

European system of integrated social protection statistics (ESSPROS)

11.12.1984

Capital Transactions

I. Introduction

1. The flows relating to the activities of an institutional unit during a financial year are generally shown in accounting by a current transactions account followed by a capital transactions account. In ESSPROS (1) the former follow a traditional scheme featuring the following items:

Expenditure	Receipts
Current transactions	
D 1. Social protection benefits	R 1. Employers' contributions
D 2. Administration costs	R 2. Contributions paid by the protected person
D 3. Other current expenditure	R 3. General government contributions
D 4. Transfers between agencies	R 4. Other current receipts
D 5. Balance of current transactions	R 5. Transfers between agencies

Theoretically the description of the latter should conform fairly closely to the following framework:

Expenditure	Receipts
Capital transactions	
D 6. Gross fixed capital formation	R 6. Balance of current transactions
D 7. Investment grants	R 7. Investment grants
D 8. Other capital expenditure	R 8. Other capital receipts
D 9. Balance of capital transactions	

(1) Cf. European System of Integrated Social Protection Statistics (ESSPROS) Methodology - Part.I - EUROSTAT 1981

In practice, another procedure was chosen for several accounting and pragmatic reasons. The main ones, which are stated partly in the ESSPROS methodology manual (1), are mentioned hereafter, together with some remarks.

2. The scope of the statistics under examination is determined on the basis of the general definition of social protection expenditure; in other words it covers all institutional units, called agencies, which are likely to effect this type of expenditure. Such agencies fall into two distinct groups:
 - a) those which are exclusively concerned with social protection, for example social security funds, and all of whose current transactions are taken into account;
 - b) those described as notional, for which social protection is only one of several other activities (e.g. central government and production enterprises); the amounts recorded consequently represent selected data; moreover, receipts are often only imputed for the sole purpose of balancing expenditure shown.
3. Furthermore, it should be noted that data published up to the present in this Bulletin refer to the agencies of each country as a whole and mention neither transfers between agencies nor the balance. The former, which ought to balance each other in a general account, cannot in most cases be balanced for various reasons (delays in recording transfers, etc.). The fact that they are neglected thus affects the general balance, which is also affected by the depreciation and insurance actuarial reserves which it includes. The problem of depreciation (or consumption of fixed capital) arises from the fact that part of the latter is already included in the benefits (2), from which it would be both awkward (calculation difficulty) and improper (the whole of which they are a part has the property overall of a social protection benefit) to dissociate them. The insurance actuarial reserves (in particular for old age pensions) were not kept apart either, even though they involve relatively small amounts.
4. The first conclusion which should be drawn is that the balance of current transactions is not the ideal basis for a description of capital transactions. However, apart from this purely accounting consideration other factors were also taken into account. The main value of Community statistics is to ensure optimum comparability of national data. Provided this aim is achieved, it may be advisable to make do with the level of detail sufficient for the purpose and, for the social analysis, not to require complete, technically structured accounts, of the national accounts type, for example. This more pragmatic viewpoint finally prevailed: the methodology stresses that social protection statistics are intended to cover expenditure in this field for households. One may therefore legitimately ask whether there are capital benefits, as in current transactions. The answer is yes, but the corresponding amounts (social loans) are proportionately so small that they are not worth the effort required to analyse them. On the other hand, it seemed advisable to include certain capital flows, in order to adjust for any bias between countries arising (as a result of the

(1) Cf. §§ 428 to 432

(2) For example, reimbursements to beneficiaries in respect of hospitalization are calculated on the basis of the daily rate, which takes account of depreciation in health care establishments.

way current flows are recorded) from differences in the way social protection is organized. To return to the example drawn from medical services, it has been shown that investments in hospitals are included under "social benefits" in country A; however, estimations based on costs (and classified as "Other benefits in the form of goods and services") carried out by country B exclude this type of flow because it has a national health service. Comparable sets of expenditure for A and B will thus be produced by adding capital transactions.

Nevertheless, this leads to a risk of duplication in A. To avoid this, it is sufficient to:

- a) restrict the scope of the definition to capital expenditure of general government;
- b) consider, depending on the case,
 - for "non-market" activities (1) (type B countries): the total financing of investments
 - where institutions dealing in "market" activities are concerned (1) (type A countries): an amount not including the self-financed share but including investment grants provided by the State.

