



STATISTIČNI URAD REPUBLIKE SLOVENIJE  
STATISTICAL OFFICE OF THE REPUBLIC OF SLOVENIA

ISBN 978-961-239-157-7

POSEBNE PUBLIKACIJE / SPECIAL PUBLICATIONS

# GROSS NATIONAL INCOME INVENTORY

No 10 | Ljubljana, 2008



STATISTIČNI URAD REPUBLIKE SLOVENIJE  
STATISTICAL OFFICE OF THE REPUBLIC OF SLOVENIA

ISBN 978-961-239-157-7

POSEBNE PUBLIKACIJE / SPECIAL PUBLICATIONS

3 NATIONAL ACCOUNTS

# GROSS NATIONAL INCOME INVENTORY

No 10 | Ljubljana, 2008

---

## AUTHORS:

Andrej Flajs, Karmen Hren, Mojca Škrlec, Janja Kalin, Jure Lasnibat, Marjana Klinar, Tina Ritonja, Marko Rožanec, Jasenka Šuštarčič, Saša Finc, Simona Peceli (all Statistical Office of the Republic of Slovenia) and Janez Klemenc (Bank of Slovenia)

## Chapter 11 was prepared in co-operation with:

Božidara Benedik, Slavica Černe, Barbara Dremelj, Nataša Gorjan, Nataša Gostiša, Franc Gruden, Andrej Haramina, Marija Hlavaty, Špela Kastelic, Aleksandra Lešnjek, Vida Lipovšek, Enisa Lojovič Hadžihasanovič, Dominika Lunder, Mojca Noč Razinger, Ivica Polanec Strnad, Iris Rošker, Rudi Seljak, Sašo Stevanovič, Radojka Vujasin, Irena Žaucer, Miran Žavbi and Erika Žnidaršič (all Statistical Office of the Republic of Slovenia)

CIP - Kataložni zapis o publikaciji  
Narodna in univerzitetna knjižnica, Ljubljana

330.55(497.4)

GROSS national income inventory / [authors Andrej Flajs ... et al.]. - Ljubljana : Statistični urad Republike Slovenije = Statistical office of the Republic of Slovenia, 2008. - (Posebne publikacije = Special publications / Statistični urad Republike Slovenije ; 2008, št. 10. 3, National accounts)

ISBN 978-961-239-157-7

1. Flajs, Andrej  
242115840

Prepared, published and printed by the Statistical Office of the Republic of Slovenia, Ljubljana, Vožarski pot 12 – **Use and publication of data is allowed provided the source is acknowledged** – Director-General Irena Križman – Editor Jure Lasnibat – English Language Editor Boris Panič – Computer text and table layout design Slavka Slokar – Total print run 70 copies – Information is given by the Information Center, telephone + 386 1 241 51 04 – Answering machine + 386 1 475 65 55 – E-mail: [info.stat@gov.si](mailto:info.stat@gov.si) – Internet: [www.stat.si/publications](http://www.stat.si/publications).

# FOREWORD

The content of our new publication from the Special publications series is an inventory of sources and methods of gross national income compilation that has been drafted according to the requirements of the Council Regulation No 1287/2003 which demands that Member States provide the European Commission (Eurostat) with an inventory of the procedures and basic statistics used to calculate gross national income and its components according to European System of Accounts 1995.

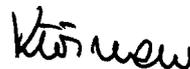
In the period since 2002 the Statistical Office of the Republic of Slovenia has carried out three major national accounts revisions covering the period from 1995 on with the purpose to compile gross domestic product in line with the European System of Accounts 1995. The work on these revisions started already in 1998 when the cooperation and support by Eurostat was intensified in many task forces in the area of non-financial national accounts and with the pilot projects on exhaustiveness. This Inventory thus reflects also all the work done within these projects and revisions.

The structure of the Inventory follows the common structure as adopted by the Gross National Income Committee. It starts with an overview of the system of accounts which gives the first look over the architecture of the Slovenian system of national accounts. This is followed by Chapter 2 describing the revision policy. The core of the Inventory is composed of Chapters 3, 4 and 5 which describe in detail the gross domestic product calculation by the production, expenditure and income approach. The most important is chapter on sources and methods for the production approach which is considered to be the primary approach to gross domestic product compilation. Chapter 6 gives information on balancing the three approaches and on validation of the estimates. Main approaches with respect to exhaustiveness are presented in Chapter 7 where exhaustiveness adjustments are also presented using the so-called tabular approach. In Chapter 8 the transition from gross domestic product to gross national income is described and in Chapter 9 calculation of financial intermediation services indirectly measured and their allocation by user sectors. The last two chapters give description of main classifications and main data sources used. At the end of the Inventory the process table is presented which shows gross national income compilation from data sources through adjustments to the final estimate in a structured form.

Description of sources and methods as well as data presented in the Inventory relate to 2001. However, where appropriate reference is also made to changes in data sources and in methods applied that occurred after 2001. The next Inventory will be prepared for 2005 as the reference year and will follow the benchmark 2005 revision; its results are scheduled to be published in September 2007. The main revision points of the benchmark 2005 revision as well as the effect on the GDP level are also outlined in this document.

We hope that the Inventory will help experts, other statisticians, and the general public to better understand the process of gross domestic product and gross national income estimation.

June 2007



Irena Križman, M. Sc.

Director General  
Statistical Office of the Republic of Slovenia





# TABLE OF CONTENTS

Foreword .....	3
Table of contents .....	5
List of tables .....	21
Abbreviations .....	27
<b>1 OVERVIEW OF THE SYSTEM OF ACCOUNTS.....</b>	<b>29</b>
<b>1.1 Introduction .....</b>	<b>29</b>
1.1.0 Gross domestic product and the national accounts of Slovenia .....	29
1.1.1 The balance of payments and gross national income .....	29
1.1.2 Main data sources in the national accounts of Slovenia .....	29
1.1.2.0 Introduction.....	29
1.1.2.1 GDP by the production approach.....	29
1.1.2.2 GDP by the income approach .....	30
1.1.2.3 GDP by the expenditure approach.....	30
1.1.3 Geographical coverage .....	30
1.1.4 The Statistical Office of the Republic of Slovenia.....	30
<b>1.2 The revisions policy and the timetable for revising and finalising the estimates .....</b>	<b>31</b>
1.2.0 Introduction .....	31
1.2.1 Methodological revisions 1995-2004 .....	31
1.2.2 Revision policy and the next methodology revision 2005 .....	32
1.2.3 Timetable for revising and finalising the accounts .....	32
<b>1.3 Outline of the production approach .....</b>	<b>33</b>
1.3.0 Introduction .....	33
1.3.1 Market and non-market producers, FISIM.....	33
1.3.2 The reference framework.....	33
1.3.2.0 Introduction.....	33
1.3.2.1 Output and the production boundary.....	34
1.3.2.2 Intermediate consumption .....	34
1.3.2.3 Taxes on products .....	34
1.3.2.4 Subsidies on products .....	34
1.3.3 Data sources.....	34
1.3.3.0 Introduction.....	34
1.3.3.1 Annual accounting statements and the Agency for Public Legal Records and Related Services .....	35
1.3.3.2 Other statistical and administrative data sources .....	35
1.3.3.3 Statistical surveys for SUTs compilation .....	36

1.3.4	Valuation .....	36
1.3.5	Transition from private accounting and administrative concepts to ESA95 national accounts concepts .....	36
1.3.6	The roles of direct and indirect estimation methods .....	37
1.3.7	The roles of benchmarks and extrapolations.....	37
1.3.8	The main approaches taken with respect to exhaustiveness.....	37
<b>1.4</b>	<b>Outline of the income approach.....</b>	<b>38</b>
1.4.0	Introduction .....	38
1.4.1	Reference framework and main data sources .....	38
1.4.1.0	<i>Introduction</i> .....	38
1.4.1.1	<i>Compensation of employees</i> .....	38
1.4.1.2	<i>Taxes on production and imports</i> .....	39
1.4.1.3	<i>Subsidies on production</i> .....	39
1.4.1.4	<i>Gross operating surplus</i> .....	39
1.4.1.5	<i>Gross mixed income</i> .....	39
1.4.2	Transition from private accounting and administrative concepts to ESA95 national accounts concepts .....	40
1.4.3	The roles of direct and indirect estimation methods .....	40
1.4.4	The roles of benchmarks and extrapolations.....	40
1.4.5	The main approaches taken with respect to exhaustiveness.....	40
<b>1.5</b>	<b>Outline of the expenditure approach .....</b>	<b>40</b>
1.5.0	Introduction .....	40
1.5.1	The reference framework and main data sources .....	41
1.5.1.0	<i>Introduction</i> .....	41
1.5.1.1	<i>Household final consumption expenditure</i> .....	41
1.5.1.2	<i>NPISH final consumption expenditure</i> .....	41
1.5.1.3	<i>General government final consumption expenditure</i> .....	42
1.5.1.4	<i>Gross fixed capital formation</i> .....	42
1.5.1.5	<i>Changes in inventories</i> .....	42
1.5.1.6	<i>Acquisitions less disposals of valuables</i> .....	42
1.5.1.7	<i>Exports and imports of goods</i> .....	42
1.5.1.8	<i>Exports and imports of services</i> .....	42
1.5.2	Valuation .....	43
1.5.3	Transition from private accounting and administrative concepts to ESA95 national accounts concepts .....	43
1.5.4	The roles of direct and indirect estimation methods .....	43
1.5.5	The roles of benchmarks and extrapolations.....	43
1.5.6	The main approaches taken with respect to exhaustiveness.....	43

<b>1.6 The balancing or integration procedure, and main approaches to validation .....</b>	<b>44</b>
1.6.0 Introduction .....	44
1.6.1 Second annual estimate .....	44
1.6.2 Third annual estimate and SUTs.....	45
1.6.3 Validation of estimates.....	45
<b>1.7 Overview of the allowances for exhaustiveness.....</b>	<b>46</b>
1.7.0 Introduction .....	46
1.7.1 GDP by the production approach and exhaustiveness adjustments by type according to the tabular approach .....	46
1.7.1.0 Introduction.....	46
1.7.1.1 N1 Deliberately non-registering underground economy.....	47
1.7.1.2 N2 Deliberately non-registering illegal activities.....	47
1.7.1.3 N3 Not required to register .....	47
1.7.1.4 N4 Legal persons not surveyed .....	47
1.7.1.5 N5 Registered entrepreneurs not surveyed .....	47
1.7.1.6 N6 Producers deliberately misreporting.....	48
1.7.1.7 N7 Other statistical deficiencies.....	48
1.7.2 GDP by the income approach and exhaustiveness .....	48
1.7.3 GDP by the expenditure approach and exhaustiveness .....	48
1.7.4 GDP 2005 benchmark revision and improvements of exhaustiveness adjustments.....	50
1.7.5 Theoretical VAT.....	50
1.7.5.0 Introduction.....	50
1.7.5.1 Role of theoretical VAT calculation for analysis and verification of exhaustiveness of GDP estimates .....	50
1.7.5.2 Calculation of theoretical VAT by sectors and components .....	51
1.7.5.3 Theoretical VAT and VAT fraud 2002 and 2003.....	51
<b>1.8 Transition from gross domestic product to gross national income .....</b>	<b>52</b>
1.8.0 Introduction and the reference framework.....	52
1.8.1 Compensation of employees.....	53
1.8.2 Taxes on production and imports.....	53
1.8.3 Subsidies .....	53
1.8.4 Interest.....	53
1.8.5 Distributed income of corporations.....	54
1.8.6 Reinvested earnings on foreign direct investment .....	54
1.8.7 Property income attributed to insurance policy holders .....	54
1.8.8 Rents on land and sub-soil assets.....	54
<b>1.9 Financial intermediation services indirectly measured: calculation, allocation and impact on GNI ....</b>	<b>55</b>
1.9.0 Introduction .....	55
1.9.1 Data sources and methods.....	55

<b>2</b>	<b>THE REVISION POLICY AND THE TIMETABLE FOR REVISING AND FINALISING THE ESTIMATES..</b>	<b>57</b>
<b>2.0</b>	<b>Introduction.....</b>	<b>57</b>
<b>2.1</b>	<b>Revision policy.....</b>	<b>57</b>
2.1.0	Introduction .....	57
2.1.1	Methodology revisions 1995-2004.....	57
2.1.2	Revision policy and the next methodology revision 2005 .....	58
<b>2.2</b>	<b>Timetable for revising and finalising the accounts .....</b>	<b>59</b>
2.2.0	Introduction .....	59
2.2.1	Data publishing and transmission to Eurostat.....	59
2.2.2	Timetable for revising and finalising the accounts .....	59
<b>3</b>	<b>THE PRODUCTION APPROACH .....</b>	<b>61</b>
<b>3.0</b>	<b>Introduction.....</b>	<b>61</b>
3.0.0	GDP by the production approach.....	61
3.0.1	Market and non-market producers, FISIM.....	61
<b>3.1</b>	<b>The reference framework.....</b>	<b>62</b>
3.1.0	Introduction .....	62
3.1.1	Output and the production boundary .....	62
3.1.2	Intermediate consumption.....	62
3.1.3	Output, intermediate consumption and gross value added 2001 by activities and by institutional sectors .....	63
3.1.4	Data sources .....	65
3.1.4.0	<i>Introduction .....</i>	<i>65</i>
3.1.4.1	<i>Annual accounting statements and the Agency for Public Legal Records and Related Services .....</i>	<i>65</i>
3.1.4.2	<i>Other statistical and administrative data sources .....</i>	<i>67</i>
3.1.4.3	<i>Statistical surveys for SUTs compilation .....</i>	<i>68</i>
3.1.5	General government as non-market producer .....	69
3.1.6	Non-profit institutions serving households as non-market producers.....	71
3.1.7	Institutional and statistical unit, supply and use tables and data publishing.....	72
<b>3.2</b>	<b>Valuation.....</b>	<b>73</b>
3.2.0	Introduction .....	73
3.2.1	Output.....	73
3.2.2	Intermediate consumption.....	73
3.2.3	Taxes on products .....	73
3.2.4	Subsidies on products.....	74
3.2.5	Inventories and treatment of holding gains in national accounts .....	74

<b>3.3 Transition from private accounting and administrative concepts to ESA95 national accounts concepts.....</b>	<b>75</b>
3.3.0 Introduction .....	75
3.3.1 Corporations .....	76
3.3.1.0 Introduction.....	76
3.3.1.1 Output .....	76
3.3.1.2 Intermediate consumption .....	78
3.3.2 General government.....	80
3.3.2.0 Introduction.....	80
3.3.2.1 Central and local government direct budgetary units, agencies and funds.....	80
3.3.2.2 Public service providers of general government.....	83
3.3.3 Market public service providers .....	85
3.3.3.0 Introduction.....	85
3.3.3.1 Output .....	85
3.3.3.2 Intermediate consumption .....	85
3.3.4 Unincorporated enterprises .....	86
3.3.4.0 Introduction.....	86
3.3.4.1 Output .....	86
3.3.4.2 Intermediate consumption .....	86
3.3.5 Market legal persons of private law .....	87
3.3.5.0 Introduction.....	87
3.3.5.1 Output .....	87
3.3.5.2 Intermediate consumption .....	88
3.3.6 Non-profit institutions serving households .....	88
3.3.6.0 Introduction.....	88
3.3.6.1 Output components and “other non-market output, other” .....	88
<b>3.4 The roles of direct and indirect estimation methods.....</b>	<b>90</b>
<b>3.5 The roles of benchmarks and extrapolations.....</b>	<b>90</b>
<b>3.6 The main approaches taken with respect to exhaustiveness .....</b>	<b>90</b>
3.6.0 Introduction .....	90
3.6.1 Non-response.....	90
3.6.2 Misreporting.....	91
3.6.3 Non-registered activities of households .....	91
3.6.4 Other statistical deficiencies.....	91
3.6.5 Weaknesses of exhaustiveness and improvements.....	92
<b>3.7 Agriculture, hunting and forestry (A) .....</b>	<b>93</b>
3.7.0 Introduction .....	93
3.7.1 Data sources and methods.....	93
3.7.2 Output in data sources, corrections and adjustments.....	94
3.7.3 Intermediate consumption in data sources, corrections and adjustments.....	95

<b>3.8 Fishing (B)</b> .....	<b>96</b>
3.8.0 Introduction .....	96
3.8.1 Data sources and methods.....	96
3.8.2 Output in data sources, corrections and adjustments.....	96
3.8.3 Intermediate consumption, corrections and adjustments .....	96
<b>3.9 Mining and quarrying (C)</b> .....	<b>97</b>
3.9.0 Introduction .....	97
3.9.1 Data sources and methods.....	98
3.9.2 Output in data sources, corrections and adjustments.....	98
3.9.3 Intermediate consumption in data sources, corrections and adjustments .....	98
<b>3.10 Manufacturing (D)</b> .....	<b>99</b>
3.10.0 Introduction .....	99
3.10.1 Data sources and methods.....	99
3.10.2 Output in data sources, corrections and adjustments.....	100
3.10.3 Intermediate consumption in data sources, corrections and adjustments .....	100
<b>3.11 Electricity, gas and water supply (E)</b> .....	<b>101</b>
3.11.0 Introduction .....	101
3.11.1 Data sources and methods.....	101
3.11.2 Output in data sources, corrections and adjustments.....	101
3.11.3 Intermediate consumption in data sources, corrections and adjustments .....	102
<b>3.12 Construction (F)</b> .....	<b>103</b>
3.12.0 Introduction .....	103
3.12.1 Data sources and methods.....	103
3.12.2 Output in data sources, corrections and adjustments.....	103
3.12.3 Intermediate consumption in data sources, corrections and adjustments .....	104
<b>3.13 Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods (G)</b> .....	<b>105</b>
3.13.0 Introduction .....	105
3.13.1 Data sources and methods.....	105
3.13.2 Output in data sources, corrections and adjustments.....	105
3.13.3 Intermediate consumption in data sources, corrections and adjustments .....	106
<b>3.14 Hotels and restaurants (H)</b> .....	<b>107</b>
3.14.0 Introduction .....	107
3.14.1 Data sources and methods.....	107
3.14.2 Output in data sources, corrections and adjustments.....	107
3.14.3 Intermediate consumption in data sources, corrections and adjustments .....	107
<b>3.15 Transport, storage and communication (I)</b> .....	<b>108</b>
3.15.0 Introduction .....	108
3.15.1 Data sources and methods.....	109

3.15.2	Output in data sources, corrections and adjustments.....	109
3.15.3	Intermediate consumption in data sources, corrections and adjustments.....	109
<b>3.16</b>	<b>Financial intermediation (J) .....</b>	<b>110</b>
3.16.0	Introduction .....	110
3.16.1	Data sources and methods.....	111
	3.16.1.0 Introduction.....	111
	3.16.1.1 Monetary intermediation (SKD 65.1).....	111
	3.16.1.2 Insurance and pension funding (SKD 66).....	113
3.16.2	Output in data sources, corrections and adjustments.....	113
3.16.3	Intermediate consumption in data sources, corrections and adjustments.....	115
<b>3.17</b>	<b>Real estate, renting and business activities (K) .....</b>	<b>116</b>
3.17.0	Introduction .....	116
3.17.1	Data sources and methods.....	117
3.17.2	Output in data sources, corrections and adjustments.....	117
3.17.3	Intermediate consumption in data sources, corrections and adjustments.....	117
<b>3.18</b>	<b>Public administration and defence; compulsory social security (L).....</b>	<b>119</b>
3.18.0	Introduction .....	119
3.18.1	Data sources and methods.....	119
3.18.2	Output in data sources, corrections and adjustments.....	119
3.18.3	Intermediate consumption in data sources, corrections and adjustments.....	120
<b>3.19</b>	<b>Education (M) .....</b>	<b>121</b>
3.19.0	Introduction .....	121
3.19.1	Data sources and methods.....	121
3.19.2	Output in data sources, corrections and adjustments.....	121
3.19.3	Intermediate consumption in data sources, corrections and adjustments.....	121
<b>3.20</b>	<b>Health and social care service activities (N) .....</b>	<b>122</b>
3.20.0	Introduction .....	122
3.20.1	Data sources and methods.....	123
3.20.2	Output in data sources, corrections and adjustments.....	123
3.20.3	Intermediate consumption in data sources, corrections and adjustments.....	123
<b>3.21</b>	<b>Other community, social and personal service activities (O) .....</b>	<b>124</b>
3.21.0	Introduction .....	124
3.21.1	Data sources and methods.....	125
3.21.2	Output in data sources, corrections and adjustments.....	125
3.21.3	Intermediate consumption in data sources, corrections and adjustments.....	125
<b>3.22</b>	<b>Private households with employed persons (P) .....</b>	<b>126</b>
3.22.0	Introduction .....	126
3.22.1	Data sources and methods.....	126

<b>3.23 Treatment of extra territorial organisations and bodies (Q)</b> .....	<b>127</b>
<b>3.24 Taxes on products, excluding VAT</b> .....	<b>127</b>
3.24.0 Introduction .....	127
3.24.1 Data sources and valuation.....	128
3.24.2 Types of taxes on products .....	128
<b>3.25 Value added tax</b> .....	<b>129</b>
3.25.0 Introduction .....	129
3.25.1 Data sources and valuation.....	129
3.25.2 Derived rate and negative compensation of flat-rate farmers .....	130
<b>3.26 Subsidies on products</b> .....	<b>132</b>
3.26.0 Introduction .....	132
3.26.1 Data sources and valuation.....	132
3.26.2 Types of subsidies on products .....	132
<b>4 THE INCOME APPROACH</b> .....	<b>133</b>
<b>4.0 Introduction</b> .....	<b>133</b>
4.0.0 GDP by the income approach .....	133
4.0.1 Compensation of employees.....	133
4.0.2 Taxes on production and imports.....	133
4.0.3 Subsidies on production .....	134
4.0.4 Gross operating surplus.....	134
4.0.5 Gross mixed income.....	134
4.0.6 Consumption of fixed capital .....	134
4.0.7 Income categories by institutional sectors.....	134
<b>4.1 The reference framework</b> .....	<b>136</b>
4.1.0 Introduction .....	136
4.1.1 Compensation of employees.....	136
4.1.2 Taxes on production and imports.....	136
4.1.3 Subsidies on production .....	136
4.1.4 Gross operating surplus.....	136
4.1.5 Gross mixed income.....	136
4.1.6 Consumption of fixed capital .....	137
<b>4.2 Valuation</b> .....	<b>137</b>
<b>4.3 Transition from private accounting and administrative concepts to ESA95 national accounts concepts</b> .....	<b>137</b>
4.3.0 Introduction .....	137
4.3.1 Compensation of employees.....	138
<b>4.4 The roles of direct and indirect estimation methods</b> .....	<b>139</b>
<b>4.5 The roles of benchmarks and extrapolations</b> .....	<b>139</b>

<b>4.6</b>	<b>The main approaches taken with respect to exhaustiveness .....</b>	<b>139</b>
4.6.0	Introduction .....	139
4.6.1	Compensation of employees.....	139
4.6.2	Gross operating surplus.....	140
4.6.3	Gross mixed income.....	140
4.6.4	Other taxes on production.....	140
<b>4.7</b>	<b>Compensation of employees .....</b>	<b>141</b>
4.7.0	Introduction .....	141
4.7.1	The reference framework.....	141
4.7.2	Gross wages .....	142
4.7.3	Other labour costs .....	142
4.7.4	Employers' actual social contributions .....	143
4.7.5	The Labour Costs Survey 2000 and compensation of employees .....	144
	4.7.5.0 Introduction.....	144
	4.7.5.1 Gross wages and salaries .....	145
	4.7.5.2 Employers' social contributions.....	146
4.7.6	Compensation of employees and number of employees 2001 by activities and by institutional sectors .....	146
<b>4.8</b>	<b>Other taxes on production.....</b>	<b>150</b>
4.8.0	Introduction .....	150
4.8.1	Data sources and valuation.....	150
4.8.2	Types of other taxes on production.....	150
4.8.3	Other taxes on production by activities and by institutional sectors.....	152
<b>4.9</b>	<b>Other subsidies on production .....</b>	<b>152</b>
4.9.0	Introduction .....	152
4.9.1	Data sources and valuation .....	153
4.9.2	Types of other subsidies on production .....	153
4.9.3	Other subsidies on production by activities .....	154
<b>4.10</b>	<b>Gross operating surplus.....</b>	<b>156</b>
4.10.0	Introduction .....	156
4.10.1	Gross operating surplus of non-financial corporations.....	156
4.10.2	Gross operating surplus of financial corporations.....	157
4.10.3	Gross operating surplus of households.....	157
<b>4.11</b>	<b>Gross mixed income .....</b>	<b>159</b>
4.11.0	Introduction .....	159
4.11.1	Agriculture production.....	160
4.11.2	Small unincorporated enterprises.....	160
4.11.3	Large unincorporated enterprises.....	160

<b>4.12 Consumption of fixed capital of non-market producers.....</b>	<b>162</b>
4.12.0 Introduction .....	162
4.12.1 Data sources and methods.....	163
<b>5 THE EXPENDITURE APPROACH.....</b>	<b>165</b>
<b>5.0 Introduction.....</b>	<b>165</b>
5.0.0 GDP by the expenditure approach .....	165
5.0.1 Household final consumption expenditure.....	165
5.0.2 NPISH final consumption expenditure .....	166
5.0.3 General government final consumption expenditure .....	166
5.0.4 Gross fixed capital formation .....	166
5.0.5 Changes in inventories.....	166
5.0.6 Acquisitions less disposals of valuables .....	166
5.0.7 Exports of goods and services.....	166
5.0.8 Imports of goods and services .....	166
<b>5.1 The reference framework.....</b>	<b>166</b>
5.1.0 Introduction .....	166
5.1.1 Household final consumption expenditure.....	166
5.1.2 NPISH final consumption expenditure .....	167
5.1.3 General government final consumption expenditure .....	167
5.1.4 Gross fixed capital formation .....	167
5.1.5 Changes in inventories.....	167
5.1.6 Acquisitions less disposals of valuables .....	167
5.1.7 Exports and imports of goods.....	167
5.1.8 Exports and imports of services .....	167
<b>5.2 Valuation.....</b>	<b>168</b>
<b>5.3 Transition from private accounting and administrative concepts to ESA95 national accounts concepts.....</b>	<b>168</b>
<b>5.4 The roles of direct and indirect estimation methods.....</b>	<b>169</b>
<b>5.5 The roles of benchmarks and extrapolations.....</b>	<b>169</b>
<b>5.6 The main approaches taken with respect to exhaustiveness .....</b>	<b>169</b>
<b>5.7 Household final consumption expenditure .....</b>	<b>170</b>
5.7.0 Introduction .....	170
5.7.1 The reference framework .....	170
5.7.2 Valuation .....	171
5.7.3 Transition from private accounting and administrative concepts to ESA95 national accounts concepts.....	171
5.7.4 The roles of direct and indirect estimation methods .....	172
5.7.5 The roles of benchmarks and extrapolations.....	172

5.7.6	The main approaches taken with respect to exhaustiveness .....	172
5.7.7	Data sources and their conversion to national accounts purposes .....	172
5.7.7.1	<i>Household Budget Survey</i> .....	172
5.7.7.2	<i>Retail Trade Survey</i> .....	180
5.7.7.3	<i>Other sources</i> .....	180
5.7.8	Description of the detailed calculations.....	180
	<i>COICOP 01 Food and non-alcoholic beverages</i> .....	180
	<i>COICOP 02 Alcoholic beverages and tobacco</i> .....	181
	<i>COICOP 03 Clothing and footwear</i> .....	181
	<i>COICOP 04 Housing, water, electricity, fuels</i> .....	181
	<i>COICOP 05 Furnishings, household equipment and maintenance</i> .....	183
	<i>COICOP 06 Health</i> .....	183
	<i>COICOP 07 Transport</i> .....	184
	<i>COICOP 08 Communication</i> .....	185
	<i>COICOP 09 Recreation and culture</i> .....	185
	<i>COICOP 10 Education</i> .....	185
	<i>COICOP 11 Restaurants and hotels</i> .....	186
	<i>COICOP 12 Miscellaneous goods and services</i> .....	186
	<i>Purchases of residents abroad and non-residents on the domestic territory</i> .....	187
<b>5.8</b>	<b>NPISH final consumption expenditure .....</b>	<b>187</b>
5.8.0	Introduction .....	187
5.8.1	Data sources and methods.....	188
<b>5.9</b>	<b>General government final consumption expenditure .....</b>	<b>188</b>
5.9.0	Introduction .....	188
5.9.1	Data sources and methods.....	189
5.9.1.0	<i>Introduction</i> .....	189
5.9.1.1	<i>Final consumption expenditure of general government units</i> .....	189
5.9.1.2	<i>Transfers in kind of market goods and services via market producers</i> .....	190
<b>5.10</b>	<b>Acquisitions less disposals of tangible fixed assets .....</b>	<b>191</b>
5.10.0	Introduction .....	191
5.10.1	Data sources and methods.....	191
5.10.1.0	<i>Introduction</i> .....	191
5.10.1.1	<i>Primary data source</i> .....	192
5.10.1.2	<i>Coverage and adjustments by sectors to the primary data source</i> .....	192
5.10.1.3	<i>Gross fixed capital formation of households in agriculture, dwellings and in buildings for business purposes of self-employed</i> .....	193
5.10.1.4	<i>Gross fixed capital formation and supply and use tables</i> .....	194
5.10.1.5	<i>VAT reports data and gross fixed capital formation by activities</i> .....	194

<b>5.11 Acquisitions less disposals of intangible fixed assets .....</b>	<b>199</b>
5.11.0 Introduction .....	199
5.11.1 Data sources and methods.....	199
<b>5.12 Additions to the value of non-produced non-financial assets.....</b>	<b>199</b>
5.12.0 Introduction .....	199
5.12.1 Data sources and methods.....	199
<b>5.13 Changes in inventories .....</b>	<b>199</b>
5.13.0 Introduction .....	199
5.13.1 Data sources and methods.....	200
<b>5.14 Acquisitions less disposals of valuables .....</b>	<b>200</b>
5.14.0 Introduction .....	200
5.14.1 Data sources and methods.....	200
<b>5.15 Exports of goods .....</b>	<b>200</b>
5.15.0 Introduction .....	200
5.15.1 Exports of goods according to the external trade statistics .....	201
5.15.2 Coverage adjustment according to the BoP data .....	202
<b>5.16 Exports of services .....</b>	<b>202</b>
<b>5.17 Imports of goods .....</b>	<b>203</b>
5.17.0 Introduction .....	203
5.17.1 Imports of goods according to the external trade statistics.....	203
5.17.2 Coverage adjustment according to the BoP data .....	203
5.17.3 Cif/fob adjustment.....	203
<b>5.18 Imports of services .....</b>	<b>204</b>
<b>6 THE BALANCING OR INTEGRATION PROCEDURE, AND VALIDATING THE ESTIMATES.....</b>	<b>205</b>
<b>6.0 Introduction.....</b>	<b>205</b>
<b>6.1 Second annual estimate.....</b>	<b>205</b>
<b>6.2 Third annual estimate and SUTs.....</b>	<b>206</b>
<b>6.3 Validation of estimates .....</b>	<b>207</b>
<b>7 OVERVIEW OF THE ALLOWANCES FOR EXHAUSTIVENESS.....</b>	<b>209</b>
<b>7.0 Introduction.....</b>	<b>209</b>
<b>7.1 GDP by the production approach and exhaustiveness .....</b>	<b>209</b>
<b>7.2 GDP by the income approach and exhaustiveness.....</b>	<b>210</b>
<b>7.3 GDP by the expenditure approach and exhaustiveness .....</b>	<b>210</b>
7.3.0 Introduction .....	210
7.3.1 Household final consumption expenditure.....	211
7.3.2 NPISH final consumption expenditure .....	212
7.3.3 General government final consumption expenditure .....	212

7.3.4	Gross fixed capital formation and valuables.....	212
7.3.5	Exports and imports of goods and services.....	213
<b>7.4</b>	<b>GDP by the production approach and exhaustiveness adjustments by type according to tabular approach .....</b>	<b>214</b>
7.4.0	Introduction .....	214
7.4.1	N1 Deliberately non-registering underground economy .....	215
7.4.2	N2 Deliberately non-registering illegal activities.....	215
7.4.3	N3 Not required to register.....	216
7.4.4	N4 Legal persons not surveyed .....	217
7.4.5	N5 Registered entrepreneurs not surveyed.....	217
7.4.6	N6 Producers deliberately misreporting .....	217
7.4.7	N7 Other statistical deficiencies .....	218
7.4.8	Exhaustiveness adjustments by type and by institutional sectors .....	219
7.4.9	Exhaustiveness adjustments by activity .....	220
<b>7.5</b>	<b>GDP 2005 benchmark revision and improvements of exhaustiveness adjustments .....</b>	<b>222</b>
<b>7.6</b>	<b>Employment data check.....</b>	<b>222</b>
7.6.0	Introduction .....	222
7.6.1	Employment estimate in national accounts.....	222
7.6.2	Labour Force Survey.....	223
7.6.3	Adjustment of Labour Force Survey data to common definitions and concepts .....	223
7.6.4	Comparison of the estimates.....	225
<b>7.7</b>	<b>Theoretical VAT.....</b>	<b>225</b>
7.7.0	Introduction .....	225
7.7.1	Role of theoretical VAT calculation for analysis and verification of exhaustiveness of GDP estimates.....	226
7.7.2	Calculation of theoretical VAT by sectors and components.....	226
7.7.3	Theoretical VAT and VAT fraud 2002 and 2003.....	227
<b>8</b>	<b>TRANSITION FROM GROSS DOMESTIC PRODUCT TO GROSS NATIONAL INCOME.....</b>	<b>229</b>
<b>8.0</b>	<b>Introduction and reference framework.....</b>	<b>229</b>
8.0.0	Gross national income .....	229
8.0.1	Compensation of employees.....	229
8.0.2	Taxes on production and imports paid to the EU.....	230
8.0.3	Subsidies received from the EU.....	230
8.0.4	Property income.....	230
8.0.5	Reference framework .....	230
	8.0.5.0 Residency .....	230
	8.0.5.1 Data sources.....	231
	8.0.5.2 Valuation and time of recording.....	232

<b>8.1 Compensation of employees .....</b>	<b>232</b>
8.1.0 Introduction .....	232
8.1.1 Non-resident workers in Slovenia .....	232
8.1.2 Resident workers abroad .....	232
<b>8.2 Taxes on production and imports.....</b>	<b>233</b>
<b>8.3 Subsidies.....</b>	<b>233</b>
<b>8.4 Interest.....</b>	<b>233</b>
8.4.0 Introduction .....	233
8.4.1 Interest on loans, currency and deposits and financial credits .....	233
8.4.2 Interest related to portfolio investment.....	234
8.4.3 Improvements in the balance of payments .....	234
<b>8.5 Distributed income of corporations .....</b>	<b>234</b>
<b>8.6 Reinvested earnings on foreign direct investment.....</b>	<b>235</b>
<b>8.7 Property income attributed to insurance policy holders .....</b>	<b>235</b>
<b>8.8 Rents on land and sub-soil assets.....</b>	<b>235</b>
<b>9 FINANCIAL INTERMEDIATION SERVICES INDIRECTLY MEASURED: CALCULATION, ALLOCATION AND IMPACT ON GNI.....</b>	<b>237</b>
<b>9.0 Introduction.....</b>	<b>237</b>
<b>9.1 Data sources and methods .....</b>	<b>238</b>
<b>10 MAIN CLASSIFICATIONS USED.....</b>	<b>239</b>
<b>10.1 Classifications used for the production approach .....</b>	<b>239</b>
10.1.1 Standard Classification of Activities (SKD).....	239
10.1.2 Standard Classification of Institutional Sectors (SKIS).....	243
10.1.3 Classification of Products by Activity (CPA).....	243
10.1.4 Nomenclature of Industrial Products (NIP) .....	243
<b>10.2 Classifications used for the income approach .....</b>	<b>244</b>
<b>10.3 Classifications used for the expenditure approach.....</b>	<b>244</b>
10.3.1 Classification of Individual Consumption by Purpose (COICOP) .....	244
10.3.2 Combined Nomenclature (KN) .....	247
10.3.3 Standard International Trade Classification (SMTK).....	247
10.3.4 Balance of payments classification .....	248
<b>10.4 Classifications used in the transition from GDP to GNI .....</b>	<b>249</b>
<b>11 MAIN DATA SOURCES USED .....</b>	<b>251</b>
<b>11.0 Registers .....</b>	<b>251</b>
11.0.0 Business Register of Slovenia (PRS).....	251
11.0.1 Statistical Register of Employment (SRE) .....	253
<b>11.1 Statistical surveys and other data sources used for the production approach .....</b>	<b>255</b>
11.1.0 Annual accounting statements of corporations .....	255

11.1.1	Annual accounting statements of small unincorporated enterprises.....	256
11.1.2	Annual accounting statements of large unincorporated enterprises .....	257
11.1.3	Annual accounting statements of public service providers and agencies.....	258
11.1.4	Annual accounting statements of direct budgetary units .....	259
11.1.5	Annual accounting statements of societies.....	260
11.1.6	Annual accounting statements of legal persons of private law .....	261
11.1.7	Tax declarations/assessments on income from production activities of households.....	261
11.1.8	VAT declarations .....	262
11.1.9	Quarterly Survey of Non-financial Corporations NR-PODJ .....	263
11.1.10	Survey on the Structure of Intermediate Consumption and Output NR-IOT .....	265
11.1.11	Economic Accounts for Agriculture .....	266
11.1.12	Annual Industry Report IND/L .....	268
11.1.13	Annual Report on Building or Civil Engineering Work GRAD/L.....	269
11.1.14	Report on Building Permits GRAD-PGD/M .....	270
11.1.15	Quarterly Survey on Trade TRG/ČL.....	271
11.1.16	Monthly Survey on Arrivals and Overnight Stays of Tourists TU/M.....	273
11.1.17	Annual Report on Maritime Transport.....	274
11.1.18	Statistics on postal and related services .....	275
11.1.19	Statistics on telecommunications .....	276
11.1.20	Financial statements of monetary institutions .....	277
11.1.21	Financial statements of insurance undertakings .....	278
<b>11.2</b>	<b>Statistical surveys and other data sources used for the income approach .....</b>	<b>279</b>
11.2.0	Labour Costs Survey .....	279
11.2.1	Report on public finance revenues (B-2) .....	280
<b>11.3</b>	<b>Statistical surveys and other data sources used for the expenditure approach .....</b>	<b>281</b>
11.3.0	Household Budget Survey.....	281
11.3.1	Survey on Tourism Travels of Domestic Population .....	283
11.3.2	Annual Survey on Gross Fixed Capital Formation INV-1 .....	284
11.3.3	External trade statistics.....	286
11.3.4	Balance of payments .....	289
<b>11.4</b>	<b>Statistical surveys and other data sources used for the transition from GDP to GNI.....</b>	<b>291</b>
<b>ANNEX</b>	<b>GROSS NATIONAL INCOME COMPILATION PROCESS TABLE.....</b>	<b>293</b>
<b>A.1</b>	<b>Introduction .....</b>	<b>293</b>
<b>A.2</b>	<b>Analysis of the process table.....</b>	<b>293</b>
A.2.1	The production approach .....	293
A.2.2	The expenditure approach.....	295
A.2.3	The income approach.....	296
A.2.4	Transition to gross national income .....	297



## LIST OF TABLES

Table 1.1	GDP revisions, 1999-2001 .....	32
Table 1.2	GDP by the production approach, 2001 .....	33
Table 1.3	GDP by the income approach, 2001 .....	38
Table 1.4	GDP by the expenditure approach, 2001 .....	41
Table 1.5	Exhaustiveness adjustments by type, 2001 .....	46
Table 1.6	Improvements of exhaustiveness adjustments and GDP 2005 benchmark revision .....	50
Table 1.7	Theoretical VAT and VAT fraud, 2002 and 2003 .....	52
Table 1.8	Transition from gross domestic product to gross national income, 2001 .....	52
Table 1.9	Adjustment to gross domestic product and to gross national income due to FISIM allocation, 2001 .....	56
Table 2.1	GDP revisions, 1999–2001.....	58
Table 3.1	GDP by the production approach, 2001.....	61
Table 3.2	GDP by the production approach: market and non-market producers, 2001 .....	62
Table 3.3	Gross value added and employment by activities and by institutional sectors, 2001.....	63
Table 3.4	Production and generation of income account and employment of public service providers, 2001 .....	70
Table 3.5	The structure of general government output, number of units and employment by activities, 2001 .....	71
Table 3.6	The structure of NPISH output, number of units and employment by activities, 2001.....	72
Table 3.7	Nominal holding gains, changes in inventories and valuation adjustments for corporations, 2001.....	75
Table 3.8	GDP by the production approach according to available data sources, 2001.....	76
Table 3.9	Output components in data sources and national accounts adjustments for corporations, 2001.....	78
Table 3.10	Intermediate consumption by components in data sources and national accounts adjustments for corporations, 2001 .....	79
Table 3.11	Output components in data sources and national accounts adjustments for central and local budget units of general government, 2001.....	82
Table 3.12	Output components in data sources and national accounts adjustments for public service providers of general government, 2001 .....	84
Table 3.13	Output and intermediate consumption by components in data sources and national accounts adjustments for market public service providers, 2001.....	85
Table 3.14	Output and intermediate consumption by components in data sources and national accounts adjustments for unincorporated enterprises, 2001 .....	87
Table 3.15	Output and intermediate consumption by components in data sources and national accounts adjustments for market legal persons of private law, 2001 .....	88
Table 3.16	Output components in data sources and national accounts adjustments for non-profit institutions serving households, 2001 .....	89
Table 3.17	A Agriculture, hunting and forestry, 2001 .....	93

## GROSS NATIONAL INCOME INVENTORY

---

Table 3.18	A Agriculture, hunting and forestry, 2001 Economic accounts for agriculture and individual farmers in national accounts .....	94
Table 3.19	A Agriculture, hunting and forestry, 2001 Output and intermediate consumption corrections and adjustments .....	95
Table 3.20	A Agriculture, hunting and forestry, 2001 Gross value added in data sources and national accounts final value .....	95
Table 3.21	B Fishing, 2001 .....	96
Table 3.22	B Fishing, 2001 Output and intermediate consumption corrections and adjustments .....	97
Table 3.23	B Fishing, 2001 Gross value added in data sources and national accounts final value .....	97
Table 3.24	C Mining and quarrying, 2001 .....	98
Table 3.25	C Mining and quarrying, 2001 Output and intermediate consumption corrections and adjustments .....	98
Table 3.26	C Mining and quarrying, 2001 Gross value added in data sources and national accounts final value .....	99
Table 3.27	D Manufacturing, 2001 .....	99
Table 3.28	D Manufacturing, 2001 Output and intermediate consumption corrections and adjustments .....	100
Table 3.29	D Manufacturing, 2001 Gross value added in data sources and national accounts final value .....	101
Table 3.30	E Electricity, gas and water supply, 2001 .....	101
Table 3.31	E Electricity, gas and water supply, 2001 Output and intermediate consumption corrections and adjustments .....	102
Table 3.32	E Electricity, gas and water supply, 2001 Gross value added in data sources and national accounts final value .....	102
Table 3.33	F Construction, 2001 .....	103
Table 3.34	F Construction, 2001 Output and intermediate consumption corrections and adjustments .....	104
Table 3.35	F Construction, 2001 Gross value added in data sources and national accounts final value .....	104
Table 3.36	G Wholesale and retail trade; certain repair, 2001 .....	105
Table 3.37	G Wholesale and retail trade; certain repair, 2001 Output and intermediate consumption corrections and adjustments .....	106
Table 3.38	G Wholesale and retail trade; certain repair, 2001 Gross value added in data sources and national accounts final value .....	106
Table 3.39	H Hotels and restaurants, 2001 .....	107
Table 3.40	H Hotels and restaurants, 2001 Output and intermediate consumption corrections and adjustments .....	108
Table 3.41	H Hotels and restaurants, 2001 Gross value added in data sources and national accounts final value .....	108
Table 3.42	I Transport, storage and communication, 2001 .....	109
Table 3.43	I Transport, storage and communication, 2001 Output and intermediate consumption corrections and adjustments .....	110

Table 3.44	I Transport, storage and communication, 2001 Gross value added in data sources and national accounts final value .....	110
Table 3.45	J Financial intermediation, 2001 .....	111
Table 3.46	Output and intermediate consumption in data sources and national accounts adjustments for 65.1 Monetary intermediation, 2001 .....	112
Table 3.47	Output and intermediate consumption in data sources and national account adjustments for 66 Insurance and pension funds, 2001 .....	114
Table 3.48	J Financial intermediation, 2001 Output and intermediate consumption corrections and adjustments .....	115
Table 3.49	J Financial intermediation, 2001 Gross value added in data sources and national accounts final value .....	116
Table 3.50	K Real estate, renting and business activities, 2001 .....	116
Table 3.51	K Real estate, renting and business activities, 2001 Output and intermediate consumption corrections and adjustments .....	118
Table 3.52	K Real estate, renting and business activities, 2001 Gross value added in data sources and national accounts final value .....	118
Table 3.53	L Public administration and defence, compulsory social security, 2001 .....	119
Table 3.54	L Public administration and defence, compulsory social security, 2001 Output and intermediate consumption corrections and adjustments .....	120
Table 3.55	L Public administration and defence, compulsory social security, 2001 Gross value added in data sources and national accounts final value .....	120
Table 3.56	M Education, 2001 .....	121
Table 3.57	M Education, 2001 Output and intermediate consumption corrections and adjustments .....	122
Table 3.58	M Education, 2001 Gross value added in data sources and national accounts final value .....	122
Table 3.59	N Health and social care service activities, 2001 .....	123
Table 3.60	N Health and social care service activities, 2001 Output and intermediate consumption corrections and adjustments .....	124
Table 3.61	N Health and social care service activities, 2001 Gross value added in data sources and national accounts final value .....	124
Table 3.62	O Other community, social and personal service activities, 2001 .....	125
Table 3.63	O Other community, social and personal service activities, 2001 Output and intermediate consumption corrections and adjustments .....	126
Table 3.64	O Other community, social and personal service activities, 2001 Gross value added in data sources and national accounts final value .....	126
Table 3.65	Taxes on products, 2001 .....	127
Table 3.66	Excises by products, 2001 .....	128
Table 3.67	Accrual value added tax, 2001 .....	130
Table 3.68	Main categories for calculation of negative compensation for flat-rate farmers, 2001 .....	131
Table 3.69	Calculation of negative compensation for flat-rate farmers, 2001 .....	131
Table 3.70	Subsidies on products, 2001 .....	132
Table 4.1	GDP by the income approach, 2001 .....	133

Table 4.2	GDP by the income approach by main categories and institutional sectors, 2001 .....	135
Table 4.3	Transition from labour costs in data sources to compensation of employees, 2001 .....	138
Table 4.4	Exhaustiveness adjustments by type and by income GDP categories, 2001.....	140
Table 4.5	Compensation of employees by components, 2001.....	141
Table 4.6	Compensation of employees by components and by institutional sectors according to data sources, 2001 .....	142
Table 4.7	Labour Cost Survey 2000 and compensation of employees by components and by types.....	145
Table 4.8	Compensation of employees and number of employees by activities and by institutional sectors, 2001.....	147
Table 4.9	Other taxes on production, 2001 .....	151
Table 4.10	Other subsidies on production, 2001 .....	153
Table 4.11	Other taxes and other subsidies on production by activities, 2001 .....	154
Table 4.12	Gross operating surplus, 2001 .....	156
Table 4.13	Gross operating surplus of market producers by activities and by institutional sectors, 2001.....	158
Table 4.14	Gross mixed income, 2001 .....	160
Table 4.15	Gross mixed income by activities, 2001.....	161
Table 4.16	Consumption of fixed capital of non-market producers by activities, 2001 .....	163
Table 4.17	Service lives, depreciation rates and consumption of fixed capital, 2001 .....	164
Table 4.18	Depreciation in data sources and consumption of fixed capital, 2001 .....	164
Table 5.1	GDP by the expenditure approach, 2001 .....	165
Table 5.2	Household final consumption expenditure, 2001 .....	170
Table 5.3	Conversion of HBS 2001 data for national accounts purposes.....	174
Table 5.4	Conversion of HBS 2001 data for national accounts purposes – adjustments for definitions and concepts (national concept) .....	177
Table 5.5	Household final consumption expenditure by national accounts and the HBS, 2001 .....	178
Table 5.6	Output components and NPISH final consumption expenditure, 2001 .....	187
Table 5.7	General government final consumption expenditure, 2001.....	188
Table 5.8	Output components and general government final consumption expenditure, 2001 .....	189
Table 5.9	Transfers in kind of market goods and services via market producers, 2001.....	190
Table 5.10	Acquisitions less disposals of tangible fixed assets, 2001 .....	191
Table 5.11	Adjustments to primary data sources of gross fixed capital formation and valuables, 2001 .....	195
Table 5.12	Gross capital formation by activities and by institutional sectors, 2001 .....	196
Table 5.13	Changes in inventories by institutional sectors and by type, 2001.....	200
Table 5.14	Exports of goods and services, 2001 .....	201
Table 5.15	Imports of goods and services, 2001.....	204
Table 7.1	Exhaustiveness adjustments by type, 2001.....	210
Table 7.2	Household final consumption expenditure, 2001 Steps from the Household Budget Survey to national accounts .....	211

Table 7.3	Gross fixed capital formation and acquisitions less disposals of valuables, 2001 Main steps by institutional sectors and by data sources and methods.....	213
Table 7.4	Exhaustiveness adjustments by type, 2000-2002.....	214
Table 7.5	Illegal economy by type: production and expenditure approach, 2001 .....	215
Table 7.6	Exhaustiveness adjustments by type and by institutional sectors, 2001.....	219
Table 7.7	Exhaustiveness adjustments by activity as included in published GDP, 2001 .....	220
Table 7.8	Exhaustiveness adjustments by type, activity and institutional sectors, GDP by the production approach, 2001.....	221
Table 7.9	Improvements of exhaustiveness adjustments and GDP 2005 benchmark revision .....	222
Table 7.10	Employment by the adjusted LFS and national accounts, 2000 .....	224
Table 7.11	Differences between the national accounts and LFS adjusted data on employment, 2000 .....	225
Table 7.12	Theoretical VAT and VAT fraud, 2002 and 2003 .....	228
Table 8.1	Transition from gross domestic product to gross national income, 2001 .....	229
Table 8.2	Interest receivable and interest payable, 2001 .....	233
Table 9.1	Adjustment to GDP and GNI due to FISIM allocation, 2001 .....	238
Table 10.1	Level of activity detail for the production approach .....	239
Table 10.2	Level of sector detail for the production approach .....	243
Table 10.3	Level of COICOP detail for the household final consumption expenditure .....	244
Table 10.4	Balance of payments headings from the current account.....	248
Table A.1	Basis for GDP by the production approach, 2001 .....	294
Table A.2	Adjustments to basic data in the production approach, 2001 .....	294
Table A.3	Basis for GDP by the expenditure approach, 2001.....	295
Table A.4	Adjustments to basic data in the expenditure approach, 2001 .....	296
Table A.5	Basis for GDP by the income approach, 2001.....	297
Table A.6	Adjustments to basic data in the income approach, 2001 .....	297
Table A.7	Gross national income process table.....	298
Table A.8	References to the Gross National Income Inventory chapters .....	302
Table A.9	Contributions to the final estimate .....	306



## ABBREVIATIONS

AITD	Annual income tax declarations of individuals
AJPES	Agency for Public Legal Records and Related Services
BoP	Balance of payments
CBA	Central budget accounts
CD	Customs declarations
CFC	Consumption of fixed capital
CFM	Commodity flow model
cif	cost, insurance, freight
COICOP	Classification of Individual Consumption by Purpose
COPC	Current Operating Performance Concept
CPA	Classification of Products by Activity
EAA	Economic Accounts for Agriculture
EDP	Excessive deficit procedure
ESA95	European System of Accounts 1995
EU	European Union
FDI	Foreign direct investments
FIFO	First-in-first-out
FISIM	Financial intermediation services indirectly measured
fob	free on board
FTE	Full-time equivalent
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GNI	Gross national income
HBS	Household Budget Survey
HFCE	Household final consumption expenditure
IMF	International Monetary Fund
INV-1	Annual Survey on Gross Fixed Capital Formation
ITRS	International Transaction Reporting System
KAU	Kind of activity unit
LBA	Local budget accounts
LCS	Labour Costs Survey
LFS	Labour Force Survey
LIFO	Last-in-first-out
MF	Ministry of Finance
Mio	Million
n.e.c.	not elsewhere classified

## GROSS NATIONAL INCOME INVENTORY

---

NA	National accounts
NACE	General Industrial Classification of Economic Activities within the European Communities
NPISH	Non-profit institutions serving households
PIM	Perpetual inventory method
PRS	Business Register of Slovenia
R&D	Research and development
ROW	Rest of the world
RTS	Retail Trade Survey
SIT	Slovenian Tolar
SKD	Standard Classification of Activities
SKIS	Standard Classification of Institutional Sectors
SRE	Statistical Register of Employment
SURS	Statistical Office of the Republic of Slovenia
SUTs	Supply and use tables
VAT	Value added tax

# CHAPTER 1

## OVERVIEW OF THE SYSTEM OF ACCOUNTS

### 1.1 INTRODUCTION

#### 1.1.0 Gross domestic product and the national accounts of Slovenia

The Statistical Office of the Republic of Slovenia (SURS) is responsible for the estimation of gross domestic product (GDP) in line with the European System of Accounts 1995 (ESA95). Regular estimates of GDP by the production, income and expenditure approach were introduced in national accounts at the beginning of the 1990s covering the period since 1990.

To compile these estimates further in line with ESA95 and criteria on exhaustiveness, SURS carried out three methodological revisions in the period 2003-2005, revising estimates of GDP for the period since 1995. These revisions included improvement of market and non-market delimitation and institutional sectorisation of units. In the last methodological revision, the results of which were published in September 2005, also financial intermediation services indirectly measured (FISIM) were allocated to direct users of these services. Within these revisions SURS also completed the data sources for all three approaches of GDP estimation.

In 2000 SURS started with regular compilation of supply and use tables (SUTs) at current prices. SUTs thus became the primary tool for reconciliation and finalisation of GDP estimates by all three measures.

In 2002 SURS signed the Memorandum of Understanding with the Bank of Slovenia (national bank of Slovenia) and the Ministry of Finance regarding institutional arrangements and division of responsibilities for ESA95 implementation and further development. With this agreement the implementation and compilation of financial accounts became the responsibility of the Bank of Slovenia and the responsibility for non-financial accounts was placed on SURS. Joint responsibility has been set up between SURS and the Ministry of Finance regarding government deficit and debt reporting according to the Excessive Deficit Procedure (EDP).

Additional agreement was signed between SURS, the Ministry of Finance and the Tax Administration regarding tax administrative data. With this agreement SURS got access to unit level data of monthly value added tax (VAT) reports of VAT units, annual income tax reports of self-employed and annual income tax declarations of individuals. With this SURS completed data sources of GDP by the production and income approach for all institutional sectors.

#### 1.1.1 The balance of payments and gross national income

The Bank of Slovenia monthly compiles the balance of payments (BoP) according to recommendations of the 5<sup>th</sup> Balance of Payments Manual of the International Monetary Fund. BoP methods and compilation gradually improved and revised BoP figures for the last two or three years are published by the Bank of Slovenia in September each year. BoP data are entirely incorporated in the national accounts compilation of gross national income (GNI). In the middle of September each year all relevant GDP data by the production, income and expenditure approach and GNI data are provided to Eurostat by the GNI Report via the Permanent Representation of the Republic of Slovenia to the European Union (EU).

