying changes in output over a longer time period than the other two approaches.

## **Northern Ireland Production**

### **Revisions**

Results, particularly for the most recent quarter, are provisional and subject to revision as more up-to-date data become available (e.g. through late returns). Figures can also change as a result of the seasonal adjustment process, methodological changes or changes to classifications.

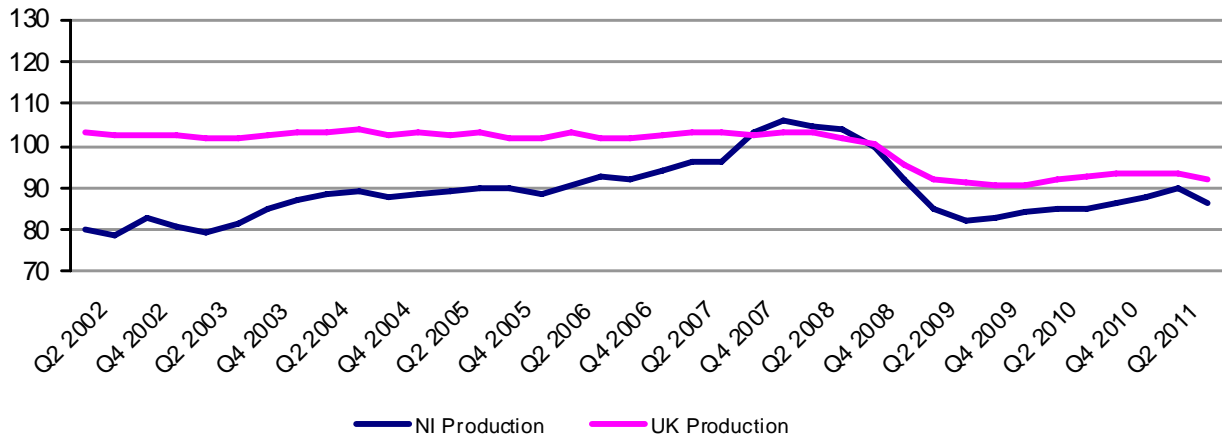
This quarter we have moved to publishing on a SIC07 basis and have also introduced annual chainlinking and a population grossed methodology. As a result of the move to SIC07 it is not possible to compare the results provided in this bulletin with those published in July 2011. As stated previously the data for Q1 2011 and earlier have been converted to approximate the SIC07 coverage and are therefore not strictly revisions.

Perhaps the most significant impact of the changes introduced this quarter is that the peak of the Index is now estimated to be Q4 2007, whereas previously it was estimated to be Q2 2008. However, it should be remembered that as the IOP coverage has changed this is not a like-for-like comparison.

## Results

Provisional results from the Index of Production for the second quarter of 2011 showed that output in NI fell over the quarter (-4.1%). whereas output in the UK as a whole fell by 1.2%. This quarter's decline in the production sector in NI is only the second fall in output in the last eight quarters. The NI index remains some 18.9% below the peak recorded in Q4 2007, whilst the UK index fell by 10.6% in the same time period.

**Figure 1: Index of Production in NI and UK**  
(2008 = 100)

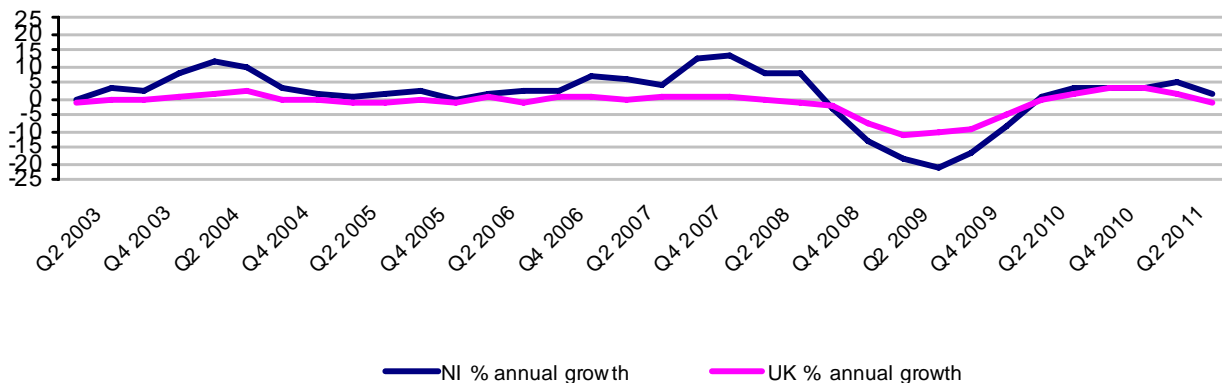


	NI	UK
Percentage change compared to previous quarter	-4.1	-1.2
Percentage change compared to same quarter one year ago	1.2	-0.9
Percentage change for most recent four quarters compared to previous four quarters	3.4	1.7

