
GOVERNMENT FINANCE

STATISTICS MANUAL 2001

COMPANION MATERIAL

THE GOVERNMENT FINANCE STATISTICS MANUAL 2001
AND ITS RELATIONSHIP WITH
THE EUROPEAN SYSTEM OF ACCOUNTS 1995



JOHANN R. BJORGVINSSON
SEPTEMBER 2004

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The Government Finance Statistics Manual 2001 Framework and its Relationship with the European System of Accounts 1995

A short description of how the *Government Finance Statistics Manual 2001 (GFSM 2001)* system relates to systems of national accounts like the *European System of Accounts 1995 (ESA 95)* may be of interest to countries that use, or are considering using, the *GFSM 2001* methodology as a base for their fiscal reporting. This interest may also be shared by compilers of government finance statistics (GFS) and national accounts and by fiscal analysts in general.

Primarily, the *GFSM 2001* system is largely harmonized with the *ESA 95*, and their definitions of concepts are the same; however, notable differences exist between the two statistical systems. The most important difference is the focus of the GFS system on financial transactions—taxing, spending, borrowing, and lending—while the *ESA 95* focuses on the production and consumption of goods and services. This means that the treatment of government productive activities in the GFS system differs substantially from the treatment of those activities in the *ESA 95*.

In a longer perspective, it is likely that the *GFSM 2001* system, like *ESA 95*, will assist countries in producing the necessary statistics needed for fiscal management and fiscal policy. The systems will support each other in this regard. Also, since the primary purpose of *GFSM 2001* is to provide a comprehensive conceptual and accounting framework for analyzing and evaluating fiscal policy, it will emphasize compiling detailed statistics on the general government sector and the measurement of the various impacts of the government operations on other sectors of the economy. Therefore, it is likely that the first step in producing financial statistics on the general government sector will be to compile fiscal data according to the *GFSM 2001* framework. In this connection, a clear understanding of how these systems are related and how they support each other is essential for understanding their inherent advantages. The inclusion of this paper under the GFS companion material on the IMF's website is a step to augmenting that understanding.

The paper is divided into four sections. The first section describes the *GFSM 2001* framework, highlighting its main features. The second section outlines the *ESA 95*¹ system, describes the main conceptual differences between *ESA 95* and *GFSM 2001*, and shows a mapping of *GFSM 2001* data compiled from *ESA 95* source data. The third section discusses the *Supplement to the 2002 GFS Yearbook*, and the final section briefly overviews the IMF Statistics Department's (STA's) plans regarding *GFSM 2001* implementation and data publication in the future GFS yearbooks.

I. THE GFSM 2001 SYSTEM FRAMEWORK

The *GFSM 2001* framework is an integrated statistical system of flows and stocks for use in macroeconomic analysis. It is harmonized with the other macroeconomic statistical systems, such as the *System of National Accounts 1993 (1993 SNA)*, *1993 Balance of Payments Manual*, fifth edition, and *Monetary and Financial Statistics Manual (2000)*. The analytical nature and main features of the *GFSM 2001* framework are described next.

¹ The *ESA 95* is harmonized with the *System of National Accounts 1993 (1993 SNA)* regarding definitions, accounting rules, and classifications.

A. Analytical nature of GFS framework

Governments carry out a multitude of transactions. To manage the operations of government and assess their impact on the economy, governments must organize these transactions into a framework within which the transactions can be summarized, measured, and analyzed.

There is no single method for organizing the data. Methods differ according to the purposes for which governments use the data.

- For accountability purposes, transactions may be organized according to the government unit that carries them out, for example, ministries and other administrative units.
- For detailed planning or operational purposes, transactions may be organized by the kind of item purchased or service provided or by programmed output.
- For billing or control purposes, transactions may be organized by the transactors with whom the government deals.

Another purpose of the data is for *macroeconomic analysis*, which the GFS framework is designed to facilitate. Although there are close links between accounting data and fiscal statistics, they do not serve the same purpose and currently differ in the treatment of particular items.

One of the most important emphases in the GFS framework is the basis of recording. Traditionally, governments have kept their accounts on a cash basis. This is reflected in the analytical framework of *A Manual on Government Finance Statistics 1986 (1986 GFSM)*. Including only cash revenues and expenditures has the advantage of focusing the government's attention on its **liquidity constraint**, which was viewed as the most important policy issue, until recently. However, governments have become less liquidity constrained in carrying out fiscal policy and have become increasingly concerned about the resource implications of fiscal actions as well as their financing. ***Cash transactions do not adequately capture either the timing of the policy action or its impact on the economy.*** In consequence, there has been increasing dissatisfaction with cash transactions as the sole basis for assessing fiscal policy.

The analytic framework of the *GFSM 2001* reflects these developments. It presents a set of interrelated statements, derived from the *1993 SNA*, that integrates flows and stocks. The framework differs considerably from the cash-based framework of the *1986 GFSM*, which focused mainly on cash transactions and on selected stocks but did not integrate them. The new framework facilitates a more comprehensive assessment of the ***economic impact of government activity and the sustainability of fiscal policy.*** Although the *GFSM 2001* is harmonized with the *ESA 95*, an accrual based system, it also emphasizes the cash-based presentation of fiscal statistics in its *Statement of Sources and Uses of Cash*.

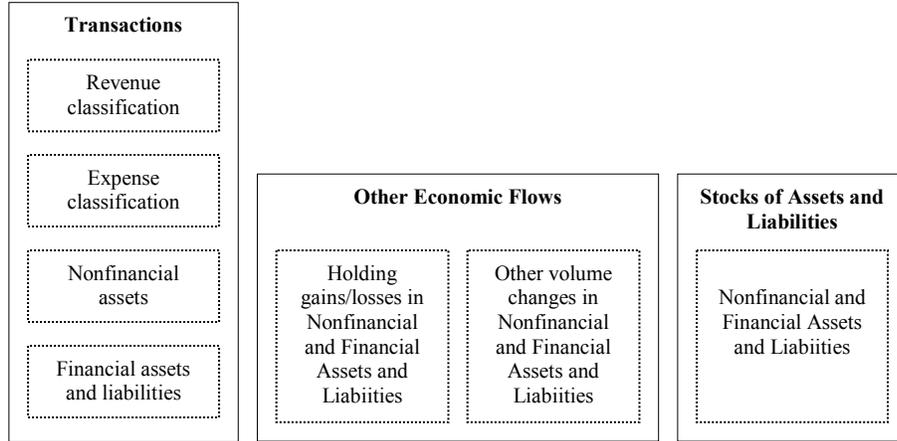
B. The main features of the GFSM 2001

The *GFSM 2001* system is an integrated system of stocks and flows that reconciles the opening and closing balance sheet positions in terms of intervening transactions and "other economic flows." Other economic flows consist of holding gains and losses and other changes in the volume of assets and liabilities.

