



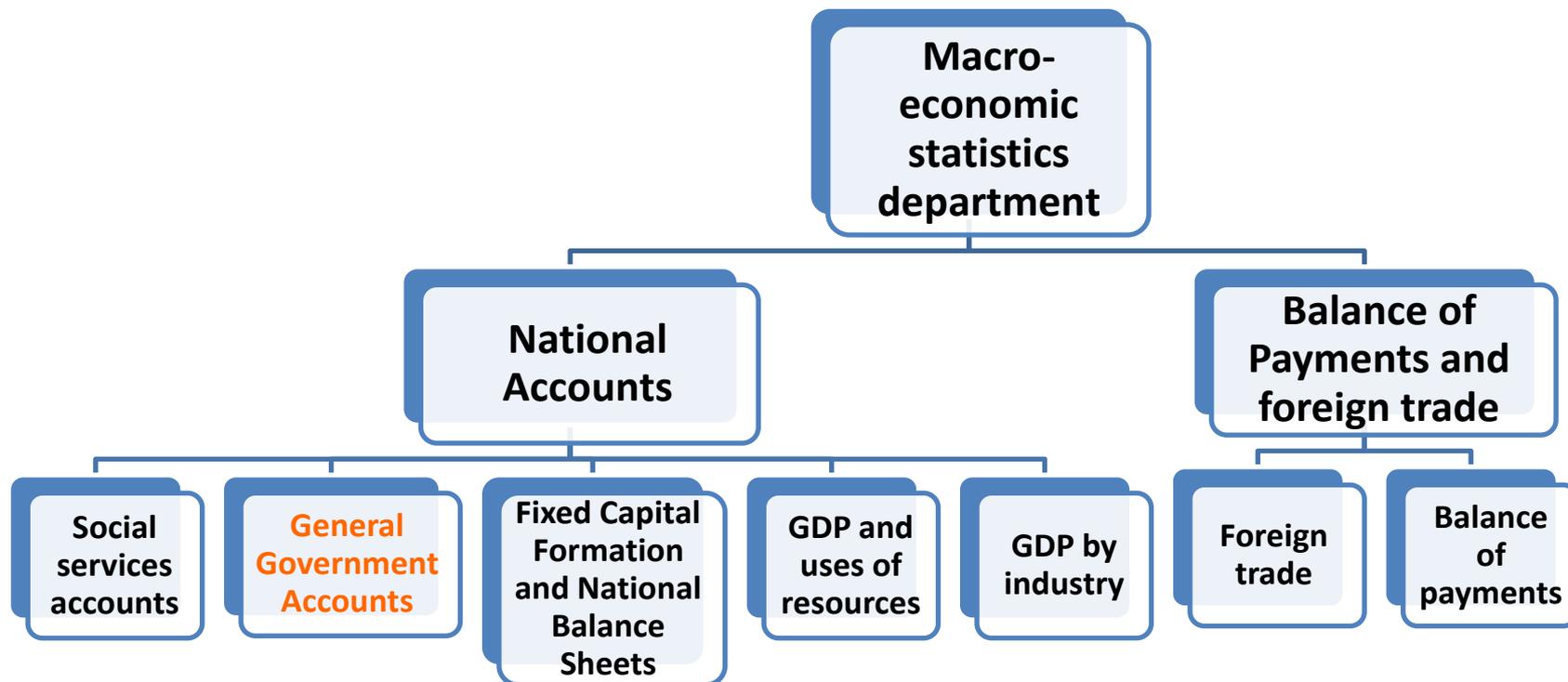
GENERAL GOVERNMENT EXPENDITURE FOR AGRICULTURE IN ISRAEL

**GALINA BRAVERMAN
