

GFS & EDP Statistics

07-08 March, 2022

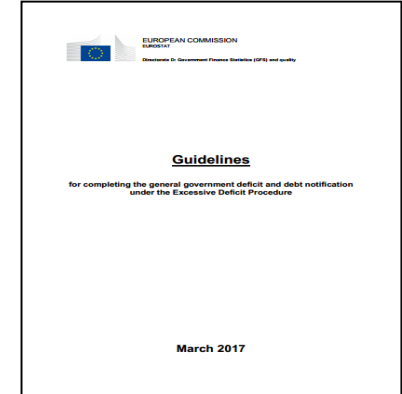
Online Training Course

Ankara, TÜRKİYE

Murat EKŞİ

National Accounts Department, Government Accounts Group

Main Sources of the Methodology



- **The European Accounts System (ESA 2010)** is seen as the basic legislation for the creation of a national accounts system for EU countries. The European Union Accounts System 2010 (ESA 2010) entered into force on September 2014 and its implementation has become mandatory for member states.
- **The Manual on Government Deficit and Debt (MGDD)**, firstly published in 1999, provides guidance on the appropriate treatment of statistical issues raised in the European Union regarding government financial statistics. It is an indispensable complement to ESA 2010 and an important tool for statisticians and specialists dealing with public finance issues. It also helps to better understand the methodology applied to government finance data for the EDP.
- **Guidelines for completing the general government deficit and debt notification under Excessive Deficit Procedure** have no legal nature. They are pragmatic applications of the legal obligations established by EDP regulation (Council Regulation 479/2009).

Transactions in ESA

Transactions on Products: P, P.1-P.7+NP

P.1. Output

P.2. Intermediate consumption

P.3. Final consumption expenditure

P.4. Actual final consumption

P.5. Gross capital formation

P.6. Export of goods and services

P.7. Import of goods and services

NP. Non financial non produced assets

Transactions in ESA

Distributive Transactions: **D**, D.1-D.9

D.1. Compensation of employees

D.2. Taxes on production and imports

D.3. Subsidies

D.4. Property income

D.5. Current taxes on income and wealth

D.6. Social contributions and benefits

D.7. Other current transfers

D.8. Adjustments for change in pension entitlements

D.9. Capital transfers

Transactions in ESA

Financial Transactions: **F**, F.1-F.8

F.1. Monetary gold and special drawing rights

F.2. Currency and deposits

F.3. Debt securities

F.4. Loans

F.5. Equity and investment shares or units

F.6. Insurance technical reserves

F.7. Financial derivatives & employee stock options

F.8. Other accounts receivable/payable

Transactions in ESA

Other changes in assets (Volume or Price): **K**, K.1-K.7

K.1. Economic appearance of assets

K.2. Economic disappearance of non-produced assets

K.3. Catastrophic losses

K.4. Uncompensated seizures

K.5. Other volume changes not elsewhere classified

K.6. Changes in classifications

K.7. Nominal holding gains/losses

General Government Revenue

Government revenue is calculated as follows:

- + P.11 Market output
- + P.12 Output for own end use
- + P.131 Payments for other non-market output
- + D.2 Taxes on imports and production
- + D.39 Other subsidies on production (can be obtained)
- + D.4 Property income (retrievable)
- + D.5 Current taxes on income and wealth
- + D.61 Social contributions
- + D.7 Other current transfers
- + D.9 Capital transfers

Definition and Components of Government Revenues

Output (P.1) consists of goods and services produced in certain periods (one year, one quarter, one month) at economically significant or non-significant prices in the accounting period.

According to the ESA2010, output is divided into three groups: market output, output produced for its own end use, and non-market output.

Market output (P.11) consists of the outputs that are sold in the market at economically meaningful prices or that are intended to be sold in the market.

Output for own end use (P.12) produced for its own ultimate use consists of goods or services held by the institutional unit for final consumption or capital formation.

Non-market output (P.13) is the goods and services provided to other units for free or at prices that are not economically significant. Non-market output is divided into two groups as payments made for non-market output (P.131), which consists of other fees and charges, and other non-market output (P.132), which includes remaining amounts.

Definition and Components of Government Revenues

Taxes on Production and Imports (D.2R): They are taxes paid for the production and import of goods and services, regardless of profits associated with the use of labor, the ownership and use of land, buildings or other assets used in production.

Other Subsidies on Production (D.39R): Other subsidies on production only are received by general government units. Non-market producers can receive other subsidies on production only if these payments are subject to the general regulations that apply to both the market and non-market producers.

Property Income (D.4R): Property income is defined as the income generated by the owner of a financial or non-produced asset from the corporate unit in exchange for the acquisition by another corporate unit (general government). Income from the use of financial assets is considered investment income, while income from non-produced assets such as natural resources is considered rental income.

Current Taxes on Income and Wealth (D.5R): It includes all cash and in-kind payments received periodically by the corporate units, depending on income and wealth, by the general government or the foreign world. It consists of taxes on income and other current taxes. These taxes are usually levied on households and companies.

Definition and Components of Government Revenues

Net social contributions (D.61) are actual and relative contributions made by households to social security institutions to provide compensation for social benefits payable.

Employer's actual social contributions (D.611) are employment-related payments made by employers to social insurance programs to ensure their employees' social benefits and correspond to the employer's actual social contributions (D.121).

Employer's imputed social contributions (D.612) represent the compensation for social benefits (possible social contributions of former employees) paid by employers directly (i.e. not linked to the employer's actual contributions) to their employees or former employees and other beneficiaries, and the employer's relative social contributions (D.122).

Household's actual social contributions (D.613) paid by households are social contributions paid to social security programs by the self-employed, self-employed or unemployed. It consists of treatment contributions received from employees and premiums received from self-employed employees.