The features of the *GFSM 2001* framework are illustrated in the following chart, where the transactions in revenue, expense, nonfinancial assets, and financial assets and liabilities are shown on the left-hand side of chart. The holding gains/losses in assets and liabilities, as well as other volume changes in

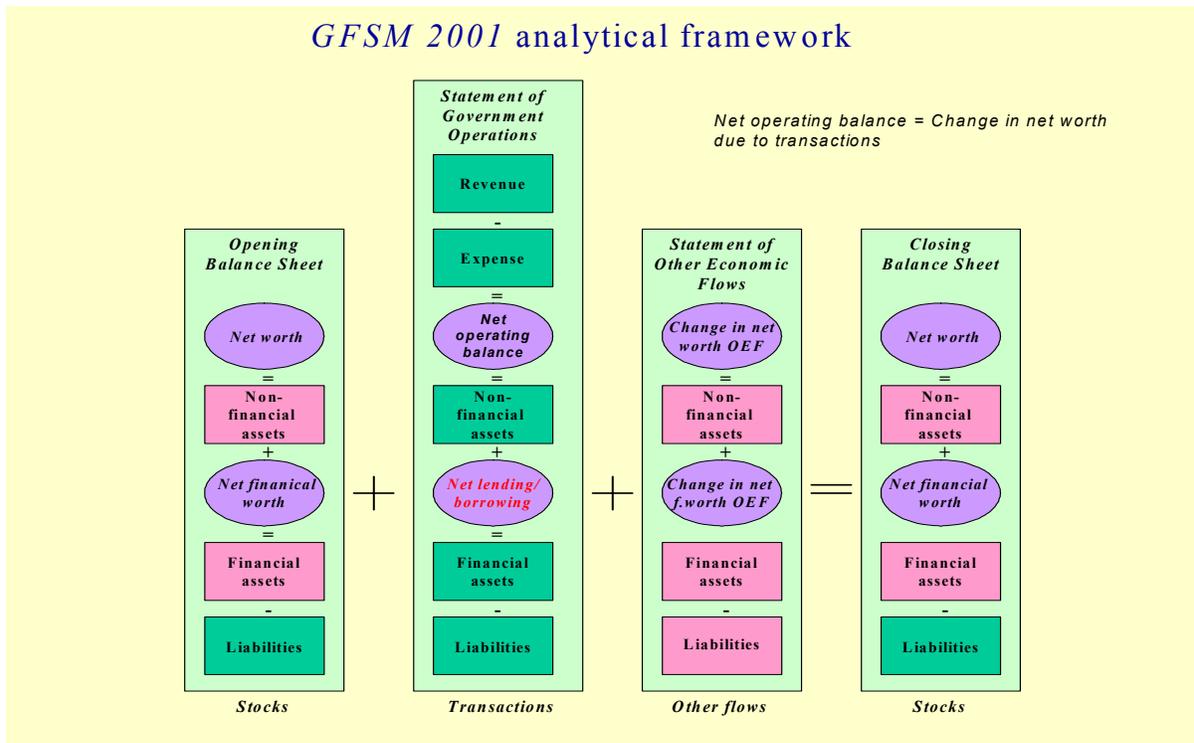
assets and liabilities, are shown in the middle section under “other economic flows.” Finally, the right-hand side shows the stocks of assets and liabilities.

The GFSM 2001 classification system:



As a result, the *GFSM 2001* framework consists of four analytical statements. Three are based on accrual data for transactions, other economic flows, and balance sheets (see the following diagram):

1. The *Statement of Government Operations* presents summary information on all transactions and derives important analytic balances from this information.



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2. The *Statement of Other Economic Flows* presents information on changes in *net worth* that arise from economic flows other than transactions. These flows are classified as either changes in value (revaluations) or changes in the volume of assets and liabilities.

3. The *Balance Sheet* represents the stocks of assets, liabilities and *net worth* at the beginning and the end of the accounting period.

The fourth statement—the *Statement of Sources and Uses of Cash* (not illustrated here)—shows the amounts of cash generated and used in operations and in transactions involving assets and liabilities. Its balancing item is the *net change in the stock of cash*.

Within the statements, the main balancing items of the *GFSM 2001* framework are *net operating balance*, *net lending/borrowing*, and *net worth*:

- The *net operating balance* equals revenue minus expense, which is a summary measure of the effect of the government's transactions on *net worth*; only revenue and expense transactions affect the *net worth*.
- By deducting the net acquisition of nonfinancial assets from the net operating balance, a balance called *net lending/borrowing* is produced, which measures the extent to which a government either provides financial resources to the other sectors of the economy and the rest of the world (*net lending*) or uses financial resources generated by the other sectors (*net borrowing*). The *net lending/borrowing* also is equal to the government financing requirement derived as the net of transactions in financial assets and liabilities. It is a measure of the financial impact of government activity on the rest of the economy.
- The government's *net worth* is defined as the difference between total assets and total liabilities, and *net financial worth* is defined as the difference between financial assets and liabilities.

INTEGRATED STATEMENT OF FLOWS AND STOCKS	Year 1999				
	Opening balance	Transactions	Revaluations	Other volume changes*	Closing balance
Revenue		71,680			
Expense		64,135			
Net worth (Net operating balance)	92,100	7,545	27,734	-19,578	107,802
Nonfinancial assets	120,329	10,260	23,561	0	154,150
Net financial worth (Net lending/Borrowing)	-28,229	-2,715	4,173	-19,578	-46,348
Financial assets	19,370	2,813	2,986	0	25,169
Domestic	19,370	2,813	2,986	0	25,169
Foreign	0	0	0	0	0
Monetary gold and SDRs	0	0	0	0	0
Liabilities	47,599	5,527	-1,187	19,578	71,517
Domestic	37,601	3,093	-602	19,578	59,670
Foreign	9,998	2,434	-585	0	11,847

* In 1999, the local governments recorded for the first time their unfunded pension liabilities related to their employees.