#### 1.1.2 Main data sources in the national accounts of Slovenia

##### 1.1.2.0 Introduction

An important part of the methodological revisions, carried out in 2003-2005, was improvement of the main data sources of GDP compilation, in particular access to tax data of the Tax Administration. The introduction of institutional sectorisation of units in the Business Register of Slovenia (administrative business register) allowed the compilation process of GDP by the production and the income approach split by sources and by sectors, at detailed level of activities.

##### 1.1.2.1 GDP by the production approach

The most important data source for GDP by the production approach are annual accounting statements (profit and loss account and balance sheets data), collected by the Agency for Public Legal Records and Related Services (AJPES).

They are collected from corporations (from 2002 on also from self-employed), units of general government, and from non-profit institutions serving households. A complete set of data for the previous year for all institutional sectors is available to SURS in May each year. Special arrangement of accounting data submission is set up with the Bank of Slovenia for banks and with the Insurance Supervision Agency for insurance companies and pension funds. For self-employed also annual income tax reports are available from the Tax Administration. For agricultural production SURS compiles the Economic Accounts for Agriculture. Other administrative data are obtained from the Tax Administration, the Public Payments Administration and the Customs Administration covering taxes on production and imports. Budgetary statistics at central and local level are used for estimates of subsidies.

### **1.1.2.2 GDP by the income approach**

GDP by the income approach is estimated at the same time and with the same data sources as GDP by the production approach. For compensation of employees an additional data source is the Labour Costs Survey, which was carried out for 2000. A supplementary source is the annual income tax declarations of individuals provided by the Tax Administration. Within the methodological revision the perpetual inventory method was developed for estimates of the consumption of fixed capital of general government covering the period since 1995.

### **1.1.2.3 GDP by the expenditure approach**

Household final consumption expenditure is estimated with many data sources; primary data sources are the Household Budget Survey and the Retail Trade Survey. The main source for gross fixed capital formation and acquisitions less disposals of valuables is the Annual Survey on Gross Fixed Capital Formation. Additional sources are different surveys carried out by construction statistics, transport vehicle registration statistics of the Ministry of the Interior, VAT reports, and annual accounting statements. Changes in inventories are estimated with data sources of GDP by the production approach and within the Economic Accounts for Agriculture. Final consumption expenditure of general government and of non-profit institutions serving households (NPISH) is estimated within the compilation of GDP by the production approach. The source for estimating exports and imports of goods are customs declarations. Exports and imports of services are based on the balance of payments statistics.

### **1.1.3 Geographical coverage**

The economic territory of Slovenia is equal to the geographic territory under the administrative control of Slovenian government institutions. Geographic territory includes territorial sea waters and airspace under the control of Slovenian authorities. To perform economic activities, all business entities in Slovenia, regardless of their legal or institutional form, must register at the primary register body (court, ministries, chambers, Tax Administration, etc.) which provides all relevant data to the Business Register of Slovenia. Government bodies are created and entered into the Business Register on the basis of law. With this act all business entities also become part of the statistical system and are obliged by law to respond to statistical surveys and inquiries. Transactions on the economic territory are performed in the national currency Slovenian tolar (SIT) and in 2001 one EUR was equal to 217.2 SIT at the annual average exchange rate.

Slovenian representatives and embassies in the rest of the world are part of the economic territory of Slovenia. Data on their transactions are shown in the central budget. On the other hand, foreign representatives and embassies in Slovenia are not part of the economic territory of Slovenia. Their status and treatment is regulated by official agreements with the relevant countries. Economic territory of Slovenia includes ships under the Slovenian flag regardless of their geographical position and a special statistical survey is carried out to cover relevant transactions.

### **1.1.4 The Statistical Office of the Republic of Slovenia**

The Statistical Office of the Republic of Slovenia is the main producer of national statistics and the cohesive force in this field. In addition to linking and co-ordinating the statistical system, its most important tasks are determination of methodological and classification standards, collection, processing, and dissemination of data, international cooperation, and anticipation of users' needs.

SURS implements the activity of national statistics on the basis of the National Statistics Act together with authorised producers determined by the Medium-Term Programme of Statistical Surveys 2003-2007. In the organisation chart of the Government of the Republic of Slovenia, SURS is directly responsible to the Prime Minister. Director General and Deputy Director General are elected for the period of five years, with the option of re-election. The National Statistics Act determines that the Director General of the Statistical Office is autonomous regarding professional and methodological issues.

SURS is organised in 10 sectors and 5 service departments. The sectors are:

- general methodology and standards;
- national accounts;
- price statistics;
- manufacturing and services statistics;
- structural statistics, classifications and enterprise register;
- demography and social statistics;
- environment and natural resources statistics, regional statistics and geomatics;
- dissemination of statistical data and methods;
- collection and processing of statistical data and maintenance of production databases;
- information infrastructure and technology.

In national accounts, there were 16 employees in mid-2007. Work is organised in the form of projects, so there are no units within the sector. The responsibilities of the sector are: annual and quarterly estimation of GDP, GNI and other main national accounts aggregates, supply and use tables, non-financial sector accounts, statistical part of the VAT report and regional accounts. Annual and quarterly financial accounts are not produced within SURS, but are the responsibility of the Bank of Slovenia.

## 1.2 THE REVISIONS POLICY AND THE TIMETABLE FOR REVISING AND FINALISING THE ESTIMATES

### 1.2.0 Introduction

National accounts figures for a particular year are first published at the beginning of March ( $t + 70$  days) as the sum of quarterly accounts estimates. Annual accounts estimates for a particular year are first published in September ( $t + 9$  months) and this includes detailed GDP data by the production, income, and expenditure approach together with main national accounts aggregates. In the first step aggregated data are published in the First Release in the middle of September and this is followed by standard detailed publication in the Rapid Reports usually at the end of September.

As a rule, data must be published in Slovenia before they are transmitted to Eurostat. All published data are also available in electronic form on SURS's website (<http://www.stat.si>) in Slovene and in English. On the website all publications of national accounts are available as well as all time series data of GDP by the production, income, and expenditure approach and main national accounts aggregates for the period since 1995.

### 1.2.1 Methodological revisions 1995-2004

In the period since 2000 three methodological revisions have been conducted in Slovene national accounts and they covered the period back to 1995. Their main purpose was to improve the compilation of GDP according to ESA95 methodology and criteria on exhaustiveness. The main revision points were improvements of data sources and methods.

The main points of March 2003 and April 2004 (Table 1.1) methodological or benchmark revisions were delimitation of market and non-market units together with improvement of institutional sectorisation, introduction of new methodology for estimation of housing services of owner-occupiers, estimate of consumption of fixed capital (including for public roads, bridges, etc.) by the perpetual inventory method for the general government sector, improvements of GDP exhaustiveness adjustments and other improvements of methods. With these methodological revisions all data for the period since 1995 were revised and published.

The last methodological revision was published in September 2005; its main reason was the change in the bookkeeping of financial intermediation services indirectly measured (FISIM), which were allocated to the final users of these services. At the same time measurement of volume changes at constant previous year prices was introduced. Also the results of this methodological revision were prepared and published for the whole 1995-2004 period.

Table 1.1 shows the effects of three methodological revisions on nominal GDP level and on the estimate of GDP volume growth rate for 1999, 2000 and 2001. The effects on data for years, which are shown in the table, are not the same for all years, mostly due to overestimated GDP level for 2000 and 2001 before the revision.

**Table 1.1 GDP revisions, 1999-2001**

	1999	2000	2001
1. Quarterly accounts, mio SIT	<b>3 637 437</b>	<b>4 045 469</b>	<b>4 566 191</b>
<b>Volume growth rates (%)</b>	4.9	4.8	3.0
2. Annual accounts, April 2002, mio SIT	<b>3 648 401</b>	<b>4 035 518</b>	<b>4 566 191</b>
<b>Volume growth rates (%)</b>	5.2	4.6	3.0
<b>2.1 First methodological revision, March 2003, mio SIT</b>	<b>3 839 852</b>	<b>4 222 404</b>	<b>4 740 122</b>
Change to the previous GDP nominal level (%)	+5.2	+4.6	+3.8
<b>2.2 Second methodological revision, April 2004, mio SIT</b>	<b>3 874 720</b>	<b>4 252 315</b>	<b>4 761 815</b>
Change to the previous GDP nominal level (%)	+0.9	+0.7	+0.5
<b>2.3 Third methodological revision, September 2005, mio SIT</b>	<b>3 918 974</b>	<b>4 300 350</b>	<b>4 799 552</b>
Change to the previous GDP nominal level (%)	+1.1	+1.1	+0.8
Volume growth rates (%)	5.4	4.1	2.7

### 1.2.2 Revision policy and the next methodological revision 2005

In publishing the results of methodological revisions, SURS followed standard rules of revision policy. The users were informed in advance and in detail of reasons and effects of each revision. Each revision covered recalculation of data series back to 1995. Usually these annual revisions were published in the short period after quarterly accounts data for the previous quarter were released. This allowed that quarterly accounts were revised and published according to new data of annual accounts already by the next quarterly dissemination. It is important that with these methodological revisions SURS introduced standard publishing of GDP by the production and income approach at detailed level of activities (A60).

The next benchmark revision is planned for 2005 and the results will be published in September 2007. The main issues in this revision will be further improvement of GDP exhaustiveness adjustment and particularly inclusion of illegal economy in the official GDP estimate. This revision will affect GDP level between 1.4% and 1.9% (Chapter 1.7.4). It is planned that in the first step this revision will be prepared backward to 2000.<sup>1)</sup>

### 1.2.3 Timetable for revising and finalising the accounts

National accounts data for year  $t$  are normally revised and finalised in four steps and final data for year  $t$  are usually published in September of year  $t + 3$  or 33 months after the end of the year. The four steps and the time in which GDP estimates and main national accounts aggregates for year  $t$  are first published, routinely revised and finalised are:

- $t + 70$  days: first complete GDP estimate and main national accounts aggregates on the basis of quarterly accounts;
- $t + 9$  months: first complete annual accounts estimate of GDP and main national accounts aggregates;
- $t + 21$  months: first revision of annual accounts estimate of GDP and main national accounts aggregates;
- $t + 33$  months: final revision of annual accounts estimate of GDP and main national accounts aggregates.

As the national accounts estimates start with quarterly accounts it is important that after the introduction of the expenditure approach at current and constant prices on quarterly basis in 2000 the quality and reliability of quarterly accounts have significantly improved. The main basis for the first complete annual accounts estimate of GDP in  $t + 9$  months are complete and exhaustive data sources of GDP by the production approach as data sources for all institutional sectors are available in May each year.

Already in the first routine revision of annual accounts ( $t + 21$  months) the majority of data from supply and use tables is already incorporated and this is particularly important for the product structure of gross fixed capital formation. It is also important that in this revision all statistical and other data sources for the expenditure approach are available and used in the compilation. Because of this changes between the first routine revision and the last step of finalising annual accounts estimate in  $t + 33$  are usually small.

## 1.3 OUTLINE OF THE PRODUCTION APPROACH

### 1.3.0 Introduction

GDP by the production approach equals gross value added at basic prices by industries plus taxes on products less subsidies on products. Gross value added of industries equals the difference between output at basic prices and intermediate consumption at purchasers' prices. Table 1.2 below shows main categories of GDP 2001 by the production approach.

In national accounts GDP by the production approach is prepared as an independent estimate which is covered by exhaustive data sources for all sectors of the economy. The main data sources are available by the beginning of May each year and the first annual routine estimate of GDP by the production approach is finalised in June or at the beginning of July at the level of 140 activities.

With the major GDP 2000 revision SURS started regularly to prepare annual supply and use tables (SUTs). Within SUTs all three GDP approaches are integrated. The compilation process is based on several additional statistical inquiries and many other data sources, which allow integration of all three GDP approaches at the level of products.

**Table 1.2 GDP by the production approach, 2001**

	Mio SIT	Structure (%)
Output of industries at basic prices	9 671 326	201.5
Less: intermediate consumption of industries at purchasers' prices	5 492 899	114.4
<b>Gross value added at basic prices</b>	<b>4 178 428</b>	<b>87.1</b>
Plus: taxes on products	646 009	13.5
Less: subsidies on products	24 885	0.5
<b>Gross domestic product at market prices</b>	<b>4 799 552</b>	<b>100.0</b>

### 1.3.1 Market and non-market producers, FISIM

Producers which are engaged in the production are in national accounts divided into market and non-market producers. The process of delimitation starts with compulsory registration of all units in the Business Register of Slovenia and by assigning the relevant activity code according to the Standard Classification of Activities (SKD). SKD is consistent with the European Classification of Economic Activities (NACE Rev. 1). All units at this point also get relevant institutional code on the basis of institutional sectorisation in line with ESA95 principles. With the GDP 2000 benchmark revision the sector classification was checked and refined to get exact market and non-market delimitation of producers as well as relevant institutional sectorisation.

In 2005 FISIM were allocated by user sectors for the whole period since 1995. With FISIM allocation the old approach of adjustment of gross value added by activities with global FISIM as a negative gross value added of the notional sector of the economy has been abandoned.

By the new approach FISIM are allocated to direct users of financial intermediation services of monetary institutions and this approach effects GDP level. With FISIM allocation GDP 2001 was estimated at SIT 4 799 552 mio and 0.8% above the previous GDP estimate (SIT 4 761 815 mio).

### 1.3.2 The reference framework

#### 1.3.2.0 Introduction

Producers as institutional units are divided into market and non-market. Public producers (i.e. producers controlled by institutions of general government) which are at least 50% financed by the institutions of general government form general government as the institutional sector. The same criterion is applied to private producers and units which are below the 50% limit of financing their production costs through sales on the market are included in the sector of non-profit institutions serving households. Distinction between market and non-market producers was within GDP major revision 2000 prepared at unit level. Output of non-market producers is valued according to costs of production and is thus equal to the sum of intermediate consumption, compensation of employees, other taxes on production and consumption of fixed capital.

**1.3.2.1 Output and the production boundary**

Within the production boundary in measuring output all goods are included, regardless if they are produced for the market or for own final use. Also all market services are included and two types of services produced by households for own use; housing services, which are produced by owner-occupiers, and domestic services, produced by paid staff of households. The value of output of housing services of owner-occupiers is in national accounts estimated by the cost approach.

Illegal production is also within ESA95 production boundary. Illegal activities will be included in the official GD with GDP 2005 benchmark revision.

**1.3.2.2 Intermediate consumption**

Intermediate consumption consists of goods and services at purchasers' prices which are used up in the process of production. According to accounting principles, the value of EUR 500 and one-year life span is a concept of delimitation of intermediate consumption goods and gross fixed capital formation goods.

Other business costs, such as travel and accommodation on business trips and reimbursements of business costs to employees, are divided into direct costs and into cash reimbursement; all cash reimbursements are deducted from intermediate costs and included in compensation of employees. Expenditure by employers for training, education, working clothes and similar business expenditure on behalf of employees are categories of intermediate consumption. Costs of use and maintenance of business cars are reduced for private use and this part is included in compensation of employees. Recalculation of gross insurance premiums, as shown in data sources, to the level of insurance service payment is also necessary.

In intermediate consumption also membership contributions and fees to non-profit business associations are included as service payments. Within defence activities also all military weapons and relevant equipment are included in intermediate consumption. Products which are supplied by employers as wages in kind to employees as well as payments of other taxes on production to general government are excluded from intermediate consumption.

With FISIM allocation to direct users intermediate consumption of all producers includes FISIM. FISIM are for market producers by activities allocated according to gross value added. For household producers FISIM are independently estimated for housing services and are therefore allocated to intermediate consumption of housing services of owner-occupiers. As housing services of owner-occupiers are estimated by the cost approach, FISIM allocation increases intermediate consumption as well as output. FISIM allocation increases GDP level via increase of household final consumption expenditure.

**1.3.2.3 Taxes on products**

Taxes on products are levied on goods and services in proportion to value or quantity and are paid when produced, imported or purchased by the buyer. As all taxes also taxes on products are compulsory and unrequited payments to general government institutions. The present system of taxes on products was introduced in the middle of 1999 with a complete reform of taxes on products with introduction of value added tax, excise duties and taxes on specific services.

**1.3.2.4 Subsidies on products**

Subsidies on products are unrequited payments to resident market production units by institutions of general government to support production regarding the level of market prices. They are most typical in agriculture production, manufacturing of food and in passenger transport. According to central and local budgets accounting data, total subsidies to enterprises are divided into subsidies on products, other subsidies on production and in small part also into capital transfers.

**1.3.3 Data sources****1.3.3.0 Introduction**

The main data sources of GDP by the production approach are annual accounting statements, administrative data and, for SUTs compilation, statistical surveys. Annual accounting statements form the primary and exhaustive data basis for all institutional sectors.

### **1.3.3.1 Annual accounting statements and the Agency for Public Legal Records and Related Services**

Annual accounting statements as the most important basic data source for GDP by the production approach cover profit and loss account and balance sheets data on stocks of assets. Since 2002 they have been collected by AJPES, which is an important part of the statistical system. AJPES is responsible also for maintenance of the Business Register of Slovenia. In 2002 AJPES for the first time collected also accounting statements of unincorporated enterprises, so the statements are now collected from units of all institutional sectors. Data are collected almost entirely electronically and this work is finished by the end of April and in May data are available to SURS.

AJPES collects seven types of annual accounting statements depending on the legal status of the business entity. These are: corporations, large and small unincorporated enterprises, public service providers, direct budget units, municipalities and funds, societies and legal persons of private law.

The legal basis for statements' collection lies in the National Statistics Act and laws on different types of business entities which state that all business entities must make their annual accounting statements available to the public. Therefore, data are collected for statistical purposes and for the purpose of public disclosure. The questionnaires that are used are adapted to these different needs and are agreed upon between institutions.

### **1.3.3.2 Other statistical and administrative data sources**

Annual income tax declarations from the production activities of households are available from the Tax Administration and they are the primary data source for unincorporated enterprises. The source is exhaustive and covers all active self-employed persons.

At the beginning of 1998 the Ministry of Finance introduced the Government Finance Statistics together with the new economic classification of transactions according to the International Monetary Fund standards and recommendations. These budgetary statistics are monthly prepared by the Ministry of Finance and consist of four single balances: central budget, local budgets, Health Social Security Fund and Pension Social Security Fund. At the central level balances show all transactions of so-called "direct budgetary units" and at local level all local government budgets in Slovenia. Data are available monthly approximately within one month after the end of the period at the basic level of accounts.

The Statistical Register of Employment (SRE) is maintained by SURS; it covers persons who have compulsory social insurance and are employed or self-employed on the territory of the Republic of Slovenia and are at least 15 years old and not retired. Employment can be temporary or permanent, full time or part time. The SRE is the main data source for the estimation of national accounts employment annually and quarterly. Another important use of the SRE in national accounts is determination of non-response in data sources of GDP by the production approach.

The Public Payments Administration collects all public (general government) revenues including taxes and social security contributions. Data shows current revenues of central and local government and of social security funds. The source is available monthly approximately 3 days after the end of the period and is primarily used for the compilation of taxes and social contributions in national accounts according to ESA95.

For import duties and import taxes data from the customs declarations are used. The Customs Administration is responsible also for collecting excise duties and data by type of excises are available to SURS monthly. The customs declarations are the source also for VAT collected on imports.

In the middle of 1999 value added tax was introduced together with the system of excise duties and special service taxes. By the agreement with the Ministry of Finance and the Tax Administration at the end of 2002 SURS got access to individual data of monthly value added tax reports of VAT units, annual tax reports of households' production units and annual income tax declarations of individuals (AITD). VAT database is also important for the estimation of non-reporting units in accounting data sources.

AITD is a complete data source and shows all main types of households' annual incomes: gross basic wages, rewards and bonuses, contract work, honoraria payments, student work, market rentals of dwellings, other market rentals, other incomes of self-employed, etc. With this source it is now possible to analyse and crosscheck all other data sources and estimates as well as exhaustiveness adjustments.

For monetary intermediation profit and loss account together with balance sheet data are provided quarterly by the Bank of Slovenia and for insurance and pension funds by the Insurance Supervision Agency. For insurance and pension funds, SURS also carries out an annual statistical survey.

**1.3.3.3 Statistical surveys for SUTs compilation**

For the estimation of output of individual activities by products basic statistical surveys are used. The most important is the Annual Industry Report on mining, manufacturing and electricity supply. Other surveys cover the activities of agriculture, forestry and fishing, construction, wholesale and retail trade, hotels and restaurants, and transport, storage and communication. Also the Economic Accounts for Agriculture are an important data source.

For solving the problem of the data source on intermediate consumption a new survey has been designed to collect data in value terms for all inputs into individual activities and the survey was carried out for the first time for the year 2000. It was a specially designed survey for the compilation of SUTs and was the main data source on intermediate consumption in the use table. The next survey was carried out for 2005.

**1.3.4 Valuation**

In accordance with the basic accounting principles, data in annual accounting statements and administrative sources which are used for the estimation of output and intermediate consumption components are on accrual basis. The exception is data for direct budget units, agencies and funds at the central and local government level which are on a cash basis and therefore several adjustments are necessary in transfer from cash to accrual data.

Output is in principle valued at basic prices and this includes subsidies on products. Changes in inventories are adjusted for any holding gains at industry level and by type of inventory. All products entering intermediate consumption are valued at purchasers' prices.

Output of market producers is measured as the sum of sales, changes in inventories of finished goods and work-in-progress, the value of goods, which are produced for own final use together with the value of subsidies on products. Changes in inventories of finished goods, goods for own final consumption and work-in-progress are measured according to input (including labour and depreciation) costs. Goods for resale are valued at purchasers' prices without deductible VAT.

Trade margin as trade output is estimated as the difference between total sales of trade goods less the purchase value of sold goods for resale. Both components of trade margin calculation are shown in data sources separately, except for small unincorporated enterprises for which trade margin must be estimated indirectly.

Intermediate consumption products are at purchasers' prices without deductible VAT. Uses of intermediate goods usually equal purchases in the period plus withdrawals from inventories less increases of inventories. Changes in inventories of materials and supplies are estimated at average purchasers' prices.

Due to inflation, accounting standards for corporations are specific particularly regarding valuation of assets and inventories in balance sheets. All assets as well as inventories are regularly revalored at the end of the year to the level of current (replacement) values.

The main taxes on products are estimated with direct data sources, which allow accrual estimation. VAT is estimated by monthly VAT reports submitted by the Tax Administration. Import duties and import taxes are estimated from customs declarations. All excise duties due to payment by type of excise are shown in monthly reports by the Customs Administration. For taxes on specific services cash data in the period are time lagged by one month.

Subsidies on products are according to budget statistics valued as actual transactions in the period. An exception is subsidies in agriculture which are adjusted for delay payments at the beginning of the year for the previous year.

**1.3.5 Transition from private accounting and administrative concepts to ESA95 national accounts concepts**

Transition from private accounting and administrative concepts to ESA95 national accounts concepts is an important part of national accounts compilation and particularly of GDP by the production approach, the estimation of which mostly depends on accounting statements' data. The main steps and adjustments necessary to transfer and prepare accounting data in line with national accounts concepts and principles are made by each data source and by institutional sector. It is important that questionnaires of annual accounting statements are gradually improved following national accounts definitions. Significant improvements were possible in transition from private accounting and administrative concepts to the national accounts concepts with the addition of the fourth quarter supplement to the quarterly survey of non-financial corporations, which shows more detailed data on selected variables important for GDP calculation by the production approach.

### 1.3.6 The roles of direct and indirect estimation methods

In national accounts the estimation of GDP by the production approach is based on the direct method and on standard annual sources; indirect estimation methods have little importance. Therefore, already at the first annual accounts estimate GDP by the production approach is based on exhaustive data sources and on direct estimation methods.

### 1.3.7 The roles of benchmarks and extrapolations

GDP 2001 is based on 2000 as a benchmark. The next benchmark is planned in 2005. In the benchmark year checking market/non-market character of units is necessary together with subsequent changes in institutional sectorisation. Changes of activity code in the Business Register between two benchmarks are avoided as much as possible. In the annual preparation of data sources all units are in national accounts rearranged to the relevant benchmark activity and institutional sector.

The main exhaustiveness adjustments (misreporting, tips and other statistical deficiencies) are from the benchmark year extrapolated proportionally and thus in principle do not affect the GDP level and volume. Dwelling activities of households are in the benchmark year estimated by the cost approach and are in the following years extrapolated with price and volume changes. Also for some steps from private accounting and administrative concepts to national accounts concepts benchmarking is necessary. These steps are from year to year clarified and improved with the fourth quarter supplement to the quarterly survey of corporations, which serves to solve particular issues in national accounts.

### 1.3.8 The main approaches taken with respect to exhaustiveness

Coverage in basic data sources is traditionally very good and non-response is not a serious problem for relevant adjustments of GDP by the production approach. On average the non-response rate is 1.3% of gross value added. Reporting is almost complete for general government units and for financial corporations. Non-response adjustment for non-financial corporations amounts to 1.2% of gross value added. Also reporting of unincorporated enterprises is good (non-response adjustment amounts to 3.6% of gross value added of self-employed) as the source is income tax declarations and non-reporting is sanctioned by the Tax Administration. Only in the sector of NPISH non-reporting is worse and amounts to 23.3% of gross value added.

Non-response adjustments are based on indirect and direct methods. Adjustments by the indirect method are prepared with the Statistical Register of Employment. By cross-checking of accounting statements and administrative data sources with the SRE the missing units and their average annual number of employees can be identified. For dealing with non-response it was important that at the end of 2002 SURS got access to unit level data of VAT reports. The majority of missing units can be identified in the VAT reports database which includes all active enterprises and with this source the main aggregates of missing units can be estimated directly.

Identification of misreporting is a difficult step to achieve exhaustiveness of GDP estimates. The basic methods used are analysis of input and output per-capita figures, cross-checking supply side by the Household Budget Survey data, SUTs adjustments and balancing together with the expert estimation of "sensitive" activities. Labour force balancing between the Labour Force Survey and national accounts estimates for 2000 shows rather small differences due to complete GDP data sources. In 2001 VAT fraud without complicity is not explicitly included in adjustments for misreporting by activities, because direct correction of VAT fraud without complicity was done in 2002 for the first time (retail trade, restaurants and some other personal services). Data of tax audits and inspections are not used in misreporting adjustments. These audits are oriented to fiscally important and risky units and are therefore not statistically representative. Regardless, there are ongoing discussions with the Tax Administration which should allow the use of tax inspections in "sensitive" activities.

Adjustments for misreporting amount to 1.5% of GDP, of which for non-financial corporations 1.7% of the sector's gross value added and for unincorporated enterprises 6.7% of gross value added.

Non-registered activities of households and other statistical deficiencies are important types of exhaustiveness adjustments within GDP by the production approach amounting to slightly more than half of the total exhaustiveness adjustments and 3.6% of GDP. The most important non-registered activities of households are market dwelling rentals and own-account construction activities. Within other statistical deficiencies several types of exhaustiveness adjustments are estimated, of which the most important are cash remunerations for business travels, tips and private use of business cars. More detail on exhaustiveness adjustments is given in Chapter 1.7.

## 1.4 OUTLINE OF THE INCOME APPROACH

### 1.4.0 Introduction

GDP by the income approach consists of the components of gross value added as primary income categories which resident production units and individuals receive in the process of production of goods and services. Gross operating surplus is the primary income of market and non-market producers, mixed income is the primary income of households as market producers and compensation of employees is the primary income of employees. Also other taxes on production, reduced by other subsidies on production, are components of gross value added and thus components of GDP by the income approach.

With FISIM allocation gross value added by activities is not, as before, adjusted by FISIM as a negative operating surplus of the nominal sector of the economy. Total income categories are directly increased by taxes on products and reduced by subsidies on products to get the final value of GDP at market prices. In Table 1.3 main income categories of GDP 2001 are shown.

**Table 1.3 GDP by the income approach, 2001**

	Mio SIT	Structure (%)
Compensation of employees	2 564 414	53.4
Taxes on production and imports	771 895	16.1
Less: subsidies on production	73 526	1.5
Gross operating surplus	1 171 553	24.4
Gross mixed income	365 215	7.6
<b>Gross domestic product at market prices</b>	<b>4 799 552</b>	<b>100.0</b>

### 1.4.1 Reference framework and main data sources

#### 1.4.1.0 Introduction

GDP by the income approach is estimated at the same time and with the same data sources as GDP by the production approach and with operating surplus and mixed income as balancing items. GDP by the income approach is therefore not an independent measure. To a large extent the data sources for primary income categories calculation are the same as for GDP by the production approach (Chapter 1.3.3). The whole process of compiling income GDP categories starts already at the beginning of the year and the first annual estimate is at the level of 140 activities finalised at the end of June or at the beginning of July and at the same time as GDP by the production approach. However, there are some specific data sources for the income GDP, particularly the Labour Costs Survey as the main additional data source for compensation of employees.

#### 1.4.1.1 Compensation of employees

Compensation of employees includes wages and salaries and employers' social contributions which are further divided into actual and imputed. Wages and salaries include all gross payment in cash as well as goods and services in kind provided by employers to the employees for the work done in the observed period.

Compensation of employees is estimated with available data sources and according to accounting standards and rules. In the first step of the compilation process the category is estimated separately by individual data sources and by institutional sectors. Data are arranged into three main components: gross wages, other labour costs and actual employers' social contributions. In the final step data according to data sources on compensation of employees are rearranged to ESA95 components using the Labour Costs Survey as a benchmark.

The Labour Costs Survey was conducted for the first time for the year 2000 and results were used for analysing components and types of labour costs in data sources and for estimating wages and salaries in kind. An important data source is also annual income tax declarations of individuals. This source is exhaustive and is used for cross-checking the values of the most important components of compensation of employees.

Gross wages include all gross payments together with employees' social security contributions (obligatory payments for pension, health, unemployment and maternity insurance) and progressive income tax. Other labour costs (such as meals during work, cash compensation for transport to and from work and annual holiday bonuses) are also valued gross, before deduction of any other taxes. Employers' actual social contributions consist of compulsory social security contributions and voluntary social contributions for health, life and accident insurance. In the final recalculation of compensation of employees' components by activities and by institutional sectors all gross payments with social character are excluded from gross wages and shown as imputed social contributions (e.g. reimbursements by employer to employees due to sickness and accidents).

#### **1.4.1.2 Taxes on production and imports**

Taxes on production and imports are in national accounts divided into taxes on products and into other taxes on production. Taxes on products are as a component of GDP by the production approach explained in Chapter 1.3.2.3. Other taxes on production are mostly estimated with data of the so-called B-2 report, which by type shows all payments of public revenues and their distribution to central and local government and to social security funds. Other taxes on production were by activities (payer) allocated in 2000 as a benchmark on the basis of daily transaction by type of tax and by payer and by payer's activity and institutional sector according to the business register data.

#### **1.4.1.3 Subsidies on production**

Subsidies on production are divided into subsidies on products and other subsidies on production. The basic source for subsidies on production is budget statistics and data are therefore shown as actual payments in the period. Exception is subsidies in agriculture which are according to accrual principle estimated within the Economic Accounts for Agriculture.

All transfers from general government to enterprises are as current transfers shown in all accounting data sources separately. With available data of budget statistics these transfers are divided into subsidies on products, other subsidies on production and the rest is excluded and shown as capital transfers. All transfers to non-market general government and to NPISH units are treated as current transfers within the general government sector and to the NPISH and therefore not as subsidies on production.

#### **1.4.1.4 Gross operating surplus**

Gross operating surplus as a residuum of gross value added is estimated as value added by activity at basic prices less compensation of employees less other taxes on production plus other subsidies on production. It is estimated with the same data sources for all corporations except monetary intermediaries and insurance and pension funds due to specific output calculation. For the Bank of Slovenia as non-market producer output is estimated by the cost approach and gross operating surplus is equal to the consumption of fixed capital.

Gross operating surplus of households is estimated for dwelling activities of this sector. The largest part of the category is estimated for dwelling activities of owner-occupiers as imputed rentals of dwellings. As output of dwelling activities of owner-occupiers is estimated by the cost approach, gross operating surplus is the sum of consumption of fixed capital and net operating surplus. Consumption of fixed capital is estimated by the perpetual inventory method and net operating surplus equals 2.5% of real value of dwellings and relevant value of land beneath at the average prices of the observed period. Allocation of FISIM has no effect on gross operating surplus. FISIM are added to intermediate consumption and to output at the same time due to the cost method of output valuation of housing services of owner-occupiers.

In non-market activities of general government and NPISH, gross operating surplus equals the consumption of fixed capital which is for general government estimated by the perpetual inventory method.

#### **1.4.1.5 Gross mixed income**

Gross mixed income is income of self-employed persons. The category is estimated as residual item and is equal to gross value added less compensation of employees less other taxes on production plus other subsidies on production. It is estimated with data available from the Tax Administration and AJ PES. Gross mixed income of households' agriculture activities is estimated with data of the Economic Accounts for Agriculture.

### **1.4.2 Transition from private accounting and administrative concepts to ESA95 national accounts concepts**

Transition from private accounting and administrative concepts to ESA95 national accounts concepts is an important part of GDP compilation process. The main problems in available accounting data are delimitation between components of intermediate consumption, compensation of employees and other taxes on production. From intermediate costs all payments identified as other taxes on production are deducted and shown as a category of gross value added. Also all payments on behalf of employees (cash reimbursement for business travel and part of costs of the use of business cars) are deducted and shown as compensation of employees. From labour costs accounting data the payroll tax is excluded and shown as other tax on production. Total transfers to market producers are split into transfers in kind of products via market producers, subsidies on products, other subsidies on production and capital transfers. Units providing intermediate services for students work show only service margin in their accounts, therefore total payments to students via these units are added to output and shown as compensation of employees of units.

### **1.4.3 The roles of direct and indirect estimation methods**

The income approach is based on the direct estimation method according to standard and complete annual data sources. Therefore, indirect estimation methods are not used.

### **1.4.4 The roles of benchmarks and extrapolations**

The Labour Costs Survey 2000 is used as benchmark for compiling the structure of compensation of employees according to ESA95 components and particularly for estimates of imputed employers' social security contributions by activities and by institutional sectors.

Extrapolation of benchmark 2000 estimates is used for market and imputed rentals of household dwelling activities.

### **1.4.5 The main approaches taken with respect to exhaustiveness**

Exhaustiveness adjustments of income categories are estimated entirely in line with adjustments by the production approach. They are allocated to compensation of employees, other taxes on production, gross operating surplus and gross mixed income.

## **1.5 OUTLINE OF THE EXPENDITURE APPROACH**

### **1.5.0 Introduction**

With the expenditure approach GDP is measured as the sum of expenditure on goods and services for final consumption and gross capital formation by units of the national economy plus exports less imports of goods and services. Final consumption is the sum of expenditure on goods and services by households, NPISH and general government. Gross capital formation is measured as the sum of expenditure on gross fixed capital formation, changes in inventories and acquisition less disposals of valuables. Table 1.4 shows main GDP 2001 expenditure categories.

**Table 1.4 GDP by the expenditure approach, 2001**

	Mio SIT	Structure (%)
<b>Final consumption expenditure</b>	<b>3 676 235</b>	<b>76.6</b>
Household final consumption expenditure	2 657 823	55.4
NPISH final consumption expenditure	60 447	1.3
General government final consumption expenditure	957 965	20.0
<b>Gross capital formation</b>	<b>1 158 480</b>	<b>24.1</b>
Gross fixed capital formation	1 158 679	24.1
Acquisitions less disposals of tangible fixed assets	1 110 185	23.1
Acquisitions less disposals of intangible fixed assets	42 787	0.9
Additions to the value of non-produced non-financial assets	5 707	0.1
Changes in inventories	-2 366	0.0
Acquisitions less disposals of valuables	2 167	0.0
<b>Surplus with the rest of the world</b>	<b>-35 163</b>	<b>-0.7</b>
<b>Exports of goods and services</b>	<b>2 745 667</b>	<b>57.2</b>
Goods	2 270 941	47.3
Services	474 726	9.9
<b>Less: imports of goods and services</b>	<b>2 780 830</b>	<b>57.9</b>
Goods	2 419 405	50.4
Services	361 425	7.5
<b>Gross domestic product at market prices</b>	<b>4 799 552</b>	<b>100.0</b>

## 1.5.1 The reference framework and main data sources

### 1.5.1.0 Introduction

The main data sources for household final consumption expenditure and gross capital formation are statistical surveys. General government and NPISH final consumption expenditure are covered by the same data sources as GDP by the production approach and are outlined in Chapter 1.3.3. Exports and imports of goods and services are estimated according to customs declarations data and data of the balance of payments.

#### 1.5.1.1 Household final consumption expenditure

The estimate of household final consumption expenditure (HFCE) is based on many data sources of which the Household Budget Survey and the Retail Trade Survey are the most important ones. There are several additional data sources which are important and support principle data sources: accounting data sources of GDP by the production approach, monthly VAT reports data, the Economic Accounts for Agriculture, passenger car registration data of the Ministry of the Interior and detailed budgetary data at central and local level and of social security funds.

The household final consumption expenditure estimates are made using the Classification of Individual Consumption by Purpose (COICOP) at the four-digit level. A "bottom-up" approach for the total HFCE estimate is used and a "best estimate" for each of the commodities is made. Different sources are used for different commodity groups. In all cases at the three-digit level more than one estimate is derived from different sources, the best estimate for each component is chosen; generally the best estimate is one of the results obtained. The estimates are made in a systematic way with clearly identified various steps and adjustments from the raw basic data to national accounts results.

#### 1.5.1.2 NPISH final consumption expenditure

For NPISH two sets of data are available. The first one is for legal persons of private law which are divided into market units and units of non-profit service providers to households. From the second one (annual accounting statements of societies) only units with a minimum employment are included in national accounts. Market sales according to the data source are verified with VAT reports data and this comparison shows rather small differences between the two sources. At the beginning of 2005 SURS conducted a special survey of NPISH units with the purpose to improve the estimation. This kind of survey is planned annually in the future.

**1.5.1.3 General government final consumption expenditure**

General government final consumption expenditure in the first part includes “other non-market output, other” as payments to non-market service providers of general government as the institutional sector. This part is entirely estimated within GDP by the production approach and equals output by the cost approach less market output, output for own final use and other non-market output.

The second part of general government final consumption expenditure is transfers in kind of market goods and services via market producers directly to households. These transfers are entirely financed by general government institutions.

Main data sources are budgetary statistics and annual profit and loss accounts of all government units. Budgetary statistics include central budget, local budgets, Health Social Security Fund and Pension Social Security Fund.

**1.5.1.4 Gross fixed capital formation**

Annual Survey on Gross Fixed Capital Formation (INV-1) with good coverage of legal units is the principal data source for calculating components of gross fixed capital formation (GFCF). The survey covers detailed product groups of tangible and intangible fixed assets and non-produced non-financial assets (particularly land improvement work and transaction costs on land ownership). In the survey GFCF is divided into acquisitions of new assets, acquisitions of existing assets and disposals of existing assets. With this approach transaction costs as the difference between acquisitions and disposals of existing assets are included in this component. For the grossing-up in the government sector accounting statements data are used. For dealing with coverage of other legal units as well as for gross fixed capital formation of household production units VAT reports are used, which show purchases of gross fixed capital goods, and also employment statistics.

Additional sources are construction statistics with building and safety permits, the Economic Accounts for Agriculture and transport vehicle registration statistics of the Ministry of the Interior. In the final step gross fixed capital formation by detailed product groups is verified and balanced within supply and use tables to get the final annual figure of GFCF.

Annual estimation of GFCF starts with the results of the INV-1 survey. The procedure consists of three steps. The first step is based on the use and adjustments to data of the INV-1 survey. In the second step other data sources are used for the estimation of households GFCF in agriculture production, in dwellings and in other buildings and structures of self-employed. The third step is based particularly on the use of VAT reports data for small companies and for self-employed which are not covered by the INV-1 survey. GFCF by products is verified and finalised within the supply and use tables.

**1.5.1.5 Changes in inventories**

Calculation of changes in inventories is based on data sources of GDP by the production approach, outlined in Chapter 1.3.3. They are estimated within the process and at the same time as main components of GDP by the production approach. They are estimated as the difference between values at the end and at the beginning of the period at the average prices of the period. Estimates are prepared for four groups: finished goods, work-in-progress, trade goods, and raw materials and supplies.

**1.5.1.6 Acquisitions less disposals of valuables**

The purpose of the purchase of valuables is to store certain value. Acquisitions less disposals of valuables are estimated according to the annual survey on GFCF. In the survey companies are asked for data on purchases and sales of any valuables, such as precious stones and metals, jewellery, works of art, antiques and other valuables.

**1.5.1.7 Exports and imports of goods**

Principle data sources for exports and imports of goods are external trade statistics according to the customs declarations together with the coverage adjustments in BoP data prepared by the Bank of Slovenia. Adjustments in the BoP include transactions of goods according to the International Transaction Reporting System (ITRS) and show the value of exports and imports of goods for which customs declarations have not been made.

**1.5.1.8 Exports and imports of services**

The main data source of exports and imports of services is the BoP data, which is based mostly on the ITRS. Additional BoP source for non-residents direct purchases in Slovenia is the survey of non-residents spending in Slovenia, which is carried out by SURS every third year.

### 1.5.2 Valuation

Valuation in primary statistical surveys for household final consumption expenditure and gross fixed capital formation follows ESA95 principle of purchaser's prices and these data do not need any adjustments. For other sources different approaches are possible according to the individual data source used and depending on the product.

Basic principles of valuation by the commodity-flow approach were established within work on SUTs for 2000. Available administrative and statistical sources allowed the estimation of trade and transport margins together with taxes and subsidies by products. Transition from basic prices to purchaser's prices, particularly allocation of non-deductible VAT, is based on detailed analysis by sectors and by products.

Wages and salaries in kind are valued at purchaser prices in case of goods and services purchased by the enterprise and provided to the employee; when goods and services provided to the employee are produced by the enterprise, they are valued at basic prices.

Changes in inventories are valued at the average prices of the observed period. Figures in accounting data of inventories (finished goods, work-in-progress, raw materials and other intermediate goods, and goods for resale) at the beginning and at the end of the period are recalculated (deflated/inflated) at the activity level and by type of inventory to the average prices of the period. Changes in inventories are the difference between the recalculated inventory levels at the end and at the beginning of the year.

In the external trade statistics, imports of goods are shown at cif prices. Data on imports of goods at cif prices are at the total level adjusted to fob prices using a coefficient which is equal to the weighted average of coefficients between cif and fob prices of imports, estimated separately by type of goods, kind of transport and by countries. The present estimation is based on a sample of customs declarations. These estimates were made by the Bank of Slovenia for 1999 and the same coefficients have been used since then.

### 1.5.3 Transition from private accounting and administrative concepts to ESA95 national accounts concepts

Transition from private accounting and administrative concepts to ESA95 national accounts concepts for the expenditure GDP approach is mostly not relevant because main data sources for this approach are statistical surveys which are prepared in line with ESA95 principles and for national accounts purposes.

### 1.5.4 The roles of direct and indirect estimation methods

Components of GDP by the expenditure approach are estimated directly on the basis of available statistical and administrative data sources.

### 1.5.5 The roles of benchmarks and extrapolations

For the government final consumption expenditure it is important to cross-check market and non-market status of all public units in the benchmark year and to improve and set bridge tables between public accounts and national accounts categories. This work was done in 2000 with the major GDP revision and market and non-market units' delimitation at unit level has been since then regularly used in national accounts.

Some components of household final consumption expenditure are calculated for the benchmark year and then extrapolated on the basis of Household Budget Survey data. Results are annually cross-checked with the Retail Trade Survey, VAT reports data and by the commodity-flow method.

Housing services of owner-occupiers are estimated in the benchmark year by the cost approach; between benchmarks output they are extrapolated by volume (construction statistics on finished individual houses and apartments) and price changes. Actual rentals are estimated in the benchmark year by the stratification method; between benchmarks the method is the same as for imputed rentals.

Benchmark in GFCF estimation is important for determining price levels and detailed quantities of all household own-account construction activities. The benchmark data form the basis for extrapolating these activities in the GDP by the production approach and for GFCF estimates in the following years.

### 1.5.6 The main approaches taken with respect to exhaustiveness

The main components of the expenditure GDP are covered by statistical surveys and by exhaustive accounting data. Therefore, exhaustiveness adjustments consist of all adjustments and improvements to basic raw data in statistical surveys for each component of the expenditure GDP.

For the household final consumption expenditure it is important that all exhaustiveness adjustments by the output and by the expenditure approach are reconciled and balanced. As the present data sources for HFCE are rather complete and exhaustive, the main problem of exhaustiveness is the appropriate grossing-up procedure and all necessarily adjustments to raw statistical data of the Household Budget Survey. Cross-comparison with other available data sources is important to achieve the most reliable final estimate by each product.

For the estimate of gross fixed capital formation in national accounts raw data from the annual statistical survey are corrected and cross-checked by institutional sectors with accounting data at unit level for general government and NPISH and with VAT reports data for corporations. As gross fixed capital formation of households is not covered by the annual statistical survey, estimates for this sector are the most important step to achieve exhaustive value of GFCF at national level. The overall situation has been significantly improved with the access to VAT reports unit level data and particularly for gross fixed capital formation of self-employed. All steps and adjustments to raw statistical data of gross fixed capital formation are in the final step cross-checked and verified with SUTs at detailed product level.

While exhaustiveness is not a serious problem for general government, NPISH data sources need significant coverage adjustments and corrections.

## **1.6 THE BALANCING OR INTEGRATION PROCEDURE, AND MAIN APPROACHES TO VALIDATION**

### **1.6.0 Introduction**

The main purpose of GDP revision work is improvement and completion of data sources and methods for all three GDP approaches. The process from the first estimate by quarterly accounts to final annual GDP figure for a particular year is split into several steps. The most important is the first annual accounts estimate of GDP by the production approach which is prepared at detailed activity level within seven months after the end of the year and is based on complete data sources and therefore almost entirely on direct methods. This step includes also estimates of all GDP income components with operating surplus and mixed income as residuals. These estimates are almost final and only small improvements or further revisions mostly regarding household production activities are necessary later on. In this step GDP nominal level is thus determined by the production approach.

The first annual estimates are published in  $t + 9$  months and from this point on any further revisions of GDP nominal level until the final estimate are usually small (between 0.1% and 0.3% of GDP) and mostly due to improvements and verification of previous calculations.

In 2000 SURS started with annual preparation of supply and use tables (SUTs). SUTs became a primary tool for the integration, validation and verification of all three GDP approaches at product level. The main purpose of this work is to use and gradually incorporate SUTs in the annual process of GDP estimates and revisions.

Any difference between GDP level by the production and by the expenditure approach is eliminated in the process of finalisation of estimates. Therefore, the practice to show or publish statistical discrepancy as the difference between GDP by the production and by the expenditure approach is not used in compiling and publishing national accounts data.

### **1.6.1 Second annual estimate**

In the second step of annual estimates primary data sources become available also for all components of GDP by the expenditure approach and particularly for household consumption expenditure and for gross fixed capital formation. In this step GDP by the expenditure approach is entirely estimated independently and the final GDP figure is achieved by balancing or gradually eliminating the differences between both approaches. The second routine revision in many aspects and particularly on main use components by products gradually incorporates also parallel work on supply and use tables.

In this step an important part is improvement of GDP by the production approach with quality analysis of data sources and with additional elimination of mistakes and inconsistencies in data sources. Small scale improvements of the first estimate are possible in almost all sectors. However, these are usually slightly more important in the production activities of households, particularly in agriculture and other production activities of households due to changes in primary data sources and due to additional and more detailed analysis of data sources.

The differences between GDP by the expenditure and by the production approach at nominal level and in volume terms are at the end of the second annual estimate usually small, between 0.1% and 0.3% of GDP.

Available data sources allow detailed crosschecking and verification of estimates at product level. Corrections and adjustments are done within both approaches to gradually eliminate the difference. The second annual estimate is mostly finished within  $t + 17$  months and published within  $t + 21$  months together with the first annual estimate for the next year.

### 1.6.2 Third annual estimate and SUTs

Yearly production of SUTs started with the tables for 2000 which were prepared together with the major 2000 GDP revision. Up to now SUTs have been finalised approximately 30 months after the end of the period.

In the first and second annual estimate of GDP data sources for the production approach are mainly accounting statements and administrative data by activities according to institutional units. Breakdown into primary and secondary activities and by products is elaborated within the compilation of SUTs which combine detailed data on products from statistical surveys and aggregated activity data by accounting statements and administrative sources. Together with data by products for the expenditure approach and data for the income approach SUTs are a tool for integration, validation and verification of all three GDP measures at product level.

The starting point for the preparation of the supply table is data on output from individual branch statistical surveys, which cover mainly legal units and to a smaller extent also household units. These data are supplemented with the data on the structure of output of enterprises, which are part of a survey carried out for the purpose of the compilation of the tables. In this way it is possible to separate also other secondary activities, in particular services carried out by enterprises.

The main data source for the calculation of intermediate consumption by products in the use table is a statistical survey carried out for the needs of the SUT compilation. The survey was carried out for the year 2000 and it was extrapolated for subsequent years. The next survey was carried out for 2005.

The database for SUTs is first prepared at the most detailed level at which data is available in the sources. In further procedures data by products for output, imports and exports are aggregated to the 6-digit level of the CPA classification and from these data the database of available product is compiled for different uses. Supply tables for 2000 and 2001 were then compiled at the 3-digit level of SKD activities and CPA products classifications which comprises 220 activities and products. Separately partial supply tables are compiled by individual activities or types of units (by institutional sectors) pertaining to different branch statistics or other data sources. Each partial supply table is first individually adjusted with corresponding aggregated data and then incorporated into the final supply table. Use tables are due to availability of data on intermediate consumption compiled only at the 3-digit SKD activity level and for 150 CPA products. Tables are then balanced at the level of 60 (2-digit) SKD industries and CPA product groups.

For 2002 the balancing was done in more detail and the following framework was established: there are total 206 industries which are defined according to the SKD classification, mostly following 3-digit codes, some less important industries are aggregated and some industries are more detailed if this is necessary for applying proper calculations (i.e. for different types of producers, taxations, etc.); industries are divided according to the types of producers into industries for production for own final use, market, government and NPISH producers' industries.

In the system 264 product groups according to the CPA are used, mostly following 3-digit codes. The limitation of the level of detail by products is the use side. For the supply side there are much more detailed data available than for the use side. Further on, in the system there is a cross-classification of household final consumption expenditure by SUT products and 39 COICOP groups and of capital formation by SUTs products and 36 types of investment groups (following the investment survey groups). There is also a cross-classification of types of investment goods by types of users (sectors). All these cross-classifications are convenient for comparison with primary data sources, for updating and for proper calculation of valuation layers.

### 1.6.3 Validation of estimates

For validation of estimates and particularly of the GDP level and exhaustiveness the most important step forward was the introduction of VAT in the middle of 1999. For GDP validation the first priority was given to the allocation of non-deductible VAT by the components of final uses, by sectors and by products within SUT compilation. Thus, the priority was given to theoretical VAT calculation. Access to unit level VAT data following the agreement with the Tax Administration was an important step forwards in improving this calculation. Already the first rough analyses of VAT and its allocation by components and by products showed that 2000 GDP was underestimated and not exhaustive. Therefore, these analyses were performed in parallel with the recent major GDP revisions and are also the basis for the 2005 benchmark revision.

An important part of validation of estimates of GDP by the production approach is the use of employment statistics which is in national accounts compiled at unit level and this allows the analysis of data exhaustiveness by detailed activity level and by institutional sectors.

Data on taxes and social security contributions are also useful for analysis and validation of the estimates, particularly of compensation of employees, operating surplus and mixed income. For household production activities and income components validation is done with data on different income tax categories and with data on social security contributions.

With work on general government main aggregates and on non-financial accounts of institutional sectors further improvements were made particularly in delimitation of flows between budgetary data and ESA95 categories of subsidies, transfers in kind of market goods via market producers directly to households and of capital transfers. At present these improvements were in the first step already included in the official data for the period from 2004 on and will be within benchmark 2005 GDP revision prepared also backward to 2000.

## 1.7 OVERVIEW OF THE ALLOWANCES FOR EXHAUSTIVENESS

### 1.7.0 Introduction

During the revision work SURS participated in the Phare 2002 pilot project on exhaustiveness organised by Eurostat. With this project exhaustiveness adjustments by type and the tabular approach were incorporated in the regular annual work on GDP by the production approach.

The main revision points were improvements of data sources and methods. During the revision SURS completed data sources of all three measures of GDP. By the agreement with the Ministry of Finance and the Tax Administration at the end of 2002 SURS got access to several tax databases and with this completed data sources of GDP by the production approach at unit level for all institutional sectors.

GDP by the production approach is estimated at the level of approximately 140 activities and with the major revisions GDP was recalculated at this level for the whole period since 1995. With 2000 SURS started also with regular annual supply and use table compilation.

### 1.7.1 GDP by the production approach and exhaustiveness adjustments by type according to the tabular approach

#### 1.7.1.0 Introduction

GDP by the production approach is rather traditionally due to exhaustive data sources the primary approach to measuring GDP level and exhaustiveness. The total exhaustiveness adjustments in GDP 2001 are estimated at SIT 326 674 mio or 6.8% of GDP and are by types according to the tabular approach shown in Table 1.5. However, illegal activities are not yet included in the official GDP. Exhaustiveness adjustments as included in the official GDP 2001 are estimated at SIT 297 110 mio or 6.2% of GDP.

**Table 1.5 Exhaustiveness adjustments by type, 2001**

	Mio SIT	Structure (%)	% of GDP
N1 Deliberately non-registering activities	0	0.0	0.0
N2 Illegal activities	29 563	9.0	0.6
N3 Not required to register	70 882	21.7	1.5
N4 Legal persons not surveyed	37 770	11.6	0.8
N5 Registered entrepreneurs not surveyed	15 985	4.9	0.3
N6 Producers deliberately misreporting	73 722	22.6	1.5
N7 Other statistical deficiencies	98 752	30.2	2.1
<b>Total</b>	<b>326 674</b>	<b>100.0</b>	<b>6.8</b>
<b>Total as included in published GDP</b> (without N2 –Illegal activities)	<b>297 110</b>	<b>91.0</b>	<b>6.2</b>

**1.7.1.1 N1 Deliberately non-registering activities**

Deliberately non-registering activities are not important in Slovenia and are therefore not explicitly estimated. As it is difficult to split adjustments on registered and non-registered part, all exhaustiveness adjustments are shown within the same (registered) types. However, there are still some activities which are provided by households to households and which are not covered in any data sources: teaching lessons, alternative healing and domestic services. These activities are so far not explicitly estimated and will be included in GDP 2005 benchmark revision in group N1.

**1.7.1.2 N2 Illegal activities**

Illegal activities are estimated for the period since 1995 for five main types: smuggling/consumption of drugs, prostitution, smuggling of people through Slovenia, trade with stolen cars and illegal copying of software. These activities are not yet included in the official GDP figures. Gross value added of illegal activities for 2001 is by the production approach estimated at SIT 29 563 mio or 0.6% of GDP and 9.0% of the total exhaustiveness adjustments. Due to illegal activities, increase of household final consumption expenditure is estimated slightly more, at SIT 36 532 mio or 0.8% of GDP.

The main problems of measuring illegal activities are data sources and reliability of the estimates. Estimates for drugs use are mostly based on police records and data of the Institute of Public Health. Data sources for the estimation of smuggling of people through Slovenia and for prostitution are poor. Prostitution itself in Slovenia is not forbidden and estimates of these activities significantly differ if police records (900 - 1 500 persons) or expert judgments (3 000 persons) are used. Smuggling of people through Slovenia was very intensive around 1999/2000 (amounting to almost 0.3% of GDP) and was later gradually reduced to 0.05% of GDP in 2004. In value terms trade with stolen cars and illegal copying of software are rather insignificant.