II. Capital transactions in ESSPROS

5. The accounting system used to record these flows consequently complies with special rules which are as follows:
 - a) a simplified scheme separate from current transactions is used;
 - b) only expenditure restricted to that for the general government sector is shown;
 - c) a limited number of breakdown criteria are selected.
6. Conditions a) and b) mean that:
 - a) complete accounts, whether for all or part of the subset of agencies exclusively concerned with social protection, are not feasible;
 - b) it is impossible to combine in a meaningful way the two major categories of expenditure (current and capital) on account of the fact that the latter will remain incomplete. In view of these limitations, it was decided that capital expenditure could be broken down depending on the availability of statistics, in accordance with the following three criteria.
7. Breakdown by nature:
 - a) Gross fixed capital formation in non-market branches (2);
 - b) Investment grants transferred by general government to market branches (2) and private non-profit institutions;
 - c) Fluctuations in total outstanding amounts.

This accounting item is equal to the balance between the net change in financial assets and liabilities in each financial year with regard to amounts borrowed or lent respectively by the agencies being considered, i.e. general government only, and first and foremost social security funds. In fact, it is a component of the financial account. The fact that it is present can be explained by the following reasons. In complete accounts, the balance of capital transactions stands for net borrowing (if the balance is negative) or net lending (if it is positive) of the unit concerned; in other words,

(1) Definitions cf. Methodology paras. 434 to 438.

(2) Cf. European System of Integrated Economic Accounts, SOEC - EURO-STAT, Second edition - 1979.

at a more "global" level, it provides information on the financial balance - or imbalance - of groupings of units. As a result of decisions made, this final result, which would relate to the schemes in the social protection field, will not be known. It has therefore been considered useful to introduce, albeit in global manner, a supplementary heading showing any difficulties experienced by schemes in coping with their obligations in the current economic situation.

8. Breakdown by sub-sector of general government effecting expenditure

This relates to the three sub-sectors, i.e. central government, local government and social security funds.

9. Breakdown by NACE class of activity

In view of the choice referred to in 5b above, it has to be accepted that general government accounts will be used as the source of data. The expenditure to be included is thus defined in terms of the NACE classification of activities: codes 919 (for social security), 951 to 955 (for health services) and 961 to 962 (for social welfare) were selected.

N.B. It is not intended to break down capital transactions by social protection function. Nevertheless, such a breakdown would obviously be valuable and the SOEC will try to consider its feasibility.

III. Results

10. The statistical data forwarded to the SOEC by Member States are given hereafter. They are largely extracted from economic accounts statistics. The tables are as follows:

Table 1 - Capital transactions by nature

Table 2 - Gross fixed capital formation (GFCF)

a) by NACE activity

b) by sector of financing.

Table 3 - Investment grants

a) by NACE activity

b) by sector of financing.

Table 4 - Fluctuations in amount loaned

a) by NACE activity

b) by sector of financing.

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TAB 1

SESPROS

Capital transactions
by natureMrd national monetary units
Mrd d'unités monétaires nationalesOpérations en capital
par nature

		D	F	I	NL	B	L	UK	IRL ⁽¹⁾	DK
I - Gross fixed capital formation Formation brute de capital fixe	1970	2,29	.	.	.	.	.	.	2,45	1,395
	1975	4,18	.	630	0,055	0,472	.	0,448	3,19	1,706
	1976	3,88	.	668	0,050	0,631	.	0,520	7,62	1,919
	1977	3,96	1,070	689	0,044	0,714	.	0,447	11,31	1,968
	1978	4,40	1,692	798	0,063	0,781	.	0,486	12,34	2,318
	1979	4,87	1,856	832	0,084	1,021	.	0,599	15,08	2,929
	1980	5,33	2,397	1,186	0,128	1,698	.	0,723	18,29	2,847
	1981	5,92	2,602	1,169	0,131	.	.	0,816	.	2,846
II - Investment grants Aides à l'investissement	1970	0,75	.	.	.	.	.	.	1,00	0,022
	1975	2,02	.	35	-	5,630	.	0,001	6,60	0,060
	1976	2,16	.	80	-	6,773	.	0,001	7,50	0,036
	1977	1,88	0,468	12	-	9,049	.	0,001	13,53	0,050
	1978	1,98	0,397	-	-	10,175	.	0,001	18,00	0,060
	1979	2,06	0,318	1	-	10,642	.	-	23,80	0,036
	1980	2,53	0,324	-	-	11,081	.	0,001	34,50	0,041
	1981	2,38	0,384	-	-	.	.	0,001	.	0,040
III - Fluctuations in amount loaned Variation d'encours de prêts	1970	.	.	.	.	.	.	.	1,27	.
	1975	.	.	.	.	6,953	.	.	2,00	.
	1976	.	.	.	.	10,492	.	.	2,70	.
	1977	.	4,961	.	-0,447	12,063	.	.	2,00	.
	1978	.	6,616	.	0,314	11,494	.	.	3,00	.
	1979	.	7,721	.	0,326	12,226	.	.	3,50	.
	1980	.	4,456	.	0,406	23,350	.	.	-	.
	1981	.	5,489	.	-1,310	.	.	.	-	.

