

25 March 2020

Main aggregates of General Government 2019

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Statistics Portugal publishes the results on the main aggregates of General Government (GG) for the 2019 provisional data, with 2016 as the Portuguese National Accounts benchmark year.

According to the provisional estimate for 2019, the GG sector presented a surplus (net lending) of 404 million euro, corresponding to 0.2% of GDP.

The GG sector accounts presented in this press release are compiled in accordance with the concepts and definitions of the European System of National and Regional Accounts 2010 (ESA 2010) and with the specific guidelines of the Manual on Government Deficit and Debt¹. The results presented in this press release are sent to Eurostat in accordance with the ESA 2010 data transmission programme² and are fully consistent with the first 2020 notification for the Excessive Deficit Procedure (EDP), also published today.

Table 1 presents the half-finalized data for the main aggregates of GG, arranged by sub-sector, for 2019.

TABLE 1 – MAIN AGGREGATES OF GENERAL GOVERNMENT – HALF-FINALIZED DATA
TIME: 2019

Unit: Million euro

Transaction code	Transaction label	General Government S13	Central Government S1311	Local and Regional Government S1313	Social security funds S1314
OTE	Total general government expenditure	90 604	66 436	12 013	25 836
OTR	Total general government revenue	91 008	63 157	12 740	28 792
B.9	Net lending (+)/Net borrowing (-) (National Accounts balance)	404	-3 279	727	2 955

Note: For total expenditure (OTE) and total revenue (OTR), the sum of sub-sectors is not equal to the sector value, due to consolidation effects in some transactions.

¹ This document is available at <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-19-007>.

² 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.

According to 2019 provisional data, the GG sector revealed a net lending of 404 million euro, which corresponds to 0.2% of GDP. This positive balance was driven by both the Local and Regional Government and the Social Security Funds, as the Central Government subsector presented a negative balance.

In particular, the Social Security Funds balance increased by more than 900 million euro when compared to 2018, mainly as the result of the increase of almost 1.5 thousand million euro in social contributions revenue which compares to the rise in social benefits (other than social transfers in kind) expenditure of 1.1 thousand million euro.

Table 2 presents the main components of GG revenue based on provisional data both for 2018 and 2019.

TABLE 2 – GENERAL GOVERNMENT REVENUE *Unit: Million euro*

Transaction code	Transaction label	2018	2019
OTR	Total revenue	87 695	91 008
	Current revenue	86 867	90 259
	of which		
D.2	Taxes on production and imports	30 956	32 148
D.61	Social contributions	23 835	25 342
D.5	Current taxes on income, wealth, etc...	20 681	20 865
D.9	Capital revenue	829	749

Compared to 2018, GG total revenue increased by 3.8% in 2019 (3.3 thousand million euro). Given the decrease in capital revenue (-9.6%), that positive change in total revenue is due to the current revenue increase of 3.9%, driven by the growth of its main components: social contributions (+6.3%), taxes on production and imports (+3.9%) and, to a lesser extent, current taxes on income and wealth (+0.9%).

The relative importance of social contributions in total revenue increased by 0.7 p.p., whereas the weight of current taxes on income and wealth decreased (-0.7 p.p.).

Table 3 presents the main components of GG expenditure for 2018 and 2019 provisional data.

TABLE 3 – GENERAL GOVERNMENT EXPENDITURE *Unit: Million euro*

Transaction code	Transaction label	2018	2019
OTE	Total expenditure	88 599	90 604
	Current expenditure	82 297	84 491
	of which		
D.1	Compensation of employees	21 835	22 799
D.62	Social benefits other than social transfers in kind	33 472	34 731
D.41	Interest	6 898	6 379
D.9+P.5+NP	Capital expenditure	6 302	6 113

Total expenditure increased by 2.3% between 2018 and 2019 determined by the behaviour of current expenditure (rate of change of +2.7%) while capital expenditure decreased by 3.0%.

The increase in current expenditure was mainly due to the 3.8% growth in social benefits, other than social transfers in kind, in an amount close to 1.3 thousand million euro, but also to the 4.4% growth in the compensation of employees (+964 million euro). In the opposite direction, there was a reduction of 7.5% in interest payments (519 million euro), in line with the decreasing trend which started in 2015.

As for the capital expenditure, the 2019 decrease (-3.0%) was due to the drop in the acquisitions less disposals of non-financial non-produced assets, mainly due to land sales by the municipality of Lisbon. In the opposite direction, the other capital expenditure components, capital transfers and gross capital formation, grew 0.6% and 4.7%, respectively.

As a result of the above mentioned changes, the current expenditure share in total expenditure increased from 92.9% in 2018, to 93.3% in 2019, given the larger weight of social benefits (+0.6 p.p.) and of the compensation of employees (+0.5 p.p.) which, together, represented 63.5% of total expenditure in 2019. In the opposite direction, interest payments accounted for 7.8% of public expenditure in 2018 and 7.0% in 2019.

While the relative share of the current expenditure increased, the relative importance of capital expenditure in total expenditure decreased by 0.4 p.p. when compared to the previous year.

Table 4 shows GG balances for 2018 and 2019 provisional data.

QUADRO 4 – SALDOS DAS ADMINISTRAÇÕES PÚBLICAS *Unidade: Milhões de euro*

Código da operação	Designação da operação	2018	2019
B.9	Capacidade (+) / Necessidade (-) líquida de financiamento (Saldo em Contas Nacionais)	-904	404
	Saldo corrente	4 569	5 768
B.9 - D.41	Saldo primário	5 994	6 783

The 2019 provisional estimate reveals that the GG sector balance increased by 1.3 thousand million euro when compared to the 2018 results, creating a net lending of 404 million euro in 2019 (0.2% of GDP). This improvement was the result of a revenue increase (+3.8%) higher than the one observed for the expenditure (+2.3%).

The primary balance (the global balance net of interest payments) increased by 789 million euro comparing with 2018, moving to a surplus of nearly 6.8 thousand million euro.