



METHODOLOGICAL EXPLANATION

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GENERAL GOVERNMENT EXPENDITURE BY FUNCTION

This methodological explanation relates to the data releases:

General government expenditure by function, Slovenia, annually (First Release)



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1 PURPOSE

The purpose of the publication is to show the dynamics of annual general government expenditure by function. Key statistics include data on social protection expenditure, old-age, health, public debt transactions, research and development, etc., expressed in terms of aggregate value and in relation to GDP.

2 LEGAL FRAMEWORK

- [Annual Programme of Statistical Surveys \(LPSR\)](#) (only in Slovene)
- [National Statistics Act](#) (OJ RS, No. 45/95 and 9/01)
- European System of National and Regional Accounts – ESA 2010 (Regulation (EU) No. 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union) (CELEX 32013R0549)

3 UNIT DESCRIBED BY THE PUBLISHED DATA

The unit described by the published data is an individual transaction of the institutional units of the general government. This means that each expenditure of the general government units is described by an economic type and by function.

4 SELECTION OF OBSERVATION UNIT

Observation units are institutional units of the general government.

The selection of observation unit is complete. All transactions or expenditure of all general government units are included.

5 SOURCES AND METHODS OF DATA COLLECTION

Data are collected annually.

Data are collected in the survey General Government Expenditure by Function (NR-COFOG). The basic data sources are administrative:

- Budgetary statistics
- Annual accounting statements

- Other administrative sources and statistical information.

Budgetary statistics are compiled by the Ministry of Finance and show transactions of current and financial accounts in line with the economic classification and recommendation of the International Monetary Fund. There are balances of central budget, local budgets, the Pension and Disability Insurance Institute (PDII) and the Health Insurance Institute of Slovenia (HIIS). For compiling government expenditure statistics according to function, an additional budgetary accounting report is used, i.e. central and local budgets transactions by unit, by type and by function/programme. All budget lines are classified to ESA 2010 transaction codes as well as classified into function code.

The data source for indirect budgetary units is the annual accounting statements obtained by SURS from AJPES, and function is assigned at unit level. Often the unit carries out more than one function and this expenditure of multifunction, when possible, is divided using additional statistical information, i.e. social protection statistics, national health accounts, national R&D surveys and special analysis. Thus, for dividing PDII expenditures by function the PDII payments database is used, which is obtained by SURS from the PDII. For determining the function of health expenditure, the source of data is the HIIS transfers database with the national classification of purposes, which is obtained by SURS from the HIIS. The statistical source of the data for the research and development is completed R-RD-IZV survey questionnaires, which contain information on the scope and goals of the surveys.

6 DEFINITIONS

General government sector includes all resident institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth. The general government sector is divided into subsectors: central government, local government and social security funds. In Slovenia the general government sector consists of all direct budgetary units at central and at local government level, public service providers and agencies which are according to the 50% criterion classified as non-market units of general government and some other units. All units are registered in the Business Register of Slovenia and relevant institutional sector codes are assigned to them.

The **function of expenditure** is defined by the classification of the functions of government (COFOG).

The components of government expenditure according to the ESA 2010 are:

- Intermediate consumption
- Other taxes on production payable + current taxes on income, wealth, etc., payable + adjustment for the change in pension entitlements
- Compensation of employees

- Subsidies payable
- Property income
- Social benefits other than social transfers in kind and social transfers in kind related to expenditure on products supplied to households via market producers
- Other current transfers
- Capital transfers
- Gross capital formation
- Acquisition less disposals of non-financial non-produced assets

Intermediate consumption consists of goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital. The goods and services are either transformed or used up by the production process.

Gross capital formation is composed of gross fixed capital formation, changes in inventories and acquisitions less disposals of valuables. **Gross fixed capital formation** consists of resident producers acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are produced assets used in production for more than one year. **Changes in inventories** are measured by the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories. **Valuables** are non-financial goods that are not used primarily for production or consumption, do not deteriorate (physically) over time under normal conditions and are acquired and held primarily as stores of value.

Compensation of employees is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during an accounting period. It is gross wages and salaries, personal remunerations and employers social contributions. Employers social contributions include actual (compulsory and voluntary) and imputed social contributions. Imputed social contributions comprise payments by employer to employees during the absence from work due to sickness, etc. Personal allowances comprise expenses for food, transport to and from work and reimbursement for annual vacation.

Other taxes on production consists of all taxes that enterprises incur as a result of engaging in production, independently of the quantity or value of the goods and services produced or sold. Other taxes on production may be payable on the land, fixed assets or labour employed in the production process or on certain activities or transactions.