Household's social contribution supplements (D.614) consist of property income from pension and non-retirement benefits during the relevant accounting period.

Definition and Components of Government Revenues

Other current transfers (D.7R) generally include income, wealth, etc., between resident corporate units (general government) and residents and non-residents. It includes all current transfers except current taxes, social contributions and benefits.

Current transfers of the government (D.73) consist of transfers between different sub-sectors of the general government, excluding taxes, subsidies, investment incentives and other capital transfers. This item is included in the consolidated account in the general government sector.

Current international cooperations (D.74) covers all transfers in cash or in kind between the general government or international organizations in the foreign world, excluding investment incentives and other capital transfers.

Other miscellaneous transfers (D.75) include penalties imposed on corporate entities by law or other judicial bodies, fines, and transfers considered mandatory current transfers.

Definition and Components of Government Revenues

Capital Transfers (D.9R) differ from current transfers in that they involve the acquisition or disposal of assets.

Capital transfers consist of capital tax (D.91), investment incentives (D.92) and other capital transfers (D.99).

Capital taxes (D.91) consist of indefinite-period taxes on the net worth or value of assets owned or transferred by corporate units.

Investment grants (D.92) consist of capital transfers in cash or in kind made to resident (general government) or non-resident units to finance all or part of the cost of ownership of the fixed asset by government departments or the outside world. Investment incentives item is consolidated among general government sectors.

Other capital transfers (D.99) include transfers other than capital taxes and investment grants.

General Government Expenditure

- +P.2 Intermediate consumption
- +P.5 Gross capital formation
- +D.1 Compensation of employees
- +D.29 Other taxes on production (payable)
- +D.3 Subsidies (payable)
- +D.4 Property income (payable)
- +D.5 Taxes on income and wealth
- +D.62 Social assistance benefits
- +D.632 Social transfers in kind (purchased from the market maker)
- +D.7 Other current transfers (payable)
- +D.8 Adjustments for changes in households' net equity in pension fund reserves
- +D.9 Capital transfers (payable)
- +NP Acquisition - disposal of non-financial non-produced assets

* D.4, D.7, D.92 and D.99 are subject to consolidation

Definition and Components of Government Expenditure

Compensation of employees (D.1): Salaries and wages (D.11) and Employer's social contributions (D.12).

Salary and wages (D.11) are divided into two as in-kind and cash:

Cash salaries and wages include social contributions, income taxes and payments made by the employer directly to social security institutions, tax authorities, etc. Includes other payments made.

Salaries and wages in kind consist of goods and services or other non-cash benefits provided by employees free of charge or at discounted prices by employers, which they can use outside of working hours and at their own discretion.

Employer's social contributions (D.12) consist of employer's actual social contributions (D.121) and employer's imputed social contributions (D.122).

Definition and Components of Government Expenditure

Subsidies (D.3) are defined as unrequited payments made by the general government to incumbent producers to influence production levels, prices or production costs.

Subsidies consist of subsidies on product (D.31) and subsidies on production (D.39).

Subsidies on product (D.31) are subsidies payable for a unit of good or service produced or imported.

Other subsidies on production (D.39) are defined as all other subsidies except product subsidies received by incumbent producer units as a result of their participation in production.

Definition and Components of Government Expenditure

Property Income (D.4), Income to be paid for the use of financial assets is called investment income, and income to be paid for the use of natural resources is called rent. Property income is the sum of investment income and rent. Property income includes interest received by the government, land rents, as well as royalties for underground assets. It is normally government revenue rather than an expense, but there may also be cases where it is an expense.

D.6M: Social Benefits Other than Social Transfers in Kind + Social Transfers in Kind Purchased from the Market, Paid (-) (D.62 + D.632)

Social Benefits Other than Social Transfers in Kind (D.62) are transfers other than in-kind transfers that aim to relieve households from the financial burden of a number of risks and needs.

Social Transfers in Kind Purchased from the Market (D.632)

- a) Repayments made by social security funds for previously approved expenditures made by households for certain goods and services,
- b) Payments for individual goods and services produced and offered by market producers, purchased by the government and supplied directly to households without any transformation. This means that the state does not enter the production process for social transfers in kind (D.632) through market producers.

Definition and Components of Government Expenditure

- **Intermediate Consumption (P.2)** consists of goods and services that are consumed as inputs in a production process, excluding fixed assets whose consumption is recorded as fixed capital consumption.
- **Taxes on Other Production (D.29)** includes taxes paid by companies as a result of the production process. It constitutes an important part of the payments made by the companies to the government.
- **Current taxes on income and wealth (D.5)** consist of taxes paid by public institutions and other corporate units such as motor vehicle tax, inheritance and gift tax, property tax.

These two tax types also include all tax types paid by government units. In addition, since they are not subject to consolidation, they provide a general government level representation of tax payments made between general government sub-sectors.

Definition and Components of Government Expenditure

Other Current Transfers (D.7) include economic flows:

Current transfers (D.73) within the general government are usually given from the central government to other government departments for general maintenance expenditures and delegated functions. Since transfers in this category are consolidated, they do not appear in the general government expenditure table.

Current international cooperation (D.74) covers current transfers in cash or in kind between the government and foreign governments and international organizations.

Other miscellaneous transfers (D.75) include transfers to corporate sectors that are not included in other current expenditure categories.

Capital Transfers (D.9) consists of investment grants (D.92) and other government-paid capital transfers (D.99). Debt records made as a result of cancellation or undertaking of debt with mutual consent are also included in this flow.

Definition and Components of Government Expenditure

Fixed Capital Formation (P.5) includes acquisitions minus disposals of assets and gross consumption of fixed capital (P.51c).

