

**Documentation of statistics for
Government Finance Statistics 2015**

1 Introduction

The purpose of *General government finances* is to analyze the economic activities of general government and to analyze the distribution of tasks and burden between sub-sectors of general government and finally to show the interaction between this sector and the rest of the economy. A national accounts format can be extracted from the statistics. The statistics were produced for the first time in 1975. Data are available from 1971 and onward. From 1971 to 1975 the annual data covered the period from 1 April to 30 March. From 1976 and onward the period was changed to calendar year.

2 Statistical presentation

The statistics monitor current and capital expenditure/revenue for the general government. Net lending / net borrowing of the general government are shown. Expenditure /revenue items are shown by type of transaction and by type of function. Taxes, subsidies and transfers to households are sub-divided by type.

2.1 Data description

The purpose of *Budgets of General Government* is to analyze the economic activities of general government and to analyze the distribution of tasks and burden between sub-sectors of general government and finally to show the interaction between this sector and the rest of the economy.

2.2 Classification system

The classification system is based on the European System of Account, ESA2010 and the System of National Accounts, SNA2008.

2.3 Sector coverage

The statistics covers the general government sector (S.13) which includes central government, municipalities, regions and social security funds.

2.4 Statistical concepts and definitions

Compensation of Employees: Includes all payments by producers of wages and salaries to their employees, in kind as well as in cash, and employees and employers contributions to social security schemes, including pension contributions.

Current Transfers: Current transfers have an effect on current disposable income. These transfers primarily consist of transfers to households and are divided into social transfers, e.g. old-age pension and early retirement pension, civil servants' earned pension, unemployment benefit and early retirement pay, social benefit, benefits during sickness or in connection with childbirth, family/young persons' allowances etc., housing benefit and rent subsidies. Furthermore, income transfers include, for example, education benefit. To this is added other transfer payments to private institutions, Faroe Islands and Greenland, the EU and rest of the world.

Other Current Transfers, Revenue: Other current transfers originate from other domestic sectors, the EU and rest of the world.

Other Taxes on Production: Other taxes on production (D.29) consist of all taxes that enterprises

incur as a result of engaging in production, independent of the quantity or value of the goods and services produced or sold.

General Government Final Consumption Expenditure: Final consumption expenditure is obtained in the following way:

- Compensation of employees + consumption of fixed capital = Gross domestic product at factor cost
- Gross domestic product at factor cost + intermediate consumption + social transfers in kind = Output
- Output sales of goods and services = General government final consumption expenditure.

The general government final consumption expenditure or consumption comprises actual operation activities carried out for the general government sector. More than half of the general government final consumption expenditure can be broken down by specific persons. The remainder is government collective-consumption expenditure.

Gross Fixed Capital Formation: Gross fixed capital formation calculated as expenditure on construction of new buildings and civil engineering projects and purchases of transport equipment, machines, software, etc.

Consumption of Fixed Capital: Consumption of fixed capital is also called depreciations or reinvestments and is an estimate of the normal wear and tear of fixed capital goods (including roads, bridges, etc.) in the general government sector.

Intermediate Consumption: Is defined as purchases of goods and services for current consumption, including rentals for offices and buildings, etc., insurance premiums and indirect taxes and duties paid by the general government. Furthermore, some acquisitions of durable goods by the military authorities (weapon systems) will continue to be considered intermediate consumption.

Voluntary Social Security Contributions: Voluntary social security contributions entitle the depositor to public social security benefits. The voluntary scheme covers contributions to health and unemployment insurance.

Imputed Contributions to Social Security Schemes: Imputed contributions to social security schemes are estimated contributions paid by civil servants, etc. These contributions correspond to the value for earned entitlement to retirement, which is added to their wages and salaries.

Economic Rent, etc.: Economic rent, etc. comprises rentals, license fees, etc.

Non-Financial Capital Accumulation: Non-financial capital accumulation includes actual capital activities for the general government sector. Capital accumulation is calculated as follows:

- Acquisition of new fixed assets
- + Acquisition of existing buildings, net
- = Acquisition of gross investments
- Gross fixed capital formation
- + Changes in inventory
- + Acquisition of land and intangible assets, net
- = Non-financial capital accumulation

Capital Transfers: Capital transfers affect either the assets of the granter or recipient. Examples are plant and investment subsidies certain damages, loans written down and similar services, which are frequently non-recurrent.