## Production – growth trend

Figure 2 illustrates the annual percentage change in output in the production sector over time. Annual growth was maintained from Q1 2006 to Q2 2008 it then reported a negative growth in Q3 2008 which continued until Q4 2009, with a noticeable low in Q2 2009 (-20.9%). Q2 2011 reported an annual growth of 1.2%.

**Figure 2: Production - % change on a year earlier in NI and UK**  
(2008 = 100)



## **Manufacturing**

Manufacturing comprises the main element (83%) of the production index and therefore the manufacturing index has a similar profile to the overall production index. The manufacturing index is still some 20.8% below the peak in Q4 2007.

- Manufacturing output levels decreased over the previous quarter by 3.3%. (UK: +0.2%)
- Manufacturing output levels increased by 3.5% compared to the same quarter one year ago (UK: +3.2%)
- Manufacturing output levels increased by 4.9% over the most recent four quarters compared to the previous four quarters (UK: +4.6%)

## **Manufacturing Productivity**

The index of manufacturing productivity (which provides a measure of the number of units of output produced per person per paid hour) showed a decrease of 3.4% over the quarter and rose by 2.3% over the year.

## **Other Production**

The Electricity, gas, steam and air conditioning supply index decreased by 6.8% compared to Quarter 1 2011 and decreased over the year by 5.9%.

The Water supply, sewerage and waste management (inc recycling) index remained constant over the quarter and increased by 0.3% over the year.

Mining and Quarrying recorded a decrease of 7.2% compared to the previous quarter and a fall of 20.2% over the year. This index is now some 31.5% below the peak in Q4 2007, whilst the UK index fell by 30.4% in the same period.

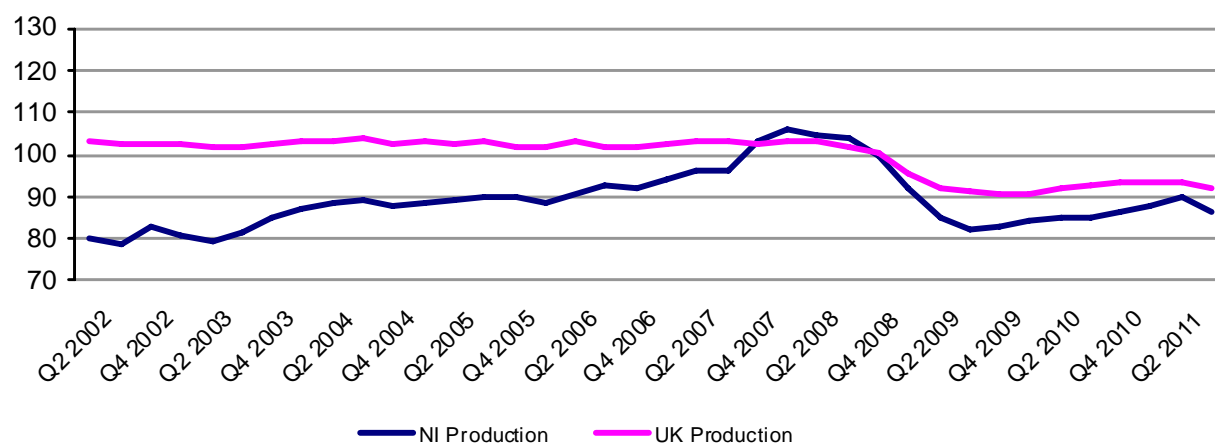
## **Date of Next Publication**

The Northern Ireland Index of Production for Quarter 2 2011 will be published on Wednesday 18 January 2012.

## 2: Output of the Production Industries

**Figure 3: Index of Production in NI and UK**

(2008 = 100)



	NI	UK
Percentage change compared to previous quarter	-4.1	-1.2
Percentage change compared to same quarter one year ago	1.2	-0.9
Percentage change for most recent four quarters compared to previous four quarters	3.4	1.7

Output from the overall production industries in April to June (Quarter 2) 2011 is currently 18.9% below the peak recorded in Q4 2007, whereas the UK fell by 10.6% over the same period.