The flows that create fixed capital formation are as follows:

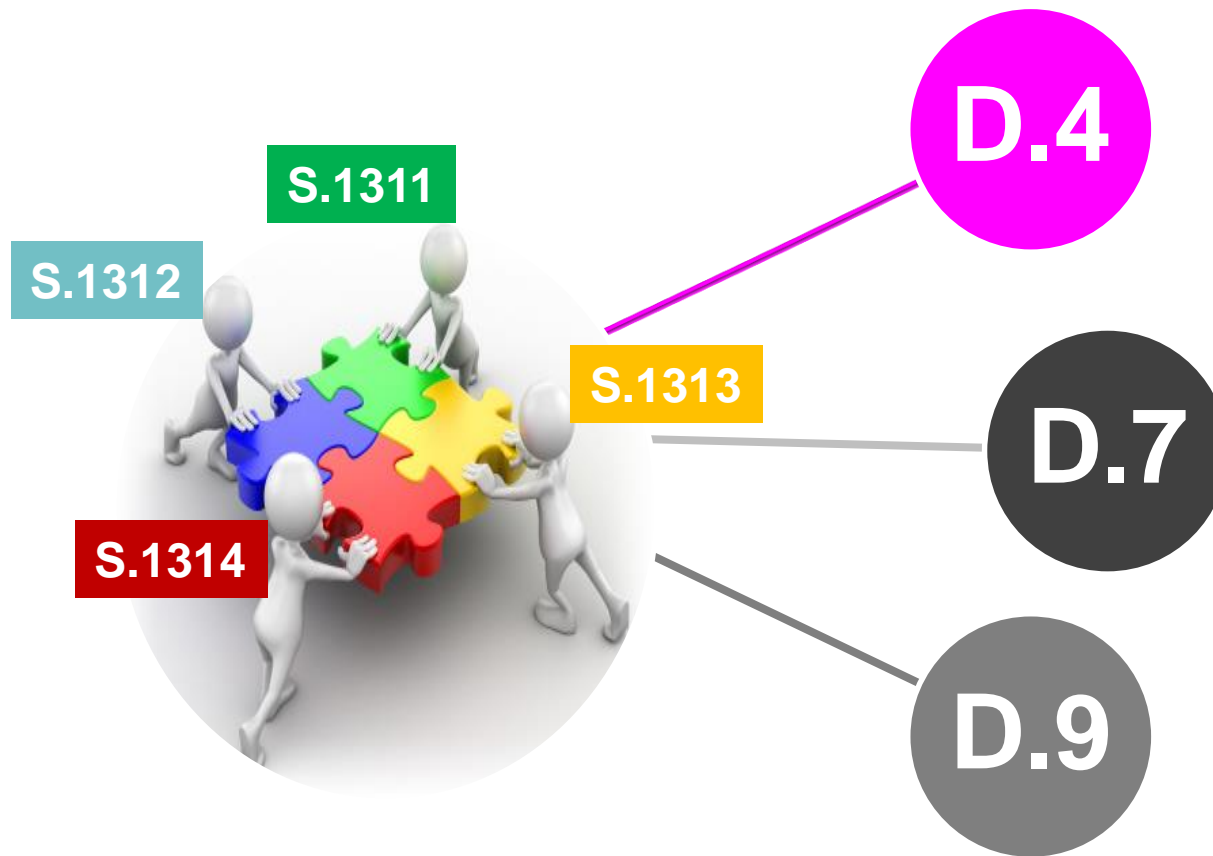
P.51g, Gross fixed capital formation (buildings, vehicles and machinery),

P.52, Changes in Inventories (raw material stocks, semi-finished and finished goods),

P.53, Acquisition minus disposal of valuables (items used as means of disposition, such as precious metals and works of art).

Acquisition Minus Disposal (NP) of Non-Financial Unproduced Assets consists of tangible natural assets such as land, subsoil assets, and uncultivated biological resources. The acquisition of non-financial non-produced assets less the use of non-financial assets whose disposal is subsequently traded (such as property leases).

Consolidation and Its Components in the Scope of General Government (S.13)



CONSOLIDATION

Consolidation is the removal of transactions or debtor/creditor relations between two (or more) corporate units belonging to the same corporate sector or sub-sector.

Transactions **D.4, D.7, D.9** are consolidated as stated in the rules of transfer described in council regulation 1500/2000. Other flows are not subject to consolidation.

D.4, D.7 and D.9 are consolidated at the general management level. However, it is not consolidated at the sub-sector level (*MoTF does this action*).

This means that the sum of the sub-sectors' expenditures is higher than the general government expenditures, since the D.4, D.7 and D.9 flows between the sub-sectors operate differently.

S.13 = (S.1311 + S.1312 + S.1313 + S1314) - Flows between sub sectors (consolidated)

CONSOLIDATION

Transactions that are particularly important in terms of consolidation in the European Accounts System are given below:

- Property income known as interest (D.41)
- Current transfers (D.73)
- Capital transfers (D.92, D.99)
- Flows in financial assets and liabilities

Consolidation items do not affect balancing items as they appear symmetrically in each account.