SURS plans to include illegal activities in the official GDP within the 2005 benchmark revision, from 2000 onwards. However, some parts of illegal activities are already included in the official GDP with the N6 group (misreporting exhaustiveness adjustments). For this reason and due to unimportance of these illegal activities, inclusion of smuggling of people through Slovenia, illegal copying of software and trade with stolen cars in the official GDP is not so important. Inclusion of illegal activities of prostitution and drugs uses in the official GDP by the production approach will affect GDP level by 0.4% to 0.5%. To balance GDP by the expenditure approach with the production approach deduction of intermediate consumption products of illegal activities will be necessary from household final consumption expenditure.

**1.7.1.3 N3 Not required to register**

N3 Not required to register is an important type of exhaustiveness adjustment, amounting to SIT 70 882 mio or 1.5% of GDP and 21.7% of the total exhaustiveness adjustments in 2001. This type entirely consists of non-registered activities of households: dwelling market rentals, own-account construction activities, private accommodation, adjustments for households' agriculture production, agriculture activities of non-agriculture households, secondary fishing activities and domestic services.

Two surveys were carried out to improve data sources and estimates for non-registered activities of households, namely a survey of dwelling market rentals 2003 and a survey of own-account construction activities of households in 2005.

**1.7.1.4 N4 Legal persons not surveyed**

N4 Legal persons not surveyed are estimated at SIT 37 770 mio or 0.8% of 2001 GDP. Coverage in the basic data sources is almost complete for general government and financial corporations and slightly worse for non-financial corporations and the worst for non-profit institutions serving households. Adjustments for missing enterprises are done on the basis of the Statistical Register of Employment (SRE) and since 2002 with the VAT reports database. By comparing GDP data sources with the SRE, all missing units and their exact number of employees can be identified in the same way as employment is measured in national accounts. The advantage of the VAT reports database is that it allows direct estimation of output and intermediate consumption by unit.

**1.7.1.5 N5 Registered entrepreneurs not surveyed**

N5 Registered entrepreneurs not surveyed amounted to SIT 15 985 mio or 0.3% of 2001 GDP. As the basic data source consists of annual tax reports to the Tax Administration by household units, this database is almost complete.

Non-surveyed household units are identified in the same way as missing legal persons (N4). In 2001 some activities which according to supply and use tables need additional exhaustiveness adjustments of output and intermediate consumption are included in as N5.

#### **1.7.1.6 N6 Producers deliberately misreporting**

N6 Producers deliberately misreporting includes output and intermediate consumption adjustments of corporations and self-employed persons. This category is estimated at SIT 73 722 mio or 1.5% of 2001 GDP, of which SIT 62 670 mio are output adjustments and SIT 11 052 mio intermediate consumption reduction in small corporations.

Labour force comparison between the Labour Force Survey and national accounts was prepared for 2000 and it showed rather small differences due to complete GDP data sources. Therefore, any adjustment according to this employment check would not improve GDP estimate.

Fiscal and particularly VAT audits and inspection data have not yet been analysed. This action will be carried out in 2006/2007 and is supported by a Eurostat grant. The present fiscal audits are mostly oriented towards fiscally important units. Therefore, the overall use of these data will probably be rather limited.

The present approach of misreporting is mostly based on analyses and comparisons of enterprise data according to the number of employees and on supply and use balancing. Adjustments are mostly done within enterprises with fewer than ten employees for incorporated enterprises and overall for the household sector. Input over-reporting is typical for enterprises without employees or with one or two employees. Misreporting mostly covers output adjustments which are typical for sectors producing final consumption products and are significant in some service activities. Supply and use tables show several discrepancies in construction, manufacturing of furniture and business services and adjustments for these activities are in part included in N5.

#### **1.7.1.7 N7 Other statistical deficiencies**

N7 Other statistical deficiencies consists of large scale adjustments for all institutional sectors and amounted to SIT 98 752 mio or 2.1% of 2001 GDP and 33.2% of the total exhaustiveness adjustments: cash remunerations for business travel, tips, private use of business cars, food in restaurants and canteens for employees, free goods for self-employed in trade and price adjustments in agriculture due to direct sales to final consumers on farms and at markets.

The most important type of N7 Other statistical deficiencies is "cash remunerations for business travel", which amounted to 1.2% of GDP. This component is at present slightly underestimated in small companies with fewer than 10 employees and further correction will be done in the 2005 benchmark GDP revision. N7 includes also tips in restaurants, hairdresser services, car repair services, casinos, taxis and private doctors. Tips are "expert estimates" in percent of output at purchaser's prices.

In private use of business cars five products of the business sector use are included: purchases of new passenger cars, fuel purchases, maintenance costs, operating and financial leasing costs of passenger cars. In 2005 SURS carried out a special annual survey of leasing companies particularly regarding more detailed split of data between institutional sectors for financial and operating leasing of passenger cars.

### **1.7.2 GDP by the income approach and exhaustiveness**

GDP by the income approach is not independently measured: it is estimated at the same time and with the same data sources as GDP by the production approach and with gross operating surplus and mixed income as residual items. Therefore, in the process of estimating GDP by the production and income approach all exhaustiveness adjustments by type are at the same time included in the relevant income components: compensation of employees, other taxes on production, gross operating surplus and gross mixed income. The majority of exhaustiveness adjustments as included in the official GDP are allocated to compensation of employees (SIT 161 126 mio or 54.2% of the total exhaustiveness adjustments) and to gross mixed income (SIT 89 123 mio or 30.0% of the total). Gross operating surplus is due to exhaustiveness adjustments increased by SIT 45 188 mio or 15.2% of the total exhaustiveness adjustments and other taxes on production by SIT 1 673 mio or 0.6% of the total.

### **1.7.3 GDP by the expenditure approach and exhaustiveness**

GDP by the expenditure approach is an independent measure. The estimation of household final consumption expenditure and gross fixed capital formation as the main components of GDP by the expenditure approach is based

on statistical surveys as primary data sources. The Household Budget Survey and the Annual Survey on Gross Fixed Capital Formation as the primary data sources are supplemented with many other data sources. For household final consumption expenditure and gross fixed capital formation it is essential that valuation in primary data sources, all adjustments for definitions and concepts in transition from figures in primary data sources to final national accounts estimate and the use of other data sources are transparent and explained in detail.

Household final consumption expenditure according to Household Budget Survey (HBS) raw data is estimated at SIT 1 815 841 mio or 64.9% of the final figure in national accounts by the domestic concept (SIT 2 796 938 mio). HBS raw data are in the first step adjusted for the consumption of the population living in institutions and for national accounts concepts and definitions. The latter include consumption of goods from own-account production in agriculture, wages and salaries in kind and other adjustments (dwelling services of owner-occupiers, market dwelling rentals, insurance services, voluntary health insurance, FISIM and many other specific adjustments).

In the next step data according to HBS national concept are converted into data according to the domestic concept by deducting resident expenditure in the rest of the world according to the HBS and by adding BoP figure of non-resident expenditure in the domestic market. In the final step HBS adjusted data according to the domestic concept are further adjusted, crosschecked and balanced with other data sources and verified within supply and use tables at a detailed level. All adjustments in the final step are equal to SIT 161 229 mio or 5.8% of the final figure of HFCE according to the domestic concept.

The compilation process of estimating GFCF consists of three steps. In the first step grossing-up adjustments to data in the primary data source are made and the second step entirely consists of households' GFCF estimation. In the third step final annual estimate of GFCF at detailed product level is based on SUT compilation.

In 2001 the total GFCF together with acquisitions less disposals of valuables is estimated at SIT 1 160 846 mio, of which SIT 802 145 mio or 69.1% is estimated in the first step. In this step SIT 16 948 mio or 2.1% of the total is exhaustiveness adjustment due to non-coverage in the primary data source for financial corporations, general government and NPISH. In the second step households' GFCF in agriculture, dwellings (including own-account construction) and in buildings of self-employed for business purposes is estimated and it accounts for 18.0% of the final figure. In the third step final estimate of GFCF by detailed product is based on supply and use tables. Balancing with supply and use tables is divided into buildings and other construction works, transport equipment and other machinery and equipment. For transport equipment data on registration of road vehicles by type and by unit are regularly used in the balancing process. Passenger cars are balanced with the household final consumption expenditure where all disposals of existing passenger cars together with 30% of new cars of the business sector due to private use are allocated. Also all acquisitions less disposals of new and existing dwellings within legal units are balanced with purchases by households. In the final step the remaining part of the final value (12.9%) is estimated. This amount represents GFCF of small non-financial corporations which are not covered by the primary data sources and all other GFCF goods (except buildings) of self-employed. With VAT reports data this amount is crosschecked and allocated to households and to non-financial corporations.

General government and NPISH final consumption expenditure are estimated with the same data sources and at the same time as GDP by the production approach. While data sources for the general government sector are almost complete, the sources for NPISH are not exhaustive. Exhaustiveness adjustments are necessary due to the non-response which is the highest for NPISH units compared to other institutional sectors.

Exports and imports of goods and services in national accounts are entirely consistent with the balance of payments (BoP) which is regularly compiled by the Bank of Slovenia. The BoP compilation is based on customs declarations and International Transaction Reporting System as primary data sources. Specific items like non-resident expenditure in Slovenia and resident expenditure in the rest of the world are based on special models. External trade statistics is based on customs declarations and on coverage adjustments for imports and exports of goods for which customs declarations have not been made. The data source for all coverage adjustment items is the ITRS and reports of duty-free shops and consignment warehouses.

For exhaustiveness and improvement of the expenditure approach estimation the most important step forward was the introduction of the VAT system in the middle of 1999 and access to unit level VAT data, which allowed validating the quality of estimates through non-refund VAT allocation by sector, by type of use and by product. Analysis of monthly VAT reports data by sector and by activity shows that this source is exhaustive and almost complete and is therefore in national accounts used for verification and crosschecking of other data sources for HFCE and for GFCF.

### 1.7.4 GDP 2005 benchmark revision and improvements of exhaustiveness adjustments

Table 1.6 shows the main points of the 2005 benchmark GDP revision, the results of which will be published in September 2007. Five revision points are exhaustiveness adjustments and improvements, the exceptions are student work and own-account production of software. The correction of market dwelling activities of households will reduce GDP level between 0.5% and 0.6%. However, this will be offset by the increase of owner-occupier rentals. In Table 1.6 net effect of these corrections is shown. With these revision points GDP level will be increased, all together between 1.4% and 1.9%.<sup>1)</sup>

**Table 1.6 Improvements of exhaustiveness adjustments and GDP 2005 benchmark revision**

	Minimum	Maximum
	% of GDP	
Dwelling activities of households (N3)	-0.2	-0.3
Deliberately non-registering activities of households (N1)	0.1	0.2
Cash remuneration for business travel in small companies (N7)	0.1	0.2
Illegal activities (N2)	0.4	0.5
Not required to register activities of household - honoraria payments (N3)	0.2	0.3
Student work - not exhaustiveness adjustment	0.6	0.8
Own-account software production	0.2	0.2
<b>Total</b>	<b>1.4</b>	<b>1.9</b>

### 1.7.5 Theoretical VAT

#### 1.7.5.0 Introduction

Theoretical VAT is the amount of VAT which would have been received if all units in the economy had paid VAT according to the existing VAT legislation. The difference between theoretical and actually received VAT by the tax authority (accrual VAT) occurs because of deliberate or non-deliberate omissions of VAT payments and this is treated as VAT fraud. The calculation of theoretical VAT is necessary in order to provide a check on the exhaustiveness and completeness of GDP calculations.

By the calculation of VAT fraud it is important to distinguish between VAT fraud without complicity and VAT fraud with complicity. VAT fraud without complicity occurs when the buyer is not aware that the seller does not report the transaction to the tax authorities. Thus, VAT is paid by the buyer but not paid on to the tax authorities and the seller benefits from higher profits. By VAT fraud with complicity the seller and the buyer agree not to charge any VAT on a transaction. The amount of VAT which is paid by the buyer but not remitted by the enterprise to the tax authorities (without complicity) is to be included in the purchaser's price of the goods or services and in the output calculation and thus in operating surplus or mixed income of the seller. VAT evaded in fraud with complicity is not paid and thus not recorded in the accounts.

#### 1.7.5.1 Role of theoretical VAT calculation for analysis and verification of exhaustiveness of GDP estimates

With VAT introduction in the middle of 1999 several problems had to be solved in national accounts in a rather short period having in mind the importance of VAT in ESA95. The main step was the allocation of VAT within SUTs 2000 and thus VAT became an important analytical tool for overall analysis and verification of exhaustiveness of GDP estimate.

Due to complete data sources GDP by the production approach has always been considered to be the primary and best GDP estimate. Also for exhaustiveness adjustments GDP by the production approach is the most important measure. However, with VAT introduction the situation changed and improved in a sense that VAT allocation and verification on products level by relevant sectors and categories became a primary tool for overall analysis of consistency and reliability of GDP by the production and expenditure approach and for exhaustiveness of GDP. First analyses of VAT in 2000 and 2001 by sectors and by categories showed that the total figure of allocated VAT was

slightly below the accrual VAT figure. Therefore, GDP was underestimated and improvements were necessary. To solve these problems two major GDP revisions have been made in the period since 2002.

#### **1.7.5.2 Calculation of theoretical VAT by sectors and components**

The calculation of theoretical VAT and VAT fraud was done within the calculation of the base of EU own resources accruing from VAT and it was elaborated within the framework of SUTs.

Theoretical VAT is calculated by taking into account the prescribed tax rates upon the study and analysis of valid VAT legislation. It is necessary to define for every product group and user combination a prescribed tax rate and eventual tax exemptions, depending on the type of product, type of activity, sector and size of producer.

The sectors and components in which non-deductible VAT is allocated are:

- household final consumption expenditure by the domestic concept;
- general government intermediate consumption and GFCF, transfers in kind of market goods and services to households via market producers;
- NPISH intermediate consumption and GFCF;
- other VAT exempted activities (intermediate consumption and GFCF), small units out of VAT system and specific products (representation expenditure, own-account construction activities of households);
- expenditure for passenger cars in the business sector: this category includes all costs regarding acquisition, disposal and maintenance of passenger cars as VAT non-deductible products by the business sector. In national accounts all costs regarding acquisition and maintenance of passenger cars by the business sector are adjusted by 30% of private use and included in household final consumption.

In VAT 2002 and 2003 calculation several improvements and delimitation of sectors and particularly of other exempted sectors and specific products were prepared and included in SUTs for these years.

#### **1.7.5.3 Theoretical VAT and VAT fraud 2002 and 2003**

Table 1.7 in the first part shows main sectors by which the total VAT is allocated in 2002 and 2003. In both years the total VAT allocated is 2.4% above the accrual VAT figure.

In the next step the total VAT allocated is adjusted for all transactions of small exempted firms with turnover below SIT 5 mio to get the figure of theoretical VAT. Net effect of this adjustment is estimated at 0.5% of accrual VAT in 2002 and 0.4% in 2003. For products of small exempted firms relevant reduction of VAT allocated is necessary in the household final consumption expenditure (75% of the total output of small firms is estimated as household final consumption expenditure) and in intermediate consumption of other exempted sectors. In this correction non-refunded VAT paid by small firms in intermediate consumption and for GFCF products must be added.

In 2002 the amount of theoretical VAT is estimated at SIT 484 041 mio or 1.9% above the accrual VAT and in 2003 at SIT 522 478 mio or 2.0% above the accrual VAT. The difference between theoretical and accrual VAT is divided into the amount of VAT fraud without complicity according to output exhaustiveness adjustment and into the amount of VAT fraud with complicity as residual. Residual amount of VAT fraud with complicity in both years equals 0.7% of accrual VAT and the figure is considered too small compared to the present exhaustiveness adjustments for output misreporting (N6). This figure should be approximately 1.6% of accrual VAT according to actual adjustments. It is planned to eliminate this gap in GDP 2005 benchmark revision with further improvements of exhaustiveness adjustments and with other corrections of GDP level (Chapter 1.7.4).

In analysing the calculation of theoretical VAT figure possible mistakes and statistical inconsistencies must be taken into account. This regards in particular if all VAT legislation according to VAT non-deductible transactions and VAT rates by products has been correctly implemented in national accounts in all details. These problems are regularly discussed and clarified with the Ministry of Finance within the preparation of the annual VAT report for EU own-resource purpose. However, splitting the whole calculation by sectors and components in detail makes the calculation between years comparable.

**Table 1.7 Theoretical VAT and VAT fraud, 2002 and 2003**

	2002	2003	2002	2003
	mio SIT		%	
<b>A Total VAT allocated (1 + 2 + 3 + 4 + 5)</b>	<b>486 287</b>	<b>524 590</b>	<b>102.4</b>	<b>102.4</b>
1. Household final consumption expenditure	303 959	334 439	64.0	65.3
2. General government	76 315	80 113	16.1	15.6
3. NPISH	7 641	7 207	1.6	1.4
4. Other VAT exempted activities and products	83 890	87 357	17.7	17.0
5. Expenditure for cars in the business sector	14 483	15 474	3.1	3.0
<b>B Adjustment for small exempted firms (with turnover below SIT 5 mio)</b>	<b>2 246</b>	<b>2 112</b>	<b>0.5</b>	<b>0.4</b>
<b>C Theoretical VAT (A – B)</b>	<b>484 041</b>	<b>522 478</b>	<b>101.9</b>	<b>102.0</b>
D VAT fraud without complicity	5 859	6 459	1.2	1.3
E VAT fraud with complicity (C - D - F)	3 343	3 603	0.7	0.7
<b>F Accrual VAT</b>	<b>474 839</b>	<b>512 415</b>	<b>100.0</b>	<b>100.0</b>

## 1.8 TRANSITION FROM GROSS DOMESTIC PRODUCT TO GROSS NATIONAL INCOME

### 1.8.0 Introduction and the reference framework

Gross national income (GNI) is an income concept and is obtained by adding primary income receivable from the rest of the world (compensation of employees, EU subsidies and property income) to the GDP and by subtracting primary income payable to the rest of the world (compensation of employees, taxes on production and imports to the EU and property income). In 2001 GNI amounted to SIT 4 812 013 mio or 100.3% of GDP; it is estimated as the sum of GDP at market prices at SIT 4 799 552 mio plus primary income receivable from the rest of the world at SIT 107 063 mio minus primary income payable to the rest of the world (ROW) at SIT 94 602 mio. Table 1.8 shows the compilation in more detail.

**Table 1.8 Transition from gross domestic product to gross national income, 2001**

	Mio SIT
<b>Gross domestic product</b>	<b>4 799 552</b>
Plus: Compensation of employees	36 346
Receivable from the ROW	42 818
Payable to the ROW (-)	6 472
Minus: Taxes on production and imports paid to the EU	-
Plus: Subsidies received from the EU	-
Plus: Interest	-26 714
Receivable from the ROW	63 061
Payable to the ROW (-)	89 774
Plus: Distributed income of corporations	-9 263
Receivable from the ROW	2 212
Payable to the ROW (-)	11 474
Plus: Reinvested earnings on foreign direct investments	12 092
Receivable from the ROW	-1 028
Payable to the ROW (-)	-13 119
Plus: Property income attributed to insurance policy holders	n. a.
Receivable from the ROW	n. a.
Payable to the ROW (-)	n. a.
Plus: Rents on land and sub-soil assets	0
Receivable from the ROW	0
Payable to the ROW (-)	0
<b>Equals: Gross national income</b>	<b>4 812 013</b>

n. a.: not available.

Transition from GDP to GNI is, with the exception of adjustment for FISIM, entirely based on the balance of payments (BoP) data. BoP is compiled by the Bank of Slovenia on the basis of monthly available data on transactions (International Transaction Reporting System – ITRS) and stocks, customs declarations data as the main source for recording merchandise and estimates. The main reporting pillars of the ITRS with regard to primary income are: reports on transactions settled between residents and non-residents via bank accounts and via their accounts held abroad, accounting data of the Bank of Slovenia and the annual surveys on balance and transactions with affiliated enterprises (for reinvested earnings on direct investments). Estimation models are used as an additional source for labour income. As the main data source for estimating the primary income flows with the rest of the world is the ITRS, transactions are recorded on a cash basis. The same time of recording principle is used in national accounts (no adjustments to BoP data are made).

### 1.8.1 Compensation of employees

The main data source for labour income in the BoP is the ITRS.

Non-residents working in Slovenia must have non-resident accounts, and all transactions regarding their wages go through those accounts. Information can then be captured. Data on labour income of local staff of Slovene embassies abroad are provided by the Ministry of Foreign Affairs.

Regarding resident workers abroad, a complementary estimate is made to the ITRS for seasonal and cross-border workers in neighbouring countries as many wages are not paid through domestic banks. For labour income from Austria this additional estimate is based on the number of Slovene residents working in Austria and the average net wage in Austria. For labour income from Italy additional estimate is based on two data sources. The first is an Italian survey which was held in 1993 and provided data on aggregate consumption of all Slovenian residents working in Italy, and the second is the Household Budget Survey which provides information on the percentage of income spent in Italy by Slovenian households. Residents working in Italy and Austria are the most important part of this phenomenon, resident workers in other countries are of minor importance and consequently, no estimation for this part is done. Data on labour income received by Slovenian staff of foreign embassies in Slovenia are based on the ITRS (foreign embassies have non-residents accounts).

Labour income received from the rest of the world and paid to the rest of the world is recorded on a cash basis and includes only net wages, so neither income taxes nor social security contributions are included.

### 1.8.2 Taxes on production and imports

Not relevant for the reference year.

### 1.8.3 Subsidies

Not relevant for the reference year.

### 1.8.4 Interest

In the balance of payments, the ITRS data source provides information on interest flows with the rest of the world. They are divided into interest on bonds and notes and interest on money market instruments, both recorded under income on portfolio investment. Interest on loans, credits and deposits is not recorded separately and is included under income on other investment item. Adjustment for FISIM is done in national accounts and is not included in the BoP.

The ITRS provides separate information on interest flows with regard to short-term loans, long-term loans and deposits. Interest flows with regard to financial leasing are reported together with interest flows on long-term loans and are not recorded separately. The same is with interest flows on long-term trade credits – they are reported together with interest flows on long-term loans and are not identified separately, but in general long-term trade credits are a small phenomenon. Information is on a cash basis and not on accrual basis as is required by ESA95 and also data are recorded after deduction of taxes instead of as required 'before'.

Regarding portfolio investment, information on ditto interest is provided by the ITRS. A split between income related to respectively bonds/debentures and to money market instruments are made. Data on interest are collected on a cash basis and not on accrual basis. As the ITRS is the source of data, interest on a gross basis (before the deduction of

possible taxes) cannot be collected. Information on a gross basis can only be acquired via a direct report by the respondent, which is foreseen for the near future (2007-2008).

Starting from 2002, interest on reserve assets (all instruments) and interest on loans (all sectors) is recorded on accrual principle in the balance of payments.

### **1.8.5 Distributed income of corporations**

The ITRS is the source of information for cross-border flows of distributed income. In the balance of payments these data are recorded under income on direct investment from equity capital – distributed earnings item. No distinction is made between income on equity related to direct investment (10% or more capital share) and income on equity related to portfolio investment (below 10% threshold), so all distributed income on equity is recorded as from direct investment. On balance, the classification issue does not make a difference for the GDP-GNI transition.

Distributed income of corporations (resulting from foreign direct investment (FDI) and portfolio investments) is with the use of the settlement system as the main source recorded when paid and not when payable. However, this issue is of minor importance since the difference between 'paid' and 'payable' is minimal in practice as both moments fall within the same calendar year.

Recording of dividend flows is on a net basis (after deduction of taxes), as information is based on the ITRS. This is not in line with ESA95 which requires measurement of dividend flows before possible taxation. The issue will be solved with the new BoP collection system based on direct reporting, which will include recording of dividend flows on a gross basis.

### **1.8.6 Reinvested earnings on foreign direct investment**

Data on reinvested earnings on FDI are based on an annual survey of Slovenian direct investments abroad (outward FDI) and of foreign direct investment enterprises in Slovenia (inward FDI). Reinvested earnings are not reported directly by the respondents, but are calculated by the Bank of Slovenia as a difference between reported profits/loss after tax and profits remitted and relocated.

The FDI register, as the basis for the annual FDI survey, contains every business unit with an FDI relationship. The FDI survey is currently based on census (in the near future a threshold is foreseen). Maintenance of the register takes place via input from the ITRS, administrative sources for inward FDI (registration of companies at Court), media such as the press and information from annual reports of companies regarding foreign financial assets, etc., on their balance sheets. The register for both inward and outward FDI is deemed to be complete.

Reinvested earnings on direct investment are recorded in the periods when they are earned.

The definition of profit is based on 'all inclusive' concept and not according to the 'Current Operating Performance Concept' (COPC) which excludes all extraordinary items (only profits from current operations are relevant). In 2005 (for reference year 2004) a new field on extraordinary items was added to the FDI survey. Therefore, from 2004 onwards, data on profit according to the COPC principle will be collected with the FDI survey and reinvested earnings will be calculated as the difference between total profits, reduced by extraordinary items, and distributed profits.

### **1.8.7 Property income attributed to insurance policy holders**

Property income attributed to insurance policy holders is income from investing the insurance technical reserves. The reserves are considered to be a property of insurance policy holders and any income from investing the reserves must be shown as being paid by insurance companies to policy holders. Policy holders are subsequently shown as paying back the income to the insurance enterprises in the form of premium supplements. Neither occurs in practice, so they need to be imputed. Currently, no estimate is made for such flows yet. However, this will be done with GDP 2005 benchmark revision.

### **1.8.8 Rents on land and sub-soil assets**

Rents on land and sub-soil assets are only recorded between residents and non-residents if a non-resident is renting land for less than a year. These rents are not recorded separately in Slovenian balance of payments, but are recorded under direct investment income and only those rents are covered that may arise within the framework of the ITRS. In national accounts no additional calculations are carried out. It is considered that this type of property income is of minor significance. The issue of sub-soil assets is of no relevance.

## 1.9 FINANCIAL INTERMEDIATION SERVICES, INDIRECTLY MEASURED: CALCULATION, ALLOCATION AND IMPACT ON GNI

### 1.9.0 Introduction

Financial intermediation services indirectly measured (FISIM) are a service charge paid by the user of primary monetary services: deposits holding and credits (loan) lending services. According to the Commission Regulation 1889/2002, FISIM must be from 2005 on allocated by user sectors and user industries. The Regulation demands FISIM allocation for services of institutional sectors S.122 Other monetary intermediation and S.123 Other financial intermediations. In 2005 the calculation of FISIM was done in line with this regulation for the period since 1995 for services of S.122 Other monetary intermediation, but not for services of sector S.123.

In 2001 the total FISIM for S.122 Other monetary intermediation are estimated at SIT 105 826 mio or 2.2% of GDP, of which SIT 104 627 mio for domestic sectors and SIT 1 199 mio in exports. For institutional sectors also imports of FISIM are estimated at SIT 4 327 mio and this gives in 2001 negative balance for FISIM with the rest of the world.

With the allocation of FISIM to user sectors the levels of national aggregates GDP and GNI have increased. While GDP level is affected by allocation of FISIM in the final consumption components plus exports less imports of FISIM, the effect of exports and imports of FISIM must be neutralised in GNI compilation. Therefore, GNI level is entirely affected only by the allocation of FISIM in the final consumption components.

Table 1.9 below shows main data and effects of FISIM allocation to user sectors on GDP and GNI levels. In 2001 the allocation of FISIM in the final consumption components is in the total estimated at SIT 40 866 mio or 0.9% of GDP. Exports of FISIM are estimated at SIT 1 199 mio (of which SIT 3 831 mio for loans to non-resident and SIT -2 632 mio as negative FISIM for deposits of non-residents) and imports at SIT 4 327 mio. The total effect of the allocation of FISIM to user sectors on 2001 GDP level is estimated at SIT 37 737 mio or 0.8% of GDP.

Relevant effects of exports and imports of FISIM must be neutralised in the primary income transactions of interest flows with the ROW. In Table 1.9 interest receivable from the ROW is reduced for FISIM allocated on loans to non-residents at SIT 3 831 mio as exports of FISIM by S.122 Other monetary financial institutions. Interest payable to the ROW is reduced for FISIM allocated on loans to residents from the ROW at SIT 4 327 mio as imports of FISIM and for FISIM allocated on deposits of non-residents at SIT 2 632 mio as negative exports of FISIM by S.122 Other monetary financial institutions. In total interest flows with the ROW are upward adjusted for SIT 3 128 mio and this neutralises the negative surplus of FISIM allocation in exports and imports on goods and services account for the same amount.

GNI with FISIM allocation was in 2001 estimated at SIT 4 812 013 mio and at SIT 4 771 147 mio after deduction of SIT 40 866 mio of FISIM allocation in the final consumption components. For the purpose of determining the contribution of member state to the EU budget (fourth own resource) the effect of FISIM allocation has to be neutralised.

### 1.9.1 Data sources and methods

For FISIM calculation and its allocation by user sectors in national accounts all relevant data have been collected by the Bank of Slovenia. For FISIM allocation quarterly data on stocks of loans and deposits at the beginning and at the end of the period and relevant interest in S.122 Other monetary financial institutions is split by maturity and by institutional sectors. Data collected by the Bank of Slovenia includes loans to resident institutional sectors from the ROW and deposits of non-residents and loans to non-residents by S.122 Other monetary financial institutions.

FISIM for both primary services are estimated as the difference between the value of interests on deposits and on loans on one side and the value of interest according to the reference interest rate on the other. FISIM on loans equals actual interest on loans less interest according to the reference interest rate. FISIM on deposits equals interest according to the reference rate less actual interest on deposits. For this purpose all data on stocks of loans and deposits at the end and at the beginning of the quarter are recalculated to the average value in the middle of the period. In national accounts annual FISIM values equal to the sum of four quarters.

**Table 1.9 Adjustment to gross domestic product and to gross national income due to FISIM allocation, 2001**

	Mio SIT	Structure
<b>Gross domestic product</b>	<b>4 799 552</b>	<b>100.0</b>
FISIM, total	37 737	0.8
Final consumption expenditure	40 866	0.9
Households	36 033	0.8
NPISH	187	0.0
General government	4 646	0.1
Plus: exports of FISIM	1 199	0.0
Less: imports of FISIM	4 327	0.1
<b>Plus: primary income receivable from the ROW</b>	<b>107 063</b>	<b>2.2</b>
Of which interest, receivable	63 061	1.3
Interest in balance of payments	66 892	1.4
Adjustment for FISIM	-3 831	-0.1
<b>Less: primary income payable to the ROW</b>	<b>94 602</b>	<b>2.0</b>
Of which interest, payable	89 774	1.9
Interest in balance of payments	96 734	2.0
Adjustment for FISIM	-6 959	-0.1
<b>Gross national income</b>	<b>4 812 013</b>	<b>100.3</b>
Less: impact on GNI of allocation of FISIM in the final consumption	40 866	0.9
<b>Gross national income excluding FISIM allocated</b>	<b>4 771 147</b>	<b>99.4</b>

1) Results of the GDP 2005 benchmark revision were published in September 2007. More information is available at [http://www.stat.si/eng/tema\\_ekonomsko\\_nacionalni.asp](http://www.stat.si/eng/tema_ekonomsko_nacionalni.asp)

## CHAPTER 2

### THE REVISION POLICY AND THE TIMETABLE FOR REVISING AND FINALISING THE ESTIMATES

#### 2.0 INTRODUCTION

Revisions are an integral part of the statistical process and GDP as well as other national accounts data are being constantly revised due to different reasons. Even though statisticians and users dislike revisions, it must be pointed out that for statisticians revisions are the only way for data improvement. Without revisions, it would be almost impossible to fulfil the demands of the environment for timeliness and international comparability of national accounts data. Revisions in principle cause a lot of problems to users, particularly revisions that break time series. How to avoid this is one of the main issues of each data revision and therefore a reasonable revision policy is needed. Implementation of ESA95 itself is a big revision and it needs time. It would be desirable, but is almost impossible to do it in one step. Revisions can also not be avoided because of the permanent changes in data sources and methods used.

#### 2.1 REVISION POLICY

##### 2.1.0 Introduction

Three types of revisions are important and each of them constitutes the basic core of national accounts compilation. They are routine revisions, benchmark revisions and methodological revisions.

Routine revisions encompass all changes of annual and quarterly GDP data and other national accounts estimates for a particular period from the first to the final estimate. These revisions are in principle based on the same data sources and methods and their purpose is to achieve full comparability in volume and prices changes with the previous year and for all data of a certain time period.

In benchmark revisions, GDP and other national accounts data are open to changes that normally break time series and are otherwise not recommended for routine revisions. Benchmark revisions thus affect GDP level and can cause discontinuity in time series. It is recommended that benchmark revisions are carried out within short intervals and five years is standard practice.

Methodological revisions are normally due to the changes in principles of national accounting. It is common practice that important methodological revisions are at any point of time prepared backward at least to the last benchmark.

##### 2.1.1 Methodological revisions 1995–2004

In the period since 2000 three methodological revisions have been carried out in Slovenian national accounts and they all covered the period back to 1995. Their main purpose was to improve the compilation of GDP according to ESA95 methodology and criteria on exhaustiveness. The work started already in 1998 when cooperation and support by Eurostat was intensified in many task forces in the area of non-financial national accounts and with the pilot projects on exhaustiveness of GDP estimates.

The basic core of the three revisions was the improvement in data sources and methods. By signing the agreement with the Ministry of Finance and the Tax Administration, at the end of 2002 SURS got access to individual data of value added tax monthly reports of VAT units, annual tax reports of self-employed and annual income tax reports of individuals. With this SURS completed data sources for GDP by the production approach at unit level for all institutional sectors.

The first step of the revision process was publishing of first complete revised data for 2000 and 2001 in the middle of March 2003 and at the end of March 2003 also the first estimate for 2002 (point 2.1 in Table 2.1). Revised data for the 1995–1999 period were published in the middle of October 2003. The main points of this methodological revision were introduction of new methodology for estimating housing services of owner-occupiers, estimate of consumption of fixed capital (including for public roads, bridges and similar transport infrastructure) by the perpetual inventory method for the general government sector, improvements of GDP exhaustiveness adjustments and other

improvements of methods. By this revision, data for the year 2000 were in the total increased by 4.6% compared to the previously published GDP nominal level.

With the second methodological revision in April 2004 (point 2.2 in Table 2.1), some additional issues of exhaustiveness adjustments were solved, particularly the misreporting of corporations in the part which had not been solved within the first methodological revision. As the impact of this revision, GDP 2000 level was increased by 0.7%. For 2001 also some additional adjustments were necessary due to standard routine revision work. In this methodological revision all data for the 1995–2003 period were revised and published at the same time.

The results of the last methodological revision were published in September 2005 (point 2.3 in Table 2.1); its main reason was the change in the bookkeeping of FISIM, which were allocated to the final users of these services. The nominal increase of GDP 1999, 2000 and 2001 level as shown in Table 2.1, point 2.3, is entirely due to the FISIM allocation (e.g. in 2000 this revision increased GDP by 1.1% compared to the GDP that was the result of the second revision). At the same time measuring volume changes at the constant previous year prices was introduced. The impact of this methodological improvement on the previous estimates of GDP volume growth rate (at fixed constant base year prices (1995 and 2000)) was negligible. This methodological revision was also prepared and published for the whole 1995–2004 period at the same time.

Table 2.1 shows the impact of three methodological revisions on nominal GDP level and on the estimate of GDP volume growth rate for 1999, 2000 and 2001. The impact on data for years, which is shown in the table, is not the same mostly due to two reasons: 1) GDP level for 2000 and 2001 was with the first estimate (before revision) slightly overestimated and 2) according to the new and improved data sources, particularly for household production activities, corrections for some activities of self-employed in terms of gross value added were in the period before 2000 relatively higher.

**Table 2.1 GDP revisions, 1999–2001**

	1999	2000	2001
<b>1. Quarterly accounts, mio SIT</b>	<b>3 637 437</b>	<b>4 045 469</b>	<b>4 566 191</b>
Volume growth rates (%)	4.9	4.8	3.0
<b>2. Annual accounts, April 2002, mio SIT</b>	<b>3 648 401</b>	<b>4 035 518</b>	<b>4 566 191</b>
Volume growth rates (%)	5.2	4.6	3.0
<b>2.1 First methodological revision, March 2003, mio SIT</b>	<b>3 839 852</b>	<b>4 222 404</b>	<b>4 740 122</b>
Change to the previous GDP nominal level (%)	+5.2	+4.6	+3.8
<b>2.2 Second methodological revision, April 2004, mio SIT</b>	<b>3 874 720</b>	<b>4 252 315</b>	<b>4 761 815</b>
Change to the previous GDP nominal level (%)	+0.9	+0.7	+0.5
<b>2.3 Third methodological revision, September 2005, mio SIT</b>	<b>3 918 974</b>	<b>4 300 350</b>	<b>4 799 552</b>
Change to the previous GDP nominal level (%)	+1.1	+1.1	+0.8
Volume growth rates (%)	5.4	4.1	2.7

### 2.1.2 Revision policy and the next benchmark revision 2005

In publishing the results of methodological revisions SURS followed standard rules of revision policy. First, for each revision users were informed in advance and in detail about its reasons and effects. Second, revisions covered all backward recalculation of data series at the same time. Third, revisions of annual estimates were published shortly after quarterly accounts data for the particular quarter were released. This allowed quarterly estimates to be revised immediately afterwards and published in line with the new annual accounts data already at the next quarter. It is also important that with these methodological revisions SURS introduced standard publishing of GDP by the production and income approach at the detailed level of activities (A60).

The next benchmark revision is planned for 2005 and publishing will start in September 2007. The main issues in this revision will be further improvement of GDP exhaustiveness adjustment and particularly inclusion of illegal economy in the official GDP estimate. This benchmark revision will affect GDP level between 1.4% and 1.9% (Chapter 7.5). It is planned that in the first step this revision will be prepared backward to 2000.

## 2.2 TIMETABLE FOR REVISING AND FINALISING THE ACCOUNTS

### 2.2.0 Introduction

National accounts figures for a particular year are first published in the beginning of March ( $t+70$  days) as the sum of four quarters estimated within quarterly accounts. Quarterly accounts cover GDP by the expenditure and by the production approach. While the expenditure approach is prepared at current and at constant previous year prices, the production approach GDP is prepared only at constant previous year prices. Annual accounts estimates for the year are first published in September ( $t+9$  months) and this includes detailed production, income and expenditure GDP together with main national accounts aggregates. Publishing is done in two steps. In the first step aggregated data are published in the First Release in the middle of September and this is followed by standard detailed publishing in the Rapid Reports usually at the end of September.

### 2.2.1 Data publishing and transmission to Eurostat

As a rule, national publishing must be before or at least at the same time (day) as the data are transmitted to Eurostat. All published data are also available in electronic form on SURS's website (<http://www.stat.si>) in two languages, Slovenian and English. On the website all publications of national accounts are available as well as all time series data of GDP by the production, income and expenditure approach and national accounts aggregates for the period since 1995.

In the middle of September each year all relevant GDP data by the production, income and expenditure approach and gross national income (GNI) are also provided to Eurostat in the GNI Questionnaire and accompanying Quality Report (data must be transmitted by 22 September) via the Permanent Representation of the Republic of Slovenia to the EU.

### 2.2.2 Timetable for revising and finalising the accounts

National accounts data for year  $t$  are normally by routine revisions revised and finalised in four steps and the final data for year  $t$  are usually published in September of year  $t+3$  or 33 months after the end of the year. The four steps and the time in which estimates are first published, routinely revised and finalised are:

- $t+70$  days: first complete GDP and main national accounts aggregates estimate on the basis of quarterly accounts;
- $t+9$  months: first complete annual accounts estimate of GDP and main national accounts aggregates;
- $t+21$  months: first revision of annual accounts estimate of GDP and main national accounts aggregates;
- $t+33$  months: final revision of annual accounts estimate of GDP and main national accounts aggregates.

As the publishing of national accounts estimates starts with quarterly accounts, it is important that after the introduction of the expenditure approach at current and constant prices on quarterly basis in 2000 the quality and reliability of quarterly accounts have significantly improved. The main basis for the first complete annual accounts estimate of GDP in  $t+9$  months is complete and exhaustive data sources of GDP by the production approach as all data sources are for all institutional sectors now available in May each year.

In the September version of national accounts estimates also the latest data of the balance of payments are used and entirely incorporated in the national accounts. The Bank of Slovenia usually revises the balance of payments in the second half of August and the revision usually covers the last two or three years.

In 2000 SURS started with regular annual compilation of supply and use tables at current prices. Already in the first routine revision of annual accounts ( $t+21$  months) the majority of data from supply and use tables is already incorporated, which is particularly important for the product structure of gross fixed capital formation. It is also important that in this step all statistical and other data sources for the expenditure approach are available and used in the compilation. For this reason changes between the first routine revision and the last step of finalising annual accounts estimate in  $t+33$  are usually small. For 2002 supply and use tables were prepared also at constant previous year prices for the first time (at the end of 2005). This project was supported by a Eurostat grant. Therefore, in the future the final national accounts figures at current and at constant previous year prices will be estimated according to supply and use tables.



# CHAPTER 3

## THE PRODUCTION APPROACH

### 3.0 INTRODUCTION

#### 3.0.0 GDP by the production approach

The compilation process of GDP by the production approach can be summarised in two steps. In the first step gross value added at basic prices of all industries is estimated as the difference between output at basic prices and intermediate consumption at purchasers' prices. In the second step taxes on products are added and subsidies on products are subtracted from the sum of gross value added by industries to obtain GDP at market prices. Table 3.1 shows main categories of GDP 2001 by the production approach.

GDP by the production approach is prepared as an independent estimate, which is covered by exhaustive data sources for all sectors of the economy. The main data sources are available by the beginning of May each year and the first annual estimate of GDP by the production approach is finalised in June or at the beginning of July at the level of 140 activities. At the same time and with the same data sources also all income GDP categories are estimated and this is explained in Chapter 4. GDP by the expenditure approach is an independent estimate and is explained in Chapter 5.

With the major GDP 2000 revision SURS started regularly to prepare annual supply and use tables (SUTs). Within SUTs all three GDP approaches are integrated. The compilation process is based on several additional statistical inquiries and many other data sources, which allow integration of all three GDP approaches at the level of products.

**Table 3.1 GDP by the production approach, 2001**

	Mio SIT	Structure (%)
Output of industries at basic prices	9 671 326	201.5
Less: intermediate consumption of industries at purchasers' prices	5 492 899	114.4
<b>Gross value added of industries at basic prices</b>	<b>4 178 428</b>	<b>87.1</b>
Taxes on products	646 009	13.5
Less: subsidies on products	24 885	0.5
<b>Gross domestic product at market prices</b>	<b>4 799 552</b>	<b>100.0</b>

#### 3.0.1 Market and non-market producers, FISIM

Producers which are engaged in the production must be in national accounts divided into market and non-market producers. The process of delimitation starts with compulsory registration in the Business Register of Slovenia and by getting relevant activity code according to the Standard Classification of Activities (SKD). SKD is consistent with the European Classification of Economic Activities (NACE Rev. 1). At this point units are also assigned relevant institutional sector code on the basis of institutional sectorisation in line with ESA95 principles.

With the GDP 2000 benchmark revision the sector classification was cross-checked at unit level to get exact market and non-market delimitation of producers and adequate institutional sectorisation. Table 3.2 shows gross value added by market and non-market producers.

In 2005 FISIM have been allocated by user sectors for the whole period since 1995. With FISIM allocation the old approach of adjustment of gross value added by activities with global FISIM as negative gross value added of a notional sector of the economy has been abandoned.

By the new approach FISIM are allocated to direct users of financial intermediation services of monetary institutions and this approach affects GDP level. With FISIM allocation GDP is estimated at SIT 4 799 552 mio and 0.8% above previous GDP (SIT 4 761 815 mio).

**Table 3.2 GDP by the production approach: market and non-market producers, 2001**

	Output at basic prices	Intermediate consumption at purchasers' prices	Gross value added at basic prices	Structure
	mio SIT			(%)
Market producers	8 578 861	5 110 679	3 468 182	72.3
Non-market producers	1 092 465	382 220	710 245	14.8
<b>Total by producers</b>	<b>9 671 326</b>	<b>5 492 899</b>	<b>4 178 428</b>	<b>87.1</b>
Taxes on products			646 009	13.5
Less: subsidies on products			24 885	0.5
<b>Gross domestic product at market prices</b>			<b>4 799 552</b>	<b>100.0</b>

### 3.1 THE REFERENCE FRAMEWORK

#### 3.1.0 Introduction

Both output and producers as institutional units are divided into market and non-market. Market producers sell their goods and services to other units at "economically significant" prices, which cover at least 50% of their costs of production. However, market producers can also use their products directly for own final consumption and for own gross fixed capital formation and thus their output can be, in part, also non-market. Public producers, which are producers controlled by institutions of general government, must be divided into market and non-market producers with the same 50% rule. Public producers, which are at least 50% or more financed by the institutions of general government, form general government as the institutional sector. The same criterion can be applied to private producers: units which are below the 50% criterion of financing their production costs through sales on the market are included in non-profit institutions serving households as the institutional sector. Therefore, output of non-market producers can partly consist of market sales, but mostly it consists of so-called "other non-market output, other", which is supplied to and used by community as a whole or directly by individuals free of any charges or at significantly reduced market prices.

Distinction between market and non-market producers is important for output valuation. Output of market producers is in principle equal to values of goods and services according to current prices on a market and at which products can be sold. Output of non-market producers can be only valued according to costs of production and is thus equal to the sum of intermediate consumption, compensation of employees, other taxes on production and consumption of fixed capital.

#### 3.1.1 Output and the production boundary

Within the production boundary in measuring output all products must be included, regardless if their production is for market or for own final consumption. Also all services sold on the market are included and two types of services of households for their own needs. These are housing services, which are produced by owner-occupiers and domestic services, produced by paid staff of households. The value of output of housing services of owner-occupiers must be imputed according to relevant market values. All other services produced and consumed within the same household are outside the ESA95 production boundary.

Non-profit institutions serving enterprises (business and similar associations) are financed by membership contributions and these are in national accounts treated as service charge. These units have status of quasi-corporate enterprises and are therefore market producers.

Illegal production is also within ESA95 production boundary. The estimation of illegal production is still in experimental phase, facing basic data source problems and thus with rather low reliability of estimate. These are the reasons that illegal production and activities are not yet included in the official GDP (Chapter 7).

#### 3.1.2 Intermediate consumption

Intermediate consumption consists of goods and services at purchasers' prices which are used up in the process of production. According to accounting principles, the value of EUR 500 and one-year life span determine the

borderline between intermediate consumption goods and gross fixed capital formation goods. In intermediate inputs enterprises do not include major repairs, construction works, major improvements and additions or extensions to fixed assets which improve performance, increase their capacity and prolong their life span.

Other business costs, such as travel and accommodation on business trips and reimbursements of the business costs to employees, are divided into direct costs and into cash reimbursement. Expenditure by employers for training, education, working clothes and similar business expenditure on behalf of employees are categories of intermediate consumption. Cash reimbursements are deducted from intermediate costs and included in compensation of employees. It is also important that part of costs of use and maintenance of business cars is in intermediate consumption reduced for private use and included in compensation of employees. In data sources recalculation of gross insurance premiums to the level of insurance service payment is also necessary.

Membership contributions and fees to non-profit business associations are treated as service payments and must also be included in intermediate consumption. Within defence activities' intermediate inputs also all military weapons and relevant equipment are included. Similar expenditures in police must be divided into intermediate consumption and gross fixed capital formation goods. Products which are supplied by employers as wages in kind to employees and payments of other taxes on production to general government must be excluded from intermediate consumption.

With FISIM allocation to direct users the intermediate consumption of all producers includes FISIM. FISIM are for market producers by activities allocated according to gross value added. For general government FISIM are allocated in the activity of public administration and defence (SKD section L) and for NPISH in the activity of membership organisations as the main activity of this sector (SKD 91). For household producers FISIM are independently estimated for housing services and allocated into intermediate consumption of housing services of owner-occupiers. As housing services of owner-occupiers are estimated by the cost approach, FISIM allocation increases intermediate consumption as well as output and this allocation affects GDP level (Chapter 3.16.1.1, Table 3.46).

### 3.1.3 Output, intermediate consumption and gross value added 2001 by activities and by institutional sectors

In Table 3.3 output, intermediate consumption, and gross value added are shown by activities at 2-digit SKD level and by institutional sectors. In Table 3.3 also employment figures according to national accounts are shown. Employment in national accounts is in detail explained in Chapter 7.

**Table 3.3 Gross value added and employment by activities and by institutional sectors, 2001**

	Output	Inter- mediate consumption	Gross value added	Structure of gross value added	Employment
	mio SIT			%	thousand
A Agriculture, hunting and forestry	277 520	154 228	123 292	3.0	102.7
01 Agriculture, hunting and related service activities	258 191	143 914	114 277	2.7	100.1
02 Forestry, logging and related service activities	19 329	10 314	9 014	0.2	2.6
B Fishing (05)	1 943	1 201	742	0.0	0.3
C Mining and quarrying	43 896	21 012	22 883	0.5	5.3
10 Mining of coal and lignite, extraction of peat	30 660	13 130	17 529	0.4	4.3
12 Mining of uranium and thorium ores	57	194	-136	0.0	0.1
13 Mining of metal ores	41	117	-77	0.0	0.0
14 Other mining and quarrying	13 138	7 571	5 567	0.1	0.9
D Manufacturing	3 714 734	2 603 458	1 111 276	26.6	257.0
15 Manufacture of food products and beverages	390 282	282 478	107 803	2.6	22.2
16 Manufacture of tobacco products	16 327	10 049	6 278	0.2	0.4
17 Manufacture of textiles	177 525	133 218	44 306	1.1	15.8
18 Manufacture of wearing apparel, dressing...	122 813	86 402	36 410	0.9	17.7
19 Tanning of leather, manufacture of leather goods	71 650	48 711	22 939	0.5	8.5

**Table 3.3 Gross value added and employment by activities and by institutional sectors, 2001 (continued)**

	Output	Inter- mediate consumption	Gross value added	Structure of gross value added	Employment
	mio SIT			%	thousand
20 Manufacture of wood, except furniture	120 583	81 190	39 393	0.9	13.4
21 Manufacture of pulp, paper and paper products	133 780	95 387	38 393	0.9	6.1
22 Publishing, printing, reprod. of recorded media	134 628	78 850	55 778	1.3	10.3
23 Manufacture of coke and refined petroleum prod.	13 031	12 157	874	0.0	0.7
24 Manufacture of chemicals and chemical products	329 276	203 081	126 195	3.0	13.9
25 Manufacture of rubber and plastic products	202 489	139 150	63 339	1.5	12.8
26 Manufacture of other non-metallic mineral prod.	131 740	82 737	49 003	1.2	10.5
27 Manufacture of basic metals	184 254	140 410	43 843	1.0	8.6
28 Manufacture of metal products, except machinery	409 636	273 308	136 328	3.3	33.8
29 Manufacture of machinery and equipment n.e.c.	337 472	236 585	100 887	2.4	24.4
30 Manufacture of office machinery and computers	19 114	12 901	6 213	0.1	1.0
31 Manufacture of elec. machinery and app. n.e.c.	207 182	144 420	62 762	1.5	14.4
32 Manufacture of radio, television, comm. equip.	116 602	85 367	31 236	0.7	7.3
33 Manufacture of medical, precision etc. instruments	81 349	48 734	32 614	0.8	7.8
34 Manufacture of motor vehicles, trailers, etc.	312 867	275 172	37 695	0.9	7.1
35 Manufacture of other transport equipment	38 142	27 944	10 199	0.2	3.1
36 Manufacture of furniture, manufacturing n.e.c.	149 238	95 063	54 175	1.3	16.4
37 Recycling	14 754	10 141	4 613	0.1	0.8
E Electricity, gas and water supply	273 916	150 322	123 594	3.0	11.9
40 Electricity, gas, steam and hot water supply	232 730	130 873	101 856	2.4	8.0
41 Collection, purification and distribution of water	41 186	19 449	21 737	0.5	3.9
F Construction (45)	843 144	599 253	243 891	5.8	66.8
G Wholesale and retail trade, repair of motor vehicles	918 916	445 462	473 454	11.3	109.0
50 Sale and repair of motor veh., sale of auto fuel	166 046	84 534	81 512	2.0	16.1
51 Wholesale trade and commission trade	459 239	241 882	217 358	5.2	42.8
52 Retail trade, repair of pers. and household goods	293 630	119 046	174 585	4.2	50.2
H Hotels and restaurants (55)	205 561	108 884	96 677	2.3	30.2
I Transport, storage and communication	713 739	424 504	289 235	6.9	53.5
60 Land transport, transport via pipelines	277 175	159 257	117 918	2.8	31.2
61 Water transport	17 018	11 383	5 635	0.1	0.6
62 Air transport	24 343	16 303	8 041	0.2	0.6
63 Supporting transport activities, travel agencies	207 585	143 942	63 643	1.5	9.9
64 Post and telecommunications	187 618	93 619	93 998	2.2	11.2
J Financial intermediation	285 818	96 099	189 720	4.5	20.4
65 Financial intermediation	201 489	61 006	140 483	3.4	12.7
65.1 Monetary intermediation	180 303	54 475	125 828	3.0	11.6
65.2 Other financial intermediation	21 186	6 531	14 655	0.4	1.1
65.21 Financial leasing	9 542	3 482	6 060	0.1	0.4
65.22 Other credit institutions	1 505	577	928	0.0	0.3
65.23 Other financial intermediations	10 138	2 472	7 667	0.2	0.5
66 Insurance and pension funding	56 231	23 706	32 525	0.8	4.9
67 Activities auxiliary to financial intermediation	28 099	11 387	16 711	0.4	2.8

**Table 3.3 Gross value added and employment by activities and by institutional sectors, 2001 (continued)**

	Output	Inter- mediate consumption	Gross value added	Structure of gross value added	Employment
	mio SIT			%	thousand
K Real estate, renting and business activities	1 032 294	403 948	628 346	15.0	67.1
70 Real estate activities	401 965	78 433	323 532	7.7	3.0
Of which: dwelling activities of households	355 761	50 760	305 001	7.3	-
71 Renting of machinery and equipment	3 911	1 787	2 123	0.1	0.5
72 Computer and related activities	84 799	37 431	47 368	1.1	5.9
73 Research and development	35 900	13 994	21 906	0.5	3.7
74 Other business activities	505 719	272 303	233 416	5.6	54.0
L Public admin. and defence, comp. soc. sec. (75)	444 406	175 694	268 712	6.4	45.0
M Education (80)	304 540	64 849	239 691	5.7	54.6
N Health and social work (85)	336 633	119 194	217 439	5.2	45.0
O Other community, social and personal services	272 479	124 792	147 687	3.5	29.1
90 Sewage and refuse disposal and similar activities	20 415	9 261	11 154	0.3	2.5
91 Activities of membership organisations n.e.c.	58 752	38 900	19 852	0.5	3.4
92 Recreational, cultural and sporting activities	161 240	64 686	96 554	2.3	13.0
93 Other service activities	32 071	11 944	20 127	0.5	10.1
P Private households with employed persons (95)	1 789	0	1 789	0.0	0.8
<b>Total by activities</b>	<b>9 671 326</b>	<b>5 492 899</b>	<b>4 178 428</b>	<b>100.0</b>	<b>898.9</b>
Non-financial corporations	6 718 262	4 277 922	2 440 340	58.4	509.3
Financial corporations	286 488	96 610	189 878	4.5	20.2
General government	1 009 558	327 891	681 667	16.3	136.0
Households	1 574 112	736 147	837 965	20.1	228.2
Non-profit institutions serving households	82 907	54 329	28 578	0.7	5.2

### 3.1.4 Data sources

#### 3.1.4.0 Introduction

The main data sources for GDP by the production approach are annual accounting statements, administrative data and, for SUTs compilation, statistical surveys. Annual accounting statements form the primary and exhaustive data basis for all institutional sectors.