The table above, using local government data for Iceland, illustrates how the *GFSM 2001* system integrates balance sheets with transactions and other economic flows. The system presents multiple analytical balances. The government's *net worth* is shown at the beginning and end of the accounting period, along with the main reasons for changes in the balance sheet, namely, transactions, revaluations, and other volume changes.

The *GFSM 2001* framework provides a range of possibilities for fiscal analysis, especially concerning fiscal liquidity and sustainability issues. A major innovation of the *GFSM 2001* framework is that it parallels a set of business accounts, allowing a nuanced view of fiscal sustainability through the measurement of *net worth*, as well as *net operating balance* and *net lending/borrowing*. When compiled using comprehensive accrual information, these measures reflect more accurately the impact of resource flows. The analysis of *net worth* (the stock of assets minus liabilities) should focus policy attention on the structure of the government's balance sheet and the portfolio choice among assets (and liabilities).

II. THE RELATIONSHIP BETWEEN *ESA 95* AND *GFSM 2001*

This section describes the *ESA 95* system, outlines the main differences between the *ESA 95* and *GFSM 2001* frameworks, and illustrates the broad linkage between the *ESA 95* accounts and GFS tables.

A. Short description of *ESA 95*

The *ESA 95* system of national accounts (based on the *1993 SNA*) consists of a coherent, consistent, and integrated set of macroeconomic accounts, balance sheets, and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules. It provides a comprehensive and detailed record of the complex economic activities taking place within an economy and of the interaction between the different economic agents, and groups of agents, that takes place in markets or elsewhere. It is essential for observing and analyzing the economic interactions taking place between the different sectors of the economy and to understanding the workings of the economy.

The *ESA 95* is built around a sequence of interconnected flow accounts linked to different types of economic activities taking place within a given period of time, together with balance sheets that record the values of stocks of assets and liabilities held by institutional units or sectors at the beginning and end of the accounting period.

The main sets of accounts in the system are the *current accounts*, the *accumulation accounts*, and the *balance sheet*. The current accounts comprise the *production account* and the *income accounts*, the latter being further divided into the *primary distribution*, *secondary distribution*, and *use of income accounts* (see the sequence of accounts below). The accumulation accounts consist of the *capital account* and the *financial account*. The sequence of accounts is compiled for each institutional sector in the economy (e.g., general government) and for the economy as a whole.

Secondary income distribution

Secondary distribution of income account	
Uses	Resources
Current taxes on income, wealth, etc.	<i>Balance of primary income</i>
Social contributions	Current taxes on income, wealth, etc.
Social benefits (≠ in kind)	Social contributions
Other current transfers	Social benefits (≠ in kind)
= <i>Disposable income</i>	Other current transfers

Redistribution of income in kind account	
Uses	Resources
Social transfers in kind	<i>Disposable income</i>
	Social transfers in kind
= <i>Adjusted disposable income</i>	

The secondary distribution of income shows how the balance of primary income of an institutional unit or sector is transformed into its *disposable income* by the receipts or payment of current transfers. In addition to carrying forward the balance of primary income, it records current taxes on income, wealth, etc., social contribution and benefits, and other current transfers. Since these transfers are resources for some sectors and uses for others, they appear on both sides of the account. The balancing item *disposable income* can be used for final consumption and saving.

The redistribution of income in kind account reallocates social benefits in kind and transfers of individual non-market goods and services from the purchasing sector to the using sector.

Use of income account	
Uses	Resources
Final consumption expenditure	<i>Disposable income</i>
Adjustment for the change of households on pension funds	Adjustment for the change of household on pension funds
= <i>Saving</i>	

The use of income account shows, for government, nonprofit institutions serving households (NPISHs), and households, how disposable income or adjusted disposable income is allocated between final consumption and *saving*, which is the balancing item.

Accumulation accounts

Changes in assets	Capital account	Δ in liabilities and net worth
Gross fixed capital formation	<i>Saving, net</i> Capital transfers, receivable Capital transfers, payable (-)	
Consumption of fixed capital (-)		
Changes in inventories		
Acquisition less disposals of valuables		
Acquisition less disposals of non-produced non-financial assets		
<i>Net lending (+) / net borrowing (-)</i>		

The capital account records the acquisitions/disposals of non-financial assets and capital transfers. The right side comprises net saving and net capital transfers, i.e., changes in net worth due to saving and capital transfers. The left side shows transactions in nonfinancial assets. The balancing item is either *net lending (+)*, which measures the net amount a unit or a sector has available to finance other units or sectors, or *net borrowing (-)*, which corresponds to the amount a unit or a sector is obliged to borrow from others.

Changes in assets	Financial account	Δ in liabilities and net worth
Net acquisition of financial assets	Net incurrence of liabilities Currency and deposits Securities other than shares Loans Shares and other equities Insurance technical reserves Other accounts receivables <i>Net lending (+) / net borrowing (-)</i>	
Monetary gold and SDRS		
Currency and deposits		
Securities other than shares		
Loans		
Shares and other equities		
Insurance technical reserves		
Other accounts receivables		

The financial account records transactions in financial assets and liabilities. It is classified by financial instrument. The net acquisition of financial assets is shown on the left side, and the net incurrence of liabilities on the right side. The balancing item is again *net lending (+)* or *net borrowing (-)*, which appears this time on the right side of the account.

In principle, net lending or net borrowing is measured identically, whichever account is considered. In practice, achieving this identity is one of the most difficult targets of national accounts.

B. The main conceptual differences between the *ESA 95* and *GFSM 2001* frameworks

Several conceptual differences exist between the *ESA 95* and *GFSM 2001* data, which need to be addressed with the EU countries for purposes of regular GFS reporting and data publication. Three of the most significant are the presentation of social security, the treatment of government employer retirement pension schemes, and the consolidation rules for transactions and balances. A fourth difference exists with the Maastricht Excessive Deficit Procedure (EDP) treatment of interest rate swaps agreements.

