

Government finance statistics — Summary tables

DATA 1995-2017

2018



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Introduction

Introduction

Government finance statistics (GFS) summary tables show the economic activities of government in a harmonised and comparable way. They differ noticeably from the budget presentations or public accounting presentations that are nationally specific and not harmonised between countries. GFS data include both the financial (e.g. borrowing and lending) and non-financial (income and expenditure) activities of government. The summary tables groups together all government finance statistics collected by Eurostat specifically for the general government sector (i.e. excluding public corporations) in the framework of national accounts, completed by statistical information gathered for administrative purposes.

European GFS are defined by reference to the 2010 European system of national and regional accounts (ESA 2010) basis, the European manual for national accounts. These GFS form the basis for fiscal monitoring in Europe, notably for the statistics related to the Excessive deficit procedure (EDP). The approach for compiling and presenting European GFS is to re-arrange the transactions recorded in the various ESA annual and quarterly financial and non-financial accounts for the general government sector. Eurostat collects the data from Member States, Iceland, Norway and Switzerland through the ESA 2010 transmission programme and also in the context of the Excessive Deficit Procedure. Both sets of data are based on national accounts concepts, and therefore "general government" in this context does not include certain corporations owned by government. Eurostat publishes these data in Eurostat's public database.

This publication presents an overview of GFS data for each Member State, the EU-28, the euro area (19 countries), Iceland, Norway and Switzerland in an integrated manner. The data include: government revenue, expenditure, deficit, transactions in assets and liabilities, other economic flows, and balance sheets. The presentation is similar to that of business accounting where the profit and loss accounts and the balance sheet are presented together, in a linked manner. One of the major advantages of this presentation is that it is possible to see the links between datasets in a "complete picture". For example, if government expenditure exceeds revenue the financial accounts will show how the deficit is being financed through borrowing or running down financial assets. The integrated presentation assures a focus on economic substance over legal form, improves data harmonisation and comparability across countries, and ensures full transparency in the respect of the different statistical concepts and practices.

The summary GFS presentation also brings together an analysis of deficit and debt and their main components. More generally, linkages between stock and flow variables as well as the connection between financial and non-financial accounts are made transparent. This allows for a complete and concise overview of the governments' financial and non-financial positions.

REVENUE AND EXPENDITURE

The summary tables firstly show total revenue as the aggregate of all transactions recorded under resources in the ESA framework, including subsidies receivable in the current accounts and capital

transfers receivable recorded in the capital account. Total general government expenditure follows the presentation of revenue. Expenditure is an aggregate of all transactions recorded under positive uses, and subsidies payable, in the current accounts as well as transactions (gross capital formation, acquisition less disposals of non-financial non-produced assets plus capital transfers payable) in the capital account.

A revenue transaction is one that increases net worth. Revenue is presented in the tables as the sum of taxes, net social contributions, sales (defined as market output, output for own final use and payments for non-market production), other current revenues and capital transfer revenues. Total taxes are composed of taxes on production and imports (so-called indirect taxes), current taxes on income and wealth (direct taxes), and capital taxes (some classifications of taxes include capital taxes as a component of direct taxes). Net social contributions consist of actual social contributions by employers and households collected as well as imputed social contributions, households' social contribution supplements and social insurance scheme service charges. 'Other current revenues' consist of the categories property income earned, other subsidies on production received and other current transfers. While this latter category is often dominated by other current transfers between different levels of government, these must be consolidated when presenting data for the whole general government.

