



## METHODOLOGICAL EXPLANATION

# QUARTERLY MAIN AGGREGATES OF THE GENERAL GOVERNMENT

***This methodological explanation relates to the data release:***

- Main aggregates of the general government, quarterly (First Release)

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Last updated: 18 September 2017

## 1 PURPOSE

The purpose of the publication is to show quarterly dynamics of revenue, expenditure and main aggregates of the general government sector according to the European System of Accounts 2010 (ESA 2010) standards. Key statistics include net lending / net borrowing, general government revenue and expenditure. Other balancing items are important too: value added, net operating surplus, net balance of primary income, net disposable income, and gross and net saving.

## 2 LEGAL BASIS

- [Annual Programme of Statistical Surveys \(LPSR\)](#) (only in Slovene)
- [National Statistics Act](#) (OJ RS, No. 45/95 and 9/01)
- 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 (ESA 2010) (CELEX: [32013R0549](#))
- Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community (CELEX: [32009R0479](#))

Data are internationally comparable and contribute to European statistics.

## 3 UNIT DESCRIBED BY THE PUBLISHED DATA

The unit described by the published data is the general government sector (S.13), which consists of institutional units that 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 of institutional units principally engaged in the redistribution of national income and wealth.

The published data present detailed categories of revenue and expenditure of the general government and net lending (+) / net borrowing (-) as main balancing item of quarterly main aggregates of the general government.

## 4 SELECTION OF OBSERVATION UNIT

Coverage is full, meaning that all institutional units of the general government sector are included in this survey.

## 5 SOURCES AND METHODS OF DATA COLLECTION

Compilation of main aggregates of the general government is not based on a special statistical questionnaire sent to the reporting units. Data are mostly collected from administrative sources (secondary data sources). The main data source for quarterly accounts compilation for the general government sector is detailed budgetary statistics for central and local government level and for social security funds (Health Social

Security Fund and Pension Social Security Fund). Budgetary statistics is prepared by the Ministry of Finance and it shows transactions of current and financial accounts in line with the economic transactions and recommendation of the International Monetary Fund (A Balance of revenue and expenditure, B Lending and repayments of loans, acquisition and sales of equities and C Borrowing and amortization of debt). Data are available in xls format within one month after the end of the quarter (except data for local government, which are available a little bit later). Compilation is based on detailed bridge tables from transactions in public accounts to categories and components in national accounts which are then used for further calculations. Secondary data sources are various administrative and statistical data sources and also individual data for some major units.

Indirectly (in terms of adjusting with annual data) the following data sources are also used:

- annual accounting statements (profit and loss account and balance sheets) of public units and corporations  
(data are collected electronically by AJPES and are available by the end of April for the previous year);
- whole government accounts  
(they are collected by AJPES and sent by the Ministry of Finance in electronic format by the end of June for the previous year).

## 6 DEFINITIONS

### **General government sector (S.13)**

The general government sector (S.13) consists of 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 three subsectors: central government (S.1311), local government (S.1313) and social security funds (S.1314). The following entities are included in the general government sector:

- all direct budgetary units at central and at local government level and the level of social security funds;
- indirect budgetary units - public service providers (hospitals, universities, schools etc.) and agencies which are according to the 50% criterion and other qualitative criteria classified as non-market units of general government;
- public corporations, classified as non-market producers in line with 50% criterion and other qualitative criteria.

Quarterly main aggregates of the general government are consisted of the following revenue and expenditure categories:

### **Intermediate consumption (P.2)**

It 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.

### **Compensation of employees (D.1)**

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. Compensation of employees is made up of wages and salaries (in cash and in kind) and of employers' social contributions (actual and imputed). Employers' actual social contributions consist of the payments made by employers for the benefit of their employees to insurers (social security and other employment-related social insurance schemes). Such payments cover statutory, conventional, contractual and voluntary contributions in respect of insurance against social risks or needs. Employers' imputed social contributions are paid directly by employers to their employees or former employees and other eligible persons without involving an insurance enterprise or autonomous pension fund, and without creating a special fund or segregated reserve for the purpose (wages compensation for the absence from work due to illness etc.).