#### 3.1.4.1 Annual accounting statements and the Agency for Public Legal Records and Related Services

Annual accounting statements as the most important basic data source for GDP by the production approach cover profit and loss account and balance sheets and are collected by the Agency for Public Legal Records and Related Services (AJPES). Before 2001 they were collected by the Agency for Payments; in 2002 the Agency was reorganised and its main function, providing payments among corporations, was transferred to the banks. Two rather small new units were set up from the Agency for Payments. The first one is AJPES; it took over the statistical function of collecting accounting data and the responsibility for maintenance of the Business Register of Slovenia (PRS). The second one, the Public Payments Administration took over the responsibility of performing payment transactions of the public (government) sector and collecting of all public (government) revenues, including taxes and social security contributions.

AJPES is now an important unit integrated in the statistical system. It is expected that step by step all data collected by AJPES will be further integrated and questionnaires will be even more adapted to the statistical purposes and particularly to the national accounts needs. In 2002 AJPES for the first time collected also accounting statements of the

majority of unincorporated enterprises, so the statements are now collected from units of all institutional sectors. Data are collected almost entirely electronically and this work is finished by the end of April and at in May all unit level data are available to SURS.

AJPES collects seven types of annual accounting statements depending on the legal status of the business entity:

- annual accounting statements of corporations;
- annual accounting statements of small unincorporated enterprises;
- annual accounting statements of large unincorporated enterprises;
- annual accounting statements of public service providers and agencies (indirect budget units);
- annual accounting statements of direct budget units, municipalities and funds of central and local government;
- annual accounting statements of societies;
- annual accounting statements of legal persons of private law.

The legal basis for statements' collection lies in the National Statistics Act and laws on different types of business entities (e.g. the Companies Act, the Societies Act, and the Disabled Persons Organisations Act) which stipulate that all business entities must make their annual accounting statements public. Therefore, the data are collected for statistical purposes and for the purpose of public disclosure of accounting statements. The questionnaires that are used are adapted to these different needs and are agreed between institutions. The primary body that sets the content of questionnaires is AJPES in co-operation with the Slovenian Institute of Auditors. The exceptions are forms for government units and public service providers which are prescribed by the Ministry of Finance. The questionnaires for different types of units are adapted to and refer to the accounting scheme which is prescribed by the Slovenian Institute of Auditors or the Ministry of Finance.

Annual accounting statements of corporations are submitted by corporations of different legal status, which are determined in the Companies Act (mostly limited liability companies, general partnerships, joint stock companies and limited partnerships), irrespective of their activity or their size. These units mostly belong to institutional sectors of non-financial and of financial corporations.

Annual accounting statements of small unincorporated enterprises are submitted by small unincorporated enterprises with the legal status of individual private entrepreneurs, irrespective of their activity or their size. The size class of small enterprises is determined in the Companies Act and is based on the number of employees (fewer than 50), annual turnover (less than SIT 1 000 mio) and the value of assets (less than SIT 500 mio).

Annual accounting statements of large unincorporated enterprises are submitted by large unincorporated enterprises with the legal status of individual private entrepreneurs, irrespective of their activity or their size. The size classes of large unincorporated enterprises are determined in the Companies Act and are based on the number of employees, annual turnover and value of assets.

Annual accounting statements of public service providers and agencies are provided by entities with the legal status of public institution, institution, chamber, etc., irrespective of their activity or their size. These units form part of the so-called "budget users" and mostly provide individual services to households (kindergartens, schools, hospitals, etc.). By the 50% rule they are in national accounts classified as market or non-market producers. Two types of accounting statements are provided by these units; one is based on actual (cash) transactions and includes current account, capital account, financial account transactions, and balance sheets. The other, which is used in national accounts, is based on accrual transactions.

Annual accounting statements of direct budget units, municipalities and funds of central and local government are provided by state bodies, ministries, courts, government units, administrative units, local communities, and funds of central and local government, irrespective of their activity or their size. These units form part of the so-called "budget users" and are all classified in the general government sector. The provided data are based on actual (cash) transactions and include current, capital, financial account transactions, and balance sheets. This system is consistent with the International Monetary Fund recommendation for Government Finance Statistics.

Annual accounting statements of societies are provided by the societies of different legal status (99.8% with the legal status of association), irrespective of their activity or their size. They all belong to the sector of non-profit institutions serving households.

Annual accounting statements of legal persons of private law are provided by different kinds of legal persons of private law (as determined by law), irrespective of their activity or their size: trade unions, institutions, foundations, agricultural collectives, funds, political parties, etc. Units are classified to different sectors, but mostly to NPISH.

More information on the different types of annual accounting statements is in Chapter 11.

#### 3.1.4.2 *Other statistical and administrative data sources*

Annual income tax declarations from the production activities of households are available from the Tax Administration and they are the primary data source for unincorporated enterprises. The source is exhaustive and covers all active self-employed: tax declarations are submitted by private persons performing production activities and which are recorded in the relevant registers (tax register of individual private entrepreneurs, register of private researchers, register of barristers, register of sportsmen, etc.). Included are also private persons performing agricultural activities. The following units are covered: individual private entrepreneurs, lawyers, doctors, veterinarians, independent creators in culture, private detectives, notaries, pharmacists, independent researchers, persons who rent rooms, sportsmen, independent journalists, private sports workers, legal interpreters, liable persons who work secondary work, holders of secondary activity on farm, legal appraisers, etc. Data cover all categories and components relevant for the calculation of gross value added and income categories. The same data set is later available also after tax assessment is made and in the second annual routine GDP estimate tax assessments are used for cross-checking (Chapter 11.1.7).

At the beginning of 1998 the Ministry of Finance introduced the Government Finance Statistics together with the new economic classification of transactions according to the International Monetary Fund standards and recommendations. The new system of budget accounting was in the current work introduced for central budget units and for social security funds at the beginning of 1998 and for local government units in the middle of 1999. For budgetary units at the central and at the local level and for social security funds all data were at the annual level recalculated to the new system of accounts and economic classification of transactions also for the 1992-1998 period.

Budgetary statistics are now monthly prepared by the Ministry of Finance and consist of four single balances: central budget, local budgets, Health Social Security Fund and Pension Social Security Fund. At the central level balances show all transactions of so-called "direct budgetary units" and at local level of all local government budgets in Slovenia. These balances are regularly audited and in the final step adopted by the Parliament. Balances include three different accounts:

- account of current revenue and expenditure;
- account of financial claims and loans;
- financing account.

Data are available monthly approximately within one month after the end of the period (in two months delay for the local government) at the basic level of accounts (at six-digit level). The budgetary statistics data are the primary data source for compiling production account and generation of income account of general government quarterly. Annually these data are used in combination with the unit accounting data of direct budgetary units.

The Statistical Register of Employment is kept by SURS; it covers persons who have compulsory social insurance or are employed or self-employed on the territory of the Republic of Slovenia and are at least 15 years old and not retired. Employment can be temporary or permanent, full time or part time. The register is updated monthly with data from M forms, i.e. Registration of Data for the Pension, Disability and Health Insurance, Parental Care Insurance, Insurance Against Unemployment, and Employment (compulsory social insurance) (the SRE is in more detail explained in Chapter 11.0.1). The SRE is the main data source for the estimation of national accounts employment: for national accounts purposes data from the SRE are cross-classified by activities and institutional sectors at the level of 140 activities and are available for the beginning and for the end of the quarter approximately 45 days after the end of the quarter. Quarterly employment is then calculated as the average employment of both dates and annual employment as the average of the quarterly values (the national accounts employment estimate is explained in Chapter 7.6). Another important use of the SRE in national accounts is determination of non-response in output GDP data sources: the SRE database is at unit level linked to the annual accounting statements and the comparison of the covered units with the total employment gives the indication of the missing population. Therefore, the SRE is an important tool for exhaustiveness adjustment for non-reporting (Chapter 3.6).

The Public Payments Administration collects all public (general government) revenues including taxes and social security contributions, fees, market sales, court charges and penalties, etc., through a detailed system of accounts. The so-called B-2 report shows current revenues of central and local government and of social security funds. The source is available monthly approximately 3 days after the end of the period and is primarily used for the compilation of taxes and social contributions.

For import duties and import taxes data from the customs declarations are used. The Customs Administration is responsible also for collecting excise duties and data by type of excises are available to SURS monthly. The customs declarations are the source also for VAT collected on imports (Chapter 3.25).

VAT, excise duties and special service taxes were introduced in the middle of 1999. By the agreement with the Ministry of Finance and the Tax Administration at the end of 2002 SURS got access to individual data of monthly VAT reports, annual tax reports of households' production units and annual income tax declarations of individuals (AITD). With VAT database and annual tax reports of households' production units SURS completed annual output GDP data sources. Monthly VAT reports are in more detail explained in Chapter 3.25. This source is also important for the estimation of data for units which do not provide annual accounting statements and its use is explained in Chapter 3.6.

AITD is a complete data source and shows all main types of households' annual incomes: gross basic wages, rewards and bonuses, occasional contract work, honoraria payments, student work, market rentals of dwellings, other market rentals, different incomes of self-employed, etc. With this source it is possible to analyse and crosscheck other data sources and estimates as well as exhaustiveness adjustments.

For monetary intermediation (SKD 65.1) profit and loss account together with balance sheet data are provided quarterly by the Bank of Slovenia and for insurance and pension funding (SKD 66) by the Insurance Supervision Agency. For insurance and pension funding, SURS also carries out an annual statistical survey.

The quarterly survey of non-financial corporations provides data on basic accounting categories (turnover, costs, inventories, investments) and the survey is important also for the estimation of annual GDP by the production approach. To the questionnaire for the fourth quarter usually a supplement is added which shows more detailed data on selected variables important for GDP calculation by the production approach. Thus far the following variables have been covered and clarified by activities: insurance premiums, rentals, labour costs, subsidies, payroll tax, inventories (accounting valuation methods used and frequency of revalorization), own-account production and other costs. With this in GDP calculation significant improvements were possible in transition from private accounting and administrative concepts to the national accounts concepts (more details about the survey can be found in Chapter 11.1.9).

Economic Accounts for Agriculture are compiled by SURS for the period from 1995 on and this significantly improved the data source for estimates of agricultural activity and particularly household agriculture production (Chapter 11.1.11).

### **3.1.4.3 Statistical surveys for SUTs compilation**

For the estimation of output of individual activities by products basic statistical surveys are used. Data from these surveys form the basic data core in the process of compiling supply and use tables. Regular branch statistical surveys cover most market producing industries, the exception are business services.

The most important is the Annual Industry Report on mining, manufacturing and electricity supply. It includes industrial enterprises (including unincorporated enterprises) and industrial establishments of non-industrial enterprises which are involved in one or more industrial activities. Goods covered by the survey are classified according to the National Nomenclature of Industrial Products, which is based on PRODCOM (Chapter 11.1.12).

Other surveys cover the activities of agriculture, forestry and fishing, construction, wholesale and retail trade, hotels and restaurants, and transport, storage and communication. They include incorporated units above a certain threshold. The exceptions are trade and hotels and restaurants activities, which are based on a sample survey. Statistical surveys in agriculture, forestry and fishing, trade, hotels and restaurants cover also a sample of unincorporated units. The response rate of basic statistical surveys is on average relatively high; although in recent years there have been some problems with individual surveys. The most important surveys are in more detail described in Chapters 11.1.13-11.1.19.

To obtain full coverage for the production by kind of activities and by products, data from basic statistical surveys are combined and completed with data from annual accounting statements and the administrative data sources.

Data on imports and exports of goods are acquired from customs declarations from external trade statistics of SURS at the detailed level of Combined Nomenclature. They are then bridged and aggregated to CPA product groups which are used in SUTs. Data on imports and exports of services are from the balance of payments at the most detailed level which is compiled by the Bank of Slovenia.

While output is traditionally well covered with statistical surveys, until recently the situation had been worse for intermediate consumption. Branch statistical surveys in general cover main materials, with the exception of construction, only in physical terms. Presently in basic statistics there is only an annual survey on building materials in construction and some data on the use of main inputs in agriculture and transport. These are census type surveys for incorporated units. For other industries there are only accounting and administrative sources available which provide only aggregated totals of intermediate consumption of goods and services. In 2002 the number of categories in accounting statements of companies slightly increased by showing use of materials divided into energy and other materials and use of services divided into transport, rents, reimbursement of expenses on business trips and other services.

For solving the problem of the data source on intermediate consumption a new survey has been designed to collect data in value terms for all inputs into individual activities and the survey was carried out for the first time for the year 2000 (Chapter 11.1.10). It was a specially designed survey for the compilation of SUTs and was the main data source on intermediate consumption in the use table. With this survey data were acquired on the structure of costs in enterprises, broken down by 150 groups of goods and services. The survey includes all activities and sectors except individual farmers, for which data on inputs are available from the Economic Accounts for Agriculture, and direct budget users, for which Government Finance Statistics is used. Besides the data on intermediate inputs, the survey gives also additional data about the structure of output of enterprises. In this way it is possible to separate also other secondary activities in the supply table, in particular services. The survey is carried out every 5 years (the next was conducted for 2005). For the years in between the results are extrapolated.

### 3.1.5 General government as non-market producer

Within the major GDP 2000 revision delimitation of the general government was performed at the unit level and not, as before, at detailed activity level. In the general government all units with market sales below 50% of output were included. With this approach all public units (units under government control) at the central and local level are divided into market and non-market units by applying the 50% criterion. Units which are financed by government institutions with current transfer of income at the level of at least 50% of their total costs of production are classified within general government as an institutional sector.

Delimitation of general government as it was performed within the GDP 2000 revision is regularly maintained. In 2004 SURS set up the official expert group made up of the representatives of the Ministry of Finance, the Bank of Slovenia, the Agency for Public Records and Related Services and SURS with the purpose to maintain institutional sectorisation of all units in the Business Register of Slovenia in line with ESA95.

In the general government sector three groups of units can be distinguished. The first group are so-called "direct budget units" at the central and at the local government level. These units are state bodies, ministries, courts, administrative units, municipalities, agencies and public funds. Direct budgetary units are with all transactions included in the budgetary statistics at central and at local level and these units are by definition included in the general government sector. Direct budget units also include the Health Social Security Fund and the Pension Social Security Fund, with separate budgetary statistics balances.

The second group includes those public service providers (kindergartens, schools, hospitals, etc.) which are according to the 50% criterion classified as non-market units. They mostly perform individual government services to households and are financed by central and (or) by local budgets and also by the Health Social Security Fund (health and social services). Public service providers (Chapters 3.3.2.2 and 3.3.3, Tables 3.12 and 3.13) are by applying the 50% criterion divided into government units and into market producers. Table 3.4 shows main components of production account and generation of income account of both groups.

**Table 3.4 Production and generation of income account and employment of public service providers, 2001**

	Total	General government	Market producers
	mio SIT		
Output at basic prices	707 373	596 703	110 670
Intermediate consumption	197 912	160 657	37 255
<b>Gross value added at basic prices</b>	<b>509 461</b>	<b>436 046</b>	<b>73 415</b>
Compensation of employees	453 482	392 402	61 081
Other taxes on production	17 621	16 125	1 495
Less: other subsidies on production	2 849	0	2 849
<b>Gross operating surplus</b>	<b>41 207</b>	<b>27 519</b>	<b>13 688</b>
Consumption of fixed capital	34 173	27 519	6 654
<b>Net operating surplus</b>	<b>7 034</b>	<b>0</b>	<b>7 034</b>
Employment (thousand)	108.4	93.5	14.8
	structure (%)		
Output at basic prices	100.0	100.0	100.0
Intermediate consumption	28.0	26.9	33.7
<b>Gross value added at basic prices</b>	<b>72.0</b>	<b>73.1</b>	<b>66.3</b>
Compensation of employees	64.1	65.8	55.2
Other taxes on production	2.5	2.7	1.4
Less: other subsidies on production	0.4	0.0	2.6
<b>Gross operating surplus</b>	<b>5.8</b>	<b>4.6</b>	<b>12.4</b>
Consumption of fixed capital	4.8	4.6	6.0
<b>Net operating surplus</b>	<b>1.0</b>	<b>0.0</b>	<b>6.4</b>

In the third group are 4 corporations which were identified as non-market producers after applying the 50% criterion and the Slovenian Restitution Fund and the Capital Fund. The Slovenian Restitution Fund and the Capital Fund are important units and significantly affect net lending/net borrowing of the general government. The Slovenian Restitution Fund was set up to finance and pay off in cash all private property which was confiscated and nationalised after the Second World War and for which refund in kind is not possible or acceptable. This process will be finished around 2008. The Capital Fund was set up to support the pension reform and to cover current deficit of the Pension Social Security Fund during this process. In the general government also the Slovenian Development Company was included. This unit was set up to manage public enterprises with problems in the privatisation process and which were not privatised within time limits. The unit was shut down in 2002.

The general government sector in 2001 consisted of 2 551 units, which are by activities shown in Table 3.5. For all units individual annual accounting data are available.

Total output of non-market producers of general government is divided into market output and output for own final use, other non-market output and so-called "other non-market output, other". Total market output and output for own final use at SIT 59 070 mio includes sales of VAT products at VAT base values (SIT 38 581 mio according to VAT reports data, from secondary and ancillary activities), output for own final use (SIT 189 mio), market rentals and miscellaneous revenues (SIT 20 300 mio). In other non-market output (SIT 91 087 mio) all other commercial revenues or other types of sales of services are included. For individual services these revenues are mostly payments by households for primary service activities which are VAT exempted activity. For budget units the most important types of these revenues are court charges and fees (according to budget accounting). "Other non-market output, other" is a residuum category and this part of the total output is financed or paid by the general government itself; the category is equal to the government final consumption expenditure (Chapter 5.9). This category is at SIT 859 402 mio equal to 85.1% of the total output of general government (SIT 1 009 558 mio).

In real estate activities (SKD 70), which include also all dwelling funds at the central and the local government level, total market and other non-market output is approximately 89% of the total output. The reason for this is in specific

bookkeeping in national accounts for this activity: on one hand output includes all consumption of fixed capital, which is estimated for government dwellings (Chapter 4.12); on the other hand also all rentals for government social and non-profit dwellings as revenue of central budget and particularly of local budgets are shown in this activity.

In Table 3.5 also employment in the general government sector is shown. The employment figure for this sector is entirely based on the Statistical Register of Employment data with the exception of employment in external affair activities, in which also all employees in our representations and embassies abroad are added. This employment data is available from the Ministry of Foreign Affairs.

**Table 3.5 The structure of general government output, number of units and employment by activities, 2001**

	Total output at basic prices	Market output and output for own final use	Other non market output	Other non market output, other	Number of units	Employees
	mio SIT					thousand
22 Publishing, printing	62	11	0	51	1	0.0
55 Hotels and restaurants	605	49	144	412	7	0.1
63 Supporting transport act., travel agencies	85	11	6	68	3	0.0
65 Financial intermediation	478	0	0	478	5	0.1
66 Insurance and pension funding	871	503	0	368	1	0.1
70 Real estate activities	7 252	4 972	1 462	818	24	0.1
73 Research and development	17 152	2 751	240	14 161	30	1.8
74 Other business activities	5 374	937	481	3 957	28	0.8
75 Public admin., defence, comp. soc. sec.	421 437	30 171	22 258	369 008	1 277	44.8
75.1 Public admin., econ. and soc. policy	247 433	27 719	21 544	198 171	1 215	22.0
75.2 Special act. for community as whole	156 763	1 390	15	155 358	60	21.1
75.21 External affairs	9 601	0	0	9 601	1	0.5
75.22 Defence	58 476	124	0	58 352	1	6.4
75.23 Jurisdiction	35 733	39	0	35 694	45	4.9
75.24 Public order and safety	50 295	759	0	49 536	1	8.9
75.25 Fire and nat. disaster protection	2 658	468	15	2 176	12	0.5
75.3 Compulsory social security funds	17 240	1 062	699	15 479	2	1.7
80 Education activities	281 674	9 741	37 147	234 786	793	51.1
85 Health and social work activities	240 962	7 989	24 815	208 158	182	32.3
85.1 Health activities	219 642	7 401	24 341	187 900	90	27.8
85.2 Veterinary activities	1 038	212	0	826	1	0.2
85.3 Social work activities	20 282	376	474	19 432	91	4.3
91 Activities of membership org. n.e.c.	640	118	299	222	18	0.1
92 Recreational, cultural and sport. activities	32 966	1 817	4 235	26 914	182	4.7
<b>Total by activities</b>	<b>1 009 558</b>	<b>59 070</b>	<b>91 087</b>	<b>859 402</b>	<b>2 551</b>	<b>136.0</b>
<b>Structure (%)</b>	<b>100.0</b>	<b>5.9</b>	<b>9.0</b>	<b>85.1</b>		

### 3.1.6 Non-profit institutions serving households as non-market producers

For non-profit institutions serving households two sets of data are available. The first one is annual accounting statements of societies (Chapter 11.1.5). With the major GDP 2000 revision in the NPISH sector only units with at least minimum employment (half a person annually according to the Statistical Register of Employment) were included

from this data set. This was necessary due to a large number of private non-profit units in the Business Register of Slovenia (22 000 in 2001) and in annual accounting statements (17 000). The majority of these units are without any employment. Therefore, this approach has practically no effect on the sector's level of gross value added. By establishing the exact number of units it is rather easy to maintain a year by year comparable figures and the exhaustiveness of estimates for this institutional sector.

The second data set is annual accounting statements of the so-called legal persons of private law (Chapter 11.1.6). These are trade unions, charities, political parties, etc., and units from this source are split into market and non-market units.

For data collection from religious associations no legal basis exists. For these activities estimates are prepared with relevant employment data according to the Statistical Register of Employment and per-capita figures of other units within activities of membership organisations (SKD 91) of the NPISH sector. Total output of religious associations entirely consists of "other non-market output, other".

In Table 3.6 output, market sales and other non-market output together with the number of units and employment by activities are shown for non-profit institutions serving households.

**Table 3.6 The structure of NPISH output, number of units and employment by activities, 2001**

	Total output at basic prices	Market output and output for own final use	Other non market output, other	Number of units	Employ- ment
	mio SIT				thousand
01 Agriculture, hunting and related services	381	250	131	17	0.0
05 Fishing	508	263	245	18	0.0
55 Hotels and restaurants	18	6	12	1	0.0
65 Financial intermediation	16	0	16	1	0.0
73 Research and development	215	201	13	2	0.0
75 Public admin. and defence, comp. soc. sec.	1 292	80	1 212	54	0.1
75.1 Public admin., economic and social policy	66	2	64	2	0.0
75.25 Fire and natural disaster protection	1 226	78	1 148	52	0.1
80 Education	2 583	1 241	1 342	46	0.5
85 Health and social work activities	9 863	3 050	6 813	167	0.7
85.1 Health activities	956	2	954	1	0.0
85.3 Social work activities	8 907	3 048	5 859	166	0.7
91 Activities of membership organisations n.e.c.	49 794	8 297	41 497	3 304	2.6
92 Recreational, cultural and sporting activities	18 237	9 073	9 164	467	1.2
<b>Total by activities</b>	<b>82 907</b>	<b>22 460</b>	<b>60 447</b>	<b>4 077</b>	<b>5.2</b>
<b>Structure (%)</b>	<b>100.0</b>	<b>27.1</b>	<b>72.9</b>		

### 3.1.7 Institutional and statistical unit, supply and use tables and data publishing

Production and income GDP categories and components according to annual accounting statements as the main data sources refer to enterprises data and are therefore by activities published by enterprises as institutional units. Before major 2000 GDP revision accounting data were rearranged by activities to the level of establishments as statistical units. However, as data sources on establishment are rather incomplete, correct rearrangement of production and income GDP categories from institutional units into establishment type data was questionable.

The practice of publishing establishment type data by activities was thus abandoned in 2002 and the whole series back to 1995 as well as the current year data are now by activities published only according to data of enterprises as institutional units. Since the most important data sources (annual accounting statements) are based on enterprises as institutional units, the new approach simplifies annual compilation of all categories and components of GDP by the

production and income approach at detailed level by activities. The first annual estimate of GDP by the production approach is compiled at the level of approximately 140 activities within 7 months after the end of the period and this allows publishing at detailed level of activities.

Within SUTs compilation data of output by institutional units (which form industries in SUTs) are shown by products and a symmetric input-output table is then compiled and published in the form of a product by product table. Due to (un)availability of data sources also industries in SUTs are defined according to enterprise as institutional unit and not according to establishments.

Detailed breakdown into primary and secondary activities and by products is elaborated within the compilation of SUTs. The final tables are compiled at the level of 60 SKD activities and 60 CPA product groups and published approximately 30 months after the end of the period.

## 3.2 VALUATION

### 3.2.0 Introduction

In accordance with basic accounting principles, data in annual accounting statements and administrative sources which are used for the estimation of output and intermediate consumption components are on accrual basis. The exception are data for direct budget units, agencies and funds at the central and local government level (Chapter 3.1.4.1 and 11.1.4) which are on cash basis and therefore several adjustments are necessary in transfer from cash to accrual data (Chapter 3.3.2.1).

Output is in principle valued at basic prices and includes subsidies on products. For non-market producers output valuation is by the cost approach and equals the sum of intermediation consumption, compensation of employees, other taxes on production and consumption of fixed capital. Changes in inventories are adjusted for any holding gains at industry level and by type of inventory. Due to inflation and specific accounting rules, holding gains adjustments are still important and affect output as well as intermediate consumption valuation (these valuation adjustments are explained in Chapter 3.2.5). All products entering intermediate consumption are valued at purchasers' prices and the majority of taxes on products are from direct data sources estimated on accrual basis.

### 3.2.1 Output

According to accounting principles, data in all annual accounting statements and administrative sources are without any taxes on products. The value of sales in sellers' accounts is shown without VAT and other taxes on goods and services paid by purchasers. Output of market producers is measured as the sum of sales, changes in inventories of finished goods and work-in-progress, the value of goods produced for own final use, and the value of subsidies on products. Changes in inventories of finished goods, goods for own final consumption and work-in-progress are measured according to input (including labour and depreciation) costs. Goods for resale are valued at purchasers' prices without deductible VAT.

Trade margin as trade output is estimated as the difference between sales of trade goods less the purchase value of sold goods for resale. Both components of trade margin calculation are shown separately in data sources. An exception is the data source for small unincorporated enterprises for which trade margin must be estimated indirectly and both categories in data source, output and intermediate consumption, are therefore adjusted for purchases of goods for resale.

### 3.2.2 Intermediate consumption

Intermediate consumption products are valued at purchasers' prices without deductible VAT. Uses of intermediate goods usually equal purchases in the period plus withdrawals from inventories less increases of inventories. Changes in inventories of materials and supplies are estimated at average purchasers' prices. Gross insurance premiums are pro-rata by activities reduced to the level of insurance service output, which is paid by insured persons.

### 3.2.3 Taxes on products

The main taxes on products are estimated with direct data sources, which allow accrual estimation. Value added tax is estimated by monthly VAT reports, which show net VAT due for the period and to this all VAT paid at imports according to customs declarations is added to get the total VAT on accrual basis. Import duties and taxes are

estimated from customs declarations. All excise duties due to payment by type of excise are shown in monthly reports provided by the Customs Administration. For taxes on specific services, cash data in the period are time adjusted by one month.

### **3.2.4 Subsidies on products**

Subsidies on products are according to budget statistics valued as actual transactions in the period. Data on subsidies on products can be reasonably balanced with enterprise accounting data. An exception is subsidies in agriculture which are paid with delay at the beginning of the year for the previous year. Data on subsidies in agriculture are therefore in national accounts included according to the Economic Accounts for Agriculture, which show subsidies on accrual basis and these are significantly above the value of budget accounting data.

### **3.2.5 Inventories and treatment of holding gains in national accounts**

Due to inflation (in 2001 the average annual consumer price index was 108.4), accounting standards for corporations are specific particularly regarding valuation of assets and inventories. These two categories are in balance sheets regularly revalued at the end of the year to the level of current (replacement) values.

In accounting data of corporations, values of inventories are shown at the beginning and at the end of the year at current prices for finished goods, work-in-progress, materials and supplies and goods for resale. In national accounts values of inventories by industries and by type at the beginning and at the end of the year are revalued to the average prices of the year and the changes in inventories are estimated as the difference between the values at the end and at the beginning of the year at the average prices of the year. With these estimates changes in inventories in accounting data, showing withdrawals from and additions to the stocks, are replaced (Table 3.7). Changes in inventories of finished goods and work-in-progress are added to sales and to values of goods for own final use to get the total value of production at current prices in the period. With this approach in output valuation holding gains on inventories of finished goods and work-in-progress in accounting data are excluded.

Valuation of costs of materials and supplies and valuation of inventories in accounting data depends on the valuation method which is used by the company. In annual supplement to the quarterly survey of non-financial corporations companies were asked for the type of valuation method used and for revaluation at the end of the year. The survey showed that companies use different methods of valuation of costs and inventories and that no method is prevalent (Last-In-First-Out, First-In-First-Out, average prices, etc.). Recently accounting rules give preference to the use of the First-In-First-Out method. Materials and supplies are due to inflation valued at current prices correctly and in line with national accounts principles only by methods such as LIFO (Last-In-First-Out) and similar methods. By all other methods and particularly by the FIFO (First-In-First-Out) method valuation is not correct and raw material and supplies and the purchase value of sold goods for resale are in such cases valued at historic prices.

The valuation problem of inventories is the opposite: by the FIFO method inventories are at current prices and by the LIFO method at historic prices. The quarterly survey showed that companies which use the LIFO method revalue inventories at the end of the year to the level of replacement prices. Therefore, valuation adjustments are necessary to accounting values of costs of raw materials and supplies and to the purchase value of sold goods for resale. This adjustment is thus equal to the nominal holding gains on inventories in the period less revaluation of inventories at the end of the period. Nominal holding gains on inventories in the period equal to the values of inventories at the end of the period less values at the beginning of the period less changes in inventories at the average prices in the period (Table 3.7). These valuation adjustments are done by industries at fixed proportion of revaluation to the nominal holding gains in the period (40% of nominal holding gains on inventories of raw materials and supplies and 50% on inventories of goods for resale). By this approach, part of total nominal holding gains in inventories of raw materials and supplies and of trade goods in accounting data is added to current account figures thus reducing the overvalued gross value added (operating surplus) in enterprises' accounting data.

Holding gains calculation and valuation adjustments by type are shown in Table 3.7. Valuation adjustments in 2001 amount to SIT 34 468 mio and reduce gross value added according to accounting data in the amount of 0.7% of GDP. Of the total valuation adjustments SIT 14 721 mio is estimated for finished goods and work-in-progress as negative difference in valuation between national accounts and accounting data. Uses of raw materials and supplies are in national accounts adjusted by SIT 7 758 mio and the purchase value of sold goods for resale by SIT 11 988 mio. These adjustments were before, in the period of high inflation, significant and reduced gross value added according to accounting data by several percent.

**Table 3.7 Nominal holding gains, changes in inventories and valuation adjustments for corporations, 2001**

	Inventories at current replacement values		Changes in inventories at average prices	Nominal holding gains on inventories in the period
	beginning of year	end of year		
	1	2	3	4 = 2 - 1 - 3
mio SIT				
<b>Total</b>	<b>932 635</b>	<b>998 909</b>	<b>3 301</b>	<b>62 972</b>
Finished goods	148 696	161 854	2 962	10 195
Work-in-progress	164 682	180 913	361	15 870
Raw material and supplies	253 598	258 959	-7 569	12 931
Goods for resale	365 659	397 182	7 547	23 976

	Accounting data	National accounts	Valuation adjustments
	1	2	3 = 2 - 1
<b>Valuation adjustments - total (-1 + 2 + 3)</b>			<b>34 468</b>
1 Total finished goods and work-in-progress	<b>18 045</b>	<b>3 323</b>	<b>-14 721</b>
Finished goods		2 962	
Work-in-progress		361	
2 Raw material and supplies (uses)	2 263 163	2 270 922	<b>7 758</b>
3 Purchase value of sold goods for resale	3 066 337	3 078 325	<b>11 988</b>

### 3.3 TRANSITION FROM PRIVATE ACCOUNTING AND ADMINISTRATIVE CONCEPTS TO ESA95 NATIONAL ACCOUNTS CONCEPTS

#### 3.3.0 Introduction

Transition from private accounting and administrative concepts to ESA95 national accounts concepts is an important part of national accounts compilation and particularly of GDP by the production approach, the estimation of which mostly depends on accounting statements' data. In this chapter the main steps and adjustments necessary to transfer and prepare accounting data in line with national accounts concepts and principles are explained by the main types of accounting statements and administrative data sources explained in Chapter 3.1.4.1. All other specific data sources which are used in national accounts for individual industries and categories are explained in Chapters 3.7 to 3.22. Table 3.8 shows main accounting data sources and other specific data sources as well as chapters in which they are explained. The table shows the compilation process of GDP by the production approach in national accounts according to available data sources. For all data sources which are explained in this chapter the compilation process is performed at the same standard detailed level of activities (140 groups).

**Table 3.8 GDP by the production approach according to available data sources, 2001**

	Chapter	Output at basic prices	Intermediate consumption	Gross value added at basic prices	
		mio SIT			(%)
<b>Total by activities (A + B)</b>		<b>9 671 326</b>	<b>5 492 899</b>	<b>4 178 428</b>	<b>100.0</b>
<b>A Total by main data sources (1 + 2 + 3 + 4 + 5 + 6)</b>	<b>3.3</b>	<b>8 895 050</b>	<b>5 267 721</b>	<b>3 627 329</b>	<b>86.8</b>
1. Corporations	3.3.1	6 633 404	4 258 105	2 375 299	56.8
2. General government	3.3.2	1 009 558	327 891	681 667	16.3
2.1 Central government budget units, agencies and funds		344 575	130 933	213 642	5.1
2.2 Local government budgets units, agencies and funds		68 280	36 301	31 979	0.8
2.3 Public service providers		596 703	160 657	436 046	10.4
3. Market public service providers	3.3.3	110 670	37 255	73 415	1.8
4. Unincorporated enterprises	3.3.4	1 027 776	584 744	443 032	10.6
4.1 Small unincorporated enterprises		983 985	559 508	424 477	10.2
4.2 Large unincorporated enterprises		43 791	25 236	18 556	0.4
5. Market legal persons of private law	3.3.5	30 735	5 398	25 337	0.6
6. Non-profit institutions serving households	3.3.6	82 907	54 329	28 578	0.7
<b>B Total by other data sources (7 + 8 + 9 + 10)</b>		<b>776 277</b>	<b>225 178</b>	<b>551 099</b>	<b>13.2</b>
7. Households agriculture production	3.7	185 344	96 812	88 533	2.1
8. Monetary intermediation	3.16	180 302	54 474	125 828	3.0
9. Insurance and pension funds	3.16	54 870	23 132	31 738	0.8
10. Households housing services	3.17	355 761	50 760	305 001	7.3

### 3.3.1 Corporations

#### 3.3.1.0 Introduction

Annual accounting statements for corporations are the most important data source as they cover more than 50% of GDP. They include non-financial corporations and financial corporations except banks and insurance companies. In 2002 the number of items in the accounting statement slightly increased; intermediate inputs are now shown for main types of raw materials and supplies (they are divided into energy and other materials) and services (transport, rents, reimbursements of expenses on business trips and other services). Also revenue as output component is in the improved questionnaire shown separately for sales of goods and services and for rentals.

#### 3.3.1.1 Output

For market producers production is composed of market production and production for own final use. Production thus equals the value of produced goods and services in the period. Relevant output categories are shown in the following codes in annual accounting statements for corporations:

- sales of goods and services on domestic market (code 051);
- exports of goods and services (code 052);
- sales of trade goods on domestic market (code 053);
- exports of trade goods (code 054);
- additions to less withdrawals from inventories of finished goods and work-in-progress (code 055 less code 056);
- value of goods for own final use (code 057);
- current transfers from general government (code 058);
- purchase value of sold goods for resale (code 061).

In Table 3.9 all steps from accounting data to the final value of output at basic prices in national accounts are shown. The table shows the compilation process which is applied in all industries for which gross value added is estimated. In the first step, total output according to the data source is estimated; it equals to the total turnover less the purchase value of sold goods for resale. Turnover equals the sum of all sales on domestic market and exports (items 1, 2, 3, and 4 in Table 3.9), additions to less withdrawals from inventories (item 5), the value of goods for own final use (item 6) and all current transfers from the institutions of general government (item 7). The purchase value of sold goods for resale equals the accounting value plus valuation adjustment, as explained in Chapter 3.2.5, less other adjustment. The latter adjustment is necessary in electricity production (SIT 12 232 mio) and due to errors in data sources (SIT 270 mio). The purchase value of sold goods for resale in electricity production is transferred from the component of goods for resale into intermediate consumption.

Total output according to the data source is in the next step adjusted for positive and negative corrections. Some of these adjustments are relevant for all industries and some for specific industries. Positive adjustments at SIT 33 516 mio consist of the following adjustments:

- Motorway Company of Slovenia (SKD 75.1) at SIT 13 267 mio;
- consumption subsidies at SIT 6 492 mio;
- other adjustments at SIT 13 757 mio<sup>1</sup>.

Data on sales in the Motorway Company of Slovenia accounts are adjusted to the value of total motorway tolls collected. In the annual report the company does not show the total tolls collected but only the value which is equal to the current maintenance costs. Tolls which are used for construction of new motorways are not included in the annual report.

Total current transfers from the institutions of general government as shown in the data source at SIT 65 709 mio are divided into subsidies on products (SIT 17 715 mio), other subsidies on production (SIT 33 618 mio), capital grants (SIT 7 884 mio) and consumption subsidies (SIT 6 492 mio). The latter category is part of resource of output in the form of transfer in kind of products via market producers to final consumers and this transfer is entirely financed by the general government as final consumption expenditure (Chapter 5.9).

Negative adjustments of output at SIT 225 288 mio consist of the following adjustments:

- electricity production (SKD 40.1) at SIT 160 335 mio;
- valuation adjustments of changes in inventories at SIT 14 721 mio;
- current transfers from general government at SIT 47 994 mio;
- adjustments for errors in data sources at SIT 1 400 mio;
- other adjustments at SIT 838 mio<sup>1</sup>.

In output as well as in intermediate consumption of electricity supply activities all intra-sector transactions of electricity are excluded. Valuation adjustments of changes in inventories are explained in Chapter 3.2.5. Current transfers from general government are reduced for other subsidies on production, consumption subsidies and for capital grants to get the final value of subsidies on products as part of output at basic prices. A negative adjustment also corrects errors found in data sources.

In the next step output at basic prices according to data sources is further adjusted for exhaustiveness and for goods for processing which are not shown in companies' accounts. With these adjustments the final figure of output at basic prices in national accounts is estimated. Exhaustiveness adjustments are in more detail explained in Chapter 3.6. Output exhaustiveness adjustments in total SIT 133 505 mio consist of corrections for non-reporting (SIT 95 064 mio), adjustments for tips, food in restaurant and other goods for employees in trade activities (SIT 5 563 mio) and for misreporting of small corporations (SIT 32 879 mio). Correction for non-reporting amounted to 1.4% of the total output and this confirms that coverage in the data source for corporations is relatively high. The figure for goods for processing is estimated within the SUTs compilation and is based on data from customs declarations on the import of goods for processing and on data on processing production from the manufacturing industry survey.

**Table 3.9 Output components in data sources and national accounts adjustments for corporations, 2001**

	Code in data source	Output components and adjustments
		mio SIT
1. Sales of goods and services on domestic market	051	3 579 231
2. Exports of goods and services	052	2 219 590
3. Sales of trade goods on domestic market	053	3 182 236
4. Exports of trade goods	054	425 995
5. Additions to less withdrawals from inventories	055 less 056	18 045
6. Value of goods for own final use	057	57 319
7. Current transfers from general government	058	65 709
<b>Total turnover (1 + 2 + 3 + 4 + 5 + 6 + 7)</b>		<b>9 548 125</b>
<b>Less: purchase value of sold goods for resale</b>		<b>3 078 325</b>
Purchase value of sold goods for resale	061	3 078 839
Plus: valuation adjustment		11 988
Less: other correction		12 502
<b>Total output in data sources</b>		<b>6 469 800</b>
Positive adjustments		33 516
Negative adjustments		225 288
<b>Output at basic prices according to data sources</b>		<b>6 278 027</b>
Exhaustiveness adjustments		133 505
Goods for processing		221 871
<b>Output at basic prices in national accounts</b>		<b>6 633 404</b>
Sales, including trade margin		6 555 047
Changes in inventories of finished goods		2 962
Changes in inventories of work-in-progress		361
Output for own final use		57 319
Subsidies on products		17 715

Total output at basic prices of corporations is thus estimated at SIT 6 633 404 mio or 68.6% of the total output by producers (SIT 9 671 326 mio). Total output consists of market sales together with trade margin (SIT 6 555 047 mio or 98.8% of the total), changes in inventories of finished goods and of work-in-progress (SIT 3 323 mio or 0.1% of the total), output for own final use (SIT 57 319 mio or 0.9% of the total) and subsidies on products (SIT 17 715 mio or 0.3% of the total).

The value of production for own final use was for 2002 checked with the supplementary questionnaire to the quarterly survey of corporations. The results showed that 70% of the total value is own-account production of gross fixed capital goods which are fifty-fifty divided into buildings and into other gross fixed capital formation goods. Only 5.5% are products for consumption of employees and the residual are by the purpose non-defined products. Non-defined products were in 2002 in accounting data of corporations excluded from this category. Output for own final use is in 2002 estimated at the amount of SIT 38 583 mio or 0.7% of GDP. Of the total figure 7.3% is own-account production for consumption of employees and the rest is gross fixed capital formation goods.

### 3.3.1.2 Intermediate consumption

Intermediate costs are shown in the following codes in accounting data sources of companies:

- materials and supplies (code 062);
- services and other business costs, such as travel and accommodation on business travel and reimbursement of the other business costs of employees (code 063);
- other costs (code 071).

Table 3.10 shows steps and national accounts adjustments to data according to the business accounts. In the first step intermediate consumption at purchasers' prices is estimated according to the data source. In the next step conceptual positive and negative adjustments are included. Positive adjustments at SIT 97 507 mio are the following:

- purchase value of sold goods for resale in electricity production (SIT 12 232 mio);
- valuation adjustments of materials and supplies (SIT 7 758 mio);
- costs of car repair services which are financed directly from claims paid by insurance companies (SIT 3 394 mio);
- FISIM (SIT 65 637 mio);
- other adjustments (SIT 8 486 mio)<sup>1)</sup>.

As explained in the previous chapter (3.3.1.1), the purchase value of sold goods for resale is in electricity production transferred into intermediate consumption. Valuation adjustments of materials and supplies are explained in Chapter 3.2.5. Costs of damaged car repair which are financed by the insurance companies from claims must be included in intermediate consumption of car owners. These additional costs of corporations are then balanced by insurance claims to corporations. Data on costs of car repair services are collected with the survey of insurance companies. FISIM is by activities allocated pro-rata according to gross value added.

Negative adjustments at SIT 230 531 mio are the following:

- electricity production (SKD 40.1) at SIT 160 335 mio;
- gross insurance premiums adjustment at SIT 30 331 mio;
- other taxes on production at SIT 35 477 mio;
- other adjustments at SIT 4 388 mio<sup>1)</sup>.

The first adjustment is netting of the electricity production for intra sector transactions; a standard solution in national accounts. With the second adjustment gross insurance premiums as shown in the companies' accounts are pro-rata by activities reduced to the level of insurance service payment. The third negative adjustment is the adjustment of "other costs" for other taxes on production. The majority of specific other taxes on production can be identified by payers. For types of other taxes on production which are paid by all industries the problem of allocation by payer's activity was solved in 2000 with the allocation of individual tax payments transactions to the individual tax payer (Chapter 4.8). The next allocation was done for the year 2005. To further clarify the structure of "other costs" in business accounts a supplement to the quarterly survey of corporations for the year 2004 was added.

**Table 3.10 Intermediate consumption by components in data sources and national accounts adjustments for corporations, 2001**

	Code in data source	Intermediate consumption components and adjustments
		mio SIT
1. Materials and supplies	062	2 409 185
2. Services	063	1 691 710
3. Other costs	071	76 261
<b>Total costs in data sources (1 + 2 + 3)</b>		<b>4 177 156</b>
Positive adjustments		97 507
Negative adjustments		230 531
<b>Intermediate consumption according to data sources</b>		<b>4 044 132</b>
Positive exhaustiveness adjustments		65 890
Negative exhaustiveness adjustments		73 789
Goods for processing		221 871
<b>Intermediate consumption in national accounts</b>		<b>4 258 105</b>

In the final step positive and negative exhaustiveness adjustments together with goods, which enter the production for further processing, are added to (deducted from) intermediate consumption at purchasers' prices according to data

sources. Positive exhaustiveness adjustments consist of intermediate consumption of non-reporting units (SIT 97 507 mio). Negative adjustments of intermediate consumption in total SIT 73 789 mio are necessary for cash reimbursements for business trips (SIT 47 474 mio), components of private use of business cars (SIT 15 263 mio) and additional adjustments of overvalued intermediate consumption in accounts of small enterprises with fewer than 10 employees (SIT 11 052 mio). The final figure of intermediate consumption of corporations is estimated at SIT 4 258 105 mio or 77.5% of the total intermediate consumption in national accounts.

### 3.3.2 General government

#### 3.3.2.0 Introduction

For general government units two types of data sources exist. Direct budget units at central and at local government level have cash flow accounting data and public service providers have accounting data on accrual as well as on cash basis (Chapters 11.1.3 and 11.1.4). Data on cash basis are at a more detailed level of transactions and include also capital account transactions with current deficit (surplus) as balancing item between revenue and expenditure.

#### 3.3.2.1 Central and local government direct budgetary units, agencies and funds

Table 3.11 shows steps and adjustments of accounting data in transition to national accounts figures of main output components for central and local government budgetary units. In this process the category of "other non-market output, other" is a residual category and is shown at the bottom of the table.

Data for all units at central and local level are available through AJPES. The data source at central level is complete and exhaustive and only few, mostly small, units are missing at local level. The central government level includes also six incorporated units (together with the Slovenian Restitution Fund and the Capital Fund); data of these units are not shown separately in Table 3.11 and are added to the data of budget units.

#### Intermediate consumption

In data sources intermediate consumption components are shown in the following accounting categories:

- office stationery, materials and services (code 195);
- special (mostly military) materials and supplies (code 196);
- energy, water, communal and communication services (code 197);
- transport costs and services (code 198);
- expenditure on business trips (code 199);
- current maintenance costs (code 200);
- rentals (code 201);
- other materials and services (code 204).

Total costs in data sources have four standard types of positive adjustments. The first is accrual adjustment (SIT 1 706 mio<sup>2)</sup>). One part of this adjustment is a one month time lag of cash values of intermediate components of central budget units (in total SIT 3 884 mio).

The second type of positive adjustment is made for the unit which manages government inventories. It is a market producer, therefore transfer from central budget to this unit is in national accounts treated as service payment (SIT 1 444 mio).

The adjustment for services of the Agency for Payments (SIT 3 651 mio) was necessary due to bookkeeping in the central budget. All public revenues (also all taxes and social security contributions) which were collected by the Agency for Payments were in the central budget valued net after deduction of the agency's service charge. Already next year the central budget started with gross bookkeeping and this correction was no longer necessary.

The last adjustment is for FISIM (SIT 4 646 mio) which is entirely allocated to the central government section L Public administration and defence.

Negative adjustments consist of correction of insurance gross premium to the level of insurance services (item 1) and corrections for categories of compensation of employees (items 2, 4 and 5), other taxes on production (item 3), other subsidies on production (item 6) and for components of gross fixed capital formation (item 7). These corrections are

prepared with detailed budget statistics data (central and local budget accounts - CBA/LBA). Item 6 is necessary because current maintenance costs for the public railway transport infrastructure are in national accounts (as well as in the company's business accounts) current transfers and therefore in national accounts other subsidies on production.

Total value of intermediate consumption in national accounts is estimated at SIT 167 234 mio, of which SIT 130 933 mio for central budget units and SIT 36 301 mio for local budgets units.

### ***Compensation of employees***

Total cash labour costs figures as shown in data sources are time-lagged by one month and increased by the components which are transferred from intermediate inputs to compensation of employees. Intermediate input corrections consist of cash reimbursements on business travel (per diem expenses represent 44% of budget item 199 according to central budget basic accounts and this percentage is applied to the entire government sector), expenditure for food in the army, honoraria payments, temporary and occasional contract work, board attendance fees and examination fees, parliamentarians' allowances, prisoners' work and relevant taxes for temporary and occasional contract work. Compensation of employees in national accounts is estimated at central level at SIT 174 206 mio and at local level at SIT 17 494 mio.

### ***Other taxes on production***

Payments of payroll taxes, municipality land use, and transport vehicle registration taxes form the category of other taxes on production which are paid by the general government direct budgets units at central (SIT 7 953 mio) and local level (SIT 763 mio).

### ***Consumption of fixed capital***

Consumption of fixed capital for direct budget units, agencies and funds at central and local government level is estimated by the perpetual inventory method. Exceptions are corporations and funds of central government for which consumption of fixed capital (depreciation) is shown in their data sources. The total category of consumption of fixed capital at SIT 45 205 mio includes consumption of fixed capital for roads, bridges and similar public infrastructure at SIT 19 109 mio (Chapter 4.12).

### ***Output, market output, other non-market output and "other non-market output, other"***

Total output by the cost approach is thus estimated for central government budget units at SIT 344 575 mio and for local government budget units at SIT 68 280 mio. At the bottom of Table 3.11 total output of these units by resources is divided into market sales (code 150), court fees and charges (code 146), market rentals and concessions (code 145), market revenues of incorporated units (at local level market revenues for non-reporting units are shown) and the category of "other non-market output, other" as a residual category. "Other non-market output, other" is estimated at central level at SIT 306 979 mio and at local level at SIT 49 468 mio. This category is government final consumption expenditure and is explained in Chapter 5.9 (also shown in Table 3.5).

Total output of direct budget units, agencies and funds at central and local government level for the year 2001 is estimated at SIT 412 855 mio or 4.3% of the total output at basic prices.

**Table 3.11 Output components in data sources and national accounts adjustments for central and local budget units of general government, 2001**

	Code in data source	Output components and adjustments		
		total	central budget units	local budget units
		mio SIT		
1. Materials, supplies and services	from 195 to 201	139 082	109 688	29 393
2. Other materials and services	204	34 213	26 655	7 558
<b>Total costs in data sources (1 + 2)</b>		<b>173 295</b>	<b>136 344</b>	<b>36 951</b>
<b>Positive adjustments</b>		<b>11 446</b>	<b>11 446</b>	
1. Time adjusted transactions	MF/SURS EDP	1 706	1 706	
2. Service payments for maintenance of government inventories	CBA/LBA	1 444	1 444	
3. Services of the Agency for Payments	CBA/LBA	3 651	3 651	
4. FISIM		4 646	4 646	
<b>Negative adjustments</b>		<b>20 506</b>	<b>18 966</b>	<b>1 540</b>
1. Insurance gross premiums adjustment	CBA/LBA	1 581	1 168	413
2. Wages and salaries	CBA/LBA	3 768	3 045	723
3. Other taxes on production	CBA/LBA	1 050	867	183
4. Cash reimbursements on business trips	199 (44%)	1 731	1 510	221
5. Food in the army	CBA/LBA	1 481	1 481	
6. Other subsidies on production - public railway transport	CBA/LBA	9 480	9 480	
7. Other adjustments	CBA/LBA	1 414	1 414	
<b>Intermediate consumption according to data sources</b>		<b>164 235</b>	<b>128 824</b>	<b>35 411</b>
8. Incorporated enterprises and funds (non-response at local level)		2 999	2 109	890
<b>A Intermediate consumption in national accounts</b>		<b>167 234</b>	<b>130 933</b>	<b>36 301</b>
1. Gross basic wages	082+085+086	137 004	124 510	12 494
2. Other labour costs	083+084+087+088	18 101	16 350	1 751
3. Employers' social contributions	089	25 155	23 157	1 999
<b>Total labour costs in data sources (1 + 2 + 3)</b>		<b>180 260</b>	<b>164 017</b>	<b>16 244</b>
<b>Positive adjustments</b>		<b>9 331</b>	<b>8 175</b>	<b>1 156</b>
1. Accrual adjustments	One month time lag	2 350	2 139	211
2. Wages and salaries within intermediate inputs	CBA/LBA	3 768	3 045	723
3. Cash reimbursements on business trips	199 (part)	1 731	1 510	221
4. Food in the army	CBA/LBA	1 481	1 481	
<b>Compensation of employees according to data sources</b>		<b>189 591</b>	<b>172 192</b>	<b>17 399</b>
5. Incorporated enterprises and funds (non-response at local level)		2 109	2 014	94
<b>B Compensation of employees in national accounts</b>		<b>191 700</b>	<b>174 206</b>	<b>17 494</b>
1. Other taxes on production	CBA/LBA	1 050	867	183
2. Payroll tax	203	7 581	7 013	569
<b>Other taxes on production in data sources (1 + 2)</b>		<b>8 632</b>	<b>7 880</b>	<b>752</b>
3. Incorporated enterprises and funds (non-response at local level)		85	73	12
<b>C Other taxes on production in national accounts</b>		<b>8 716</b>	<b>7 953</b>	<b>763</b>
1. Depreciation of assets, incorporated enterprises and funds		295	295	
2. Perpetual inventory method		44 910	31 188	13 722
<b>D Consumption of fixed capital in national accounts</b>		<b>45 205</b>	<b>31 483</b>	<b>13 722</b>
<b>E Total output (A + B + C + D)</b>		<b>412 855</b>	<b>344 575</b>	<b>68 280</b>
1. Market sales	150	8 187	6 109	2 078
2. Fees and charges	146	21 205	19 663	1 542
3. Market rentals and concessions	145	24 379	10 175	14 205
4. Incorporated enterprises and funds (non-response at local level)		2 637	1 649	987
<b>5. Other non-market output, other (E - 1 - 2 - 3 - 4)</b>		<b>356 447</b>	<b>306 979</b>	<b>49 468</b>

### 3.3.2.2 *Public service providers of general government*

Total population of public service providers is in national accounts divided into market units and into non-market units of general government by applying the 50% criterion of market sales in total output. This chapter discusses public sector providers belonging to the general government sector. Public service providers as market producers are discussed in Chapter 3.3.3.

Public service providers provide from 2000 on two different sets of accounting data, namely accrual and cash. Accrual accounting data are based on rules similar to those of corporations. However, cash data provide much more detailed figures and components. Therefore, in the compilation process which is shown in Table 3.12 both types of data are used. Codes in data sources from 060 to 094 are accrual accounting figures and all codes from 401 on are according to the cash approach. Cash data by accounts are the same as they are explained for direct budget units in Chapter 3.3.2.1.

#### *Intermediate consumption*

Intermediate consumption items are in data sources materials and supplies (code 074), services (code 075) and other costs (code 083). Other costs, as shown in Table 3.12, are already reduced for all current transfers for unemployment (social benefits in cash – in total SIT 61 213 mio through the Employment Service of Slovenia). Total costs in data sources are in the next step reduced for gross premiums adjustment to the level of insurance service charge (national accounts estimate), other taxes on production, and cash reimbursements on business trips. Coverage of units in the data source is almost complete; small exhaustiveness adjustment for non-response gives the final national accounts figure of intermediate consumption at SIT 160 657 mio.

#### *Compensation of employees*

The components of labour costs in data sources are the same as for corporations and must be adjusted for payroll tax (code 454 data in cash is time lagged by one month) and increased for cash reimbursement on business trips and for exhaustiveness adjustments to get the final national accounts value of compensation of employees at SIT 392 402 mio.

#### *Other taxes on production*

Other taxes on production are estimated at SIT 16 125 mio and include payroll tax, municipality land use tax and vehicle registration tax.