GENERAL GOVERNMENT ACCOUNTS DIVISION
JANUARY 2017**

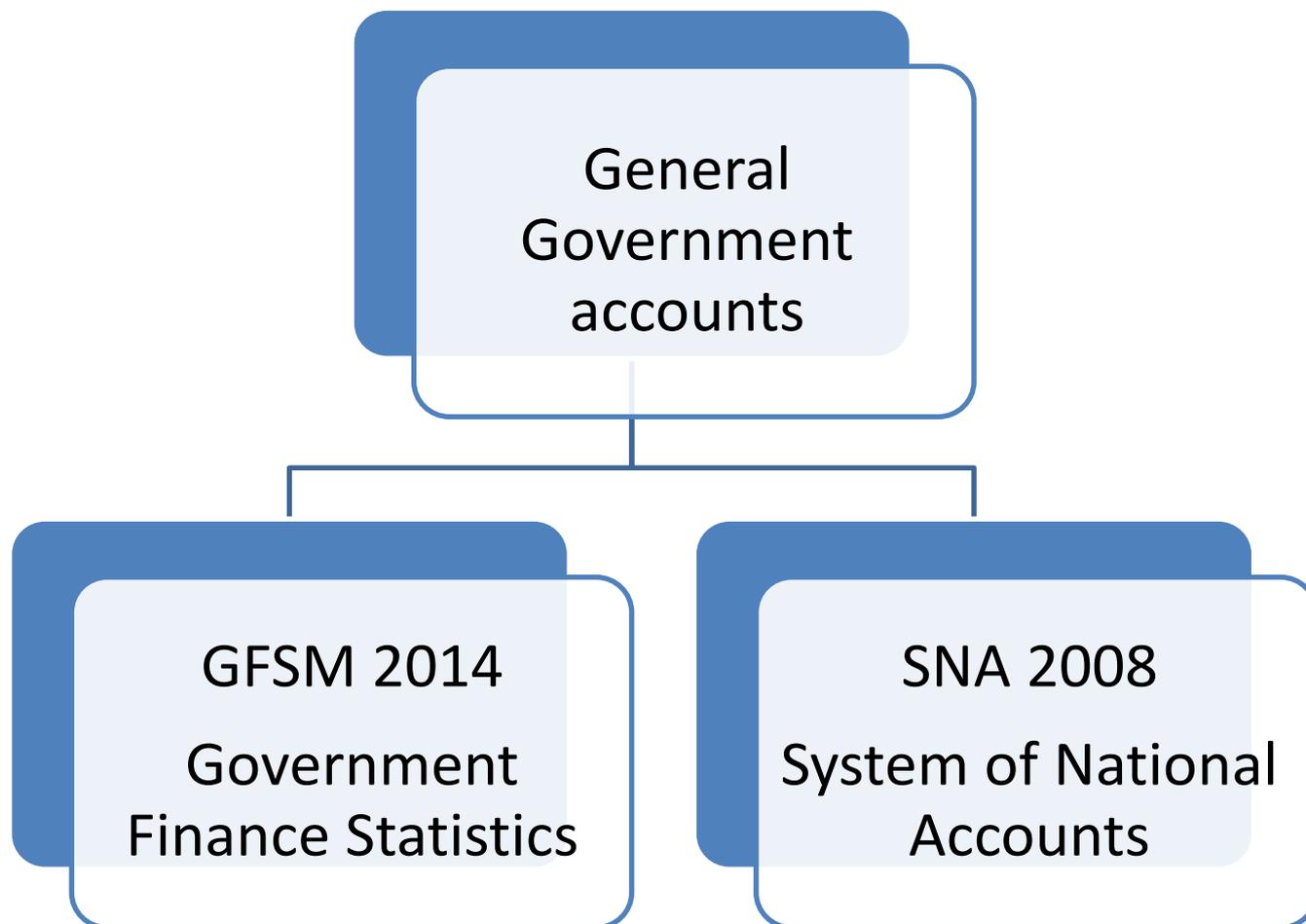
It's All in the Numbers!