### **Consumption of fixed capital (P.51c)**

Is the decline in value of fixed assets owned, as a result of normal wear and tear and obsolescence.

### **Output (P.1)**

It is the total of products created during the accounting period. Three types of output are distinguished:

- market output (P.11), which consists of output that is disposed of on the market or intended to be disposed of on the market;
- output produced for own final use (P.12), which consists of goods or services that are retained either for own final consumption or for capital formation by the same institutional unit;
- non-market output (P.13), which is further divided into payments for non-market output (P.131), which consists of various fees and charges, and non-market output, other (P.132), which is output provided for free.

### **Social transfers in kind (D.63)**

Consist of individual goods and services provided for free or at prices that are not economically significant to individual households by government units and NPISHs, whether purchased on the market or produced as non-market output by government units or NPISHs. They are financed out of taxation, other government income or social security contributions, or out of donations and property income in the case of NPISHs.

Social transfers in kind (D.63) are subdivided into:

- social transfers in kind — general government and NPISHs non-market production (D.631); are individual goods and services provided directly to the beneficiaries by non-market producers. Any payments made by the households themselves should be deducted;
- social transfers in kind — market production purchased by general government and NPISHs (D.632); are 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. Any payments made by the households themselves are to be deducted.

### **Final consumption expenditure (P.3)**

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 (P.1), plus the expenditure on products supplied to households via market producers (i.e. social transfers in kind — D.632), minus the sales of goods and services (P.11+P.12+P.131).

### **Taxes on production and imports (D.2)**

Are compulsory, unrequited payments, in cash or in kind, which are levied by general government, or by the institutions of the European Union, in respect of the production and importation of goods and services, the employment of labour, the ownership or use of land, buildings or other assets used in production. Such taxes are payable irrespective of profits made. Taxes on production and imports are comprised of:

- taxes on products (D.21); they are payable per unit of a given good or service produced or transacted. The tax may be a specific amount of money per unit of quantity of a good or service, or it may be calculated as a specified percentage of the price per unit or value of the goods and services produced or transacted. They are comprised of value added type taxes (VAT) (D.211), taxes and duties on imports excluding VAT (D.212) and taxes on products, except VAT and import taxes (D.214);
- other taxes on production (D.29); they consist of all taxes that enterprises incur as a result of engaging in production, independent of the quantity or value of the goods and services produced or sold. They may be payable on the land, fixed assets or labour employed in the production process or on certain activities or transactions.

### **Current taxes on income, wealth, etc. (D.5)**

They cover 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. They are divided into taxes on income (D.51) and other current taxes (D.59).

### **Capital taxes (D.91)**

They consist of taxes levied at irregular and very infrequent intervals on the values of the assets or net worth owned by institutional units or on the values of assets transferred between institutional units as a result of legacies, gifts between persons, or other transfers (e.g. inheritance taxes, taxes on gifts between persons, etc.)

### **Actual social contributions (D.61)**

They consist of employers' actual social contributions (D.611), which are paid by employers to social security schemes and other employment related social insurance schemes to secure social benefits for their employees and households' actual social contributions (D.613), which are payable on their own behalf by employees, self-employed or non-employed persons to social insurance schemes.

### **Subsidies (D.3)**

Are current unrequited payments which general government or the institutions of the European Union make to resident producers for the purpose of influencing on the levels of production, on prices of products or on remuneration of the factors of production. Subsidies are classified into subsidies on products (D.31) and other subsidies on production (D.39).

### **Property income (D.4), receivable / payable**

It 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 includes:

- interest (D.41); it is property income receivable by the owners of a financial asset for putting it at the disposal of another institutional unit;
- other property income, consisted of distributed income of corporations (D.42), reinvested earnings on foreign direct investment (D.43), other investment income (D.44) and rents (D.45).

### **Social benefits other than social transfers in kind (D.62)**

They are made up of social security benefits in cash, other social insurance benefits and social assistance benefits in cash.