#### *Consumption of fixed capital*

Consumption of fixed capital is almost entirely estimated by the perpetual inventory method (Chapter 4.12) at SIT 27 519 mio. In Table 3.12 also depreciation in accounting data is shown together with the difference between the value in accounting data and the final estimate in national accounts.

#### *Output, market output, other non-market output and “other non-market output, other”*

Total final output by the cost approach for public service providers of general government is estimated at SIT 596 703 mio or 6.2% of the total output at basic prices. After deducting market sales and production for inventories, rentals and other commercial revenues and adding the purchase value of sold goods for resale, “other non-market output, other” as a residual is estimated at SIT 502 955 mio. Positive adjustment for the purchase value of sold goods for resale in this equation is necessary because these purchases are not included in intermediate consumption.

**Table 3.12 Output components in data sources and national accounts adjustments for public service providers of general government, 2001**

	Code in data source	Components in data sources and adjustments
		mio SIT
1. Materials and supplies	074	88 388
2. Services	075	72 365
3. Other costs	083	3 337
<b>Total costs in data sources (1 + 2 + 3)</b>		<b>164 089</b>
Less: insurance gross premiums adjustment	NA estimate	1 158
Less: other taxes on production	083 (part)	622
Less: cash reimbursements on business trips	450 (44%)	2 193
<b>Intermediate consumption according to data sources</b>		<b>160 116</b>
Exhaustiveness adjustments		540
<b>A Intermediate consumption in national accounts</b>		<b>160 657</b>
1. Gross basic wages	077	299 899
2. Other labour costs	079	50 104
3. Employers' social contributions	078	54 038
<b>Total labour costs in data sources (1 + 2 + 3)</b>		<b>404 042</b>
Less: payroll tax	454 * 1.05	15 433
Plus: cash reimbursements on business trips	450 (44%)	2 193
<b>Compensation of employees according to data sources</b>		<b>390 802</b>
Exhaustiveness adjustments		1 600
<b>B Compensation of employees in national accounts</b>		<b>392 402</b>
1. Other taxes on production	083 (part)	622
2. Payroll tax	454	15 433
<b>Other taxes on production in data sources (1 + 2)</b>		<b>16 055</b>
Exhaustiveness adjustments		70
<b>C Other taxes on production in national accounts</b>		<b>16 125</b>
1. Depreciation of assets	080	17 197
2. Exhaustiveness adjustments		53
3. Adjustments due to perpetual inventory method		10 269
<b>D Consumption of fixed capital in national accounts</b>		<b>27 519</b>
<b>E Total output (A + B + C + D)</b>		<b>596 703</b>
1. Sales - public services	418	45 424
2. Other commercial revenue	421	25 187
3. Market sales	425	21 958
4. Rentals revenue	427	2 398
5. Purchase value of sold goods for resale	073	1 736
6. Own-account production	062 less 063	189
7. Sales - exhaustiveness adjustments		328
<b>8. Other non-market output, other (E - 1 - 2 - 3 - 4 + 5 - 6 - 7)</b>		<b>502 955</b>

### 3.3.3 Market public service providers

#### 3.3.3.0 Introduction

The remaining population of public service producers are market public units; they perform different activities and the most important are pharmacy retail trade (SKD 52.3), students and pupils' dormitories (SKD 55.2), financial auxiliaries (SKD 67 – the Agency for Payments), other education (SKD 80.42) and health services (SKD 85.14), homes for the elderly (SKD 85.31), non-profit associations of enterprises (SKD 91) and public radio television activities (SKD 92.2). These units were before the GDP 2000 revision mostly included in the general government sector. However, by the unit level analysis with the 50% criterion of market sales in total output all these units got the status of market producers. Calculation of output and intermediate consumption for market public units is shown in Table 3.13.

**Table 3.13 Output and intermediate consumption by components in data sources and national accounts adjustments for market public service providers, 2001**

	Code in data source	Components in data sources and adjustments
		mio SIT
1. Sales of goods and services	061	102 361
2. Additions to less withdrawals from inventories	062 less 063	85
3. Sales of trade goods	064	67 858
4. Purchase value of sold goods for resale	073	56 785
5. Other subsidies on production	NA estimate	2 849
<b>Output in national accounts (1 + 2 + 3 - 4 - 5)</b>		<b>110 670</b>
1. Materials and supplies	074	13 206
2. Services	075	23 741
3. Other costs	083	861
<b>Total costs in data sources (1 + 2 + 3)</b>		<b>37 807</b>
Less: insurance gross premiums adjustment	NA estimate	380
Less: other taxes on production	083 (part)	172
<b>Intermediate consumption in national accounts</b>		<b>37 255</b>

#### 3.3.3.1 Output

For these units output is estimated by the same approach as for all market producers and it equals sales and addition to less withdrawal from inventories together with trade margin which equals sales of tradable goods less the purchase value of sold goods for resale. Other subsidies on production are deducted to get the final value of output at SIT 110 670 mio.

Total turnover (sum of items 1, 2 and 3 in Table 3.13) equals SIT 170 304 mio, of which transfers from general government institutions amounted to SIT 56 416 mio (according to data on cash basis). These transfers are divided into payments for services (mostly transfers in kind of market products via market producers to households, Chapter 5.9) and into other subsidies on production which are therefore a correction item in the last step of output calculation.

#### 3.3.3.2 Intermediate consumption

Intermediate consumption equals the sum of purchases of materials and supplies (code 074), services (code 075), and other costs (code 083), less other taxes on production (code 083, part) and adjustment of gross insurance premiums to the level of insurance service payment (national accounts estimate). Intermediate consumption in national accounts is estimated at SIT 37 255 mio.

### 3.3.4 Unincorporated enterprises

#### 3.3.4.0 Introduction

Data sources are for large unincorporated enterprises of households the same as for corporations and these data are collected by AJPES. For small unincorporated enterprises the data source are income tax declarations from the production activities of households which are provided to SURS by the Tax Administration. At the end of 2002 by the agreement with the Ministry of Finance and the Tax Administration SURS got access to individual data of income tax declarations of self-employed. This significantly improved the compilation process and particularly cross-checking exhaustiveness of the source. It is also important that in the late 1990s registration as well as reporting of self-employed persons were completed and several types of service activities were included. As for the majority of self-employed data sources are income tax declarations, the non-reporting rate is very low and the source is exhaustive. Also by the agreement with the Ministry of Finance and the Tax Administration at the end of 2002 VAT monthly report data are available at unit level and this source is exhaustive and improves cross-checking of non-reporting also for self-employed.

For 2002 also small unincorporated enterprises started annually to report accounting data to AJPES in a similar questionnaire and by accounting rules as incorporated and large unincorporated enterprises. The advantage of this new source is timeliness as it is available two months earlier than income tax declarations; the disadvantage is a slightly worse response rate and coverage in comparison with the income tax declarations. The new source made it possible to align the compilation process for self-employed to the same rules and standards as for corporations and the new procedure was introduced with 2004. With this new source for small unincorporated enterprises also changes in inventories can be estimated and included in national accounts which is not possible with income tax declarations.

#### 3.3.4.1 Output

For large unincorporated enterprises output equals the sum of sales, additions to less withdrawals from inventories, and the value of goods for own final use. Turnover is adjusted for the purchase value of sold goods for resale and together with exhaustiveness adjustment of SIT 1 830 mio (4.2% of the total output, mainly due to misreporting) output in national accounts for large unincorporated enterprises is estimated at SIT 43 791 mio.

The data source for small enterprises shows only total sales (turnover) which is in trade activities by national accounts estimate adjusted for the purchase value of sold goods for resale at detailed level of activities using data of incorporated enterprises on margins and turnover. Output exhaustiveness adjustments for small unincorporated enterprises are important and in total amounted to SIT 229 941 mio or 23.4% of the final value of output in national accounts (SIT 983 985 mio). They consist of corrections for misreporting (SIT 29 399 mio) and for small scale household activities which do not need to register together with own-account construction activities (SIT 159 906 mio), for non-reporting (33 575 mio), for tips in restaurants and in other personal services (SIT 3 598 mio), and for food and other goods for employees in restaurants and in trade activities (SIT 3 463 mio).

Total output of unincorporated household enterprises is in national accounts estimated at SIT 1 027 776 mio or 10.6% of the total output at basic prices.

#### 3.3.4.2 Intermediate consumption

Intermediate consumption is for large enterprises estimated as the sum of materials and supplies and of services. Exhaustiveness adjustment consists of correction for costs of private use of business cars. Intermediate consumption for large unincorporated enterprises is estimated in national accounts at SIT 25 236 mio.

In data sources for small unincorporated enterprises intermediate consumption components are materials and supplies, services and representation expenditures. As materials and supplies in trade activities include goods for resale, the same correction as in output is necessary for the purchase value of sold goods for resale. Also representation expenditure in data sources is in all activities reduced by 25% in national accounts. FISIM are by activities allocated within small unincorporated enterprises at SIT 1 560 mio. Intermediate consumption is adjusted at SIT 9 213 mio for components of private use of business cars (Chapter 7) and increased for all exhaustiveness adjustments for activities as mentioned in Chapter 3.3.4.1 about output exhaustiveness adjustments. The final value of intermediate consumption of small unincorporated enterprises is estimated at SIT 559 508 mio.

Total intermediate consumption of household unincorporated enterprises is in national accounts estimated at SIT 584 744 mio or 10.6% of the total intermediate consumption.

**Table 3.14 Output and intermediate consumption by components in data sources and national accounts adjustments for unincorporated enterprises, 2001**

	Total	Output and intermediate consumption components and adjustments			
		small enterprises		large enterprise	
		code in data source	mio SIT	code in data source	mio SIT
1. Sales of goods and services	951 214	08	891 250	051/054	59 964
2. Additions to less withdrawals from inventories	88			055 - 056	88
3. Value of goods for own final use	95			057	95
4. Less: purchase value of sold goods for resale	155 392	NA estimate	137 206	061	18 185
<b>Output at basic prices in data sources (1 + 2 + 3 - 4)</b>	<b>796 005</b>		<b>754 044</b>		<b>41 961</b>
Exhaustiveness adjustments	231 771		229 941		1 830
<b>Output at basic prices in national accounts</b>	<b>1 027 776</b>		<b>983 985</b>		<b>43 791</b>
1. Materials and supplies (incl. resale goods in small enterprises)	421 677	14	404 122	062	17 555
2. Services	146 571	15	138 576	063	7 995
3. Representation expenditure	3 780	16	3 780		
4. Less: purchase value of sold goods for resale	137 206	NA estimate	137 206		
5. Less: 25% representation expenditure	945	16 (25%)	945		
6. Plus: FISIM	1 560		1 560		
<b>Intermediate consumption in data sources (1 + 2 + 3 - 4 - 5 + 6)</b>	<b>435 436</b>		<b>409 886</b>		<b>25 550</b>
Positive exhaustiveness adjustments	158 521		158 521		
Negative exhaustiveness adjustments	9 213		8 899		314
<b>Intermediate consumption in national accounts</b>	<b>584 744</b>		<b>559 508</b>		<b>25 236</b>

### 3.3.5 Market legal persons of private law

#### 3.3.5.0 Introduction

Legal units which provide private services have special legal status and a separate accounting scheme (they include trade unions, political parties, etc.). These units are divided into non-profit institutions serving households and into market producers by applying the 50% criterion of market sales in the total output. This chapter describes legal persons of private law as market producers. Units belonging to the sector of non-profit institutions serving households are described in Chapter 3.3.6.

#### 3.3.5.1 Output

Output equals the sum of sales and additions less withdrawals from inventories, less the purchase value of sold goods for resale. Both categories of output calculation, sales and changes in inventories, are in the source divided separately into public and private part. In national accounts correction for student work is necessary to output of units which provide intermediation services for temporary employment of students (SKD 74.5). These units in business accounts include only their service charge for intermediation. Therefore, all gross payment to students (SIT 19 545 mio) is added to get the final value of output at SIT 30 735 mio in national accounts. This correction is not treated as exhaustiveness adjustment in national accounts. According to annual income tax declarations (AITD) of all individuals for 2001, national accounts estimation and adjustment for student work for this year was correct and slightly above the figure which is shown in AITD. However, already next year the figure in AITD showed that all reported income from student work increased and was above the national accounts estimate. The analysis of the units which provide intermediation service for students' work showed that student work outside of main university cities (Ljubljana and Maribor) was underestimated and that this type of work is organised and significant also in other non-university towns. Therefore, for this category in 2005 as a benchmark for GDP estimate significant increase of adjustments for student work will be necessary (Chapter 7.5).

### 3.3.5.2 Intermediate consumption

Intermediate consumption equals inputs for materials and supplies, services and other costs. These are corrected for gross insurance premiums adjustment to the insurance service charge and for wages and salaries within intermediate inputs. Other costs in business accounts of companies for intermediation of students' work must be as current transfer excluded from intermediate consumption because these units with this part of their revenue finance the Student Association. Intermediate consumption in national accounts is estimated at SIT 5 398 mio.

**Table 3.15 Output and intermediate consumption by components in data sources and national accounts adjustments for market legal persons of private law, 2001**

	Code in data source	Components in data sources and adjustments
		mio SIT
1. Sales of goods and services, public	083	1 996
2. Additions to less withdrawals from inventories (public)	084 less 085	4
3. Other market sales, private	087	9 271
4. Additions to less withdrawals from inventories (private)	088 less 089	5
5. Purchase value of sold goods for resale	094	87
6. Students work	NA estimate	19 545
<b>Output in national accounts (1 + 2 + 3 + 4 - 5 + 6)</b>		<b>30 735</b>
1. Materials and supplies	095	840
2. Services	096	4 553
3. Other costs	105	1 129
<b>Total costs in data sources (1 + 2 + 3)</b>		<b>6 522</b>
Less: insurance gross premiums adjustment	NA estimate	14
Less: wages and salaries within costs	NA estimate	319
Less: financing the Student Association		792
<b>Intermediate consumption in national accounts</b>		<b>5 398</b>

### 3.3.6 Non-profit institutions serving households

#### 3.3.6.0 Introduction

For NPISH two different types of accounting data are used. The first one is for legal persons of private law, which are divided into market units (Chapter 3.3.5) and units of non-profit service providers to households. The second data source is for societies, which include all other non-profit private associations and clubs. This source provides rather less detailed data; therefore, some adjustments and estimates are necessary in national accounts. As mentioned in Chapter 3.1.6, all units without at least minimum employment are excluded from the second data source. By this approach a rather large number of units showing only intermediate inputs are excluded, but this reduction has no effect on gross value added of NPISH. With this approach also better and more year-to-year comparable exhaustiveness adjustment is possible. This is important due to a relatively high non-response rate of these units in the basic data sources.

#### 3.3.6.1 Output components and "other non-market output, other"

All steps from output components to "other non-market output, other" are for legal persons of private law and for societies shown in Table 3.16. The non-response rate and relevant exhaustiveness adjustments are the highest for NPISH units compared to other institutional sectors. Exhaustiveness adjustment is necessary also for religious associations as currently there is no legal basis for data reporting by these organisations.

Total output of NPISH by the cost approach is estimated at SIT 82 907 mio or 1.7% of GDP and "other non-market output, other" as a residual at SIT 60 447 mio or 1.3% of GDP. "Other non-market output, other" is in national accounts also the category of final consumption expenditure of NPISH and it equals output less market sales and own-account production (changes in inventories of finished goods) plus the purchase value of sold goods for resale.

Table 3.16 Output components in data sources and national accounts adjustments for non-profit institutions serving households, 2001

	Total NPISH	Components in data sources and adjustments				
		Code in data source	Legal persons of private law	Code in data source	Societies	
		2	3	4	5	
	1 = 3 + 5		mio SIT		mio SIT	
	mio SIT					
1. Materials and supplies	6 809	095	1 522	021	5 286	
2. Services	32 180	096	14 568	022	17 612	
3. Other costs	6 623	105	5 895	030	728	
<b>Total costs in data sources (1 + 2 + 3)</b>	<b>45 611</b>		<b>21 985</b>		<b>23 626</b>	
Less: insurance gross premiums adjustment	402	NA estimate	182	NA estimate	220	
Less: wages and salaries within costs	2 253	NA estimate	1 020	NA estimate	1 233	
Less: other taxes on production	97	NA estimate	44	NA estimate	53	
Plus: FISIM	187		187			
<b>Intermediate consumption in data sources</b>	<b>43 048</b>		<b>20 927</b>		<b>22 121</b>	
Exhaustiveness adjustment, non-response	4 731					
Exhaustiveness adjustment, religious associations	6 550					
<b>A Intermediate consumption in national accounts</b>	<b>54 329</b>					
1. Gross basic wages	10 959	098	3 259	023 (part)	7 700	
2. Other labour costs	4 681	100	982	023 (part)	3 698	
3. Employers' social contributions	1 950	099	725	023 (part)	1 224	
<b>Compensation of employees in data sources (1 + 2 + 3)</b>	<b>17 589</b>		<b>4 967</b>		<b>12 622</b>	
Exhaustiveness adjustment, non-response	1 496					
Exhaustiveness adjustment, religious associations	3 761					
Exhaustiveness adjustment of intermediate consumption	2 253					
Less: payroll taxes	709	NA estimate				
<b>B Compensation of employees in national accounts</b>	<b>24 390</b>					
1. Other taxes on production	97	NA estimate				
2. Payroll taxes	709	NA estimate				
<b>C Other taxes on production in national accounts</b>	<b>805</b>					
1. Depreciation in data sources	1 979	101	578	026	1 401	
2. Exhaustiveness adjustment	1 404					
<b>D Consumption of fixed capital in national accounts (1 + 2)</b>	<b>3 383</b>					
<b>E Total output (A + B + C + D)</b>	<b>82 907</b>					
1. Market sales	22 496	087	10 402	032 (part)	12 094	
2. Own account production	59	(084+088) less (085+089)	4	033 less 034	55	
3. Purchase value sold of goods for resale	95	094	95			
<b>4. Other non-market output, other (E - 1 - 2 + 3)</b>	<b>60 447</b>					

### 3.4 THE ROLES OF DIRECT AND INDIRECT ESTIMATION METHODS

In national accounts the final estimation of GDP by the production approach is based on the direct method and on standard annual sources and indirect estimation methods have little importance. The majority of data sources of GDP by the production approach are annual accounting statements which cover all sectors of the economy and are completely available within five months after the end of the period. Therefore, already at the first annual accounts estimate ( $t + 9$  months) GDP by the production approach is based on exhaustive data sources and the indirect methods have little importance. Some minor indirect estimations were used for 2000 GDP revision within the compilation of supply and use tables. With this there were upward corrected output estimations of some activities of unincorporated enterprises which appeared to have too small corrections for coverage (agriculture, construction, manufacture of furniture, fishing).

### 3.5 THE ROLES OF BENCHMARKS AND EXTRAPOLATIONS

GDP 2001 is based on 2000 as a benchmark. The next benchmark is planned for 2005. In benchmark year checking market/non-market character of units is necessary together with subsequent changes in institutional sectorisation. All changes in activity code in the Business Register between the two benchmarks are as much as possible avoided. In the routine annual preparation of data sources all units got the relevant benchmark activity and institutional sector's code as assigned in the benchmark year.

Categories and components with weak data sources and methods of estimation are improved also between benchmark years. In such cases the relevant corrections for the previous year are published at the same time as figures for the current year. For any larger and important improvements of methods and data sources between the two benchmark years data are recalculated backward to the last benchmark year.

The main exhaustiveness adjustments (misreporting, tips and other statistical deficiencies) are from the benchmark year extrapolated proportionally and thus in principle do not affect the change of GDP level and volume. Dwelling activities of households are in the benchmark year estimated by the cost approach (Chapter 3.17) and are for subsequent years extrapolated with price and volume changes. Also for some steps from private accounting and administrative concepts to national accounts concepts benchmarking is necessary. These steps are year by year clarified and improved with the use of the fourth quarter supplement to the quarterly survey of corporations (Chapter 3.1.4.2) which serves to solve particular issues in national accounts. It is important that these verifications can be regularly repeated and checked within the period of five years.

### 3.6 THE MAIN APPROACHES TAKEN WITH RESPECT TO EXHAUSTIVENESS

#### 3.6.0 Introduction

At the beginning of 2004 SURS finalised the methodological revision of GDP for the period 1995-2002. The work on GDP revision started already in 1998 when the co-operation and support by Eurostat was intensified with many task forces in the area of non-financial national accounts and pilot projects on exhaustiveness of GDP estimates. The main purpose of the revision was to compile the aggregate in line with ESA95 methodology and particularly with criteria on exhaustiveness.

In the previous chapters all main exhaustiveness adjustments within the compilation of GDP by the production approach were already mentioned. Total exhaustiveness adjustments of GDP 2001 are estimated at SIT 297 110 mio or 6.2% of GDP (without illegal activities). The purpose of this chapter is to present main methods and sources of adjustments for non-response, misreporting, for non-registered activities of households and for other statistical deficiencies. In this chapter also some current problems and weaknesses together with further steps on improvement of exhaustiveness are explained. Exhaustiveness adjustments are explained in more detail in Chapter 7.

#### 3.6.1 Non-response

Coverage in basic data sources is traditionally very good and non-response is not a serious problem for relevant adjustments of GDP by the production and by the income approach. On average the non-response rate is 1.3% of gross value added by activities. Reporting is almost complete for general government units and for financial corporations. Non-response adjustment for non-financial corporations amounts to 1.2% of gross value added. Also reporting of unincorporated enterprises is good (non-response adjustment amounts to 3.6% of gross value added of

self-employed) as the source is income tax declarations and non-reporting is sanctioned by the Tax Administration. Only in the sector of NPISH non-reporting is worse and amounts to 23.3% of gross value added mostly due to non-reporting of religious institutions.

Non-response adjustments are based on the indirect and direct method. Adjustments by the indirect method are prepared with the Statistical Register of Employment (SRE). By cross-checking of accounting statements and administrative data sources with the SRE missing units and their average annual number of employees are identified. Adjustments are done with per-capita figures by relevant activity and enterprise size. For dealing with non-response it was important that at the end of 2002 SURS got access to unit level data of VAT reports, income tax declarations of self-employed, and of annual income declarations of individuals. The majority of missing units can be identified in VAT reports database which includes all active enterprises and with this source main aggregates of missing units can be estimated directly. For small missing units which are identified only in the SRE the indirect method by number of employees is used.

### 3.6.2 Misreporting

Identification of misreporting is a difficult step to achieve exhaustiveness of GDP estimates. The basic methods used are analysis of input and output per-capita figures, cross-checking supply side by the Households Budget Survey data, SUTs adjustments and balancing together with the expert estimation of "sensitive" activities. Labour force comparison between the Labour Force Survey and national accounts estimates for 2000 shows rather small differences due to complete GDP data sources (Chapter 7). In 2001 VAT fraud without complicity is not explicitly included in adjustments for misreporting by activities. Direct correction of VAT fraud without complicity is done in 2002 for the first time (retail trade, restaurants and some other personal services). Data of tax audits and inspections are not used in misreporting adjustments. These audits are oriented to fiscally important and risky units and are therefore not statistically representative. Regardless, there are ongoing discussions with the Tax Administration which should allow the use of tax inspections in "sensitive" activities.

Adjustments for misreporting amount to 1.5% of GDP, of which for non-financial corporations 1.7% of the sector's gross value added and for unincorporated enterprises of households 6.7% of gross value added.

### 3.6.3 Non-registered activities of households

Non-registered activities of households form an important part of exhaustiveness adjustment, amounting to 1.5% of GDP. This type entirely consists of small scale activities within households as an institutional sector:

- dwelling market rentals;
- own-account construction activities;
- private accommodation;
- agriculture products and secondary agriculture activities, agriculture activities of non-agricultural households;
- secondary fishing activities;
- domestic services.

The main problems of non-registered household activities estimation are adequate data sources and therefore reliability of the estimates. A survey on dwelling market and non-profit rentals was conducted in 2003 on the basis of the 2002 population census. The level of rentals according to the survey was significantly below national accounts estimate of market dwelling activities of households. These results would demand significant reduction of the present estimate of dwelling market rentals. It is assumed that the sample was not entirely representative as non-residents were not included. However, it is also possible that the present estimate relies too much on the level of market rentals in Ljubljana which are very high. Similar, low market rentals are reported in AITD which show household incomes from dwellings rentals. However, the number of households with these revenues is significantly below figures in the 2002 population census. So far neither the sample survey results nor AITD have been included in national accounts estimates. In 2005 SURS carried out a regional sample survey of households' own-account construction activities. Therefore, for these activities some further improvements of estimates are possible.

### 3.6.4 Other statistical deficiencies

Other statistical deficiencies consist of adjustments to all institutional sectors and amount to 2.1% of GDP:

- cash reimbursement for business travel;

- tips;
- private use of business cars;
- food and goods in restaurants, canteens and trade for employees;
- price adjustments in agriculture due to direct sales to final consumers on farms and at markets.

The most important is cash remuneration for business travel. This category is estimated for all institutional sectors except households and is included in compensation of employees according to data from the 2000 Labour Costs Survey by activity/institutional sector. For general government units this adjustment is estimated directly from available data sources. Some further upward correction of this exhaustiveness type will be necessary for small incorporated enterprises with fewer than 10 employees due to relatively much higher expenses of this type in small enterprises (the annual accounting statement questionnaire for corporations from 2002 on shows remuneration for business travel separately). However, this type of adjustment will be in the future treated as the difference between administrative concepts in data sources and national accounts principles and not as exhaustiveness adjustment.

The next type of statistical deficiencies includes tips in restaurants, hairdresser services, car repair services, casinos, taxis and private doctors. So far tips are “expert estimates”. The same approach is applied for output adjustments for goods for employees in trade activities.

From intermediate consumption as shown in the data sources approximately 30% of costs for fuel and maintenance and leasing expenses for business cars are deducted and included in compensation of employees. This adjustment is done for incorporated and unincorporated enterprises separately according to the number of registered passenger cars by sectors/activities.

Price adjustments for direct sales to final consumers on markets and on farms are important and a standard step of improvement of data of the Economic Accounts for Agriculture in national accounts.

### 3.6.5 Weaknesses of exhaustiveness and improvements

At present exhaustiveness adjustments by type are not shown for deliberately non-registering units but are shown within other types mentioned above. This type of adjustments is not typical and not very important in Slovenia and is also difficult to split it into registered and non-registered part. Some adjustments for exhaustiveness are relatively important and significantly increase figures in data sources (taxis, hairdressers, market rentals, overnight stays, furniture production and construction activities) and these could be shown at least in part as non-registering underground activities. However, in national accounts this split is not done. On the other hand, there are still some activities provided by households to households which are not covered in any data sources (teaching lessons, alternative healing, and domestic services). These small scale activities do not need to register and this part of activities are so far not explicitly estimated and shall be included in GDP 2005 benchmark revision with backward calculation.

With access to the unit level data of income tax declarations of self-employed, annual income tax declarations of individuals and VAT reports it is now possible to identify all missing units in data sources which are used in GDP calculation. The analysis of annual income tax declarations of individuals shows that approximately 10% of the total population have at least one income from temporary and occasional contract employment, honoraria payments and students work. Therefore, these sources are also important for analysing of second job activities which are not registered in the Business Register and particularly of services which are performed by individuals to the business sector through honoraria payments (these payments are in more detail explained in Chapter 4.7.3). All gross incomes from these payments are shown in annual income tax declarations by all individual persons. In accounting statements for 2001 these payments are according to accounting rules included in labour costs and are therefore part of compensation of employees. However, cross-checking showed that some honoraria payments are specific for cultural and similar service providers. Payments for these services are made via special agencies and are therefore included in users' intermediate consumption and not in labour costs. Providers of these services are not in the Business Register and they do not need to report income tax declarations as self-employed but only pay special tax on honoraria payments. Also units with income above a certain level must enter into the VAT system. Therefore, some further adjustments will be necessary for these activities, which are missing in GDP data sources, with cross-checking data of VAT reports, annual income tax declarations of individuals and income tax declarations of self-employed. These adjustments will be included in the 2005 benchmark revision.

### 3.7 AGRICULTURE, HUNTING AND FORESTRY (A)

#### 3.7.0 Introduction

The compilation of the Economic Accounts for Agriculture significantly improved national accounts estimation of production and gross value added for activities of agriculture, hunting and forestry and particularly for households' agriculture production. Corporations, unincorporated enterprises (self-employed), individual farmers and in small part also NPISH are engaged in this production. Individual farmers are farmers who do not need to register.

Total gross value added of these activities is estimated at SIT 123 292 mio or 3.0% of the total gross value added by activities and employment at 102.7 thousand or 11.4% of the total employment according to national accounts. The largest part of agriculture production is that of individual farmers. Gross value added of individual farmers (together with small scale garden production of non-agricultural households which is estimated at SIT 3 320 mio) is estimated at SIT 88 533 mio or 71.8% of the total gross value added of activities in agriculture, hunting and forestry. Table 3.17 shows output, intermediate consumption, gross value added together with employment for these activities separately for corporations, self-employed, individual farmers and NPISH.

**Table 3.17 A Agriculture, hunting and forestry, 2001**

	Output at basic prices	Interme- diate con- sumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self- employed
			mio SIT		%	thousand		
<b>Total</b>	<b>277 520</b>	<b>154 228</b>	<b>123 292</b>	<b>100.0</b>	<b>3.0</b>	<b>102.7</b>	<b>11.7</b>	<b>91.0</b>
Corporations	85 122	53 662	31 459	25.5	0.8	9.6	9.6	
Self-employed	6 673	3 544	3 128	2.5	0.1	1.1	0.4	0.6
Individual farmers	185 344	96 812	88 533	71.8	2.1	92.1	1.7	90.4
NPISH	381	209	171	0.1	0.0	0.0	0.0	

#### 3.7.1 Data sources and methods

For corporations and self-employed data sources and methods are the same as for other industries and are in detail explained in Chapters 3.1 and 3.3.

Data of the Economic Accounts for Agriculture show total agriculture production on a detailed level of products and these data are in national accounts divided into production of corporations and of individual farmers. For this purpose statistics on purchases of agricultural products from corporations and from private producers together with accounting statements data of corporations are used. Data of individual farmers according to the Economic Accounts for Agriculture are then adjusted for exhaustiveness and included in national accounts. Accounting statements are used as data source of agriculture production of corporations as they include also data on secondary activities (particularly further processing of agricultural products and trade activities).

Agricultural services are produced by small incorporated units and also by self-employed. In the production of NPISH activities of non-profit hunting associations are shown.

In GDP by the production approach also goods for further processing are added to output as well as to intermediate consumption because these goods are not included in accounting data which show goods for processing on net basis. This adjustment in GDP by the production approach is necessary to align output (intermediate consumption) data with SUTs.

In Table 3.18 total figures of agriculture production according to the Economic Accounts for Agriculture are split into production of corporations and of individual farmers. The table shows main components of agricultural output: sales (according to statistics on purchases of agricultural products from producers), subsidies on products, changes in inventories, own-account production of feeding stuffs, agricultural services, own-account gross fixed capital products (breeding stocks and orchard development), and own-account production for consumption and direct sales to final consumers on farms and on markets as a residual.

In the next step output of individual farmers is adjusted for exhaustiveness. Volume adjustments mostly include correction of wine production which in part includes also wine production typical for non-agricultural households. Non-registered wine production or so-called "grey wine production" is estimated by experts at approximately 20% of official registered wine production in the country. These figures are based on a different estimate of vineyards area in the country which indicate that a significant part of vineyards is not taken into account in the official estimate.

Overall prices adjustment is necessary due to the differences between producer prices and market prices at which individual farmers directly sell their products on farms and on markets to final consumers. Intermediate inputs by products are mostly split between corporations and individual farmers pro-rata according to output taking into account feeding stuffs produced for own use by farmers. Final gross value added of agriculture production of individual farmers is estimated at SIT 85 213 mio or 2.0% of the total gross value added by activities.

**Table 3.18 A Agriculture, hunting and forestry, 2001**  
**Economic accounts for agriculture and individual farmers in national accounts**

	Economic accounts for agriculture	National accounts	
		corporations	individual farmers
mio SIT			
<b>Output at basic prices</b>	<b>215 785</b>	<b>46 594</b>	<b>169 191</b>
Sales	98 342	42 170	56 172
Subsidies on products	8 156	986	7 170
Changes in inventories	-1 176	-111	-1 065
Breeding stocks	3 590	336	3 253
Feeding stuffs produced	35 656	1 526	34 130
Agricultural services produced	3 304		3 304
Orchard development	2 838	843	1 994
Own-account production and direct sales (residual)	65 076	843	64 233
<b>National accounts adjustments</b>			<b>12 834</b>
Volume adjustments			6 336
Price adjustments			6 498
<b>Total output at basic prices</b>			<b>182 025</b>
<b>Intermediate consumption</b>	<b>126 920</b>	<b>30 108</b>	<b>96 812</b>
<b>Value added</b>	<b>88 865</b>	<b>16 486</b>	<b>85 213</b>

### 3.7.2 Output in data sources, corrections and adjustments

In Table 3.19 main steps from the output value according to the data sources to final figure in national accounts are shown by main data sources for corporations, self-employed, individual farmers and NPISH. These steps are already explained in Chapter 3.3 and consist of conceptual corrections (positive and negative), valuation (changes in inventories of finished goods and work in progress and trade margin valuation for corporations), exhaustiveness adjustments (positive and negative for intermediate consumption) and other corrections. Negative conceptual adjustments are necessary for corporations to split transfers from general government as current revenue in data sources into subsidies on products as part of output at basic prices and into other subsidies on production as negative adjustments of other taxes on production in generation of income account. This split is done according to the Economic Accounts for Agriculture. Exhaustiveness adjustments are mostly estimated for non-reporting and misreporting of output for corporations and self-employed. For individual farmers total exhaustiveness adjustments include volume and prices corrections as explained above and adjustment for "garden production" of non-agricultural households (SIT 3 320 mio) which is a national accounts estimate. In other corrections goods for processing are included according to SUTs compilation because these goods are not included in output nor in intermediate consumption in accounting data sources for corporations.

Total output in agriculture, hunting and forestry is estimated at SIT 277 520 mio, of which exhaustiveness adjustments at SIT 21 081 mio or 7.6%.

### 3.7.3 Intermediate consumption in data sources, corrections and adjustments

The same types of corrections and adjustments of intermediate consumption as for output are shown in Table 3.19. Exhaustiveness adjustments of intermediate consumption are divided into positive and negative adjustments which reduce figures of intermediate consumption in data sources. Adjustments of intermediate inputs and also part of adjustments for other statistical deficiencies are included in negative adjustments. Positive conceptual adjustments are necessary for corporations for repairs of damaged cars directly financed by insurance companies (allocation of this adjustment is pro-rata according to the number of registered passenger cars by activity) and for FISIM allocated to this activity (in total SIT 864 mio, of which in corporations SIT 852 mio). Negative conceptual adjustments are necessary for gross insurance premiums adjustments to the level of insurance service charge and for exclusion of other taxes on production from intermediate inputs. Valuation adjustments are correction of input costs for materials and supplies as explained in Chapter 3.2.

The final value of intermediate consumption is estimated at SIT 154 228 mio or 3.0% above the value in data sources.

**Table 3.19 A Agriculture, hunting and forestry, 2001**  
Output and intermediate consumption corrections and adjustments

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Output</b>	<b>256 487</b>		<b>-1 531</b>	<b>-817</b>	<b>21 081</b>		<b>2 298</b>	<b>277 520</b>
Corporations	80 573		-1 531	-817	4 597		2 298	85 122
Self-employed	6 348				324			6 673
Individual farmers (including garden production)	169 191				16 154			185 344
NPISH	375				6			381
<b>Intermediate consumption</b>	<b>149 773</b>	<b>913</b>	<b>-1 057</b>	<b>223</b>	<b>3 297</b>	<b>-1 219</b>	<b>2 298</b>	<b>154 228</b>
Corporations	49 105	901	-1 054	223	3 297	-1 108	2 298	53 662
Self-employed	3 633	12	-1			-99		3 544
Individual farmers	96 812							96 812
NPISH	224		-2			-12		209

Table 3.20 shows gross value added according to data sources and final value in national accounts. The total figure according to national accounts is 15.5% above the value according to data sources, of which the most, 22.3%, for individual farmers (including garden production). The table also shows final exhaustiveness adjustments of gross value added. Total exhaustiveness adjustments for these activities are estimated at SIT 19 003 mio or 15.4% of the final value of gross value added in national accounts.

**Table 3.20 A Agriculture, hunting and forestry, 2001**  
Gross value added in data sources and national accounts final value

	Gross value added			Indices	
	Data sources	National accounts	Exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>106 714</b>	<b>123 292</b>	<b>19 003</b>	<b>115.5</b>	<b>15.4</b>
Corporations	31 468	31 459	2 408	100.0	7.7
Self-employed	2 716	3 128	424	115.2	13.5
Individual farmers (including garden production)	72 379	88 533	16 154	122.3	18.2
NPISH	151	171	18	113.5	10.6

### 3.8 FISHING (B)

#### 3.8.0 Introduction

Freshwater and marine commercial fishing is a small industry in which corporations, self-employed and individual marine fishermen together with non-profit fishing angling clubs are included. Individual marine fishermen have the same status as individual farmers: they do not need to register and do not report their income; however, at present there is a two year transition period after which they will have to register as self-employed. Their activity is estimated according to the fishing statistics and is as exhaustiveness adjustment added to the production of self-employed. Gross value added of the fishing industry is estimated at SIT 742 mio or slightly less than 0.02% of the total gross value added. Employment in this activity is also small, only 300 or 0.03% of total employment.

**Table 3.21 B Fishing, 2001**

	Output at basic prices	Interme- diate con- sumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self- employed
			mio SIT		%	thousand		
<b>Total</b>	<b>1 943</b>	<b>1 201</b>	<b>742</b>	<b>100.0</b>	<b>0.02</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>
Corporations	800	506	295	39.7	0.01	0.1	0.1	
Self-employed	634	381	253	34.1	0.01	0.1	0.0	0.1
NPISH	508	314	195	26.2	0.00	0.0	0.0	

#### 3.8.1 Data sources and methods

Data on marine and freshwater fishing are collected directly from producers that have fishing as the principal or supplementary activity. Reporting includes commercial activities of corporations, self-employed and individual marine fishermen as well as sport activities of angling clubs which have freshwater fish farming as supplementary activity. Other sources consist of accounting statements of corporations, self-employed, and NPISH. Exhaustiveness adjustment is necessary for individual marine fishermen using data on marine fish catch according to fishing statistics.

#### 3.8.2 Output in data sources, corrections and adjustments

Output exhaustiveness adjustment for individual fishermen is estimated at slightly more than one fifth of the total production which is covered in data sources and amounts to 59.9% of the final output of self-employed. Other corrections and adjustments are standard and the same as for all industries.

Output in fishing is estimated at SIT 1 943 mio and is 23.0% above the figure in data sources.

#### 3.8.3 Intermediate consumption, corrections and adjustments

Small scale intermediate consumption conceptual corrections and exhaustiveness adjustments are the same as for other industries. For individual fishermen intermediate inputs are estimated proportionally according to output.

Intermediate consumption is in the final step estimated at SIT 1 201 mio or 15.7% above the figure in data sources.

**Table 3.22 B Fishing, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Output</b>	<b>1 580</b>		<b>-4</b>	<b>-31</b>	<b>398</b>			<b>1 943</b>
Corporations	835		-4	-31	1			800
Self-employed	254				380			634
NPISH	492				17			508
<b>Intermediate consumption</b>	<b>1 038</b>	<b>9</b>	<b>-11</b>		<b>222</b>	<b>-57</b>		<b>1 201</b>
Corporations	548	8	-9		1	-42		506
Self-employed	164	1			221	-5		381
NPISH	325		-1			-10		314

Total gross value added of the fishing industry in national accounts is estimated at SIT 742 mio, of which exhaustiveness adjustments amounted to SIT 233 mio or 31.4%.

**Table 3.23 B Fishing, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>542</b>	<b>742</b>	<b>233</b>	<b>136.8</b>	<b>31.4</b>
Corporations	286	295	42	102.9	14.4
Self-employed	90	253	164	282.6	64.8
NPISH	167	195	27	116.9	13.7

### 3.9 MINING AND QUARRYING (C)

#### 3.9.0 Introduction

Mining has a long tradition in Slovenia; however, this production has been gradually abandoned and reduced in the 1990s to a rather small industry which is significantly subsidised by the general government. Almost all mining production of brown coal and lignite is input into domestic electricity and heat production. Abandoned mines are from the point of view of environmental protection subsidised by general government and mines within Mining of uranium and thorium ores (SKD 12) and Mining of metal ores (SKD 13) had therefore in 2001 negative gross value added (Table 3.3). As subsidies cover more than 50% of their costs of production, these mines will be in the future included as non-market producers in the general government sector. Other mining and quarrying cover mostly production of building stone, gravel and sand. In this production also self-employed are engaged (with approximately 21% of the total output of SKD 14).

Total gross value added of mining and quarrying is estimated at SIT 22 883 mio or 0.5% of the total gross value added and employment at 5.3 thousand or 0.6% of the total.

**Table 3.24 C Mining and quarrying, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%		thousand	
<b>Total</b>	<b>43 896</b>	<b>21 012</b>	<b>22 883</b>	<b>100.0</b>	<b>0.5</b>	<b>5.3</b>	<b>5.2</b>	<b>0.1</b>
Corporations	41 109	19 684	21 425	93.6	0.5	5.1	5.1	
Self-employed	2 787	1 328	1 459	6.4	0.0	0.2	0.1	0.1

### 3.9.1 Data sources and methods

Coverage of accounting statements for corporations is complete and output, intermediate consumption and gross value added are estimated with the same principles, corrections and adjustments as for other industries.

### 3.9.2 Output in data sources, corrections and adjustments

Output in data sources for corporations is equal to the value of sales, own-account production, changes in inventories of finished goods and work in progress and of trade margin (Chapter 3.3.1). All subsidies to mining and quarrying producers are classified as other subsidies on production and are therefore excluded in output valuation as negative conceptual adjustment (Table 3.25). With these subsidies government supports employment and covers environmental costs of mines abandoning production. Coverage in data sources is for corporations complete and no coverage adjustment is necessary. Production of self-employed (entirely in SKD 14 Other mining and quarrying) is adjusted for non-reporting in data sources and for underreporting which is significant in this activity (exhaustiveness adjustments for output of self-employed are estimated at 34.4% of the final value).

Output in national accounts is estimated at SIT 43 896 mio and is 10.0% smaller than the figure in data sources.

### 3.9.3 Intermediate consumption in data sources, corrections and adjustments

Intermediate costs in data sources for corporations are conceptually reduced for other taxes on production and for gross insurance premium correction to the level of insurance service charge. Positive conceptual adjustments show car repair costs which are directly financed from claims paid by insurance companies (Chapter 3.3.1.2) and for FISIM (in total SIT 606 mio, of which for corporations SIT 603 mio). For corporations intermediate consumption is adjusted for exhaustiveness due to cash reimbursements for business trips and for private use of business cars.

Intermediate consumption is estimated at SIT 21 012 mio or 0.8% above the figure in data sources.

**Table 3.25 C Mining and quarrying, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
		mio SIT						
<b>Output</b>	<b>48 800</b>		<b>-5 889</b>	<b>26</b>	<b>959</b>			<b>43 896</b>
Corporations	46 972		-5 889	26				41 109
Self-employed	1 828				959			2 787
<b>Intermediate consumption</b>	<b>20 855</b>	<b>616</b>	<b>-751</b>	<b>67</b>	<b>434</b>	<b>-208</b>		<b>21 012</b>
Corporations	19 932	613	-740	67		-187		19 684
Self-employed	923	3	-11		434	-22		1 328

Due to conceptual corrections for other subsidies on production gross value added in national accounts is smaller compared to gross value added according to data sources. Exhaustiveness adjustments amount to 3.2% of the final gross value added in national accounts, for corporations only to 0.9% and for self-employed to 37.5%.

**Table 3.26 C Mining and quarrying, 2001**  
Gross value added in data sources and national accounts final value

	Gross value added			Indices	
	data sources 1	national accounts 2	exhaustiveness adjustments 3	2/1*100	3/2*100
	mio SIT				
<b>Total</b>	<b>27 945</b>	<b>22 883</b>	<b>734</b>	<b>81.9</b>	<b>3.2</b>
Corporations	27 040	21 425	187	79.2	0.9
Self-employed	904	1 459	547	161.3	37.5

### 3.10 MANUFACTURING (D)

#### 3.10.0 Introduction

Corporations produce 89.9% of total gross value added of the manufacturing industry and the rest is produced by the self-employed. With a 26.6% share in the total gross value added and a 28.6% share in the total employment manufacturing is an important industry particularly due to exports which amount to approximately 60% of the total output of the industry. At the beginning of the 1990s employment in the manufacturing industry was reduced by about 35% and the industry's performance has been gradually improving since 1994. Gross value added is estimated at SIT 1 111 276 mio and employment at 257.0 thousand. According to gross value added, the most important industries are manufacture of metal products (SKD 28), chemicals and chemical products (SKD 24), food products and beverages (SKD 15) and machinery and equipment (SKD 29).

**Table 3.27 D Manufacturing, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%	thousand		
<b>Total</b>	<b>3 714 734</b>	<b>2 603 458</b>	<b>1 111 276</b>	<b>100.0</b>	<b>26.6</b>	<b>257.0</b>	<b>244.0</b>	<b>13.0</b>
Corporations	3 463 277	2 463 886	999 391	89.9	23.9	225.3	225.3	
Self-employed	251 395	139 540	111 855	10.1	2.7	31.7	18.7	13.0
General government	62	32	30	0.0	0.0	0.0	0.0	

#### 3.10.1 Data sources and methods

Coverage in data sources of manufacturing producers is good for corporations as well as for self-employed (annual accounting statements and annual income tax declarations from the production activities of households). Non-response is solved with data of the Statistical Register of Employment and this approach has recently been improved with the access to the unit level data of monthly VAT reports. Data sources allow exhaustive and consistent estimation of main aggregates of production account at detailed level of industries within six to seven months after the end of the period. From 2002 on also self-employed have to submit annual accounting statements to AJ PES (Chapter 3.3.4). With this new source it was possible to align the compilation process for self-employed to the same rules and standards as for corporations (the new procedure was introduced for the year 2004).

### 3.10.2 Output in data sources, corrections and adjustments

The final value of manufacturing output in national accounts at SIT 3 714 734 mio is estimated according to accounting statements and administrative data sources as the sum of sales (SIT 3 622 094 mio), changes in inventories (SIT 4 149 mio, of which finished goods SIT 4 737 mio and work in progress SIT -588 mio), own-account production (SIT 19 573 mio), trade margin (SIT 61 107 mio) and subsidies on products (SIT 7 810 mio). These output components are standard and are estimated for all market producers and separately for corporations and self-employed.

For corporations output as shown in data sources is first adjusted for other subsidies on production (SIT 6 339 mio). In the next step accounting data on changes in inventories are replaced with the national accounts data (Chapter 3.2), in which nominal holding gains on inventories are excluded (SIT 11 264 mio). Also trade margin is slightly reduced due to different valuation in national accounts (in total SIT 1 080 mio). Total negative output valuation adjustments are thus estimated at SIT 12 344 mio (Table 3.28). Output exhaustiveness adjustments for corporations are necessary due to non-reporting and for self-employed due to non-reporting and misreporting. According to SUTs compilation, additional output as well as intermediate consumption exhaustiveness adjustment was necessary for manufacturing of furniture to balance supply and use side (in gross value added terms at SIT 3 836 mio within the production of self-employed). In the final step goods which enter the production for further processing are added to output (as well as to intermediate consumption) according to SUTs compilation (other corrections at SIT 217 210 mio). These steps of output compilation are standard and are applied to all industries with this kind of production. Output compilation for self-employed is due to the available data sources slightly simplified, particularly for small unincorporated enterprises (Chapter 3.3.4).

Total output of manufacturing is estimated at SIT 3 714 734 mio and 7.3% above the figure according to data sources. Output exhaustiveness adjustments are estimated at SIT 55 512 mio or 1.5% of the final value.

### 3.10.3 Intermediate consumption in data sources, corrections and adjustments

Costs of materials and supplies, costs of services, and other intermediate costs in data sources are corrected and adjusted according to the national accounts concepts and principles. In the first step conceptual corrections consist of positive and negative adjustments. Positive adjustments include car repair costs which are directly financed from claims paid by insurance companies (SIT 509 mio, Table 3.28) and FISIM allocated to this industry (SIT 27 922 mio, of which for corporations SIT 27 517 mio). Negative corrections include transfer of all other taxes on production from intermediate consumption to the component of gross value added (SIT 8 291 mio) and adjustment of gross insurance premium in data sources to the level of insurance service charge (SIT 9 610 mio). Values of inputs are upward corrected also due to valuation in accounting data (SIT 5 741 mio, Chapter 3.2.5).

Intermediate consumption components in data sources of corporations are further reduced for cash reimbursements on business trips, for private use of business cars as part of the total costs for business cars and for misreporting particularly for small corporations. These exhaustiveness adjustments are also standard and are estimated for all industries.

Intermediate consumption in manufacturing is according to national accounts estimated at SIT 2 603 458 mio or 10.5% above the figure in data sources.

**Table 3.28 D Manufacturing, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Output</b>	<b>3 460 714</b>		<b>-6 358</b>	<b>-12 344</b>	<b>55 512</b>		<b>217 210</b>	<b>3 714 734</b>
Corporations	3 223 563		-6 339	-12 344	41 187		217 210	3 463 277
Self-employed	237 090		-19		14 324			251 395
General government	62							62
<b>Intermediate consumption</b>	<b>2 357 104</b>	<b>28 431</b>	<b>-18 100</b>	<b>5 741</b>	<b>36 077</b>	<b>-23 005</b>	<b>217 210</b>	<b>2 603 458</b>
Corporations	2 220 059	28 026	-17 901	5 741	31 558	-20 807	217 210	2 463 886
Self-employed	137 012	405	-199		4 519	-2 198		139 540
General government	32							32

Exhaustiveness adjustments of gross value added in manufacturing amounted to SIT 42 440 mio or 3.8% of the final value in national accounts. For corporations the share of exhaustiveness adjustment in gross value added is 3.0% and for self-employed 10.7%.

**Table 3.29 D Manufacturing, 2001**  
Gross value added in data sources and national accounts final value

	Gross value added			Indices	
	data sources 1	national accounts 2	exhaustiveness adjustments 3	2/1*100	3/2*100
	mio SIT				
<b>Total</b>	<b>1 103 610</b>	<b>1 111 276</b>	<b>42 440</b>	<b>100.7</b>	<b>3.8</b>
Corporations	1 003 503	999 391	30 437	99.6	3.0
Self-employed	100 077	111 855	12 003	111.8	10.7
General government	30	30		100.0	0.0

### 3.11 ELECTRICITY, GAS AND WATER SUPPLY (E)

#### 3.11.0 Introduction

In this industry the production is mostly performed by large public enterprises which are completely covered by data sources. Self-employed are only engaged in small scale electricity production. Electricity production is adjusted to net figures by eliminating all intra industry transactions of electricity between primary production, transmission and redistribution. In this industry and particularly in the electricity production activity own-account production of capital goods is an important part of total output. Gross value added is estimated at SIT 123 594 mio or 3.0% of the total gross value added by industries. Employment in electricity, gas and water supply is 11.9 thousand or 1.3% of the total employment according to national accounts.

**Table 3.30 E Electricity, gas and water supply, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%	thousand		
<b>Total</b>	<b>273 916</b>	<b>150 322</b>	<b>123 594</b>	<b>100.0</b>	<b>3.0</b>	<b>11.9</b>	<b>11.8</b>	<b>0.2</b>
Corporations	273 263	150 192	123 070	99.6	2.9	11.7	11.7	
Self-employed	653	129	523	0.4	0.0	0.2	0.0	0.2

#### 3.11.1 Data sources and methods

Data sources coverage (annual accounting statements) for corporations is complete and output, intermediate consumption, and gross value added are estimated with the same principles, corrections, and adjustments as for other industries.

#### 3.11.2 Output in data sources, corrections and adjustments

Output in data sources is netted for intra industry transactions of electricity (SIT 160 335 mio). Also all transfers from general government are in this industry excluded from output and shown as other subsidies on production (SIT 414 mio). For this industry only small coverage adjustments are necessary.

In the final value of output at SIT 273 916 mio own-account production of fixed assets (mostly constructions) amounts to SIT 14 615 mio or 5.3% of output.

### 3.11.3 Intermediate consumption in data sources, corrections and adjustments

In the first step intermediate consumption is adjusted for conceptual corrections at SIT 15 812 mio, of which for FISIM at SIT 3 430 mio, the purchase value of sold goods for resale at SIT 12 232 mio (Chapter 3.3.1.2) and for repair of damaged cars directly financed by insurance companies at SIT 150 mio. Intermediate inputs are adjusted for intra industry transactions of electricity (SIT 160 335 mio) and for categories of other taxes on production which are in this industry significant (SIT 8 325 mio). A reduction of gross insurance premiums to the level of insurance services is also necessary (SIT 3 011 mio). Exhaustiveness adjustments of intermediate consumption for self-employed (SIT 28 mio) is standard correction for private use of business cars, which is allocated by activities of household producers according to the number of registered passenger cars (as average number of registered vehicles at the beginning and at the end of the year). The source is the database of registered passenger cars and all other road vehicles of the Ministry of the Interior and these data are in national accounts rearranged by activity/institutional sector.

Intermediate consumption is estimated at SIT 150 322 mio and due to the netting of intra industry transactions amounts to only 49.1% of the figure in data sources.

**Table 3.31 E Electricity, gas and water supply, 2001**  
Output and intermediate consumption corrections and adjustments

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Output</b>	<b>434 927</b>		<b>-160 749</b>	<b>-397</b>	<b>135</b>			<b>273 916</b>
Corporations	434 286		-160 749	-397	124			273 263
Self-employed	641				12			653
<b>Intermediate consumption</b>	<b>306 315</b>	<b>15 814</b>	<b>-171 671</b>	<b>158</b>	<b>89</b>	<b>-384</b>		<b>150 322</b>
Corporations	306 160	15 812	-171 671	158	89	-355		150 192
Self-employed	156	2				-28		129

Gross value added in this industry is estimated at SIT 123 594 mio, of which exhaustiveness adjustments SIT 430 mio or 0.3%. Data sources need significant conceptual corrections and gross value added in national accounts is 3.9% below the figure according to data sources.

**Table 3.32 E Electricity, gas and water supply, 2001**  
Gross value added in data sources and national accounts final value

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>128 612</b>	<b>123 594</b>	<b>430</b>	<b>96.1</b>	<b>0.3</b>
Corporations	128 126	123 070	390	96.1	0.3
Self-employed	486	523	40	107.8	7.6

## 3.12 CONSTRUCTION (F)

### 3.12.0 Introduction

In this industry production is carried out by corporations and by self-employed. Also all own-account construction activities of households must be treated as production activity; therefore this production must be estimated in the same way as any other market activity, generating gross value added. Construction activities include a large number of small units producing services directly to households on cash basis and these require exhaustiveness adjustments due to misreporting. For this industry balancing within SUTs is an important step in preparing the final estimate: balancing the use side with the supply side requires an increase of output of about 1.7%.

Total gross valued added of construction is estimated at SIT 243 891 mio or 5.8% of total gross value added. Employment is estimated at 66.8 thousand or 7.4% of total employment. In construction activities households, as self-employed and in own-account construction activities, generate 36.4% of total gross value added and employ 37.5% of total employment.