(1) Mio

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Gross fixed capital formation
by NACE activity

Formation brute de capital fixe
par activité NACE

Mrd national monetary units
Mrd d'unités monétaires nationales

		D	F	I	NL	B	L	UK	IRL(1)	DK
1. Health	1970	1,84	.	.	.	.	.	.	2,44	0,888
Santé	1975	3,17	.	325	.	.	.	0,366	3,18	1,120
	1976	2,93	.	436	.	.	.	0,425	7,68	1,170
	1977	3,10	.	455	.	.	.	0,394	11,59	0,989
(NACE 951-955)	1978	3,57	.	584	.	.	.	0,411	12,27	1,044
	1979	3,99	.	685	.	.	.	0,510	14,76	1,206
	1980	4,24	.	972	.	.	.	0,614	17,64	1,099
	1981	4,35	.	936	.	.	.	0,704	.	1,120
2. Compulsory social security	1970	0,14	.	.	.	.	.	-	-	-
Sécurité sociale obligatoire	1975	0,39	.	196	0,055	.	.	-	-	-
	1976	0,37	.	187	0,050	.	.	-	-	-
	1977	0,35	.	162	0,044	.	.	-	-	-
	1978	0,34	.	115	0,063	.	.	-	-	-
(NACE 919)	1979	0,36	.	132	0,084	.	.	-	-	-
	1980	0,41	.	194	0,128	.	.	-	-	0,012
	1981	0,85	.	199	0,131	.	.	-	.	0,014
3. Other social services										
Autres services sociaux	1970	0,31	.	.	.	.	.	.	0,01	0,508
	1975	0,62	.	109	.	.	.	0,082	0,01	0,586
(NACE 961 + 962)	1976	0,58	.	43	.	.	.	0,095	0,01	0,749
	1977	0,51	.	72	.	.	.	0,053	0,02	0,979
	1978	0,49	.	99	.	.	.	0,075	0,07	1,274
	1979	0,52	.	15	.	.	.	0,089	0,42	1,723
	1980	0,68	.	20	.	.	.	0,109	0,65	1,736
	1981	0,72	.	34	.	.	.	0,112	.	1,712

(1) Mio

Gross fixed capital formation
by sectorFormation brute de capital fixe
par secteurMrd national monetary units
Mrd d'unités monétaires nationales

