TECHNICAL NOTES

Consolidated Accounts, and Income and Outlay Accounts

I. Introduction

The Philippine Statistics Authority (PSA), as stipulated under Republic Act. No. 10625, compiles the Philippine System of National Accounts (PSNA) which covers three approaches of estimation of the Gross Domestic Product (GDP): Production, Expenditure, and Income.

The Consolidated Accounts, and Income and Outlay (CAIO) Accounts serves as the compilation of GDP through income approach as it provides information on income receipts and disbursements.

The Consolidated Accounts presents a summary of transactions and relationships among the various flows of the economy at current prices. Included are transactions relating to production, consumption, disposable income, capital accumulation, and economic transactions with the rest of the world. On the other hand, the Income and Outlay Accounts relates to the total income received (or receipts) as well as the uses of these income (or disbursements) which are compiled for each of the four institutional sectors, namely, Financial corporations, Non-financial corporations, General government, and Households including Non-profit institutions serving households (NPISHs).

The CAIO publication also contains derived indicators for analyses such as gross savings, disposable income per capita, compensation, gross operating surplus, among others to guide the users understand the results.

The CAIO is also aligned with the quarterly and annual estimates of the Production and Expenditure Accounts of the PSNA. The PSA annually releases the CAIO with Expenditure and Integrated Accounts Division, Production Accounts Division and Subnational Economic Accounts Divisions as the divisions involved.

II. Data and Data Sources

Data	Source Agency/ Data Source	Schedule of Release/ Data Availability
1. Census of Philippine Business and Industry (CPBI)	Philippine Statistics Authority (PSA)	Every 6 years
2. Annual Survey on Philippine Business and Industry (ASPBI)	PSA	Annual
3. Quarterly Survey on Philippine Business and Industry (QSPBI)	PSA	Quarterly; 30 days after the reference quarter
4. Family Income and Expenditure Survey (FIES)	PSA	Triennial (every 3 years)
5. Labor Force Survey (LFS)	PSA	Monthly; 40 days after the

		reference month
6. Foreign Trade Statistics (FTS)	PSA	Monthly; 40 days after the reference month
7. List of Establishments	PSA	Annual
8. Factor shares of the production industries (Gross Output, Intermediate Consumption)	PSA	Annual
9. Compensation Index from the Quarterly Economic Indices	PSA	Quarterly
10. Financial Statements of companies/establishments	Philippine Stock Exchange (PSE)	Quarterly, Annual
11. National Expenditure Program	Department of Budget and Management (DBM)	Annual; Available at the beginning of the reference year
12. Staffing Summary	DBM	Annual; Available at the beginning of the reference year
13. Budget of Expenditures and Sources of Financing (BESF)	DBM	Annual; Available at the beginning of the reference year
14. Cash Disbursement	DBM	Quarterly; 30 days after the reference quarter
15. Budgetary Support for Government Corporations	DBM	Annual; Available at the beginning of the reference year
16. Annual Financial Report	Commission on Audit (COA)	Annual; 9 months after the reference year
17. Annual Audit Report (SSS, GSIS, HDMF, PHIC, ECC)	COA	Annual
18. Revenue Collection by tax type	Bureau of Internal Revenue (BIR)	Monthly, Annual
19. Annual Report on customs collection	Bureau of Customs (BOC)	Annual
20. Cash Operation Report	Bureau of Treasury (BTr)	Annual
21. Number of Job Orders and Contract of Service Workers	Civil Service Commission (CSC)	
22. Income Statement of BSP	Bangko Sentral ng Pilipinas (BSP)	45-50 days after the reference period
23. Income Statement of Philippine Banking System	BSP	45-50 days after the reference period
24. Balance of Payments	BSP	Monthly; 90 days after the reference month
25. Exchange Rates	BSP	Daily
26. Consolidated Statement of Income and Expenses of Nonbanks with Quasi Banking Functions	BSP	Monthly
27. Income Statement of	Insurance	50-60 days after the