Total expenditure is calculated as the sum of transactions in the following categories: compensation of employees, intermediate consumption, interest, subsidies, social benefits, other current expenditure, capital transfers and capital investments. The categories 'compensation of employees' and 'intermediate consumption' form part of the cost of production incurred by the government as a producer. The category 'compensation of employees' includes 'wages and salaries paid' and the 'employers' social insurance contributions' (including imputed social contributions). 'Intermediate consumption' contains the goods and services consumed by the government during its production process. Social benefits consist of social benefits other than social transfers in kind (mainly cash transfers) and of social transfers in kind purchased via market producers (such as the provision, paid by government, of medical services by health care providers classified outside the general government sector). The recording of social benefits expenditure does not include social transfers in kind provided by non-market producers within general government, such as medical services provided by hospitals classified within general government or certain types of social housing. This is to avoid counting such expenditures twice (once as social transfers and once as a cost of production) in the calculation of total expenditure. The category 'interest' includes payments on government liabilities on an accrual basis. Interest expenditure does not include fees and charges made under the service component of interest payments; such expenditures are recorded as 'intermediate consumption'. The category 'other current expenditure' is composed of 'other taxes on production', 'property income other than interest', 'current taxes on income, wealth, etc.', 'other current transfers' and the 'adjustment for the change in pension entitlements'. 'Capital transfers' comprise 'investment grants' and 'other capital transfers'. Last in the sequence, the category 'capital investments' includes 'gross fixed capital formation' among other capital transactions. Disposals of non-financial assets are included as negative investments in this category and not on the revenue side.

GOVERNMENT DEFICIT

The balancing item of the general government in the non-financial accounts is net lending (positive sign) or net borrowing (negative sign), i.e. the government surplus or deficit, that is total general government revenue minus total general government expenditure. The net lending/ borrowing calculated according to the data transmitted in the context of the ESA 2010 transmission programme is conceptually identical to the so-called Maastricht deficit used for the Excessive Debt Procedure, which is subject to a thorough verification by Eurostat, as well as possible adjustments introduced by Eurostat on the reported figures. The ESA and EDP deficit may occasionally differ due to differences in vintages, though not in the summary tables' presentation as the data reported by Member States is strictly consistent during the EDP notifications periods.

GOVERNMENT FINANCING

Similar to other institutional units and private companies, the financial account of general government records the transactions in financial assets and liabilities and is included in the integrated presentation of the GFS.

The position 'net financial transactions' describes the net financing (i.e. net acquisition of financial assets minus net incurrence of liabilities) of the government and is conceptually equal to the ESA 2010 definition of the government net lending or net borrowing calculated in the non-financial accounts, since a surplus has to be invested or a deficit has to be financed.

The difference between the two balancing items in the financial and non-financial accounts is a statistical discrepancy, due to the use of different data sources for compiling the financial and the non-financial accounts. This forms one position in the integrated GFS presentation and is one way in which the consistency of the data is visible. It is also an important quality indicator. It is not however a final indication, because some countries mask this discrepancy through adjustments to some financial instruments (traditionally in the 'other accounts' categories). Although this statistical discrepancy shows a relatively high volatility over the years, it has remained below 0.1% of EU-28 GDP in all years, an indicator of the good quality of the data and consistency of the data sources. Even though this discrepancy is relatively small at EU-28 level, there are some individual Member States for which this discrepancy is fairly significant, both on an annual and quarterly basis.

Under the heading 'government financing' – the financial accounts transactions – details of the 'net acquisition of financial assets' and 'net incurrence of financial liabilities' are also shown. The category 'net acquisition of financial assets' is broken down into the subcategories currency and deposits, debt securities, loans, shares and other equity and other financial assets, while the category 'net incurrence of financial liabilities' is shown to consist of currency and deposits, debt securities, loans and other liabilities.

OTHER ECONOMIC FLOWS IN GOVERNMENT ASSETS AND LIABILITIES

Under the heading 'other economic flows in assets and liabilities' are adjustments to the value of the stock of financial assets and liabilities which are not due to transactions ('net acquisition of financial assets' and 'net incurrence of financial liabilities'). These other changes in stock are relatively important. They primarily reflect 'revaluations' (i.e. holding gains and losses on assets and liabilities, either realised or not) but also, so called 'other changes in volumes' (stemming for example from sector reclassifications).

GOVERNMENT BALANCE SHEET

The government balance sheet is the stock equivalent of the presentation of government financing described above, containing subcategories consistent with the flow analysis. For the moment, only financial assets and liabilities are available for all Member States, though efforts are now underway to collect data on non-financial assets. Assets and liabilities are valued at market value, notably for debt securities, financial derivatives and shares and other equity. Holding gains/losses on these (realised or not) do not enter government revenue (or expenditure) but are reported in the 'other economic flows'.

