

# Experience of Banco de Portugal on the compilation and publication of data regarding government finance statistics



BANCO DE PORTUGAL  
EUROSYSTEM

**João Cadete de Matos** • Director | Statistics Department  
**Sérgio Branco** • Head of Division | Statistics Department

## Session 3: Public Sector - The usefulness of data on the public sector

Meeting of the IMF Government Finance Statistics  
Advisory Committee,

Washington, D.C.  
March 14–16, 2017



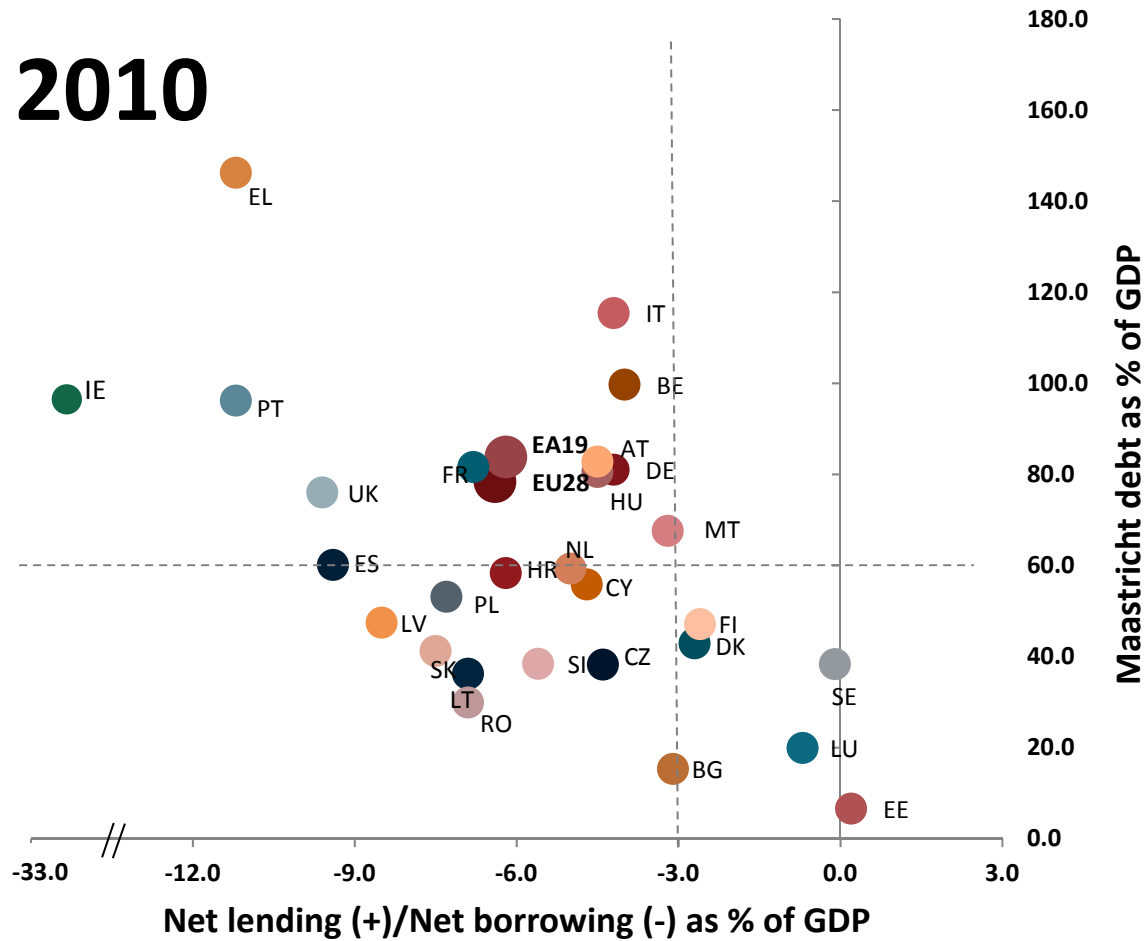
- 1. European definition of general government debt**
- 2. Other government debt definitions, net debt and alternative measures**
- 3. Looking forward: debt of public sector and contingent liabilities**
- 4. Experience of Banco de Portugal**
- 5. Conclusion**



- 1. European definition of general government debt**
2. Other government debt definitions, net debt and alternative measures
3. Looking forward: debt of public sector and contingent liabilities
4. Experience of Banco de Portugal
5. Conclusion



