

Malta Resources Authority

Impact of W&E tariffs proposed for 2010 on economic sectors

11 December, 2009

Introduction and Scope of review

- Studies the impacts on economic sectors classified by 2 digit Nace codes
- NACE refers to the industrial classification as defined in Revision 1 which is used by Eurostat.

Sources of information

The review is based on information derived from:

- KPMG report dated 3rd November, 2008
- KPMG report dated 10th December, 2009
- Billing and customer analysis data prepared by MITC
- NSO News Releases related to gainfully occupied and Gross Value Added

Methodology

- Daily consumption of water and electricity was estimated from billing data and projected for a year.
- W & E cost for the years 2008, 2009 and 2010 was calculated.
- Changes in cost of W & E bills for years 2008 -10 and 2009-10 were estimated for each economic sector.
- Total expenditure for each year by every sector was expressed as a % of Gross Value Added of the respective sector. Official GVA figures for the year 2008 were used.
- Relevant employment figures (June 2009) were included for each sector.

Observations

	2010/2008	2010/2009
Average annual increase in W&E cost	21%	39%
Cost of W&E as a % of GVA in 2010	4%	4%
Δ in W&E as % of GVA	0.67%	1.10%
Employment in 4 sectors that experience the highest % increase in costs	43,785	37,252
% of total gainfully occupied	31%	26%

Ranking of Sectors by % Change in W&E Costs

Sector	2010/2008		Sector	2010/2009
Average Δ for all sectors	21%		Average Δ for all sectors	39%
Range	9 - 30%		Range	28 -49%
Manufacture	30%		Health	49%
Hotel & Restaurants	28%		Transport etc	43%
Transport, storage & comm	17%		Financial Intermediaries	41%
Agriculture	13%		Hotel & Restaurants	40%

Change in the Cost of W&E as a % of Gross Value Added

	2008	2009	2010
Average change for all sectors	3%	3%	4%
Range	1% - 12%	1% - 11%.	1% - 16%
Hotels and restaurants	12%	11%	16%
Manufacturing	7%	6%	16%

Change in expenditure in Economic Sectors 2010 --2008

Economic Activity	Total W&E cost for 2008 €	Total W&E cost for 2010 €	% Change in Total Expenditure	Gross Value Added in € '000's	Tot Exp 2010 W&E as % of Gross Value Added	Change in % Value Added 2008 - 2010	Gainfully Occupied
Agriculture	3,359,094	3,781,767	13%	76,490.00	4.94%	0.55%	1,802
Fishing	231,552	254,931	10%	6,576.00	3.88%	0.36%	512
Mining	944,178	1,057,958	12%	15,831.00	6.68%	0.72%	472
Construction	2,467,826	2,720,452	10%	177,617.00	1.53%	0.14%	12,548
Wholesale and retail	26,244,978	29,618,463	13%	569,884.00	5.20%	0.59%	22,095
Transport, storage and comm.	12,907,539	15,146,871	17%	482,723.00	3.14%	0.46%	11,309
Financial Services	4,032,548	4,390,739	9%	482,723.00	0.91%	0.07%	11,309
Real estate and Business	8,678,347	9,575,812	10%	855,397.00	1.12%	0.10%	14,258
Public admin	5,141,093	5,679,559	10%	333,517.00	1.70%	0.16%	10,973
Education	3,598,735	3,996,595	11%	288,345.00	1.39%	0.14%	12,634
Health	11,372,590	12,471,911	10%	315,769.00	3.95%	0.35%	10,333
Other community, social & personal services	7,166,479	8,047,443	12%	486,763.00	1.65%	0.18%	7,650
Total for these sectors	86144959	96742501	12.3%	3835,844	2.52%	0.28%	110,697

Change in expenditure in Economic Sectors 2010 - 2009

Economic Activity	Total W&E cost for 2009 €	Total W&E cost for 2010 €	% Change in Tot Expenditure	Gross Value Added in € '000's	Tot Exp 2010 W&E as % of Gross Value Added	Change in % Value Added 2009 - 2010	Gainfully Occupied
Agriculture	2,965,967	3,781,767	28%	76,490	5%	1.10%	1,802
Fishing	186,878	254,931	36%	6,576	4%	1.00%	512
Mining	822,025	1,057,958	29%	15,831	7%	1.50%	472
Construction	2,099,668	2,720,452	30%	177,617	2%	0.30%	12,548
Wholesale and retail	21,901,304	29,618,463	35%	569,884	5%	1.40%	22,095
Transport, storage and comm.	10,562,462	15,146,871	43%	482,723	3%	0.90%	11,309
Financial Services	3,111,915	4,390,739.37	41%	226,422	2%	0.60%	5,694
Real estate and Business	6,979,551	9,575,812	37%	855,397	1%	0.30%	14,258
Public admin	4,197,466	5,679,559	35%	333,517	2%	0.40%	10,973
Education	2,929,434	3,996,595	36%	288,345	1%	0.40%	12,634
Health	8,372,022	12,471,911	49%	315,769	4%	1.30%	10,333
Other community, social & personal services	6,039,101	8,047,443	33%	486,763	2%	0.40%	7,650
Total for these sectors	70,167,793	96,742,501	37%	3,835,334	2.5%	0.5%	110,697

Change in expenditure in Economic Sectors 2010 --2008

Economic Activity	Total W&E cost for 2008 €	Total W&E cost for 2010 €	% Change in Total Expenditure	Gross Value Added in € '000's	Tot Exp 2010 W&E as % of Gross Value Added	Change in % Value Added 2008 - 2010	Gainfully Occupied
Manufacturing	56,162,680	73,001,638	30%	820,932.00	8.89%	2.05%	20,756
Hotels and Restaurants	31,528,281	40,449,893	28%	253,704.00	15.94%	3.52%	9,918

Change in expenditure in Economic Sectors 2010 - 2009

Economic Activity	Total W&E cost for 2009 €	Total W&E cost for 2010 €	% Change in Total Expenditure	Gross Value Added in € '000's	Tot Exp 2010 W&E as % of Gross Value Added	Change in % Value Added 2009 - 2010	Gainfully Occupied
Manufacturing	52,835,172	73,001,638	38%	820,932	9%	2.50%	20,756
Hotels and Rest	28,843,435	40,449,893	40%	253,704	16%	4.60%	9,918

Note: These sectors benefited from a reduced rate/capping in 2008/9