Insurance Companies	Commission (IC)	reference period
28. Annual Report	Department of Finance (DOF)	Annual
29. Major programs and projects – Status of Implementation (Accomplishments)	Department of Social Welfare and Development (DSWD)	Annual
30. Official Development Assistance	National Economic Development Authority (NEDA)	Annual
31. Financial Statements of NPISHs	ABS CBN Foundation, Landbank Foundation, Ayala, Haribon, Aboitiz	Annual

III. Methodology

III.1. The Gross Value Added (GVA) and its Components

The GDP is based on the concept of Gross Value Added (GVA). The production measure of GDP is derived as the value of output less intermediate consumption plus any taxes less subsidies on products not already in value of output. Operationally, GDP at the production of the PSNA is compiled for the industries which allows the study of industrial activity in the economy and permits the compilation of supply and use tables and input-output tables. Sectoring of the industries is based on the 2009 Philippine Standard Industrial Classification System (PSIC). Measuring GVA at the industry level considers both the goods and services produced by the organized industry and unorganized industry for a more comprehensive picture of the performance of the industries or the economy as a whole. The organized industry includes the establishments and the government as producers of market output, output for own use, and non-market outputs, while the unorganized industry includes those that are not part of the organized industry but also producers of output such as the households.

A. Organized industry

Measuring GVA is done at the most detailed possible. It is computed at the 5-digit level of PSIC for each of the sub-industries and summed up to derive the total GVA of the industry.

B. Unorganized industry

Goods and services produced not captured in formal establishment surveys like the ASPBI and CPBI as well as administrative data are also included in the estimation of GDP by indirectly estimation using the residual employment approach. Using this approach, employment in the unorganized industry is derived as the residual of the employment of LFS and the CPBI for the benchmark year or the ASPBI for the non-benchmark years. The residual employment is multiplied to the per capita gross output of small establishments or those establishments with less than 20 employees in the ASPBI and CPBI to derive the gross output of the unorganized industry. Gross value added is derived by multiplying the resulting gross output to the gross value added ratio of small establishments.

C. The GVA Components (Factor Shares)

The GVA components are composed of compensation of employees, gross operating surplus, and taxes less subsidies on production and on imports.

The estimation of GVA components is done at the detailed level for the 16 major industries including its organized and unorganized activities (households).

The data used for the estimation of the factor shares include the CPBI, ASPBI, QSPBI, FIES, Compensation Index from the Quarterly Economic Indices of the PSA, Income Statement of the Philippine Banking System of the BSP, Annual Financial Report of the COA, Financial Statements of companies/establishments of the PSE, among others.

III.2. The Consolidated Accounts

The Consolidated Accounts features four tables: (1) Gross Domestic Product and Expenditure; (2) National Disposable Income and Its Use; (3) Gross Accumulation; and (4) External Transactions. The four consolidated accounts entail a balancing item.

A. Consolidated Accounts I: Gross Domestic Product and Expenditure

This account includes the components of GDP at the production and expenditure sides. At the production side, the GVA components are presented while at the expenditure side, the final consumptions (households and government), gross domestic capital formation, and net exports of goods and services are shown. These figures are all gathered from the published annual national accounts of the Philippines.

B. Consolidated Accounts II: National Disposable Income and Its Use

This account presents the total Gross National Disposable Income and its Use with the balancing item gross savings.

The Gross National Disposable Income shows how income is generated which include the compensation of resident producers, net compensation inflow, net property income and taxes less subsidies on production and on imports.

Meanwhile, the final expenditures (households and government) are deducted from the total Gross National Disposable Income to get the gross savings.

C. Consolidated Accounts III: Gross Accumulation

This account features the acquisitions and disposals of non-financial assets as a result of transactions with other units e.g., changes in inventories and consumption of fixed capital, and the redistribution of wealth by means of capital transfers.

The total Finance for the gross accumulation came from the sum of gross savings of institutional sectors and the value of capital transfer from rest of the world. The net lending (+) or net borrowing (-) to/from the rest of the world is the balancing item after deducting the Gross accumulation.