GOVERNMENT DEBT AND LINK WITH THE DEFICIT

Table B of the integrated presentation includes the so-called 'stock flow adjustment' (SFA) and gross government debt in nominal value (according to the Maastricht definition). The SFA is the difference between the change in the stock of government debt and the flow of annual deficit/surplus. It is widely known that deficits contribute to an increase in debt levels, while surpluses reduce them. However, the change of government debt also reflects other elements. A positive SFA means that the government debt increases more than the annual deficit (or decreases less than implied by the surplus). The importance of the SFA has been emphasised many times, as an efficient statistical monitoring of fiscal performance requires understanding the coherence between the two key fiscal indicators: government deficit and debt.

Since the 2011 editions of the GFS tables, a new element has been introduced: the 'intergovernmental lending'. From 2011 onwards, this includes loans made by the European Financial Stability Facility (EFSF) - see Eurostat decision regarding EFSF. In order to avoid a "double-counting" at the level of the EU and euro area aggregates, the total value of intergovernmental lending is consolidated. For individual countries, in contrast, intergovernmental lending is reported as a general government asset, and thus is not deducted from debt.

DATA PRESENTATION

Data are generally presented for general government, but also by subsectors for 2017: central government (S.1311), state government (S.1312), local government (S.1313) and social security funds (S.1314). A column 'consolidation' reports the transactions, other flows and balance sheet links existing in between two subsectors that are eliminated when presenting general government data. The consolidation is shown here with a negative amount when the general government is lower than the sum of the subsectors, which is necessarily the case for revenue, expenditure and balance sheets items. Consolidation can be of either sign for financial transactions and other economic flows.

The EU and EA aggregates are in principle the mere sum of countries, expressed in euro, converting flows with the average exchange rate of the period and converting balance items with the end of period exchange rate. As a result, item 62 is not the mere sum of flows observed across countries but also includes the impact of specific aggregating effects (stemming from exchange rates), shown under item 62a. Furthermore, in the case of debt (item 64 and thus 58, 59 and also 60), intergovernmental lending is eliminated.

The data are presented in million of national currency, as a % of GDP, and in growth rates. For some items, the growth rate shown is the 'contribution' to the growth rate of an underlying item: to the growth rate of underlying balance sheet items, for items 22 to 38; and to the growth rate of debt (item 64) for items 57 to 63.

The sign ':' identifies missing data ('not available'). Blank cells identify 'not applicable data'. Data are systematically 'not applicable' for some items where growth rates cannot be defined (e.g. item 20), as well as in the case where consolidation cannot exist (e.g. item 22). Data are also 'not applicable' for some subsectors, when not existing in some Member States. For Greece, all data for financial transactions and balance sheet are shown as 'not available', because data submitted by Bank of Greece do not follow ESA 2010 standards, and have thus not been validated by Eurostat.

The sources for each line of the integrated presentation are described in the metadata at the end of this publication. Users can download data from these areas with greater detail than presented in this publication and will also find comprehensive metadata on the data in Eurostat's public database.

This publication is updated twice per year, to coincide with the publication by Eurostat of data relating to the Excessive Deficit Procedure as related government finance statistics data. This publication corresponds to data transmitted by EU Member States and EFTA countries in September and October 2017. As such it is a "snapshot" of the position at that time, and data may be revised subsequently by countries and be published in Eurostat's public database.

DATA EXTRACTED: 31 OCTOBER 2018

FURTHER INFORMATION

Further information on government finance statistics is available in the dedicated section Government Finance on Eurostat's website: <http://ec.europa.eu/eurostat/web/government-finance-statistics>.

On 'Statistics Explained', more detailed Excel tables are available for download: http://ec.europa.eu/eurostat/statistics-explained/index.php/Integrated_government_finance_statistics_presentation.