## 1. European definition of general government debt

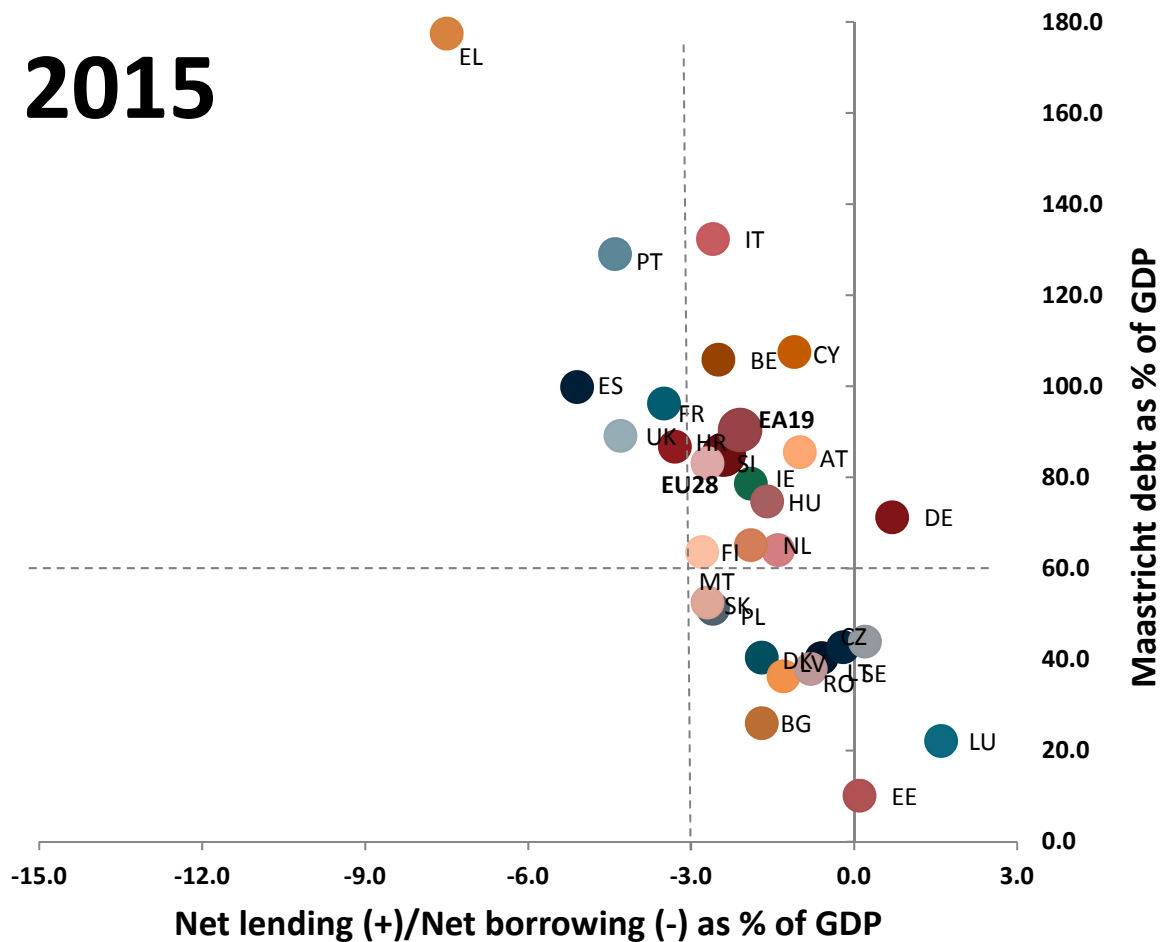


Source: Eurostat



## 1. European definition of general government debt

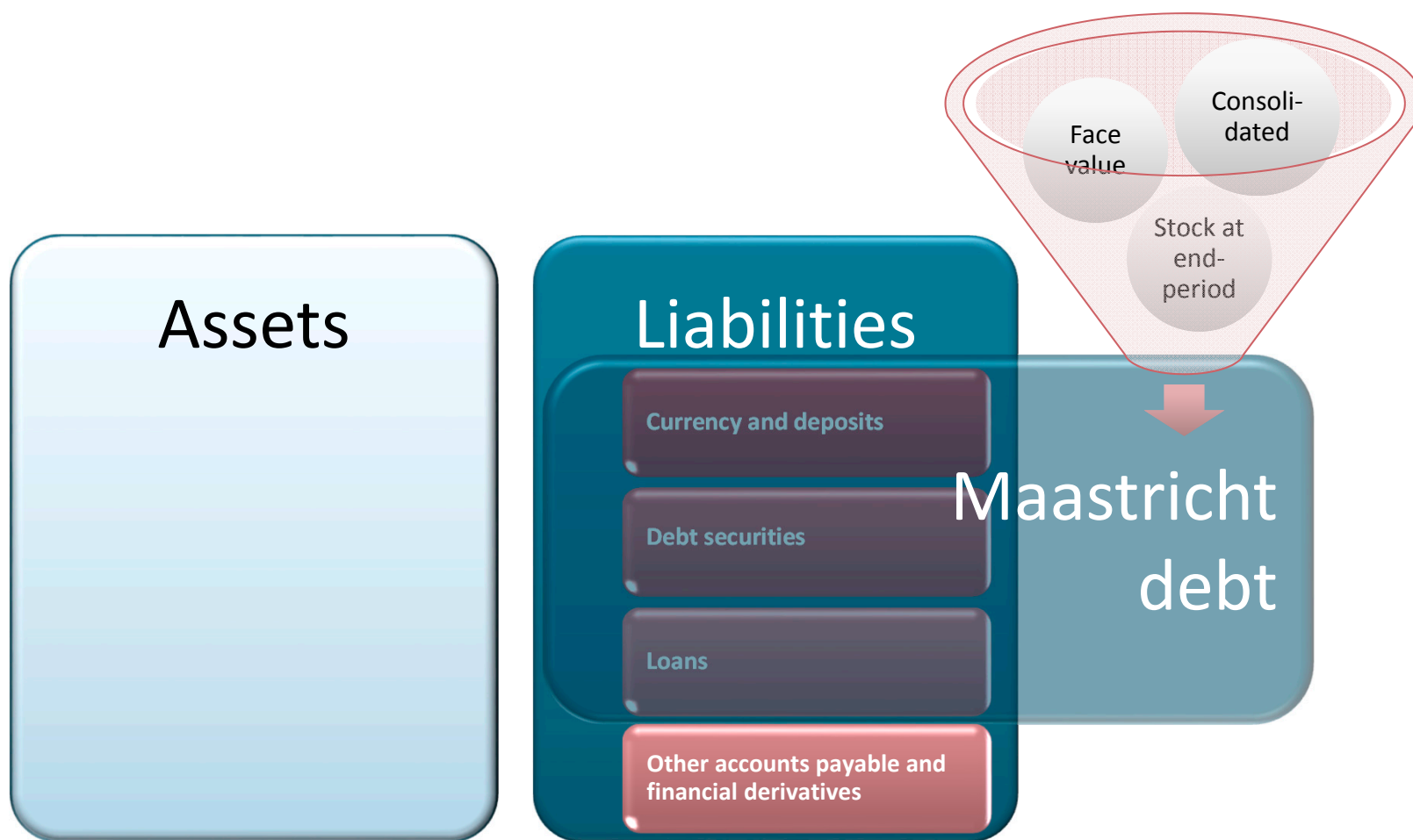
2015



Source: Eurostat



## 1. European definition of general government debt – Eurostat





## 1. European definition of general government debt – Eurostat

- The calculation of the debt indicator uses ESA2010 as a reference: same sector and instrument definitions
- But there are differences from the stocks of liabilities compiled in financial accounts, namely:
  1. Maastricht debt excludes some financial instruments
  2. Maastricht debt is an end-of-a-period position at face value. In foreign denominated debt, the exchange rate agreed in swaps and FRAs affects the level of debt.
  3. Maastricht debt is a gross definition (excludes the assets side)



1. European definition of general government debt
2. Other government debt definitions, net debt and alternative measures
3. Looking forward: debt of public sector and contingent liabilities
4. Experience of Banco de Portugal
5. Conclusion





