



# TECHNICAL MISSION ON GOVERNMENT FINANCE STATISTICS

## GOVERNMENT FINANCE STATISTICS IN NATIONAL ACCOUNTS

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- ❖ The purpose of GFS is:
  - ✓ to provide a comprehensive conceptual and statistical reporting framework for analyzing and evaluating the fiscal policy
  - ✓ To provide the measurement of the impact of the government on other sector of the economy

- ❖ GFS also relates to the other macroeconomic datasets:
  - i. System of National Accounts, SNA 2008
  - ii. Balance of Payments & International Investment Position, BPM6
  - iii. International Public Sector Accounting Standards, IPSAS
  - iv. Monetary and Financial Statistics
- ❖ The understanding of the linkages between datasets will assist the country in producing comparable and consistent statistics needed for economic analysis and policy decisions.

# The Differences between GFS and SNA 2008

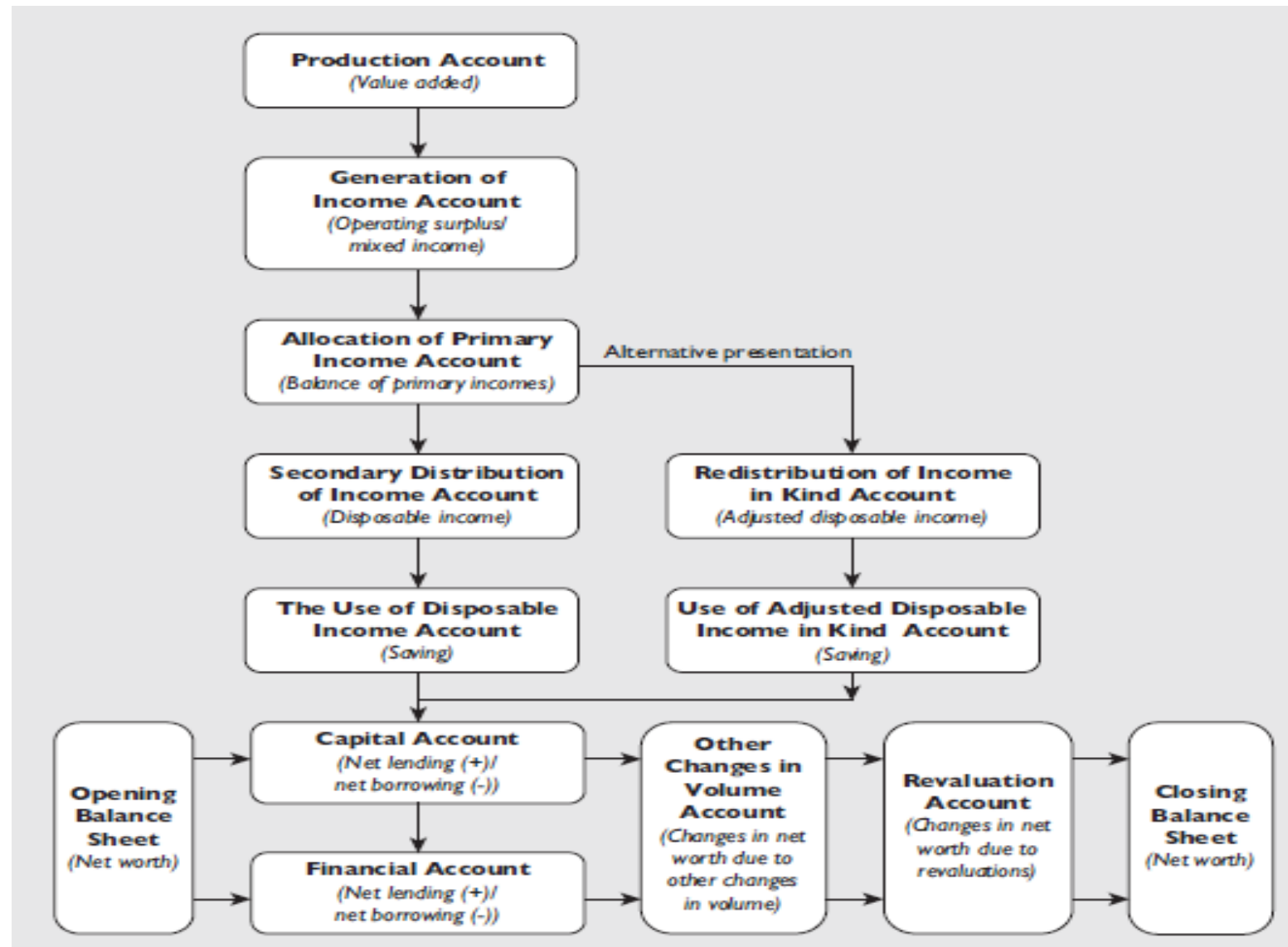
NO.	INDICATOR	DIFFERENCES IDENTIFIED	
		GFS	SNA 2008
1	<b>Analytical Framework</b>	Mainly presented in four statements including a cash flow statement	Presented in a sequence of accounts, other economic flows consists of two accounts and stock position are presented in Balance sheet. There is no equivalent to the GFS cash-flow statement.
2	<b>Focus</b>	Focus on the measuring the impact of economic events on the finances of government.	Focus on the measuring economic processes and their impact on the various sectors of the economy.
3	<b>Consolidation</b>	Eliminate all intra- and inter-sector flows and stock positions between units of the same sector and subsectors.	Consolidation is not used as a matter of principle, although it is acknowledged that consolidation may be useful for the general government sector.
4	<b>Unfunded employment-related pension funds</b>	Require that a liability be recognized for all unfunded employment-related pension obligations.	Allows some pension obligations to be excluded from the core accounts and reported in supplementary tables. The SNA recognizes all social contribution revenue and expense, and records an adjustment item for the change in liabilities, while GFS recognize social contributions and benefits as either revenue and expense or transactions in liabilities.