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2 Data

Data

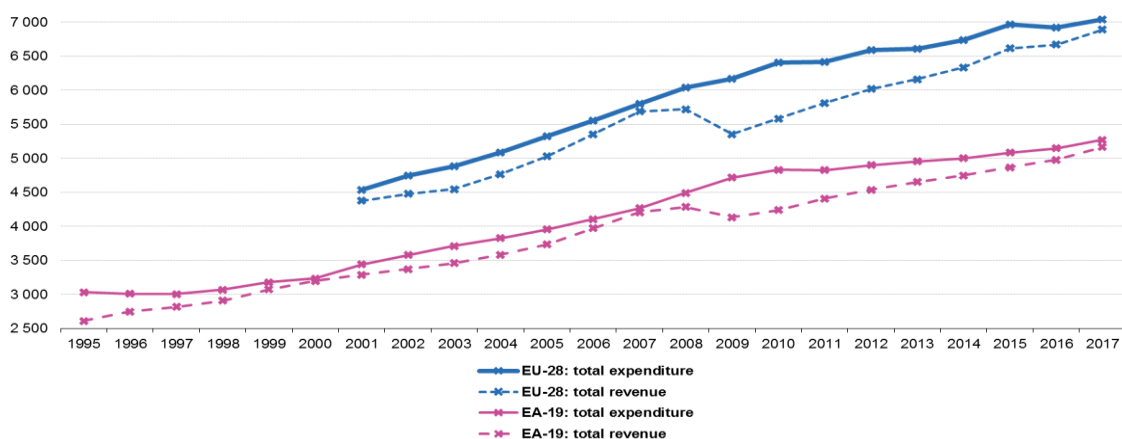
EU-28 AND EURO AREA REVENUE AND EXPENDITURE

EU-28 general government total revenue grew from EUR 6 666 billion in 2016 to EUR 6 887 billion in 2017. This represents an increase of 3.3 %. As a ratio to GDP, EU-28 general government total revenue increased from 44.6 % to 44.8 % of GDP between 2016 and 2017.

EU-28 general government total expenditure increased from EUR 6 917 billion in 2016 to EUR 7 037 billion in 2017, representing an increase of 1.7 %. As a ratio to GDP, EU-28 general government total expenditure decreased by 0.5 percentage points of GDP – from 46.3 % of GDP in 2016 to 45.8 % of GDP in 2017.

In the euro area (EA-19), total general government revenue amounted to 46.1 % of GDP in 2017 (up from 46.0 % in 2016) and total expenditure to 47.0 % of GDP (down from 47.5 % in 2016). In absolute terms, euro area general government total revenue increased from EUR 4 978 billion in 2016 to EUR 5 162 billion in 2017, growing by 3.7 %. Euro area total expenditure increased from EUR 5 147 billion to EUR 5 270 billion, growing by 2.4 %.

Figure 1: Development of total expenditure and total revenue, 1995–2017
(EUR billion)



Source: Eurostat (online data code: gov_10a_main)

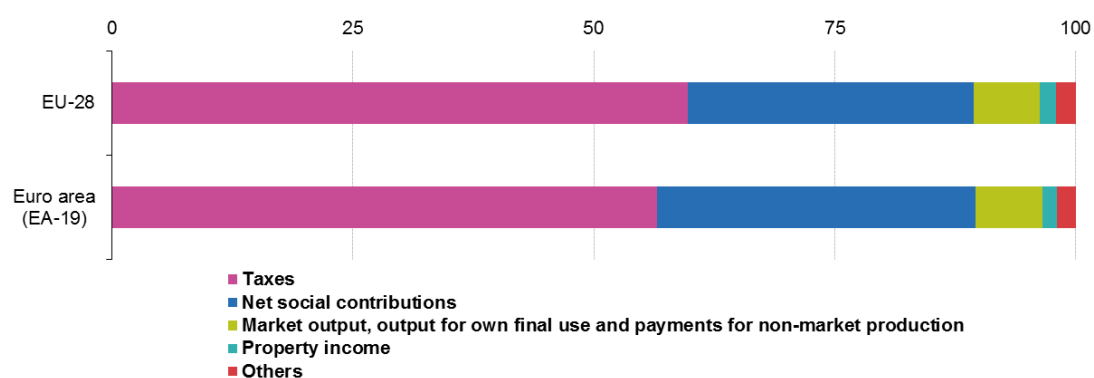
In absolute terms, a decrease in general government total revenue at the level of the EU or euro area was only observed at the height of the economic crisis in 2009. Between 2008 and 2009, total revenue dropped by 6.4 % in the EU-28 and 3.5 % in the euro area. In all other years between 1995 and 2017, general government total revenue grew in absolute terms. By 2011, EU and euro area general government revenue had recovered to reach pre-crisis levels.