**Table 3.33 F Construction, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%	thousand		
<b>Total</b>	<b>843 144</b>	<b>599 253</b>	<b>243 891</b>	<b>100.0</b>	<b>5.8</b>	<b>66.8</b>	<b>56.1</b>	<b>10.8</b>
Corporations	529 339	374 148	155 191	63.6	3.7	41.7	41.7	
Self-employed	313 805	225 105	88 700	36.4	2.1	25.1	14.3	10.8

### 3.12.1 Data sources and methods

For corporations and self-employed data sources and methods are the same as for other industries and are in detail explained in Chapters 3.1 and 3.3. Output equals the sum of sales on domestic market and abroad, changes in inventories (of which work-in-progress is for this industry significant), trade margin as the difference between the value of sale and the purchase value of sold goods for resale, and own-account production which consists entirely of gross fixed capital goods.

Own-account construction by households is estimated for dwellings and for all buildings construction by self-employed as investors. Both activities are similar and are estimated according to data on building and safety permits (new buildings, substantial improvements and renovations). An additional source is the Households Budget Survey. The model on annual basis covers dwellings (separately dwellings, weekend houses and garages) and buildings of self-employed by type of business. Main data used in the model according to sources are the number of buildings, useful floor area and input costs (without costs of land). For dwellings the activity is estimated also by the quarterly model at constant prices and it covers the whole period since 1995. Both models are based on estimated average time it takes to build dwellings and buildings for business. In the final estimates value of own work is added to output of both activities of households and shown as exhaustiveness adjustment of gross value added.

In 2005 a special sample survey was conducted to collect data on own-account household construction of dwellings. The purpose of the survey was to collect data on purchases of main types of services and materials, information on average construction time, and inputs of own work and other unpaid work.

### 3.12.2 Output in data sources, corrections and adjustments

Conceptual corrections for corporations are standard and rather small. Coverage in basic data sources is good and adjustment for non-reporting is relatively small (SIT 14 085 mio or 2.7% of total output).

For households production output is corrected by SIT 176 482 mio, of which for balancing the supply and use side SIT 13 971 mio, for own-account construction SIT 157 692 mio, and for misreporting SIT 4 819 mio. Output of households own-account construction activities is estimated for dwellings at SIT 112 048 mio and the rest (SIT 45 644 mio) for construction of business buildings by self-employed. Output of both household construction activities on the use side equals gross fixed capital formation in dwellings and in other buildings. By the earlier approach output was

on the use side divided into finished buildings as gross fixed capital formation and unfinished buildings as work in progress. According to ESA95 this split is not allowed and therefore within GDP revision, which was published in 2005, total output for own-account construction activities of households was on the use side entirely shown as gross fixed capital formation for the whole period since 1995.

The final output value of the construction industry is estimated at SIT 843 144 mio or 29.2% above the output according to data sources. Exhaustiveness adjustments are estimated at SIT 190 568 mio or 22.6% of total output.

### 3.12.3 Intermediate consumption in data sources, corrections and adjustments

Conceptual corrections of intermediate consumption are standard and show FISIM allocated to these activities (SIT 4 226 mio for corporations and SIT 250 mio for self-employed) and adjustment for car repair services which are financed by insurance corporations (SIT 283 mio). Intermediate consumption in data sources of corporations is reduced for other taxes on production (SIT 998 mio) and for recalculation of gross insurance premiums to the level of insurance services (SIT 5 396 mio). Exhaustiveness adjustments are necessary for coverage of not surveyed units (SIT 10 502 mio), misreporting (SIT 460 mio), and other statistical deficiencies (SIT 8 138 mio).

Intermediate consumption in data sources of small corporations is reduced for misreporting and for other statistical deficiencies (in total SIT 1 961 mio). Intermediate consumption of own-account construction activities of households is estimated at SIT 140 346 mio and under coverage in data sources is on the basis of SUTs balancing estimated at SIT 7 594 mio (in total SIT 147 940 mio).

Final intermediate consumption is estimated at SIT 599 253 mio or 32.5% higher than in data sources.

**Table 3.34 F Construction, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Output</b>	<b>652 555</b>		<b>-729</b>	<b>589</b>	<b>190 568</b>		<b>160</b>	<b>843 144</b>
Corporations	515 211		-707	589	14 085		160	529 339
Self-employed	137 344		-21		176 482			313 805
<b>Intermediate consumption</b>	<b>452 379</b>	<b>4 760</b>	<b>-6 477</b>	<b>548</b>	<b>158 442</b>	<b>-10 560</b>	<b>160</b>	<b>599 253</b>
Corporations	373 420	4 509	-6 394	548	10 502	-8 599	160	374 148
Self-employed	78 959	250	-83		147 940	-1 961		225 105

Exhaustiveness adjustments in construction activities are estimated at SIT 42 686 mio or 17.5% of the final gross value added. For corporations exhaustiveness adjustments amount to SIT 12 182 mio or 7.8% of gross value added and for self-employed to SIT 30 504 mio or 34.4% of gross value added. Gross value added of own-account construction activities of households is estimated at SIT 17 346 mio or 19.6% of the final figure of gross value added of self-employed.

**Table 3.35 F Construction, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>200 176</b>	<b>243 891</b>	<b>42 686</b>	<b>121.8</b>	<b>17.5</b>
Corporations	141 791	155 191	12 182	109.5	7.8
Self-employed	58 385	88 700	30 504	151.9	34.4

### 3.13 WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTOR CYCLES AND PERSONAL AND HOUSEHOLD GOODS (G)

#### 3.13.0 Introduction

The main activity of wholesale, retail trade and repair services is redistribution of goods. Primary output of this production is measured as the difference between sales of goods (turnover) and the purchase value of sold goods for resale. In data sources turnover and the purchase value of sold goods for resale are shown separately and this allows direct estimation of trade margin as output of wholesale and retail trade as well as trade output as secondary activity in all other industries. The data source for self-employed does not show costs of goods for resale separately; for this sector the purchase value of sold goods for resale is estimated at detailed level by activities according to data of corporations and excluded from output and intermediate consumption. In repair services the distinction between sales of trade goods and of repair service is for producers usually rather difficult and in these activities trade margin can be therefore relatively small or even negative. Within SUTs a further analysis of negative trade margins from data sources is done at the level of enterprises. With this procedure improper allocation of revenue from trade and from other activities in accounting data is eliminated and trade margins are upward corrected and then shown by industries and products within SUTs.

Small unincorporated enterprises are active mostly in retail trade and their production is important only in repair services. This sector produces more than half of all repair services of motor vehicles (57.2%), motor cycles (71.2%) and personal and household goods (54.2%). Due to a strong competition of large international and domestic enterprises in the trade industry and particularly in retail trade, the number of small unincorporated enterprises has been significantly reduced in retail trade in a short period (in terms of employment by about 40%).

Gross value added of this industry is estimated at SIT 473 454 mio or 11.3% of the total by industries. Employment in national accounts is estimated at 109.0 thousand or 12.1% of total employment.

**Table 3.36 G Wholesale and retail trade; certain repair, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%	thousand		
<b>Total</b>	<b>918 915</b>	<b>445 462</b>	<b>473 454</b>	<b>100.0</b>	<b>11.3</b>	<b>109.0</b>	<b>97.7</b>	<b>11.3</b>
Corporations	811 808	398 138	413 670	87.4	9.9	87.0	87.0	
Self-employed	107 107	47 324	59 783	12.6	1.4	22.0	10.6	11.3

#### 3.13.1 Data sources and methods

For corporations and self-employed data sources and methods are the same as for other industries and are in detail explained in Chapters 3.1 and 3.3.

#### 3.13.2 Output in data sources, corrections and adjustments

The main part of output of this industry is trade margin and figures in data sources need valuation adjustments of goods for resale to the level of current market values as explained in Chapter 3.2. Of the total valuation adjustment of trade margins for all trade services at SIT 11 988 mio valuation adjustment in this industry is estimated at SIT 9 470 mio or 79.0%. Also value in data sources is adjusted for changes in inventories of finished goods and for work-in-progress due to holding gains (SIT 1 319 mio). Total output valuation adjustments in this industry are estimated at SIT 10 789 mio.

Exhaustiveness adjustments are necessary for small corporations (SIT 16 158 mio or 2.0% of the final value of output of this sector) and for misreporting of output for corporations (SIT 3 463 mio) and for self-employed

(SIT 6 362 mio). Within these adjustments output in car repair services is also corrected for tips (in total SIT 1 031 mio), of which within corporations SIT 566 mio and for self-employed SIT 465 mio.

Total output in wholesale, retail trade and repair services is estimated at SIT 918 915 mio, of which exhaustiveness adjustments SIT 25 983 mio or 2.8%. Exhaustiveness adjustments are for corporations 2.4% and for self-employed 5.9% of the final output value.

### 3.13.3 Intermediate consumption in data sources, corrections and adjustments

Conceptual corrections of intermediate consumption are standard and the same as for other industries; they include FISIM at SIT 11 303 mio (of which for corporations SIT 11 079 mio and for self-employed 224 mio) and car repair services financed by insurance corporations at SIT 835 mio. Intermediate consumption in data sources is for corporations reduced for other taxes on production (SIT 4 418 mio) and for recalculation of gross insurance premiums to the level of insurance services (SIT 3 898 mio). Intermediate consumption in data sources is for small incorporated enterprises reduced for misreporting as well as for other statistical deficiencies in total at SIT 16 589 mio or by 4.1%.

Intermediate consumption is estimated at SIT 445 462 mio and the final figure is due to adjustments in national accounts 1.1% smaller than in data sources.

**Table 3.37 G Wholesale and retail trade; certain repair, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Output</b>	<b>905 039</b>		<b>-1 635</b>	<b>-10 789</b>	<b>25 983</b>		<b>317</b>	<b>918 915</b>
Corporations	804 289		-1 629	-10 789	19 621		317	811 808
Self-employed	100 751		-5		6 362			107 107
<b>Intermediate consumption</b>	<b>450 214</b>	<b>12 361</b>	<b>-8 413</b>	<b>416</b>	<b>8 826</b>	<b>-18 258</b>	<b>317</b>	<b>445 462</b>
Corporations	401 347	12 137	-8 316	416	8 826	-16 589	317	398 138
Self-employed	48 867	224	-97			-1 670		47 324

Exhaustiveness adjustments in wholesale, retail trade and repair services are in total estimated at SIT 35 415 mio or 7.5% of the final figure of gross value added. For corporations these adjustments amount to 6.6% (SIT 27 384 mio) and for self-employed to 13.4% (SIT 8 032 mio) of gross value added. The reason of relatively small exhaustiveness adjustments for corporations is partly in good coverage in data sources and in part also in the structure of the trade industry in which retail trade (also in auto fuel trade) is dominated by rather large enterprises.

**Table 3.38 G Wholesale and retail trade; certain repair, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>454 826</b>	<b>473 454</b>	<b>35 415</b>	<b>104.1</b>	<b>7.5</b>
Corporations	402 942	413 670	27 384	102.7	6.6
Self-employed	51 884	59 783	8 032	115.2	13.4

## 3.14 HOTELS AND RESTAURANTS (H)

### 3.14.0 Introduction

In this industry corporations mostly cover hotel services and unincorporated producers dominate in restaurant services. General government producers in this industry are homes for students and pupils (SKD 55.2) which cover more than half of their costs by general government financing. However, the majority of these homes are market producers and government financing of these is treated as transfer in kind of market products via market producers directly to households (Chapter 5.9).

Gross value added is estimated at SIT 96 677 mio or 2.3% of the total by industries and employment at 30.2 thousand or 3.4% of the total. Corporations produce 59.5% of total gross value added of this industry, self-employed 40.1% and general government units 0.4%.

**Table 3.39 H Hotels and restaurants, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%	thousand		
<b>Total</b>	<b>205 561</b>	<b>108 884</b>	<b>96 677</b>	<b>100.0</b>	<b>2.3</b>	<b>30.2</b>	<b>24.4</b>	<b>5.8</b>
Corporations	116 065	58 544	57 521	59.5	1.4	14.4	14.4	
Self-employed	88 873	50 104	38 769	40.1	0.9	15.7	9.9	5.8
General government	605	219	385	0.4	0.0	0.1	0.1	
NPISH	18	17	2	0.0	0.0	0.0	0.0	

### 3.14.1 Data sources and methods

For corporations and self-employed data sources and methods are the same as for other industries and are in detail explained in Chapters 3.1 and 3.3.

### 3.14.2 Output in data sources, corrections and adjustments

Output in data sources is for corporations and self-employed significantly adjusted for exhaustiveness due to under coverage in data sources (SIT 5 551 mio, of which for corporations SIT 3 337 mio), misreporting (SIT 8 147 mio, of which corporations SIT 4 340 mio) and for other statistical deficiencies (SIT 7 122 mio, of which corporations SIT 3 088 mio). Other statistical deficiencies include adjustments for tips (SIT 4 598 mio, of which for corporations SIT 2 080 mio and for self-employed SIT 2 518 mio) and for food for employees (SIT 2 524 mio, of which for corporations SIT 1 008 mio and for self-employed SIT 1 516 mio).

Total output of this industry is estimated at SIT 205 561 mio and exhaustiveness adjustments at SIT 20 822 mio or 10.1% of the total output. Exhaustiveness adjustments are for both main producers similar, in corporations 9.3% of output and for self-employed 11.3%.

### 3.14.3 Intermediate consumption in data sources, corrections and adjustments

Conceptual corrections of intermediate consumption are standard, but not significant in this industry. Adjustments for exhaustiveness are necessary for coverage in data sources and for standard other statistical deficiencies in both groups of market producers.

Intermediate consumption is estimated at SIT 108 884 mio or 2.4% above the figure in data sources.

**Table 3.40 H Hotels and restaurants, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Output</b>	<b>184 979</b>		<b>-723</b>	<b>470</b>	<b>20 822</b>		<b>14</b>	<b>205 561</b>
Corporations	105 553		-723	470	10 766			116 065
Self-employed	78 817				10 056			88 873
General government	591						14	605
NPISH	18							18
<b>Intermediate consumption</b>	<b>105 825</b>	<b>1 653</b>	<b>-904</b>	<b>55</b>	<b>3 154</b>	<b>-898</b>		<b>108 884</b>
Corporations	56 422	1 505	-902	55	2 093	-628		58 544
Self-employed	49 162	149			1 061	-268		50 104
General government	224		-2			-2		219
NPISH	17							17

Exhaustiveness adjustments are important and amount to SIT 18 566 mio or 19.2% of gross value added. For corporations these adjustments amount to 16.2% of gross value added and for self-employed to almost a quarter of gross value added, 23.9%.

**Table 3.41 H Hotels and restaurants, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>79 154</b>	<b>96 677</b>	<b>18 566</b>	<b>122.1</b>	<b>19.2</b>
Corporations	49 131	57 521	9 301	117.1	16.2
Self-employed	29 655	38 769	9 262	130.7	23.9
General government	367	385	2	105.0	0.6
NPISH	2	2		100.0	0.0

### 3.15 TRANSPORT, STORAGE AND COMMUNICATION (I)

#### 3.15.0 Introduction

This industry is almost entirely dominated by corporations which represent 80.2% of total gross value added. An exception is road transport activity: in terms of gross value added small unincorporated enterprises produce 95.8% of all taxi services (SKD 60.22), 71.6% of other passenger transport by road (SKD 60.23) and 65.8% of road lorry transport (SKD 60.24). Production of self-employed is by far the most important in lorry transport by road with 85.6% share in total gross value added of this sector in the industry of transport, storage and communication.

For these activities output is measured by sales which include fees and commissions for intermediation services of travel agencies. An exception in travel agency intermediation are tour operators which charge all costs for package tours including travel costs and accommodation. Therefore, output of tour operators equals to total payments for package tour and not only to operators' margin. As tour operators mostly provide services for residents abroad, relevant adjustment to the balance of payments (BoP) data is necessary for purchases of travel and accommodation

services abroad by tour operators. These purchases are in national accounts not treated as direct purchases of residents abroad (travel in BoP) but as imports of services (Chapter 5.18) and intermediate consumption of tour operators on the use side.

Gross value added of this industry is estimated at SIT 289 235 mio or 6.9% of total gross value added by industries. Employment is estimated at 53.5 thousand or 6.0% of total employment.

**Table 3.42 I Transport, storage and communication, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
	mio SIT		%			thousand		
<b>Total</b>	<b>713 739</b>	<b>424 504</b>	<b>289 235</b>	<b>100.0</b>	<b>6.9</b>	<b>53.5</b>	<b>44.9</b>	<b>8.6</b>
Corporations	585 563	353 531	232 031	80.2	5.6	40.4	40.4	
Self-employed	128 091	70 926	57 165	19.8	1.4	13.1	4.6	8.6
General government	85	46	39	0.0	0.0	0.0	0.0	

### 3.15.1 Data sources and methods

For corporations and self-employed data sources and methods are the same as for other industries and are in detail explained in Chapters 3.1 and 3.3.

### 3.15.2 Output in data sources, corrections and adjustments

Within reduction of output by data sources the most important is conceptual delimitation of all transfers from general government to the public railway company between subsidy on products (SIT 7 541 mio) and other subsidies on production and capital transfers to the company (SIT 17 041 mio, of which SIT 12 184 mio other subsidies on production). Also all transfers from general government to passenger transport by road are treated as subsidy on products (SIT 1 379 mio, Chapter 3.26).

Exhaustiveness adjustments of output of corporations are necessary mostly due to under coverage in data sources (SIT 6 225 mio). The majority of output adjustments for exhaustiveness of unincorporated enterprises (SIT 7 369 mio) are estimated for taxi services (SIT 5 780 mio) due to completely unrealistic data sources (SIT 1 577 mio) and the rest mostly for lorry transport by road.

Output of this industry in national accounts is estimated at SIT 713 739 mio, of which subsidies on products SIT 8 919 mio (passenger transport by railway and bus) and own-account production at SIT 1 658 mio, of which mostly gross fixed capital formation goods. Exhaustiveness adjustments to output are estimated at SIT 13 595 mio or 1.9% of the final value of output.

### 3.15.3 Intermediate consumption in data sources, corrections and adjustments

Conceptual corrections to intermediate consumption are standard and the same as for other industries. Positive corrections are necessary for FISIM (SIT 6 586 mio, of which for corporations SIT 6 375 mio), for direct payments of repairs of damaged cars by insurance companies (SIT 199 mio for corporations), and other corrections (SIT 8 486 mio<sup>1)</sup>), and negative for adjustment of gross insurance premiums to the level of insurance services (SIT 3 744 mio for corporations) and for transfer of other taxes on production as a component of gross value added (SIT 2 646 mio for corporations).

Intermediate consumption in data sources is for corporations for the same reasons as output adjusted for exhaustiveness (SIT 3 861 mio). Also deductions for other statistical deficiencies are in this industry for corporations significant due to cash reimbursements on business trips and private use of business cars (in total SIT 6 234 mio). Intermediate consumption of self-employed is increased mostly for exhaustiveness of taxi services (SIT 2 580 mio) and decreased for private use of business cars (SIT 1 285 mio).

The final value of intermediate consumption for this industry is estimated at SIT 424 504 mio or 1.9% above the value according to data sources.

**Table 3.43 I Transport, storage and communication, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Output</b>	<b>703 787</b>	<b>13 757</b>	<b>-17 041</b>	<b>-359</b>	<b>13 595</b>		<b>1</b>	<b>713 739</b>
Corporations	582 981	13 757 <sup>1)</sup>	-17 041	-359	6 225			585 563
Self-employed	120 722				7 369			128 091
General government	84						1	85
<b>Intermediate consumption</b>	<b>416 526</b>	<b>15 271</b>	<b>-6 438</b>	<b>223</b>	<b>6 440</b>	<b>-7 520</b>		<b>424 504</b>
Corporations	347 012	15 060 <sup>2)</sup>	-6 390	223	3 861	-6 234		353 531
Self-employed	69 467	211	-47		2 580	-1 285		70 926
General government	47		-1			-1		46

Exhaustiveness adjustments are estimated at SIT 14 674 mio or 5.1% of the final gross value added. For corporations exhaustiveness adjustments represent 3.7% of gross value added and for self-employed 10.6% of gross value added.

**Table 3.44 I Transport, storage and communication, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>287 261</b>	<b>289 235</b>	<b>14 674</b>	<b>100.7</b>	<b>5.1</b>
Corporations	235 969	232 031	8 599	98.3	3.7
Self-employed	51 255	57 165	6 074	111.5	10.6
General government	37	39	1	105.5	1.8

### 3.16 FINANCIAL INTERMEDIATION (J)

#### 3.16.0 Introduction

Measuring production and gross value added is specific for the most important part of this industry. The standard approach of measuring output directly as the sum of sales of goods and services, corrected for changes in inventories is not enough. The majority of producers in this industry receive a substantial part of income through interest rate differences between holding deposits and loan lending. Therefore, an important part of income is generated indirectly, as the difference between interests receivable and interests payable. However, as interest is not a category of production account in national accounts, special measures have been developed for valuing output of monetary activities. The insurance industry is also specific; its income depends on net flows between insurance premiums and claims together with revenue from investment of surpluses.

Gross value added of financial intermediation is estimated at SIT 189 720 mio or 4.5% of total gross value added by industries. Employment in this industry is 20.4 thousand or 2.3% of total employment. Table 3.45 shows main sectors which are involved in this industry according to available data sources.

**Table 3.45 J Financial intermediation, 2001**

	Output at basic prices	Interme- diate con- sumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self- employed
			mio SIT		%	thousand		
<b>Total</b>	<b>285 818</b>	<b>96 099</b>	<b>189 720</b>	<b>100.0</b>	<b>4.5</b>	<b>20.4</b>	<b>20.2</b>	<b>0.2</b>
Corporations	45 861	16 297	29 565	15.6	0.7	4.0	4.0	
Self-employed	3 420	1 433	1 988	1.0	0.0	0.3	0.1	0.2
General government	1 350	494	856	0.5	0.0	0.2	0.2	
65.1 Monetary intermediation	180 302	54 474	125 828	66.3	3.0	11.2	11.2	
66 Insurance and pension funds	54 870	23 397	31 437	16.6	0.8	4.7	4.7	
NPISH	16	4	12	0.0	0.0	0.0	0.0	

### 3.16.1 Data sources and methods

#### 3.16.1.0 Introduction

For corporations, self-employed, general government and NPISH units the data sources and methods are the same as for other industries and are in detail explained in Chapters 3.1 and 3.3. For corporations the data source (annual accounting statements) in this industry covers all activities except monetary intermediation (SKD 65.1) and insurance and pension funds (SKD 66), which have specific data sources and methods of measuring production. In the standard data source for corporations, activities of other financial intermediation (SKD 65.2, Table 3.3) and activities auxiliary to financial intermediation (SKD 67) are included. For these activities output is according to accounting rules measured as the sum of their charges and commissions excluding any holding gains.

According to the Commission Regulation 1889/2002, FISIM must be from 2005 on allocated by user sectors and user industries. The regulation demands FISIM allocation for services of institutional sectors S.122 Other monetary intermediation and S.123 Other financial intermediations. In 2005 calculation of FISIM has been prepared in line with this regulation for the whole period since 1995 for services of S.122 Other monetary intermediation. For calculation of FISIM and its allocation in national accounts all relevant data have been collected by the Bank of Slovenia. In this first step of FISIM allocation producers within sector S.123 were not included.

#### 3.16.1.1 Monetary intermediation (SKD 65.1)

The SKD 65.1 Monetary intermediation includes the Bank of Slovenia (central bank), universal and other commercial banks, savings banks and other savings and loan undertaking units. The Bank of Slovenia is an autonomous and independent institution and it supervises all other monetary intermediation units. All banking institutions provide annual financial statements to the Bank of Slovenia, which passes the data in aggregated form to SURS.

The output of credit institutions includes directly measured output and indirectly measured output (FISIM). The directly measured items of credit institutions are bank services charges and commissions receivable (item 1 in Table 3.46), other business services (item 2) and the net profit or loss on financial operations (item 3). In the latter item the whole margin between purchases and sales of foreign exchange and financial instruments is included in the output value. However, due to volatility the net income from trading with financial instruments was under analysis whether this calculation is correct and without holding gains. The analysis showed that the calculation was not correct and that the item mostly consisted of capital gains. The item was therefore excluded from output calculation (from 2002 on). At the same time other miscellaneous commercial revenue (code 6861 in data sources, in 2001 this item equals SIT 9 754 mio) is from 2002 on added in output calculation.

Financial intermediation services indirectly measured (FISIM) are estimated as service charge which is paid by the user of primary monetary services: deposits holding as well as credits (loan) lending services. FISIM for both primary services are estimated as the difference between the value of interests on deposits and on loans on one side and the value according to the reference interest rate on the other. The annual average weighted interest rate for intra-bank deposits published by the Bank of Slovenia has been chosen for the internal reference rate.

In 2001 the total FISIM for S.122 Other monetary intermediation are estimated at SIT 105 826 mio or 2.2% of GDP, of which SIT 104 627 mio for domestic sectors and SIT 1 199 mio in exports. Among domestic sectors the biggest part of FISIM is allocated to non-financial corporations (SIT 61 643 mio or 58.9% of the total) and to households (SIT 36 975 mio or 35.3%). FISIM allocated to households are separately estimated for final consumption (SIT 27 474 mio or 0.6% of GDP), housing services of households (SIT 7 941 mio or 0.2% of GDP) and for self-employed (SIT 1 560 mio). FISIM allocated to housing services of households are included in intermediate consumption and output of housing activities of owner-occupiers. This approach is necessary due to output calculation by the cost approach for housing services of owner-occupiers (Chapter 3.17.1). FISIM for general government are estimated at SIT 3 736 mio or 3.6% of the total, for other financial intermediation at SIT 2 004 mio or 1.9% of the total and for NPISH SIT 269 mio or 0.3%.

For institutional sectors also imports of FISIM are estimated at SIT 4 327 mio and this gives in 2001 negative balance for FISIM with the rest of the world (Chapter 5.18 and Chapter 9, Table 9.1).

The intermediate consumption of banks and other financial institutions includes the cost of materials, services payable, bank services payable and membership fees, in total SIT 52 830 mio. In the final calculation intermediate consumption is increased by a positive adjustment of SIT 2 952 mio<sup>1)</sup> and then reduced for the value of conceptual corrections (other taxes on production, SIT 649 mio) and for exhaustiveness adjustments of compensation of employees (cash reimbursements on business trips, SIT 659 mio). The final value of intermediate consumption is thus estimated at SIT 54 474 mio.

**Table 3.46 Output and intermediate consumption in data sources and national accounts adjustments for 65.1 Monetary intermediation, 2001**

	Code in data source	Components in data sources and adjustments
		mio SIT
1. Bank services and commissions	670/679	51 920
2. Other business and operating leasing services	680 + 6860	5 811
3. Financial services, net	(6600+6680+6660) (6200+6220+6260)	12 627
<b>Output in data sources</b>	<b>(1 + 2 + 3)</b>	<b>70 358</b>
<b>Plus: FISIM</b>		<b>105 826</b>
<b>Domestic sectors</b>		<b>104 627</b>
S.11 Non-financial corporations		61 643
S.124/125 Other financial intermediation		2 004
S.13 General government		3 736
S.14 Households		36 975
Final consumption		27 474
Housing services		7 941
Self-employed		1 560
S.15 NPISH		269
<b>Exports</b>		<b>1 199</b>
<b>Plus: Other adjustments<sup>1)</sup></b>		<b>4 118</b>
<b>Output in national accounts</b>		<b>180 302</b>
1. Costs of materials	6320/6329	6 092
2. Services	6330/6339	36 435
3. Bank services	610/619	9 841
4. Membership fees	643	461
<b>Intermediate consumption in data sources</b>	<b>(1 + 2 + 3 + 4)</b>	<b>52 830</b>
Plus: other adjustments <sup>1)</sup>		2 952
Less: conceptual adjustments		649
Less: exhaustiveness adjustments		659
<b>Intermediate consumption in national accounts</b>		<b>54 474</b>

### 3.16.1.2 Insurance and pension funding (SKD 66)

Insurance corporations and pension funds are supervised by the Insurance Supervision Agency, which receives annual financial statements and passes them in aggregated form to SURS. SURS collects also additional data with a special survey on profit and loss account figures of insurance companies. Accounting rules and the format of reported data improved several times and with the last improvement at the beginning of 2002 the data are completely in line with the EU accounting standards. In this industry direct insurance services are performed by producers of non-life and life insurance, pension funds and health insurance. Reinsurance services are performed by two independent units.

Output of insurance services is calculated as the sum of actual premiums payable plus premium supplements plus income from other services produced less claims due and less increases in technical provisions. Claims management expenses were according to accounting standards in 2000 and 2001 not included in claims incurred. In Table 3.47 all steps of output calculation are shown by different types of direct insurers and for reinsurance. The final value of output is estimated at SIT 54 870 mio.

Intermediate consumption calculation of insurance services includes the following: costs of insurance acquisitions, other expenditure on goods and services, other technical charges, other management costs, and reinsurance balance. Reinsurance balance is calculated from items of the profit and loss account as follows: gross premiums written (+) gross change in the provision for unearned premiums (-) gross claims incurred (-) reinsurance commissions (-) gross change in life insurance provision.

Conceptual corrections are standard adjustments for other taxes on production and in the last step FISIM allocated to this industry are added to intermediate consumption. All cash reimbursements for business trips are transferred from intermediate consumption and as exhaustiveness adjustments added to compensation of employees.

Intermediate consumption of insurance corporations and pension funds is estimated at SIT 23 397 mio.

### 3.16.2 Output in data sources, corrections and adjustments

Output conceptual corrections and exhaustiveness adjustments are standard and are rather small with the exception of FISIM as the main part of output calculation of monetary intermediation (SKD 65.1). Exhaustiveness adjustments are significant only in activities of self-employed for coverage in data sources and amount to SIT 1 634 mio or 47.8% of their final output value.

Total output of this industry is estimated at SIT 285 818 mio, of which SIT 1 634 mio or 0.6% are exhaustiveness adjustments for self-employed. FISIM are estimated at SIT 105 826 mio or 37.0% of total output.

**Table 3.47 Output and intermediate consumption in data sources and national account adjustments for 66 Insurance and pension funds, 2001**

	Total	Direct insurance					Reinsurance	
		total	non-life insurance	life insurance	pension funds	health insurance		
		mio SIT						
Actual premiums payable	239 805	219 193	116 405	42 380	3 291	57 117	20 612	
Plus: premiums supplements	27 242	25 458	13 319	10 221	321	1 597	1 784	
Less: claims due	175 245	154 858	92 452	14 057		48 349	20 387	
Less: increases in technical provisions	38 097	40 933	9 448	25 167	3 257	3 061	-2 836	
Plus: other insurance revenue	1 165	1 080	843	143	94		86	
<b>Output in national accounts</b>	<b>54 870</b>	<b>49 939</b>	<b>28 667</b>	<b>13 521</b>	<b>448</b>	<b>7 304</b>	<b>4 931</b>	
1. Acquisition costs	7 694	7 694	3 618	3 278	2	796		
2. Materials and supplies	13 844	13 682	8 531	2 158	384	2 609	162	
3. Other technical charges	3 363	3 338	2 812	223	72	230	25	
4. Other management costs	1 187	1 102	653	430	9	10	85	
5. Reinsurance balance	-1 986	-3 418	-3 815	371		27	1 432	
<b>Intermediate consumption in data sources (1 + 2 + 3 + 4 + 5)</b>	<b>24 103</b>	<b>22 399</b>	<b>11 799</b>	<b>6 460</b>	<b>468</b>	<b>3 672</b>	<b>1 704</b>	
Less: conceptual adjustments	1 008	1 007	970	16	3	19	1	
Less: exhaustiveness adjustments	855	839	641	143	25	30	16	
<b>Intermediate consumption</b>	<b>22 240</b>	<b>20 553</b>	<b>10 188</b>	<b>6 301</b>	<b>440</b>	<b>3 624</b>	<b>1 687</b>	
Plus: FISIM	1 157							
<b>Intermediate consumption in national accounts</b>	<b>23 397</b>							

### 3.16.3 Intermediate consumption in data sources, corrections and adjustments

Positive conceptual corrections of intermediate consumption show FISIM allocated to corporations (SIT 860 mio), self-employed (SIT 4 mio) and to insurance and pension funds (SIT 1 157 mio). For corporations intermediate consumption is conceptually corrected also for car repair services directly financed by insurance corporations from claims (SIT 469 mio).

Negative conceptual corrections for corporations (SIT 1 904 mio) include adjustments for gross insurance premiums to the insurance service level and for other taxes on production as the category of gross value added. The same adjustment for other taxes on production is applied to monetary intermediation (SIT 649 mio) and to insurance and pension funds (SIT 1 008 mio).

Exhaustiveness adjustments are for self-employed estimated for coverage (SIT 663 mio) and in other sectors for misreporting and for other statistical deficiencies.

The final value of intermediate consumption is estimated at SIT 96 099 mio or 1.1% below the value in data sources.

**Table 3.48 J Financial intermediation, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Output</b>	<b>178 898</b>	<b>105 826</b>	<b>-332</b>	<b>-208</b>	<b>1 634</b>			<b>285 818</b>
Corporations	46 400		-332	-208				45 861
Self-employed	1 786				1 634			3 420
General government	1 350							1 350
65. Monetary intermediation	74 476	105 826						180 302
66 Insurance and pension funds	54 870							54 870
NPISH	16							16
<b>Intermediate consumption</b>	<b>96 884</b>	<b>5 443</b>	<b>-3 561</b>	<b>1</b>	<b>663</b>	<b>-3 331</b>		<b>96 099</b>
Corporations	18 644	1 329	-1 904	1		-1 773		16 297
Self-employed	809	4			663	-44		1 433
General government	494							494
65.1 Monetary intermediation	52 830	2 952	-649			-659		54 474
66 Insurance and pension funds	24 103	1 157	-1 008			-855		23 397
NPISH	4							4

Gross value added of financial intermediation is estimated at SIT 189 720 mio, of which SIT 4 302 mio or 2.3% are exhaustiveness adjustments. Relatively, these adjustments are significant only for self-employed (51.1% of gross value added) and rather standard for corporations (6.0%).

**Table 3.49 J Financial intermediation, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources 1	national accounts 2	exhaustiveness adjustments 3	2/1*100	3/2*100
	mio SIT				
<b>Total</b>	<b>82 014</b>	<b>189 720</b>	<b>4 302</b>	<b>232.3</b>	<b>2.3</b>
Corporations	27 756	29 565	1 773	106.5	6.0
Self-employed	977	1 988	1 015	203.5	51.1
General government	856	856		100.0	0.0
65.1 Monetary intermediation	21 647	125 828	659	581.3	0.5
66 Insurance and pension funds	30 767	31 473	855	102.3	2.7
NPISH	12	12		100.0	0.0

### 3.17 REAL ESTATE, RENTING AND BUSINESS ACTIVITIES (K)

#### 3.17.0 Introduction

Almost half (48.5%) of the total gross value added of this industry is estimated for housing services of households; divided into services of owner-occupiers and services of market rentals. Housing services of owner-occupiers must be estimated as own-account production and valued according to similar market rental services. As approximately 90% of households live in own houses and apartments and only 10% in rented (approximately 30% market renting and 70% non-profit government renting), services of owner-occupiers can only be estimated by the cost approach. A rather small part of market rented dwellings does not allow methods by which also services of owner-occupiers could be valued according to relevant market rentals. At present rentals of residents abroad are not estimated as import of housing services (purchases of residents in the rest of the world) due to the lack of data. However, this could be significant because residents have a lot of holiday homes in Croatia.

Gross value added of real estate, renting and business activities is estimated at SIT 628 346 mio or 15.0% of the total by industries. Besides dwelling activities of households in this industry, production of corporations is also important (41.3% of gross value added) and much less that of self-employed (7.1%). Non-market production of general government includes activities of R&D, real estate activities (dwelling funds) and other business services, in total 3.0% of gross value added in this industry. Employment is estimated at 67.1 thousand or 7.5% of total employment.

**Table 3.50 K Real estate, renting and business activities, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
	mio SIT			%			thousand	
<b>Total</b>	<b>1 032 294</b>	<b>403 948</b>	<b>628 346</b>	<b>100.0</b>	<b>15.0</b>	<b>67.1</b>	<b>58.1</b>	<b>9.0</b>
Corporations	575 749	316 155	259 594	41.3	6.2	51.2	51.2	
Self-employed	70 791	26 005	44 786	7.1	1.1	13.2	4.2	9.0
Housing activities of households	355 761	50 760	305 001	48.5	7.3	0.0	0.0	
General government	29 778	10 938	18 840	3.0	0.5	2.7	2.7	
NPISH	215	89	125	0.0	0.0	0.0	0.0	

### 3.17.1 Data sources and methods

For market and general government producers, data sources and methods are the same as for other industries and are in detail explained in Chapters 3.1 and 3.3.

Housing services of owner-occupiers (including garages and holiday homes) are estimated in the benchmark year by the cost approach as the sum of intermediate consumption, other taxes on production (municipality land use tax paid by households, Chapter 4.8), consumption of fixed capital (by the perpetual inventory method) and net operating surplus (2.5% of the real construction value of the dwelling stock including the value of land beneath). In intermediate consumption as well as in output also FISIM are included and this increases the output level of housing services of owner-occupiers (in 2001 by SIT 7 941 mio or slightly less than 0.2% of GDP). Between benchmark years output is extrapolated by volume (construction statistics on finished individual houses and apartments) and price changes. The main data sources are the population census (2002), the Household Budget Survey, annual construction statistics, and building/safety permits. As mentioned in Chapter 3.6 on the main approaches to exhaustiveness, market dwelling rentals are at present estimated too high; the results provided by the sample 2003 survey and data of 2002 AITD require the estimates of market housing services of households to be recalculated in 2005 as the new benchmark.

### 3.17.2 Output in data sources, corrections and adjustments

Conceptual output corrections are standard as for other industries. For corporations an exception is correction for student work at SIT 19 545 mio. As mentioned in Chapter 3.3.5.1, this category is significantly underestimated and will have to be upward revised in the 2005 benchmark.

In this industry exhaustiveness adjustments are significant particularly for corporations due to a large number of small enterprises. Exhaustiveness output adjustments are necessary for coverage in data sources (SIT 7 723 mio for corporations and SIT 4 040 mio for self-employed) and misreporting (SIT 22 291 mio for corporations and SIT 2 412 mio for self-employed), which is characteristic of those business services which are paid by households in cash. In housing activities of households total services of market rentals between households are shown as exhaustiveness adjustments (SIT 46 324 mio). For general government units other output corrections show the difference between depreciation in data sources and consumption of fixed capital by the perpetual inventory method (SIT 2 299 mio).

Total output of this industry is estimated at SIT 1 032 294 mio and is 11.5% above the figure in data sources.

### 3.17.3 Intermediate consumption in data sources, corrections and adjustments

Intermediate consumption conceptual corrections are standard and the same as for other industries. Positive corrections are necessary for FISIM (SIT 14 550 mio, of which for corporations SIT 6 441 mio, self-employed SIT 168 mio and for housing services of households SIT 7 941 mio), for direct repairs of damaged cars by insurance companies (SIT 497 mio for corporations) and negative for adjustment of gross insurance premiums to the level of insurance services (SIT 778 mio for corporations) and for transfer of other taxes on production as component of gross value added (SIT 1 239 mio for corporations).

Intermediate consumption in data sources is for corporations for the same reasons as output adjusted for exhaustiveness (SIT 4 833 mio). Adjustments for corporations for misreporting are estimated at SIT 2 411 mio and for other statistical deficiencies at SIT 12 899 mio (for cash reimbursements on business trips and private use of business cars). For self-employed adjustments are necessary for not surveyed units (SIT 1 103 mio) and for private use of business cars (SIT 1 208 mio).

The estimation of intermediate consumption of both types of housing services is mostly based on the Households Budget Survey data. This is in more detail explained in Chapter 5.7.

The final value of intermediate consumption in this industry is estimated at SIT 403 948 mio and is 2.3% above the figure in data sources.

**Table 3.51 K Real estate, renting and business activities, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Total</b>	<b>925 664</b>	<b>27 486</b>	<b>-5 821</b>	<b>-3 020</b>	<b>83 806</b>		<b>4 178</b>	<b>1 032 294</b>
Corporations	533 154	19 545	-5 817	-3 026	30 014		1 879	575 749
Self-employed	64 343		-4		6 452			70 791
Housing activities of households	301 496	7 941			46 324			355 761
General government	26 477			7	996		2 299	29 778
NPISH	195				20			215
<b>Total</b>	<b>394 982</b>	<b>15 046</b>	<b>-3 737</b>	<b>279</b>	<b>12 337</b>	<b>-16 839</b>	<b>1 879</b>	<b>403 948</b>
Corporations	319 553	6 938	-2 017	279	4 833	-15 310	1 879	316 155
Self-employed	25 943	168			1 103	-1 208		26 005
Housing activities of households	37 308	7 941			5 511			50 760
General government	12 082		-1 719		890	-315		10 938
NPISH	96		-1			-6		89

Gross value added of real estate, renting and business activities is estimated at SIT 628 346 mio or 18.4% above the figure according to data sources. Exhaustiveness adjustments amount to SIT 88 308 mio or 14.1% of the final gross value added. Due to a large number of small enterprises within corporations exhaustiveness adjustments are relatively similar for corporations (15.6% of gross value added) and for self-employed (14.6%). Exhaustiveness adjustments in this industry are the largest among all industries and amount to 29.7% of the total exhaustiveness adjustments in national accounts (SIT 297 110 mio).

**Table 3.52 K Real estate, renting and business activities, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>530 682</b>	<b>628 346</b>	<b>88 308</b>	<b>118.4</b>	<b>14.1</b>
Corporations	213 601	259 594	40 491	121.5	15.6
Self-employed	38 400	44 786	6 557	116.6	14.6
Housing activities of households	264 187	305 001	40 813	115.4	13.4
General government	14 395	18 840	421	130.9	2.2
NPISH	99	125	25	126.3	20.2

### 3.18 PUBLIC ADMINISTRATION AND DEFENCE, COMPULSORY SOCIAL SECURITY (L)

#### 3.18.0 Introduction

This industry includes almost all so-called direct budgetary units at central and at local government level (except some government funds and agencies), the Health Social Security Fund and the Pension Social Security Fund (Tables 3.5 and 3.11), some non-market public service providers (Table 3.12) and NPISH producers mostly active in fire protection services (Table 3.6).

Within corporations in this industry the most important is the Motorway Company of Slovenia. In national accounts this company is treated as a market producer and its output equals motorway tolls which are collected by the company. The unit was set up in 1994 with the responsibility for regular maintenance of existing motorways and for construction of new motorways in Slovenia as a priority national development project. Motorway tolls were budget income before 1994 and have been since then as its main income collected by the Motorway Company of Slovenia. Construction of new motorways is financed by motorway tolls (above current maintenance costs), government capital grants and bank loans (under government guarantee). The unit was at the beginning of 2004 reorganised into a joint stock company and merged with another public corporation, providing construction and maintenance of roads. At the beginning of 2004 the company also entered the VAT system with 20% VAT on motorway tolls. Market status of this unit as non-financial public corporation was confirmed also by the EDP mission at the beginning of 2004. All consumption of fixed capital as it is estimated for motorways by the perpetual inventory method is allocated to this unit (Chapter 4.12) and not to the general government.

Gross value added of public administration and defence is estimated at SIT 268 712 mio or 6.4% of total by industries and employment at 45.0 thousand or 5.0% of total employment. Gross value added of corporations is estimated at SIT 14 395 mio and almost entirely consists of gross value added of the Motorway Company of Slovenia.

**Table 3.53 L Public administration and defence, compulsory social security, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%	thousand		
<b>Total</b>	<b>444 406</b>	<b>175 694</b>	<b>268 712</b>	<b>100.0</b>	<b>6.4</b>	<b>45.0</b>	<b>45.0</b>	<b>0.0</b>
Corporations	21 638	7 243	14 395	5.4	0.3	0.2	0.2	
Self-employed	38	6	32	0.0	0.0	0.0		0.0
General government	421 437	167 671	253 766	94.4	6.1	44.8	44.8	
NPISH	1 292	773	519	0.2	0.0	0.1	0.1	

#### 3.18.1 Data sources and methods

All data sources and methods for the general government sector are explained in Chapters 3.1 and 3.3.

#### 3.18.2 Output in data sources, corrections and adjustments

For all non-market producers output is estimated by the cost approach and therefore output according to data sources, as shown in Table 3.54, is only an indicative figure; it equals the difference between the final figure in national accounts and all conceptual corrections, exhaustiveness adjustments and other corrections. Conceptual output adjustment for general government equals FISIM (SIT 4 646 mio) which are for this sector entirely allocated to this activity. Valuation adjustments (one month time lag, SIT 2 336 mio) is necessary for cash flow of compensation of employees in budgetary data, exhaustiveness adjustments show non-reporting (SIT 122 mio) and other correction shows consumption of fixed capital by the perpetual inventory method (SIT 42 780 mio).

Conceptual adjustment for corporations is necessary for motorway tolls in the Motorway Company of Slovenia accounts: in its accounts the company shows only the part of the total annual motorway tolls collected that is used for current maintenance of motorways; therefore adjustment is necessary for tolls which are used for constructing new motorways (SIT 13 267 mio).

Total output in public administration and defence is estimated at SIT 444 406 mio and is 16.6% higher than "output in data sources". Non-market output of general government amounts to SIT 421 437 mio or 94.8% of the total output of this industry.

### 3.18.3 Intermediate consumption in data sources, corrections and adjustments

The majority of positive and negative conceptual and exhaustiveness adjustments of intermediate consumption of general government units, which are in detail explained in Chapter 3.3.2 (Table 3.11), are allocated to this industry.

Intermediate consumption in national accounts is estimated at SIT 175 694 mio, of which for general government units SIT 167 671 mio.

**Table 3.54 L Public administration and defence, compulsory social security, 2001**  
Output and intermediate consumption corrections and adjustments

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Total</b>	<b>381 232</b>	<b>17 912</b>		<b>2 336</b>	<b>147</b>		<b>42 780</b>	<b>444 406</b>
Corporations	8 372	13 267						21 638
Self-employed	38				1			38
General government	371 554	4 646		2 336	122		42 780	421 437
NPISH	1 268				24			1 292
<b>Intermediate consumption</b>	<b>184 736</b>	<b>11 829</b>	<b>-18 892</b>		<b>21</b>	<b>-1 999</b>		<b>175 694</b>
Corporations	6 934	384	-63			-12		7 243
Self-employed	6							6
General government	176 978	11 446	-18 823		21	-1 950		167 671
NPISH	818		-7			-37		773

Final gross value added in the industry of public administration and defence is estimated at SIT 268 712 mio, of which SIT 2 125 mio or 0.8% are exhaustiveness adjustments. Table 3.54 shows that in this industry particularly conceptual and other corrections are important in transfer from data sources to national accounts concepts and that the national accounts figure is 36.8% above the gross value added in data sources. For general government units this comparison is also questionable as gross value added in data sources equals only the sum of labour costs and depreciation (if any).

**Table 3.55 L Public administration and defence, compulsory social security, 2001**  
Gross value added in data sources and national accounts final value

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>196 496</b>	<b>268 712</b>	<b>2 125</b>	<b>136.8</b>	<b>0.8</b>
Corporations	1 438	14 395	12	1001.2	0.1
Self-employed	31	32	1	102.2	2.2
General government	194 576	253 766	2 052	130.4	0.8
NPISH	451	519	61	115.1	11.8

## 3.19 EDUCATION (M)

### 3.19.0 Introduction

The share of non-market production of general government is high also in education, contributing 92.5% of total output of education. Market producers mostly provide services of driving schools and services for adult education. In total output of education the category of "other non-market output, other" of general government amounts to SIT 234 786 mio (Table 3.5) or 77.1%. Total gross value added of education is estimated at SIT 239 691 mio or 5.7% of total gross value added of all industries, employment is 54.6 thousand or 6.1% of the total.

**Table 3.56 M Education, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%	thousand		
<b>Total</b>	<b>304 540</b>	<b>64 849</b>	<b>239 691</b>	<b>100.0</b>	<b>5.7</b>	<b>54.6</b>	<b>54.3</b>	<b>0.3</b>
Corporations	18 798	8 502	10 296	4.3	0.2	2.6	2.6	
Self-employed	1 485	455	1 030	0.4	0.0	0.4	0.1	0.3
General government	281 674	55 083	226 591	94.5	5.4	51.1	51.1	
NPISH	2 583	809	1 774	0.7	0.0	0.5	0.5	

### 3.19.1 Data sources and methods

Data sources as well as methods are by type of producers explained in Chapters 3.1 and 3.3.

### 3.19.2 Output in data sources, corrections and adjustments

Conceptual corrections and exhaustiveness adjustments are in the activity of education relatively small. The exception is the production of self-employed which is according to data sources very small. As all payments to self-employed producers by users, mostly households, are on cash basis, output is adjusted by approximately 30% due to misreporting. Output of corporations and general government units is slightly adjusted for non-reporting. Also the difference between depreciation in data sources and consumption of fixed capital by the perpetual inventory method is for general government producers significant (SIT 7 165 mio).

Total output of education is estimated at SIT 304 540 mio or 2.9% above the value according to data sources.

### 3.19.3 Intermediate consumption in data sources, corrections and adjustments

Conceptual corrections and adjustments for exhaustiveness are standard and mostly consist of deduction of intermediate consumption products due to misreporting, cash reimbursements for business trips and due to private use of business cars.

The final value of intermediate consumption is estimated at SIT 64 849 mio or 2.5% below the value in data sources.

**Table 3.57 M Education, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Total</b>	<b>295 832</b>		<b>-6</b>	<b>-9</b>	<b>1 551</b>		<b>7 171</b>	<b>304 540</b>
Corporations	18 585		-6	-9	221		7	18 798
Self-employed	1 142				342			1 485
General government	273 595				914		7 165	281 674
NPISH	2 510				74			2 583
<b>Intermediate consumption</b>	<b>66 519</b>	<b>182</b>	<b>-667</b>	<b>1</b>	<b>293</b>	<b>-1 486</b>	<b>7</b>	<b>64 849</b>
Corporations	8 490	178	-43	1	115	-245	7	8 502
Self-employed	486	4				-35		455
General government	56 693		-618		179	-1 170		55 083
NPISH	850		-7			-35		809

The final figure of gross value added of education is estimated at 4.5% above the value according to data sources. Exhaustiveness adjustments are relatively small and at SIT 2 744 mio amount to 1.1% of gross value added. As mentioned in Chapter 3.6, individual private teaching lessons have not yet been estimated and will have to be included in GDP in 2005 benchmark revision.

**Table 3.58 M Education, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>229 313</b>	<b>239 691</b>	<b>2 744</b>	<b>104.5</b>	<b>1.1</b>
Corporations	10 095	10 296	352	102.0	3.4
Self-employed	656	1 030	378	156.9	36.7
General government	216 902	226 591	1 906	104.5	0.8
NPISH	1 659	1 774	109	106.9	6.1

## 3.20 HEALTH AND SOCIAL CARE SERVICE ACTIVITIES (N)

### 3.20.0 Introduction

Gross value added of health and social care services activities amount to SIT 217 439 mio or 5.2% of total gross value added. The share of employment (45.0 thousand) in these activities in total employment is similar (5.0%). The majority of production is performed by non-market units of general government and their production amounts to 71.6% of the total output and 73.6% of the total gross value added. Market producers are divided into public service providers (11.0% of the total gross value added, mostly services of homes for the elderly), private corporations (6.7%, mostly hospital health services and veterinary services) and self-employed (7.0%, mostly hospital health services and dental services). Non-market units of NPISH produce 1.8% of total gross value added, mostly in social care service activities.

**Table 3.59 N Health and social care service activities, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%	thousand		
<b>Total</b>	<b>336 633</b>	<b>119 194</b>	<b>217 439</b>	<b>100.0</b>	<b>5.2</b>	<b>45.0</b>	<b>43.7</b>	<b>1.3</b>
Corporations	61 362	22 981	38 381	17.7	0.9	9.5	9.5	
Self-employed	24 446	9 315	15 131	7.0	0.4	2.5	1.2	1.3
General government	240 962	80 983	159 979	73.6	3.8	32.3	32.3	
NPISH	9 863	5 915	3 948	1.8	0.1	0.7	0.7	

### 3.20.1 Data sources and methods

Data sources and methods are by type of producers explained in Chapters 3.1 and 3.3. However, for producers of health and social care services output valuation is to some extent specific and differs from other output valuation. Private and public market producers perform also public services and are therefore partly financed by the institutions of general government. These transfers are not treated as subsidies on products nor as other subsidies on production; in national accounts they are for producers the same as market sales and are treated as transfers of market products in kind directly to final consumers and are included in the general government final consumption expenditure (Chapter 5.9).

Almost identical is the treatment of claims from private and public health insurance companies directly to producers of health services. In national accounts these claims are part of output valuation and are on the use side entirely shown as households' final consumption expenditure. These expenditures are in the income account of households offset with the net health insurance claims.

### 3.20.2 Output in data sources, corrections and adjustments

Output conceptual corrections and valuation adjustments are for corporations small and not very important. Also exhaustiveness adjustments to output are not significant and are necessary due to non-reporting of corporations and NPISH and misreporting of self-employed. The difference between consumption of fixed capital by the perpetual inventory method and depreciation of assets in data sources for general government units is not as significant as it is in education activities (other corrections at SIT 2 202 mio).

Total output in national accounts is estimated at SIT 336 633 mio and is 1.6% above the output according to data sources (the most for NPISH – 11.9% and for self-employed – 2.1%).

### 3.20.3 Intermediate consumption in data sources, corrections and adjustments

Intermediate consumption is measured as the sum of costs of materials and supplies, costs of services, and other costs, which need standard adjustment as in other industries. Exhaustiveness adjustments are relatively small and include non-reporting, misreporting and corrections for cash reimbursements on business trips. Due to good coverage of these activities in data sources and because of conceptual reduction and with exhaustiveness adjustments, the value of intermediate consumption in national accounts is slightly smaller than according to data sources.

Intermediate consumption is estimated at SIT 119 194 mio or 0.2% less than in data sources.

**Table 3.60 N Health and social care service activities, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Total</b>	<b>331 362</b>		<b>-12</b>	<b>36</b>	<b>3 045</b>		<b>2 202</b>	<b>336 633</b>
Corporations	61 016		-12	36	323			61 362
Self-employed	23 943				503			24 446
General government	237 590				1 171		2 202	240 962
NPISH	8 814				1 049			9 863
<b>Intermediate consumption</b>	<b>119 387</b>	<b>487</b>	<b>-994</b>	<b>15</b>	<b>1 007</b>	<b>-707</b>		<b>119 194</b>
Corporations	23 009	426	-357	15	84	-196		22 981
Self-employed	9 343	61				-89		9 315
General government	81 565		-603		284	-263		80 983
NPISH	5 469		-35		638	-158		5 915

For health and social care services activities the final gross value added figure is 2.6% above the value according to data sources. Exhaustiveness adjustments are estimated at SIT 2 745 mio or 1.3% of the final gross value added, the most for NPISH (14.4%) and for self-employed (3.9%).

**Table 3.61 N Health and social care service activities, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>211 975</b>	<b>217 439</b>	<b>2 745</b>	<b>102.6</b>	<b>1.3</b>
Corporations	38 006	38 381	435	101.0	1.1
Self-employed	14 599	15 131	592	103.6	3.9
General government	156 025	159 979	1 149	102.5	0.7
NPISH	3 345	3 948	569	118.0	14.4

## 3.21 OTHER COMMUNITY, SOCIAL AND PERSONAL SERVICE ACTIVITIES (O)

### 3.21.0 Introduction

Other community, social and personal service activities are performed by corporations, non-market general government and NPISH units and by the self-employed. Gross value added of this industry amounts to SIT 147 687 mio or 3.5% of total gross value added by activities. Employment is estimated at 29.1 thousand or 3.2% of total employment. The majority of gross value added is created by corporations (SIT 88 030 mio or 59.6% of the total), of which by far the most important is a strong gambling industry (SKD 92.710).

