

Presentation of Tables

ELEMENTS OF METHODOLOGY

General framework

A development of SNA 1993

The System of National Accounts 1993 (1993 SNA) – an integrated system of economic and financial accounts – not only allows users to assess the major macro-economic aggregates of countries, but also the economic performance of a particular institutional sector: this is the subject of the general government accounts.

A lot of work has been undertaken in order to guarantee a harmonised implementation of the conceptual framework and to obtain comparable statistical data. This was the case in Europe, in particular for the creation of the Monetary Union in 1999 (the convergence criteria in the Maastricht Treaty). In effect, the European System of Accounts ESA 1995, directly inspired from SNA 1993, is legally compulsory within the European Union.¹ Such work has also been done at a worldwide level at the initiative of OECD, IMF and other international organisations.

It is worth emphasising the increasing convergence between the SNA 1993 methodology used for the compilation of government sector statistics published by the OECD and those of the Government Finance Statistics of the IMF (GFS Manual 2001), notwithstanding the differences in presentation.

Coverage

The data cover, according to the definitions of SNA 1993, the general government sector (S.13) – and not the public sector, which includes public enterprises – as well as the sub-sectors: central government (S.1311), state government (S.1312),² local government (S.1313) and social security funds (S.1314).

Mode of recording transactions

The SNA 1993, in the same spirit as company accounting, recommends that transactions be recorded on an accruals basis. In principle, claims and liabilities, revenue and expenditure must be recorded for their due amounts at the time when they are due.

Thus, interest on debt is not recorded as interest paid, nor as interest to be paid, but as accrued interest, spread over the reference period. On the government revenue side (taxes and social contributions) the implementation of the accrual principle is more complex, due to the significant gap that may exist between amounts due and amounts actually paid. Conventions are defined at the international level, so that amounts due (or due to be paid) do not include amounts unlikely to be collected that would distort the assessment of the net borrowing/net lending of the government and the comparability of figures.

Source of data: three main tables

In addition to the national accounts statistics for all sectors (economic and financial accounts) that are transmitted by member countries on a regular basis, the OECD and Eurostat have agreed on the transmission of three harmonised tables for statistics dedicated to the government sector:

- Table 0200: Main aggregates of general government.

This table provides the essential data for Table II, see below. Two accounts have been added to it: the financial account and the financial balance sheet (end of period) of the government. These are extracted from other harmonised tables dedicated to financial accounts of all sectors (Tables 0600 and 0700).³

- Table 0900: Detailed tax and social contribution receipts by receiving sub-sector.
- Table 1100: Expenditure of general government by function.

Statistical tables by countries

Table I: Summary of general government aggregates and balances

This table is a summary of the most commonly used aggregates and balances of Table II. For European countries (the “excessive deficit procedure”), the deficit/surplus of general government and the government debt as defined in the Maastricht Treaty (source: Eurostat) have been added. The former differs from net borrowing/net lending by only the amount of interest on swaps. The last line, which shows the GDP of the country (gross domestic product, at market prices), is a memorandum item.

In the Protocol on the excessive deficit procedure annexed to the Maastricht Treaty, government debt is defined as the debt of the whole general government sector: gross, consolidated and in nominal value (face value). It excludes the other accounts payable (AF.7), as well as, if they exist, insurance technical reserves (AF.6). Therefore, it is different from the total sum of liabilities, in market value, in the balance sheet of the general government sector according to SNA 1993.

It has to be noted that, as in Table II, the net borrowing/net lending, which is the balancing item of the capital account in the SNA 1993 sequence of accounts, is also equal to the difference between Total revenue and Total expenditure.

Finally, it may result from the transmission timetable specific to European countries that the data for Table I (taken from Table III) are not as updated as in Table II. (Example: Table I item 6 and Table III item 61 (total tax receipts and actual social contributions) may be different from Table II item 24).

Table II: General government account (SNA 1993, simplified presentation)

Objective: This table aims to provide a faithful image, to the greatest extent possible, of the aggregates and balances of the general government sector in the SNA 1993 conceptual framework. In addition, it brings to light two relevant aggregates that do not belong to this conceptual framework: the Total revenue and the Total expenditure of the general government sector. Data are also presented, in a simplified way, for the sub-sectors of general government.

As a result, certain imputed flows and some accounts, less relevant for the government sector, are not included (see further, Content).

