

28 March, 2013

Main aggregates of General Government
2012 – Half-finalized data

Main Aggregates of General Government

Statistics Portugal presents the provisional results on the main aggregates of General Government for 2012 sent to Eurostat accordingly with the ESA95 transmission programme.¹

The General Government sector accounts are compiled accordingly with the concepts and definitions of ESA95; in addition, the specific guidelines of the Manual on Government Deficit and Debt are also applied.²

These results are fully consistent with the first notification of 2013 for the Excessive Deficit Procedure (EDP).

Below it is presented the table with the results for the Main Aggregates of General Government for 2012.

TABLE 1: MAIN AGGREGATES OF GENERAL GOVERNMENT - HALF-FINALIZED DATA
TIME: 2012

Unit: Millions of euros

Transaction code	Transaction label	General Government S13	Central Government S1311	Local and Regional Government S1313	Social security funds S1314
TE	Total general government expenditure	78.419	58.209	9.947	22.700
TR	Total general government revenue	67.794	46.456	10.794	22.981
B.9	Net lending (+)/Net borrowing (-) (National accounts balance)	-10.624	-11.753	847	281
	Memorandum item:				
EDP - B.9	Net lending (+)/Net borrowing (-) under the EDP (a)	-10.596	-11.724	847	281

Footnote:

^(a) According to Commission Regulation (EC) N° 351/2002, amending Council Regulation (EC) N° 3605/93 as regards references to ESA 95, the classification of interest flows under swap contracts and forward rate agreements (FRAs) has a specific treatment for the data transmitted under the excessive deficit procedure. This approach has impact in the difference between the Balance Net lending (+)/Net borrowing (-) according the European System of National and Regional Accounts (ESA95) – B.9 and the balance under the excessive deficit procedure EDP-B.9.

Table 2 below presents the main components of General Government revenue for the period ranging from 2009 to 2012.³

¹ Regulation (CE) n° 2223/96 of the Council, from 25th June 1996, on the European System of National and Regional Accounts.

² This document can be downloaded from http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-13-001/EN/KS-RA-13-001-EN.PDF

TABLE 2: GENERAL GOVERNMENT REVENUE

Unit: Millions of euros

Time	General Government S13			
	2009	2010	2011	2012
Total Revenue	66.728	71.991	76.934	67.794
Current Revenue	65.481	67.079	69.293	65.624
<i>of which:</i>				
Taxes on production and imports	21.487	23.040	23.390	22.522
Social contributions	21.032	21.270	20.929	19.230
Current taxes on income, w ealth, etc.	15.146	15.222	16.963	15.291
Capital Revenue	1.247	4.912	7.641	2.170

Regarding the evolution of General Government total revenue over the period under analysis, there is evidence of an increasing trend until 2011, followed by a reduction in 2012. Nevertheless, the highest values observed in 2010 and 2011 reflect some extraordinary operations which mainly impacted the capital revenue. Namely, these were: i) the recording of 2,804 million Euros referring to the transfer of the pension fund of Portugal Telecom to General Government in 2010 and; ii) an amount of 5,950 million Euros associated with the transfer of banking sector's pension funds in 2011.

As for the current revenue, tax revenues increased in 2011, namely current taxes on income and wealth (11.4%). Table 2 depicts a fall in current revenue in 2012, as a consequence of a decline in the revenue from taxes and social contributions.

TABLE 3: GENERAL GOVERNMENT EXPENDITURE

Unit: Millions of euros

Time	General Government S13			
	2009	2010	2011	2012
Total expenditure	83.874	89.019	84.458	78.419
Current expenditure	77.186	79.116	77.622	73.373
<i>of which:</i>				
Compensation of employees	21.399	21.157	19.438	16.309
Capital expenditure	6.688	9.902	6.836	5.046

On the expenditure side, there was a reduction from 2010 onwards in consequence of the evolution of both current and capital expenditure. Regarding current expenditure, the component associated with compensation of employees declined 8.1% in 2011 and 16.1% in 2012 comparing with the previous year. As far as capital expenditure is concerned, it exhibited a fall in 2012 resulting not only from a decrease of Gross Fixed Capital Formation, but also from the recording of the revenue from the auction attributing the user rights for the 4th generation of mobile phone frequencies. This revenue was recorded as a sale in Acquisitions less disposals of non-financial non-produced assets, which is included in investment. It is also worth mentioning the fact that the high figure observed for capital expenditure in 2010 included the recording of extraordinary operations such as the transfer of assets from BPN to Parups and Parvalorem,

³ It is worth mentioning that comparing with the previous notification, data prior to 2012 was revised due to the inclusion of the public corporations Transtejo – Transportes Tejo, SA and Soflusa – Sociedade Fluvial de Transportes, SA inside the General Government sector, according to the guidelines of the February 2013 edition of the Manual on Government Deficit and Debt. The impact of this change on General Government deficit is not significant, ranging from 10.9 million Euros in 2009 to 22 million Euros in 2012 (0.01% of GDP).

amounting to 1,800 millions of Euros. In 2012, capital expenditure was also affected by the recording as capital transfers of capital increases in CGD and Sagestamo amounting to 1.5 million Euros.

QUADRO 4: GENERAL GOVERNMENT BALANCES

Unit: Millions of euros

Time	General Government S13			
	2009	2010	2011	2012
Net lending (+) / net borrowing (-) (National Accounts balance)	-17.146	-17.028	-7.524	-10.624
Current balance	-11.706	-12.037	-8.329	-7.749
Primary balance	-12.612	-12.366	-1.020	-4.060

Net borrowing of General Government increased 3,100 million Euros in 2012. This mainly reflected the evolution of the Central Government subsector, since both the Regional and Local Government and the Social Security Funds recorded a slightly positive balance, as conveyed by table 1.

As for the primary balance, corresponding to the global balance excluding the net payment of interest, there was a significant improvement in 2011, comparing with the previous years. However, the primary balance was more negative in 2012.

Nevertheless, the evolution of both net borrowing and primary budget were influenced to a large extent by several extraordinary operations as previously mentioned.