## European definition of general government debt

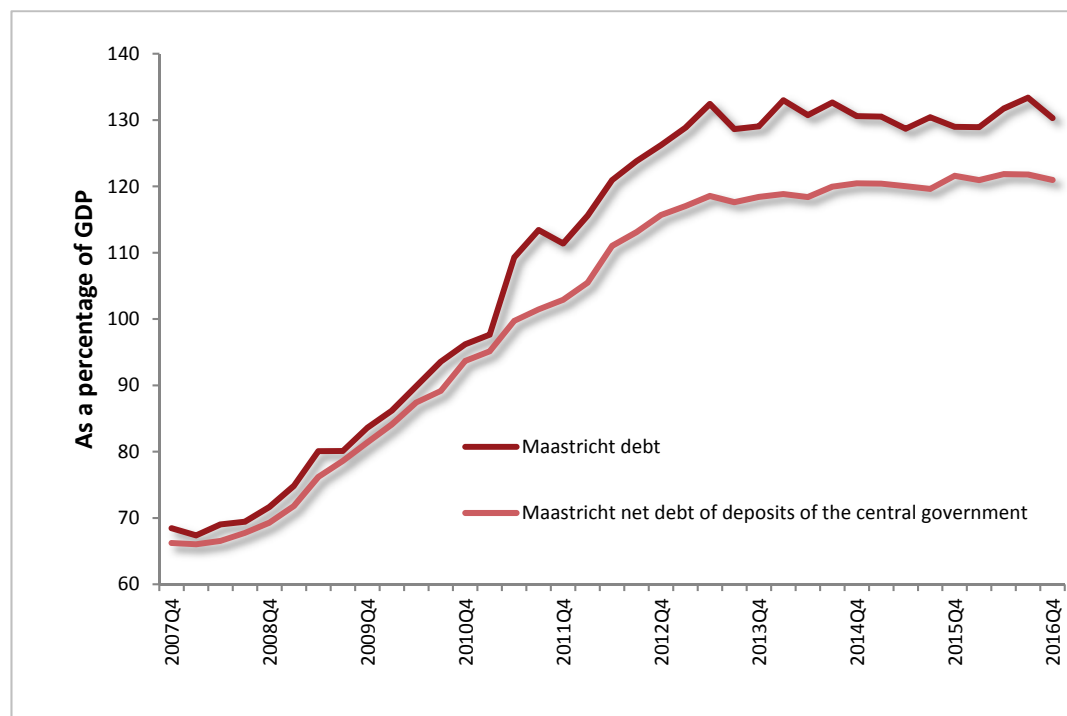
### Maastricht debt and net debt

	Financial assets	Liabilities	Net financial assets
AF1 Monetary gold and SDRs			
AF2 Currency and deposits		Maastricht debt	Net debt
AF3 Debt securities			
AF4 Loans			
AF5 Equity and investment fund shares			
AF6 Insurance pension and standardised guarantee schemes			
AF7 Financial derivatives and employee stock options			
AF8 Other accounts receivable/ payable			



## Example of net debt used in Portugal

Maastricht debt and Maastricht net debt of deposits of central government





## Wider definitions of general government debt

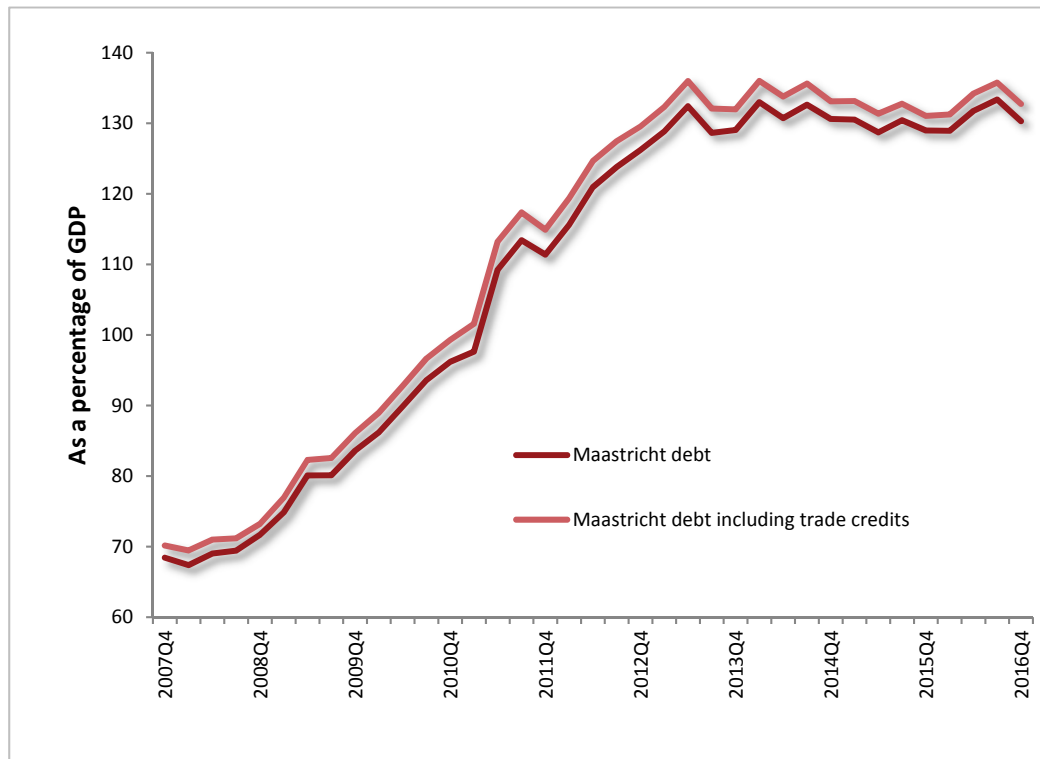
### IMF

	Financial assets	Liabilities	Net financial assets
AF1 Monetary gold and SDRs			
AF2 Currency and deposits		Total gross debt	Total net debt
AF3 Debt securities			
AF4 Loans			
AF5 Equity and investment fund shares			
AF6 Insurance pension and standardised guarantee schemes			
AF7 Financial derivatives and employee stock options			
AF8 Other accounts receivable/ payable			



## Wider definitions of general government debt

Maastricht debt and Maastricht debt including trade credits, for Portugal





## Wider definitions of general government financial position

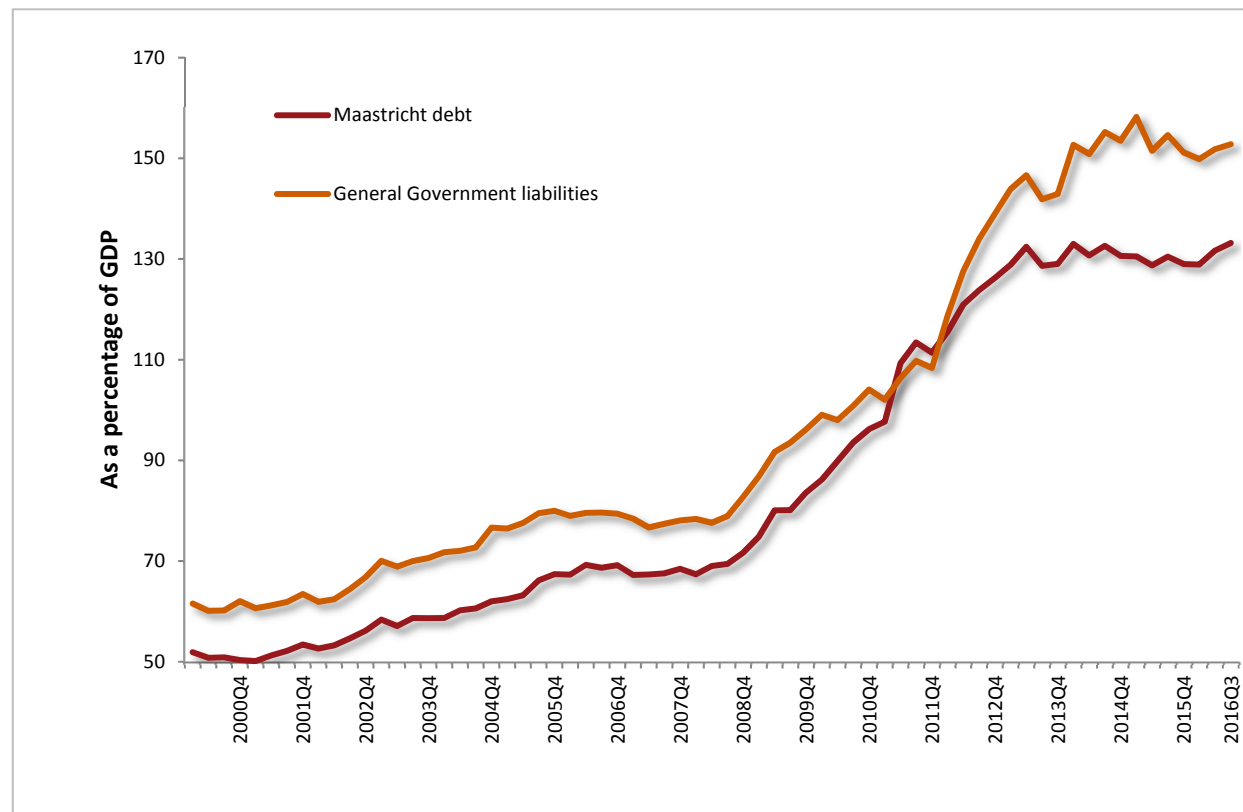
### Financial accounts

	Financial assets	Liabilities	Net financial assets
AF1 Monetary gold and SDRs		Total liabilities	Net financial worth
AF2 Currency and deposits			
AF3 Debt securities			
AF4 Loans			
AF5 Equity and investment fund shares			
AF6 Insurance pension and standardised guarantee schemes			
AF7 Financial derivatives and employee stock options			
AF8 Other accounts receivable/ payable			