Source: Tables 0200, 0600 and 0700 sent by the member countries to the OECD and Eurostat. In the OECD database, they correspond to subjects 12A, 21 and 23, respectively. The last are consolidated financial accounts.⁴

Content:

1. The accounts:

The main SNA 1993 accounts are retained in Table II. However, of the full sequence of accounts in SNA, four flow accounts do not appear here as such: two current accounts (Redistribution of income in kind and Use of adjusted disposable income) and two accumulation accounts (Other changes in volume of assets and Revaluation):

- Redistribution of income in kind account: from this account, only the main flow is retained, *Social transfers in kind related to expenditure on products supplied to households via market producers* (D.6311 + D.63121 + D.63131). In Table II, for simplicity, it is integrated in the Secondary distribution of income account, mentioned as Social transfers in kind (via market producers). However, this flow should not be taken into account for calculating the balancing item of this account, the Net disposable income.
- Use of adjusted disposable income account: as the aggregate *Actual final consumption* (P.4) is considered to be of little relevance for the government sector, this account is of little relevance as well.
- Other changes in assets (Other changes in volume and Revaluation): these accounts are dedicated to “other flows” which, in addition to capital and financial accounts transactions, are necessary to reconcile the opening and closing balance sheets. Their absence is temporary and is the result of insufficient compilation by some member countries.

Finally, the balance sheet at the end of the sequence is for the time being a financial balance sheet, because non financial assets are not yet adequately valued in some countries. It is a closing balance sheet, valuing stocks of assets and liabilities at the end of the year.

2. The transactions and aggregates:

A few important aggregates are worth some explanation, including the main balancing item of the account:

a) Output:

The main service output of the government sector is the transaction “Other non-market output” (P.13), named here for simplicity as “Non-market output”. This represents services provided on a free basis (Non-market output, P.132) or at prices economically not significant (Payments for non-market output, P.131). The usual examples of these economically non-significant payments are tickets for museums, fees paid by students for public universities and colleges, etc. It should be recalled that non-market output is measured by convention as the sum of production costs, minus the incidental sales of the non-market branches.

Market output (P.11) is composed of sales of goods and services produced by the market branches of government (in principle they are of very low importance), and of the incidental sales of the non-market branches. By hypothesis, these goods and services are sold on the market at economically significant prices.

The output for own final use (P.12) consists of goods and services produced and retained either for final consumption, or for gross fixed capital formation by the same institutional unit. The most common case for the government sector is gross fixed capital formation: development of software and computer services, construction of dwellings for the military, etc. The output for own final use is often estimated by reference to a market price, and moreover, it is usually of low size: this is why it has been put here together with market output.

b) Final consumption expenditure

This consists of expenditure earmarked for the non-market production of goods and services for collective consumption (security, justice, etc.) and for individual consumption (health care, housing, education, etc.), to which must be added the government expenditure financing goods and services provided to households by market producers. As a result, these expenditures are equal to the non-market output (excluding possible payments for non-market output from households) plus social transfers in kind supplied to households (via market producers).

One can check the equation:

$$P.3 = P.132 + (D.6311 + D.63121 + D.63131)$$

NB: Final consumption expenditure should not be confused with the actual final consumption (P.4) of government, which is equal to the final collective consumption expenditure.

c) Total revenue

This aggregate in Table II (by definition “receivable”) accounts for monetary flows, and excludes non-market output (except for the part corresponding to own account GFCF). One has thus the following equation (see p. 17):

Total revenue = total sales (market output and output for own final use) and payments for non-market output + subsidies + property income + total taxes + total social contributions + other current transfers and capital transfers (receivable)

d) Total expenditure

For these transactions in Table II (by definition “payable”), which are monetary flows (except imputed social contributions in the compensation of employees), one can check the following equation (see p. 17):

Total expenditure = intermediate consumption + compensation of employees + subsidies + interest + taxes + social benefits and social transfers in kind (via market producers) + current transfers and capital transfers (payable) + adjustment for the net equity of households in pension funds reserves + gross capital formation and net acquisition of non-financial non-produced assets

Another presentation is possible, starting from final consumption expenditure:

Total expenditure = [final consumption expenditure + total sales and payments for non-market output + subsidies on production (receivable) – consumption of fixed capital] + subsidies (payable) + interest (payable) + taxes (payable) + social benefits other than social transfers in kind + current transfers and capital transfers (payable) + adjustment for the net equity of households in pension funds reserves + gross capital formation and net acquisition of non-financial non-produced assets

NB: in this table, total revenue and total expenditure include, in addition to current transactions, capital transactions: acquisitions and disposals of non-financial assets, capital transfers. This is why the difference between these two aggregates is equal to the net borrowing/net lending (see below).

e) Net borrowing/net lending (B.9)

This is the final balancing item of the sequence of economic, “non-financial” accounts, resulting basically from current transactions and investment (gross capital formation). This is the most commonly referred to aggregate.