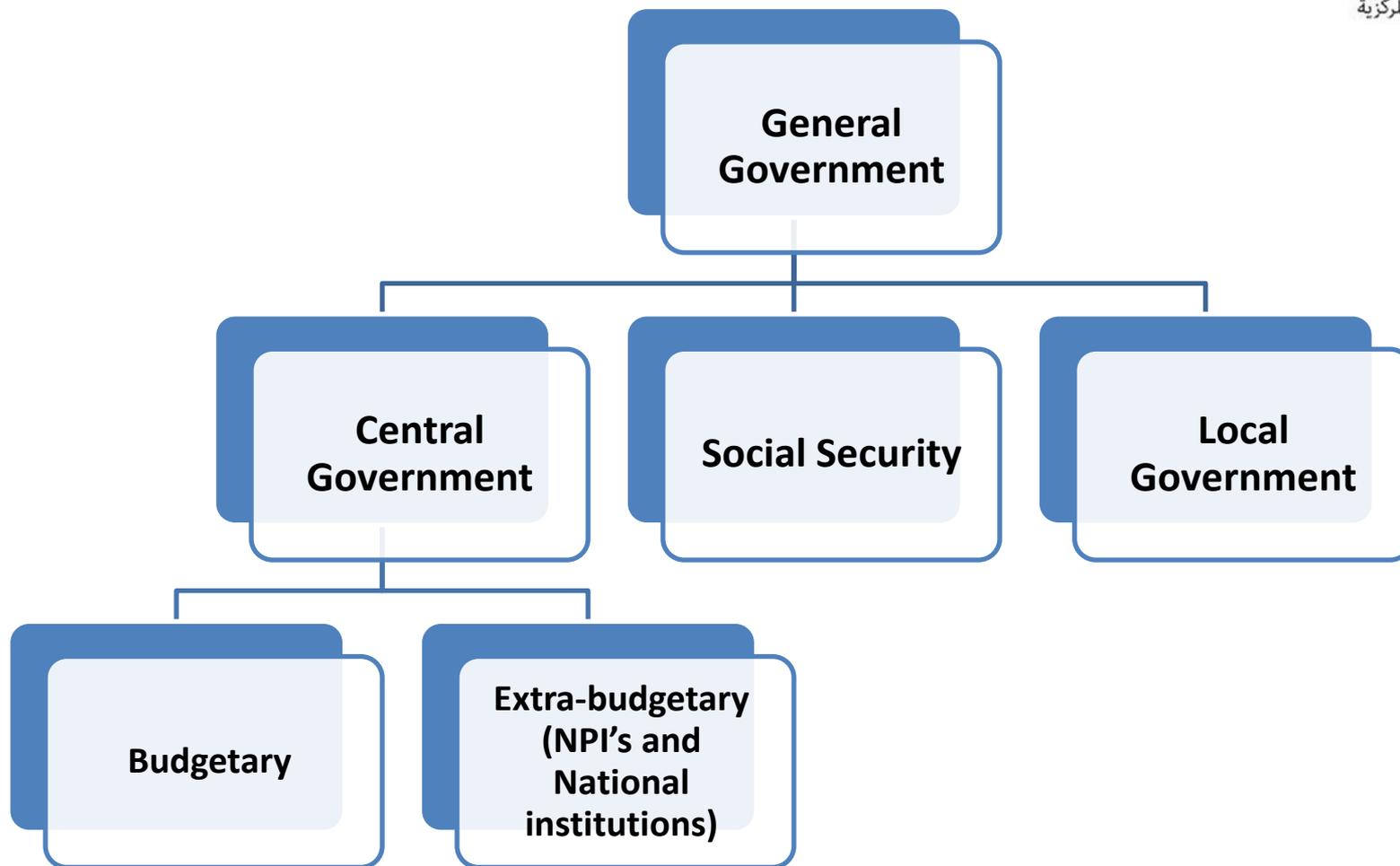
MACRO ECONOMIC STATISTICS



METHODOLOGY



INSTITUTIONAL COVERAGE



MAJOR OUTCOMES

- Sequence of SNA accounts for General Government
- General Government individual and collective consumption expenditure on a quarterly basis
- General Government expenditure by **COFOG**
- Annual and quarterly GFS reports
- Central government debt



MAJOR OUTCOMES

- NPISH consumption expenditure
- DAC ODA statistics to OECD
- Public Environment protection expenditure
- Defense cost
- SOCX data to OECD
- **FAO** Questionnaire on **agriculture** and related categories



OUTCOMES RELATED TO AGRICULTURE

- General Government expenditure by **second level of COFOG** according to SNA2008
- General Government expenditure **by second level of COFOG** according to GFSM2014
- **FAO** Questionnaire on **agriculture** and related categories (based on the GFSM2014 methodology and COFOG classification)



COFOG -CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT

Division	Function
01	General public services
02	Defense
03	Public order and safety
04	Economic affairs
05	Environmental protection
06	Housing and community amenities
07	Health
08	Recreation, culture and religion
09	Education
10	Social protection

ECONOMIC AFFAIRS FUNCTION

Second level classification	Sub-function
4.1	General economic, commercial and labour affairs
4.2	Agriculture, forestry, fishing and hunting
4.3	Fuel and energy
4.4	Mining, manufacturing and construction
4.5	Transport
4.6	Communication
4.7	Other industries
4.8	R&D Economic affairs
4.9	Economic affairs n.e.c.