The next section focuses on the broad sectors within Production. Manufacturing is the main component of the production sector accounting for some 83% of Regional Accounts Gross Value Added (GVA) within the overall production sector.

**Table 1: Northern Ireland Index of Production seasonally adjusted (2008 = 100)**

Sector	Production Industries B+C+D+E	Manufacturing C	Electricity & Gas D	Water & Sewerage E	Mining & Quarrying B
weights	1000	829.5	96.7	40.3	33.5
2002	81	78	104	94	77
2003	83	80	113	97	86
2004	88	86	113	96	89
2005	89	87	108	95	92
2006	92	91	97	101	104
2007	100	100	102	100	115
2008	100	100	100	100	100
2009	84	80	104	91	94
2010	86	82	107	101	99

**Table 1 (cont'd) : Northern Ireland Index of Production seasonally adjusted (2008 = 100)**

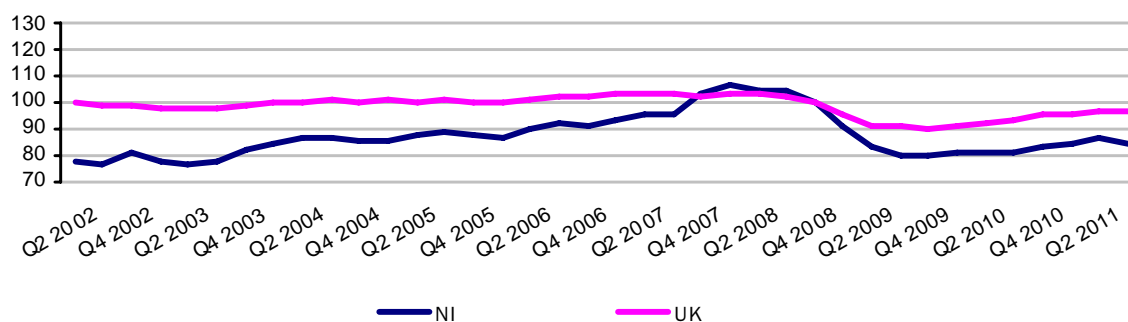
Sector	Production Industries C+D+E	Manufacturing C	Electricity & Gas D	Water & Sewerage E	Mining & Quarrying B
weights	1000.0	829.5	96.7	40.3	33.5
2002 1	79.8	77.1	101.4	89.4	81.0
2	78.9	76.5	101.5	94.7	72.8
3	83.1	80.6	104.9	94.4	74.8
4	80.7	77.8	108.4	96.5	79.9
2003 1	79.7	76.2	110.7	88.6	84.3
2	81.3	77.7	112.9	99.9	82.4
3	85.3	81.9	115.4	92.1	87.1
4	87.2	84.0	114.9	107.6	88.8
2004 1	88.7	86.0	113.0	90.4	88.8
2	89.0	86.2	113.2	102.7	89.2
3	87.9	85.3	112.5	87.5	86.9
4	88.3	85.5	113.0	102.6	90.8
2005 1	89.4	87.0	113.8	93.1	82.4
2	90.2	88.0	111.1	98.4	89.5
3	89.9	87.9	105.5	91.6	96.6
4	88.1	86.2	100.3	98.0	101.3
2006 1	90.8	89.2	97.0	101.7	97.9
2	92.5	91.4	95.2	106.2	102.0
3	91.8	90.3	96.4	99.6	108.5
4	93.9	93.0	97.9	94.9	106.9
2007 1	96.2	95.3	99.0	99.2	109.0
2	96.3	95.0	101.3	104.0	114.8
3	102.9	102.6	103.2	97.5	117.9
4	106.1	106.1	103.9	99.9	118.8
2008 1	104.2	104.1	103.6	100.4	116.5
2	104.0	104.5	101.7	105.4	101.6
3	99.8	100.0	98.2	100.6	94.6
4	91.9	91.1	96.4	93.5	87.6
2009 1	84.7	82.7	97.4	88.2	91.9
2	82.3	79.3	100.6	93.8	95.3
3	83.2	79.3	106.5	92.5	95.0
4	84.4	80.5	110.1	88.2	92.9
2010 1	85.2	80.8	109.9	102.5	102.3
2	85.1	81.1	109.0	103.0	102.0
3	86.1	82.4	106.0	98.2	98.2
4	87.6	84.4	102.7	100.9	94.5
2011 1	89.7	86.8	110.0	103.3	87.7
2	86.1	84.0	102.6	103.3	81.4
Percentage change latest quarter on:					
Previous quarter					
	-4.1	-3.3	-6.8	0.0	-7.2
Same quarter a year ago					
	1.2	3.5	-5.9	0.3	-20.2
Rolling Average*					
	3.4	4.9	-3.3	5.1	-7.7

Figures are provisional and subject to revision to take account of more recent information and more up-to-date seasonal factors (see Background Notes). \* The change in the rolling annual average measures the change in the average of the latest four quarters against the same four quarters one year previous. R – revised from previous publication.