COMPONENTS OF TOTAL REVENUE AND TOTAL EXPENDITURE

Across the EU-28, the main components of total general government revenue are taxes and net social contributions. In 2017, taxes made up 59.7 % of total revenue in the EU-28 and 56.6 % in the EA-19, while net social contributions amounted to 29.7 % of total revenue in the EU-28 and 33.1 % in the EA-19. Market output, output for own final use and payments for non-market production ('sales/fees' and own account capital formation) made up 6.9 % of total revenue in the EU-28 and an identical share of total revenue in the EA-19. Property income (mainly interest, dividends and rent) made up 1.7 % of total revenue in the EU-28 and 1.5 % in the EA-19.

Figure 2: Composition of total revenue, 2017

(% of total revenue)

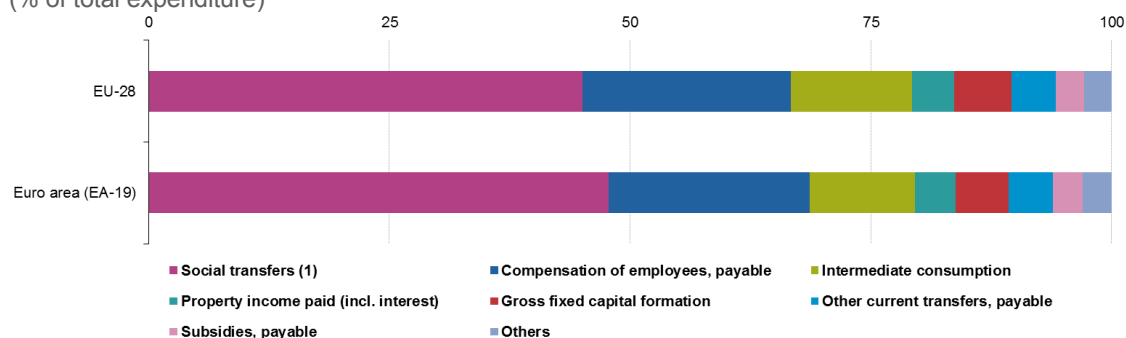


Source: Eurostat (online data code: gov_10a_main)

The largest proportion of EU-28 government expenditure in 2017 concerned the redistribution of income in the form of social transfers in cash or in kind. Social transfers (social benefits and social transfers in kind — purchased market production) made up 45.1 % of total expenditure in the EU-28 and 47.8 % in the EA-19. Compensation of employees accounted for 21.7 % of government expenditure in the EU-28 and 20.9 % in the EA-19. Intermediate consumption made up 12.5 % of total expenditure in the EU-28 and 10.9 % of total expenditure in the EA-19. Property income paid — of which by far the largest part is made up of interest payments — accounted for 4.4 % of government expenditure in the EU-28 and 4.2 % in the EA-19. Gross fixed capital formation (mainly investment) accounted for 6.0 % of total expenditure in the EU-28 and 5.5 % in the EA-19.

Figure 3: Composition of total expenditure, 2017

(% of total expenditure)



(1) Social benefits other than social transfers in kind and social transfers in kind - purchased market production.