Two remarks:

- In principle, it should be identical to the balancing item of the financial account (having in the SNA the same name and code). In practice, being calculated from different accounting sources, there is always a discrepancy. The balancing item of the financial account appears here as “Net financial transactions” (B.9F).
- For the last few years, a discrepancy has been existing between the SNA 1993 B.9 and the “excessive deficit procedure” deficit/surplus in the European Union. In the latter, settlements on swap transactions are recorded as property income (interest), whereas they are recorded as financial transactions in the SNA (as revised in 1999).

Table III: Detailed taxes and social contributions receipts

Objective: To provide, through the SNA 1993 nomenclature, a detailed presentation of “fiscal” type receipts, as well as a few aggregates relevant for the purpose of government finance analysis. These data are in principle recorded according to the accounting norms of the SNA (and of other systems agreed on at the international level), that is to say on an accruals basis. Data are also presented, in a simplified way, for the sub-sectors of general government.

Source: Table 0900 sent once a year by member countries to the OECD and Eurostat. In principle, the data are made before September of year N + 1.

Content: Presented here as a single account of “fiscal” receipts of the government, this is the list of taxes and social contributions extracted, in principle, from three accounts of the SNA 1993 (see also Table II), namely: the allocation of primary income account (for the taxes on the production and imports, D.2), the secondary distribution of income account (for the current taxes on income and wealth, D.5, and the social contributions, D.61) and the capital account (for the capital taxes, D.91).

Four important remarks for interpreting the data:

1. The *Total receipts* (line 1 in the Table) is somewhat inferior to the Table II aggregate “Total revenue” of the government, to the extent that the latter includes non-fiscal receipts (dividends, interest, subsidies, transfers, etc.).
2. The aggregate closest to the notion of compulsory levies is the *Total actual receipts* (line 2 in the Table): it covers all actual taxes and social contributions, excluding imputed social contributions recorded in the national accounts for direct employers’ schemes. It has to be noted that, in the few countries that use it (Denmark, France, Poland...), it takes into account the capital transfer recorded in favour of debtor sectors for the taxes and social contributions due but unlikely to be collected (D.995).⁵

NB: There might be a discrepancy with other assessments of compulsory levies, including from OECD sources (“Revenue statistics”), to the extent that in these other sources the methods used for valuing these receipts and eliminating the effect of amounts unlikely to be collected may not be strictly those recommended in the national accounts (SNA 1993/ESA 1995). In addition, Table III does not include levies in favour of supra-national authorities (in the European Union for instance).

3. One cause of discrepancy with the Ministry of Finance’s public accounts may result from SNA 1993 methodology: taxes and social contributions are not recorded on a cash basis (like in most countries’ public accounts) but on an *accruals* basis.

In principle, the amounts recorded here are at the time they are due to be paid (“when those are evidenced by tax assessments”). In practice, recording methods may vary due to the complexity of fiscal systems, and to the statistical method used to eliminate the effect of amounts unlikely to be collected.⁶ Discussions are underway at the international level aimed at harmonising these statistical methods and guaranteeing that they have a comparable effect on the net borrowing/net lending of general government.⁷

4. Finally, in some limited cases, another source of discrepancy with the public accounts may be *the notion of tax* itself. In national accounts, this notion may not strictly coincide with the one in public accounts, for two reasons:
 - Some taxes in the public accounts may be interpreted in the national accounts as the purchase of a service (under the condition that the price is not out of proportion with the cost of providing the service): they will then be accounted for as market output.
 - In the context of a sale of assets (an indirect privatisation for instance), it may happen, in this particular instance, that a “tax” in the public accounts be reclassified as a financial transaction in the national accounts.

Table IV: Expenditure of general government by function

Objective: This Table aims to provide a breakdown of government expenditure according to their function. To meet this end, economic flows of expenditure must be aggregated according to the Classification of the Functions of Government (COFOG). COFOG is defined in Chapter XIII of the SNA 1993. In this Table, data are also presented for the sub-sectors of the general government sector.

Source: Table 1100 sent by member countries to the OECD and Eurostat. In principle, figures should be made available before December of year N + 1.