Regarding the first significant difference, the GFS presentation includes social security as part of the government sector that administers the social security scheme. In most countries social security schemes are administered by the central government. They are presented in GFS, unconsolidated, as a subsector of central government, and also consolidated with the budgetary and extrabudgetary entities to show the consolidated central government. In *ESA 95*, the social security schemes are a separate subsector and not consolidated in central government.

Second, according to the *GFSM 2001* methodology, contributions and benefits paid under government employer unfunded pension schemes are treated as financial transactions. In *ESA 95*, these transactions are treated as contributions and benefits in the current accounts. The *GFSM 2001* presentation requires an imputation of government liabilities related to the unfunded pension schemes, and imputed interest on that liability. The difference between the *GFSM 2001* and *ESA 95* treatments of these transactions will affect the respective measures of *net lending/borrowing*.

Third, the GFS consolidation rules require the elimination of transactions between general government units, as well as stocks of assets and liabilities that represent claims by one general government unit on another general government unit. The transactions that can be more easily identified in practice are interest, taxes, grants, and financing transactions. In *ESA 95*, flows and stocks between constituent units are not consolidated as a matter of principle. However, consolidated accounts may be built up for complementary presentations and analysis.

Finally, both the *ESA 95* and *GFSM 2001* require that transactions in interest rate swaps and forward rate agreements be recorded as financial derivatives transactions. However, current reporting under the Maastricht EDP places these transactions under expenditure rather than under financial assets.

C. Other differences between *ESA 95* and *GFSM 2001* regarding revenue and expense

A. Revenue:²

- *Social contributions [GFSM 2001 code 122]*: In *ESA 95* in order to present income information that may be more useful for analyzing the behavior of the households concerned, pension contributions to social insurance schemes and pension benefits to households are recorded as transfers in the secondary distribution of income account. However, households are also treated in the financial accounts and the balance sheet as owning the reserves of funded pension schemes. To reconcile these two views, *ESA 95* incorporates an adjustment item in the use of income account to

² Numbers in brackets [] represent *GFSM 2001* codes.

remove the change in net equity of households from saving, that is, the transactions are recorded twice and adjusted out once.

In *GFSM 2001*, these transactions are recorded once as financial items. In addition, *GFSM 2001* treats unfunded employer pension schemes identically with the funded schemes. (See *GFSM 2001* annex to chapter 2.)

- *Sales of goods and services* in GFS are classified into four subcategories. The *ESA 95* does not provide this detailed information, although the information is used by national accountants to calculate government final consumption expenditure in the use of income accounts.

B. Expense:

- *Compensation of employees [21]* and *Use of goods and services [22]*: In GFS, expenses related to construction of nonfinancial assets on own account (own capital formation) are excluded from current expense. They are only recorded under net acquisition of nonfinancial assets [31]. In *ESA 95*, these entries are recorded in three separate places in the system of accounts: as current expenses and grossed up to measure output and capital formation.
- *Subsidies [25]*: In *ESA 95*, subsidies are classified as (1) subsidies on products and (2) subsidies on production. In GFS, subsidies are classified according to the type of institutional units that receive them.
- *Social benefits [27]*: See social contributions [122].
- *Interest [24]*: In GFS, interest payments are classified into (1) interest to nonresidents, (2) interest to residents other than general government, and (3) interest to general government. In *ESA 95*, interest payments are identified by each sector's (e.g., the general government sector's) total interest payments, indistinguishable between residents and nonresidents. Also, interest payments to nonresidents by each sector are not separately identified (only the economy's total interest payments to nonresidents are identified).
- *Capital transfers*, which consist of *capital grants [2612,2622,2632]* and *miscellaneous other capital expense [2822]* in GFS, are classified as expense in GFS, since they reduce the net worth. In *ESA 95*, capital transfers are recorded in the capital account along with net acquisition of nonfinancial assets. This means that the net operating balance in GFS, which is the equivalent to change in net worth due to transactions, is comparable with the *ESA 95* concept *saving plus net capital transfers*.

D. A broad linkage between the ESA 95 accounts and GFSM 2001 tables

To show the broad linkage between the *GFSM 2001* and *ESA 95*, the main accounts of these two systems are presented side by side in Appendix 1. Data are used to illustrate the relationship between the accounts of the systems. As an example, the linkage between the resource side of the *ESA 95* primary income account and the GFS accounts is marked with arrows. It is clear from the appendix that the two systems present their fiscal data quite differently. The GFS presents the revenue and expense data similar to usual business accounting systems (in revenue and expense accounts), but the *ESA 95* data are shown in a production account and various income accounts, linked together.

For further illustration, Appendix 2 shows how the *GFSM 2001* classifications relate to the *ESA 95* framework accounts. Using a typical national accounts presentation (a sequence of accounts),³ the GFS categories are filled in and marked with GFS codes on the left side, both under the use and resource side. The SNA codes are shown on the right side.

III. THE SUPPLEMENT TO THE 2002 GFS YEARBOOK

In 2002 the IMF's Statistics Department published a *Supplement to the 2002 Government Finance Statistics Yearbook*. The purpose of the *Supplement* was to illustrate that countries could use different approaches for compiling fiscal data according to the *GFSM 2001* framework. Three approaches were illustrated: The first approach was based on underlying accrual data.⁴ The second approach used *ESA 95* national accounts data that were already available on an accrual basis. The third approach demonstrated that cash fiscal data can be reclassified to the *GFSM 2001* framework to utilize some of the informational advantages of the system. A fourth approach, not demonstrated in the *Supplement*, will evolve as cash reporting countries introduce accrual components in their data. This will typically involve a gradual progress of starting with cash data and, over time, adding more accrual items.

In collaboration with Eurostat (the European Union's statistical agency) and the European Central Bank, the IMF staff developed a method for compiling *GFSM 2001* data from *ESA 95* national accounts data for the general government sector as reported by the member countries of the European Union (EU) to Eurostat (see Appendix 3). The data were published in the *Supplement to the 2002 GFS Yearbook*. At that time the complete *ESA 95* national accounts reporting system was not yet fully implemented. Consequently, some of the tables show gaps. Moreover, since the *ESA 95* focuses on the national accounts, the data do not fully satisfy the detailed classification requirements of *GFSM 2001*. The *ESA 95* data presented in the *Supplement* were complemented by additional information collected directly from the fiscal agencies of the EU member countries. The country page for Belgium in Appendix 4 is as an example of the *GFSM 2001* statistical tables presented in the *Supplement*.