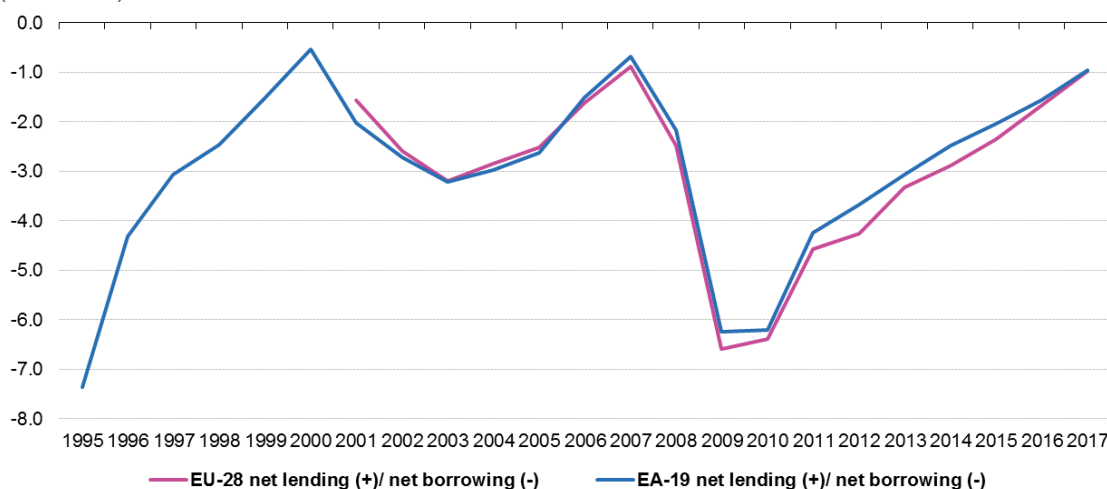
Source: Eurostat (online data code: gov_10a_main)

GOVERNMENT DEFICIT

The EU-28 government deficit-to-GDP ratio decreased from -1.7 % in 2016 to -1.0 % in 2017, while this ratio decreased in the EA-19 from -1.6 % to -1.0 %. In both the EU and the euro area, the deficit decreased in absolute terms. In the EU-28, the general government net borrowing amounted to EUR -250 billion in 2016 and to EUR -150 billion in 2017. In the EA-19, the deficit decreased from EUR -169 billion to EUR -108 billion. Both as a ratio to GDP and in EUR billion, the general government deficit of the EU and the euro area reached the lowest level since 2008. For the euro area, the lowest deficits were recorded in the years 2000 (-0.5 % of GDP) and 2007 (-0.7 % of GDP) and the highest deficits were recorded in the years 1995 (-7.4 % of GDP, influenced by a one-off event in Germany), 2009 and 2010 (in both -6.2 % of GDP).

Figure 4: EU-28 and EA-19 net lending (+)/ net borrowing (-), 1995-2017

(% of GDP)

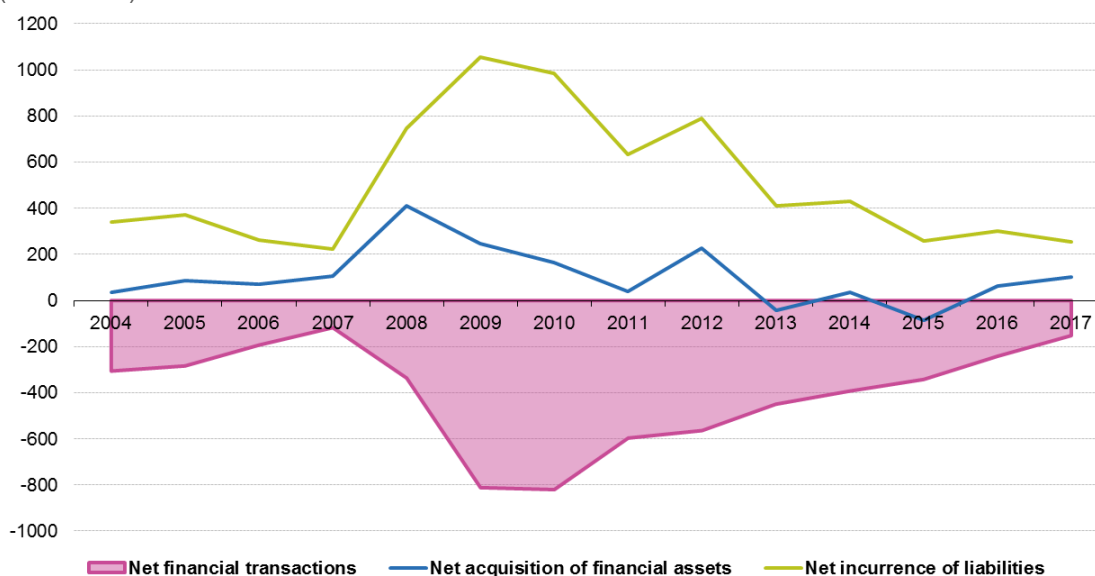


Source: Eurostat (online data code: gov_10dd_edpt1)