Content: The COFOG having been reformed in 1999, the new nomenclature in 10 functions⁸ – or divisions – (instead of 14 in the SNA 1993) is implemented here. The COFOG is designed in such a way that every function may be sub-divided into several sub-functions (or groups): only the first level of the classification is implemented here.

The 10 functions of government are the following:

1. General public services.
2. Defence.
3. Public order and safety.
4. Economic affairs.
5. Environmental protection.
6. Housing and community amenities.

7. Health.
8. Recreation, culture and religion.
9. Education.
10. Social protection.

For the general government sector and for the sub-sectors, Total expenditure is broken down in ten functions. In addition, Table IV comprises the functional breakdown – but only at the level of the general government – of two important elements of government expenditure: the Gross Formation of Capital (P.5) and the Compensation of Employees (D.1).

Three remarks may shed some light on this functional breakdown:

1. The government debt service (interest) is by convention included in the first function (general public services)
2. Expenditure related to research and development (R&D) must be allocated according to the appropriated domain: to function 2 if R&D concerns defence, to function 4 if it applies to economic affairs, etc.
3. Social benefits and transfers dealing with health and housing are a matter of social protection, according to the SNA and to other systems like the European System of Social Protection Statistics (ESSPROS). Allocating these expenses according to the three COFOG functions (6, 7 and 10) may be delicate.

The COFOG Manual recommends to record:

- To the function Health, expenses and transfers related to health care (consultation of practitioners, acquisition of medical and pharmaceutical products, etc.).
- To the function Social protection (subdivision Sickness and disability), transfers in cash or in kind earmarked to replace in whole or part loss of earnings due to sickness or injury.
- To the function Social protection (subdivision Housing), social transfers in kind related to help means-tested households meet the cost of housing (either renting or owning).

Notes

1. The European System of Accounts ESA 1995 is the European adaptation of the System of National Accounts SNA 1993, produced by Eurostat (European Commission). ESA 1995 is a Council Regulation of 25 June 1996.
2. This sub-sector is relevant only for countries having a federal system of government (Australia, Austria, Belgium, Canada, Germany, Mexico, Spain, Switzerland, United States). It will be shown in the statistical tables only for these countries.
3. They are now the subject of a new specific publication, covering all sectors: “Financial Accounts of OECD Countries” (Volume III).
4. Except for Canada, Czech Republic, Japan, Korea, Switzerland and the United Kingdom which transmit only non-consolidated financial accounts.
5. In these tables, this flow (D.995) is recorded as an expenditure and is not deducted from the corresponding receipt.
6. The SNA states that in some cases it is preferable to record cash *amounts* of taxes. But the *time* of recording must be the same as that of the economic event which gave rise to the liability (§7.60 and 8.50).
7. See also the methods recommended in Europe in the ESA 95 Manual on government deficit and debt (2nd edition, III.1, Eurostat, 2002).
8. See the publication “Classifications of expenditure according to purpose” (United Nations, *Statistical papers*, M84, 2000).

General government accounts
(non-financial)

Comptes des administrations publiques
(non financiers)