## Manufacturing – SIC07 Section C (weight 83.0%)

**Figure 4: Manufacturing NI & UK**

(2008 =100)



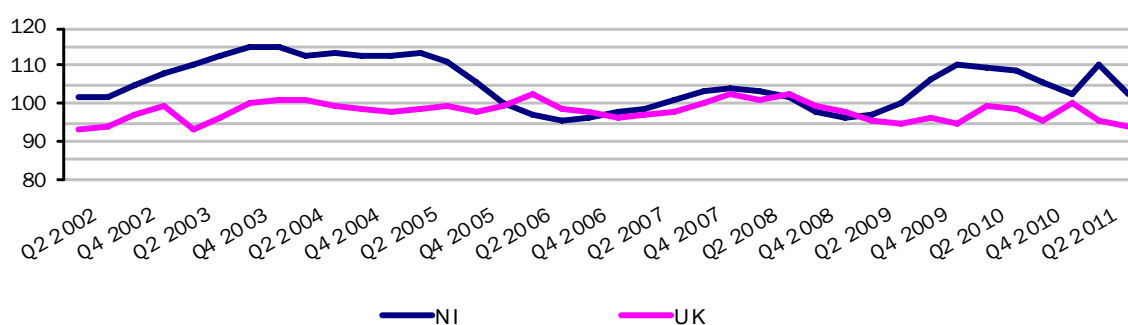
	NI	UK
Percentage change compared to previous quarter	-3.3	0.2
Percentage change compared to same quarter one year ago	3.5	3.2
Percentage change for most recent four quarters compared to previous four quarters	4.9	4.6

Manufacturing comprises the main element (83%) of the production index and therefore the manufacturing index has a similar profile to the overall production index. The manufacturing index is still some 20.8% below the peak in Q4 2007.

## Electricity, gas, steam and air conditioning supply – SIC07 Section D (weight 9.7%)

**Figure 5: Electricity, gas, steam and air conditioning supply**

(2008 =100)

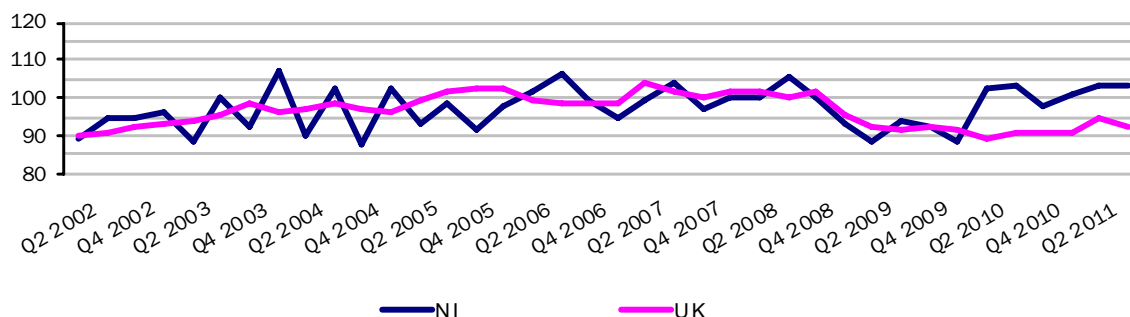


	NI	UK
Percentage change compared to previous quarter	-6.8	-1.7
Percentage change compared to same quarter one year ago	-5.9	-4.9
Percentage change for most recent four quarters compared to previous four quarters	-3.3	-1.1

This index is quite volatile. It reached a recent peak in Q4 2009 (at 110.1), remained relatively stable until Q2 2010 and then fell before increasing again in Q1 2011 to 110.0 and falling in Q2 2011.