GOVERNMENT FINANCING

Figure 5: EU-28 net financial transactions, transactions in assets and liabilities, 2004-2017

(EUR billion)



Source: Eurostat (online data code: gov_10a_ggfa)

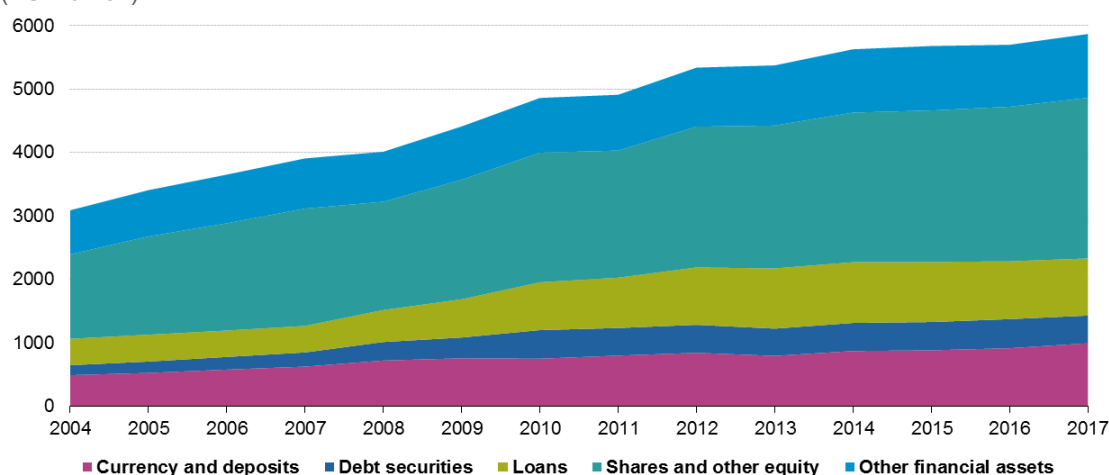
The increase and peaks in transactions in financial assets from 2008 onwards can be explained by governments having acquired assets to support financial institutions. Negative transactions in financial assets in 2013 and 2015 are explained by government's disposing of assets acquired during the economic and financial crisis. The large incurrence of liabilities in 2008, 2009, 2010 and 2012 are also related to widening deficits, acquisition of assets and hence financing needs.

GOVERNMENT BALANCE SHEET

At the level of the EU-28 and EA-19, a significant increase in the stocks of liabilities is observed from 2008, together with an increase in assets which was less pronounced. The rise in the stock of liabilities is mainly due to debt securities, which are by far the most important financial instrument on the government liability side. The stock of loan liabilities also increased substantially. The remainder of financial liabilities is mainly 'other accounts, payable'.

Figure 6: EU-28 stock of financial assets by instrument, 2004-2017

(EUR billion)

