

**Documentation of statistics for
Budgets of General Government 2015**

1 Introduction

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. The budget-statistics of the February-version is based on passed budgets of state, counties and municipalities as well as social welfare funds. The September version is based on proposals for the state budget and the March version is based on the state budget. Both versions are compiled in cooperation with the Department of Finance. The calculations of the budget statistics of counties and municipalities are based on a national accounting standards interpretation of the municipal financial agreements. Social welfare funds numbers are calculated on estimates from unemployment funds. The statistics were produced for the first time in 1995. Data are available from 1996 and onward.

2 Statistical presentation

The statistics monitor current and capital expenditure/revenue for the general government based on budgets. 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. The budget statistics of the March version is based on passed budgets of central government, counties and municipalities. The September version is based on proposals for the central government budget. The calculations of the budget statistics of counties and municipalities are based on a national accounting standards interpretation of the municipal financial agreements.

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).

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.

Interest Payments: Comprise face or nominal interest, for example, distributed losses on issue prices and expenditure on rentals for land and intangible assets. Losses on issue prices are entered (written off) in line with installments on loans.

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: 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

2.7 Reference area

Denmark

2.8 Time coverage

Data are available according to ESA2010-principles from the fiscal year 2015 and onward.

2.9 Base period

Not relevant to this 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

March-version: The statistics contain data from the latest closed financial year and data from the present financial year. *August-version:* The statistics contain data from the present financial year and data from the coming financial year.

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.

EU: Regulation of the European Parliament and the Council 2223/1996 EU: Regulation of the European Parliament and the Council 3605/1993 EU: Commission Regulation 2204/1998

2.14 Cost and burden

There is no response burden as the data are collected from accessible accounts and budgets for general government..

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 budget 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

March-version: Accounts from the previous year and the appropriation accounts for the following year, provisional accounts for local governments for the provisional year and budgets for the following year. For both years budgets is used for LG (the Employees' Guarantee Fund) and enumeration of the latest accounts is used for the unemployment insurance funds (relevant transactions are balanced with information in the appropriation accounts for the state). The figures on extra budgetary units are enumerated on the basis of earlier accounts and information on transfers in the appropriation accounts.

August-version: The Budget, which sets out estimated budgets of local governments, budget figures of LG (the Employees' Guarantee Fund) and enumeration of the latest accounts of unemployment insurance funds (relevant transactions are balanced with information in the appropriation accounts for the state). The figures on public quasi corporations are enumerated on the basis of earlier accounts and information on transfers in the national budget.

3.2 Frequency of data collection

Annual

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 received data is from the official budget that have been intensively validated.

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.

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 and news media. 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

The statistic covers the entire target population. The central government budget is received from Moderniseringsstyrelsen. All municipalities and regions must report their budgets, and missing budgets are thus not permitted. As the budgets 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.

5.1 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

March version: The items in the budget are generally given at a more aggregated level than in the accounts. The items in the appropriation accounts are given at the level of the so-called standard account (for example, wages and salaries), while in the state accounts they are given at the level of the so-called financial accounts (wages and salaries are, e.g. sub divided by actual pay, overwork and pensions). To enable classifications of the national accounts in the same way as in an accounts-based version of the statistics, it is essential to have a classification at a lower level, the so-called accounts level. This is carried out by means of various keys of distribution. There are no keys of distribution for new accounts and it is therefore necessary to estimate what the most likely transactions are. In the appropriation accounts the distribution of the general government's value added tax expenses is not known at the level of state institutions and at the level of different kinds of expenses. The general government's value added tax expenses are distributed on the basis of the last known accounts. In the final accounts the value added tax expenses are divided at the level of financial accounts. The local governments' accounts for the latest closed financial year are not available until May; therefore budgets of local governments have to be used. The budgets are available in a more aggregated form than the accounts, and because there is need for a more detailed form to enable classifications of the national accounts, the budgets are changed to a more accounts-like form. The budgets of the municipalities are available at the level of so-called principal kinds (for example, purchases of goods) and the accounts of the municipalities are at the level of so-called kinds (purchases of goods, e.g. food, fuels/propellant, are subdivided), as for the state sector the budgets are divided by transferring the distribution for every principal kind that existed in the latest accounting year in the budgets. If new functions appear (an example of a function is Rescue Readiness), the most likely transactions are estimated.