### **Other current transfers (D.7), receivable / payable**

They consist of:

- net non-life insurance premiums (D.71); are premiums payable under policies taken out by institutional units;
- non-life insurance claims (D.72); are the claims due under contracts in respect of non-life insurance, that is, the amounts which insurance enterprises are obliged to pay in settlement of injuries or damage suffered by persons or goods;
- current international cooperation (D.74); includes all transfers in cash or in kind between general government and governments or international organisations in the rest of the world, except investment grants and other capital transfers;
- miscellaneous current transfers (D.75); they include current transfers to NPISHs, fines and penalties, lotteries and gambling and payments of compensation;
- VAT- and GNI-based EU own resources (D.76); the VAT- and GNI-based third and fourth EU own resources (D.76) are current transfers paid by the general government of each Member State to the institutions of the European Union.

### **Capital transfers (D.9), receivable / payable**

They require the acquisition or disposal of an asset, or assets, by at least one of the parties to the transaction. Whether made in cash or in kind, they result in a commensurate change in the financial, or non- financial, assets shown in the balance sheets of one or both parties to the transaction. They consist of:

- capital taxes (D.91);
- investment grants (D.92); consist 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 (D.99); cover transfers other than investment grants and capital taxes which do not themselves redistribute income but redistribute saving or wealth among the different sectors or subsectors of the economy or the rest of the world. They can be made in cash or kind (cases of debt assumption or debt cancellation) and correspond to voluntary transfers of wealth.

### **Gross capital formation (P.5)**

Gross capital formation consists of:

- gross fixed capital formation (P.51g); 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 (P.52); 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. They consist of materials and supplies, work-in-progress, finished goods and goods for resale;
- acquisitions less disposals of valuables (P.53); 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 (they consist of precious stones and metals, antiques and other art objects and other valuables).

### **Acquisition less disposals of non-produced non-financial assets (NP)**

They consist of assets that have not been produced within the production boundary, and that may be used in the production of goods and services. They consist of acquisition less disposals of natural resources, contracts, leases and licenses, as well as goodwill and marketing assets.

### **Adjustment for the change in pension entitlements (D.8)**

Represents the adjustment needed to make appear in the saving of households the change in the pension entitlements on which households have a definite claim.

**Net lending (+) / net borrowing (-)** is the most important balancing item of quarterly main aggregates of the general government. It is calculated as the difference between total revenue and total expenditure and represents the amount the government has available to lend or must borrow to finance its non-financial operations.

**Revenue** is transaction, which has a positive impact on net lending (+) / net borrowing (-) of general government. The total government revenue of an accounting period is calculated by summing transactions that are receivable:

- total taxes (D.2 + D.5 + D.91);
- total social contributions (D.61);
- total sales of goods and services (P.11 + P.12 + P.131);
- other current revenue (D.3 + D.4 + D.7) and
- other capital revenue (D.92 + D.99).

**Expenditure** is transaction, which has a negative impact on net lending (+) / net borrowing (–) of general government. The total government expenditure of an accounting period is calculated by summing transactions which are payable:

- intermediate consumption (P.2);
- compensation of employees (D.1);
- interest (D.41);
- social benefits other than social transfers in kind (D.62);
- social transfers in kind via market producers (D.632);
- subsidies (D.3);
- other current expenditure (D.29 + (D.4 – D.41) + D.5 + D.7 + D.8) and
- capital expenditure (P.5 + NP + D.92 + D.99).

## 7 EXPLANATIONS

### 7.1 CLASSIFICATIONS

Institutional units are allocated to the general government sector according to the Standard Classification of Institutional Sectors (SKIS). More about this classification can be found at:

<http://www.stat.si/StatWeb/en/Methods/Classifications>.

### 7.2 DATA PROCESSING

Quarterly compilation of main aggregates of the general government is based on detailed bridge tables from transactions in public accounts (or items from annual accounting statements) to categories and components in national accounts. Components and aggregates are estimated according to the main data sources mainly by direct methods. When individual components in available data sources are not covered completely, final quarterly values are estimated by extrapolation of the previous year figures according to available data in the main data source. In a few cases, where only annual or semi-annual information is available, quarterly disaggregation is estimated linearly and according to current prices and volume changes. If there are no relevant price and volume indicators, previous year data are imputed also in the current year.

Published quarterly accounts data are always reconciled and in line with annual data. First complete quarterly estimates for the general government sector are reconciled with the EDP data at the end of March. For the most important general government units (also for all public funds and agencies at central and at local level) complete accounting data for the previous year are already available for this notification.