		D	F	I	NL	B	L	UK	IRL(1)	DK
1. Central Government	1970	0,69	.	.	.	.	.	.	.	0,258
Administration publique	1975	1,17	.	26	.	0,039	.	0,366	.	0,347
centrale	1976	1,01	.	20	.	0,088	.	0,426	.	0,327
	1977	1,04	.	73	.	0,043	.	0,395	.	0,291
	1978	1,33	.	65	.	0,086	.	0,411	.	0,286
	1979	1,38	.	56	.	0,277	.	0,510	.	0,227
	1980	1,64	.	-	.	0,037	.	0,614	.	0,169
	1981	1,75	.	72	.	1,037	.	0,704	.	0,122
2. Local Government	1970	1,33	.	.	.	.	.	.	2,44	1,138
Administrations publiques	1975	2,22	.	381	.	0,433	.	0,082	3,18	1,356
locales	1976	2,17	.	435	.	0,543	.	0,094	7,68	1,592
	1977	2,15	.	432	.	0,671	.	0,052	11,29	1,676
	1978	2,39	.	605	.	0,695	.	0,075	12,27	2,031
	1979	2,74	.	626	.	0,743	.	0,089	14,66	2,702
	1980	2,90	.	821	.	0,660	.	0,109	17,64	2,676
	1981	2,97	.	724	.	.	.	0,112	.	2,717
3. Social Security Funds	1970	0,27	.	.	.	.	.	.	0,01	-
Administrations publiques	1975	0,79	.	223	0,055	-	.	.	0,01	0,003
de sécurité sociale	1976	0,70	.	213	0,050	-	.	.	0,01	-
	1977	0,77	1,070	184	0,044	-	.	.	0,02	0,001
	1978	0,68	1,692	128	0,063	-	.	.	0,07	0,001
	1979	0,75	1,856	150	0,084	-	.	.	0,42	-
	1980	0,79	2,397	365	0,128	-	.	.	0,65	0,002
	1981	1,20	2,602	373	0,131	-	.	.	.	0,007

Investment grants
by NACE activityMrd national monetary units
Mrd d'unités monétaires nationalesAidés à l'investissement
par activité NACE

		D	F	I	NL	B	L	UK	IRL	DK
1. Health	1970	0,15	.	.	.	.	.	.		-
Santé	1975	1,02	.	35	-	.	.	.	1,00	-
	1976	1,18	.	62	-	.	.	.	6,60	-
	1977	1,11	.	-	-	.	.	.	7,50	-
(NACE 951-955)	1978	1,24	.	-	-	.	.	.	13,53	0,000
	1979	1,23	.	1	-	.	.	.	18,00	-
	1980	1,66	.	-	-	.	.	.	23,80	0,000
	1981	1,41	.	-	-	.	.	.	34,50	0,001
									.	0,004
2. Compulsory social	1970	0,27	.	.	.	.	.	.	.	0,021
security	1975	0,22	.	-	-	.	.	.	.	0,060
Sécurité sociale	1976	0,23	.	18	-	.	.	.	.	0,036
obligatoire	1977	0,23	.	12	-	.	.	.	.	0,024
	1978	0,22	.	-	-	.	.	.	.	0,032
(NACE 919)	1979	0,21	.	-	-	.	.	.	.	0,033
	1980	0,25	.	-	-	.	.	.	.	0,038
	1981	0,31	.	-	-	.	.	.	.	0,036
3. Other social services	1970	0,33	.	.	.	.	.	.	.	0,001
Autres services sociaux	1975	0,78	.	-	-	.	.	0,001	.	-
(NACE 961 + 962)	1976	0,75	.	-	-	.	.	0,001	.	-
	1977	0,54	.	-	-	.	.	0,001	.	0,026
	1978	0,52	.	-	-	.	.	0,001	.	0,028
	1979	0,62	.	-	-	.	.	-	.	0,003
	1980	0,62	.	-	-	.	.	0,001	.	0,002
	1981	0,66	.	-	-	.	.	0,001	.	0,000

Investment grants
by sectorAides à l'investissement
par secteurMrd national monetary units
Mrd d'unités monétaires nationales

		D	F	I	NL	B	L	UK	IRL	DK
1. Central Government	1970	0,57	.	.	.	.	.	.	1,00	0,009
Administration publique	1975	1,52	.	17	-	5,415	.	0,001	6,60	0,016
centrale	1976	1,69	.	80	-	6,537	.	0,001	7,50	0,005
	1977	1,48	.	12	-	8,698	.	0,001	13,53	0,001
	1978	1,62	.	-	-	9,585	.	0,001	18,00	0,002
	1979	1,69	.	-	-	9,924	.	-	23,80	0,001
	1980	2,09	.	-	-	10,584	.	0,001	34,50	0,003
	1981	1,92	.	-	-		.	0,001	.	0,005
2. Local Government	1970	0,18	.	.	.	.	.	-	-	0,013
Administrations publiques	1975	0,50	.	18	-	-	.	-	-	0,044
locales	1976	0,47	.	-	-	-	.	-	-	0,031
	1977	0,40	.	-	-	-	.	-	-	0,049
	1978	0,36	.	-	-	-	.	-	-	0,058
	1979	0,37	.	1	-	-	.	-	-	0,035
	1980	0,44	.	-	-	-	.	-	-	0,038
	1981	0,46	.	-	-	-	.	-	-	0,035
3. Social Security Funds	1970	-	.	.	.	.	.	-	-	-
Administrations publiques	1975	-	.	-	-	0,215	.	-	-	-
de sécurité sociale	1976	-	.	-	-	0,235	.	-	-	-
	1977	-	0,468	-	-	0,351	.	-	-	-
	1978	-	0,397	-	-	0,590	.	-	-	-
	1979	-	0,318	-	-	0,718	.	-	-	-
	1980	-	0,324	-	-	0,497	.	-	-	-
	1981	-	0,384	-	-	.	.	-	.	-