IV. FUTURE AGENDA: 2003 GFS YEARBOOK AND PLANS REGARDING GFSM 2001 IMPLEMENTATION

In May 2003, the IMF sent its member countries a revised *GFS Yearbook* questionnaire in the format of the *GFSM 2001* framework, requesting that countries fill in relevant data according to the new methodology. To assist the countries in this task, the Statistics Department (STA) converted historical GFS data for 1990-2000 to the *GFSM 2001* framework. The *2003 GFS Yearbook* questionnaire included the two last reported years' data for explanatory purposes. In March 2004, the *2003 GFS Yearbook* was published, and the fiscal data were presented according to the *GFSM 2001* framework. This experience will serve as the foundation for the processing and dissemination of future GFS yearbooks.

³ See Table A.V.5. in *1993 SNA* or Table A.IV.5 in *ESA 95*.

⁴ Accrual data submitted by the national authorities.

The IMF will encourage its member countries to implement the *GFSM 2001* methodology. It is recognized that the implementation of the fully integrated system presented in the *GFSM 2001* will take time and progress will be determined by the different needs and circumstances of each country involved. Countries will need to revise their fiscal data classifications systems and the underlying accounting systems to reflect fully the accrual basis of recording while still capturing data on a cash basis. To facilitate this implementation process, the IMF has conducted courses and seminars in recent years on the *GFSM 2001* methodology and, in the future, will provide additional training and technical assistance on the *GFSM 2001* and develop companion material to the *GFSM 2001* for dissemination on the IMF website.

Appendix 1.

GFSM 2001:

GFS-accounts for a country:	
	2001
Revenue	113,435
Taxes	100,772
- Current taxes on income, etc.	64,011
- Taxes on production	36,761
Social insurance contributions	4,359
Grants	1,500
- Current	1,250
- Capital	250
Other revenue	6,804
- Property income	2,773
- Sales of goods and services	2,053
- Fines, fees, etc.	288
- Other transfers	1,690
Expense	135,360
Compensation of employees	63,317
Use of goods and services	22,345
Consumption of capital	3,549
Property expense	24,812
Subsidies	5,503
Grants	-
Social benefits	15,834
Other transfers	-
Net operating balance	-21,925
Non-financial assets	7,244
Net acquisition of fixed assets	5,771
Inventory change	899
Valuables	-
Non-produced non-financial assets	574
Net lending / borrowing	-29,169
Net acquisition of financial assets	2,064
Domestic	1,814
Foreign	250
Net incurrence of liabilities	31,233
Domestic	28,837
Foreign	2,396

1) Own capital formation 5,515
 Compensation of employees 3,315
 Use of goods and services 2,200

2) Government final consumption = Output - Own capital formation - Sales of goods and services

Govt. final consumption = 94,726 - 5,515 - 2,053 = 87,158

ESA 95:

Uses	Production account	Resources	
Intermediate consumption:		<i>Outputs:</i>	
Use of goods and services	22,345	Compensation of employees	63,317
Use of goods and services in own capital formation 1)	2,200	Use of goods and services	22,345
		Consumption of fixed capital	3,549
		Own capital formation 1)	5,515

Gross value added	70,181		94,726

Consumption of fixed capital	3,549		=====
<i>Net value added</i>	66,632		
	=====		
Uses	Generation of income	Resources	
Comp. of employees	63,317	Net value added	66,632
Comp. of employees in own capital formation	3,315		=====
Comp. of employees	66,632		
Taxes – Subsidies	-		
Operating surplus	-		
	=====		
Uses	Primary income account	Resources	
Property expense	24,812	Operating surplus	-
		Taxes on production	36,761
		Subsidies	-5,503
		Property income	2,773

Balance of primary income	9,219		34,031
			=====
Uses	Secondary income account	Resources	
Current grants	-	Balance of primary income	9,219
Social benefits	15,834	Current taxes, income, etc.	64,011
Other current transfers	-	Current grants	1,250
		Social contribution	4,359
		Fines, fees, etc.	288
		Other current transfers	1,690

Disposable income, net	64,983		80,817
			=====

Continues on the next page

ESA 95 continued:

<i>Uses</i>	Use of income account	<i>Resources</i>	
Government final consumption 2)	87,158	Disposable income	64,983

Saving, net 3)	-22,175		
	=====		

<i>Change in assets</i>	Capital account	<i>Δ in liab. and net worth</i>	
Fixed assets	5,771	Saving net	-22,175
Inventories	899	Capital transfers	250
Valuables	-		
Nonproduced NFA	574	[Saving & capital	
	-----	transfers -21,925] 3)	
Net lending/borrowing	-29,169		
	=====		

<i>Change in assets</i>	Financial account	<i>Δ in liab. and net worth</i>	
Net acq. of financial assets	2,064	Net lending/borrowing	-29,169
<i>[needs to be classified by instruments]</i>		Net incurrence of liabilities	31,233
		<i>[needs to be classified by instruments]</i>	

3) In ESA 95, capital transfers are recorded in the Capital Account along with net acquisition of nonfinancial assets. This means that the net operating balance in GFS, which is the equivalent to change in net worth due to transactions, is comparable with the ESA 95 concept *saving plus net capital transfers*.

Appendix 2

Relationship between GFSM2001 and SN.A93/ESA95

Use

Resource

I. Production account

P.2	Intermediate consumption		P.1	Output	
22	Use of goods and services	P.2	21	Compensation of employees	D.1
			211	Wages and salaries	D.11
	+ Own capital formation, use of goods and services ¹⁾		2111	Wages and salaries in cash	D.111
			2112	Wages and salaries in kind	D.112
			212	Social contributions	D.12
B.1g	Value added, gross		2121	Actual social contributions	D.121
			2122	Imputed social contributions	D.122
23	Consumption of fixed capital	K.1	22	Use of good and services	P.2
			23	Consumption of fixed capital	K.1
B.1n	Value added, net			+ Own capital formation ¹⁾	

II.1.1 The Generation of Income Account

D.1	Compensation of employees		B.1n	Value added, net
21	Compensation of employees ¹⁾	D.1		
211	Wages and salaries	D.11		
2111	Wages and salaries in cash	D.111		
2112	Wages and salaries in kind	D.112		
212	Social contributions	D.12		
2121	Actual social contributions	D.121		
2122	Imputed social contributions	D.122		
	+ Taxes on production paid by government units	D.29		
	- Subsidies received by government units	D.39		
B.2	Operating surplus			