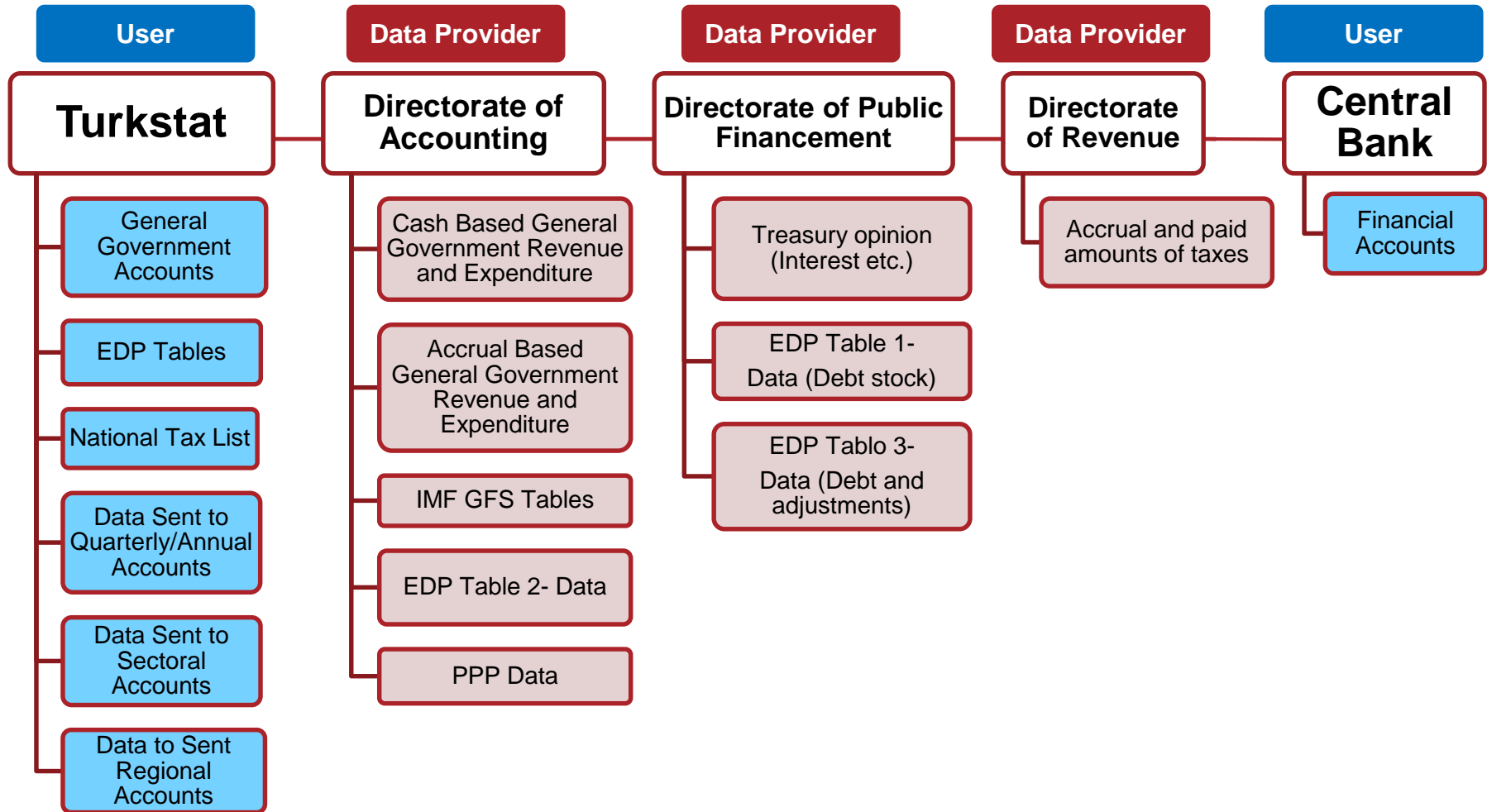
For example, when a grant is given from the central government to the local government, this transaction is spent in the central government; it is also recorded as income in the local administration.

As a result of this consolidation, the net lending/net borrowing item of the general government is not affected.