**Water supply, sewerage and waste management (inc. recycling) – SIC07 Section E**  
(weight 4.0%)

**Figure 6: Water & Sewerage NI & UK**  
(2008 =100)

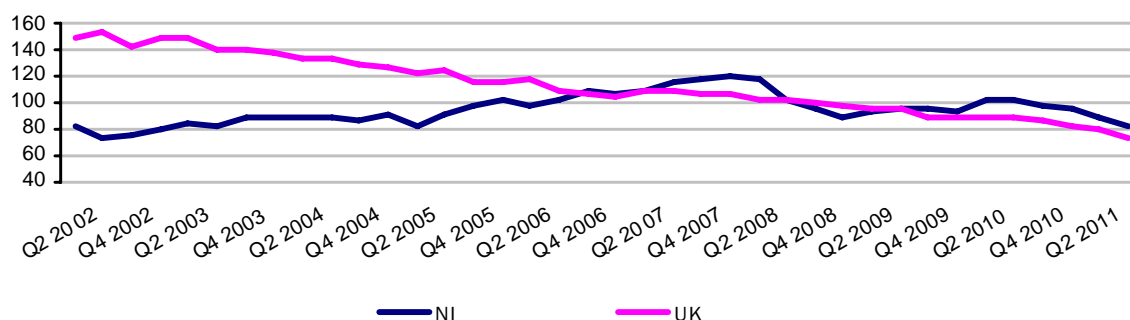


	NI	UK
Percentage change compared to previous quarter	0.0	-2.7
Percentage change compared to same quarter one year ago	0.3	1.8
Percentage change for most recent four quarters compared to previous four quarters	5.1	1.5

This is another volatile sector. It is the only reported production sector not to record a fall over the quarter.

**Mining and Quarrying – SIC07 Section B** (weight 3.4%)

**Figure 7: Mining & Quarrying NI & UK**  
(2008 =100)



	NI	UK
Percentage change compared to previous quarter	-7.2	-6.6
Percentage change compared to same quarter one year ago	-20.2	-16.9
Percentage change for most recent four quarters compared to previous four quarters	-7.7	-8.9

This index has seen significant falls from the peak recorded in Q4 2007. It is currently some 31.5% below the peak in Q4 2007, whilst the UK index fell by 30.4% in the same period.

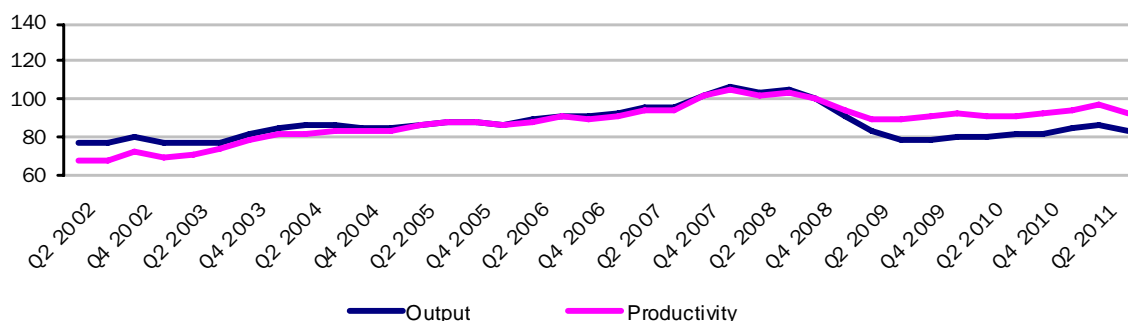
### 3: Index of Manufacturing Productivity

#### Manufacturing Productivity

The index of manufacturing productivity provides a measure of the number of units of output produced each man hour. The index includes seasonally adjusted employees in employment, the manufacturing index and average weekly hours (based on hours worked for full-time adult manufacturing workers including overtime from the Annual Survey of Hours and Earnings).

The index of manufacturing productivity decreased by 3.4% over the quarter and rose by 2.3% over the year. Over the latest four quarters compared to the same period one year earlier, the index increased by 2.9%.

**Figure 8: Manufacturing Output & Productivity NI & UK**  
(2008 =100)



The most recently published Quarterly Employment Survey seasonally adjusted figures for March 2011 (based on the 2007 Standard Industrial Classification) reported an increase of 0.1% over the quarter and an increase 1.2% over the year.