GOVERNMENT UNITS INVOLVED IN AGRICULTURAL ACTIVITY

- Ministry of Agriculture and rural development
- Land Authority
- Jewish National Fund (JNF or KKL)
- Local authorities



DATA SOURCE AND METHODOLOGY

- The data for the Ministry of Agriculture and the Land Authority are obtained from analyses of government budget reports of the Accountant General
- The data on the Jewish National Fund are obtained from the analyses of its financial report
- Each budget item or item in the financial report is classified by SNA and GFS code and by COFOG



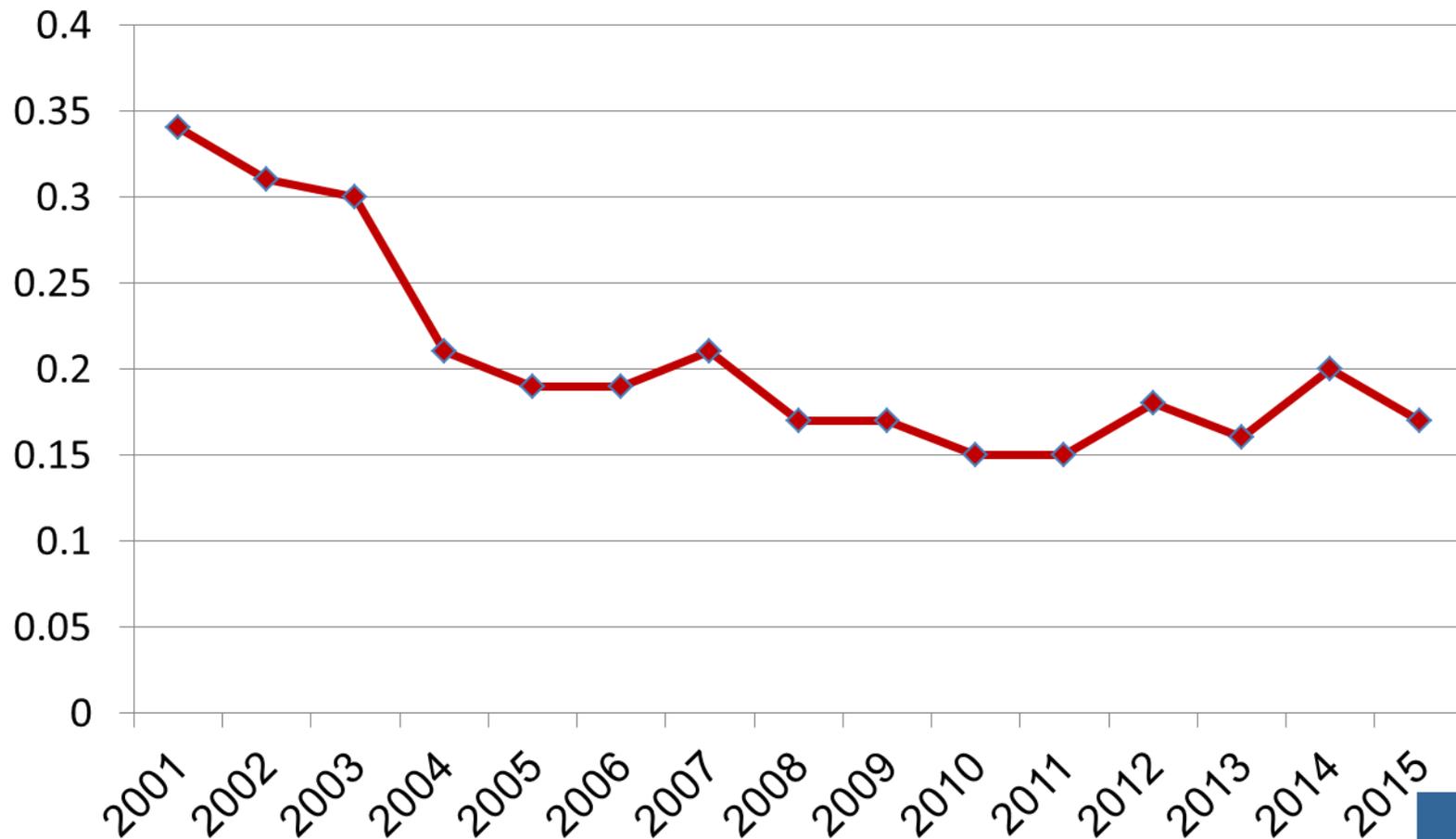
GG EXPENDITURE FOR AGRICULTURE NIS MILLION

	General Government	Budgetary Government	NPI's and National Institutions	Social Security	Local authorities
2013	1,676	2,022	662		41
2014	2,196	2,462	576		39
2015	1,941	2,618	667		41

