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Main aggregates of General Government 2019 – Half-finalized data

Main aggregates of General Government

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 177 million euro, corresponding to 0.1% of GDP. It is worth highlighting, on the expenditure side, the social benefits growth, and on the revenue side, the increase in social contributions and taxes on production and imports.

Despite the circumstances determined by the COVID-19 pandemic, Statistics Portugal calls for the best collaboration by companies, families and public entities in responding to Statistics Portugal's data requests. The quality of official statistics, particularly its ability to identify the impacts of the COVID-19 pandemic, crucially depends on this collaboration, which Statistics Portugal thanks in advance.

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 second notification of 2020 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 513	Central Government 51311	Local and Regional Government 51313	Social security funds 51314
OTE	Total general government expenditure	90 984	66 590	12 253	25 836
OTR	Total general government revenue	91 161	63 207	12 842	28 808
B.9	Net lending (+)/Net borrowing (-) (National Accounts balance)	177	-3 383	589	2 972

Note: For total expenditure (OTE) and total revenue (OTR), the sum of subsectors 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.

The GG sector revealed a net lending of 177 million euro, which corresponds to 0.1% 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 1.2 thousand million euro.

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

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

Transaction code	Transaction label	2018	2019
OTR	Total revenue	88 006	91 161
	Current revenue	87 028	90 486
	of which		
D.2	Taxes on production and imports	30 942	32 066
D.61	Social contributions	23 860	25 274
D.5	Current taxes on income, wealth, etc...	20 679	20 849
D.9	Capital revenue	978	676

Compared to 2018, GG total revenue increased by 3.6% in 2019 (3.2 thousand million euro). Given the decrease in capital revenue (-30.9%), that positive change in total revenue was due to the current revenue increase of 4.0%, driven by the growth of its main components: social contributions (+5.9%), taxes on production and imports (+3.6%) and, to a lesser extent, current taxes on income and wealth (+0.8%).

The relative importance of social contributions in total revenue increased by 0.6 p.p., whereas the weight of current taxes on income and wealth decreased (-0.6 p.p.). The share of the taxes on production and imports did not change (35.2%).

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

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

Transaction code	Transaction label	2018	2019
OTE	Total expenditure	88 722	90 984
	Current expenditure	82 479	84 732
	of which		
D.1	Compensation of employees	22 030	22 905
D.62	Social benefits other than social transfers in kind	33 453	34 760
D.41	Interest	6 903	6 331
D.9+P.5+NP	Capital expenditure	6 243	6 252

Total expenditure increased by 2.5% between 2018 and 2019. This behaviour resulted from a 2.7% increase in current expenditure and a minor increase in capital expenditure.

The increase in current expenditure was mainly due to the 3.9% growth in social benefits (other than social transfers in kind), in an amount of 1.3 thousand million euro, and to the 4.0% growth in the compensation of employees (+876 million euro). In the opposite direction, there was a reduction of 8.3% in interest payments (572 million euro), in line with the decreasing trend which started in 2015.

As a result of the above mentioned changes, the current expenditure share in total expenditure remained at 93%, given the larger weight of social benefits (+0.5 p.p.) and of the compensation of employees (+0.3 p.p.), which compensated for the decrease in the share of interest payments: 7.8% of public expenditure in 2018 and 7.0% in 2019.

The almost unchanged value in 2019 for capital expenditure 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, and to the capital transfers reduction (-1.1%). In the opposite direction, gross capital formation grew by 5.6%.

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

TABLE 4 – GENERAL GOVERNMENT BALANCES *Unit: Million euro*

Transaction code	Transaction label	2018	2019
B.9	Net lending (+) / Net borrowing (-) (National Accounts Balance)	-716	177
	Current balance	4 549	5 753
B.9 - D.41	Primary balance	6 186	6 508

The 2019 provisional estimate reveals that the GG sector balance increased by 893 million euro when compared to the 2018 results, attaining a net lending of 177 million euro in 2019 (0.1% of GDP). This improvement was the result of a revenue increase (+3.6%) higher than the one observed for the expenditure (+2.5%).

The primary balance (the global balance net of interest payments) increased by 321 million euro comparing with 2018, reaching a surplus of approximately 6.5 thousand million euro.

Revisions

This press release presents data revisions in both years, comparing with the information presented last March. The data from 2018 is now final and includes revisions due to the incorporation of final and exhaustive information, now available for all units classified in the GG sector. Revisions mainly reflect the incorporation of revised data from Local Government and National Health Service (SNS), and of data collected from Simplified Corporate Information (IES).

The figures for 2019 are still provisional. The information includes revisions that reflect the use of data on an accrual basis, rather than on a cash basis, for a vast group of entities, namely for Local Government.

As a result of these revisions, the 2018 net borrowing of the GG declined by 188 million euro, and the 2019 net lending of the GG decreased by 277 million euro.