Manufacturing Productivity Index									
Annual Averages		Quarterly series		Quarterly series		Quarterly series		Quarterly series	
2002	69	2002 1	67.2	2005 1	85.9	2008 1	102.5	2011 1	96.6
2003	76	2	67.1	2	88.0	2	103.3	2	93.3
2004	83	3	71.7	3	87.9	3	100.2		
2005	87	4	69.9	4	86.6	4	93.6		
2006	90	2003 1	71.0	2006 1	87.8	2009 1	89.6		
2007	99	2	73.8	2	90.5	2	89.0	% change latest qtr on:	
2008	100	3	78.2	3	89.1	3	90.6	Previous quarter	
2009	90	4	81.0	4	91.6	4	92.7		-3.4
2010	92	2004 1	82.4	2007 1	94.5	2010 1	91.2	Same qtr a year ago	
		2	83.8	2	94.0	2	91.3		2.3
		3	83.2	3	101.7	3	92.9	Rolling average	
		4	83.8	4	105.6	4	93.6		2.9

## 4: Background Notes

### Background

The Northern Ireland Index of Production (IOP) has been produced since 1949 and figures are available in the current format back to 2002. It is published quarterly and is designed to provide a general measure of changes in the output of the production industries in Northern Ireland. (This is defined as Standard Industrial Classification 2007 sections B, C, D and E.) In 2008 these industries accounted for approximately 17% of regional Gross Value Added (GVA). See link to Regional GVA information

<http://www.ons.gov.uk/ons/rel/regional-accounts/regional-economic-activity--gva-/december-2010/regional-gva.pdf>

### Index numbers

An index number is a convenient form of expressing a series in a way that makes it easier to see changes in that series. The numbers in the series are expressed relatively, with one number in that series chosen to be the 'base' (usually expressed as 100) and other numbers being measured relative to that base. Index numbers have the advantage that they allow different types of data to be combined on a consistent basis, e.g. deflated current price data with volume data. The aim of the Index of Production is to provide a reliable indicator of short-term changes in the output of the production sector. Index numbers are a very good way of communicating this message. For example, the Index of Production Q2, 2011 value of 86.1 means that the level of output was 13.9% lower than in 2008 which had a base year value of 100. The NI IOP is a Laspeyres volume index. The UK economic accounts are based on the European System of Accounts (ESA), which in turn is based on the UN System of Accounts (SNA). The ESA-preferred type of output indicator is one that measures deflated gross output (or turnover) for an industry. These use an approximate price charge estimator to remove the effects of inflation. For this reason we, and the ONS, use a Laspeyres volume index (as opposed to Paasche, Lowe or Fisher indices). The ONS paper, link following, on the Methodology of the Monthly Index of Services (Annex A: Mathematical Formulation of the Index of Services) gives a good explanation of Index numbers theory.

<http://www.ons.gov.uk/ons/guide-method/user-guidance/index-of-services-methodology/index-construction/index.html>

### Index sample

The IOP sample was refreshed for Q2 2011 and was drawn on a SIC07 basis. It is now approximately 650 companies. Due, in part, to the significant number of companies which fall into the census element, nearly 60% of businesses in the new sample were also in the old sample. As a statutory survey the response rate is around 90%. The sample of production industries is selected directly from the Inter Departmental Business Register (IDBR), by stratifying companies by industry and company size. The sample consists of a census of dominant companies and a Neyman stratified random sample of the remaining companies. The census element consists of all companies employing 40 or more employees and those employing 0 to 39 employees and having a turnover of £20 million or more. This sample has been designed so as to give sufficiently accurate results, yet keep the total costs to businesses to a minimum.

### **Data collection, validation and Index calculation**

The survey forms are issued quarterly, immediately after the period to which they relate. For example, forms are issued in October asking for information relating to July to September. Companies are asked to provide their turnover and employee numbers for the previous quarter. Historically a number of companies provided volume information rather than turnover data (e.g. litres of product rather than the turnover value of the product). Starting with the Quarter 2, 2010 data we asked these companies to also provide turnover data and most have been able to provide this. From this publication onwards we are using their turnover data. In response to user demand we now ask for information on the value of exports. We will need to collect a sufficient time series of exports information before we are in a position to publish this.

Data validation is carried out ensuring that data fall within the expected limits, contacting the company where appropriate for clarification.

The overall Index of Production is calculated by weighting together industry level indices using relative shares of GVA data from the most recent Regional Accounts, which is currently 2008. For practically all series, the value of sales, deflated to allow for price changes, is used as the indicator. In the remaining cases, changes in the volume of production or the number of employees are used as a proxy measure.

Following advice from a Quality Improvement Fund project we reviewed the sectors/businesses that were being smoothed, as a result this quarter (Q2 2011) smoothing was only applied to minimal companies with particularly volatile results, which would have unduly distorted the indices in some quarters. The effect of this change is reflected in revisions of previously published figures.