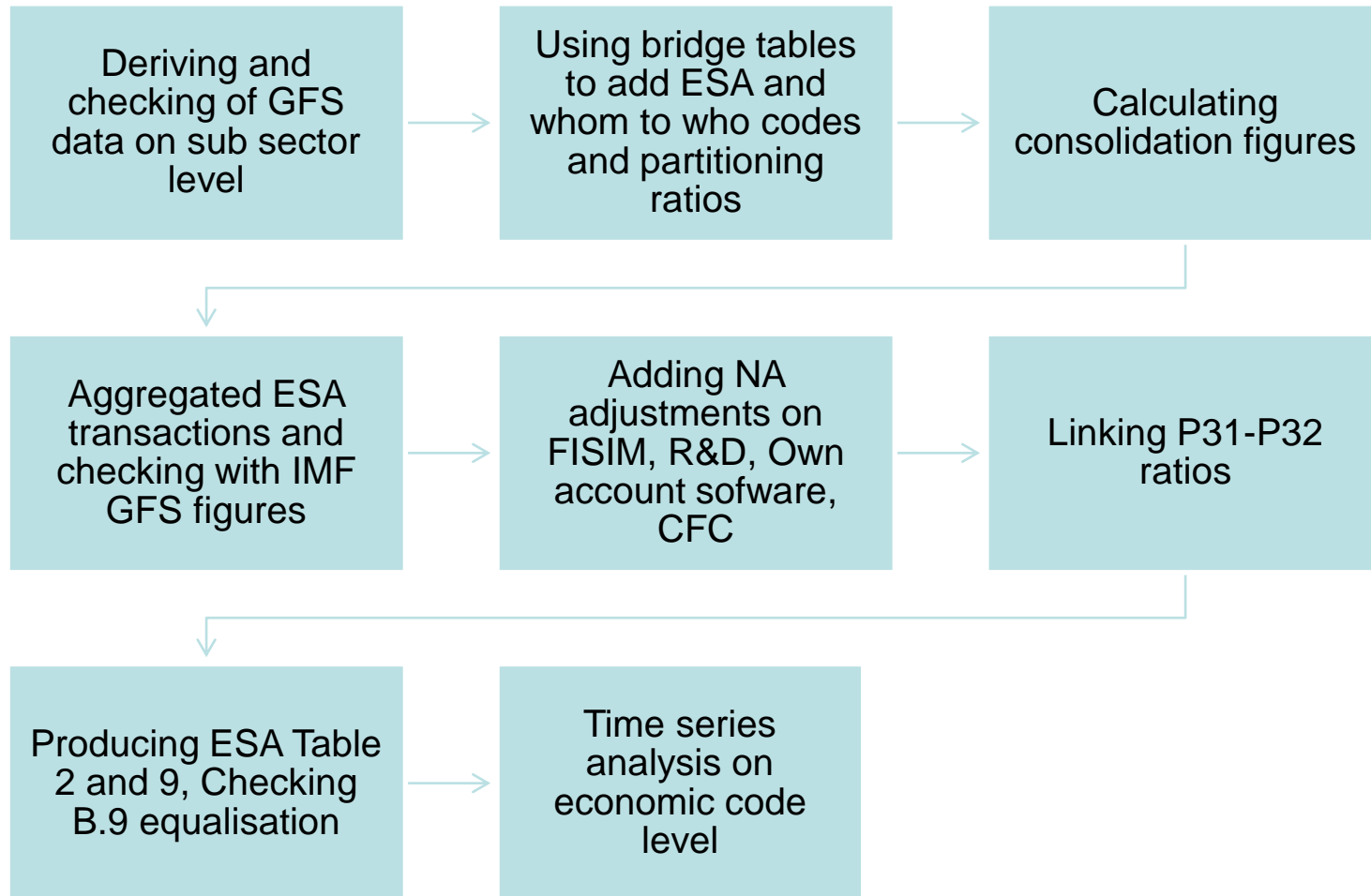
Steps of Inter Consolidation

- 1- Interests, current and capital transfers (**D41PAY-D41REC, D7PAY-D7REC, D9PAY-D9REC**) are paid to and received from the local government and social security institutions by the central government,
from the central government and social security institutions by local government,
from the central government and local government by the social security institutions is detected.
- 2- The sub-sectors must have **equal** amounts of money they receive and pay each other.
- 3- After determining the overall figures paid to each of the sub-sectors, (D41PAY-D41REC, D7PAY-D7REC, D9PAY-D9REC), they will be deducted from the general government total figures.

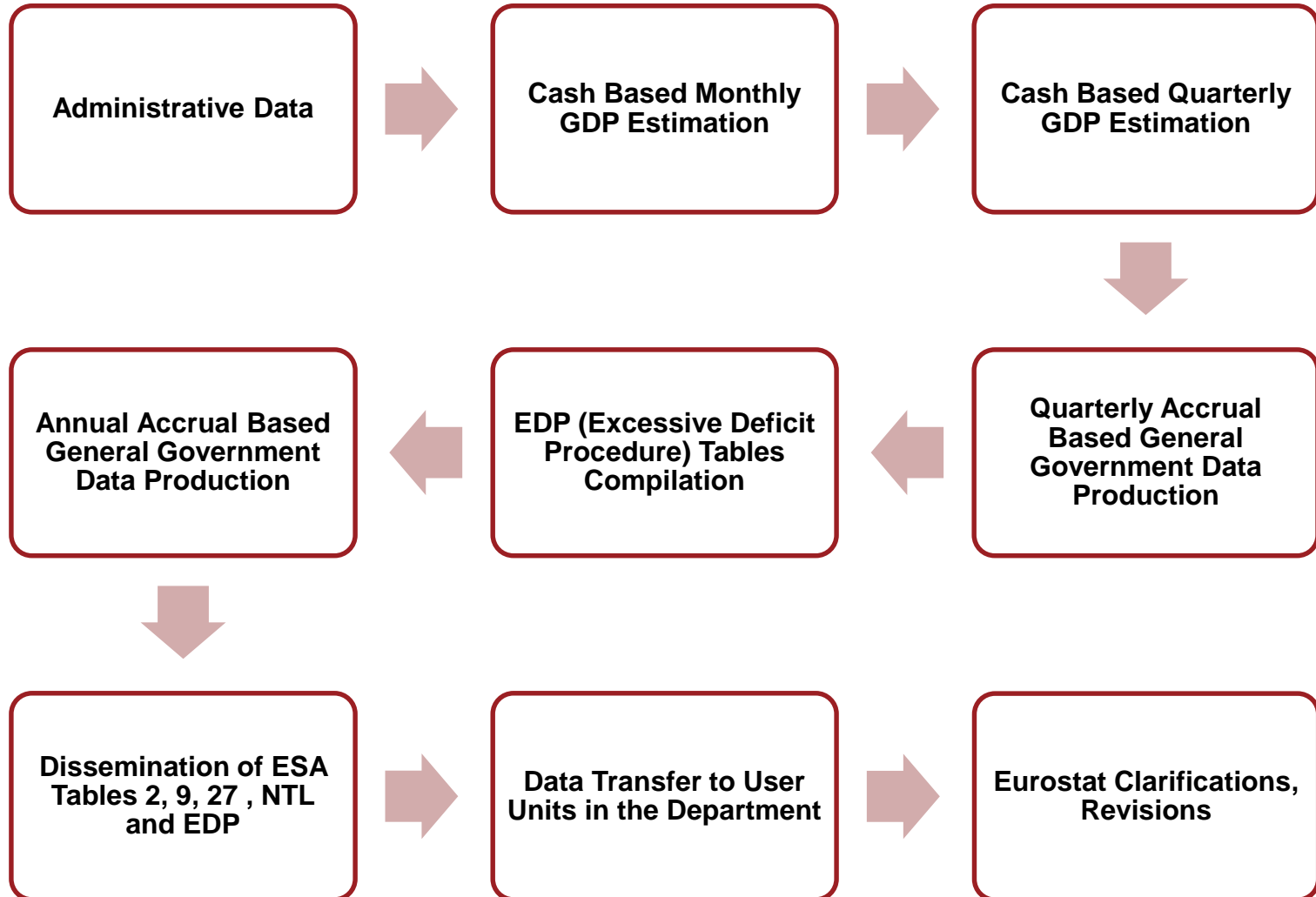
Data Sources, Data Users and Data Produced