Subsidies are current unrequited payments which general government or the institutions of the EU make to resident producers, with the objective of influencing their levels of production, their prices of products or the remuneration of the factors of production. Subsidies are divided into subsidies on products and into other subsidies on production.

Property income is the income accrues when the owners of financial assets and natural resources put them at the disposal of other institutional units. The income payable for the use of financial assets is called investment income,

while that payable for the use of a natural resource is called rent. Property income is the sum of investment income and rent. Property income includes: interest, distributed income of corporation, reinvested earnings on direct foreign investment, other investment income and rents. Property income within general government are flows internal to the general government sector and do not appear in a consolidated account for the sector as whole.

Current taxes on income, wealth, etc., payable, covers all compulsory, unrequited payments, in cash or in kind, levied periodically by general government and by the rest of the world on the income and wealth of institutional units, and some periodic taxes which are assessed neither on that income nor that wealth.

Social benefits are transfers to households, in cash or in kind, intended to relieve them from the financial burden of a number of risks or needs. **Social benefits other than social transfers in kind** are social security benefits in cash, other social insurance benefits and social assistance benefits in cash. **Social transfers in kind – market production** related to individual goods and services in the form of reimbursements by social security funds of approved expenditures made by households on specific goods and services; or provided directly to the beneficiaries by market producers from which general government purchases the corresponding goods and services.

Other current transfers are net non-life insurance premiums, current transfers within general government, current international cooperation, miscellaneous current transfers and VAT- and GNI-based EU own resources. **Net non-life insurance premiums** relate to premiums payable under policies taken out by institutional units. **Current transfers within general government** include transfers between the different sub-sectors of general government with the exception of taxes, subsidies, investment grants and other capital transfers, and do not appear in a consolidated account for the sector as a whole. **Current international cooperation** includes all transfers in cash or in kind between general government and governments or international organization in the rest of the world, except investments grants and other capital transfers. **Miscellaneous current transfers** are current transfers to NPISHs, fines and penalties, lotteries and gambling and payments of compensation. **VAT- and GNI-based EU own resources** are current transfers paid by the general government of each Member State to the institutions of the EU.

Capital transfers require the acquisition or disposal of an asset, or assets, by at least one of the parties to the transaction. Capital transfers within general government are flows internal to the general government sector and do not appear in a consolidated account for the sector as whole. **Investment grants** consists of capital transfers in cash or in kind made by governments or by the rest of the world to other resident or non-resident institutional units to finance all or part of the costs of their acquiring fixed assets. **Other capital transfers** cover transfers other than investment grant and capital taxes which do not themselves redistribute income but redistribute saving or wealth among the different sectors or sub-sectors of the economy or the rest of the world.

Acquisition less disposals of non-produced assets. Non-produced assets consist of assets that have not been produced within the production boundary, and that may be used in the production of goods and services.

Final consumption expenditure

Final consumption expenditure consists of expenditure incurred by resident institutional units on goods or services that are used for the direct satisfaction of individual needs or wants or the collective needs of members of the community. Final consumption expenditures by general government are equal to the total of their output, plus the expenditure on products supplied to households via market producers, minus the sales of goods and services. The output of government is equal to the sum of its costs of production (compensation of employees, intermediate consumption, consumption of fixed capital, other taxes on production paid net of subsidies on production received), plus the net operating surplus.

7 EXPLANATIONS

7.1 CLASSIFICATIONS

The data are published at the first and second levels of the COFOG classification <http://www.stat.si/Klasje/Klasje/Details/2077?v=2766>. At the first level of the classification there are ten divisions, while at the second level there are 69 expenditure groups.

The COFOG classification is used to divide the final consumption of the country into individual and collective consumption. At the second level COFOG defines the functions relating to individual or collective services. Collective services refer to all groups of expenditure in the divisions of General public services (groups from 011 to 018), Defence (groups from 021 to 025), Public order and safety (groups from 031 to 036), Economic affairs (groups from 041 to 049), Environmental protection (groups from 051 to 056) and Housing and community amenities (groups from 061 to 066). In the division Health, groups from 071 to 074 apply to individual services; expenditure on collective services can be found in groups 075 and 076. In the division Recreation, culture and religion, the individual services relate to groups 081 and 082, while collective service costs are in groups from 083 to 086. In the division Education, expenditure for individual services refers to groups from 091 to 096, while collective service costs are in groups 097 and 098. In the division Social protection expenditure for individual services and transfers relates to groups 101 to 107, while collective service expenditure is in groups 108 and 109.