**Table 3.62 O Other community, social and personal service activities, 2001**

	Output at basic prices	Intermediate consumption	Gross value added			Employment		
			total	structure	percentage of total	total	employees	self-employed
			mio SIT		%	thousand		
<b>Total</b>	<b>272 479</b>	<b>124 792</b>	<b>147 687</b>	<b>100.0</b>	<b>3.5</b>	<b>29.1</b>	<b>23.0</b>	<b>6.1</b>
Corporations	145 054	57 024	88 030	59.6	2.1	11.1	11.1	
Self-employed	25 789	9 148	16 641	11.3	0.4	9.4	3.3	6.1
General government	33 605	12 423	21 183	14.3	0.5	4.8	4.8	
NPISH	68 031	46 198	21 833	14.8	0.5	3.8	3.8	

### 3.21.1 Data sources and methods

Data sources used are standard accounting data and are in detail explained in Chapters 3.1 and 3.3.

### 3.21.2 Output in data sources, corrections and adjustments

Output in data sources needs significant corrections particularly for exhaustiveness in the production of self-employed (18.6% of the final national accounts figure) and of NPISH (24.6% of the final national accounts figure). For self-employed these adjustments are significant for personal services, particularly hairdresser services need to be balanced with Household Budget Survey data. Relatively much smaller are output exhaustiveness adjustments for corporations (4.4% of output) and the smallest for general government units (0.5%). Market output is also adjusted for tips (in total SIT 1 617 mio), of which for self-employed in hairdresser services (SIT 522 mio) and for corporations in hairdresser services and the gambling industry (SIT 1 095 mio). Output of corporations is conceptually adjusted for other subsidies on production (SIT 598 mio) and for other corrections (SIT 838 mio<sup>1</sup>). For general government other output adjustments show the difference between depreciation of assets in data sources and consumption of fixed capital in national accounts (SIT 751 mio). Also one month time lagged valuation adjustment is necessary to cash data of compensation of employees for part of the general government sector (Chapter 3.3.2.1). Output (as well as intermediate consumption) of NPISH is adjusted for FISIM at SIT 187 mio. For this sector total FISIM are allocated to this industry.

Total output is estimated at SIT 272 479 mio, of which exhaustiveness adjustments at SIT 28 041 mio or 10.3%.

### 3.21.3 Intermediate consumption in data sources, corrections and adjustments

Positive conceptual adjustments of intermediate consumption include FISIM which are allocated to this industry (in total SIT 2 132 mio, of which to corporations SIT 1 879 mio, self-employed SIT 65 mio and NPISH SIT 187 mio) and car repair costs financed by insurance companies (SIT 58 mio). Negative conceptual adjustments include exclusion of other taxes on production from intermediate inputs in data sources, correction of gross insurance premium to the level of insurance service and other adjustments<sup>1</sup>. With exhaustiveness adjustments intermediate consumption is reduced due to misreporting and due to other statistical deficiencies (cash reimbursements for business trips and private use of business cars).

Intermediate consumption is estimated at SIT 124 792 mio and 3.4% less than in data sources.

**Table 3.63 O Other community, social and personal service activities, 2001**  
**Output and intermediate consumption corrections and adjustments**

	Data sources	Conceptual adjustments		Valuation	Exhaustiveness adjustments		Other	National accounts
		positive	negative		positive	negative		
mio SIT								
<b>Total</b>	<b>244 776</b>	<b>187</b>	<b>-1 436</b>	<b>160</b>	<b>28 041</b>		<b>751</b>	<b>272 479</b>
Corporations	139 999		-1 436	150	6 341			145 054
Self-employed	21 005				4 784			25 789
General government	32 681			10	163		751	33 605
NPISH	51 090	187			16 753			68 031
<b>Intermediate consumption</b>	<b>129 249</b>	<b>2 189</b>	<b>-13 801</b>	<b>31</b>	<b>11 331</b>	<b>-4 208</b>		<b>124 792</b>
Corporations	69 271	1 937	-13 155	31	632	-1 692		57 024
Self-employed	9 385	65	-2			-301		9 148
General government	12 787		-200		57	-221		12 423
NPISH	37 806	187	-445		10 643	-1 993		46 198

Gross value added in national accounts is 27.8% above the figure according to data sources and the difference is mostly due to exhaustiveness adjustments. Exhaustiveness adjustments as a share of the final gross value added are the largest for NPISH (37.1% mostly due to adjustments for religious associations which are not covered in available data sources) and for self-employed (30.6%) and much smaller for corporations (8.4%) and for general government units (1.5%). In total exhaustiveness adjustments are estimated at SIT 20 917 mio or 14.2% of the final gross value added.

**Table 3.64 O Other community, social and personal service activities, 2001**  
**Gross value added in data sources and national accounts final value**

	Gross value added			Indices	
	data sources	national accounts	exhaustiveness adjustments	2/1*100	3/2*100
	1	2	3		
mio SIT					
<b>Total</b>	<b>115 526</b>	<b>147 687</b>	<b>20 917</b>	<b>127.8</b>	<b>14.2</b>
Corporations	70 728	88 030	7 401	124.5	8.4
Self-employed	11 620	16 641	5 085	143.2	30.6
General government	19 894	21 183	327	106.5	1.5
NPISH	13 285	21 833	8 104	164.3	37.1

## 3.22 PRIVATE HOUSEHOLDS WITH EMPLOYED PERSONS (P)

### 3.22.0 Introduction

In this industry output is equal to gross value added and to compensation of employees (no estimation is necessary for intermediate consumption). Gross value added in 2001 is estimated at SIT 1 789 mio or 0.04% of total gross value added by activities.

### 3.22.1 Data sources and methods

Persons engaged in domestic services at households do not need to register. However, the number of persons performing domestic services to households is shown in the Statistical Register of Employment, in total 0.8 thousand. Total payments are estimated proportionally to per-capita figures of similar personal activities in section O. As

mentioned in Chapter 3.6, additional estimates will be necessary for other non-registered persons providing domestic services as the second job and without payments of social security contributions. This includes all kinds of domestic services, of which services of child care at home are the most typical.

### 3.23 TREATMENT OF EXTRA TERRITORIAL ORGANISATIONS AND BODIES (Q)

Slovenian extra territorial organisations and bodies include our consular and diplomatic representatives abroad and figures for these are shown within data of the external affairs (SKD 75.21, Table 3.5). Similar foreign representatives in Slovenia are by definition not included in the estimation of domestic production.

### 3.24 TAXES ON PRODUCTS, EXCLUDING VAT

#### 3.24.0 Introduction

Taxes on production and imports are in national accounts divided into taxes on products and into other taxes on production. Taxes on products are levied on goods and services in proportion to value or quantity and are paid when goods and services are produced, imported or purchased by the buyer. As all taxes also taxes on products are compulsory and unrequited payments to institutions of general government. The present system of taxes on products was introduced in the middle of 1999 with a complete reform of taxes on products by introduction of value added tax (VAT), excise duties and taxes on specific services. In this chapter taxes on products except value added tax are explained. VAT is explained in Chapter 3.25. Other taxes on production include taxes on labour force, taxes on pollution, land use and taxes on other fixed assets used in the production process. These taxes are in national accounts part of gross value added and are explained in Chapter 4.8. The main types of taxes on products are shown in Table 3.65.

**Table 3.65 Taxes on products, 2001**

	Data source	Total	Central government	Local government
		mio SIT		
<b>Taxes on products</b>		<b>646 009</b>	<b>637 723</b>	<b>8 286</b>
Value added tax	Monthly reports	411 640	411 640	
Excise duties	Monthly reports	167 546	167 546	
Alcoholic beverages		12 604	12 604	
Mineral oils and gas		124 162	124 162	
Tobacco and cigarettes		26 292	26 292	
Duty-free shops		4 488	4 488	
Alcoholic beverages		828	828	
Tobacco and cigarettes		3 660	3 660	
Import duties and taxes	Customs declarations	27 364	27 364	
Agricultural levies on imports	Customs declarations	1 060	1 060	
Tax on new motor vehicles	B-2 No. 66	5 254	5 254	
Tax on used motor vehicles	B-2 No. 68	320	320	
Tax on insurance premiums	B-2 No. 79	8 616	8 616	
Tax on special gaming and slot machines	B-2 No. 81	7 015	7 015	
Tax on classical games of chance	B-2 No. 103	403	403	
Special tax on gaming machines	B-2 No. 166	1 078		1 078
Stamp duties, legal units	B-2 No. 86	3 280		3 280
Stamp duties, households	B-2 No. 87	3 150		3 150
Import taxes paid directly by households	B-2 No. 111	122	122	
Other import taxes and excises	B-2 No. 126 (CD)	1 763	1 763	
Special taxes for overnight stay	B-2 No. 148	778		778
Taxes on air pollution due to use of mineral oils	B-2 No. 155	6 620	6 620	

In 2001 total taxes on products amounted to SIT 646 009 mio or 13.6% of GDP. The majority of taxes on products are revenue of central government; exceptions are stamp taxes, special tax on gambling machines and tax on overnight stays which are levied by local government in total amount of SIT 8 286 mio or 1.3% of total taxes on products.

### 3.24.1 Data sources and valuation

The most important taxes on products (VAT, excise duties and all import duties and taxes) are estimated by direct data sources at accrual value. VAT is estimated by monthly reports provided by the Tax Administration. Estimation of import duties and taxes and agriculture levies on imports is based on customs declarations. The source of customs duties and excise duties by type are monthly reports by the Customs Administration. Other taxes on products are collected through the so-called B-2 report on public finance revenues provided by the Public Payments Administration and in national accounts the cash flow of these taxes is time lagged by one month. The exceptions are stamp taxes which are shown as actual transaction in the period. In calculating taxes on products all interests for delayed payments are excluded and shown within current transfers (D.75).

### 3.24.2 Types of taxes on products

Table 3.65 shows 16 types of taxes on products which are included in national accounts. By far the most important are VAT, excise duties and import taxes and levies, amounting to approximately 94% of the total value.

#### *Excise duties*

The data source of excise duties are monthly reports by the Customs Administration, which show excise duties due by products, separately for imports, for domestic production and for products sold in duty-free shops (duty-free shops at road border crossings were shut down in 2002 due to EU requirements). Excise duties in 2001 amounted to SIT 167 546 mio or 3.5% of GDP, of which for mineral oils and gas SIT 124 162 mio (74.1% of the total), tobacco and cigarettes SIT 29 952 mio (17.9%) and alcohol SIT 13 432 mio (8.0%). In Table 3.66 excise duties are shown by products, separately for imports and for domestic production.

**Table 3.66 Excises by products, 2001**

	Total	Domestic production	Imports
	mio SIT		
<b>Total excise duties (1 + 2 + 3)</b>	<b>167 546</b>	<b>145 064</b>	<b>22 482</b>
<b>1 Alcohol and alcoholic beverages</b>	<b>13 432</b>	<b>11 843</b>	<b>1 590</b>
Beer	10 555	10 208	347
Fermented beverages	19	5	14
Ethylene alcohol	2 919	1 689	1 229
Repayments (-)	60	60	
<b>2 Mineral oil and gas</b>	<b>124 162</b>	<b>105 637</b>	<b>18 525</b>
Gasoline	79 643	67 949	11 693
Kerosene	134	126	8
Gas oil, fuel oil	43 899	37 576	6 322
Petroleum gases (propane, butane...)	519	17	501
Repayments (-)	33	33	
<b>3 Tobacco products</b>	<b>29 952</b>	<b>27 585</b>	<b>2 367</b>
Cigarettes	29 990	27 623	2 367
Repayments (-)	38	38	

#### *Import duties and taxes, agricultural levies*

Import duties, taxes and agricultural levies are shown according to customs declarations, available monthly from the Customs Administration. Their total value was SIT 28 423 mio or 0.6% of GDP.

**Taxes on purchase of motor vehicles**

Taxes on purchase of motor vehicles are a special type of sales tax and are mostly collected at imports of passenger cars and at transactions of old (used) passenger cars and are levied in proportion to engine capacity. In total these taxes in 2001 amounted to SIT 5 575 mio or 0.1% of GDP.

**Taxes on insurance gross premiums**

Taxes are levied in percentage (6.5%) on gross insurance premiums. Long-term life and health insurances are excluded from this taxation. The tax amounted to SIT 8 616 mio or 0.2% of GDP.

**Taxes on classical game of chance and gambling**

The gambling industry in Slovenia is an important part of the tourist industry. Three different types of gaming products are taxed: classical games of chance, gambling and slot machines (casino type gaming) and gaming facilities within restaurants and pubs. The first two products are taxed in percentage of service charge (5% classical games of chance and 16% casino type gaming) and the latter monthly in nominal tax value per facility. In total these taxes amounted to SIT 8 496 mio or 0.2% of GDP. Tax on gaming machines within restaurants and pubs is local government revenue.

**Stamp duties**

Stamp duties are local government revenue and are levied on transactions of existing immobile property at 2% tax rate and are in B-2 report shown separately for legal units and for individuals. In total these taxes amounted to SIT 6 430 mio or 0.1% of GDP.

**Other taxes on products**

In national accounts four other types of taxes on products are included. Tax for overnight stay in nominal amount per night is local government revenue. Also import taxes at the border for direct imports by households are shown within taxes on products. Other import taxes and excises include other customs charges and several excise type taxes (excise in nominal amount per household facility of domestic brandy production). Taxes on air pollution are charged by sellers and are therefore as product taxes directly charged on buyers of mineral oils. In 2001 these taxes in total amounted to SIT 9 283 mio or 0.2% of GDP.

**3.25 VALUE ADDED TAX****3.25.0 Introduction**

VAT was introduced in the middle of 1999 with the second major revision of the tax system since Slovenia's independence in 1991. The VAT system mostly follows the Sixth VAT Directive. Products were in 1999 taxed by VAT 19% and 8% tax rates (at the beginning of 2002 these rates were increased to 20% and 8.5%). For individual farmers the option of the flat-rate system at 4% rate was introduced. Due to this the compensation of flat-rate farmers and the derived VAT rate must be estimated in national accounts for products which individual farmers produce for own final consumption and for direct sale to final consumers on farms and on markets. Therefore, in national accounts all products are allocated to three VAT rates: 19%, 8% and to 8.9% derived rate for final consumption products of flat-rate farmers.

VAT in 2001 is estimated at SIT 411 640 mio or 8.6% of GDP. Accrual VAT is estimated at SIT 414 826 mio (Table 3.67) and from this figure negative compensation of flat-rate farmers at SIT 3 186 mio is deducted to get the final VAT figure of SIT 411 640 mio in national accounts (Table 3.65). Negative compensation of flat-rate farmers is a category of other taxes on production and is also shown in Chapter 4.8. In Chapter 3.25.2 the calculation of the derived rate and negative compensation of flat-rate farmers are explained in more detail.

VAT allocation and treatment of VAT fraud are explained in Chapter 7.7.

**3.25.1 Data sources and valuation**

The VAT system is compulsory for all units with turnover above SIT 5 mio. After VAT introduction in 1999 the number of units increased quickly and in a few years almost all business units have entered the VAT system. Also VAT exempt units can enter the VAT system if their secondary production includes products which are normally taxed with VAT.

Units mostly report their transactions monthly with the option for smaller units to report quarterly or semi-annually. Payment starts on the last working day of month  $t + 1$  and VAT due is mostly paid within 40 days after the end of the period.

VAT monthly reports show a complete set of data relevant for the calculation of accrual VAT and several important macroeconomic and analytical categories: gross fixed capital formation (from 2002 on separately for constructions and for other fixed assets), sales to final consumers, sales to VAT units and VAT on inputs (all components are split by VAT rates), 4% flat-rate compensation, imports, exports, taxable and non-taxable transactions, exempt turnover separately with and without the right to deduct VAT on inputs, etc.

Accrual VAT calculation in national accounts (Table 3.67) consists of calculating VAT value according to VAT reports (VAT due, less prepayments, plus surplus from the previous period) and adding the value of VAT paid at import according to customs declarations. Almost 80% of the final accrual VAT figure are payments at import and 20% are final net payments. After entering the EU the situation is just the opposite: 20% are payments at imports and 80% final net payments. From this figure negative compensation of 4% flat-rate farmers must be deducted to get the final figure of accrual VAT in national accounts.

**Table 3.67 Accrual value added tax, 2001**

	Mio SIT
<b>Value added tax (A + B)</b>	<b>414 826</b>
<b>A VAT due for payment by VAT reports (46+51-52)</b>	<b>92 291</b>
46 VAT surplus from previous period due for payments	138 716
51 VAT due for payments	318 376
52 Prepayments of VAT	364 801
<b>B VAT paid at imports</b>	<b>322 535</b>

VAT reports are available to SURS quarterly approximately 60 days after the end of the period. The first annual estimate thus equals the sum of four quarters. All delayed reports are included in the relevant period and approximately 6 months after the end of the year all reports are completed and this allows the second calculation of annual accrual VAT figure. The final VAT is calculated approximately one year after the end of the period when all delayed reports are collected. Differences between the first annual accrual VAT figure by quarters and the final annual figure are very small.

### 3.25.2 Derived rate and negative compensation of flat-rate farmers

Table 3.68 below shows relevant data for calculating the derived rate. Output at producer prices is divided into final consumption on farms and direct sales by farmers to final consumers, 4% VAT sales to VAT units, changes in inventories, own-account production of intermediate (feeding stuffs and agricultural services) and gross fixed capital goods (breeding stocks and orchard development) and on other sales and uses (direct sales by farmers to restaurants, particularly wine). Intermediate consumption products are divided into VAT exempt products (including own-account feeding stuffs production), VAT 8% products, and VAT 19% products. The same split is done also for gross fixed capital formation goods.

**Table 3.68 Main categories for calculation of negative compensation for flat-rate farmers, 2001**

	Mio SIT
<b>Output at producer's prices</b>	<b>174 855</b>
Final consumption on farm and direct sales by farmers to final consumers	60 664
Sales to VAT units (4% flat-rate)	64 941
Changes in stocks	-1 065
Own-account feeding stuffs and agricultural services	37 434
Own-account GFCF (breeding stocks and orchard development)	5 248
Other sales and uses	7 634
<b>Intermediate consumption</b>	<b>96 812</b>
VAT-exempt products (including own-account feeding stuffs production)	44 197
Of which: changes in stocks	-4 898
VAT 8% products	32 694
VAT 19% products	19 921
<b>Gross fixed capital formation</b>	<b>31 260</b>
VAT-exempt products (including own-account GFCF)	5 842
VAT 8% products	398
VAT 19% products	25 020

The derived rate of 8.9058% is estimated as the total value of VAT on inputs (SIT 11 186 mio) divided by the sum of the total value of tax base of 4% flat-rate transactions (SIT 64 941 mio according to VAT reports data) and the value of own-account production for final consumption and direct sales to final consumers (SIT 60 664 mio). The negative compensation of flat-rate farmers is equal to 4% flat-rate base (SIT 64 941 mio) multiplied by the difference between the flat-rate and the derived rate (4% - 8.9058%). Negative compensation of flat-rate farmers is thus estimated at SIT 3 186 mio, it is a category of other taxes on production and it is a reduction item in the calculation of the final value of VAT in national accounts. All these calculations are summarised in Table 3.69.

**Table 3.69 Calculation of negative compensation for flat-rate farmers, 2001**

	Value	VAT-exempt transactions	VAT base		
			total	VAT 8 %	VAT 19 %
mio SIT					
1 Intermediate consumption	96 812	44 197	52 614	32 694	19 921
2 Gross fixed capital formation	31 260	5 842	25 419	398	25 020
<b>3 Total</b>	<b>128 072</b>	<b>50 039</b>	<b>78 033</b>	<b>33 092</b>	<b>44 941</b>
<b>4 VAT charged on inputs</b>			<b>11 186</b>	<b>2 647</b>	<b>8 539</b>
5 Taxable transactions of flat-rate farmers (64 941) and final consumption on farm and direct sales to final consumers (60 664)	125 605				
6 Derived rate (%) = $4/5 \cdot 100 = (11\ 186/125\ 605) \cdot 100$	8,9058				
7 Compensation (4%) of flat-rate farmers	2 598				
8 Taxable transactions of flat-rate farmers (4% flat-rate base value)	64 941				
<b>9 Under-compensation of flat-rate farmers = 64 941 * (4% - 8.9058%)</b>	<b>-3 186</b>				

## 3.26 SUBSIDIES ON PRODUCTS

### 3.26.0 Introduction

Subsidies on products are unrequited payments to resident market producers. According to central and local budgets' accounting data, total subsidies to producers are divided into subsidies on products, other subsidies on production and in small part also capital transfers. With subsidies on products government supports producers regarding the level of market prices and thus directly affects and supports production. These subsidies are typical in agriculture, manufacturing of food and in passenger transport. All other subsidies mostly cover or support producers regarding their input costs of production, particularly labour and environmental protection, and are explained in Chapter 4.9.

With the major 2000 GDP revision subsidies on products included only price subsidies and with this the total value of these subsidies was significantly reduced and other subsidies on production increased at the same time. The main reason was in delimitation of total subsidies to public railway transport according to central budget accounting data into subsidies on products, other subsidies on production and into capital transfer. Before the 2000 GDP revision all the subsidies to public railway transport were treated as a single subsidy on products.

In total, subsidies on products are in 2001 estimated at SIT 24 885 mio or 0.5% of GDP. By main activities subsidies on products are shown in Table 3.70.

**Table 3.70 Subsidies on products, 2001**

	Mio SIT
<b>Subsidies on products</b>	<b>24 885</b>
Agriculture	8 156
Manufacturing	7 810
Public railway transport	7 541
Passenger transport by bus	1 379

### 3.26.1 Data sources and valuation

The main data sources for subsidies on products are budgetary data of central government by relevant departments and of local governments. Data are according to Government Finance Statistics shown as actual payments in the period. Budgetary data are regularly audited by the Court of Auditors and in the final step presented and acknowledged by the Parliament.

An exception is subsidies in agriculture which are based on data of the Economic Accounts for Agriculture. These subsidies are paid with delay at the beginning of the next year for the previous year. Figures according to the Economic Accounts for Agriculture are accrual and above the budget cash flow data. In agriculture production total subsidies are divided into subsidies by products and into other subsidies on production according to data of the Economic Accounts for Agriculture.

Subsidies in passenger bus transport are based on accounting data of corporations.

### 3.26.2 Types of subsidies on products

Subsidies on products are allocated to four main activities: agriculture, manufacturing, public passenger transport by railway and by bus. Passenger transport by bus is subsidised by local government and all other subsidies on products are central government subsidies. Agriculture subsidies have increased significantly in recent years and with this the government supports a rather difficult position of producers (individual farmers and corporations) due to almost unchanged market prices. In manufacturing the majority of products subsidies are granted to producers of food and these subsidies support production for the domestic market as well as for exports.

1) Due to confidentiality the data is not described in detail.

2) Due to confidentiality the data is not fully described.

# CHAPTER 4

## THE INCOME APPROACH

### 4.0 INTRODUCTION

#### 4.0.0 GDP by the income approach

GDP by the income approach consists of the primary income categories which resident production units and individuals receive in the process of production of goods and services. Resident production units are corporations and self-employed persons as market producers and general government and NPISH units as non-market producers. Individuals or employees are also engaged in the production process. Thus GDP by the income approach is in the first step the sum of primary incomes of production units and employees. Gross operating surplus is primary income of market and non-market producers, mixed income is primary income of households as market producers and compensation of employees is primary income of individual employees. In the second step to these incomes the value of all taxes on production and imports is added and the value of all subsidies on production is deducted to get the final figure equal to GDP at market prices. In Table 4.1 the GDP 2001 main income categories are shown.

The data sources for primary income categories calculation are to a large extent the same as for GDP by the production approach outlined in Chapter 3. The whole process of compiling income GDP categories starts already at the beginning of the year at the level of about 140 activities. First annual estimate is finalised at the end of June or at the beginning of July and at the same time as GDP by the production approach. However, there are some specific data sources for the income GDP, particularly the Labour Costs Survey 2000 as the main additional data source for compensation of employees.

**Table 4.1 GDP by the income approach, 2001**

	Chapter	Mio SIT	Structure (%)
Compensation of employees	4.7	2 564 414	53.4
Taxes on production and imports	4.8	771 895	16.1
Taxes on products	3.24, 3.25	646 009	13.5
Other taxes on production	4.8	125 886	2.6
Less: subsidies on production	4.9	73 526	1.5
Subsidies on products	3.26	24 885	0.5
Other subsidies on production	4.9	48 642	1.0
Gross operating surplus	4.10 and 4.12	1 171 553	24.4
Gross mixed income	4.11	365 215	7.6
<b>Gross domestic product at market prices</b>		<b>4 799 552</b>	<b>100.0</b>

#### 4.0.1 Compensation of employees

Compensation of employees consists of two main components: wages and salaries and employers' social contributions. Wages and salaries include all gross payments in cash as well as goods and services in kind provided by employers to the employees for the work done in the observed period. Compensation of employees covers more than 50% of the income GDP and is outlined in Chapter 4.7.

#### 4.0.2 Taxes on production and imports

Taxes on production and imports are in national accounts divided into taxes on products (Chapters 3.24 and 3.25) and other taxes on production. Other taxes on production include labour force taxes, land use and environmental taxes, other taxes on fixed assets used in the production process and under-compensation of flat-rate farmers in the VAT system. Other taxes on production are shown in Chapter 4.8.

### **4.0.3 Subsidies on production**

Subsidies on production are subsidies on products and other subsidies on production. Subsidies are current unrequited payments by general government to resident market producers. In Chapter 4.9 other subsidies on production are explained. Subsidies on products are part of output value at basic prices and are explained in Chapter 3.26.

### **4.0.4 Gross operating surplus**

Gross operating surplus is the residuum item on the use side of the generation of income account and is therefore equal to gross value added less compensation of employees less other taxes on production plus other subsidies on production. This income category is for corporations as market producers shown in Chapter 4.10. It also includes gross operating surplus of dwelling activities of households, which is explained in Chapter 3.17.

### **4.0.5 Gross mixed income**

Gross mixed income is income of self-employed persons. The category is estimated as a residuum item and is equal to gross value added less compensation of employees less other taxes on production plus other subsidies on production. Gross mixed income is explained in Chapter 4.11.

### **4.0.6 Consumption of fixed capital**

For non-market producers of general government and NPISH consumption of fixed capital is equal to gross operating surplus. Consumption of fixed capital of these two sectors is shown at the end of this chapter (Chapter 4.12).

### **4.0.7 Income categories by institutional sectors**

Income categories by institutional sectors are shown in Table 4.2. With GDP revision in the second half of 2005 financial intermediation services indirectly measured (FISIM) were allocated by sectors or direct users of financial intermediation services for the whole period since 1995. With FISIM allocation gross value added by activities is not, as before, adjusted by FISIM as a negative operating surplus of the nominal sector of the economy. Total income categories by activities are directly increased by taxes on products and reduced by subsidies on products to get the final value of GDP at market prices. Compensation of employees, other subsidies on production, other taxes on production, gross operating surplus and gross mixed income are by activities shown at the end of each chapter in which the category is explained.

Table 4.2 GDP by the income approach by main categories and institutional sectors, 2001

	USES											
	RESOURCES		OPERATING SURPLUS								MIXED INCOME	
	Gross value added at basic prices	Compen-sation of employees	Other taxes on production	Less: other subsidies on production	gross	consump-tion of fixed capital	net	gross	consump-tion of fixed capital	net		
	mio SIT											
<b>Total by activities</b>	<b>4 178 428</b>	<b>2 564 414</b>	<b>125 886</b>	<b>48 642</b>	<b>1 171 553</b>	<b>732 240</b>	<b>439 313</b>	<b>365 215</b>	<b>90 891</b>	<b>274 325</b>		
Non-financial corporations	2 440 340	1 683 030	86 579	38 704	709 435	502 980	206 455					
Financial corporations	189 878	99 435	5 428	526	85 541	27 323	58 218					
General government	681 667	584 102	24 842	0	72 724	72 724	0					
Households	837 965	173 458	8 233	9 412	300 471	125 831	174 640	365 215	90 891	274 325		
NPISH	28 578	24 390	805	0	3 383	3 383	0					
Taxes on products	646 009											
Less: subsidies on products	24 885											
<b>Gross domestic product</b>	<b>4 799 552</b>											
	%											
<b>Total by activities</b>	<b>87.1</b>	<b>53.4</b>	<b>2.6</b>	<b>1.0</b>	<b>24.4</b>	<b>15.3</b>	<b>9.2</b>	<b>7.6</b>	<b>1.9</b>	<b>5.7</b>		
Non-financial corporations	50.8	35.1	1.8	0.8	14.8	10.5	4.3					
Financial corporations	4.0	2.1	0.1	0.0	1.8	0.6	1.2					
General government	14.2	12.2	0.5	0.0	1.5	1.5	0.0					
Households	17.5	3.6	0.2	0.2	6.3	2.6	3.6	7.6	1.9	5.7		
NPISH	0.6	0.5	0.0	0.0	0.1	0.1	0.0					
Taxes on products	13.5											
Less: subsidies on products	0.5											
<b>Gross domestic product</b>	<b>100.0</b>											

## 4.1 THE REFERENCE FRAMEWORK

### 4.1.0 Introduction

GDP by the income approach is estimated at the same time and with the same data sources as GDP by the production approach and with operating surplus and mixed income as balancing items. Therefore, for components of the generation of income account main basic data sources used are the same as for the production approach (Chapters 3 and 11). Unit level data from all basic sources are with the business register data split by institutional sectors. Before revision this was not possible because unit level data were not available from all data sources, particularly for self-employed. Other important improvement within the major GDP 2000 revision was the finalisation of the institutional sectorisation according to ESA95. With this it is possible to solve different problems of compilation process by individual data sources and by institutional sectors separately. This was particularly important for improving the calculation of compensation of employees.

GDP by the income approach is therefore not an independent measure. However, as the process of estimating income GDP categories is performed at the same time and with the same data sources as GDP by the production approach and by institutional sectors separately it is possible to clarify all steps and problems of transforming basic raw data into national accounts figures in detail. It is also important that basic data sources are mostly exhaustive with high coverage of active population of corporations, self-employed and non-market units.

### 4.1.1 Compensation of employees

Labour costs data are shown in all basic data sources of GDP by the production approach and are usually split into three main components: gross wages, other labour costs and employers' social contributions. For 2000 SURS conducted for the first time the Labour Costs Survey (LCS 2000). This source and its use are explained in Chapter 4.7. In 2002 SURS got access to annual income tax declarations for income tax assessment of individual persons. This source is exhaustive and is important for cross-checking the values of the most important components of compensation of employees.

### 4.1.2 Taxes on production and imports

While taxes on products have several different data sources, other taxes on production are mostly estimated with data of the so-called B-2 report, which by type shows all payments of public revenues and their distribution to central and local government and to social security funds.

### 4.1.3 Subsidies on production

Data of central budget, ministries and government agencies are basic sources for subsidies on products and subsidies on production. Also subsidies according to local government budgets data are split into subsidies on products and other subsidies on production.

### 4.1.4 Gross operating surplus

Gross operating surplus as a residuum is estimated with the same data source for all corporations, including financial corporations except in activities 65.1 Monetary intermediation (commercial banks, savings banks and the Bank of Slovenia) and 66 Insurance and pension funding. Units within these two activities have a special accounting system and specific output calculation. For banks data are provided by the Bank of Slovenia and for insurance companies by the statistical survey and by the Insurance Supervision Agency. For the Bank of Slovenia as non-market producer output is estimated by the cost approach and gross operating surplus is equal to consumption of fixed capital (Chapter 3.16). Public market utilities are separated from non-market units of general government and NPISH and are estimated independently. Also gross operating surplus of households dwelling activities (market rentals and owner-occupiers dwelling activities) is estimated independently with the specific data sources and methods (Chapter 3.17).

### 4.1.5 Gross mixed income

Gross mixed income of self-employed persons is estimated as a residuum category of gross value based on the data available from the Tax Administration for all self-employed except individual farmers and large unincorporated enterprises. Gross mixed income of households' agriculture activities is estimated with data of the Economic Accounts for Agriculture. Large unincorporated enterprises have a special data source similar to the corporation sector and data

are available from the Agency for Public Legal Records and Related Services (AJPES). The national accounts category of gross mixed income also includes several non-registered activities of households with specific data sources and methods of estimation. All these activities are shown as exhaustiveness adjustments (Chapter 7).

#### 4.1.6 Consumption of fixed capital

Consumption of fixed capital for fixed assets of the general government sector (together with public roads, bridges and similar public infrastructure) is estimated by the perpetual inventory method with data on stocks of fixed assets and with annual data of gross fixed capital formation by type of assets. Data collection, preparation and the perpetual inventory method were developed within Phare project and on this basis new estimates of consumption of fixed capital for general government were in the major GDP 2000 revision included in the official GDP for the whole period since 1995.

## 4.2 VALUATION

According to basic accounting principles, data in available data sources for estimation of GDP by the production approach and gross value added categories are on accrual basis. Exceptions are budget statistics data and accounting data for all direct budgetary units of central and local government (government ministries, agencies and funds) as figures show actual cash transactions in the period. For these units adjustments are necessary to transfer data from cash to accrual figures. For compensation of employees one month time lag adjustment is done (these adjustments are in more detail shown in Chapter 3.3). Data sources for public service providers (composed of market units and non-market government service producers) from 2000 on consist of two types of data: accrual according to corporations accounting principles and cash according to Government Finance Statistics (Chapter 3.1). Output and income GDP categories are for these units estimated with accrual accounting data.

Other taxes on production and other subsidies on production are estimated according to tax and budget statistics at central and at local government level and reflect actual transactions in the period. An exception is payroll tax as the most important type of other taxes on production for which one month time lag adjustment is done. Also subsidies in agriculture are according to the Economic Accounts for Agriculture on accrual basis and significantly above data in the central budget.

Consumption of fixed capital in data sources of corporations and other market producers is according to accounting principles valued at current replacement costs. Due to inflation, accounting principles prefer valuation of assets in balance sheets at current market values. Therefore, revaluation of assets and indexation to current price values is a standard method of valuing assets and inventories in the corporation accounts and balance sheets.

Compensation of employees includes all social security contributions payable by employees and by employers on behalf of employees and all relevant income taxes. Social security contributions of self-employed as well as their income taxes payable are included in gross mixed income.

Gross operating surplus and gross mixed income are in line with national accounts principles residual items of gross value added at basic prices and valuation of these two categories is determined with the proper valuation of output and intermediate consumption and respectively gross value added (Chapter 3). In the process of output and intermediate consumption compilation the most important is proper valuation of these two categories and particularly estimation of changes in inventories. As explained in Chapter 3.2.5, business accounts data demand adjustments for holding gains, for which "operating surplus" according to business accounts data is overestimated. Due to accounting methods of valuing costs and inventories, output and intermediate consumption categories in business accounts include capital gains on inventories, which must be excluded from current transactions according to national accounts principles.

## 4.3 TRANSITION FROM PRIVATE ACCOUNTING AND ADMINISTRATIVE CONCEPTS TO ESA95 NATIONAL ACCOUNTS CONCEPTS

### 4.3.0 Introduction

Transition from private accounting and administrative concepts to ESA95 national accounts concepts is an important part of GDP compilation process and is in detail explained in Chapter 3. The process is based on bridge tables from categories and components in data sources to national accounts categories. The main steps are:

- from intermediate costs in administrative and statistical data sources all payments identified as other taxes on production are deducted and shown as a category of gross value added;
- from intermediate costs in administrative and statistical data sources all payments on behalf of employees together with cash reimbursements for business travel are deducted and included in compensation of employees (Chapter 3.3). Cash reimbursements for business travel are also shown as exhaustiveness adjustments (Chapter 7);
- from labour costs in administrative and statistical data sources payroll tax is excluded and shown as other tax on production;
- total transfers to market producers are split into transfers in kind of products via market producers as part of government final individual consumption expenditure (Chapter 5.9), subsidies on products as part of output at basic prices (Chapter 3.26), other subsidies on production, which are shown as gross value added category (Chapter 4.9), and capital transfers, which are shown in capital account;
- units providing intermediate services for students' work show only service margin in their accounts, therefore total payments to students via these units are added to output and shown as compensation of employees of units. This adjustment is shown as transition from private accounting concepts to ESA95 national accounts concepts and not, as before, exhaustiveness adjustment (Chapter 3.3.5).

#### 4.3.1 Compensation of employees

In Table 4.3 all steps from labour costs in data sources to compensation of employees by institutional sectors are shown. Data presentation in this table includes all exhaustiveness adjustments of compensation of employees, which are in more detail explained in Chapter 4.6.

**Table 4.3 Transition from labour costs in data sources to compensation of employees, 2001**

	Total	Non-financial corporations	Financial corporations	General government	Households	NPISH
	mio SIT					
1. Labour costs – data sources	2 449 100	1 574 845	100 791	586 222	169 653	17 589
2. Valuation	2 350			2 350		
3. From administrative and private accounting to national accounts concepts	-48 163	-27 099	-4 480	-10 183	-5 692	-709
3.1 Payroll tax	-70 242	-49 620	-4 480	-15 433		-709
3.2 Students' work	19 545	19 545				
3.3 Other	2 534	2 976 <sup>1)</sup>		5 250	-5 692	
4. Exhaustiveness adjustments	161 126	135 284	3 124	5 712	9 496	7 510
<b>Compensation of employees (1 + 2 + 3 + 4)</b>	<b>2 564 414</b>	<b>1 683 030</b>	<b>99 435</b>	<b>584 102</b>	<b>173 458</b>	<b>24 390</b>

1) Not described due to statistical confidentiality.

For all sectors except households labour costs as shown in source data are reduced for payroll tax. According to available tax statistics, the household sector does not pay any payroll tax. For direct budget units (general government sector) this reduction is not necessary as the data source shows payroll tax separately.

Data on compensation of employees of non-financial corporations are increased for students' work via students' agencies. In general government one month time lag adjustment is necessary for cash data of direct budgetary units on compensation of employees. Also adjustment of intermediate inputs for categories of compensation of employees is necessary (payments for honoraria work, temporary and occasional contract work, work in prisons, expenditure for food in the army, Chapter 3.3.2). In the household sector basic data show gross wages of employees as well as "other labour costs". The item "other labour costs" includes also costs of self-employed; therefore 90% of this item is included in compensation of employees and the rest in gross mixed income. This split is done according to LCS 2000 to balance the level of compensation of employees of the household sector and the main components of this category.

#### 4.4 THE ROLES OF DIRECT AND INDIRECT ESTIMATION METHODS

GDP by the income approach is based on a direct method according to standard and complete annual data sources and indirect estimation methods are of no importance.

#### 4.5 THE ROLES OF BENCHMARKS AND EXTRAPOLATIONS

GDP 2001 is based on 2000 as a benchmark and the next benchmark is planned for 2005. In the benchmark year usually the improved level of GDP is estimated. In the benchmark year checking of market and non-market character of units is necessary together with relevant institutional sectorisation. Estimates for sections and activities with weak data sources and methods of estimation are improved also within the period between benchmark years. In such cases figures for the current year with the relevant corrections for the previous year are published at the same time as a standard annual routine revision. For any larger and important improvements of methods and data sources between the two benchmark years the data are recalculated backward up to the last benchmark.

Extrapolation of benchmark estimates is important for several types of exhaustiveness adjustments (tips, misreporting, etc.) and for estimate of dwelling activities of households with price and volume measures. The LCS 2000 is the benchmark for recalculating the structure of compensation of employees in line with ESA95 (Chapter 4.7).

#### 4.6 THE MAIN APPROACHES TAKEN WITH RESPECT TO EXHAUSTIVENESS

##### 4.6.0 Introduction

Exhaustiveness adjustments of income categories are not estimated independently. They are estimated entirely in line with and at the same time as exhaustiveness adjustments by the production approach. With the major GDP 2000 revision several new adjustments in the production approach were introduced, which directly increased the level of compensation of employees: tips, cash reimbursements for business travel for legal units, food and other goods for employees in restaurants, canteens and trade and private use of business cars. By the production approach total exhaustiveness adjustments amounted to 6.8% of GDP. The majority of output exhaustiveness adjustments are allocated to compensation of employees and to gross mixed income.

In Table 4.4 exhaustiveness adjustments of income categories are shown by type. Gross value added of illegal activities (N2) is entirely allocated to gross mixed income of households. However, as estimation of illegal activities is still in experimental phase these activities are not yet included in the published GDP. Without illegal activities exhaustiveness adjustments in published GDP amounted to 6.2%. They are in detail explained in Chapter 7.

##### 4.6.1 Compensation of employees

In N3 (not required to register) output of private households with employed persons as non-registered activity is equal to gross value added and to compensation of employees (SIT 1 789 mio). Compensation of employees is increased also due to non-surveyed activities of legal persons (N4 – SIT 31 722 mio) and self-employed (N5 – SIT 4 393 mio). All adjustments for misreporting of output and intermediate consumption for non-financial corporations (N6 – SIT 43 931 mio) are allocated to compensation of employees. Entire allocation of misreporting of non-financial corporations into the compensation of employees may be questionable. However, treatment of these corrections as compensation of employees and not as hidden gross operating surplus is more reasonable (Chapter 7).

Other statistical deficiencies (N7 – SIT 79 292 mio) include reduction of intermediate inputs as shown in business accounts for cash reimbursements for business travel in all legal units (SIT 55 152 mio) and for private use of business cars within corporations (SIT 15 263 mio). N7 also includes output adjustments for food for employees in restaurants (SIT 2 524 mio), and for tips estimated for service activities of households (SIT 3 598 mio is divided equally between compensation of employees and gross mixed income) and in non-financial corporations (SIT 4 555 mio). Cash reimbursements for business travel in the household sector are according to the LCS 2000 partly included in compensation of employees and partly in mixed income and are not treated as exhaustiveness adjustments.

**Table 4.4 Exhaustiveness adjustments by type and by income GDP categories, 2001**

	Total	Compensation of employees	Gross operating surplus	Gross mixed income	Other taxes on production
	mio SIT				
N1 Deliberately non-registering activities	0	0	0	0	0
N2 Illegal activities	29 563	0	0	29 563	0
N3 Not required to register	70 882	1 789	40 813	28 281	0
N4 Legal persons not surveyed	37 770	31 722	4 375	0	1 673
N5 Registered entrepreneurs not surveyed	15 985	4 393	0	11 592	0
N6 Producers deliberately misreporting	73 722	43 931	0	29 790	0
N7 Other statistical deficiencies	98 752	79 292	0	19 460	0
<b>Total</b>	<b>326 674</b>	<b>161 126</b>	<b>45 188</b>	<b>118 686</b>	<b>1 673</b>
% of GDP	6.8	3.4	0.9	2.5	0.0
<b>Total as included in GDP (without N2)</b>	<b>297 110</b>	<b>161 126</b>	<b>45 188</b>	<b>89 123</b>	<b>1 673</b>
% of GDP	6.2	3.4	0.9	1.9	0.0

#### 4.6.2 Gross operating surplus

Gross operating surplus of non-financial corporations is adjusted for operating surplus as it is estimated for legal persons not surveyed (N4 – SIT 4 375 mio). Gross operating surplus within N3 (Not required to register) is the category which is estimated for households market rentals of dwellings and therefore attributed to gross operating surplus of the household sector (SIT 40 813 mio).

#### 4.6.3 Gross mixed income

Exhaustiveness adjustments of gross mixed income, in total of SIT 89 123 mio, are estimated for household activities, which are not required to register (N3 – SIT 28 281 mio), not surveyed (N5 – SIT 11 592 mio), for misreporting (N6 – SIT 29 790 mio) and for other statistical deficiencies (SIT 19 460 mio). Not required to register activities of households are small scale activities of households and are mostly out of income tax rules: own-account construction activities (gross value added at basic prices equals to gross mixed income, SIT 17 346 mio), agriculture production of non-agricultural households (garden production, SIT 3 320 mio), unregistered private lodging (SIT 721 mio) and non-agricultural activities of individual farmers (SIT 6 894 mio). The latter type also includes volume correction of agriculture output data for products which are typical for small farmers and for which it is estimated that data in the Economic Accounts for Agriculture are not exhaustive.

Production of individual farmers for own consumption and for direct sales to final consumers (on farms and on markets) was before 2000 revision estimated with HBS data and shown as exhaustiveness adjustments. With the major GDP 2000 revision it was excluded from exhaustiveness adjustments. The reason is that this production is now regularly estimated with annual data of the Economic Accounts for Agriculture. This type of production is still significant (approximately 1.2% of GDP at producer's prices).

Increase of gross mixed income because of other statistical deficiencies (N7 – SIT 19 460 mio) is due to reduction of intermediate inputs for components of private use of business cars of self-employed (SIT 8 963 mio), cash reimbursements for business travel in large unincorporated enterprises (SIT 252 mio), tips and other adjustments in trade and restaurants (SIT 3 746 mio) and for overall price adjustments of agricultural products sold on farm and on markets directly to final consumers (SIT 6 498 mio). The latter adjustment is necessary because of the differences between producer's prices according to the Economic Accounts for Agriculture and market prices. N7 adjustment also includes 50% of tips and output adjustment for unpaid (free) goods for self-employed in the trade sector.

#### 4.6.4 Other taxes on production

Exhaustiveness adjustment of other taxes on production at SIT 1 673 mio include payroll tax estimated for legal persons not surveyed (N4).

## 4.7 COMPENSATION OF EMPLOYEES

### 4.7.0 Introduction

Compensation of employees as shown in Table 4.5 includes gross wages and salaries and employers' social security contributions, which are further divided into actual and imputed. In 2001 compensation of employees is estimated at SIT 2 564 414 mio or 53.4% of GDP. Compensation of employees as the largest category of the income GDP shows total payments in cash and in kind by employers to employees for the work done in the observed period. Gross wages and salaries are measured gross, i.e. before deduction of any employees' social contributions and income taxes.

Compensation of employees is estimated with available data sources and according to accounting standards and rules. In this process all steps together with exhaustiveness adjustments are done that the category itself and its components are in line with ESA95 standards, principles and methodology.

The compilation process consists of two steps. In the first step the category is estimated separately by individual data sources and by institutional sectors (Table 4.6). In the second step data are rearranged to ESA95 components with LCS 2000 data (Chapter 4.7.5 and Table 4.7).

In the first step data are arranged into three main components: gross wages, other labour costs and actual employers' social contributions. The main category is gross wages, which includes all gross payments (together with employees' social contributions and income tax) to employees with employment contract. This step in the final compilation includes cross-checking and balancing, so that the final value of compensation of employees and its main components are exhaustive and in line particularly with accrual figures on social security contributions as a government revenue.

The process of compilation was improved in 2002 by the agreement between SURS, the Ministry of Finance and the Tax Administration on tax data sources availability in statistics. With this agreement SURS got access to various tax data including annual income tax declarations of individuals (AITD), this source is exhaustive. This was particularly important to verify estimate of gross wages.

**Table 4.5 Compensation of employees by components, 2001**

	Mio SIT
<b>Compensation of employees</b>	<b>2 564 414</b>
Wages and salaries	2 231 612
Employers' social contributions	332 802
Actual	281 305
Imputed	51 498

### 4.7.1 The reference framework

All data sources, except for direct budget units and self-employed, show labour costs data by three main components: gross wages, other labour costs and employers' social contributions. The data source for direct budget units shows labour costs data at a more detailed level and can be easily rearranged to the same main categories as for other sectors. As mentioned in Chapter 4.2, accrual adjustments as well as intermediate inputs adjustments are necessary for data of direct budgetary units (honoraria payments, temporary and occasional contract work, attendance fees, prisoner's work, etc., Chapter 3.3.2). Also the data source for self-employed is specific, showing only gross wages and other labour costs. The latter include also employers' social contributions as well as costs of self-employed; therefore they are slightly reduced for estimated costs of self-employed (Chapter 4.3.1). Table 4.6 shows compensation of employees by institutional sectors and its structure according to data sources and accounting principles.

**Table 4.6 Compensation of employees by components and by institutional sectors according to data sources, 2001**

	Total	Non-financial corporations	Financial corporations	General government	Households	NPISH
	mio SIT					
Compensation of employees	<b>2 564 414</b>	<b>1 683 030</b>	<b>99 435</b>	<b>584 102</b>	<b>173 458</b>	<b>24 390</b>
Gross wages	1 703 506	1 060 342	72 087	443 134	113 698	14 245
Other labour costs	579 603	443 829	15 886	70 420	41 959	7 509
Employers' social contributions	281 305	178 858	11 462	70 548	17 801	2 636

#### 4.7.2 Gross wages

Gross wages include all gross payments for regular and overtime working hours, premiums for productivity and bonuses after periodic and annual account together with relevant exhaustiveness adjustments described in Chapter 4.6. Included are also all gross payments made by employers to employees for the time when they do not work due to annual leave and national holidays as well as due to sick leave which are payable by employers up to a specific period (in principle up to one month). Payments for sick leave over a specific period are covered by the Health Social Security Fund and are not treated as compensation of employees.

Gross wages include four types of employees' social security contributions (in total 22.10% of gross wages) and income tax. Employees' social security contributions are obligatory payments for pension (15.50%) and health insurance scheme (6.36%) payable to government social security funds (Pension Social Security Fund and Health Social Security Fund) and social security contributions for unemployment (0.14%) and for maternity leave (0.10%) payable to the central government budget. The present system of social security contributions and the system of income tax were introduced in 1991. Employees are paid monthly net wages after employer's payments (deduction) of social security contributions and income taxes.

The progressive income tax rate on net wage (wage without social contributions) is from 16% to 50%. The employers deduct prepayments of income taxes and pay them on behalf of the employees each month to the tax authorities. Annual income tax declarations are submitted to the tax authority in March by all persons with incomes from employment and self-employment, with pensions over a certain level and with any other revenues over a certain level in the previous year. According to submitted income tax declarations, there are approximately 1.4 million income tax payers in Slovenia. Annual income tax declaration is the basis for final extra payment of income tax or for refund of overpaid income tax.

Annual income tax declarations show total annual gross wages of the economy and are therefore the main source for cross-checking and balancing national accounts figure. In 2001 both figures were almost the same, in national accounts SIT 1 703 506 mio (Table 4.6) and in annual income tax declarations SIT 1 700 380 mio. Exhaustiveness adjustment of gross wages due to non-response (N3 and part of N4 and N5 in Table 4.4) amounted to SIT 25 476 mio or 1.5% of the final figure. Therefore, the coverage in all basic GDP data sources is reasonably exhaustive.

#### 4.7.3 Other labour costs

According to accounting standards, the most important other labour costs are: meals during work (employees mostly receive monthly cash compensation for food during work and very seldom meals vouchers), cash compensation for transport to and from work and due to separate living, attendance fees and similar allowances, annual holiday bonuses, payments for temporary or occasional contract work, honoraria payments. Less important are: jubilee rewards, special extra payments at retirement, commissions, gratuities, gifts, bonuses and other cash or in kind reimbursements of employees outlays, which are not directly connected with the business operations of the enterprise.

All payments of other labour costs are valued gross, before deduction of any other taxes and social contributions paid by employer. At the beginning of 1998 obligatory social security contributions were introduced also for payments of some other labour costs and also for payments of business costs over a certain level: all types of rewards and extra payments at retirement, payments for voluntary insurance schemes, private use of business cars,

price reductions for sales to employees of own goods and tradables, values of gifts, reductions of interests for loans to employees.

Some types of other labour costs have special tax arrangements. Annual holiday bonuses are taxed with income tax (at the same rate as gross wage of the employee). Honoraria payments are taxed 25% on the tax basis, which is 60% of the total gross value (40% is cost deduction). Gross payment for temporary or occasional contract work is taxed with 25% (by employer) and with 25% income tax by employee (tax basis is 90% of gross payment). Employers must also pay pension and disability social security contributions for persons performing temporary or occasional contract work (6% of gross payment) and a small fixed amount per person for health insurance. Annual holiday bonuses are independent item in annual income tax declaration and all honoraria payments as well as temporary and occasional contract work can be estimated on the basis of the B-2 report in which all taxes mentioned above are explicitly shown.

The problematic borderline item within other labour costs is honoraria payments. According to accounting principles for the corporate sector, these payments are labour costs. For public units (market and non-market) these payments are shown explicitly in accounting data and are included in compensation of employees. Honoraria payments for part time (second job) work are not the same as payments for services provided by the registered self-employed.

With changes of accounting standards in 2002 all gross payments for honoraria work and temporary and occasional contract work were excluded from labour costs and included in intermediate consumption. As these activities of individuals are not registered, an adjustment was necessary in national accounts. To balance "new" intermediate inputs of all activities in GDP by the production approach output of a "dummy" sector was imputed showing all gross payments in the economy for these two types of work. The dummy sector was allocated to the activity of other business services (SKD 74.8).

According to accounting standards, labour costs can include products as wages in kind at purchaser's prices or at the difference between the purchase price and the price at which goods are sold to employees. Payments in kind include all repair and maintenance costs together with relevant consumption of fixed capital of assets for entertainment, cultural and sport activities of employees. All own-account production of goods for employees in labour costs must be balanced on the revenue side as output for own consumption and this bookkeeping is similar to national accounts principles (Chapter 3.3).

Data sources for self-employed are specific, showing separately only two items: gross wages of employees and all other labour costs together with employers' social contributions and cash reimbursement for business travel. The structure of compensation of employees is estimated by the LCS 2000 and by statistics on taxes and social contributions (in the B-2 report social security contributions for employees of unincorporated enterprises, employers' social contributions for them as well as of self-employed are shown separately). Part of other labour costs (10%) is allocated to gross mixed income. These adjustments are not treated as exhaustiveness adjustments.

Total other labour costs in 2001 amounted to SIT 579 603 mio, of which non-response adjustments are estimated at SIT 8 399 mio or 1.4% of the total. Almost all other exhaustiveness adjustments are included into other labour costs at the amount of SIT 126 969 mio and are equal to 21.9% of the final value of other labour costs (Chapter 4.6.1).

#### 4.7.4 Employers' actual social contributions

Employers' actual social contributions in data sources mostly consist of compulsory employers' social contributions at the standard rate of 15.9% of gross wage. Compulsory employers' social contributions cover health insurance (6.36%), pension insurance (8.85%), unemployment (0.06%), maternity leave (0.10%) and injuries at work (0.53%). In available data sources employers' actual social contributions are shown explicitly except in the data source for self-employed. In this source employers' social contributions are shown within the category of other labour cost and the component can be estimated at 15.9% of gross wages. The estimated value of actual employers' social contributions in national accounts includes also compulsory health social security payments by employers for all other types of employment and also part of voluntary health and life insurance payments. Employers can also pay premiums to private pension funds on behalf of their employees. However, such pension funds were in 2001 at the early stage of development and were in national accounts included for the first time in 2002 in the insurance sector.

In national accounts total value of employers' social contributions (SIT 281 305 mio) encompasses as the main component compulsory payments to the general government at 15.9% of gross wages. In 2001 this component is estimated at SIT 270 857 mio, of which non-response adjustments is equal to SIT 3 933 mio or 1.5% of the total value. The rest of the total figure (SIT 10 448 mio) are employers' social contributions for other types of employment together with employers' contributions for private health, life and accidents insurance schemes.

## 4.7.5 The Labour Costs Survey 2000 and compensation of employees

### 4.7.5.0 Introduction

For national accounts the LCS 2000 was an important data source for analysing components and types of labour costs in data sources and particularly for wages and salaries in kind. With LCS 2000 data on components of compensation of employees according to data sources are recalculated to standard ESA95 components of compensation of employees (Table 4.7).