General Government Accounts Calculation Process



General Government Data Production and Revision Process



ESA-NACE Bridge Tables

- Income/expenditure accounts of general government and its sub-sectors provided by the General Directorate of Public Accounting are converted into related ESA codes with the help of the ESA bridge tables.
- This table was formed as a result of a joint study with the Ministry of Treasury and Finance.
- The codes are continued to be given and updated in agreement with the Ministry of Treasury and Finance for the new added economic codes and the change in the contents in each accounting period.
- The counter-sector information for revenues and expenses is also included for consolidation and the transition to institutional sector accounts.
- NACE transition is made by COFOG codes and their corresponding codes in NACE 2 Activity Classification.

COFOG

Classification of the functions of government (COFOG) classifies expenditures of government.

Level 1: Divisions (2 digits), Level 2: Groups (3 digits), Level 3: Classes (4 digits)

01-General public services

02-Defense

03-Public order and security

04-Economic affairs

05-Environmental protection

06-Accommodation and social protection

07-Health

08-Recreation, culture and religion

09-Education

10-Social protection

Turkstat's GFS Compilation Method

E_CODE	E_NAME	F_CODE	F_NAME	AMOUNT	ESA	INSTITUTIONAL SECTOR	NACE	CPA
1111	Basic wages	132	General Planning and Statistics Services	120	D.1	S.14	84	
3151	Paper products	132	General Planning and Statistics Services	80	P.2	S.11	84	17
1111	Basic wages	942	Higher Education Services Providing Doctorate Education	20	D.1	S.14	85	
3233	Electricity purchases	941	Universities and Institutions Providing Higher Education Services	150	P.2	S.11	85	35

According to four digit economical codes and account names, ESA transaction codes have been given

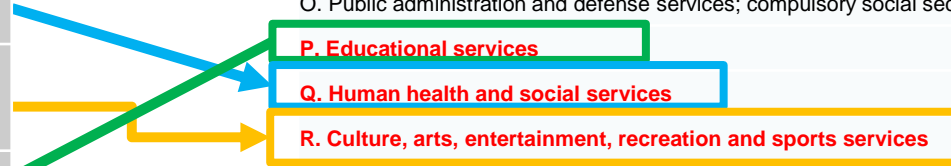
According to three digit functional codes and account names, NACE activity classification codes have been given

Counter part sector classification bridge tables have been prepared in cooperation with MoTF

COFOG - NACE Transition

COFOG	
Kod	Fonksiyon
1	General public services
2	Defense
3	Public order and security
4	Economic affairs
5	Environmental protection
6	Accommodation and social protection
7	Health
8	Recreation, culture and religion
9	Education
10	Social protection

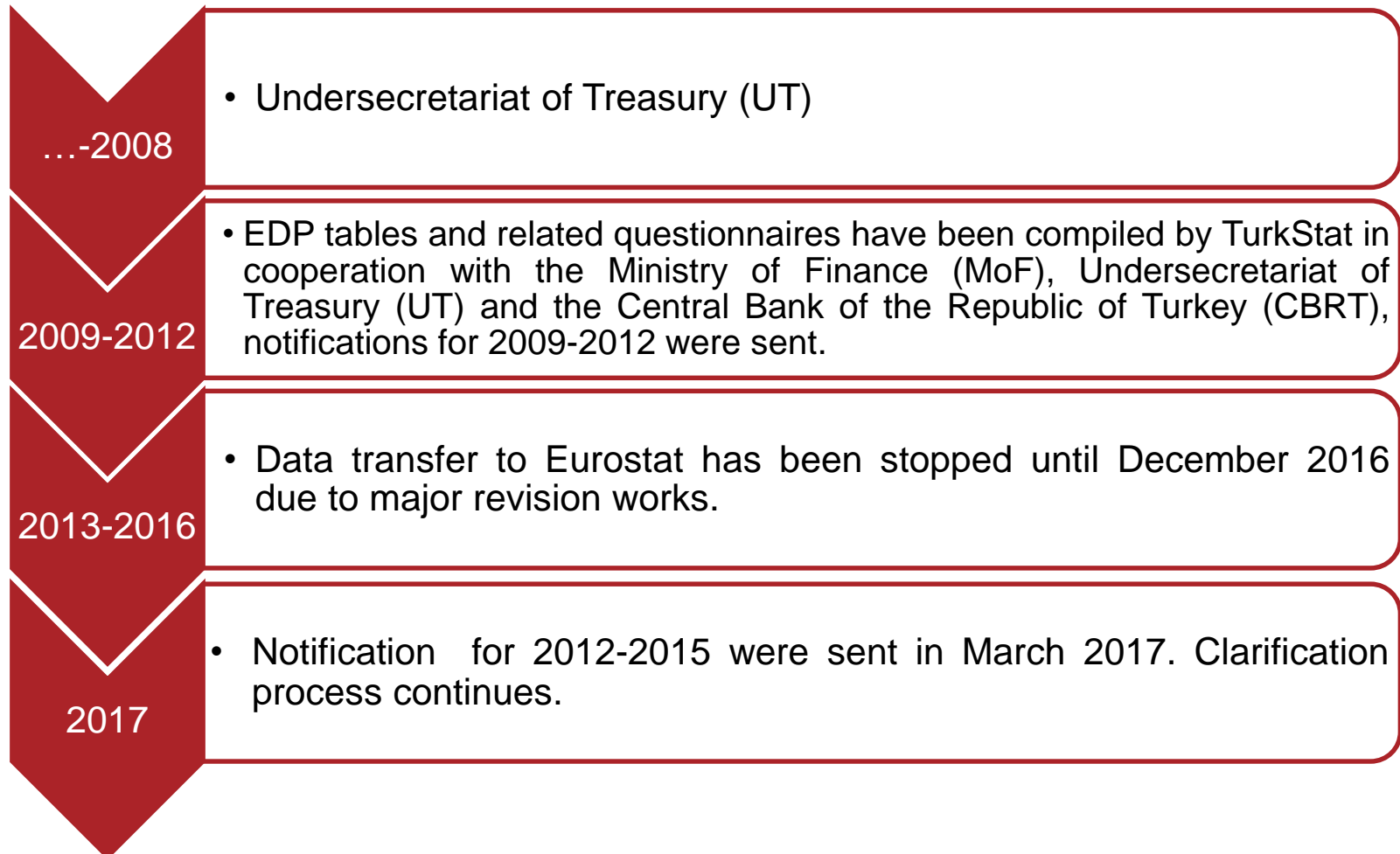
NACE
A. Agriculture, forestry and fishery products
B. Mining and quarrying
C. Manufacturing products
D. Electricity, gas, steam and air conditioning
E. Water supply; sewage, waste management and remediation activities
F. Constructions and civil works
G. Wholesale and retail trade; repair services of motor vehicles and motorcycles
H. Transport and storage services
I. Accommodation and food services
J. Information and communication services
K. Financial and insurance services
L. Real estate services
M. Professional, scientific and technical services
N. Administrative and support services
O. Public administration and defense services; compulsory social security services
P. Educational services
Q. Human health and social services
R. Culture, arts, entertainment, recreation and sports services
Q. Other services
T. Services of households as employers; undifferentiated goods and services produced by households for their own use
U. Services provided by international organizations and agencies



