Uses of SUTs

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Seminar on the Supply and Use Tables

11-13 September 2018

Beijing, China

Uses of the Canadian SUTs

- The Canadian SUTs provide a very detailed picture of the Canadian economy and its provincial and territorial sub-economies.

- The Canadian SUTs have 231 industries, 276 final uses categories, 480 products, and 14 geographic dimensions

- The Canadian SUTs are compiled annually at purchasers' prices, basic prices, both in current prices and in volume terms

- These accounts play a central role in Canada's statistical system, with some of their principal uses including:
  - Structural analysis and productivity studies
  - Economic modelling
  - Harmonized sales tax revenue allocation
  - Data confrontation
  - Benchmarking
  - Satellite accounts

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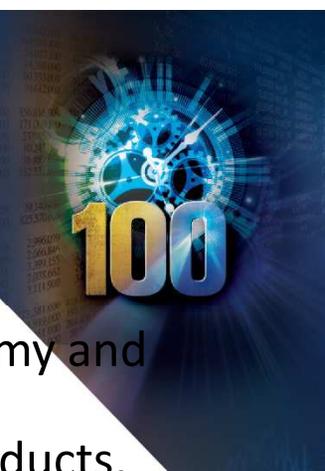
Structural analysis and productivity studies

- SUTs are used for all manner of structural economic studies
  - Effects of economic policy options on industries and provinces (changes in tax policy, trade policy, monetary policy, industrial policy, social policy, environmental policy)
  - Impact of specific economic events, such as commodity price shocks, natural disasters or international financial crises.
- SUTs useful in relation to productivity studies
  - Estimates of outputs, inputs and gross value added at constant prices, by industry

Economic modelling

- Related to use in structural analyses, SUTs also used in economic modelling.

- SU models are characterized by assumptions about the future evolution of the structure of the tables.

- They allow estimating the direct, indirect, and induced impacts of exogenous changes in final demand on the output of different industries and regions of the economy and the corresponding multipliers to be calculated.
  - E.g.: If Canadian oil and gas exports doubled, what industries would be most affected and in which provinces?

- By assuming direct relationships exist with output, the effects on employment, energy use, and greenhouse gas emissions can also be simulated.

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Harmonized sales tax revenue allocation

- Harmonized Sales Tax (HST) introduced in 1997, replacing 2 (federal, provincial) sales taxes
  - Federal government collects the HST; distributes revenue to the participating provinces
  - Less expensive; Less burdensome; But not simple due to the multi-stage nature of a VAT
  - Households / businesses pay tax on purchases; Businesses deduct this from tax collected when selling output
- Many exceptions (e.g. "exempt" and "zero-rated" product classes) add complexity to the tax scheme
- HST revenue allocations based on a formula that is driven primarily by statistics from the SUTs due to detailed product classes, separation of household and intermediate consumption, and general reliability
- Statcan received funding to expand national SUTs into provincial SUTs as of 1997
- Many Statcan survey programs therefore expanded to yield improved provincial breakdowns.

Data confrontation

- Canada's statistical system collects a wide range of data using an equally wide range of collection vehicles
    - E.g. surveys, public accounts, border and revenue agencies
- They vary greatly in terms of concepts, coverage (regional, industrial, demographic, etc.), valuation and timing.
- One of the most fundamental roles of the SUTs is to confront the data collected by the various collection vehicles, and to check for coherence and to take steps to resolve inconsistencies when they are found
- Balancing the SUTs to ensure that the "supply = use" identity is respected inherently lines up various sources against one another to assess how well the identity holds, for a wide range of product classes.
- Where conflicts are detected, SUT statisticians assess the sources of discrepancy and make appropriate adjustments to align the supply and use statistics.
- SUTs therefore bring coherence to the wide range of economic statistics available to Canadians.

Benchmarking

- The SUTs are also used to benchmark more timely estimates of GDP
- More timely estimates offer less detail and are derived from relatively small statistical samples
  - National monthly GDP by industry
  - Quarterly income and expenditure accounts
  - Annual provincial GDP by industry
- More timely, but less accurate than the SUTs, which are derived from better sources of information that take time to become available
  - e.g. annual statistical surveys, public accounts, and taxation statistics
- Benchmarking is the means by which early estimates are revised to correspond to the latest available SUT estimates while retaining, as much as possible, the sub-annual pattern of change that is evident in the early estimates.
- The SUTs are truly the anchor of the macroeconomic accounts, tying them together as a coherent integrated set of accounts

Satellite accounts

- SUTs permit the creation of various satellite accounts that provide more details on a particular aspect or sector of the economy
  - E.g. Natural Resources Satellite Account; Transportation Satellite Account; Culture Satellite Account; Tourism Satellite Account
- Such satellite accounts reorganize and transform the information found in the SUTs in order to provide measures that are derivable from the SUTs, but not explicitly found in them
  - E.g. the contribution of the natural resources sector to GDP; the size of the own-account transportation industry

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THANK YOU!

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