It is also possible to aggregate all individual series to give indices by final use of goods produced. This is known as a market sector analysis and seasonally adjusted estimates are given in Section 4 of this bulletin. It distinguishes between Consumer, Investment and Intermediate Goods. The latter are described as intermediate because they include materials used to produce goods for consumption and will be published in due course.

The Productivity index provides a measure of the number of units of output produced each man hour. The productivity index is based on the manufacturing index, seasonally adjusted employees in employment and average weekly hours (based on hours worked for full-time adult manufacturing workers including overtime from the Annual Survey of Hours and Earnings). An index of man hours is calculated based on the number of employees in employment and average weekly hours. The index of manufacturing is divided by the index of man hours to produce the Index of Productivity.

The Northern Ireland Index of Production is, from this publication, annually chain-linked (chain-linking involves the linking of growth estimates between different time periods in order to produce a continuous time series) using GVA estimates derived from regional accounts using the fourth quarter of the preceding year as the link period. Inaccuracies caused by the assumption of a stable relationship between GVA and turnover are reduced using this methodology. When annual weights are used the assumption only has to be

maintained from one year to the next year. A paper on annual chain-linking from ONS is available at

<http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--630--may-2006/methodological-note--annual-chain-linking.pdf>

The standard method for linking two series (for example one based on a SIC03 sample and one based on SIC07 sample) is to calculate the index under the old and new circumstances over some link period, and then apply the growth of the subsequent new series to the old series. As the relationship of both samples to the IDBR was known, the IDBR was used to provide the link period. Thus the ratio of the IDBR turnover for Q1 2011 and Q2 2011 is known. We have the Q2 2011 value (SIC07) and the Q1 2011 value (converted from SIC03 to SIC07). We can therefore create the following link factor

$(\text{Q2 2011 sample estimate} * \text{IDBR Q1 2011 value}) / (\text{Q1 2011 sample estimate} * \text{IDBR Q2 2011 value})$

This can then be applied to the converted back series, thus retaining the previous growth rates.

### **Deflation**

All series, unless otherwise quoted, are measured at constant market price. Deflators adjust the value series to take out the effect of price change to give the volume series. Details on the changes to the ONS deflators methodology can be found at the following link

<http://www.ons.gov.uk/ons/rel/naa1-rd/national-accounts-concepts--sources-and-methods/august-2011/deflation-improvements-in-the-uk-national-accounts.pdf>

### **Seasonal adjustment**

The index numbers in this statistical bulletin are all seasonally adjusted. This aids interpretation by removing annually recurring fluctuations, for example due to holidays or other regular seasonal patterns. Unadjusted data are also available. The figures presented in this publication are calculated using the X-12 ARIMA method of seasonal adjustment. The following is a link to detailed documentation on X-12 ARIMA

<http://www.ons.gov.uk/ons/guide-method/method-quality/general-methodology/time-series-analysis/index.html>

### **Quality reporting**

One indicator of the reliability of the figures in this bulletin can be obtained by monitoring the size of revisions. Previous revisions triangles are based on SIC03 data. With the move to SIC07 it is not possible to update the current revisions triangles with the data published on a SIC07 basis. Further information on the construction of SIC07 revisions triangles will be announced in the next bulletin.

### **Summary quality report**

The latest summary quality report for this publication can be found on the IOP Quality and Revisions page of the website at

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production/stats-newpage-4.htm>

### **Publication of results on a SIC07 basis**

A Standard Industrial Classification (SIC) was first introduced into the UK in 1948 for use in classifying business establishments by the type of economic activity in which they are engaged. The UK is required by European legislation to revise the SIC in parallel with NACE (the statistical classification of economic activities in the European Communities) so that both systems are identical down to and including the four digit class level. This new SIC07 provides greater detail on the services sector, reflecting its growing importance in the economy. The new classification has a small impact on total IOP and Index of Services and a slightly bigger impact on manufacturing. In the new classification, sewerage and waste disposal have been moved from services to production and publishing has moved in the opposite direction. The changes also lead to differences in the behaviour of the IOP and IOS over time as the industries moving between the two sectors behave in quite different ways. There has also been a switch within the production sector between manufacturing caused by the new treatment of recycling, which moves out of manufacturing into the new section E – this reduces the size of manufacturing though production as a whole is unchanged. More information on SIC07 can be found at the following links:

<http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>

<http://www.ons.gov.uk/ons/rel/naa2/second-estimate-of-gdp/q2-2011/art---bb11-improvements-to-gdp--ios--iop.html>

### **Status of figures in current bulletin**

Results are published on a SIC07 basis for the first time in this bulletin.