Acquisition of Existing Buildings, net: Acquisition of existing buildings, net is defined as purchases

of real property, where the existing buildings are considered the most important factor in terms of value, less corresponding sales.

Acquisition of Land and Intangible Assets, net: Acquisition of land and intangible assets, net comprises purchases of real property, where the land is considered the most important factor, less sales.

Changes in Inventory: Changes in inventory consist primarily of purchases of goods for intervention stocks and strategic stocks, less sales of these stocks.

Taxes and Duties: Taxes and duties are defined as compulsory transfers to the general government sector without any link between payment and acquisition of services. In the general statistics, taxes and duties are, for example, broken down by type of tax and national accounts group. The distribution of national accounts reflects the way different types of taxes and duties affect the economy as a whole. Taxes and duties are in national accounts divided into production and import taxes, current income and property taxes, capital taxes and compulsory social security contributions. In classifying taxes and duties according to type, only the tax base is taken into account.

Interest and Dividends: Interest and dividends also comprise dividends and realized capital gains less any losses, in addition to the nominal rate of interest.

Sales of Goods and Services: Sales of goods and services comprise sales of the total output of goods and services. To qualify as sales of goods and services, there must be a remuneration in return and a certain degree of free choice on the part of the buyer in connection with the purchase.

Social Benefits in Kind: Social benefits in kind denote, e.g. health insurance services and aids which the general government buys on the market and allocates to households in the form of full or part payment to producers for supplying specific products to households.

Subsidies: Subsidies are defined as unilateral transfers to public or private enterprises and cover a wide range of transfers. EU agricultural subsidies are an example of product subsidies. Other production subsidies are, e.g., grants for social housing, and enterprise and rehabilitation allowances, etc. Finally, subsidies to cover losses of public quasi corporations are classified as product subsidies.

Withdrawals of Income from Quasi Enterprises: Withdrawals of income from quasi -enterprises are calculated for the public quasi corporations, for example, The Danish State Railways. When calculating profits, depreciations are included as current expenditure. The share of the profit and loss account of Danmarks Nationalbank is also included.

2.5 Statistical unit

The statistics covers the general government sector and the subsectors: Central government, social security funds, municipalities and regions.

2.6 Statistical population

General government. Includes central government, municipalities, regions and social security funds

2.7 Reference area

Denmark.

2.8 Time coverage

Data are available according to ESA2010-principles from 1971 and onward.

2.9 Base period

Not relevant for these statistics.

2.10 Unit of measure

Items in the statistics are in 1,000,000 DKK and shown in current prices.

2.11 Reference period

The statistics contain provisional accounts data for the previous financial year and already published data for the previous financial years, which have been subjected to additional processing. The statistics thus contain both provisional and final data.

2.12 Frequency of dissemination

Annual statistics publications twice a year.

2.13 Legal acts and other agreements

Section 6 of the Act on Statistics Denmark.

Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013

2.14 Cost and burden

There is no response burden as the data are collected via accounts of central government, counties, municipalities and social security funds.

2.15 Comment

Additional information is available by contacting Statistics Denmark.

3 Statistical processing

The data is collected continuously in the months before the publication from the public account systems and other supplementary sources. It is then compiled according to national accounts principles, where it may be necessary to contact the specific source to clarify certain characteristics of the entries. It may be necessary to make imputations in cases where the data isn't available at the time of publication. When a full dataset is compiled for all subsectors balancing is carried out to secure internal consistency.

3.1 Source data

Final accounts of central government, municipalities, counties and social security funds. Accounts data for public quasi institutions are still not available in June. In the November version Quasi accounts are available for year 20xx-2, while for year 20xx-1 the data are still enumerated.

3.2 Frequency of data collection

Data is collected annually. Supplementary information from the tax authorities is collected a couple of weeks before publication.

3.3 Data collection

Data is received electronically from the central government, the municipalities and the regions' financial management systems.

3.4 Data validation

The primary data is validated at arrival. The results of the classification process are validated on micro and macro level. On the micro level a lot of automatic processes is executed to secure internal consistency and time consistency. On the macro level the time series is validated and checked for plausibility. Furthermore the results of the compilation are checked by Eurostat.