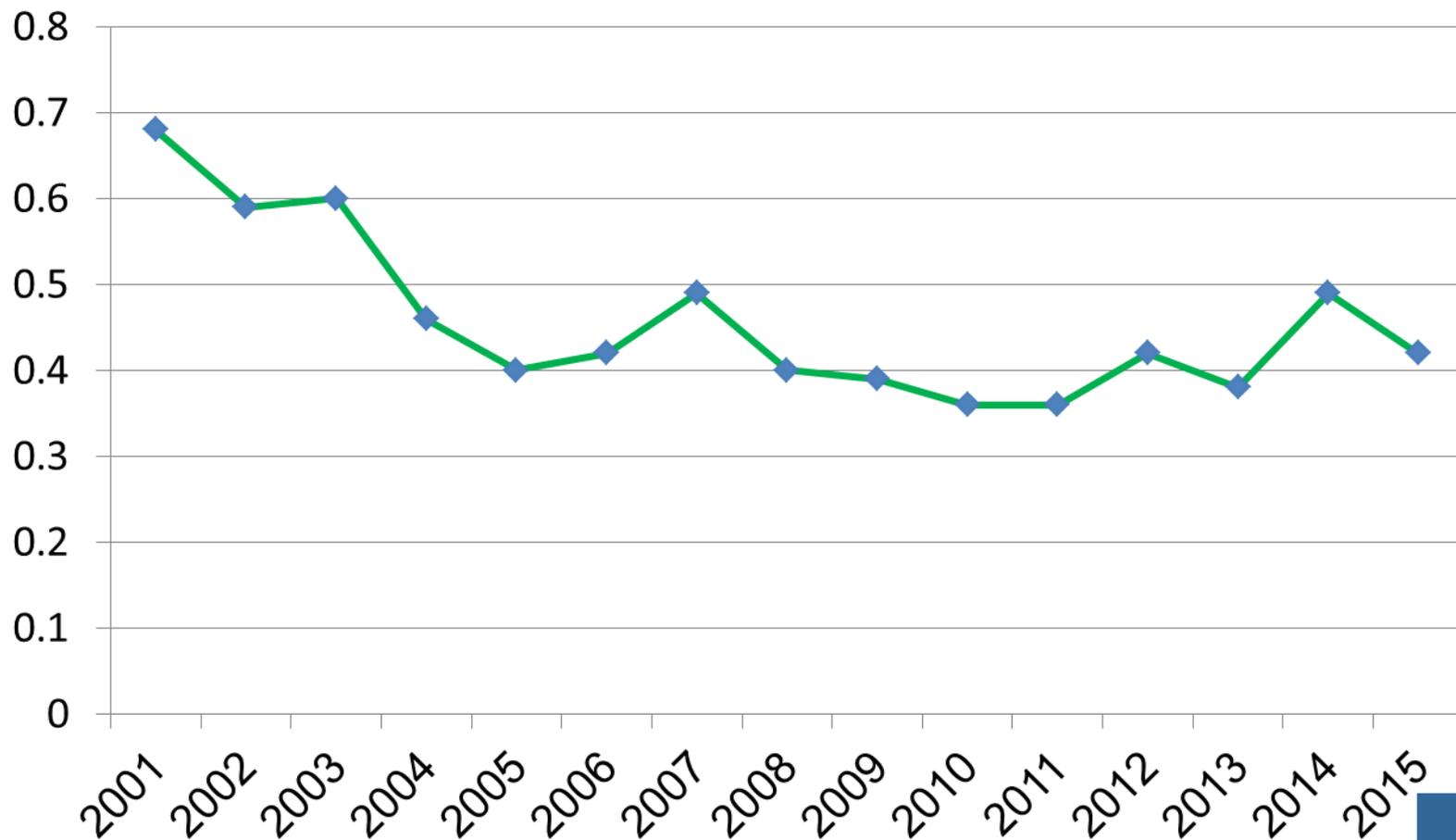
GG EXPENDITURE FOR AGRICULTURE AS A % OF GDP

	General Government	Budgetary Government	NPI's and National Institutions	Social Security	Local authorities
2013	0.16%	0.19%	0.06%		0 %
2014	0.20%	0.22%	0.05%		0 %
2015	0.17%	0.22%	0.06%		0 %