## Wider definitions of general government financial position

### General government liabilities and Maastricht debt, for Portugal

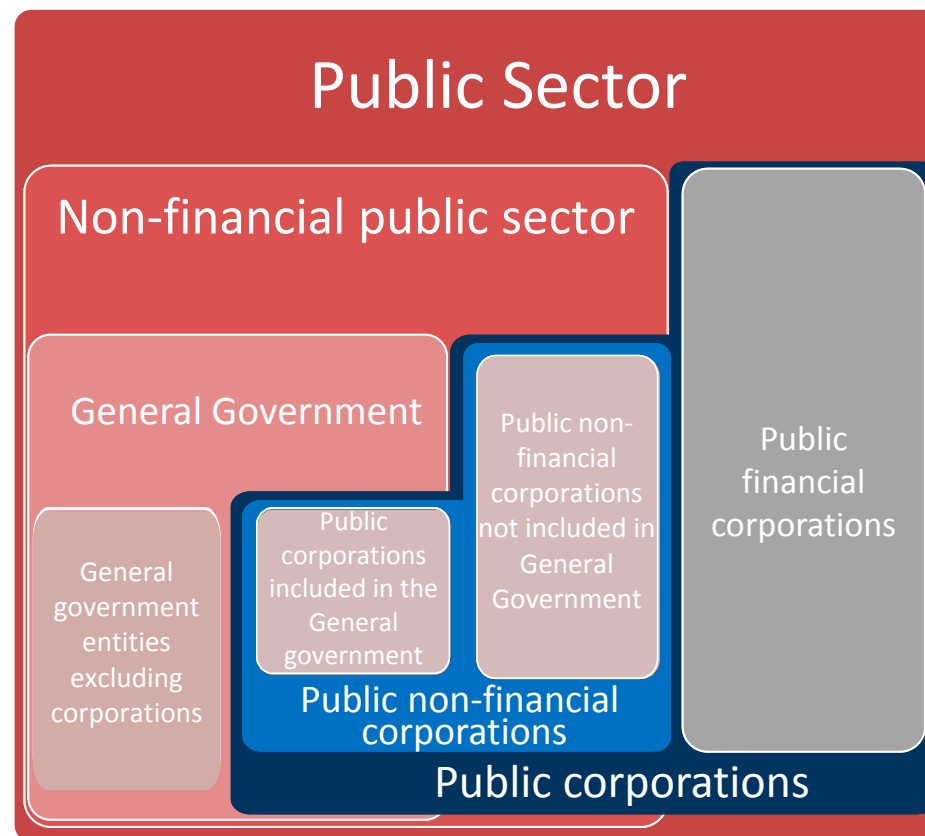




1. European definition of general government debt
2. Other government debt definitions, net debt and alternative measures
3. Looking forward: debt of public sector and contingent liabilities
4. Experience of Banco de Portugal
5. Conclusion