# The Differences between GFS and SNA 2008

NO.	INDICATOR	DIFFERENCES IDENTIFIED	
		GFS	SNA 2008
5	FISIM, insurance services, and fees related to standardized guarantees	The services fees related to interest, nonlife insurance premiums, and fees for standardized guarantees are not separately identified because they can be estimated only indirectly by considering data for all sectors of the economy, such as in the national accounts.	The values for FISIM, insurance services, and standardized guarantees are derived by partitioning interest, nonlife insurance premiums, and fees for standardized guarantees.
6	Transfers in kind-goods and services produced by government	Goods and services produced by government and transferred in kind are recorded as imputed sales only when provided to employees as wages in kind. In all other cases, only the cost of producing these goods and services is recognized in the respective expense categories.	All goods and services produced by government and transferred in kind are recorded as a transfer and an imputed sale of goods and services.
7	Internal transactions in respect of own account capital formation	Compensation of employees, use of goods and services, and consumption of fixed capital incurred in own-account capital formation are excluded from expense and are recorded as a component of the cost of the acquisition of the nonfinancial asset.	The full costs of compensation of employees, use of goods and services, and consumption of fixed capital are recorded as well as the acquisition of the nonfinancial asset.

# Diagram of the Sequence of Accounts

Each flow in the SNA relates to a particular kind of economic process or activity



The GFS statement of operation can be divided into 3 sections:

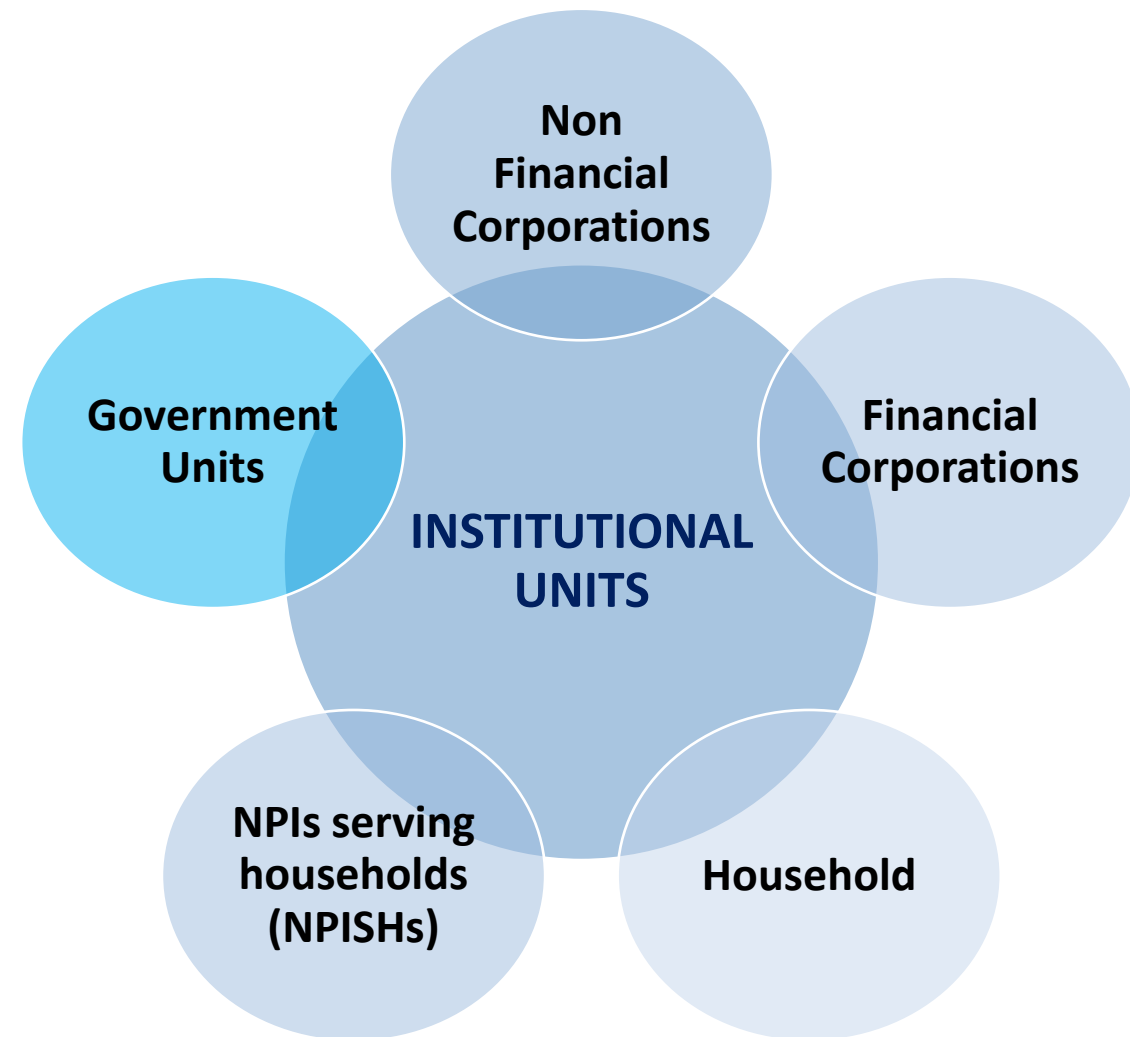
- Transaction affecting net worth
- Transaction in nonfinancial asset
- Transaction in financial asset and liabilities

GFS Statement of Operations		SNA Sequence of Accounts	
Main aggregates	Balances	SNA current accounts	Balances and main aggregates
Revenue, Expense <sup>2</sup>	Net operating balance (or change in net worth due to transactions)	Production account	Value added / GDP
		Generation of income account	Operating surplus and mixed income
		Allocation of primary income account	Balance of primary income / GNI
		Secondary distribution of income account	Disposable income / NDI
		Use of disposable income account <sup>1</sup>	Saving / National saving
Conceptually, net operating balance differs from saving with the value of capital transfers and taxes on capital transactions, and capitalized expense. Additional differences in calculated values may arise due to differences in treatment of some employment-related pension schemes.			
		SNA accumulation accounts	Balances and main aggregates
Operating balance <sup>2</sup> minus net investment in nonfinancial assets	Net lending (+)/net borrowing (-)	Capital account <sup>2</sup>	Net lending (+)/net borrowing (-)
Conceptually, net lending (+)/net borrowing (-) in GFS is the same as in the SNA. In practice calculated values may differ due to difference in treatment of some employment-related pension schemes.			
Net acquisition of financial assets minus net incurrence of liabilities	Change in financial worth due to transactions = net lending(+)/net borrowing (-)	Financial account	Net lending (+) / net borrowing (-)
Conceptually, transactions in financial assets and liabilities in GFS are the same as in the SNA. In practice, calculated values may differ due to differences in treatment of some employment-related pension schemes.			



An institutional unit is entitled to own goods or assets in its own right:

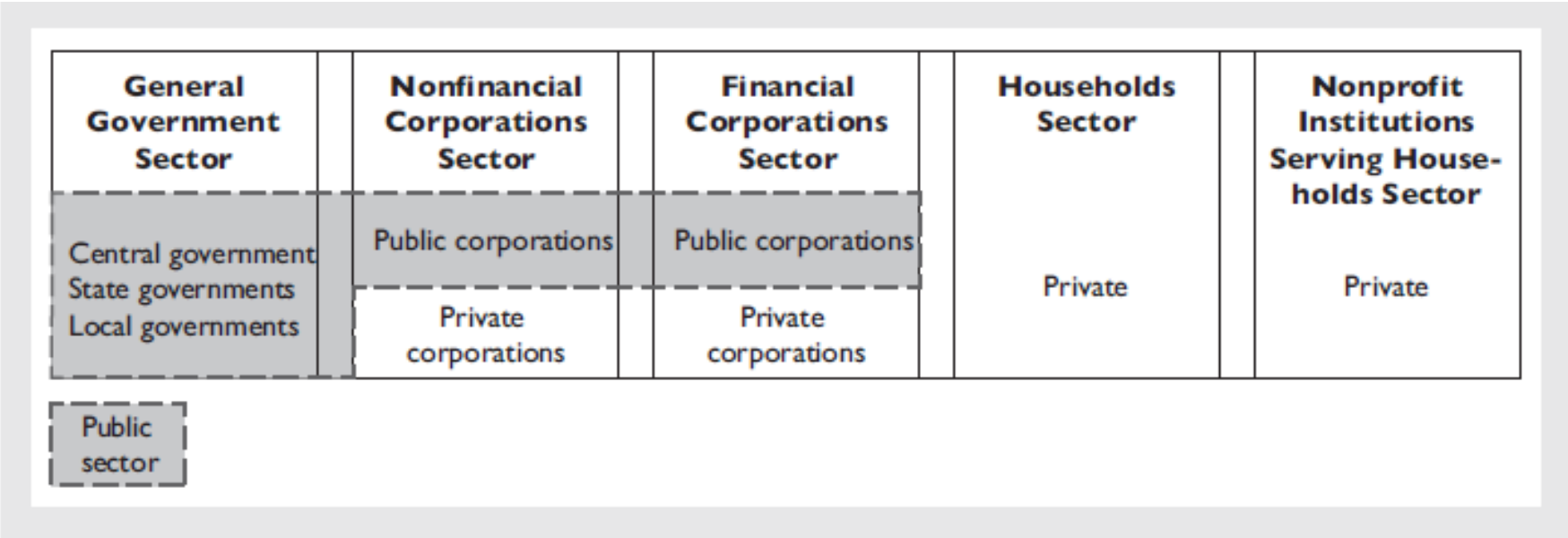
- ✓ to exchange the ownership of goods or assets in transactions with other institutional units;
- ✓ to take economic decisions and engage in economic activities for which it is itself held to be directly responsible and accountable at law;
- ✓ to incur liabilities on its own behalf, to take on other obligations or future commitments and to enter into contracts;





Government units are legal entities established by the political processes that have legislative, judicial or executive authority over other institutional units within a given area.

- ❖ Government units comprises of General government sector and Public corporation.