II.1.2 The Allocation of Primary Income Account

D.4	Property expense²⁾		B.2	Operating surplus	
24	Interest	D.41	112	Taxes on payroll and workforce	D.29
241	To nonresidents	D.411	1131	Recurrent taxes on immovable property / paid by enterprises	D.29
242	To residents other than general government units	D.412	1132	Recurrent taxes on net wealth / paid by enterprises	D.29
243	To general government units	D.413	1134	Taxes on financial and capital transactions	D.29
281	Property expense other than interest	D.42	1136	Other recurrent taxes on property / paid by enterprises	D.29
2811	Dividends	D.421	11411	Value added taxes	D.211
2812	Withdrawals from income of quasi-corporations	D.422	11412	Sales taxes	D.214
2813	Property expense attributed to insurance policyholders	D.44	11413	Turnover and other general taxes on goods and services	D.214
2814	Rent	D.45	1142	Excises	D.214
			1143	Profits of fiscal monopolies	D.29
			1144	Taxes on specific services	D.214
			11451	Motor vehicles taxes / paid by enterprises	D.214
			11452	Other taxes on use of goods, or on permission, etc.	D.29
			11461	Severance taxes	D.29
			11462	Miscellaneous other taxes on G&S / paid by enterprises	D.214
			1151	Customs and other import duties	D.2121
			1152	Taxes on exports	D.213
			1153	Profits of export and imports monopolies	D.29
			1154	Exchange profits	D.214
			1155	Exchange taxes / paid by enterprises	D.214
			1156	Other taxes on int. trade and trans. / paid by enterprises	D.29
			1161	Other taxes paid solely by business	D.29
			1162	Other taxes paid by other than business or unidentified	D.29
			141	Property income ²⁾	D.4
			1411	Interest	D.41
			1412	Dividends	D.421
			1413	Withdrawals from income of quasi-corporations	D.422
			1414	Property income attributed to insurance policyholders	D.44
			1415	Rent	D.45
			25	Subsidies (-)	D.3
			251	To public corporations	-
			2511	To public nonfinancial corporations	-
			2512	To public financial corporations	-
			252	To private enterprises	-
			2521	To private nonfinancial enterprises	-
			2522	To private financial enterprises	-
B.5	Balance of primary incomes				

Appendix 2

Relationship between GFSM2001 and SN.A93/ESA95

Use

Resource

II.2 The Secondary Distribution of Income Account

+		B.5		Balance of primary incomes	
	Current taxes on income, wealth, etc				
27	Social benefits, in cash		111	Taxes on income, profits, and capital gains	D.51
2711	Social security benefits in cash	D.621	1111	Payable by individuals	-
2721	Social assistance benefits in cash	D.624	1112	Payable by corporations and other enterprises	-
2731	Government employee social benefits in cash	D.623	1113	Unallocable	-
26	Grants, current		1131	Recurrent taxes on immovable property / final consumers	D.59
2611	To foreign governments, current	D.75	1132	Recurrent taxes on net wealth / paid by final consumers	D.59
2621	To international organizations, current	D.74	1136	Other recurrent taxes on property / paid by final consumers	D.59
2631	To general government units, current	D.73	11451	Motor vehicles taxes / paid by final consumers	D.59
2821	Other current expense	D.75	11452	Other taxes on use of goods, permission to use goods, etc	D.59
			11462	Miscellaneous other taxes on G&S / final consumers	D.59
			1155	Exchange taxes / paid by final consumers	D.59
			1156	Other taxes on int. trade and transactions / final consumers	D.59
			12	Social contributions	D.61
			121	Social security contributions	-
			122	Other social contributions	-
			13	Grants, current	
			1311	Grants from foreign government / current	D.75
			1321	Grants from international organizations / current	D.74
			1331	Grants from general government units / current	D.73
			143	Fines, penalties, and forfeits	D.75
			1441	Voluntary transfers other than grants / current	D.75
			145	Miscellaneous and unidentified revenue	D.75
B.6 Disposable income					