Classification descriptions are also found on the website: <https://unstats.un.org/unsd/classifications/>.

The data are shown by the general government sector subsectors, as defined by the Standard Classification of Institutional Sectors (SKIS): <http://www.stat.si/StatWeb/Methods/Classification>.

7.2 DATA PROCESSING

DATA EDITING

Data were edited by using appropriate systematic and individual corrections.

For more, see the general methodological explanations [Statistical data editing](#).

WEIGHTING

Weighting was not performed.

SEASONAL ADJUSTMENT

Seasonal adjustment is not applicable.

DATA PROCESSING OTHER

The data of various administrative and statistical sources are processed in accordance with the ESA 2010 methodology. Data are statistically edited using appropriate systematic corrections.

Administrative sources are linked by identifiers. Data are edited at the macro level; the aggregate control method is used. The discrepancies detected at the macro level are corrected at the micro level. The reference survey is the main aggregates of the general government (NR-DRŽAVA-L).

An integral part of data preparation is the procedures of the compliance assessment. Thus, compliance with other surveys and aggregates of the national accounts is ensured in the preparation of data, as well as the consistency of data over time. Compliance with data from other statistical surveys at SURS (Expenditure for Social Protection, Expenditure for Health, Expenditure for Education, Expenditure for Environmental Protection) for the past periods is also checked. Analyses of the same kind of international data are also important. Data verification is an essential part of data preparation.

7.3 INDICES

Indices are not published.

7.4 PRECISION

The precision is not calculated.

7.5 OTHER EXPLANATIONS

8 PUBLISHING

- SiStat Database: [GDP and national accounts](#) – Government deficit and debt. Data are published in absolute values (EUR mio) and in current prices, by type of expenditure defined by ESA 2010, by institutional subsectors and by function defined by COFOG.
- First Release (GDP and National Accounts, Government Deficit and Debt, Government Accounts): »General government expenditure by function, Slovenia«.
- EUROSTAT (Statistical Office of the European Union)
- The Organisation for Economic Co-operation and Development (OECD)

9 REVISION OF THE DATA

9.1 PUBLISHING OF PRELIMINARY AND FINAL DATA

The policy of the national accounts audits is determined by the ESA 2010, so these data are not defined as having the "temporary/final" status.

Regular revisions of data are usually carried out once a year, along with the regular release of data in November. The data are in line with the September release of data on the main aggregates of the general government sector; they represent a second estimate of the revenue and expenditure data of the general government from the previous year and the revised data from previous years. Data on general government expenditure can also to be revised due to changes in the sources used and methodological improvements.

Data revision is planned. Due to the needs of users for timely information, data are published that meet the criteria of the quality of official statistical data, but do not meet the quality that can be met with complete coverage. Data are revised when recent, completed and more quality data respectively can significantly contribute to the quality of data-based decision-making and when – due to publication deadlines determined by the European legislation – less accurate data are published on the basis of incomplete coverage.

9.2 FACTORS INFLUENCING COMPARABILITY OVER TIME

From 2019 on expenditure of the electricity feed-in support scheme for RES (renewable energy source) and CHP (high-efficiency cogeneration) power plants are included to group environment protection. Within the major revision in 2024, the expenditure will be included for previous years also.

There are no other breaks in time series, so other points in time are comparable.

Methodological explanation on revision of statistical data is available on: <http://www.stat.si/dokument/5299/RevisionOfStatisticalDataMEgeneral.pdf>.

10 OTHER METHODOLOGICAL MATERIALS

Methodological materials on SURS's website are available at <https://www.stat.si/statweb/en/Methods/QuestionnairesMethodologicalExplanationsQualityReports>.

- Questionnaire:
 - SURS does not collect data for this survey by using a questionnaire.
- Manual on sources and methods for the compilation of COFOG statistics - Classification of the Functions of Government (COFOG): <https://ec.europa.eu/eurostat/documents/3859598/10142242/KS-GQ-19-010-EN-N.pdf/ed64a194-81db-112b-074b-b7a9eb946c32>
- Manual on Government Deficit and Debt – Implementation of ESA 2010: <https://ec.europa.eu/eurostat/documents/3859598/10042108/KS-GQ-19-007-EN-N.pdf/5d6fc8f4-58e3-4354-acd3-a29a66f2e00c>
- European System of Accounts ESA2010: <http://ec.europa.eu/eurostat/documents/3859598/5925693/KS-02-13-269-EN.PDF/44cd9d01-bc64-40e5-bd40-d17df0c69334>