3.5 Data compilation

When the data is collected and loaded into the database the classification according to ESA2010 starts. This means that expenditure and revenue is classified into categories like e.g. salary, investments, income transfers and interest. The classification is carried out in three steps. In the first step the actual data is merged with datasets for previous years and all classifications on identical account numbers is copied to the new dataset. In the next step new entries on accounts which have a straight forward ESA2010 interpretation classified automatically. The remaining entries are classified manually. Furthermore all entries are classified by COFOG and branch. The COFOG classification is carried out according to the international COFOG manual (Classification of the Functions of Government). This classification classifies into categories like e.g. defense, health and education.

Primary data is classified on the most detailed level to obtain a nearly perfect link between all entries in the primary accounts and the government finance statistics.

When the classification process is finished the compilation starts. The compilation covers various calculations, imputations and time adjustments. This compilation is necessary for the conversion from primary accounts into national accounts. The calculation of use of fixed capital is an example of a calculation which is carried out for the construction of the government final consumption expenditure. Imputations are made for civil servants salaries to reflect the obtained right to pensions in the future. Time adjustments are heavily used in relation to tax revenue due to the fact that according to ESA2010 the tax revenue should be on an accrual basis.

As a final step all transactions between subsectors are balanced and consolidated.

3.6 Adjustment

There is no correction of data beyond what has already been described under data validation and data treatment except the balancing of transfers between subsectors before consolidation.

4 Relevance

Many users who monitor the public economy have interest in the published statistics of government finance statistics. The statistics is in demand from ministries, politicians, public and private institutions, researchers, enterprises, news media and Eurostat. The statistics provide input to national accounts statistics. The statistics often gets a lot of attention in the media and amongst other professional users.

4.1 User Needs

Ministries, political parties, non-governmental organizations, local government, public and private enterprises, and members of the general public.

4.2 User Satisfaction

Data regarding user satisfaction is not gathered at this time.

4.3 Data completeness rate

This statistics is affected by demands from EU. In terms of completeness all these demands are fully met.

5 Accuracy and reliability

Misclassification due to insufficient information about the contents of a given account. In provisional accounts, the government's value added tax expenses are divided at the level of accounting items. In both the June version and the November version provisional tax-estimates are used. Subsidy accounts can be classified with some inaccuracy because it is not always possible to define the recipient of the subsidy. Reserves and budgets adjustments: This extra paragraph covers both earmarked and widely defined reserves. The widely defined reserves are often considerable amounts and are difficult to define. Whenever possible, Statistics Denmark collects supplementary information on these reserves. An estimation of tax revenue charged by General Government is used.

The statistical uncertainty is not calculated.

5.1 Overall accuracy

The statistical accuracy is generally very high.

5.2 Sampling error

The sampling error is zero, as all municipalities and regions are included.

5.3 Non-sampling error

The statistic covers the entire target population. The central government account is received from Moderniseringsstyrelsen. All municipalities and regions must report their accounts, and missing accounts are thus not permitted. As the accounts are delivered directly from the municipalities and regions' own financial management systems and compared with data from prior years as well as the budget, it is assumed that no major measurement errors exist. If there are blank or invalid variables or dataset the municipality or region is contacted so new data may be sent.

5.4 Quality management

Statistics Denmark follows the recommendations on organisation and management of quality given in the Code of Practice for European Statistics (CoP) and the implementation guidelines given in the Quality Assurance Framework of the European Statistical System (QAF). A Working Group on Quality and a central quality assurance function have been established to continuously carry through control of products and processes.

5.5 Quality assurance

Statistics Denmark follows the principles in the Code of Practice for European Statistics (CoP) and uses the Quality Assurance Framework of the European Statistical System (QAF) for the implementation of the principles. This involves continuous decentralized and central control of products and processes based on documentation following international standards. The central quality assurance function reports to the Working Group on Quality. Reports include suggestions for improvement that are assessed, decided and subsequently implemented.

5.6 Quality assessment

Misclassification due to insufficient information about the contents of a given account. In provisional accounts, the government's value added tax expenses are divided at the level of accounting items. In both the June version and the November version provisional tax-estimates are used. Subsidy accounts can be classified with some inaccuracy because it is not always possible to define the recipient of the subsidy. Reserves and budgets adjustments: This extra paragraph covers both earmarked and widely defined reserves. The widely defined reserves are often considerable amounts and are difficult to define. Whenever possible, Statistics Denmark collects supplementary information on these reserves. An estimation of tax revenue charged by General Government is used.

