

22 September 2017

Main Aggregates of General Government
2016 – Half-finalized data

Main Aggregates of General Government

Statistics Portugal presents the provisional results on the main aggregates of General Government (GG) for 2016 sent to Eurostat accordingly with the ESA 2010 transmission programme¹.

The provisional results indicate that the GG sector presented a net borrowing of 3 665 million euros (2.0% of GDP) in 2016.

The GG 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.

The results portrayed in this press release are fully consistent with the second notification of 2017 for the Excessive Deficit Procedure (EDP), also published today.

Table 1 presents the half-finalized data for the main aggregates of GG, disaggregated by sub-sector, for 2016:

TABLE 1: MAIN AGGREGATES OF GENERAL GOVERNMENT - HALF-FINALIZED DATA
TIME: 2016

Unit: Million euro

Transaction code	Transaction label	General Government S13	Central Government S1311	Local and Regional Government S1313	Social security funds S1314
TE	Total general government expenditure	83 371	62 640	10 489	23 237
TR	Total general government revenue	79 706	56 559	11 343	24 798
B.9	Net lending (+)/Net borrowing (-) (National accounts balance)	-3 665	-6 081	855	1 561

Footnote:

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

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 at <http://ec.europa.eu/eurostat/en/web/products-manuals-and-guidelines/-/KS-GQ-16-001>

The net borrowing of the GG sector was 3 665 million euros in 2016, which corresponds to 2.0% of GDP (4.4% in 2015). This negative balance was driven by the Central Government subsector, as both the Local and Regional Government and the Social Security Funds presented positive balances.

Table 2 presents the main components of GG revenue, final values for 2015 and provisional values for 2016:

TABLE 2 - GENERAL GOVERNMENT REVENUE

Unit: Million euro

Transaction code	Transaction label	2015	2016
OTR	Total Revenue	78 751	79 706
	Current Revenue	77 351	78 909
	of which		
D2	Taxes on production and imports	26 069	27 347
D61	Social contributions	20 783	21 609
D5	Current taxes on income, wealth, etc...	19 529	19 081
D9	Capital Revenue	1 400	796

Compared to 2015, GG revenue increased 1.2% in 2016 (by 950 million euro), consequence of the combined effects of an increase in current revenue and a reduction in capital revenue.

Current revenue increased 2.0% in 2016, in comparison with 2015, supported by both taxes on production and imports and social contributions, which presented growth rates of, respectively, 4.9% and 4.0%, explained by the evolution of the economic activity and employment and by the implementation of PERES – *Programa Especial de Redução do Endividamento ao Estado*³. As a result of these variations, taxes on production and imports and social contributions accounted for 34.3% and 27.1% of total revenue, respectively (33.1% and 26.4% in 2015). Current taxes on income, wealth, etc... decreased 2.3% from 2015 to 2016, representing 23.9% of GG total revenue (24.8% in 2015).

Table 3 presents the main components of GG expenditure, final values for 2015 and provisional values for 2016:

TABLE 3 - GENERAL GOVERNMENT EXPENDITURE

Unit: Million euro

Transaction code	Transaction label	2015	2016
OTE	Total Expenditure	86 669	83 371
	Current Expenditure	79 003	79 818
	of which		
D1	Compensation of employees	20 349	20 881
D62	Social benefits other than social transfers in kind	31 338	31 730
D41	Interest	8 210	7 761
D9+P5+NP	Capital Expenditure	7 666	3 552

³ PERES is a regime published in the Portuguese Official Journal (D-L no. 67/2016) approving special conditions to pay outstanding debts to the State and Social Security.

GG total expenditure decreased 3.8% from 2015 to 2016. This reduction was the outcome of the combined effect of a 1.0% increase in current expenditure, the main component of GG expenditure, and a decrease in capital expenditure by 53.7% in the period under consideration, accounting for 4.3% of total expenditure (8.8% in 2015).

The increase in current expenditure is explained by the civil servants wage restitution measures implemented in 2016, representing a positive variation of 2.6% in compensation of employees and of 1.2% in social benefits other than social benefits in kind. Conversely, from 2015 to 2016, the expenditure in interest payments decreased 5.5%. As a result, in 2016, compensation of employees and social benefits other than social benefits in kind represented, respectively, 25.0% and 38.1% of total expenditure (23.5% and 36.2% in 2015). The relative weight of interest payments decreased 0.2 percentage points in the same period, accounting for 9.3% of total expenditure.

Capital expenditure presented a decrease of 53.7% in the period under analysis. This variation is explained both by the decrease of 34% in gross capital formation from 2015 to 2016 and by the recording as capital transfer of the one-off operation of resolution of *Banif – Banco Internacional do Funchal, S.A.*, in 2015, in the amount of 2.5 billion euro.

Table 4 shows GG balances, final values for 2015 and provisional values for 2016:

TABLE 4 - GENERAL GOVERNMENT BALANCES

Unit: Million euro

Transaction code	Transaction label	2015	2016
B9	Net lending (+) / Net borrowing (-) (National accounts balance)	-7 918	-3 665
	Current Balance	-1 652	-909
B9-D41	Primary Balance	292	4 096

The net borrowing of the GG sector decreased 4 253 million euro from 2015 to 2016, attaining 3 552 million euro (2.0% of GDP), given the combined effect of a decrease in total expenditure (by 3.8%) and an increase in total revenue (by 1.2%).

The primary balance, *i.e.*, the global balance net of interest payments, was 4 906 million euro in 2016, which represents an increase of 3 803 million euro vis-à-vis 2015.

Revisions

This press release presents data amendments in both years, comparing with the information presented last March. The data from 2015 is now final and includes revisions due to the incorporation of final and exhaustive information, now available for all units classified in the GG sector.

The figures for 2016 are still provisional. The information includes revisions that mainly reflect the incorporation of revised data from Local Government and National Health Service (SNS), of data collected from Simplified Corporate Information (IES) and the use of data on an accrual basis, rather than on a cash basis, for a vast group of entities.

As a result of these revisions, the net borrowing of the GG declined by 92 million euro, in 2015, and improved by 57 million euro, in 2016.