At the quarterly level, individual categories are always controlled with ESA categories, calculated on the basis of detailed bridge tables from budgetary statistics and for some major units also with some individual data. An important control, which is carried out every quarter, is the comparison of the calculated deficit (deficit in non-financial accounts) with the deficit in financial accounts - the difference between them must not be higher than 2% of GDP. A smaller difference means smaller statistical discrepancy and higher quality of calculated data. The consistency of results is also checked with previous quarters (growth rates).

At the annual level, all calculated aggregates have to be consistent with GDP and EDP data and other national accounts components, meaning that the equality of calculated aggregates is checked, too.

## **SEASONAL ADJUSTMENT OF TIME SERIES**

In the framework of quarterly main aggregates of the general government five time series are seasonally adjusted from inclusive first quarter of 1999 onwards: revenue, expenditure, gross fixed capital formation, final consumption expenditure and net lending (+) / net borrowing (-).

For seasonal adjustment of time series we use the TRAMO/SEATS method. A time series model is set up, which is revised in detail and corrected about once a year. Using the model the time series is decomposed into:

- the trend-cycle component (which consists of the trend and cyclical movements over a period longer than one year),
- the seasonal component (which consists of the seasonal effects and the calendar effects; the calendar effects are composed of the working day effect, the leap-year effect, the holiday effect and the Easter effect),
- the irregular component (which consists of random fluctuations and some outliers).

Seasonally adjusted data are original data from which the seasonal and calendar effects are eliminated.

For more, see the general methodological explanations [Seasonal adjustment of time series](#).

## **8 PUBLISHING**

Data are published:

### **Quarterly:**

- SI-STAT Data Portal: Economy – National Accounts – General government accounts – [Main aggregates of general government, mio EUR, Slovenia, quarterly](#) and [Net lending \(+\) / net borrowing \(-\) of general government, Slovenia, quarterly](#). Data are published in absolute values (at current prices). Seasonally adjusted data are published for some time series in absolute values (at current prices) and as % of GDP.
- First Release (GDP and National Accounts, Government Deficit and Debt, Government Accounts): »Main Aggregates of the General Government, Slovenia, quarterly«.
- Eurostat.

## **9 REVISION OF THE DATA**

### **9.1 PUBLISHING OF PRELIMINARY AND FINAL DATA**

Revision policy of national accounts is defined by ESA 2010 and does not determine the status of preliminary or final data.

According to the revision policy every quarter data can be revised for all quarters of the current year. Quarters of previous years are revised only in parallel with annual publications (in March and in September) for the period which is open for revision – the current year and the last four years. At every annual publication (at the end of March and September), due to the completion of the EDP data clarification process, the data may be published again (in April and in October). Always the whole time series is published. These revisions are done because at the annual level all calculated aggregates have to be consistent with GDP and EDP data and with other national accounts aggregates.

Revisions for the quarters of the current year are performed mainly due to the revised data sources (e.g. taxes); in principle, all data may be revised within the current year, with the aim of achieving better quality of the calculated data.

In the case of extraordinary revisions, a longer time series can be revised during the annual publications; the whole time series is usually revised due to methodological changes.

## 9.2 BREAKS IN TIME SERIES

There are no breaks in time series, so all 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

- European system of national and regional accounts in the European Union (ESA 2010)  
[European System of Accounts ESA 2010](#)
- System of National Accounts 2008, EC – IMF – OECD – UN – WB, New York, 2009  
<https://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf>
- Manual on quarterly non-financial accounts for general government – 2011 edition  
<http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-RA-11-017>
- Manual on Government Deficit and Debt – Implementation of ESA 2010 (2016 edition)  
<http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-16-001>
- EDP Inventory  
[http://www.stat.si/dokument/8754/EDP\\_Inventory\\_ESA2010.pdf](http://www.stat.si/dokument/8754/EDP_Inventory_ESA2010.pdf)
- Methodological explanation
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theme: GDP and National Accounts, sub-theme: Government Deficit and Debt  
Government Accounts  
<http://www.stat.si/statweb/en/Methods/QuestionnairesMethodologicalExplanationsQualityReports>