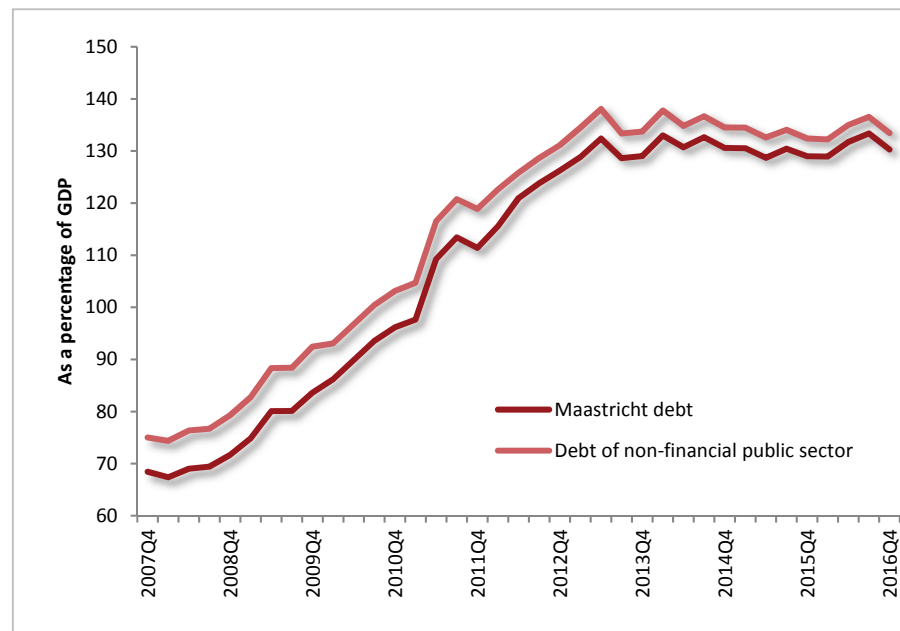
## Delimitation of the public sector





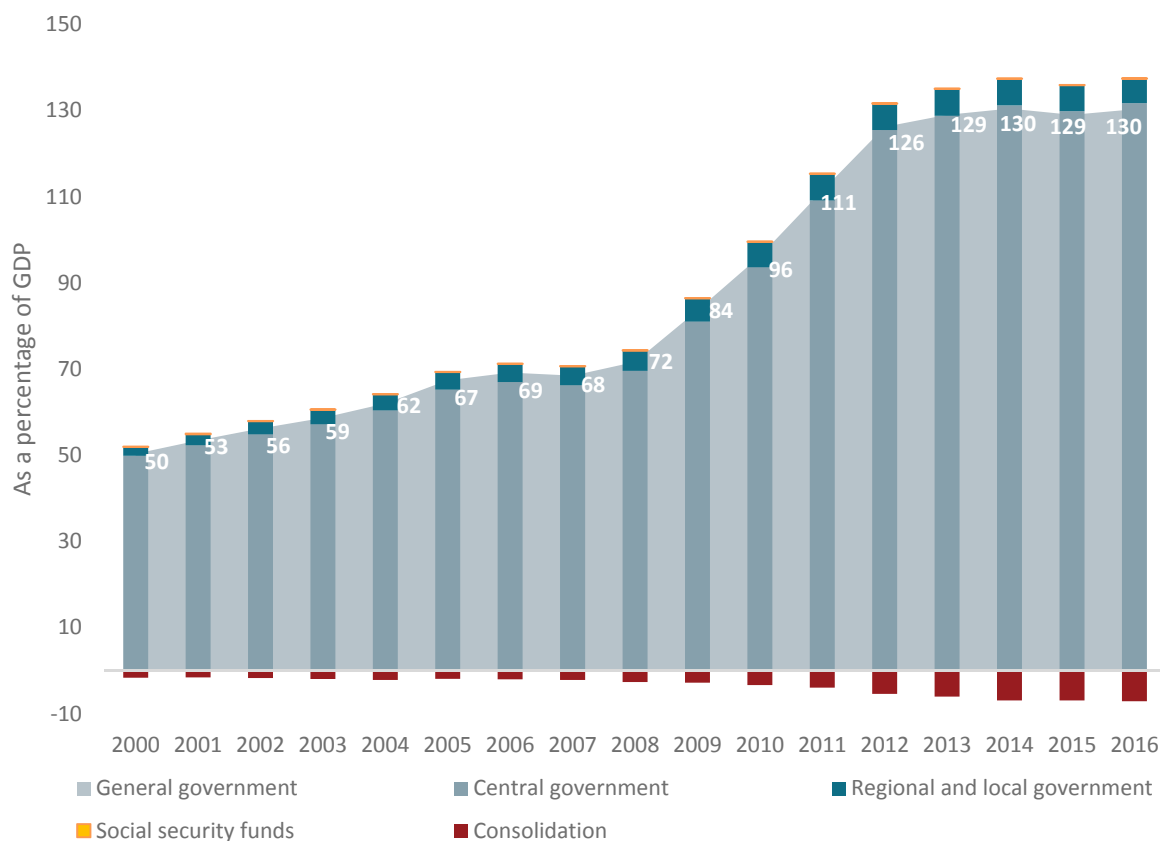


## Maastricht debt and debt of non-financial public sector, for Portugal



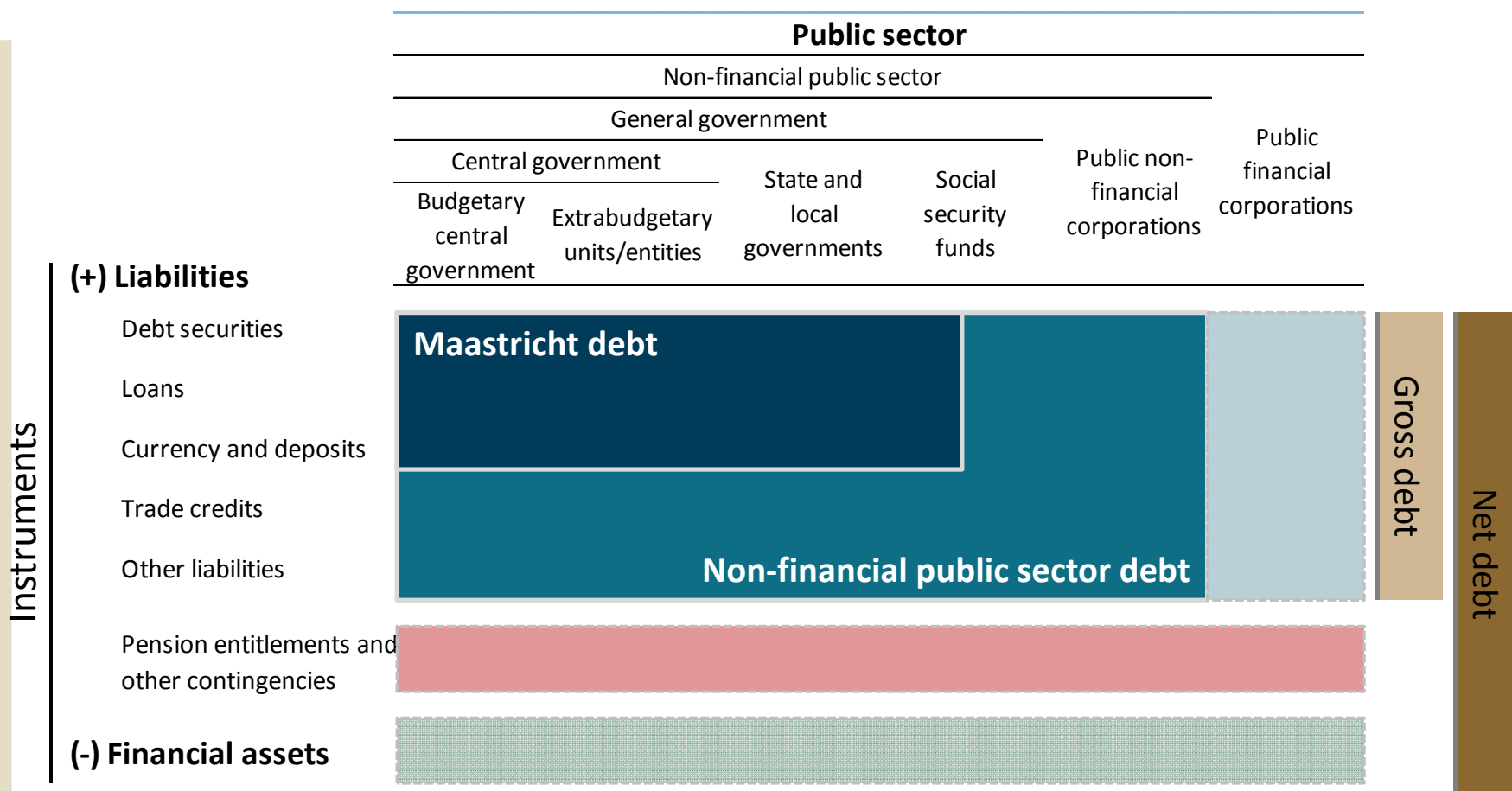


## General government debt by subsector



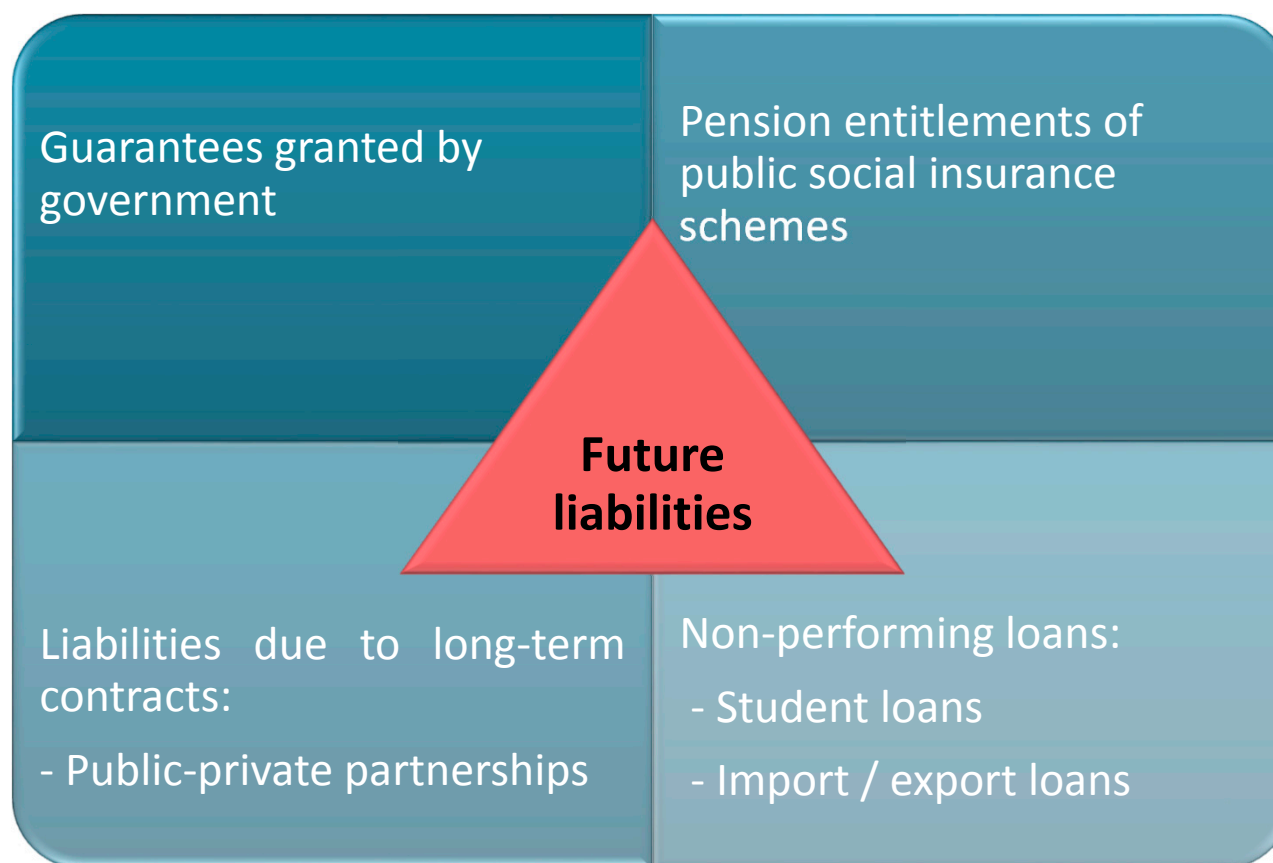


## Summary: “Layers” of government debt





## Possible future liabilities of the general government sector





1. European definition of general government debt
2. Other government debt definitions, net debt and alternative measures
3. Looking forward: debt of public sector and contingent liabilities
- 4. Experience of Banco de Portugal**
5. Conclusion



## 4. Experience of Banco de Portugal

- 2011 – Financial Assistance Programme



- New statistical data requirements
- Banco de Portugal had to provide detailed information on public debt and other general government statistics
- Chapter K of Statistical Bulletin of Banco de Portugal was created so the public could benefit from the new data requirements



## 4. Experience of Banco de Portugal

- New data needs in the context of the Financial Assistance Programme

### BEFORE

#### Availability

- Quarterly

#### Deadline

- 90 days after the end of the quarter

#### Coverage

- General Government

### AFTER

#### Availability

- Monthly

#### Deadline

- 30 days after the end of the month

#### Coverage

- Non financial public setor (General Government plus public non-financial corporations)



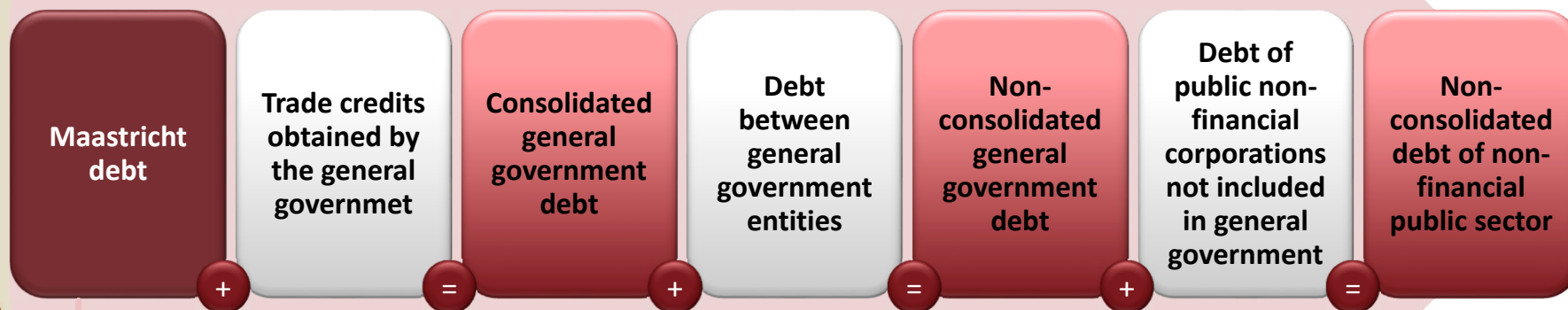
## 4. Experience of Banco de Portugal







## 4. Experience of Banco de Portugal



- Sector delimitation