II.4.1 Use of Disposable Income Account

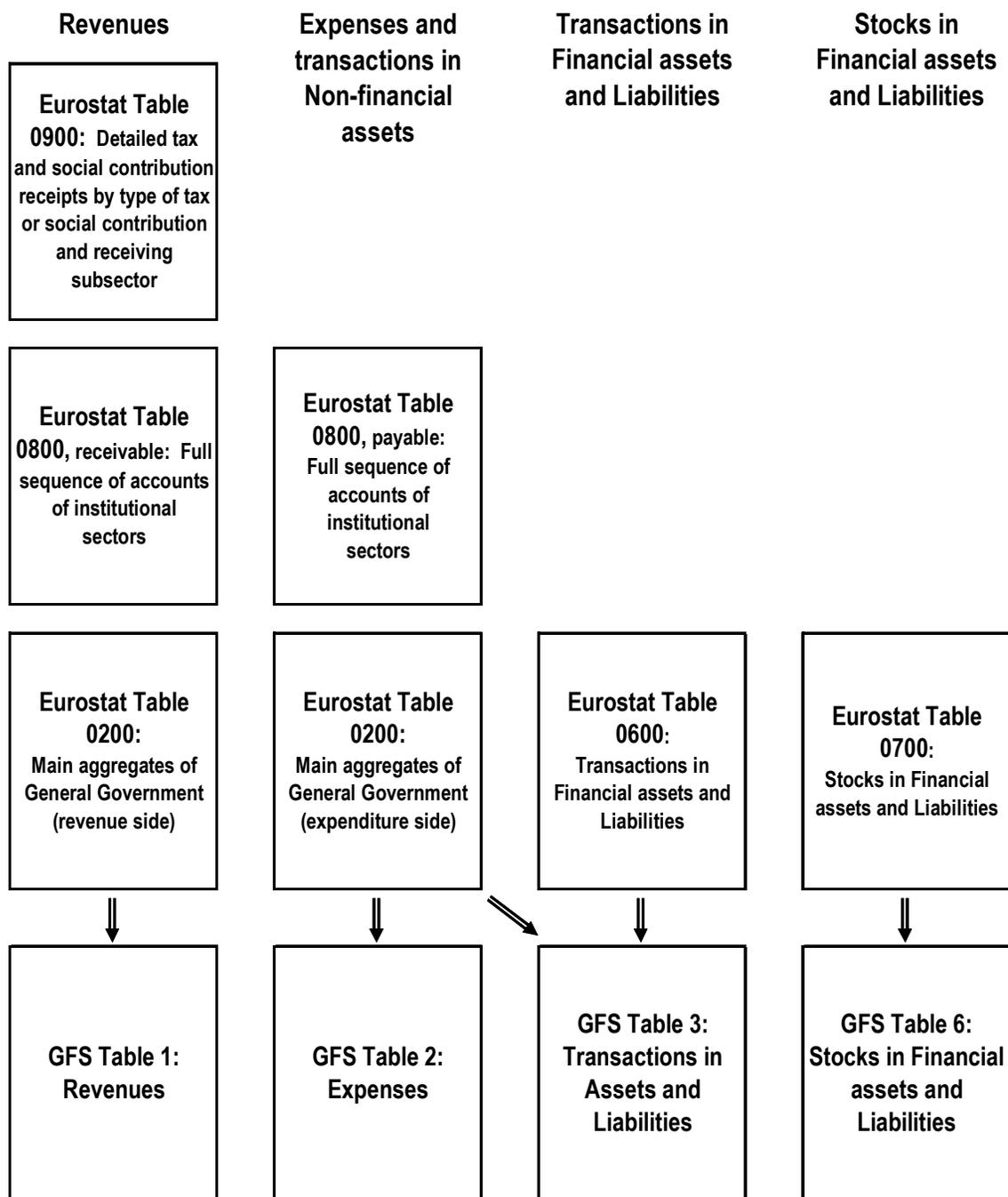
P.3		B.6		Disposable income	
	Final consumption expenditure				
21	Compensation of employees	D.1			
211	Wages and salaries	D.11			
2111	Wages and salaries in cash	D.111			
2112	Wages and salaries in kind	D.112			
212	Social contributions	D.12			
2121	Actual social contributions	D.121			
2122	Imputed social contributions	D.122			
22	Use of good and services	P.2			
23	Consumption of fixed capital	K.1			
-	Own capital formation ¹⁾				
142	Sales of goods and services	P.2			
1421	Sales by market establishments				
1422	Administrative fees				
1423	Incidental sales by nonmarket establishments				
1424	Imputed sales of goods and services				
B.8 Saving, net					

III.1 Capital Account

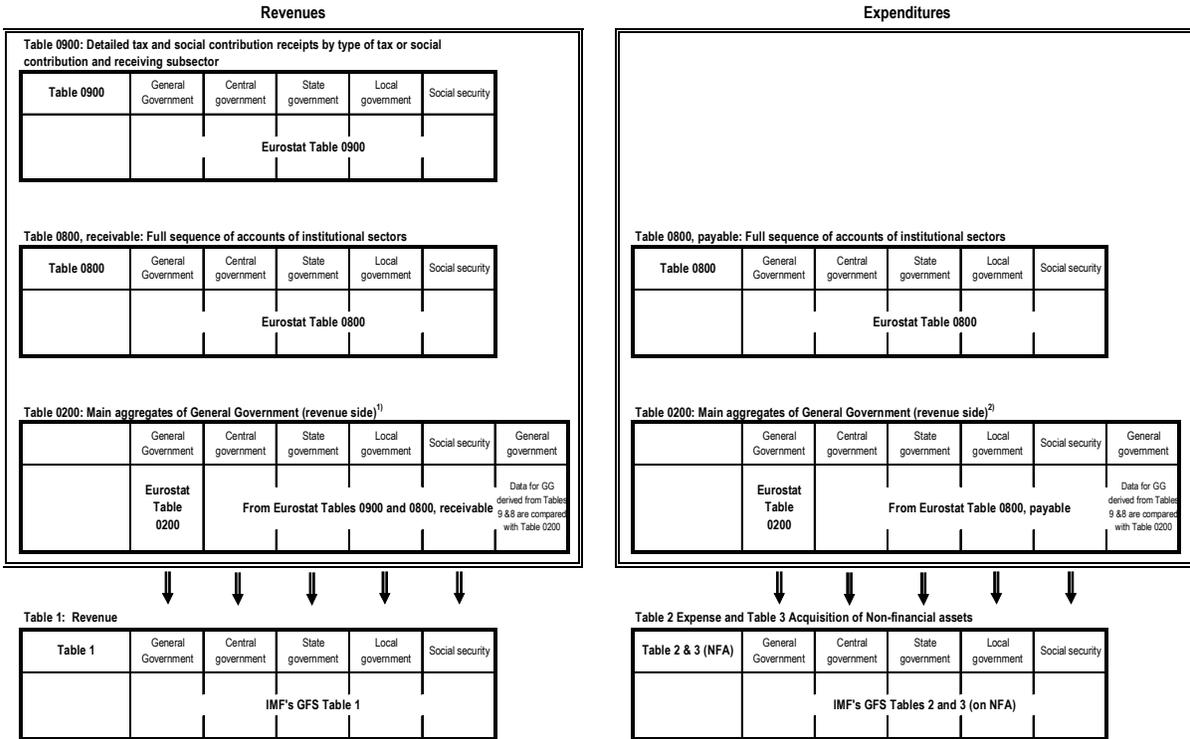
		B.8		Saving, net	
31	Acquisition of nonfinancial assets	P.51			
311	Fixed assets	D.511	1133	Estate, inheritance, and gift taxes	D.99
3111	Buildings and structures		1135	Other nonrecurrent taxes on property	D.91
3112	Machinery and equipment		1312	Grants from foreign government / capital	D.92
3113	Other fixed assets		1322	Grants from international organizations / capital	D.92
312	Inventories	P.52	1332	Grants from general government units / capital	D.92
313	Valuables	P.53	1442	Voluntary transfers other than grants / capital	D.99
314	Nonproduced assets	K.2			
26	Grants, capital				
2611	To foreign governments, capital	D.92			
2621	To international organizations, capital	D.92			
2631	To general government units, capital	D.92			
2821	Other capital expense	D.99			
23	Consumption of fixed capital	K.1			
B.9 Net lending / borrowing					

Appendix 3.

