

23 September, 2015

Main Aggregates of General Government

2014 – Half-finalized data

Main Aggregates of General Government

Statistics Portugal presents the provisional results on the main aggregates of General Government for 2014 sent to Eurostat accordingly with the ESA 2010 transmission programme¹.

The General Government sector accounts are compiled accordingly with the concepts and definitions of the European System of National and Regional Accounts 2010 (ESA 2010). In addition, specific guidelines of the Manual on Government Deficit and Debt are applied².

These results are fully consistent with the second notification of 2015 for the Excessive Deficit Procedure (EDP),

The tables with the results on the Main Aggregates of General Government for 2011, 2012, 2013 and 2014 are presented below.

TABLE 1: MAIN AGGREGATES OF GENERAL GOVERNMENT - HALF-FINALIZED DATA
TIME: 2014

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	89 677	68 558	10 595	22 967
TR	Total general government revenue	77 231	54 772	11 141	23 760
B.9	Net lending (+)/Net borrowing (-) (National accounts balance)	-12 446	-13 785	546	793

Footnote:

For total revenue (TR) and total expenditure (TE) the sum of sub-sectors does not equal the sector value, due to consolidation of some transactions.

In 2014 the Net Borrowing of the General Government was 12 466 million Euros. These net borrowing needs are determined by the Central Government as both the Local and Regional Government and the Social Security Funds presented positive balances.

¹ Regulation (EU) n° 549/2003 of the European Parliament and of the Council, from 21th may 2013, on the European System of National and Regional Accounts.

² This document is available in http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-GQ-13-006

Table 2 shows the evolution of the main components of General Government revenue from 2011 to 2014.

TABLE 2 - GENERAL GOVERNMENT REVENUE

Unit: Millions of euros

GENERAL GOVERNMENT S13					
Transaction code		2011	2012	2013	2014Po
OTR	TOTAL REVENUE	75 106	72 190	76 787	77 231
OTE-D9	CURRENT REVENUE	73 167	69 218	74 840	75 786
	of which				
D2	Taxes on production and imports	24 411	23 340	23 320	24 593
D61	Social contributions	21 201	19 142	20 449	20 371
D5	Current taxes on income, wealth, etc...	16 703	15 141	19 411	18 974
D9	CAPITAL REVENUE	1 939	2 971	1 948	1 445

Total revenue for the General Government increased 2.8% from 2011 to 2014. The increase in total revenue is explained by the increase in current revenue, as the capital revenue showed a major reduction between 2011 and 2014 (-25.5%).

Current revenue increased 3.6% from 2011 to 2014. The behaviour of revenue from current taxes on income and wealth must be highlighted, as it was one of the driving factors behind the increase in total revenue from 2011 to 2014, presenting a growth rate of 13.6% in the same period. That contribution is more noticeable from 2013 onwards due to the increase in the tax rates of the individual income tax (IRS) enacted in January 2013. Revenues from taxes on production and imports also increased (0.7%). On the opposite side, revenues from social contributions decreased by 3.9%.

Table 3 shows the evolution of the main components of General Government Expenditure from 2011 to 2014.

TABLE 3 - GENERAL GOVERNMENT EXPENDITURE

Unit: Millions of euros

GENERAL GOVERNMENT S13					
Transaction code		2011	2012	2013	2014Po
OTE	TOTAL EXPENDITURE	88 112	81 719	85 032	89 677
OTE-D9-P5-NP	CURRENT EXPENDITURE	80 400	76 208	79 638	82 811
	of which				
D1	Compensation of employees	22 614	19 688	21 317	20 495
D62	Social benefits other than social transfers in kind	29 936	29 654	31 520	30 722
D41	Interest	7 604	8 214	8 258	8 502
D9+P5+NP	CAPITAL EXPENDITURE	7 712	5 510	5 394	6 866

In 2014 the expenditure of the General Government increased 5.5%, mainly due to an increase in capital expenditure, as current expenditure decreased in the same period. The behaviour of capital expenditure is explained mostly by the recording of the capitalization of Novo Banco as capital transfer by the amount of 4.9 billion euro. Capital expenditure also increased as a result of the recording of the capital transfers related to the financing of STCP and Carris, the write-off of nonperforming loans of BPN Crédito owned by Parvalorem S.A..

Current expenditure showed a distinct behaviour in the years from 2011 to 2014. While current expenditure decreased 5.2% in 2012, it increased 4.5% in 2013 and it decreased again in 2014 by 0.4%. The main components of the current expenditure showed opposing changes in this period with the compensation of employees decreasing 9.4%, while the expenditure with social benefits other than social transfers in kind increased 2.6% and the expenditure with interest increased 11.8%.

TABLE 4 - GENERAL GOVERNMENT BALANCES

Unit: Millions of euros

GENERAL GOVERNMENT S13		2011	2012	2013	2014Po
B9	Net lending (+)/Net borrowing (-) (National accounts balance)	-13 006	-9 529	-8 245	-12 446
	CURRENT BALANCE	-7 233	-6 990	-4 799	-3 502
B9-D41	PRIMARY BALANCE	-5 402	-1 315	13	-3 944

The net borrowing of the General Government was 12 466 million Euros in 2014, a more negative result than the observed in the previous year. That increase in net borrowing needs reflects the increase in capital expenditure, as the borrowing needs arising from the current balance continued to diminish.

Regarding the primary balance, corresponding to the global balance excluding the payments related to interest, it was negative by an amount of 3.9 billion euro in 2014, after a positive balance of 13 million Euros in the previous year. In 2014, excluding one-off operations (capitalization of Novo Banco, the recording of the financing operations of STCP and Carris and the write-off of nonperforming loans of BPN Crédito owned by Parvalorem S.A.), the primary balance was positive amounting to 2 242 million Euros (which compares with 713 million Euros in 2013, excluding the one-off operations related to the capitalization of BANIF).

Revisions

This information includes revisions of the General Government (GG) information for the four years presented (2011-2014). The revisions in 2011 and 2012 are due to the classification of SPGM – Sociedade de Investimento, S.A. and Fundo de Contragarantia Mútuo (FCGM) in the General Government (GG) sector. The change in classification of these entities resulted from a detailed analysis in the context of the creation of IFD - Instituição Financeira de Desenvolvimento.

The revisions in 2013 and 2014 resulted from the incorporation of recently available data. The results referring to 2013 are now final, whereas those for 2014 have still a provisional nature. The revisions for 2013 resulted from the incorporation of final and exhaustive information, which is now available for each unit that is classified inside General Government (GG) sector. The revisions for 2014 mainly reflect the incorporation of 4.9 billion euro related to the capitalization of Novo Banco (NB) as a capital transfer, as well as the incorporation of revised data for Local Government and National Health Service and data from the Simplified Corporate Information (IES).