

September, 23th 2016

Main Aggregates of General Government
2015 – Half-finalized data

Main Aggregates of General Government

Statistics Portugal presents the provisional results on the main aggregates of General Government for 2015 sent to Eurostat accordingly with the ESA 2010 transmission programme¹.

The provisional results indicate that the General Government sector presented a net borrowing of 7 821 million euros (4.4% of GDP) in 2015.

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.

The results portrayed in this press release are fully consistent with the second notification of 2016 for the Excessive Deficit Procedure (EDP).

Table 1 presents the half-finalized data for the main aggregates of general government, disaggregated by sub-sector, for 2015:

TABLE 1: MAIN AGGREGATES OF GENERAL GOVERNMENT - HALF-FINALIZED DATA
TIME: 2015

Unit: Millions of euros

Transaction code	Transaction label	General Government	Central Government	Local and Regional Government	Social security funds
		S13	S1311	S1313	S1314
TE	Total general government expenditure	86 825	65 892	10 666	22 988
TR	Total general government revenue	79 004	56 141	11 483	24 101
B.9	Net lending (+)/Net borrowing (-) (National accounts balance)	-7 821	-9 751	817	1 113

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.

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/documents/3859598/7203647/KS-GQ-16-001-EN-N.pdf/5cfae6dd-29d8-4487-80ac-37f76cd1f012>

The net borrowing of the General Government sector was 7 821 millions of euros in 2015, which corresponds to 4.4% of GDP. 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 General Government revenue, final values for 2014 and provisional values for 2015:

TABLE 2 - GENERAL GOVERNMENT REVENUE

Unit: Millions of euros

Transaction code	Transaction label	2014	2015
OTR	Total Revenue	77 196	79 004
	Current Revenue	75 451	77 477
	of which		
D2	Taxes on production and imports	24 561	26 104
D61	Social contributions	20 457	20 775
D5	Current taxes on income, wealth, etc...	19 003	19 438
D9	Capital Revenue	1 744	1 527

Compared to 2014, General Government revenue increased 2.3% in 2015. This evolution was largely due to improvements in current revenue, since capital revenue, which represents only 1.9% of total revenue, decreased by 12.5% in the same period.

Current revenue increased 2.7% in 2015, in comparison with 2014, with a relevant contribution of taxes on production and imports, which depicted a 6.3% growth. As a result of this increase, the weight of these taxes in General Government total revenue increased to 33% (31.8% in 2014). The other transactions classified in current revenue maintained a similar percentage contribution to that of 2014.

Table 3 presents the main components of General Government expenditure:

TABLE 3 - GENERAL GOVERNMENT EXPENDITURE

Unit: Millions of euros

Transaction code	Transaction label	2014	2015
OTE	Total Expenditure	89 598	86 825
	Current Expenditure	78 881	79 095
	of which		
D1	Compensation of employees	20 515	20 273
D62	Social benefits other than social transfers in kind	30 810	31 321
D41	Interest	8 483	8 191
D9+P5+NP	Capital Expenditure	10 717	7 731

General Government total expenditure decreased 3.1% from 2014 to 2015. This reduction was determined by the capital expenditure, which decreased 27.5% in the period under consideration, whereas current expenditure presented a small change (an increase of 0.3%) in the same period.

Capital expenditure was influenced by one-off operations in the two years under analysis. In 2014, the extraordinary entries increased capital expenditure by 6.1 billion euros. These operations included the capitalization of *Novo Banco*, capital transfers related to the financing of *STCP* and *Carris* and the write-off of nonperforming loans of *BPN Crédito*, held by *Parvalorem S.A.* In 2015, the resolution process of *Banif – Banco Internacional do Funchal, S.A.*, implied an extraordinary recording in the amount of 2.5 billion euros. Discounting these exceptional operations in both years, capital expenditure increased by 650 million euros from 2014 to 2015, mostly due to an increase of 21% in gross capital formation.

Concerning to current expenditure, it should be mentioned the decrease of 3.4% in interest payments and of 1.2% in compensation of employees, while social benefits, other than social transfers in kind, increased by 1.7%.

Table 4 shows General Government balances, final values for 2014 and provisional values for 2015:

TABLE 4 - GENERAL GOVERNMENT BALANCES

Unit: Millions of euros

Transaction code	Transaction label	2014	2015
B9	Net lending (+) / Net borrowing (-) (National accounts balance)	-12 402	-7 821
	Current Balance	-3 429	-1 617
B9-D41	Primary Balance	-3 919	370

The net borrowing of the General Government sector decreased 4 591 million euros from 2014 to 2015, attaining 7 821 million euros in 2015 (4.4% of GDP), given the combined effect of a decrease in total expenditure (by 3.1%) and an increase in total revenue (by 2.3%).

The primary balance, *i.e.* the global balance net of interest payments, increased by 4 290 million euros, shifting from a 3.9 billion euros deficit, in 2014, to a 370 million euros surplus in 2015.

Revisions

This press release presents data amendments in both years. The data from 2014 is now final and includes revisions that result from the incorporation of final and exhaustive information, now available for all units classified in the General Government sector. The figures for 2015 include 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. The data for 2015 is, at this point, provisional.

The net borrowing of the General Government was revised downwards in 2014 and 2015 by 44 and 72 million euros, respectively.