- Consolidation effects
- Saving certificates capitalized interest



## 4. Experience of Banco de Portugal

### “Indebtedness” – What is it?

#### Financial instruments

- **Loans**
  - ✓ Granted by banks;
  - ✓ Granted by other credit institutions than banks;
  - ✓ Granted by non-residents;
  - ✓ Between non-financial corporations;
  - ✓ Between non-financial corporations and households
- **Debt securities**
- **Trade credits**
- **Deposits (namely Savings certificates and Treasury certificates issued by general government)**

**Stocks at end of period** *(and not transactions)*

**Nominal value** *(and not market value)*

**Accrued interest and not yet paid is not included**

**Non-consolidated information**



## 4. Experience of Banco de Portugal

### Non-financial public sector indebtedness

#### A wider concept than Maastricht debt:

- Includes all non-financial public entities
- Includes trade credits
- Includes debt between public entities

#### Detail by sector creditor

#### Monthly frequency



## 4. Experience of Banco de Portugal

### Non-financial Sector Indebtedness

It provides information about the indebtedness of the non-financial sector, combining several different dimensions of analysis, namely:

Debtor and creditor sector

Size of the company

Type of financial instrument

Economic activity

Original maturity



## 4. Experience of Banco de Portugal

K.1.3 Dívida<sup>(1)</sup>, por setor devedor e financiador  
Posições em fim de período  
Valores não consolidados

Debt<sup>(1)</sup>, by debtor and creditor sectors  
End-of-period positions  
Non-consolidated values