September version: Misclassification due to insufficient information about the contents of a given account. The collected information is of a provisional nature. Data for the local governments are enumerated on the basis of accounts from previous years and the so-called "local government agreement" is taken in to account. The information about the finance act proposal is available at the level of the so-called standard account (for example, payments). To enable national account classifications in the same way as in an account-based version of the statistics, it is desirable to have a classification at a lower level, the so-called account level. This is done by various distribution keys. There are no distribution keys for new accounts and it is therefore necessary to estimate what the most likely transactions are. The distribution of the general government's value added tax expenses is not known, and is therefore classified on the basis on the last known account.

General: 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.

5.4 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

March version: The items in the budget are generally given at a more aggregated level than in the accounts. The items in the appropriation accounts are given at the level of the so-called standard account (for example, wages and salaries), while in the state accounts they are given at the level of the so-called financial accounts (wages and salaries are, e.g. sub divided by actual pay, overwork and pensions).

To enable classifications of the national accounts in the same way as in an accounts-based version of the statistics, it is essential to have a classification at a lower level, the so-called accounts level. This is carried out by means of various keys of distribution. There are no keys of distribution for new accounts and it is therefore necessary to estimate what the most likely transactions are.

The local governments' accounts for the latest closed financial year are not available until May; therefore budgets of local governments have to be used. The budgets are available in a more aggregated form than the accounts, and because there is need for a more detailed form to enable classifications of the national accounts, the budgets are divided to the same level as the accounts by using a distribution key.

The budgets of the municipalities are available at the level of so-called principal kinds (for example, purchases of goods) and the accounts of the municipalities are at the level of so-called kinds (purchases of goods, e.g. food, fuels/propellant, are subdivided), as for the state sector the budgets are divided by transferring the distribution for every principal kind that existed in the latest accounting year in the budgets.

September version: Misclassification due to insufficient information about the contents of a given account. The collected information is of a provisional nature. Data for the local governments are enumerated on the basis of accounts from previous years and the so-called "local government agreement" is taken in to account.

The information about the finance act proposal is available at the level of the so-called standard account (for example, payments). To enable national account classifications in the same way as in an account-based version of the statistics, it is desirable to have a classification at a lower level, the so-called account level. This is done by various distribution keys.

General: 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.

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

Only final figures are published.

6 Timeliness and punctuality

The March-version is published three month after the adoption of the budget. The September version is published one week after the publication of the budget proposal. The statistic is usually published without delay in regards to the announced time.

6.1 Timeliness and time lag - final results

February-version: The statistics are published annually at the beginning of March of the year relating to the current financial year. *August-version:* The statistics are published annually at the beginning of September almost simultaneously with presentation of the finance act proposal (Budget) for the next financial year.

6.2 Punctuality

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

7 Comparability

Data are comparable according to ESA2010 from the fiscal year 2015 and onward. For the years 1995 to 2014 the figures is comparable according to ESA1995

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 the fiscal year 2015 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

Budgets 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

[!!! Start import from current English QD : Paragraph 5.1 !!!]

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*.

[!!! End import from current English QD : Paragraph 5.1 !!!]

8.1 Release calendar

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

8.2 Release calendar access

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

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. Theme publications etc. may be published at other times of the day. The National Statistician can decide that such publications may be released before their official publication time, e.g. to the media and other stakeholders.

8.4 News release

The budgets 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*:

8.7 Micro-data access

Data is stored in an internal data base, the *DIOR*-data base for public finance. Access to micro data 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

Budgets for general government are compiled on a very detailed level and access to the data can be obtained by payment

8.10 Confidentiality - data treatment

Access to budgets 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 series Statistical News and in SU46 documentaion for the main revision.

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

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