GENERAL GOVERNMENT
DELIMITATION

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Government Accounts Group
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Institutional Sectors

Institutional units are economic units that can own goods and assets, incur liabilities, engage in economic activity with other units and have their own set of accounts.

ESA groups similar corporate units in five corporate sectors for analysis together. In general, these sectors divide the economy into market and non-market units.
Institutional Sectors

Institutional sectors are the following:

- Non-financial corporations (S.11),
- Financial corporations (S.12),
- General government (S.13),
- Households (S.14),
- Non-profit institutions serving households (S.15) and
- Rest of the World (S.2)
Institutional Sectors

The non-financial corporations sector (S.11) consists of institutional units which are independent legal entities and market producers, and whose principal activity is the production of goods and non-financial services.
Institutional Sectors

S.11 sector corporations consist of:

- Public Non-financial Corporations
- National Private Non-financial Corporations
- Foreign Controlled Non-Financial Corporations
Institutional Sectors

The financial corporations sector (S.12) consists of institutional units which are independent legal entities and market producers, and whose principal activity is the production of financial services.
Institutional Sectors

The financial corporations sector is subdivided into the following subsectors:

- Central bank (S.121);
- Deposit-taking corporations except the central bank (S.122);
- Money market funds (S.123);
Institutional Sectors

- Non-MMF investment funds (S.124);
- Other financial intermediaries, except insurance corporations and pension funds (S.125);
- Financial auxiliaries (S.126);
- Captive financial institutions and money lenders (S.127);
- Insurance corporations (S.128);
- Pension funds (S.129).
Institutional Sectors

The general government sector (S.13) consists of institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth.
Institutional Sectors

The general government sector is divided into four subsectors:

- Central government (S.1311);
- State government (S.1312);
- Local government (S.1313);
- Social security funds (S.1314).
Institutional Sectors

The households sector (S.14) consists of individuals or groups of individuals as consumers and as entrepreneurs producing market goods and non-financial and financial services (market producers) provided that the production of goods and services is not by separate entities treated as quasi-corporations. It also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use.
The households sector is subdivided into the following subsectors:

- Employers (S.141) and own-account workers (S.142);
- Employees (S.143);
- Recipients of property income (S.1441);
- Recipients of pensions (S.1442);
- Recipients of other transfers (S.1443).
Institutional Sectors

The non-profit institutions serving households (NPISHs) sector (S.15) consists of non-profit institutions which are separate legal entities, which serve households and which are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general government and from property income.
Institutional Sectors

The NPISHs sector includes the following main kinds of NPISHs:

• trade unions, professional or learned societies, consumers’ associations, political parties, churches or religious societies (including those financed but not controlled by governments), and social, cultural, recreational and sports clubs; and

• charities, relief and aid organisations financed by voluntary transfers in cash or in kind from other institutional units.
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List of General Government Units

- Government units are unique kinds of legal entities established by political processes that have legislative, judicial or executive authority over other institutional units within a given area.
List of General Government Units

• Viewed as institutional units, the principal functions of government are:

➢ to assume responsibility for the provision of goods and services to the community or to individual households,
List of General Government Units

- to finance their provision out of taxation or other incomes,
- to redistribute income and wealth by means of transfers,
- to engage in non-market production. In general terms:

A government unit usually has the authority to raise funds by collecting taxes or compulsory transfers from other institutional units.
List of General Government Units

1. Is the unit resident? No → ROW
   Yes ↓

2. Is the unit a household? Yes → Households
   No ↓

3. Is the unit a non-market producer? No → Corporations
   Yes ↓

4. Is the unit controlled by government?

   - NPISH
   - General government
List of General Government Units

GENERAL GOVERNMENT

CENTRAL GOVERNMENT

BUDGETARY INSTITUTIONS
- General Budgetary Institutions
- Special Budget Institutions
- Regulatory and Supervisory Institutions
- Revolving Funds
- Non-Budgetary Funds
- Social Facilities
- Other Non-Budgetary Institutions

Extra Budgetary Institutions

SOCIAL SECURITY FUNDS
- SSI
- Turkish Employment Agency
- Unemployment Insurance Fund

LOCAL GOVERNMENT
- Municipalities
- Special Provincial Administrations
- Development Agencies
- Provincial Sports Directorates
- Local Government Associations

LOCAL GOVERNMENT

Municipalities

Special Provincial Administrations

Development Agencies

Provincial Sports Directorates

Local Government Associations

Department of National Accounts
International Criteria

General government (S.13) classification criteria in national accounts are as follows:

• Is it an institutional unit?
• Who is in control?
• Is production market or non-market?
International Criteria

Institutional units are characterized by three main elements:

- Uniform behavior (activities) within the sector,
- Making decisions in the center of "decision autonomy",
- Having its own set of accounts.
International Criteria
Control according to ESA 2010; To have the authority to determine the general policy and program (operation) of an institutional unit.

A single indicator may be sufficient to decide that the control is in the state, or it may be necessary to consider several indicators.
International Criteria

The control criteria are as follows:

- The majority of the voting rights are held by the government;
- The board of directors is under government control;
- The appointment or dismissal of key personnel is carried out by the government;
- Key committee members in the organization are under government control.
International Criteria

• The government's "golden share" ownership,
• Special arrangements,
• Key committee members in the organization are under government control,
• Government being the dominant customer-“price taker”,
• Borrowing from the government.
Public Sector

The public sector consists of general government and public corporations

- Public Sector
  - General Government
    - Public Corporations
      - (Financial and Non-financial)
Public Sector

The general government sector consists of all government departments and non-market non-profit organizations controlled by government departments, while the public sector consists of all companies controlled by government departments.

A market producer is an institutional unit that provides all or most of its output to others at economically meaningful prices. The non-market producer provides all or most of his output to others for free or at prices that are not economically meaningful.
Public Sector

One of the questions that arise is whether state-owned entities that provide goods and services to the state should be treated as market producers or non-market producers.

Public corporations are created to generate profits for the general government, protect essential resources, compete in areas where barriers to entry are high, and provide essential services in areas where costs are prohibitive.
### Public Sector and Institutional Sectors

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</table>

#### Public Sector

- General Government Sector
- Non-financial Corporations Sector
- Financial Corporations Sector
- Household Sector
- Non-profit Institutions Serving Households
Decision Tree

Residential unit?  No  Rest of the World

Household Unit?  Yes  Households

Non-market producer?  No  Under government control?

Under government control?  Yes  Financial services producer?

Financial services producer?  No  Under government control?

Non-financial Corporations  Yes  Public Financial Corporations

Under government control?  No  Private Non-financial Corporations

Public Non-financial Corporations  Yes  Private Financial Corporations

Private Financial Corporations

General Government

NPISHs
Revision Works

The Public Sector Working Group has been established in order to resolve differences and to standardize published statistics on the public sector. The working group is composed of authorized experts of:

• Ministry of Treasury and Finance,
• The Central Bank of the Republic of Turkey (CBRT),
• Presidency of Strategy and Budget,
• Banking Regulation and Supervision Agency
• Turkish Statistical Institute (TURKSTAT)
Revision Works

• General Government Sector is updated every three years under the coordination of Ministry of Treasury and Finance

• Public Sector List is updated twice in a year (January and July) under the coordination of TURKSTAT.
Revision Works

https://biruni.tuik.gov.tr/DIESS/DosyaListeleAction.do?turlId=1&tanimlayan_id=1337&adi=Kamu%20Sekt%C3%B6r%C3%BC%C2%A7%C4%B1n%C4%B1flamas%C4%B1,2022/1
Thank you for your attention…