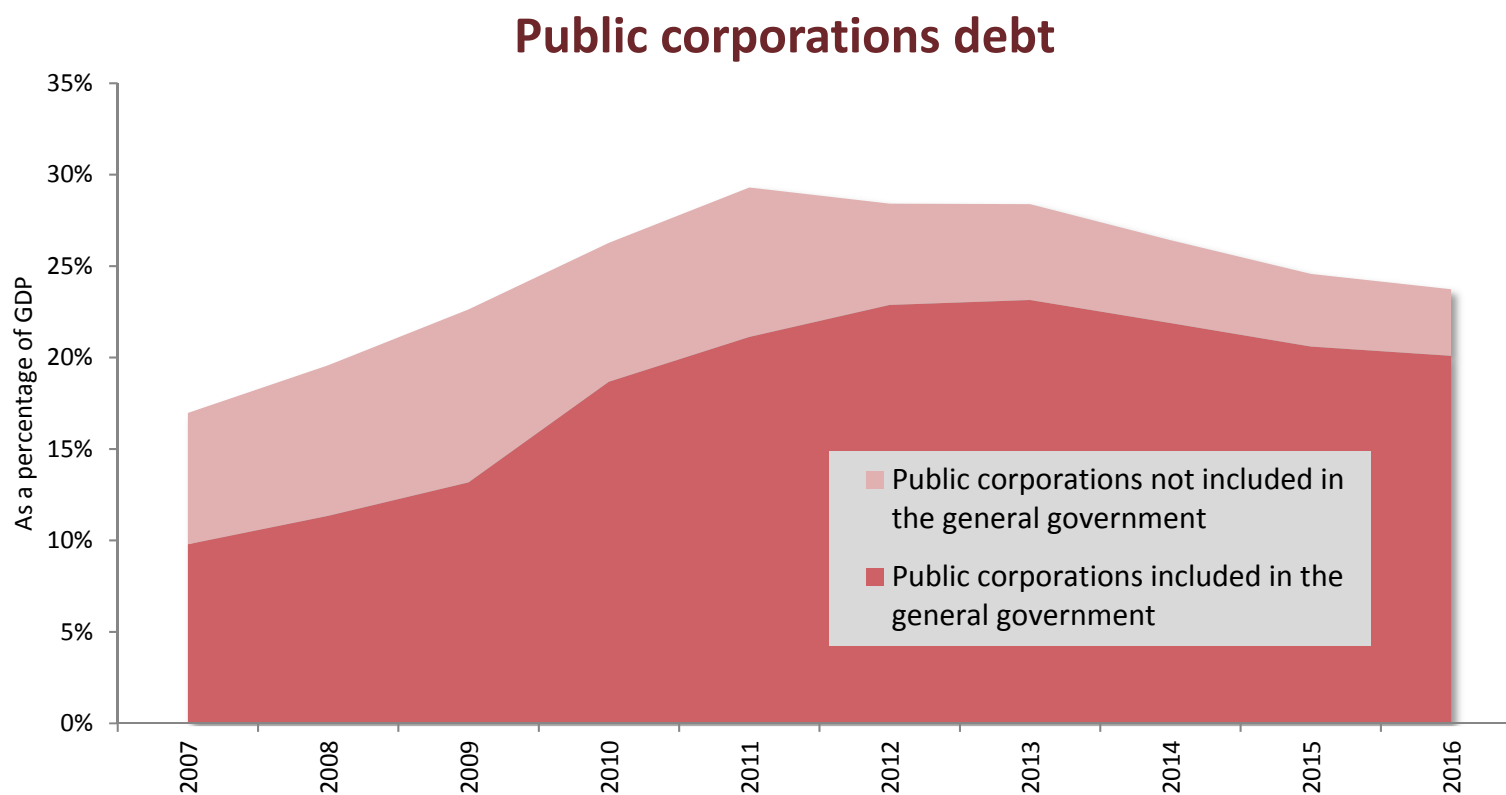
Fonte/Source: Banco de Portugal

10<sup>6</sup> euros

	Dez 12	Dez 13	Dez 14	Dez 15	Set 16	Out 16	
	Dec 12	Dec 13	Dec 14	Dec 15	Sep 16	Oct 16	
	1	2	3	4	5	6	
1 Administrações públicas.....	256 414	268 041	282 857	289 985	303 625	303 214	General government.....
Financiado por:							Financed by:
2 Administrações públicas.....	38 277	43 342	52 471	54 714	54 773	55 592	General government.....
3 Setor financeiro <sup>(2)</sup> .....	60 232	60 822	50 917	58 063	72 362	73 037	Financial sector <sup>(2)</sup> .....
4 Empresas.....	9 202	8 013	6 918	6 119	6 823	6 818	Corporations.....
5 Particulares <sup>(3)</sup> .....	7 534	8 705	13 627	17 196	21 544	21 763	Private individuals <sup>(3)</sup> .....
6 Exterior.....	141 167	147 158	158 924	153 892	148 122	146 003	External.....
7=[13]-[19] Empresas públicas.....	47 841	48 336	45 716	44 116	44 041	44 076	Public corporations.....
Financiado por:							Financed by:
8 Administrações públicas.....	9 139	11 544	15 219	15 687	15 848	15 881	General government.....
9 Setor financeiro <sup>(2)</sup> .....	16 036	15 643	11 584	10 901	10 831	10 880	Financial sector <sup>(2)</sup> .....
10 Empresas.....	2 984	3 113	3 174	3 087	3 467	3 498	Corporations.....
11 Particulares <sup>(3)</sup> .....	120	70	86	57	49	49	Private individuals <sup>(3)</sup> .....
12 Exterior.....	19 563	17 967	15 652	14 384	13 845	13 769	External.....
13 Empresas públicas incluídas nas administrações públicas <sup>(4)</sup> .....	38 523	39 414	37 873	36 975	37 297	37 276	Public corporations included in the general government <sup>(4)</sup> .....
Financiado por:							Financed by:
14 Administrações públicas.....	9 020	11 287	14 865	15 479	15 622	15 654	General government.....
15 Setor financeiro <sup>(2)</sup> .....	12 121	11 808	9 022	8 684	8 801	8 795	Financial sector <sup>(2)</sup> .....
16 Empresas.....	2 128	2 013	1 573	1 443	1 895	1 926	Corporations.....
17 Particulares <sup>(3)</sup> .....	108	60	76	46	40	40	Private individuals <sup>(3)</sup> .....
18 Exterior.....	15 146	14 246	12 338	11 323	10 940	10 861	External.....
19 Empresas públicas não incluídas nas administrações públicas.....	9 318	8 922	7 842	7 141	6 744	6 799	Public corporations not included in the general government.....
Financiado por:							Financed by:
20 Administrações públicas.....	119	256	355	208	226	226	General government.....
21 Setor financeiro <sup>(2)</sup> .....	3 915	3 835	2 562	2 217	2 031	2 085	Financial sector <sup>(2)</sup> .....
22 Empresas.....	855	1 100	1 602	1 644	1 571	1 571	Corporations.....
23 Particulares <sup>(3)</sup> .....	12	10	9	10	9	9	Private individuals <sup>(3)</sup> .....
24 Exterior.....	4 417	3 721	3 314	3 061	2 906	2 907	External.....



## 4. Experience of Banco de Portugal





## 4. Experience of Banco de Portugal

### • Statistical press releases



#### STATISTICAL PRESS RELEASE 56 | 2016 Public debt April 2016

June 1<sup>st</sup>, 2016

Banco de Portugal publishes today in table A.15 of the Statistical Bulletin and in BPstat, public debt statistics for April 2016.

For the first time, Banco de Portugal also disseminates information on the impact in the government deficit and debt of the measures to support financial institutions. This information can be found in the time series analysis of BPstat. | Statistics online.

In addition, the background information on the general government statistics produced by Banco de Portugal was updated, and is available in the new Supplement 2 | 2016 to the Statistical Bulletin.

