

March 24<sup>th</sup> 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 in accordance with the ESA 2010 data transmission programme<sup>1</sup>.

The provisional results indicate that the GG sector presented a net borrowing balance of 3 807 million euro in 2016, corresponding to 2.1% of GDP.

The GG sector accounts are compiled in accordance 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<sup>2</sup> are applied.

The results presented in this press release are fully consistent with the first notification of 2017 for the Excessive Deficit Procedure (EDP).

Table 1 presents the half-finalized data for the main aggregates of GG, differentiated 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
<b>TE</b>	<b>Total general government expenditure</b>	83 421	62 611	10 663	23 226
<b>TR</b>	<b>Total general government revenue</b>	79 613	56 523	11 369	24 801
<b>B.9</b>	<b>Net lending (+)/Net borrowing (-) (National accounts balance)</b>	<b>-3 807</b>	<b>-6 088</b>	<b>706</b>	<b>1 575</b>

Note:

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

<sup>1</sup> 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.

<sup>2</sup> This document is available in <http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-14-010>

The net borrowing balance of the GG sector was 3 807 million euro in 2016, which corresponds to 2.1% of GDP. This negative balance was driven by the Central Government, as both the Local and Regional Government and the Social Security Funds presented positive net balances.

Table 2 presents the half-finalized main components of General Government revenue for 2015 and 2016:

**TABLE 2 - GENERAL GOVERNMENT REVENUE**

*Unit: Million euro*

Transaction code	Transaction label	2015	2016
<b>OTR</b>	<b>TOTAL REVENUE</b>	<b>78 913</b>	<b>79 613</b>
	<b>CURRENT REVENUE</b>	<b>77 607</b>	<b>78 672</b>
	of which		
D2	Taxes on production and imports	26 234	27 258
D61	Social contributions	20 775	21 595
D5	Current taxes on income, wealth, etc...	19 438	19 073
<b>D9</b>	<b>CAPITAL REVENUE</b>	<b>1 306</b>	<b>942</b>

Compared to 2015, GG revenue increased 0.9% in 2016. This evolution was largely due to improvements in current revenue, since capital revenue, which represents only 1.2% of total revenue, decreased by 27.9% in the same period.

Current revenue increased by 1.4% in 2016, with a relevant contribution of both taxes on production and imports and of social contributions, which showed a 3.9% increase in both cases, whereas current taxes on income and wealth decreased 1.9%. The behavior of current revenue reflects the growth of economic activity and employment and also the implementation of PERES – *Programa Especial de Redução do Endividamento ao Estado* – a regime published in the Portuguese Official Journal (D-L no. 67/2016) that specified special conditions of payment of outstanding debts to the State and Social Security (in the amount of € 588 million)<sup>3</sup>.

The sharp reduction in capital revenue is a result of a significant decrease of the amounts received via European Union funds, partly compensated by the prepaid margins paid back to the GG by the European Financial Stability Facility, as the maturity of the loans granted under the Economic and Financial Assistance Programme was reached.

Table 3 presents the half-finalized main components of GG expenditure for 2015 and 2016:

<sup>3</sup> PERES, which roughly translates to "Reduction of Indebtedness to the State Special Programme", 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.

**TABLE 3 - GENERAL GOVERNMENT EXPENDITURE**

Unit: Million euro

Transaction code	Transaction label	2015	2016
<b>OTE</b>	<b>TOTAL EXPENDITURE</b>	<b>86 739</b>	<b>83 421</b>
	<b>CURRENT EXPENDITURE</b>	<b>79 038</b>	<b>79 695</b>
	of which		
D1	Compensation of employees	20 273	20 847
D62	Social benefits other than social transfers in kind	31 321	31 715
D41	Interest	8 191	7 836
<b>D9+P5+NP</b>	<b>CAPITAL EXPENDITURE</b>	<b>7 701</b>	<b>3 726</b>

GG total expenditure decreased by 3.8% from 2015 to 2016, mainly due to the 51.6% reduction in capital expenditure, as current expenditure exhibited an increase of 0.8%.

Capital expenditure was influenced by a one-off operation in 2015, the resolution process of *Banif – Banco Internacional do Funchal, S.A.*, which implied an extraordinary recording in the amount of 2.5 billion euros. Discounting this extraordinary entry, capital expenditure decreased by 28.4%, from 2015 to 2016, which is mainly determined by a 28.9% reduction in gross fixed capital formation, partly related to the decrease in revenues from European Union funds.

The increase in current expenditure is due to the growth in both compensation of employees (in 2.8%) and the social benefits other than social benefits in kind, which rose by 1.3%, rises that reflect the wage restitution process for public employees which started in 2016. The expenditure with interest decreased 4.3%.

Table 4 shows GG balances for 2015 and 2016:

**TABLE 4 - GENERAL GOVERNMENT BALANCES**

Unit: Million euro

Transaction code	Transaction label	2015	2016
<b>B9</b>	<b>Net lending (+)/Net borrowing (-) (National accounts balance)</b>	-7 826	-3 807
	<b>Current Balance</b>	-1 431	-1 023
<b>B9-D41</b>	<b>Primary Balance</b>	365	4 029

The net borrowing of GG sector decreased 4 019 million euro from 2015 to 2016, attaining 3 807 million euro in 2016 (2.1% of GDP that compares with 4.4% in 2015), as a result of the combined effect of a decrease in total expenditure and an increase in total revenue.

The primary balance, *i.e.* the global balance net of interest payments, increased by 3 663 million euro in 2016, moving from a 365 million euro surplus, in 2015, to a 4 029 million euro surplus.

## Revisions

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The figures for 2015 include revisions vis-à-vis the data presented in September 2016. These revisions are a result of the availability of new information that implied a downward revision of both total revenue and total expenditure. Nevertheless, the net borrowing balance was maintained at 4.4% of GDP, as the total revision was residual (revised downwards by 5 million euro).