GG EXPENDITURE FOR AGRICULTURE AS A % OF GDP

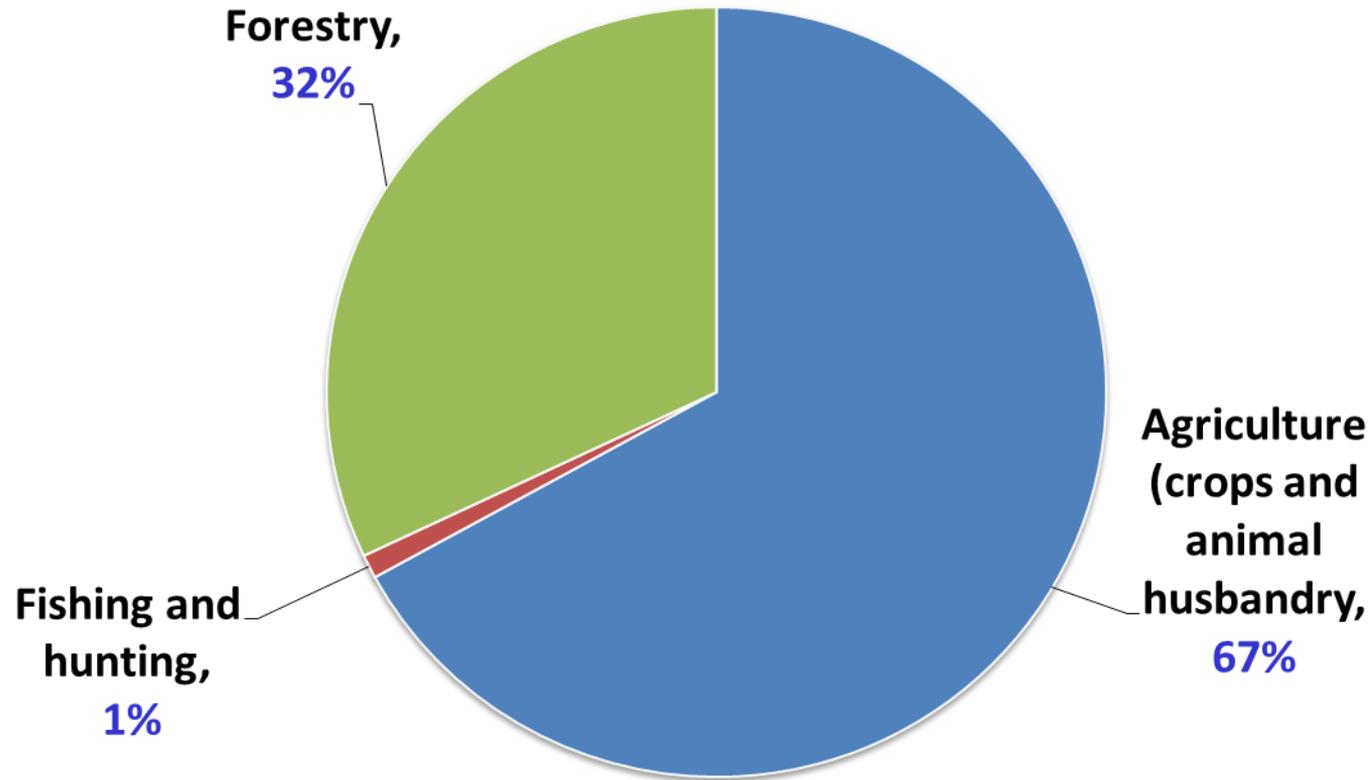


GG EXPENDITURE FOR AGRICULTURE AS A % OF THE TOTAL GG EXPENDITURE



GENERAL GOVERNMENT EXPENDITURE ON AGRICULTURE BY SUB-FUNCTION

2015



1,941 NIS MILLION

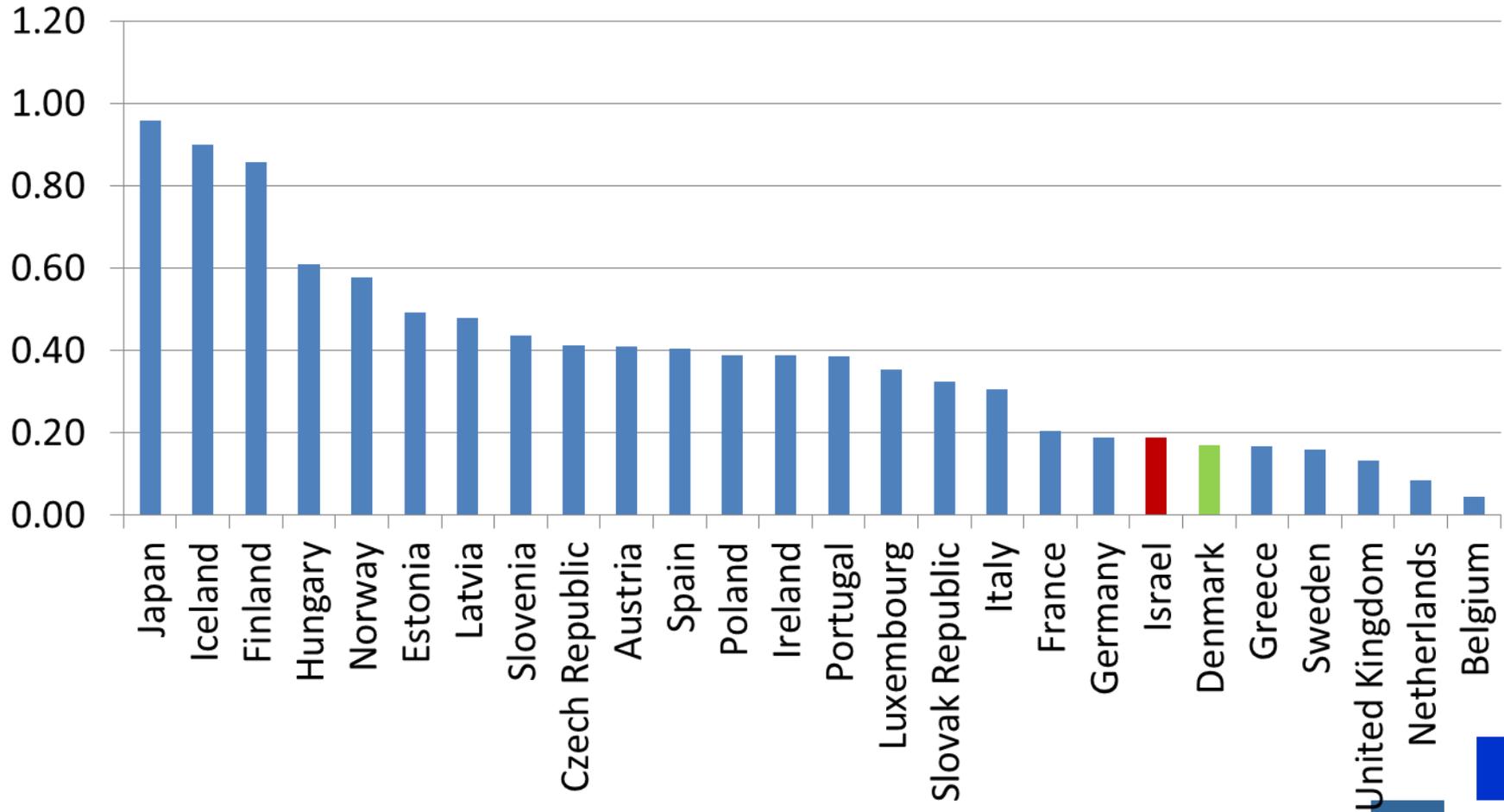


GG EXPENDITURE FOR AGRICULTURE BY TYPE 2015

	NIS MILLION	% of Total
Production of services	1,082	55.8
Subsidies	610	31.4
Gross capital formation	564	29.0
Consumption of fixed capital	-583	-30.1
Investment grants	487	25.1
Net acquisitions less disposals of non-financial non-produced assets	-219	-11.3
Total	1,941	100



GG EXPENDITURE FOR AGRICULTURE AS % OF GDP IN OECD COUNTRIES 2014



GG EXPENDITURE FOR AGRICULTURE AS % OF THE ECONOMIC AFFAIRS FUNCTION INTERNATIONAL COMPARISON 2014

	Israel	Denmark	Germany	Greece	France
40: Economic affairs	100%	100%	100%	100%	100%
401: General economic, commercial and labour affairs	7.1%	19.5%	18.0%	1.6%	21.3%
402: Agriculture, forestry, fishing and hunting	7.0%	4.7%	5.8%	4.6%	4.0%
403: Fuel and energy	1.2%	10.8%	3.5%	0.0%	9.7%
404: Mining, manufacturing and construction	7.9%	0.1%	5.8%	3.2%	0.5%
405: Transport	58.4%	59.4%	46.7%	58.2%	37.9%
406: Communication	0.4%	0.1%	0.6%	0.1%	1.1%
407: Other industries	7.6%	1.4%	4.5%	0.9%	7.2%
408: R&D Economic affairs	7.9%	2.8%	7.0%	0.0%	16.6%
409: Economic affairs n.e.c.	2.5%	1.2%	8.1%	31.5%	1.6%