The statistical uncertainty is not calculated.

5.7 Data revision - policy

Statistics Denmark revises published figures in accordance with the [Revision Policy for Statistics Denmark](#). The common procedures and principles of the Revision Policy are for some statistics supplemented by a specific revision practice.

5.8 Data revision practice

The statistics for the general government are made in a number of preliminary versions. Approximately three years after the end of a fiscal year the statistics are declared final. The statistics for the general government are made in the following versions before declared final:

The first presentation of accounts for a fiscal year is the so-called March-version, which is published at the beginning of March $t+1$. The sources are the preliminary public accounts (up to and including account period 13), budgets of Local Government adjusted by means of summarily account information's and preliminary accounts and budgets of social security funds. The June-version is published at the beginning of June $t+1$.

In this version the sources are much better. The public accounts from the general accounting office are now final. The Local Government accounts and that part of the accounts of social security funds that include LG (the Employees' Guarantee Fund) are now available. The taxes are no longer based on estimates, but based on primary data.

In the beginning of November $t+1$ the November-version is published. The characteristic of the November-version is that the existing data material is prepared thoroughly to expose possible insufficiencies and wrong interpretations in the adaptation of the national accounts. Furthermore are the accounts for social security funds (the unemployment insurance funds) now available. For the public quasi corporations there is now access to real accounts. The sources on the tax area are improved especially for income taxes, excise duties and VAT. In the beginning of November $t+2$ the November-version is almost at its final form. In the beginning of November $t+3$ the last chances are added and the version can now be declared as final.

6 Timeliness and punctuality

The June version is published three month after the publication of the central government accounts. The November version is published 8 months after the publication of the central government accounts. The statistic is usually published without delay in regards to the announced time.

6.1 Timeliness and time lag - final results

The statistics are published biannually, at the beginning of June and at the beginning of November one year after the end of the financial year in question.

6.2 Punctuality

The statistics are usually published without delay in relation to the scheduled date.

7 Comparability

Accounts for general government are compiled using international principles, which implies a high degree of comparability over time and between other Danish national accounts statistics as well as international government finance statistics

7.1 Comparability - geographical

There is complete comparability with government finance statistics in other countries complying with international standards, i.e. ESA2010 and SNA2008.

7.2 Comparability over time

Data are comparable according to ESA2010 from 1971 and onward.

7.3 Coherence - cross domain

There is complete comparability with other statistics in the national accounts if they comply with international standards, i.e. ESA2010 and SNA2008.

7.4 Coherence - internal

Accounts for general government are internal consistent. This is secured by the fact that all transfers between units are balanced before consolidation takes place.

8 Accessibility and clarity

The statistics are published in *Nyt fra Danmarks Statistik* (News from Statistics Denmark) and in *Offentlige finanser* (Public finance) appearing in the series *Statistiske Efterretninger* (Statistical News).

Yearly publications: Statistical Yearbook and Statistical Ten-Year Review.

8.1 Release calendar

The publication date appears in the release calendar. The date is confirmed in the weeks before.

8.3 User access

Statistics are always published at 8:00 a.m. at the day announced in the release calendar. No one outside of Statistics Denmark can access the statistics before they are published.

8.2 Release calendar access

The Release Calendar can be accessed on our English website: [Release Calendar](#).

8.4 News release

The accounts are published in *News from Statistics Denmark*.

8.5 Publications

The figures is part of the Statistical Yearbook.

8.6 On-line database

Data can be found in the following tables in the StatBank: [Tabeller i Statistikbanken](#).

8.7 Micro-data access

Data is stored in an internal data base, the DIOR-data base for public finance. Access can be obtained by payment.

8.8 Other

Access to budgets for general government is available on the same level of detail as Statistics Denmark collects as a paid service job.

8.9 Confidentiality - policy

In the compilation of government finance statistics, the confidentiality policy of Statistics Denmark is followed.

8.10 Confidentiality - data treatment

Access to accounts for general government is available on the same level of detail as Statistics Denmark collects as a paid service job.

8.11 Documentation on methodology

Further documentation can be found in the reconciliation table presented on the homepage of the Agency for Modernisation.

8.12 Quality documentation

Results from the quality evaluation of products and selected processes are available in detail for each statistics and in summary reports for the Working Group on Quality.

9 Contact

The administrative placement of this statistics is in the division of General government statistics. The persons responsible are:

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