Annual chain-linking using Regional Accounts GVA weights has been introduced for the first time in this bulletin.

In line with ONS, the base year was changed from 2006 = 100 to 2008 = 100 for the first time in this bulletin (Quarter 2 2011).

All figures are published to one decimal place. Figures for annual averages and percentage changes over the previous quarter and year are based on unrounded figures and may not agree with the published constituent parts.

Results, particularly for the latest quarter, are provisional and subject to revision as more up to date information becomes available.

Significant revisions to previous quarters' figures are highlighted in the main text of the bulletin.

The index has been produced using X-12 ARIMA seasonal adjustment.

Comparisons between the Index of Production and the Annual Business Inquiry (ABI) may not necessarily match because of definitional and coverage differences.

### **Planned future revisions**

The IOP revisions policy can be found at

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production/stats-newpage-4.htm>

### **Publications policy**

All Economic and Labour Market Statistics Branch statistical publications are available to download free of charge from the website

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

The IOP bulletin is available at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production.htm>

The tables from the current publication, which include data back to 2002, are available in Excel format to download free of charge from the IOP website at

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-index-of-production.htm>

The IOP is published on the same day as the Index of Services (IOS) in January, April, July and October of each year and the latest edition of the IOS can be accessed at

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-ios.html>

The Economic and Labour Market Statistics Branch statistics publication schedule is available at <http://www.detini.gov.uk/deti-stats-index.htm>

The list of people given pre-release access to this publication is available at

[http://www.detini.gov.uk/publication\\_pre-release\\_access\\_list-6.pdf](http://www.detini.gov.uk/publication_pre-release_access_list-6.pdf)

### **SIC 2007 Definitional Changes**

#### **Manufacturing – SIC07 Section C (weight 83.0%)**

The boundaries of manufacturing and the other sectors of the classification system can be somewhat blurred. As a general rule, the activities in the manufacturing section involve the transformation of materials into new products. Their output is a new product.

SIC03 Division 37 (Recycling) within the SIC03 Manufacturing Section has moved to the SIC07 Section E. The publishing part of SIC03 Division 22 (Publishing, printing and reproduction of recorded media) within the SIC03 Manufacturing Section has moved to the new SIC07 Section J (Information and Communication).

**Electricity, gas, steam and air conditioning supply – SIC07 Section D** (weight 9.7%)

This section includes the activity of providing electric power, natural gas, steam, hot water and the like through a permanent infrastructure (network) of lines, mains and pipes. Also included is its distribution in industrial parks or residential buildings. This therefore includes the operation of electric and gas utilities.

In SIC03 Section E covered Electricity, gas and water supply. Water supply is now in the SIC07 Section E along with sewerage and refuse disposal and recycling.

**Water supply, sewerage and waste management (inc. recycling) – SIC07 Section E** (weight 4.0%)

This section covers activities related to the management (including collection, treatment and disposal) of various forms of waste, such as solid or non-solid industrial or household waste, as well as contaminated sites. Activities of water supply are also grouped in this section, since they are often carried out in connection with, or by units also engaged in, the treatment of sewage.

The majority of SIC03 Division 90 (Sewage and refusal disposal) within the SIC03 Section O (Other Community Services) has moved to SIC07 Section E. SIC03 Division 37 (Recycling) within the SIC03 Manufacturing Section has moved to SIC07 Section E.

**Mining and Quarrying – SIC07 Section B** (weight 3.4%)

This section covers the extraction of minerals occurring naturally as solids (coal and ores), liquids (petroleum) or gases (natural gas). Extraction can be achieved by different methods such as underground or surface mining, well operation, seabed mining, etc.

There are no significant changes between SIC03 Section C (Mining and Quarrying) and SIC07 Section B

**Next publication**

The next bulletin will be published on Wednesday 18 January 2012.

**For further information**

**Statistics contact:**

Owen Johnston/Seana McIlwaine  
Economic and Labour Market Statistics  
Branch,  
Room 120,  
Netherleigh,  
Massey Avenue,  
Belfast BT4 2JP.  
Tel: (028) 9052 9228  
Email: [statistics@dfpni.gov.uk](mailto:statistics@dfpni.gov.uk)  
Textphone: (028) 9052 9304

**Media contact:**

Press Office, Netherleigh, Massey Avenue,  
Belfast BT4 2JP

Email: [pressoffice@detini.gov.uk](mailto:pressoffice@detini.gov.uk)  
Tel: (028) 9052 9604  
Textphone: (028) 9052 9304