D. Consolidated Accounts IV: External Transitions

This account presents the transactions with the rest of the world on its current receipts and current disbursements. It also shows the estimates of the capital transfer that will be an input to the Consolidated Accounts III.

Current receipts components are all gathered from the published annual national accounts. Meanwhile, current disbursements feature a balancing item which is the current external balance. It is computed as the difference of total current receipts minus the total current disbursements (all data came from published annual national accounts).

The current external balance is added to the capital transfers from rest of the world to come up with estimates of net lending (+) / net borrowing (-). This is equal to the same item in the Consolidated Accounts III.

III.3. The Income and Outlay Accounts

The Income and Outlay Accounts is a sectoral account of the four institutional sectors namely, (1) Financial corporations; (2) Non-financial corporations; (3) General government; and (4) Households including NPISHs.

The sectoral accounts present two dimensions: the total income and the use of income.

A. Financial corporations

Income of Financial corporations came from the total of three items: the gross operating surplus (sum of consumption of fixed capital and net operating surplus), the property income, and the other current transfers received.

Property income of the sector entails dividends received from shares of corporations, interest received from deposits and investments, rent on land and other natural assets, and reinvested earnings included under other property income. Data sources include the consolidated income and expense of BSP and all banks, and the Balance of Payments from BSP.

Meanwhile, other current transfers received include premiums less insurance service charges and claims less insurance charge which can be gathered both from the Insurance Commission Report. Other current transfers data are sourced from COA and BOP.

The Uses of Income of Financial corporations are the property expense, current taxes on income and wealth, etc., compulsory fees and fines, and other current transfers. Data used for the property expense are the same from the property income, as well as the data from other current transfers received with the other current transfers paid. Meanwhile, current taxes on income and wealth, etc., and compulsory fees and fines are payments by financial corporations to the General government, with data coming from the Annual Financial Report of COA and Budget of Expenditures and Sources of Financing (BESF) of DBM.

The gross savings of the sector is the difference between the total income and the sum of uses of income.

B. Non-financial corporations

The components of income and use of income of Non-financial corporations are the same with the Financial corporations.

Data for the property income and property expense come from CPBI, ASPBI, and other financial statements from PSE. Data for current transfers received and paid are gathered from IC, COA, CPBI and ASPBI. Meanwhile, current taxes on income and wealth, etc., and compulsory fees and fines also came from COA. As indicated, gross saving is also the balancing item for the sector.

C. General government

The following are the components of income of the general government: gross operating surplus (which only includes the fixed capital formation), property income, taxes on production and on imports, current taxes on income and wealth, etc., compulsory fees and fines, social contributions, and other current transfers. The items are all incomes paid by corporations to the general government. Data of these include Annual Financial Report of national government, local government, and government-owned and controlled corporations (GOCCs) like SSS, GSIS, JDMF, PHIC, and ECC, which are all gathered from COA, BESF, Cash Operation Report from BTr, and CSC on the number of non-regular government staff.

Meanwhile, uses on income of the General government include government final consumption expenditure, property expense, social benefits other than in kind, subsidies, and other current transfers. The data utilized from the income components are also the same for the uses of income.

D. Households including NPISHs

Households and NPISHs' income components include gross operating surplus, compensation of employees, property income, social benefits other than in kind, and other current transfers.

Meanwhile, the components of uses of income include household final consumption expenditure, property expense, taxes on income and wealth, etc., compulsory fees and fines, social contributions, and other current transfers.

The data used for the components are FIES, BOP, financial statements of NPISHs, published estimates from annual national accounts, and other inputs from other institutional sectors.

IV. Concepts and Definition of Terms

1. **Gross Domestic Product (GDP) -** The aggregate of gross value added (GVA) of all resident producer units in the country.

2. **Gross Value Added (GVA) -** The value of output less the value of intermediate consumption. GVA is composed of compensation, depreciation, indirect taxes paid net of subsidies received and the operating surplus, which is the payment to the producer as entrepreneur.

3. **Gross Output (GO) -** The value of goods and services produced by an establishment, excluding the value of any goods and services used in an activity for which the establishment does not assume the risk of using the products in production, and excluding the value of goods and services consumed by the same establishment except for goods and services used for capital formation (fixed capital or changes in inventories) or own final consumption.