GG EXPENDITURE FOR AGRICULTURE AS % OF THE TOTAL GG EXPENDITURE INTERNATIONAL COMPARISON 2014

	Israel	Denmark	Germany	Greece	France
40: Economic affairs	6.6%	6.6%	7.5%	7.4%	8.8%
401: General economic, commercial and labour affairs	0.5%	1.3%	1.3%	0.1%	1.9%
402: Agriculture, forestry, fishing and hunting	0.5%	0.3%	0.4%	0.3%	0.4%
403: Fuel and energy	0.1%	0.7%	0.3%	0.0%	0.9%
404: Mining, manufacturing and construction	0.5%	0.0%	0.4%	0.2%	0.1%
405: Transport	3.8%	3.9%	3.5%	4.3%	3.3%
406: Communication	0.0%	0.0%	0.1%	0.0%	0.1%
407: Other industries	0.5%	0.1%	0.3%	0.1%	0.6%
408: R&D Economic affairs	0.5%	0.2%	0.5%	0.0%	1.5%
409: Economic affairs n.e.c.	0.2%	0.1%	0.6%	2.3%	0.1%

METHODOLOGICAL ISSUES RELATED TO THE AGRICULTURAL LAND

- Rent of land
- Sale of land
- Long term rent of land
- Land improvements



RENT OF LAND

According to SNA 2008:

7.107 Property income is the sum of investment income and rent.

7.109 Rent is the income receivable by the owner of a natural resource (the lessor or landlord) for putting the natural resource at the disposal of another institutional unit (a lessee or tenant) for use of the natural resource in production.

17.310 A resource lease is an agreement whereby the legal owner of a natural resource that the SNA treats as having an infinite life makes it available to a lessee in return for a regular payment recorded as property income and described as rent.

17.311 The classic case of an asset subject to a resource lease is **land** but natural resources are also generally treated in this way.

Conclusion: the revenue of the Land Authority from the short term rent of land is recorded as a property income.



RENT OF LAND IN THE MANUAL OF THE ECONOMIC ACCOUNTS FOR AGRICULTURE AND FORESTRY

- **2.49 (h)** Rents paid for the use of land listed under "Rent" (cf. 3.31.1.);
- **3.31.1.** Rents correspond to payments made to the owner of non-produced tangible assets (land and underground deposits) in return for making assets available to another unit. In the EAA, this item corresponds mainly to rents paid on land by holders to the landowners

But:

- **3.31.2.** Where the owner pays certain charges directly linked to agricultural activity (property tax, the cost of maintaining land, etc.), the rents to be recorded should be reduced accordingly. These charges are accounted for as other taxes on production (in the case of property tax) or intermediate consumption (in the case of land maintenance).

SALE AND LONG TERM LEND OF LAND

10.174 Transactions in natural resources are shown **as acquisitions less disposals of the asset**

17.326 Land may be sold outright when the legal ownership is transferred from one institutional unit to another.

17.327 The type of asset most frequently subject to a resource lease is land. Tenant farmers usually pay regular rent to their landlord. A resource lease on land may be considered as **a sale** of the land if the lease satisfies most or all of the same criteria as those listed for payments for a mobile phone licence to be considered a sale of an asset. When the land is leased in other circumstances, the payments are recorded as rent under a resource lease agreement.

THE “MOBILE PHONE” TREATMENT OF LICENCES OR PERMITS TO USE A NATURAL RESOURCE SNA 2008 17.318

- a. Costs and benefits assumed by licensee*
- b. Upfront payment or instalment*
- c. Length of the licence*
- d. Actual or de facto transferability*
- e. Cancellation possibility*
- f. Conception in the business world and international accounting standards*

Conclusion: Sales of land and long term lend of land have been classified as acquisitions less disposals of non-financial non-produced assets



LAND IMPROVEMENTS

SNA 2008 10.176 :“...land improvements and the costs of ownership transfer on land are treated as fixed assets and shown separately”

Conclusion: the land improvements have been classifies as a gross fixed capital formation





הלשכה המרכזית לסטטיסטיקה
Central Bureau of Statistics
دائرة الإحصاء المركزية

TAK! THANK YOU!

It's All in the Numbers!