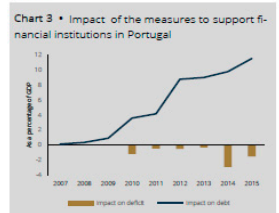
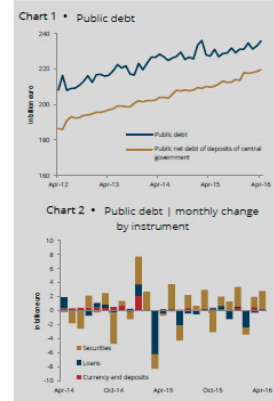
#### General government statistics

In April 2016, public debt reached 235.8 billion euro (Chart 1), the highest amount since February 2015. The increase of 2.8 billion euro, when compared with the previous month (Chart 2), reflects essentially net issuances of securities (2.5 billion euro).

The increase of public debt was greater than the increase in deposits of central government (1.8 billion euro), resulting in an increase of 1.0 billion euro of net debt of deposits of central government to 219.6 billion euro at the end of April 2016.

#### Impact of the measures to support financial institutions

In Portugal, the accumulated impact of the measures to support financial institutions, between 2007 and 2015, was -7.0 percent of the 2015 GDP on deficit and 11.5 percent of GDP on public debt. Chart 3 presents the evolution observed over that period.



Between 2007 and 2015, in terms of the euro area countries, the accumulated impact on deficit, as a percentage of 2015 GDP, was particularly high in Ireland (-21.7), Greece (-16.8), Slovenia (-13.7) and



#### STATISTICAL PRESS RELEASE 1 | 2017 Public debt November 2016

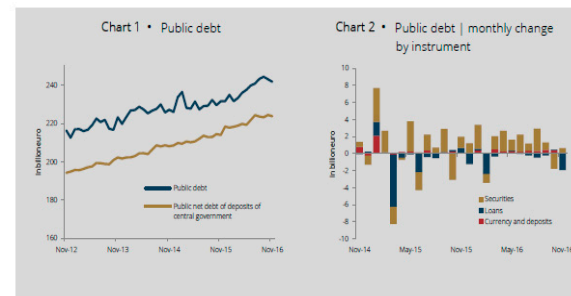
January 2<sup>nd</sup>, 2017

Banco de Portugal publishes today in table A.15 of the Statistical Bulletin and in BPstat, public debt statistics for November 2016.

In November 2016, public debt stood at 241.8 billion euro (Chart 1), a decrease of 1.3 billion euro when compared with the previous month (Chart 2). This decrease reflects a reduction in loans (1.9 billion euro), due to an amortization of the International Monetary Fund loans (2.1 billion euro),

and net issuances of securities (0.5 billion euro), of which 1.5 billion euro due to the third issuance of floating rate bonds.

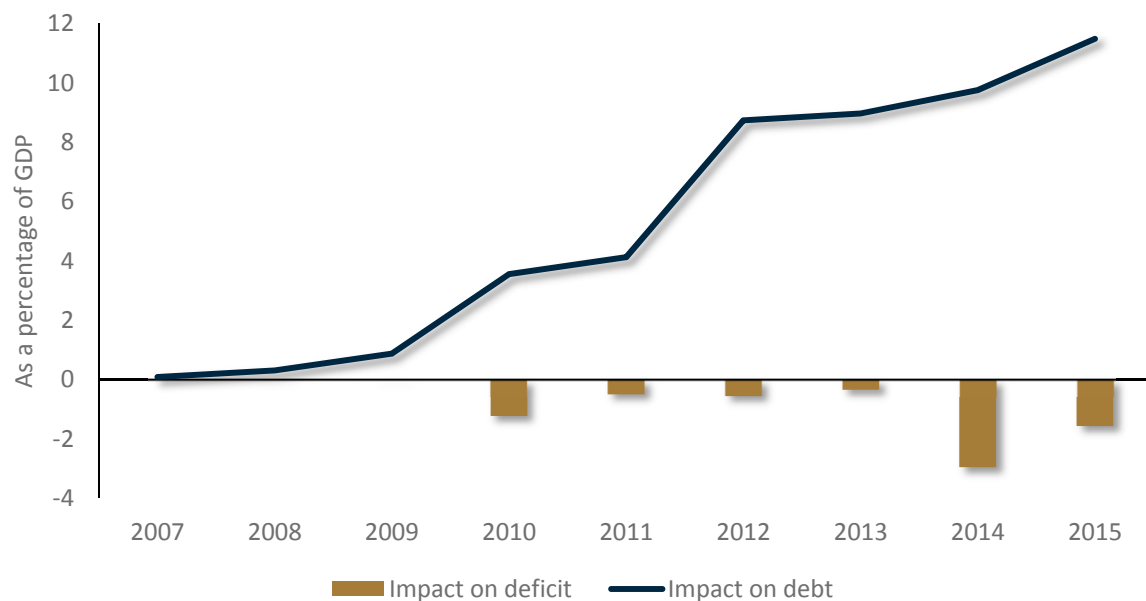
The decrease in deposits of central government (0.6 billion euro) was lower than the decrease of the public debt, resulting in a decrease of 0.7 billion euro of net debt of deposits of central government to 223.7 billion euro at the end of November 2016.





## 4. Experience of Banco de Portugal

### Impact on the general government deficit and debt of the measures to support financial institutions in Portugal | 2007 – 2015







## Public debt, potential liabilities and deposits

Portugal | 2016

(as a percentage of GDP)



**130%**  
Public Debt



**+7%**  
Guarantees\*



**+4%**  
non-financial public  
corporations liabilities

**+5%**  
PPP liabilities\*



**2%**  
Trade credits



**+1%**  
Non-performing loans



Potencial  
impact on  
public debt



**-9%**  
Deposits of central  
government

**+7%**  
Consolidation





1. European definition of general government debt
2. Other government debt definitions, net debt and alternative measures
3. Looking forward: debt of public sector and contingent liabilities
4. Experience of Banco de Portugal
5. Conclusion



## 5. Conclusion

- The definition of **public debt is not a closed concept**
- The definition of **debt used in the European Union is one of the most restrictive concepts** in terms of sector delimitation, valuation, instrument coverage and netting
- The **concept might be enlarged** by including all of the public sector and not only the general government
- An important challenge also to take into account: **the treatment of future liabilities of governments**, namely pension entitlements of public social insurance schemes, guarantees granted, and other off-balance-sheet liabilities
- **Banco of Portugal** is already publishing in a **monthly basis the Maastricht debt**, including the **Maastricht debt net of deposits of the central government**, after 30 days of the end of the reference month. Other statistics concerning the non-financial public sector indebtedness are also released on a monthly basis
- The demand for these statistics, and the number of headlines they generate, reveal that they are, in fact, **widely appreciated by the users**



**BANCO DE PORTUGAL**  
EUROSYSTEM

**The usefulness of data on the public sector:  
Experience of Banco de Portugal**

**Thank you for your attention**



**BANCO DE PORTUGAL**  
EUROSYSTEM

**João Cadete de Matos** ([jcmatos@bportugal.pt](mailto:jcmatos@bportugal.pt))

**Sérgio Branco** ([jscbranco@bportugal.pt](mailto:jscbranco@bportugal.pt))