Excessive Deficit Procedure (EDP Tables)

- Excessive Deficit Procedure (EDP Tables) was created to monitor and audit the financial adequacy of the EU member countries under the Copenhagen criteria.
- The collection and monitoring of the data is carried out by the European Statistical Office (Eurostat) under the responsibility of the European Commission.
- Maastricht Treaty obliges member states to comply with budgetary discipline by respecting two criteria. These are a deficit not exceeding the reference values of **3% of GDP** and a debt not exceeding **60% GDP**.
- These Financial Notification Tables which follow the criteria for inclusion in the Economic and Monetary Union, are sent to Eurostat to be mandatory by Member States twice a year (latest April 1 and October 1) and by candidate countries voluntarily for same dates.

EDP Tables



EDP Metadata

- **International Standard and Classification**

European System of Accounts (ESA)

- **Scope of Data**

The sub-sectors are the general government (S.13) and the central government (S.1311), local government (S.1313) and social security funds (S.1314).

- **Geographic coverage**

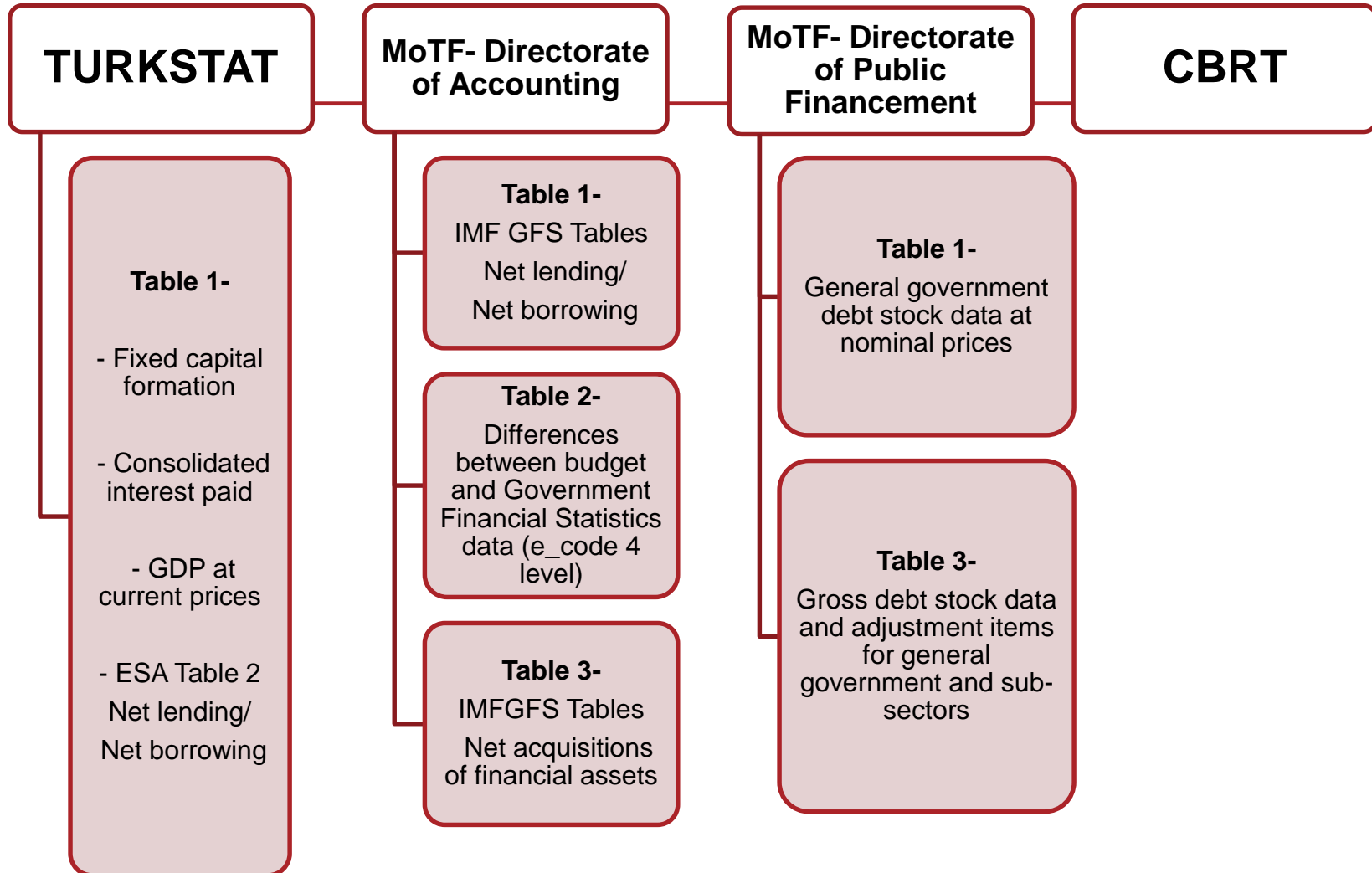
The coverage in the EDP tables is whole Turkey.