Fluctuations in amount loaned
by NACE activity

Variation d'encours de prêts
par activité NACE

Mrd national monetary units
Mrd d'unités monétaires nationales

		D	F	I	NL	B	L	UK	IRL	DK
1. Health Santé (NACE 951-955)	1970	.	.	.	.	.	.	.	-	.
	1975	.	.	.	.	.	.	.	-	.
	1976	.	.	.	.	.	.	.	-	.
	1977	.	.	.	.	.	.	.	-	.
	1978	.	.	.	.	.	.	.	-	.
	1979	.	.	.	.	.	.	.	-	.
	1980	.	.	.	.	.	.	.	-	.
	1981	.	.	.	.	.	.	.	-	.
2. Compulsory social security Sécurité sociale obligatoire (NACE 919)	1970	.	.	.	.	.	.	.	-	.
	1975	.	.	.	.	.	.	.	-	.
	1976	.	.	.	.	.	.	.	-	.
	1977	.	.	.	-0,447	.	.	.	-	.
	1978	.	.	.	0,314	.	.	.	-	.
	1979	.	.	.	0,326	.	.	.	-	.
	1980	.	.	.	0,406	.	.	.	-	.
	1981	.	.	.	-1,310	.	.	.	-	.
3. Other social services Autres services sociaux (NACE 961 + 962)	1970	1,27	.
	1975	2,00	.
	1976	2,70	.
	1977	2,00	.
	1978	3,00	.
	1979	3,50	.
	1980	-	.
	1981	-	.

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Fluctuations in amount loaned
by sector

TAB. 4b

SESPROS

Variation d'encours de prêts
par secteur1
12
1Mrd national monetary units
Mrd d'unités monétaires nationales

		D	F	I	NL	B	L	UK	IRL(1)	DK
1. Central Government	1970	.	.	.	.	.	.	.	1,27	.
Administration publique	1975	.	.	.	.	.	.	.	2,00	.
centrale	1976	.	.	.	.	.	.	.	2,70	.
	1977	.	.	.	.	.	.	.	2,00	.
	1978	.	.	.	.	.	.	.	3,00	.
	1979	.	.	.	.	.	.	.	3,50	.
	1980	.	.	.	.	.	.	.	-	.
	1981	.	.	.	.	.	.	.	-	.
2. Local Government	1970	.	.	.	.	.	.	.	-	.
Administrations publiques	1975	.	.	.	.	.	.	.	-	.
locales	1976	.	.	.	.	.	.	.	-	.
	1977	.	.	.	.	.	.	.	-	.
	1978	.	.	.	.	.	.	.	-	.
	1979	.	.	.	.	.	.	.	-	.
	1980	.	.	.	.	.	.	.	-	.
	1981	.	.	.	.	.	.	.	-	.
3. Social Security Funds	1970	.	.	.	.	.	.	.	-	.
Administrations publiques	1975	.	.	.	.	.	.	.	-	.
de sécurité sociale	1976	.	.	.	.	.	.	.	-	.
	1977	.	4,961	.	-0,447	.	.	.	-	.
	1978	.	6,616	.	0,314	.	.	.	-	.
	1979	.	7,721	.	0,326	.	.	.	-	.
	1980	.	4,456	.	0,406	.	.	.	-	.
	1981	.	5,489	.	-1,310	.	.	.	-	.