The mapping between Eurostat database and GFS Tables



The mapping between the Eurostat database and GFS Tables



1) The 'ESA 95' Questionnaire Table 0200, which contains the total revenue, total expenditure, and the net lending / borrowing of the General Government, is used for creating corresponding aggregates for the subsectors of the General Government. To calculate the total revenue of each subsector, an assumption has to be made of how the revenue item 'Other non-market output' (TRP13) is divided between its two sub-items, i.e. 'Payment for other non-market output' (TRP131) and 'Other non-market output' (TRP132). The division (proportion) that appears in Table 0200 for the General Government sector is used.

2) Since we have the total revenues and net lending/borrowing for each subsector, the total expenditures for each can be calculated. There is only one item unknown on the expenditure side for each subsector, i.e. 'Social transfers in kind related to expenditure on products supplied to households via market producers (payable)' (TRD6311PAY + TRD63121PAY + TRD63131PAY), which can now be calculated as a rest item.

The mapping between the Eurostat database and GFS Tables

Transactions in assets and liabilities

Table 0800, payable: Full sequence of accounts of institutional sectors					
Table 0800	General Government	Central government	State government	Local government	Social security
Eurostat Table 0800					

Table 0600, Financial accounts by sectors (transactions)					
Table 0600	General Government	Central government	State government	Local government	Social security
Eurostat Table 0600					



Table 3: Transactions in assets and liabilities

Table 3	General Government	Central government	State government	Local government	Social security
IMF's GFS Table 3					

Flows and Stocks in Assets and Liabilities

Table 0800, payable: Full sequence of accounts of institutional sectors					
Table 0800	General Government	Central government	State government	Local government	Social security
Eurostat Table 0800					

Table 0600, Financial accounts by sectors (transactions)					
Table 0600	General Government	Central government	State government	Local government	Social security
Eurostat Table 0600					

Table 0700, Balance sheets for financial assets and liabilities (stocks)					
Table 0700	General Government	Central government	State government	Local government	Social security
Eurostat Table 0700					



Table 6 Flows and stocks in assets and liabilities

Table 6	General Government	Central government	State government	Local government	Social security
IMF's GFS Table 6					

Millions of Euros / Year Ending December 31		Central government			State and local governments			General government		
		1998	1999	2000	1998	1999	2000	1998	1999	2000
TABLE 5. OUTLAYS BY FUNCTIONS 4)										
7	Total Outlays	100,735	105,199	108,456	44,036	46,644	48,635	113,416	118,147	122,343
701	General public services	41,487	43,026	44,052	7,874	8,284	8,512	24,114	24,686	25,484
7017	Public debt transactions .....	...	...	...	...	...	...	...	...	...
702	Defense	2,992	3,001	3,013	0	0	0	2,992	2,989	3,004
703	Public order and safety	2,012	2,176	2,311	1,382	1,515	1,587	3,365	3,664	3,868
704	Economic affairs	4,426	4,765	4,896	6,550	7,604	7,847	10,045	11,440	11,694
7042	Agriculture, forestry, fishing and hunting .....	...	...	...	...	...	...	...	...	...
7045	Transport .....	...	...	...	...	...	...	...	...	...
7046	Communication .....	...	...	...	...	...	...	...	...	...
705	Environmental protection	128	85	168	1,567	1,564	1,731	1,633	1,587	1,837
706	Housing and community amenities	0	4	17	1,067	1,025	1,069	955	919	966
707	Health	13,474	14,450	15,334	520	482	536	13,895	14,845	15,784
708	Recreation, culture and religion	234	245	262	2,004	2,100	2,312	2,091	2,186	2,406
709	Education	2,291	2,395	2,558	16,002	16,406	16,950	14,197	14,543	14,998
710	Social protection 4)	33,411	34,704	35,577	7,133	7,738	8,170	40,411	41,545	42,690
	Statistical discrepancy	280	348	268	-63	-74	-79	-282	-257	-388
TABLE 6. BALANCE SHEET										
6	Net Worth .....	...	...	...	...	...	...	...	...	...
61	Nonfinancial assets .....	...	...	...	...	...	...	...	...	...
611	Fixed assets .....	...	...	...	...	...	...	...	...	...
6111	Buildings and structures .....	...	...	...	...	...	...	...	...	...
6112	Machinery and other equipment .....	...	...	...	...	...	...	...	...	...
6113	Other fixed assets .....	...	...	...	...	...	...	...	...	...
612	Inventories .....	...	...	...	...	...	...	...	...	...
613	Valuables .....	...	...	...	...	...	...	...	...	...
614	Nonproduced assets .....	...	...	...	...	...	...	...	...	...
62	Financial assets 5)	18,935	20,375	22,179	4,739	5,543	4,938	17,403	19,256	19,314
6211	Domestic .....	...	...	...	...	...	...	...	...	...
6213	Foreign .....	...	...	...	...	...	...	...	...	...
63	Liabilities 5)	248,089	250,984	253,294	29,035	28,035	27,743	270,852	272,357	273,233
631	Domestic .....	...	...	...	...	...	...	...	...	...
632	Foreign .....	...	...	...	...	...	...	...	...	...
Memorandum items:										
6M1	Net financial worth (=62-63)	-229,154	-230,609	-231,115	-24,295	-22,492	-22,805	-253,449	-253,101	-253,919
6M2	Debt at market value (=63-6317-6327) .....	...	...	...	...	...	...	...	...	...
6M3	Debt at nominal value ³⁾
6M4	Arrears ³⁾

Notes to the statistical tables:

32* = 32 - 3212 - 3222

... Indicates data are not available.

1) For consolidating the central government (CG) and the social security funds (SSF), it was assumed that all transfers received by SSF were from CG.

2) Since the distribution of 'Payments for other non-market output' (TRP131) between the subsectors of general government is not available in the New Cronos database, its distribution is assumed to be the same as for 'Other non-market output' (TRP13).

3) Since the subcomponent 'Social benefits' is the only unknown component of government outlays, its value is assumed to be the difference between the total outlays and other subcomponents.

4) State and local government's outlays by function are unconsolidated. The transfers between Budgetary Account and Social Security Funds are assumed to be through the 'social protection' function.

5) Central government and Social Security Funds' financial assets and liabilities are unconsolidated, as well as the state and local governments' financial assets and liabilities.