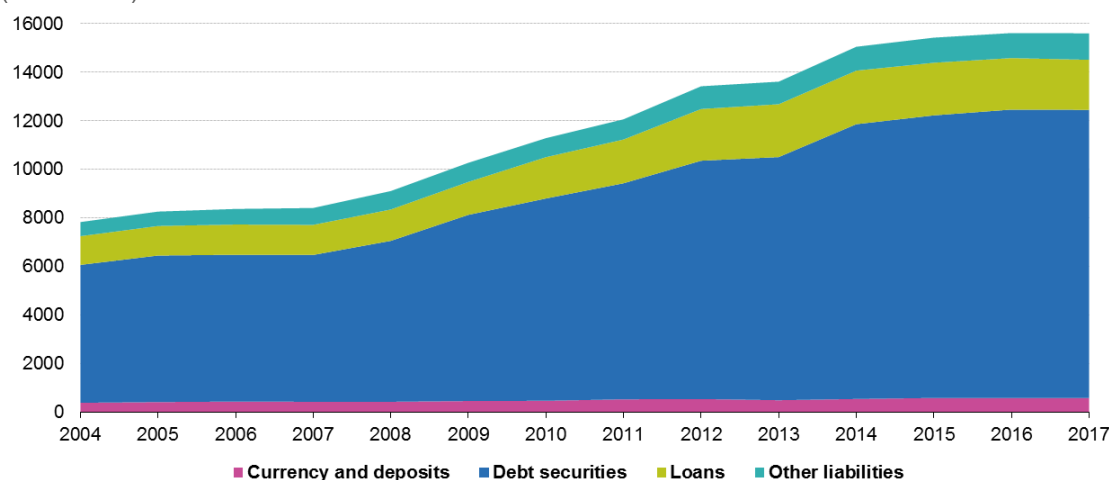


Source: Eurostat (online data code: gov_10a_ggfa)

The stock of financial assets is mainly held in equity and investment fund shares (for example public corporations not classified in general government), with other accounts receivable, currency and deposits, loans and debt securities also making up important parts.

Figure 7: EU-28 stock of financial liabilities by instrument, 2004-2017

(EUR billion)



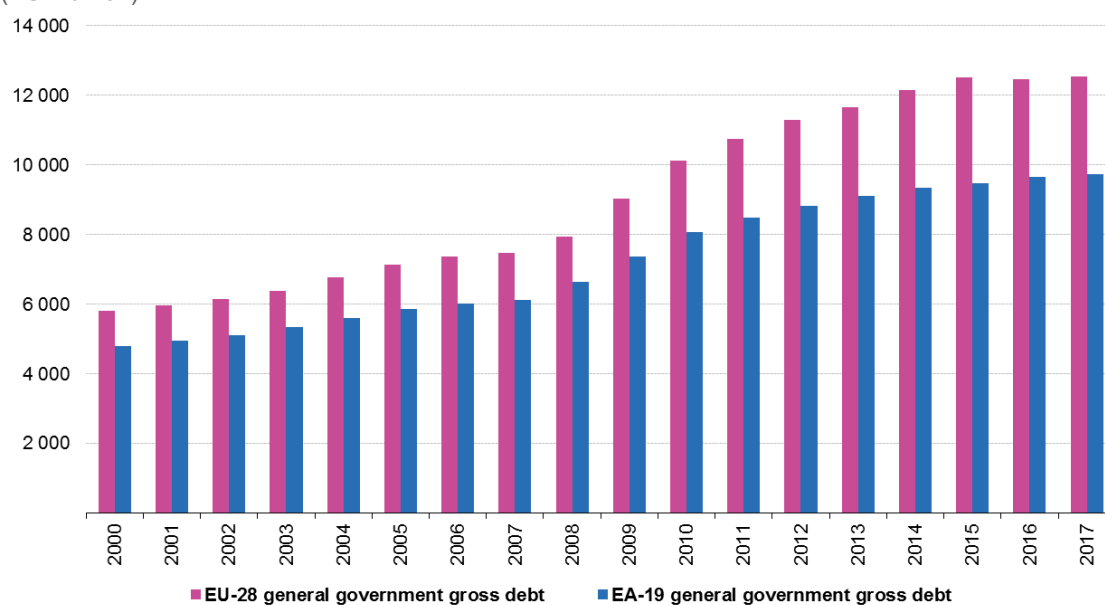
Source: Eurostat (online data code: gov_10a_ggfa)

GOVERNMENT DEBT AND LINK WITH THE DEFICIT

In the EU-28 the government debt-to-GDP ratio decreased from 83.3 % at the end of 2016 to 81.6% at the end of 2017, while in the EA-19 it fell from 89.1 % to 86.8 %. The decrease observed in absolute terms for the EU-28 (change in debt EUR -63 billion between 2015 and 2016), can be explained to a large extent by the depreciation of UK liabilities denominated in British pound sterling (contained in 'valuation effects and other changes in volume in government debt'), which outstripped the positive contributions to the change in debt, mainly the deficit and the positive acquisition of financial assets.

Figure 8: EU-28 and EA-19 general government gross debt, 2000-2017

(EUR billion)



Source: Eurostat (online data code: gov_10dd_edpt1)