4. **Intermediate Consumption (IC) -** The value of goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital.

5. **Compensation of employees** represents the income accruing to individuals in return for their labor input into production processes.

6. **Gross operating surplus** is called as the contribution of capital to production.

7. **Gross disposable income** is the income available to households for consumption or investment, after redistribution operations.

8. **Financial corporations** consist of all resident corporations principally engaged in providing financial services, including insurance and pension funding services, to other institutional units.

9. **Non-financial corporations** are institutional units that are principally engaged in the production of market goods and non-financial services. Non-financial corporations undertake varied set of activities, such as agriculture, manufacturing, mining, construction, hotels, electricity, water supply, and other non-financial

services. It may have secondary financial activities, but will be classified, in their entirety, as nonfinancial corporate sector as long as its main/principal activity is non-financial.

10. **General government** consists of institutional units that, in addition to fulfilling their political responsibilities and their role of economic regulation, produce services (and possibly goods) for individual or collective consumption mainly on a non-market basis and redistribute income and wealth. The general government sector consists mainly of central, state and local government units together with social security funds imposed and controlled by those units.

11. A **household** is a group of persons who share the same living accommodation, who pool some or all of their income and wealth and who consume certain types of goods and services collectively; mainly housing and food.

12. **Institutional households** comprise of groups of persons staying in hospitals, retirement homes, prisons, etc., for a long period of time.

13. **Non-profit institutions serving Households (NPISHs)** consists of non-market NPIs that are not controlled by the government. They provide goods and services to households free or at prices that are not economically significant. Some examples of NPISHs are professional or learned societies, political parties, churches, trade unions, social, cultural and sports clubs, charities, relief or aid agencies etc.

14. **Property income** accrues when the owners of financial assets and natural resources (non-produced assets) put them at the disposal of other institutional units. The income payable for the use of financial assets is called investment income while that payable for the use of a natural resource is called rent. It is the sum of the investment income and rent.

15. **Taxes** are compulsory, unrequited payments, in cash or in kind, made by institutional units to government units. They are described as unrequited because the government provides nothing in return to the individual unit making the payment, although governments may use the funds raised in taxes to provide goods or services to other units, either individually or collectively, or to the community as a whole.

16. **Taxes on products and on imports** consist of taxes on goods and services that become payable as a result of the production, sale, transfer, leasing or delivery of those goods or services, or as a result of their use for own consumption or own capital formation.

17. **Current taxes on income, wealth, etc.** consist mainly of taxes levied on the incomes of households and corporations. They constitute charges against income and are recorded under uses for the households and corporations sectors in the secondary distribution of income account.

18. **Subsidies** are current unrequited payments that government units, including non-resident government units, make to enterprises on the basis of the levels of their production activities or the quantities or values of the goods and services that they produce, sell or import.

19. **Transfers** are transactions in which one institutional unit provides a good, service

or asset to another unit without receiving from the latter any good, service or asset in return as a direct counterpart.

20. **Current transfer** is a transaction in which one institutional unit provides a good or service to another unit without receiving from the latter any good or service directly in return as counterpart and does not oblige one or both parties to acquire, or dispose of, an asset.

21. **Other current transfers** consist of all current transfers between resident institutional units, or between resident and non-resident units, other than current taxes on income, wealth, etc., social contributions and benefits, and social benefits in kind.

22. The **current external balance** is the balancing item in the external account of primary income and current transfers.

23. **Net lending (+) /net borrowing (-)** is a summary measure indicating the extent to which government is either putting financial resources at the disposal of other sectors in the economy or abroad, or utilizing the financial resources generated by other sectors in the economy or from abroad.

24. **Gross saving** is gross disposable income less final consumption expenditure.

V. Dissemination of Results

The Consolidated Accounts, and Income and Outlay Accounts publication is being released annually, specifically every last Thursday of June.

The web release materials include press release, statistical tables, infographics, publication report, and social cards.

VI. Citation

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VII. Contact Information

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