Production account		Compte de production	
1. Output	1 = 2 + 3	Production	P1
2. Market output and output for own final use	2	Production marchande et production pour usage final propre	P11 + P12
3. Non-market output	3 = 4 + 5	Production non marchande	P13
4. Payments for non-market output	4	Paiements au titre de la production non marchande	P131
5. Non-market output, other	5	Production non marchande, autre	P132
6. Market output, output for own final use and payments for non-market output	6 = 2 + 4	Production marchande, prod. pour usage final propre et paiements au titre de la prod. non marchande	
7. Intermediate consumption	7	Consommation intermédiaire	P2
8. Value added, gross	8 = 1 – 7	Valeur ajoutée, brute	B1G
9. Consumption of fixed capital	9	Consommation de capital fixe	K1
10. Value added, net	10 = 8 – 9	Valeur ajoutée, nette	B1N
Generation of income account		Compte d'exploitation	
11. Compensation of employees, payable	11	Rémunération des salariés, à payer	D1
12. Other taxes on production, payable	12	Autres impôts sur la production, à payer	D29
13. Other subsidies on production, receivable	13	Autres subventions sur la production, à recevoir	D39
14. Operating surplus, net	14 = 10 – 11 – 12 + 13	Excédent d'exploitation, net	B2N
Allocation of primary income account		Compte d'affectation des revenus primaires	
15. Taxes on production and imports, receivable	15	Impôts sur la production et les importations, à recevoir	D2
16. Subsidies, payable	16	Subventions, à payer	D3
17. Property income, receivable	17	Revenus de la propriété, à recevoir	D4
18. Property income, payable	18 = 19 + 20	Revenus de la propriété, à payer	D4
19. Interest, payable	19	Intérêts, à payer	D41
20. Other property income, payable	20	Autres revenus de la propriété, à payer	D42
21. Balance of primary incomes, net	21 = 14 + 15 – 16 + 17 – 18	Solde des revenus primaires, net	B5N
Secondary distribution of income account		Compte de distribution secondaire du revenu	
22. Current taxes on income, wealth etc., receivable	22	Impôts courants sur le revenu, le patrimoine, etc., à recevoir	D5
23. Social contributions, receivable	23 = 24 + 25	Cotisations sociales, à recevoir	D61
24. Actual social contributions	24	Cotisations sociales effectives	D611
25. Imputed social contributions	25	Cotisations sociales imputées	D612
26. Other current transfers, receivable	26	Autres transferts courants, à recevoir	D7
27. Current taxes on income, wealth, etc., payable	27	Impôts courants sur le revenu, le patrimoine, etc., à payer	D5
28. Social benefits other than social transfers in kind, payable	28	Prestations sociales autres que transferts sociaux en nature	D62
29. Social transfers in kind (via market producers) payable	29	Transferts sociaux en nature (via les producteurs marchands)	(D6311 + D63121 + D63131)
30. Social benefits and Social transfers in kind (via market producers), payable	30 = 28 + 29	Prestations sociales et transferts sociaux en nature (via les producteurs marchands), à payer	(D62 + D6311 + D63121 + D63131)
31. Other current transfers, payable	31	Autres transferts courants, à payer	D7
32. Disposable income, net	32 = 21 + 22 + 23 + 26 – 27 – 28 – 31	Revenu disponible, net	B6N
Use of disposable income account		Compte d'utilisation du revenu disponible	
33. Final consumption expenditure	33 = 34 + 35	Dépense de consommation finale	P3
34. Individual consumption expenditure	34	Dépense de consommation individuelle	P31
35. Collective consumption expenditure	35	Dépense de consommation collective	P32
36. Adjustment for the net equity of households in pension funds	36	Ajustement pour droits des ménages sur les fonds de pension	D8
37. Saving, gross	37 = 38 + 39	Épargne, brute	B8G
38. Saving, net	38 = 32 – 33 + 36	Épargne, nette	B8N

General government accounts

(non-financial)

Comptes des administrations publiques

(non financiers)

Capital account		Compte de capital	
39. Consumption of fixed capital	39 = 9	Consommation de capital fixe	K1
40. Capital transfers, receivable	40 = 41 + 42	Transferts en capital, à recevoir	D9
41. Capital taxes	41	Impôts en capital	D91
42. Other capital transfers and investment grants, receivable	42	Autres transferts en capital et aides à l'investissement, à recevoir	D92 + D99
43. Capital transfers, payable	43	Transferts en capital, à payer	D9
44. Gross capital formation and acquisitions of non-produced assets	44 = 45 + 48	Formation brute de capital et acquisitions d'actifs non produits	P5 + K2
45. Gross capital formation	45 = 46 + 47	Formation brute de capital	P5
46. Gross fixed capital formation	46	Formation brute de capital fixe	P51
47. Changes in inventories and acquisitions of valuables	47	Variation des stocks et acquisitions d'objets de valeur	P52 + P53
48. Acquisitions <i>less</i> disposals of non-produced assets	48	Acquisitions <i>moins</i> cessions d'actifs non produits	K2
49. Net lending (+)/Net borrowing (-)	49 = 37 + 40 - 43 - 44	Capacité (+)/ besoin (-) de financement	B9
50. Total expenditure*	50 = 7 + 11 + 12 + 16 + 18 + 27 + 30 + 31 + 36 + 43 + 44	Total des dépenses*	
51. Total revenue	51 = 6 + 13 + 15 + 17 + 22 + 23 + 26 + 40	Total des recettes	
*50 Total expenditure can also be calculated starting from final consumption expenditure	50 = 33 + 6 + 13 + 17 + 18 + 27 + 28 + 31 + 36 + 42 + 47 - 9	Le total des dépenses peut aussi être calculé en partant de la dépense de consommation finale	