- **Calculation Rules**

The EDP tables are carried out annually at current prices.

Sub-sector data have been consolidated within itself and the general government has been consolidated within sub-sectors.

EDP Data Sources



EDP Tables

EDP tables consist of 4 main tables. These are:

- **EDP Table 1:** Debt level and deficit / debt of government
- **EDP Table 2:** Data explained transition on public accounts budget balance and excess/deficit of government
- **EDP Table 3:** Data explained the contribution on variation of excess/deficit and other related factors in the debt level
- **EDP Table 4:** Other data

EDP Table 1

This table contains main data items used in the assessment of financial situation and developments. These are:

- B.9 Net lending/Net borrowing
 - Consolidated Debt Stock = $AF.2 + AF.3 + AF.4$
 - GDP
 - GFCF
 - Interest expenses (D.41)
-
- Data are requested for four recent years plus the current year which is planned budget execution.
 - Final, semi-final and estimated status indicators should be added
 - Debt, in nominal terms

EDP Table 2

- *From government budget general balance to accrual government deficit/surplus*
- *4 sub tables: 2A central government, 2B state government, 2C local government, 2D social security institutions*

Items entered as minus (-):

- Financial transactions
- Accrued interest paid difference
- Other payable receivables
- Other adjustments (-)

Items entered as plus (+):

- Non-financial transactions not included
- Other receivables
- B.9s of other institutions
- Other adjustments (+)

EDP Table 3

- Annual government debt change in government budget deficit/surplus
- 5 sub-tables: 3A general government, 3B central government, 3C state government, 3D local government, 3E social security institutions
- B.9 starts with the opposite sign
- Items that increase the debt are entered with a plus, and items that provide a decrease in the debt are entered with a negative.
- Correction items are entered with signs appropriate to their status.
- If the numbers do not exactly match the number in the control cell, the statistical error item is also filled.

EDP Table 4

In Table 4:

- Trade credits and advances,
- Amount outstanding in the government debt from the financing of public undertakings,
- Differences between the face value and the present value of government debt,
- Gross National Income at current market prices

Other EDP Questionnaires

The last item of EDP notification is **Questionnaires** related with the notification tables

- Table 1: Revision of general government net lending (+) / net borrowing (-) and revision of general government consolidated gross debt
- Table 2: Breakdown of financial transactions included in the working balance as reported in EDP table 2A
- Table 2: Breakdown of financial transactions included in the working balance as reported in EDP table 2B/C/D
- Table 3: Adjustments for sector delimitation in EDP tables 2A - D
- Table 4: Breakdown of other accounts receivable/payable (F.7) reported in EDP tables
- Table 5: Taxes and social contributions: other accounts receivable/payable (F.7) of general government
- Table 6: Adjustments for transactions with the EU in EDP tables
- Table 7: Military equipment expenditure (weapons and supporting equipment)
- Table 8: Central government claims, debt cancellation
- Table 9: Government Guarantees
- Table 10: Capital injections, super-dividends and privatizations
- Table 11: Public-Private Partnerships (PPPs)
- Table 12: Securitisation operations
- Table 13: Sale and leaseback operations undertaken by government

ESA Tables and Deadlines

- ESA Table 2 contains the General Government annual accounts. (t+9)
- ESA Table 25 includes the General Government periodic accounts. (t+3)
- ESA Table 9 contains the National Tax List. In this table; D.2, D.5, D.61, D.91 and D.995 data are included. (t+9)
- **ESA Table 6: Financial accounts by sectors, Table 7: Balance sheet for financial assets and liabilities (t+9), Table 27: Periodic financial accounts, Table 28: Government debt (t+3)***

**These tables are under responsibility of the CBRT (6,7,27) and the MoTF (28).*

- *COFOG based General Government Annual Expenditure table (ESA Table 11) has not been compiled yet.*

Dissemination Timeliness

Institution	Subject	Frequency	Release Period
Ministry of Treasury and Finance (MoTF), General Directorate of Accounting	General Government Statistics	Quarterly / Annual	t+3 month/t+5 month
	General Government Budget Results	Quarterly / Annual	t+3 month/t+5 month
Ministry of Treasury and Finance (MoTF), Public Financement	EU Defined General Government Debt Statistics	Quarterly	t+3 month
TURKSTAT	ESA Tables 0200, 0900, NTL, EDP Notification Tables	Annual	t+9 month

THANK YOU.