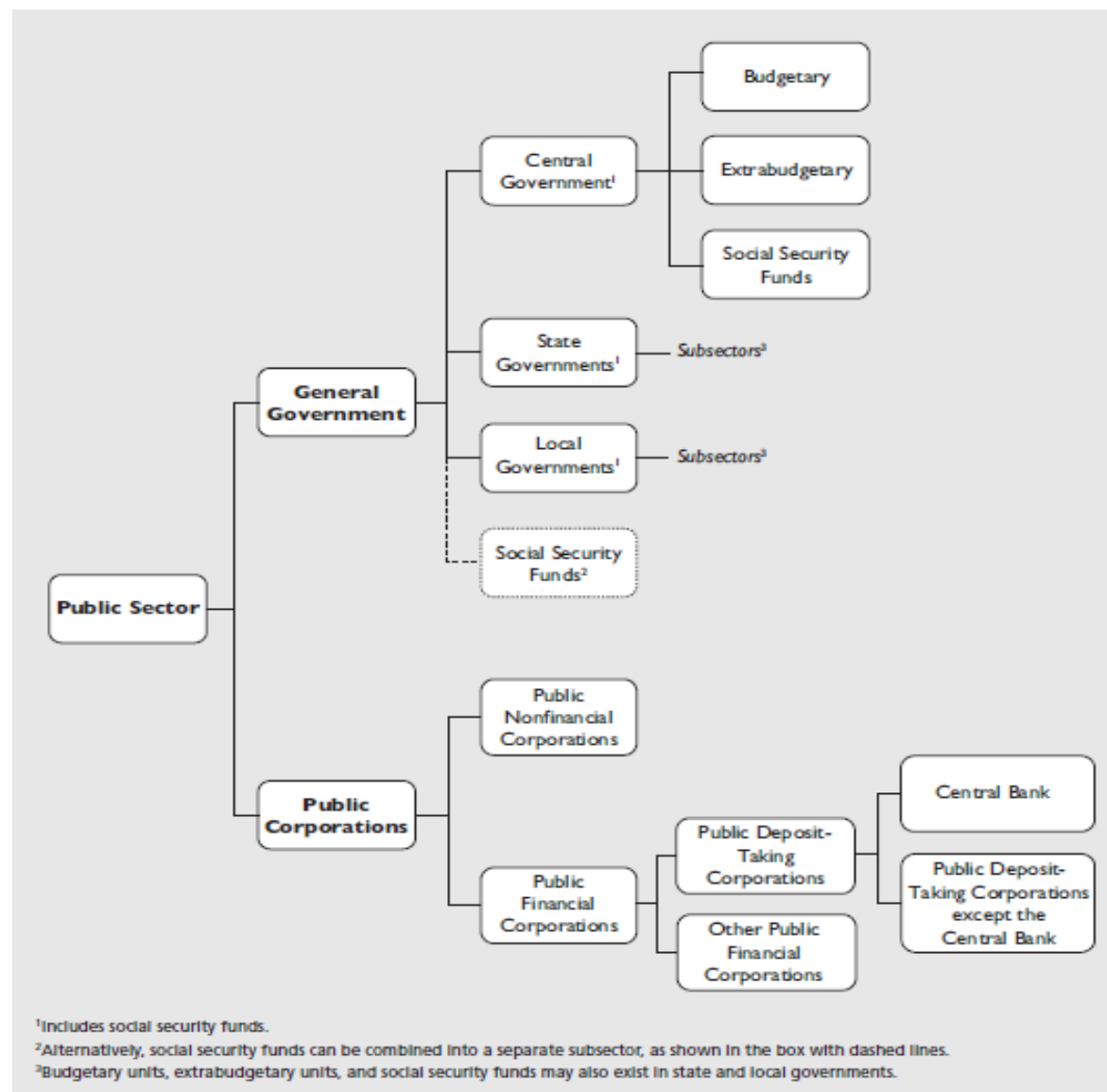


- ❖ General Government sector consists of resident institutional units that fulfill the functions of the government as their primary activity. This sector includes all government departments, offices and other bodies engaged in administration, defense and regulation of the public order, promotion on economic growth and welfare and technological development, provision of education, health, cultural, recreational and other social and community services free of charge or at sales prices which do not fully cover their costs of production.
- ❖ The level of government may be more than one level of government, depending on the administrative and legal arrangements in that country. For example; Central government, State government and Local government.

The Public sector provides a standard for the compilation of statistics that divided the resident in the economy into broad economic sector depending whether or not they **are controlled by the government. 8 criteria to be considered as control:**

- i. Ownership of the majority of the voting interest;*
- ii. Control of the board or other governing body;*
- iii. Control of the appointment and removal of key personnel;*
- iv. Control of key committees of the entity;*
- v. Golden share and options;*
- vi. Regulation and control;*
- vii. Control by dominant customers; and*
- viii. Control attached to borrowing from the government*

General Government sector consists of all government units and all resident nonmarket NPIs that are controlled by government units. Meanwhile the public corporations subsector consists of all corporations controlled by government units or other public corporations.



The relationships between non-residents and general government units included in external sector statistics represent the impact of government operations on the external position of the economy.

- ❖ The structure of the external sector statistical framework is similar to the structure used in the GFS framework:
  - (i) the International investment position (IIP) shows the value of the financial asset and liability stock positions between the residents of an economy and non-residents at a reporting date;
  - (ii) the balance of payments, which summarizes economic transactions between residents and non-residents during a specific time period
    - Current account – flows of goods & services, primary income and secondary income between resident and non-residents

- Capital account shows flows for transactions in non-produced non-financial assets, and capital transfers between residents and non-residents.
  - Financial account shows net acquisition and disposal of financial assets and liabilities.
- ❖ Balance of payments/International investment position (BOP/IIP) statistics explicitly identify general government in current transfers, capital transfers, and flows and stocks in financial assets and liabilities.

# TERIMA KASIH & THANK YOU



20 OCT



18 - 23 AUG 2019



10 JULY 2019  
(TRIAL MYCENSUS)  
JULY 2020  
(ACTUAL MYCENSUS)



JAN - DEC 2019



MAC - SEPT 2019



2015 - 2030



#StatsMalaysia | #MyStatsDay | #ISIWSC2019 | #MyCensus2020 | #MyRetailCensus2019 | #HIES2019 | #LeaveNoOneBehind