In the LCS 2000 all institutional sectors were covered. On average coverage of the survey was reasonably high (86.8% of national accounts final value of compensation of employees). Coverage analysis by institutional sectors and by main components shows very plausible LCS 2000 data in comparison with national accounts figures for general government and financial corporations and slightly less for NPISH and the household sector. For these sectors the LCS 2000 coverage of total compensation of employees in national accounts (together with all exhaustiveness adjustments) was for financial corporations 90.1%, for general government 92.4%, for NPISH 53.0% and for households 24.8%. Also by components coverage for these sectors was reasonably balanced and the same as in national accounts. Some differences in other labour costs for financial corporations and NPISH were identified and solved by activities. Only LCS 2000 data by components for the household sector were entirely incorporated in national accounts.

LCS 2000 data by components were not entirely plausible for other labour costs of non-financial corporations. In this sector population of small units (with fewer than 10 employees) in the LCS 2000 was not covered. Therefore, LCS 2000 data were correct and plausible only for enterprises with more than 10 employees. Small units show relatively higher share of other labour costs in the structure of compensation of employees and this is especially true for cash reimbursements for business travel. Also in the LCS 2000 all payments made directly by employers to employees for practical work of pupils and students were not included. These types of payments are typical other labour costs of non-financial corporations. A rather weak point was that in the survey only actual payments in the period were taken into account, therefore not accrual figures. Data analysis showed that in the LCS 2000 other labour costs in non-financial corporations were covered approximately at the level of 85% of relevant national accounts data (without exhaustiveness adjustments and after deduction of the payroll tax).

In the next LCS, which was carried out for 2004, an additional sample survey for small non-financial corporations was included together with some extra questions on the types of compensation of employees according to accounting standards. With this it will be possible to further improve balancing of national accounts data with the LCS also on detailed level by components and by types for all institutional sectors.

In Table 4.7 the 27 components of compensation of employees according to the LCS 2000 are shown. The households sector is shown separately. Excluded are all categories which are according to the International Labour Organisation components of labour costs but according to national accounts intermediate consumption (expenditure for education and working clothes, direct business expenses) and other taxes on production (payroll taxes). All components are grouped into two main categories: gross wages and salaries and employers' social contributions. The majority of components were already explained above and are in line with accounting principles and enterprise practice. An exception is cash reimbursement for business travel, which is intermediate input in business accounts. With LCS 2000 data this category was excluded from intermediate inputs and is therefore for all legal units shown within exhaustiveness adjustments. In the 2002 annual profit and loss form for corporations (non-financial and financial corporations, except monetary institutions and insurance companies) total reimbursements to employees for business purposes are shown as an independent item. Analysis of 2002 data shows that this item is in small enterprises (with fewer than 10 employees) significant and per-capita five times larger than in other enterprises. This will demand some additional adjustments of intermediate inputs of enterprises with fewer than 10 employees (Chapter 7).

**Table 4.7 Labour Costs Survey 2000 and compensation of employees by components and by types**

	Total LCS 2000 data	Of which: households
	mio SIT	
<b>Compensation of employees</b>	<b>1 975 987</b>	<b>39 320</b>
<b>Gross wages and salaries</b>	<b>1 698 454</b>	<b>34 438</b>
<b>Gross (basic) wages</b>	<b>1 389 878</b>	<b>24 980</b>
1 Gross wages	1 146 571	21 920
2 Reimbursement for annual and national holidays	158 102	2 247
3 Allowances for productivity	62 022	730
4 Annual allowances for efficiency	23 183	82
<b>Other wages in cash and in kind</b>	<b>308 575</b>	<b>9 458</b>
5 Holiday bonuses	70 845	1 620
6 Jubilee rewards	4 171	44
7 Cash reimbursements for meals, transport and separate living	122 629	3 113
8 Cash reimbursement for business travel	45 526	3 902
9 Other labour costs including vouchers	13 552	386
10 Stocks options	365	0
11 Payments in kind (goods in kind)	561	0
12 Costs of private use of business cars	5 024	172
13 Other payments in kind (cultural, sport and entertainment services)	2 709	51
14 Solidarity aid	1 126	7
15 Temporary and occasional contract work	20 126	97
16 Honoraria payments	21 939	65
<b>Employers' social contributions</b>	<b>277 533</b>	<b>4 882</b>
<b>Actual social contributions</b>	<b>236 625</b>	<b>4 515</b>
17 Pension social contributions	130 135	2 529
18 Health social contributions	89 646	1 669
19 Unemployment social contributions	3 100	63
20 Social contributions for injuries at work	7 654	146
21 Social contributions for maternity	1 532	38
22 Additional social contributions	4 559	71
<b>Imputed social contributions</b>	<b>40 908</b>	<b>366</b>
23 Reimbursements due to sickness and accidents	29 634	342
24 Reimbursements due to notice	1 750	5
25 Reimbursements due to birth, death and wedding	1 980	7
26 Payments due to retirement and purchase of work period by employer	4 819	12
27 Payments due to redundancy	2 725	1

#### 4.7.5.1 Gross wages and salaries

As shown in Table 4.7, gross (basic) wages include gross wages for current work (type 1), reimbursements for national and annual holidays (2), allowances for monthly productivity (3), and annual allowances for efficiency (4).

Other labour costs consist of twelve components; the majority of these costs consist of cash payments and reimbursements.

The first four items are entirely allowances and reimbursements in cash: annual holiday bonuses (5), jubilee rewards (6), for meals during work, transport to and from work, separate living and attendance fees (7) and for business travel (8).

Other labour costs (9) include all costs for preparing food and for organising transport to and from work by employers on behalf of employees together with meals vouchers. Meals vouchers are rather cash and not in kind reimbursement

(common practice is that employees with vouchers can buy all kinds of goods in the nearest shop) and should be included in type 7 in the next LCS.

The item stock options (10) shows payments and particularly annual bonuses which are paid to employees in stocks and in similar financial instruments.

Payments in kind of own-account production of goods (11) are negligible. Almost half of this amount (SIT 256 mio) is allocated in mining of coal.

All relevant costs of private use of business cars (fuel, maintenance and repair costs, insurance, parking costs, and garages) are shown in the next item (12). Other payments in kind (13), which include purchases of cultural, sport and recreation services for the use of employees, are slightly larger and are at the amount of SIT 2 709 mio smoothly allocated to all activities.

Solidarity aid (14) is occasional cash support by employers to employees due to accidents. Payments for temporary or occasional contract work (15) and honoraria payments (16) are important categories of other labour costs also according to the LCS 2000.

#### **4.7.5.2 Employers' social contributions**

Employers' actual social contributions consist of six components (Table 4.7), of which five are compulsory social security contributions to schemes of general government and the last one voluntary social contribution for health, life and accident insurance (22). Compulsory social security contributions show standard payments for pensions (17), health (18), unemployment (19), injuries at work (20) and maternity (21).

In the final recalculation of compensation of employees' components by activities and by institutional sectors into ESA95 components all gross payments with social character by employers to employees are excluded from gross wages and shown as imputed social contributions of unfunded schemes within enterprises. This category consists of five types of payments by employers as reimbursements to employees temporary not at work due to sickness and accidents (23), notice (24), family affairs (25) and redundancy (27). Included are also additional payments at retirement and employers' purchase of employment time for pension schemes on behalf of employees (26).

#### **4.7.6 Compensation of employees and number of employees 2001 by activities and by institutional sectors**

In Table 4.8 compensation of employees 2001 are shown by main components at activity level and by institutional sectors. All data of compensation of employees shown in this table are prepared with the LCS 2000 as a benchmark, which was used as a base for splitting the total gross (basic) wages into the component of gross wages and salaries and into the component of imputed social contributions as explained in the previous chapter. The part of gross wages, which is shown within the category of imputed employers' social contributions, includes relevant (15.9%) employers' compulsory social contributions, since employers must pay compulsory social contributions for all types of gross wages. In Table 4.8 also the number of employees according to national accounts estimate is shown. More detail of employment category in national accounts is given in Chapter 7.

Table 4.8 Compensation of employees and number of employees by activities and by institutional sectors, 2001

	Compensation of employees	Wages and salaries	Employers' social contributions			Number of employees thousand
			mio SIT		imputed	
			total	actual		
A Agriculture, hunting and forestry	30 573	26 616	3 957	3 329	628	11.5
01 Agriculture, hunting and related service activities	23 115	20 225	2 890	2 505	386	9.1
02 Forestry, logging and related service activities	7 458	6 391	1 066	824	242	2.5
B Fishing (05)	522	467	56	52	4	0.2
C Mining and quarrying	22 119	18 743	3 376	2 467	909	5.2
10 Mining of coal and lignite, extraction of peat	18 957	16 008	2 950	2 109	841	4.3
12 Mining of uranium and thorium ores	360	313	47	37	10	0.1
13 Mining of metal ores	104	75	29	12	17	0.0
14 Other mining and quarrying	2 698	2 348	350	309	41	0.8
D Manufacturing	730 753	630 929	99 824	82 282	17 542	244.0
15 Manufacture of food products and beverages	66 621	56 882	9 738	7 753	1 985	21.8
16 Manufacture of tobacco products	2 214	1 926	288	229	59	0.4
17 Manufacture of textiles	35 493	30 317	5 175	4 082	1 093	15.4
18 Manufacture of wearing apparel, dressing	33 100	28 464	4 636	3 762	875	16.7
19 Tanning of leather, manufacture of leather goods	18 775	16 203	2 572	2 163	409	8.3
20 Manufacture of wood, except furniture	29 280	25 088	4 192	3 373	819	12.0
21 Manufacture of pulp, paper and paper products	19 098	16 373	2 725	2 118	607	6.0
22 Publishing, printing and reproduction of recorded media	40 360	35 631	4 730	4 010	720	9.6
23 Manufacture of coke and refined petroleum products	2 174	1 874	299	258	41	0.7
24 Manufacture of chemicals and chemical products	66 935	57 795	9 140	7 633	1 507	13.8
25 Manufacture of rubber and plastic products	38 018	32 706	5 312	4 248	1 064	11.9
26 Manufacture of other non-metallic mineral products	29 898	25 690	4 208	3 464	744	10.2
27 Manufacture of basic metals	28 868	24 859	4 010	3 271	738	8.6
28 Manufacture of metal products, except machinery	87 060	75 529	11 532	9 671	1 861	30.1
29 Manufacture of machinery and equipment n. e. c.	69 278	59 839	9 439	7 770	1 669	23.4
30 Manufacture of office machinery and computers	3 634	3 196	437	407	30	0.9
31 Manufacture of electrical machinery and apparatus n. e. c.	42 096	36 659	5 437	4 715	722	13.8
32 Manufacture of radio, television, communication equipment	24 933	21 672	3 261	2 735	527	7.0
33 Manufacture of medical, precision and optical instruments	22 717	19 689	3 028	2 560	468	7.5

**Table 4.8 Compensation of employees and number of employees by activities and by institutional sectors, 2001 (continued)**

	Compensation of employees	Wages and salaries	Employers' social contributions			Number of employees thousand
			mio SIT		imputed	
			total	actual		
34 Manufacture of motor vehicles, trailers and semi-trailers	22 497	19 396	3 100	2 639	461	7.1
35 Manufacture of other transport equipment	8 738	7 360	1 379	1 024	355	3.1
36 Manufacture of furniture, manufacturing n. e. c.	36 211	31 378	4 833	4 093	740	15.0
37 Recycling	2 755	2 403	352	306	46	0.8
E Electricity, gas and water supply	46 859	40 450	6 409	5 425	983	11.8
40 Electricity, gas, steam and hot water supply	33 960	29 283	4 677	3 913	764	7.9
41 Collection, purification and distribution of water	12 898	11 166	1 732	1 512	220	3.9
F Construction (45)	152 684	133 431	19 253	16 556	2 697	56.0
G Wholesale and retail trade, repair of motor vehicles	302 491	265 212	37 279	32 146	5 133	97.7
50 Sale and repair of motor vehicles, sale of automotive fuel	44 900	39 066	5 834	4 921	913	13.7
51 Wholesale trade and commission trade	134 656	118 601	16 055	13 928	2 127	38.9
52 Retail trade, repair of personal and household goods	122 935	107 545	15 389	13 297	2 092	45.1
H Hotels and restaurants (55)	64 696	56 919	7 776	6 358	1 418	24.4
I Transport, storage and communication	166 302	144 651	21 651	18 257	3 395	45.2
60 Land transport, transport via pipelines	77 441	67 673	9 767	8 184	1 584	23.4
61 Water transport	3 488	3 394	94	74	20	0.6
62 Air transport	4 934	4 354	580	487	93	0.6
63 Supporting transport activities, travel agencies	36 507	31 630	4 878	4 133	745	9.7
64 Post and telecommunications	43 932	37 600	6 333	5 379	953	10.8
J Financial intermediation	99 378	86 328	13 049	11 414	1 635	20.1
65 Financial intermediation	61 318	52 981	8 337	7 243	1 094	12.7
66 Insurance and pension funding	27 826	24 402	3 423	3 113	310	4.9
67 Activities auxiliary to financial intermediation	10 234	8 945	1 289	1 058	231	2.6
K Real estate, renting and business activities	241 610	218 346	23 264	20 098	3 166	58.1
70 Real estate activities	9 070	7 913	1 157	1 009	147	2.8
71 Renting of machinery and equipment	1 132	1 058	74	67	6	0.3
72 Computer and related activities	35 813	32 501	3 312	2 894	418	5.1
73 Research and development	19 816	17 272	2 544	2 273	271	3.6
74 Other business activities	175 780	159 601	16 178	13 855	2 323	46.3

Table 4.8 Compensation of employees and number of employees by activities and by institutional sectors, 2001 (continued)

	Compensation of employees	Wages and salaries	Employers' social contributions			Number of employees thousand
			total	actual	imputed	
L Public administration and defence, compulsory social security (75)	202 941	174 833	28 108	23 955	4 154	45.0
M Education (80)	217 110	186 849	30 261	26 205	4 056	54.3
N Health and social work (85)	181 610	155 290	26 320	22 145	4 175	43.7
O Other community, social and personal service activities	102 978	90 759	12 219	10 616	1 603	23.0
90 Sewage and refuse disposal and similar activities	7 796	6 794	1 002	874	128	2.5
91 Activities of membership organisations n. e. c.	17 769	15 656	2 112	1 982	130	3.4
92 Recreational, cultural and sporting activities	66 883	59 081	7 803	6 677	1 126	12.3
93 Other service activities	10 530	9 228	1 302	1 083	219	4.8
P Private households with employed persons (95)	1 789	1 789	0	0	0	0.8
<b>Total industries</b>	<b>2 564 414</b>	<b>2 231 612</b>	<b>332 802</b>	<b>281 305</b>	<b>51 498</b>	<b>741.1</b>
Non-financial corporations	1 683 030	1 467 103	215 926	178 858	37 068	509.3
Financial corporations	99 435	86 356	13 079	11 462	1 617	20.2
General government	584 102	502 661	81 441	70 548	10 893	136.0
Households	173 458	153 990	19 468	17 801	1 667	70.4
NPISH	24 390	21 501	2 889	2 636	253	5.2

## 4.8 OTHER TAXES ON PRODUCTION

### 4.8.0 Introduction

Other taxes on production are categories of gross value added and consist of all payments by production units to general government institutions for the engagement in the production process. In 2001 other taxes on production are estimated at SIT 125 886 mio or 2.6% of GDP.

Other taxes on production consist of taxes on labour force (payroll tax), taxes on the use of land and fixed assets, water and air pollution taxes and taxes or special concessions and business licenses for performing services. They include also under-compensation of VAT, which is in national accounts estimated for flat-rate farmers in the VAT system. Under-compensation of flat-rate farmers in the VAT system is a deduction item of accrual VAT and is explained in Chapter 3.25. Other taxes on production do not include similar taxes (i.e. passenger car registration taxes) paid by households as consumers, which are included in the category of other current taxes. An exception is the land use tax paid by households, which is included in other taxes on production and in gross value added of dwelling activities of households (market and imputed rentals).

### 4.8.1 Data sources and valuation

Other taxes on production are estimated as actual transactions in a year according to tax statistics. An exception is the payroll tax as the most important type of other taxes on production, with one month time lag adjustment of cash data. Under-compensation of flat-rate farmers in the VAT system is due to the estimation method accrual figure. Also payment of the Nuclear Power Plant for its decomposition to special government fund is accrual figure. This data is collected directly from the payer.

The source for other taxes on production (except under-compensation of flat-rate farmers in the VAT system and tax for the decomposition of the Nuclear Power Plant) is the B-2 report, which on a monthly basis shows payments of all public tax and non-tax revenues and social security contributions to central and local government budgets and to social security funds (Health Social Security Fund and Pension Social Security Fund). Values of all other taxes on production in national accounts include also interests for delay payments as shown in the data source.

### 4.8.2 Types of other taxes on production

In the category of other taxes on production altogether 12 types of taxes are included. By far the most important is the payroll tax, which was introduced in 1996 to compensate decrease of fiscal revenue due to significant reduction of employers' social contribution rate (from 22.1% to 15.9% of gross basic wage). Three taxes are entirely revenue of local government (land use tax by legal units and by households and registration fees on agriculture tractors). Concession duties on special gaming are equally split between central and local government revenue. Also concession and business licenses are partly local government revenue and partly central government revenue. Other taxes on production by type are shown in Table 4.9.

**Table 4.9 Other taxes on production, 2001**

B-2 number		General government	Central government	Local government
		mio SIT		
	<b>Other taxes on production</b>	<b>125 886</b>	<b>99 609</b>	<b>26 277</b>
015 + 016	Payroll tax	80 560	80 560	
170	Registration fees on motor vehicles, boats and airplanes – legal units	3 054	3 054	
162	Registration fees on agriculture tractors	12		12
248 + 250	Land use tax – legal units	17 762		17 762
249	Land use tax – households	4 530		4 530
153 + 154	Tax on water pollution	1 238	1 238	
263 + 264	Charges on the use of water	2 194	2 194	
156 + 157	Tax on air pollution for the use of solid fuels	923	923	
272 + 273	Concessions and business licenses	609	575	34
274 + 275	Concession duties on special gaming	7 878	3 939	3 939
Special source	Contribution of the Nuclear Power Plant to finance its decomposition	3 941	3 941	
NA	Under-compensation of flat-rate farmers in the VAT system	3 186	3 186	

**Payroll tax**

Payroll tax is paid by employers in all enterprises (including non-market units) over a certain level of gross wage. It is calculated as a percentage (progressive scale of tax rate starting at 2%) of the gross wage. The tax is due at the same time as gross wage. According to national accounts figures, the average tax rate of the payroll tax in 2001 is estimated at 4.7%. Due to inflation, this average rate has the tendency of permanent increase (3.0% in 1997 and 5.1% in 2003).

**Registration fees on motor vehicles, boats and airplanes by legal units****Registration fees on agriculture tractors**

These taxes are paid by owners of cars and trucks, boats, airplanes and agriculture tractors which are registered in Slovenia. Liability to pay is due once a year. The amount of the fee depends on the engine volume.

**Land use tax – legal units and households**

The tax is levied as a compensation for the use of municipal land and is paid once or twice per year. It is paid by the direct user of the land. Tax base depends on the area of the ground designated as municipal land or on the area of the building. In multi apartment houses tax is allocated to individual flat.

**Tax on water pollution**

The tax is paid as a compensation for the outflow of the waste water (industrial, rainfall or communal water). In the case of industrial waste water the taxpayer is the legal entity which is obliged to conduct so-called operational monitoring of waste water while in the case of rainfall waste water and communal waste water the taxpayer is a public communal service provider (which is obliged to clean and drain communal and rainfall waste water in the municipality). The tax is paid by monthly instalments. The difference between the instalments paid and final liability is paid by the next monthly instalment.

**Charges on the use of water**

The tax is paid as a compensation for exploitation of energetic potential of water for electricity production, as a compensation for used water or as a compensation for drinking water or as a compensation for exploitation of alluvial ground. Taxpayers are units which provide water to households. The tax base is produced electricity or the amount of used and drinking water or the amount of exploited alluvial ground. The tax is paid by monthly instalments and final assessment by the end of the year.

***Tax on air pollution by the use of solid fuels***

The tax is levied on the use of solid fuels for machine drive, turbine drive and for heat production as well as on the combustion of waste material. Taxpayers are producers of solid fuels while in the case of combustion of waste material taxpayers are managers of the combustion chamber.

***Concessions and business licensees***

Concessions are paid in order to obtain certain exploitation rights on wealth/property which is usually owned by the government. These exploitation rights may exist in several areas of the economy. The most important are exploitation rights for use of water potential (paid by hydroelectric power plants) and exploitation rights for performing a coal mine activity (paid by coal mines). Revenues from some concessions are entirely revenue of central budget, while others are divided between central and local budgets.

***Concession duties on special gaming***

Taxpayers are casinos which are obliged to pay concession duties in order to carry out their activity. The tax base comprises received payments for participation in gaming, reduced by winnings paid off. Concessions duties are calculated for each month separately and are paid on a monthly basis. Revenue from concessions is distributed in equal part to central and local government.

***Contribution of the Nuclear Power Plant to finance its decomposition***

It is a contribution paid by the Nuclear Power Plant to a special government fund to finance costs of closing the plant and to safely store radioactive waste. The tax base is the difference between the cost price and the market price of every produced kWh of electricity. The contribution is paid on a monthly basis.

***Under-compensation of flat-rate farmers in the VAT system***

Under-compensation of flat-rate farmers in the VAT system is explained in Chapter 3.25. The value of this tax is equal to the difference between the flat-rate (4%) and the derived rate (8.9058%), multiplied by the total VAT base value of sales of flat-rate farmers to VAT units:  $(4.0\% - 8.9058\%) * 64\,941 = \text{SIT } 3\,186 \text{ mio.}$

**4.8.3 Other taxes on production by activities and by institutional sectors**

Other taxes on production were by activities (payer) allocated for 2000 as a benchmark year on the basis of daily transactions by type of taxes and by payer and according to business register data on payer's activity and institutional sector (the next benchmark is 2005). Other taxes on production by activity and by institutional sectors are shown together with other subsidies on production in Table 4.11.

**4.9 OTHER SUBSIDIES ON PRODUCTION****4.9.0 Introduction**

Other subsidies on production are current unrequited payments by general government institutions to resident market producers. In 2001 the category amounted to SIT 48 642 mio or 1.0% of GDP. In this category all types of payments with the following purposes are included: to cover costs or to support different types of employment, to reduce or to stop pollution, to relieve costs of interests and other current maintenance costs.

The category of subsidies does not include payments by general government to market producers to cover costs of production and transfer of market products, which are without any payment directly given to households. Such transfers are treated as purchase by government of goods and services for direct distribution to households as transfer in kind of market products and the category is part of general government final consumption expenditures (Chapter 5.9). General government transfers to market producers with the purpose to support gross fixed capital formation are shown as capital transfers and not as subsidies.

All transfers to non-market general government and NPISH units are treated as current transfers within the general government sector and to NPISH and not as other subsidies on production.

Subsidies on products are part of output value at basic prices. Payments of these subsidies are directly linked to value (price) and volume of products and are as part of output value at basic prices explained in Chapter 3.26.

### 4.9.1 Data sources and valuation

The main data sources for other subsidies on production are annual budget statistics of central and local government together with annual budget reports by individual ministries. Data used in national accounts are in line with budget statistics and are therefore actual payments for the period as shown in Government Finance Statistics. An exception is subsidies in agriculture which are according to accrual principle estimated within the Economic Accounts for Agriculture. These subsidies are paid in delay and payments in the first three months of the year are usually payments for subsidies due in the previous year.

### 4.9.2 Types of other subsidies on production

The category of other subsidies on production is divided into different types of subsidies according to public finance statistics and is shown in Table 4.10. At central government level subsidies to public enterprises include subsidies for public railway transport, mining production and interest relief of new motorway construction. Within other types the most important are subsidies to public and private companies for supporting all kinds of employment and for covering costs of employment (social security contributions), subsidies in agriculture production, interest relief and miscellaneous subsidies to private enterprises from central government and all subsidies from local government level.

**Table 4.10 Other subsidies on production, 2001**

	General government	Central government	Local government
	mio SIT		
<b>Other subsidies on production</b>	<b>48 642</b>	<b>43 630</b>	<b>5 011</b>
Mining production	5 376	5 376	
Public railway transport, current maintenance costs	10 848	10 848	
Subsidies for interest payments for credits for motorway construction	1 961	1 961	
Other interest payments	904	904	
Payments of social security contributions	4 296	4 296	
Retraining programs for employees	307	307	
New employment	2 731	2 731	
Employment of disabled persons	2 239	2 239	
Employment for public work	1 064	1 064	
Agriculture, forestry and fishing	10 359	10 359	
Miscellaneous subsidies	8 557	3 546	5 011

#### *Mining production*

Subsidies to coal mines cover costs of employment and other costs of coal mines which have already abandoned production. For abandoned mining production this treatment is questionable because subsidies are above the 50% criterion for delimitation of market and non-market producers. So far only one unit was included in the general government sector but in the next benchmark these units will have to be included in the general government sector as non-market producers (Chapter 3.9).

#### *Public railway transport*

Total payment from central budget to the Public Railway Company is in national accounts divided into product subsidy (price subsidy in passenger transport), other subsidies on production and capital transfer. Other subsidies on production include payments for covering costs of current maintenance of railway infrastructure and in part also subsidies to cover costs of employment. In the central budget statistics maintenance of public railway is shown as maintenance costs of general government and is in national accounts therefore excluded from intermediate consumption and shown as other subsidies on production (Chapter 3.3.2.1).

**Subsidies for interest payments**

Subsidies for interest are shown separately for new motorways construction and for other interest payments. Subsidies for new motorways construction are entirely allocated to the Motorway Company of Slovenia (Chapter 3.18) and are a deduction item in the central budget interest expenditure. With subsidies for other interest payments government supports exports and investments in small private enterprises.

**Employment subsidies**

Subsidies for employment, with which government at central level supports employment in all kinds of enterprises, are divided into five categories. The most important are subsidies for payments of social security contributions (employers' social contributions), which are receivable also by public enterprises. All enterprises which employ disabled persons and particularly specific enterprises of disabled are regularly subsidised. Employment subsidies for public works only include subsidies to market producers; a significant part of this kind of employment is organised within general government units, but these subsidies to government units are treated as current transfers within general government.

**Agriculture, forestry and fishing**

Subsidies to agriculture, forestry and fishing are according to data of the Ministry of Finance and the Economic Accounts for Agriculture divided into product subsidies and into other subsidies on production. Subsidies for forestry and fishing are entirely allocated to the other subsidies on production. In the agriculture sector other subsidies on production are divided into subsidies to corporations and to flat-rate farmers.

**Miscellaneous subsidies**

All other subsidies at central government level and subsidies from local government level are included in the last item of other subsidies on production. At local level subsidies to municipality bus transport are shown as product subsidies (Chapter 3.26) and miscellaneous subsidies to private enterprises are included in other subsidies on production.

**4.9.3 Other subsidies on production by activities**

The total value of other subsidies on production is estimated according to budgetary statistics at central and local level. All transfers from general government to enterprises are as current transfers recorded by enterprises in all accounting data sources separately. With available data of budget statistics these transfers are split into ESA95 transaction categories "Other subsidies on production" and "Capital transfers". In Table 4.11 other subsidies on production and other taxes on production are shown by activities.

**Table 4.11 Other taxes and other subsidies on production by activities, 2001**

	Other taxes on production	Other subsidies on production
	mio SIT	
A Agriculture, hunting and forestry	4 244	10 355
01 Agriculture, hunting and related service activities	3 918	10 101
02 Forestry, logging and related service activities	326	254
B Fishing (05)	14	4
C Mining and quarrying	1 159	5 889
10 Mining of coal and lignite, extraction of peat	958	5 103
12 Mining of uranium and thorium ores	62	539
13 Mining of metal ores	19	240
14 Other mining and quarrying	120	7
D Manufacturing	29 748	6 373
15 Manufacture of food products and beverages	3 831	6
16 Manufacture of tobacco products	155	0
17 Manufacture of textiles	1 063	228
18 Manufacture of wearing apparel, dressing...	569	392
19 Tanning of leather, manufacture of leather goods	477	209

Table 4.11 Other taxes and other subsidies on production by activities, 2001 (continued)

	Other taxes on production	Other subsidies on production
	mio SIT	
20 Manufacture of wood, except furniture	919	199
21 Manufacture of pulp, paper and paper products	1 688	52
22 Publishing, printing and reproduction of recorded media	1 481	744
23 Manufacture of coke and refined petroleum products	87	562
24 Manufacture of chemicals and chemical products	4 219	356
25 Manufacture of rubber and plastic products	1 337	278
26 Manufacture of other non-metallic mineral products	1 461	241
27 Manufacture of basic metals	1 358	267
28 Manufacture of metal products, except machinery	2 465	447
29 Manufacture of machinery and equipment n.e.c.	2 525	1 209
30 Manufacture of office machinery and computers	140	12
31 Manufacture of electrical machinery and apparatus n.e.c.	1 495	275
32 Manufacture of radio, television, communication equipment	894	106
33 Manufacture of medical, precision and optical instruments	843	396
34 Manufacture of motor vehicles, trailers and semi-trailers	1 031	53
35 Manufacture of other transport equipment	455	18
36 Manufacture of furniture, manufacturing n.e.c.	1 000	278
37 Recycling	255	45
E Electricity, gas and water supply	10 111	414
40 Electricity, gas, steam and hot water supply	8 972	216
41 Collection, purification and distribution of water	1 138	198
F Construction (45)	4 492	729
G Wholesale and retail trade, repair of motor vehicles	13 172	862
50 Sale and repair of motor vehicles, sale of automotive fuel	3 619	236
51 Wholesale trade and commission trade	5 619	0
52 Retail trade, repair of personal and household goods	3 934	626
H Hotels and restaurants (55)	1 417	723
I Transport, storage and communication	8 080	12 214
60 Land transport, transport via pipelines	2 672	10 928
61 Water transport	30	0
62 Air transport	266	221
63 Supporting transport activities, travel agencies	2 520	975
64 Post and telecommunications	2 593	90
J Financial intermediation	5 431	332
65 Financial intermediation	3 513	277
66 Insurance and pension funding	1 575	0
67 Activities auxiliary to financial intermediation	343	55
K Real estate, renting and business activities	11 266	5 022
70 Real estate activities	5 212	146
71 Renting of machinery and equipment	25	1
72 Computer and related activities	1 021	47
73 Research and development	693	1 338
74 Other business activities	4 315	3 490
L Public admin. and defence, compulsory social security (75)	9 061	2 000
M Education (80)	7 798	446
N Health and social work (85)	8 077	332
O Other community, social and personal service activities	11 816	2 947
90 Sewage and refuse disposal and similar activities	407	389
91 Activities of membership organisations n.e.c.	730	885
92 Recreational, cultural and sporting activities	10 561	1 655
93 Other service activities	118	19
P Private households with employed persons (95)	0	0
<b>Total industries</b>	<b>125 886</b>	<b>48 642</b>

## 4.10 GROSS OPERATING SURPLUS

### 4.10.0 Introduction

Gross operating surplus is a residual category of gross value added in non-financial and financial corporations and in housing activities of households. The category can be shown either net or gross (with consumption of fixed capital). In non-market activities of general government and NPISH, gross operating surplus equals the consumption of fixed capital.

With FISIM allocation the structure of gross operating surplus by industries has changed and no further adjustments are necessary to get the final value of gross operating surplus of the national economy. With FISIM being allocated, gross operating surplus of the national economy is equal to the sum of gross operating surplus by activities. FISIM allocation in 2001 raised GDP level by SIT 37 737 mio or 0.8% (1.1% in 2000, 0.8% in 2002, 0.9% in 2003 and 1.0% in 2004). Due to FISIM allocation, total gross operating surplus has increased by SIT 39 297 mio and gross mixed income has decreased by SIT 1 560 mio. With FISIM allocation particularly gross operating surplus of non-financial corporations has been significantly reduced, by SIT 64 776 mio or 8.4%, and the new figure is estimated at SIT 709 435 mio (before SIT 774 211 mio). Gross operating surplus of financial corporations is after FISIM allocation estimated at SIT 85 541 mio (before slightly less, SIT 80 456 mio).

Table 4.12 shows gross operating surplus by institutional sectors. After FISIM allocation by activities/sectors total gross operating surplus in 2001 amounted to SIT 1 171 553 mio or 24.4% of GDP (before FISIM allocation gross operating surplus of the national economy amounted to SIT 1 132 256 mio or 23.6% of GDP). Gross operating surplus by activities is shown in Table 4.13.

**Table 4.12 Gross operating surplus, 2001**

	Gross operating surplus	
	mio SIT	%
<b>Gross operating surplus</b>	<b>1 171 553</b>	<b>100.0</b>
Non-financial corporations	709 435	60.6
Total	709 450	60.6
Less: household sector	15	0.0
Financial corporations	85 541	7.3
General government	72 724	6.2
Households	300 471	25.6
NPISH	3 383	0.3

### 4.10.1 Gross operating surplus of non-financial corporations

Gross operating surplus is a national accounts and not a business accounts category. As a residual item it is determined with all other categories and particularly with all adjustments and valuation of output and intermediate consumption components. Gross operating surplus is estimated as gross value added of activity at basic prices less compensation of employees less other taxes on production plus other subsidies on production. As a residual category, gross operating surplus only reflects sources, methods and concepts shown in Chapter 3 and in this chapter above.

In transition from business accounts to national accounts concepts, adjustment of gross insurance premiums to the level of insurance service charge is necessary in intermediate consumption for all activities. This is an important step in gross operating surplus valuation (SIT 26 809 mio). Also adjustment of intermediate inputs for costs of car repair, which are directly financed by insurance companies on behalf of the insured, is necessary to offset these payments as part of net claims (SIT 2 786 mio).

In the process of compiling output and intermediate consumption the most important is proper valuation of these categories and particularly estimation of changes in inventories. As explained in Chapter 3.2, business accounts data demand adjustments for capital gains, for which "operating surplus" according to business accounts data is overestimated. Data on inventories of finished goods and work in progress as shown in the business accounts are

recalculated to the average prices of the observed period. Results confirm that data on changes in inventories in business accounts include capital gains, which must be eliminated from the output valuation in national accounts. Almost identical is the problem of trade margins and valuation of intermediate inputs of goods. Both categories due to accounting methods of valuing costs and inventories in business accounts include capital gains on inventories, which must be excluded from current transactions according to national accounts principles. Total valuation adjustments is estimated at SIT 34 468 mio (Chapter 3.2.5).

In national accounts consumption of fixed capital is in line with data from business accounts for non-financial and financial corporations. With the introduction of the new business accounting standards in 1993, the calculation of depreciation for corporations was simplified and standardised. Enterprises calculate consumption of fixed capital at current replacement costs and stocks of fixed assets are continuously, at least twice a year, revalued to the current market prices. For revaluation, producer price indices and the retail price index are used. According to research, the retail price index was used too extensively and without correction to market prices. Therefore, in business accounts stocks of fixed assets and consumption of fixed capital were overestimated. In 2002 corporations, particularly public enterprises, adjusted stocks of assets to market prices and reduced consumption of fixed capital in their accounts. In national accounts relevant adjustments were done backward to 2000.

Stocks of assets are grouped according to service life. Relevant depreciation rates used are those officially established in the accounting standards for use by all economic units. The recommendations on consumption of fixed capital rates are very detailed, so enterprises are calculating depreciation for all types of fixed assets, including livestock and orchards.

Gross operating surplus of non-financial corporations in 2001 amounts to SIT 709 435 mio (14.8% of GDP), of which consumption of fixed capital SIT 502 980 mio and net operating surplus SIT 206 455 mio (4.3% of GDP). Exhaustiveness adjustment for non-financial enterprises not surveyed is SIT 4 375 mio or 0.6% of the total gross category. Total adjustments for capital gains are estimated at SIT 34 468 mio and reduce this category by 4.6% (Chapter 3.2.5, Table 3.7).

#### 4.10.2 Gross operating surplus of financial corporations

Gross operating surplus of financial corporations is in 2001 estimated at SIT 85 541 mio or 1.8% of GDP. The largest part is estimated for 65.1 Monetary intermediation (universal and other commercial banks, savings banks and other deposit taking and credit giving units together with the Bank of Slovenia) at SIT 68 220 mio or 79.8% of the total. For the Bank of Slovenia output is estimated by the cost approach and gross operating surplus equals consumption of fixed capital.

For insurance industry gross operating surplus is estimated at SIT 3 010 mio. The category as a residual item of gross value added entirely reflects specific output and intermediate consumption calculation of this sector (Chapter 3.16). For other financial intermediation units (other credit and financial intermediation, activities auxiliary to financial intermediation) the sources and methods of calculation are the same as for non-financial corporations and gross operating surplus is estimated at SIT 14 311 mio.

#### 4.10.3 Gross operating surplus of households

Gross operating surplus of households is estimated for dwelling activities of this sector. In 2001 the category is estimated at SIT 300 471 mio or 6.3% of GDP.

The largest part of the category, namely SIT 259 658 mio or 5.4% of GDP, is estimated for dwelling activities of owner-occupiers (imputed rentals of dwellings). As output of dwelling activities of owner-occupiers is estimated by the cost approach, gross operating surplus is the sum of consumption of fixed capital and net operating surplus. As explained in Chapter 3.17, consumption of fixed capital is estimated by the perpetual inventory method and net operating surplus equals 2.5% of real value of dwellings and relevant value of land beneath at the average prices of the observed period. Allocation of FISIM has no effect on gross operating surplus; due to the cost method of output valuation FISIM is added to intermediate consumption and to output at the same time.

In market rental activities of households gross operating surplus as a residual category is estimated at SIT 40 813 mio or 0.9% of GDP. This activity of households is entirely included in exhaustiveness adjustments (N3 Not required to register).

**Table 4.13 Gross operating surplus of market producers by activities and by institutional sectors, 2001**

	Operating surplus		
	gross	consumption of fixed capital	net
	mio sit		
A Agriculture, hunting and forestry	5 427	6 627	-1 199
01 Agriculture, hunting and related service activities	4 346	5 412	-1 066
02 Forestry, logging and related service activities	1 081	1 215	-134
B Fishing (05)	-69	77	-146
C Mining and quarrying	4 405	5 889	-1 484
10 Mining of coal and lignite, extraction of peat	2 717	4 252	-1 535
12 Mining of uranium and thorium ores	-19	676	-695
13 Mining of metal ores	41	36	5
14 Other mining and quarrying	1 665	926	740
D Manufacturing	291 329	195 231	96 097
15 Manufacture of food products and beverages	33 499	28 439	5 060
16 Manufacture of tobacco products	3 909	1 205	2 704
17 Manufacture of textiles	6 601	8 735	-2 134
18 Manufacture of wearing apparel, dressing	842	3 233	-2 390
19 Tanning of leather, manufacture of leather goods	3 232	2 826	406
20 Manufacture of wood, except furniture	3 779	5 597	-1 818
21 Manufacture of pulp, paper and paper products	16 935	7 602	9 334
22 Publishing, printing and reprod. of recorded media	10 652	8 279	2 373
23 Manufacture of coke and refined petroleum products	-826	438	-1 265
24 Manufacture of chemicals and chemical products	55 175	23 238	31 938
25 Manufacture of rubber and plastic products	17 204	12 022	5 181
26 Manufacture of other non-metallic mineral products	16 032	10 117	5 915
27 Manufacture of basic metals	13 502	8 819	4 683
28 Manufacture of metal products, except machinery	25 690	16 157	9 533
29 Manufacture of machinery and equipment n.e.c.	27 178	18 140	9 038
30 Manufacture of office machinery and computers	2 375	790	1 585
31 Manufacture of elec.machinery and apparatus n.e.c.	17 403	11 351	6 053
32 Manufacture of radio, television, comm. equipment	4 706	4 822	-116
33 Manufacture of medical, precision and optical instrum.	8 277	3 978	4 299
34 Manufacture of mot.vehicles, trailers and semi-trailers	14 126	10 003	4 124
35 Manufacture of other transport equipment	993	1 326	-333
36 Manufacture of furniture, manufacturing n.e.c.	8 464	7 203	1 260
37 Recycling	1 579	911	669
E Electricity, gas and water supply	66 581	53 908	12 673
40 Electricity, gas, steam and hot water supply	58 682	43 577	15 106
41 Collection, purification and distribution of water	7 899	10 332	-2 433
F Construction (45)	30 386	20 491	9 895
G Wholesale and retail trade, repair of motor vehicles	124 857	71 695	53 162
50 Sale and repair of mot.vehicles, sale of auto. fuel	23 688	15 110	8 578
51 Wholesale trade and commission trade	70 264	31 606	38 658
52 Retail trade, repair of personal and household goods	30 904	24 978	5 926
H Hotels and restaurants (55)	11 852	10 783	1 069
I Transport, storage and communication	86 505	73 651	12 854
60 Land transport, transport via pipelines	9 454	15 670	-6 216
61 Water transport	2 044	66	1 978

**Table 4.13 Gross operating surplus of market producers by activities and by institutional sectors, 2001 (continued)**

	Operating surplus		
	gross	consumption of fixed capital	net
	mio sit		
62 Air transport	3 052	2 307	745
63 Supporting transport activities, travel agencies	24 960	9 652	15 308
64 Post and telecommunications	46 995	45 956	1 039
J Financial intermediation	83 587	26 516	57 071
65 Financial intermediation	75 888	21 695	54 193
65.1 Monetary intermediation	68 220	16 812	51 408
65.2 Other financial intermediation	7 668	4 883	2 785
65.21 Financial leasing	3 466	4 398	-932
65.22 Other credit intermediaries	347	159	188
65.23 Other financial intermediation	3 855	326	3 529
66 Insurance and pension funding	3 010	3 353	-343
67 Activities auxiliary to financial intermediation	4 689	1 468	3 221
K Real estate, renting and business activities	346 349	157 963	188 386
70 Real estate activities	306 039	130 044	175 995
71 Renting of machinery and equipment	342	446	-104
72 Computer and related activities	8 638	4 146	4 492
73 Research and development	1 322	1 191	131
74 Other business activities	30 008	22 136	7 871
L Public admin. and defence, compulsory soc.security (75)	15 320	14 519	802
M Education (80)	1 298	1 197	101
N Health and social work (85)	6 117	4 273	1 844
O Other community, social and personal service activities	21 517	13 551	7 966
90 Sewage and refuse disposal and similar activities	3 157	2 995	162
91 Activities of membership organisations n.e.c.	387	471	-84
92 Recreational, cultural and sporting activities	17 111	9 021	8 090
93 Other service activities	861	1 064	-203
P Private households with employed persons (95)	0	0	0
<b>Total industries</b>	<b>1 095 462</b>	<b>656 373</b>	<b>439 089</b>
Non-financial corporations	709 435	502 980	206 455
Financial corporations	85 541	27 323	58 218
Households, dwelling activities	300 471	125 831	174 640
Quasi-corporations of households	15	239	-224

## 4.11 GROSS MIXED INCOME

### 4.11.0 Introduction

Gross mixed income is revenue of self-employed for their engagement in the production process. In 2001 gross mixed income is estimated at SIT 365 215 mio or 7.6% of GDP. The category is estimated separately for household agriculture production and for small and large unincorporated enterprises. It also includes gross operating surplus of household institutional units within corporations (non-profit business associations of households and similar units) as Quasi-corporations of households. In Table 4.14 gross mixed income of households is shown separately for agriculture production, small and large unincorporated enterprises and quasi corporations. By activities, gross mixed income is shown in Table 4.15 at the end of this chapter, which also shows the number of self-employed persons by activities as it is estimated within national accounts.

**Table 4.14 Gross mixed income, 2001**

	Gross mixed income	
	mio SIT	%
<b>Gross mixed income</b>	<b>365 215</b>	<b>100.0</b>
Flat-rate farmers	91 338	25.0
Unincorporated enterprises of households	273 862	75.0
Small enterprises	263 376	72.1
Large enterprises	10 487	2.9
Quasi corporations	15	0.0

#### 4.11.1 Agriculture production

Gross mixed income in agriculture production of individual farmers is estimated at SIT 91 338 mio or 1.9% of GDP. It includes all exhaustiveness adjustments to the Economic Accounts for Agriculture as the main data source. In total exhaustiveness adjustments in these activities of households are estimated at SIT 16 154 mio or 17.7% of gross mixed income. Exhaustiveness adjustments include corrections for small farmers' production together with garden production of non-agriculture households and overall price adjustments due to direct sales on markets and on farms to final consumers. In national accounts employment estimate in agriculture production of individual farmers consists of 43.1 thousand farmers, 47.4 thousand unpaid family workers and of 1.7 thousand employees, altogether 92.1 thousand or 10.2% of the total employment according to national accounts. The employment aggregate is estimated in 2000 as a benchmark on the basis of three years average figures of the Labour Force Survey and maintained with the data of social security statistics.

#### 4.11.2 Small unincorporated enterprises

The largest part of gross mixed income is the revenue of small unincorporated enterprises. It is estimated at SIT 263 376 mio or 72.1% of the total gross mixed income of households. Data source for small unincorporated enterprises are annual tax reports of these units to the Tax Administration. In 2002 these units for the first time also submitted accounting statements to AJPES in the form similar as for corporations. The advantage of this new statistical data source is timeliness as it is available two months earlier than annual tax reports. All categories for the household sector can now be calculated in the same way as for corporations.

Within small units of household production also all unregistered activities of households are included. For the production of small unincorporated enterprises total exhaustiveness adjustments are estimated at SIT 70 826 mio or 26.9% of the final value of gross mixed income. Of total exhaustiveness adjustments gross mixed income of unregistered small scale households' production is estimated at SIT 18 625 mio and mostly consists of imputed gross value added of own-account construction activities of households. Direct exhaustiveness adjustments to gross mixed income of small unincorporated enterprises are estimated at SIT 52 201 mio and consist of not surveyed entrepreneurs (SIT 11 592 mio), misreporting (SIT 27 961 mio) and other statistical deficiencies (SIT 12 648 mio) (Chapter 7).

By data sources, gross mixed income is estimated at SIT 192 550 mio and to this figure exhaustiveness adjustments at SIT 52 201 mio are added to get the final value of gross mixed income of small unincorporated enterprises at SIT 244 750 mio. In 2001 in this subsector of households' production employment consisted of 66.4 thousand self-employed and 68.3 thousand employees.

#### 4.11.3 Large unincorporated enterprises

Gross mixed income of large unincorporated enterprises is estimated at SIT 10 487 mio or 2.9% of the total gross mixed income of households. The data source for these enterprises is annual accounting statements to AJPES; the source is similar to that of corporations. In total 102 enterprises with 3 160 employees are qualified as large unincorporated enterprises. Exhaustiveness adjustments to gross mixed income are estimated at SIT 2 144 mio or 20.4% of the total. Adjustments consist of misreporting (SIT 1 830 mio) and other statistical deficiencies (SIT 314 mio).

Table 4.15 Gross mixed income by activities, 2001

	Mixed income			Number of self- employed
	gross	consumption of fixed capital	net	
	mio SIT			thousand
A Agriculture, hunting and forestry	93 380	25 314	68 066	91.2
01 Agriculture, hunting and related activities	92 976	25 206	67 770	91.0
02 Forestry, logging and related activities	404	108	296	0.2
B Fishing (05)	221	38	183	0.1
C Mining and quarrying	1 090	506	584	0.1
10 Mining of coal and lignite, extraction of peat				
12 Mining of uranium and thorium ores				
13 Mining of metal ores				
14 Other mining and quarrying	1 090	506	584	0.1
D Manufacturing	65 820	19 818	46 002	13.0
15 Manufacture of food products and beverages	3 859	1 509	2 350	0.4
16 Manufacture of tobacco products				
17 Manufacture of textiles	1 377	383	994	0.4
18 Manufacture of wearing apparel, dressing	2 291	384	1 907	1.0
19 Tanning of leather, manufacture of leather goods	663	145	519	0.2
20 Manufacture of wood, except furniture	5 614	2 061	3 553	1.4
21 Manufacture of pulp, paper and paper products	724	238	485	0.1
22 Publishing, printing and reproduction	4 030	1 312	2 717	0.7
23 Manufacture of coke and refined petrol products	2	0	2	0.0
24 Manufacture of chemicals and chemical products	222	74	148	0.1
25 Manufacture of rubber and plastic products	7 058	2 716	4 342	0.9
26 Manufacture of other non-metallic mineral prod.	1 853	788	1 065	0.3
27 Manufacture of basic metals	381	94	287	0.0
28 Manufacture of metal products, except machinery	21 561	7 022	14 539	3.7
29 Manufacture of machinery and equipment n.e.c.	3 114	627	2 487	1.0
30 Manufacture of office machinery and computers	76	4	72	0.0
31 Manufacture of electr. machin. and apparat. n.e.c.	2 042	428	1 614	0.6
32 Manufacture of radio, television, comm. equip.	809	176	633	0.3
33 Manufacture of medical, precision and opt. instr.	1 173	299	874	0.3
34 Manufacture of motor vehicles and trailers	94	44	49	0.0
35 Manufacture of other transport equipment	29	3	27	0.0
36 Manufacture of furniture, manufacturing n.e.c.	8 778	1 489	7 290	1.4
37 Recycling	69	21	48	0.0
E Electricity, gas and water supply	458	308	150	0.2
40 Electricity, gas, steam and hot water supply	458	308	150	0.2
41 Collection, purification and distribution of water				
F Construction (45)	57 058	9 481	47 577	10.8
G Wholesale and retail trade, repair of motor vehicles	33 797	6 778	27 018	11.3
50 Sale and repair of motor vehicles, sale of fuel	9 540	2 837	6 703	2.4
51 Wholesale trade and commission trade	6 818	611	6 207	3.9
52 Retail trade, repair of personal goods	17 438	3 330	14 109	5.1
H Hotels and restaurants (55)	19 403	4 685	14 718	5.7

**Table 4.15 Gross mixed income by activities, 2001 (continued)**

	Mixed income			Number of self-employed
	gross	consumption of fixed capital	net	
	mio SIT			thousand
I Transport, storage and communication	40 560	15 467	25 092	8.3
60 Land transport, transport via pipelines	39 280	15 215	24 065	7.7
61 Water transport	74	8	65	0.0
62 Air transport	8	2	7	0.0
63 Supporting transport activities, travel agencies	629	192	437	0.2
64 Post and telecommunications	568	50	518	0.3
J Financial intermediation	1 527	91	1 436	0.2
65 Financial intermediation	4	0	5	0.0
66 Insurance and pension funding	23	3	20	0.0
67 Activities auxiliary to financial intermediation	1 500	89	1 411	0.2
K Real estate, renting and business activities	30 239	4 386	25 852	9.0
70 Real estate activities	733	274	460	0.3
71 Renting of machinery and equipment	626	257	369	0.2
72 Computer and related activities	1 944	244	1 700	0.8
73 Research and development	147	11	135	0.1
74 Other business activities	26 790	3 601	23 189	7.8
L Public adm. and defence, compulsory soc. security (75)	24	4	19	0.0
M Education (80)	735	80	655	0.3
N Health and social work (85)	10 564	2 222	8 341	1.3
O Other community, social and personal service activities	10 326	1 472	8 854	6.1
90 Sewage and refuse disposal and similar activities	183	56	127	0.1
91 Activities of membership organisations n. e. c.	0	0	0	0.0
92 Recreational, cultural and sporting activities	1 507	125	1 382	0.7
93 Other service activities	8 636	1 292	7 344	5.3
P Private households with employed persons (95)				
<b>Total industries</b>	<b>365 200</b>	<b>90 652</b>	<b>274 548</b>	<b>157.8</b>
Quasi-corporations of households	15	239	-224	0.0
<b>Total mixed income of households</b>	<b>365 215</b>	<b>90 891</b>	<b>274 325</b>	<b>157.8</b>

## 4.12 CONSUMPTION OF FIXED CAPITAL OF NON-MARKET PRODUCERS

### 4.12.0 Introduction

Output of non-market producers is estimated by the cost approach as the sum of intermediate consumption and compensation of employees, other taxes on production and consumption of fixed capital as income categories. Therefore, for output and gross value added valuation of non-market producers also consumption of fixed capital must be estimated correctly and in line with current market values and service life of all fixed assets used in the process of production. ESA95 particularly insists that in the case of general government consumption of fixed capital must be estimated also for public roads, bridges and similar public infrastructure. Correct estimation of consumption of fixed capital for non-market producers is therefore relevant for GDP level and thus exhaustiveness of GDP estimate.

Table 4.16 shows consumption of fixed capital for general government and NPISH by activities and for general government also by institutional sub-sectors. For general government consumption of fixed capital is estimated at SIT 72 724 mio or 1.5% of GDP and for NPISH at SIT 3 383 mio or slightly less than 0.1% of GDP.

**Table 4.16 Consumption of fixed capital of non-market producers by activities, 2001**

	General government	NPISH
	mio SIT	
01 Agriculture, hunting and related service activities		23
05 Fishing		58
55 Hotels and restaurants	32	
63 Supporting transport activities, travel agencies	1	
65 Financial intermediation	36	
66 Insurance and pension funding	92	
70 Real estate activities	2 624	
73 Research and development	1 244	22
74 Other business activities	13	
75.1 Public administration, economic and social policy	31 939	
75.2 Provisions of special services to the community as whole	10 397	83
75.3 Compulsory social security funds	947	
80 Education	12 938	258
85 Health and social work	10 948	454
91 Activities of membership organisations n.e.c.	27	1 824
92 Recreational, cultural and sporting activities	1 485	661
<b>Total industries</b>	<b>72 724</b>	<b>3 383</b>
Central government	48 614	
Local government	23 071	
Social security funds	1 039	

#### 4.12.1 Data sources and methods

With the major 2000 GDP revision estimates of consumption of fixed capital by the perpetual inventory method for general government were introduced. The estimates were prepared for the period since 1995 and include consumption of fixed capital for roads, bridges and similar public infrastructure. Value of consumption of fixed capital for general government is estimated on the basis of values of stocks of fixed assets, which are grouped according to service life. With these relevant annual rates of consumption of fixed capital are determined. The model is based on a straight line method of depreciation: the assets in each group depreciate by a constant value each year in the whole service life. The perpetual inventory model is maintained annually with data on gross fixed capital formation according to annual statistical survey. Data include acquisitions less disposals (sales) of tangible and non-tangible fixed assets. The model is estimated and maintained at constant 1995 prices.

The stocks of fixed assets at the end of 1994 were estimated with a special survey, which started in the first half of 1999. The benchmark estimate refers to opening stocks of fixed assets of 1995 at the average 1995 prices. The data were collected directly from main general government units at central and local level and the survey was supported by the Ministry of Finance. The Ministry of Finance also provided missing data for some local government units. Roads and similar infrastructure estimates are based on quantity, price and gross fixed capital survey data together with experts' advice. The figures were collected separately for motorways, regional and local roads with pertaining infrastructure. Data on gross fixed capital stocks of the Ministry of Defence were not available at the time of the survey. In 2004 the Ministry of Defence provided all values by standard types of stocks of fixed assets at the end of 2003. However, data on annual gross fixed capital formation are regularly reported by the Ministry of Defence in annual statistical survey. Reporting of the Ministry of Defence includes all current purchases and deliveries of civilian gross fixed capital goods, except weapons.

From valuation point of view it was important that the values of fixed assets in accounting 1994 data were of good quality, which allowed correct grossing-up of data collected by survey. With the relevant price indices estimates at constant prices are each year recalculated to the current replacement values. In Table 4.17 main groups of fixed assets, their service life, relevant annual rates of consumption of fixed capital and consumption of fixed capital as it is estimated with the perpetual inventory model in 2001 are shown. The perpetual inventory model is used for main activities of central and local government, education, health and social work.

**Table 4.17 Service lives, depreciation rates and consumption of fixed capital, 2001**

	Service life (years)	Depreciation rate (%)	Consumption of fixed capital (mio SIT)
<b>Total</b>			<b>81 499</b>
<b>Buildings and structures</b>			<b>48 337</b>
Dwellings	77	1.3	2 350
Roads, bridges, etc.			33 510
Motorways	50	2.0	14 401
Other roads and bridges	50	2.0	19 109
Other buildings	59	1.7	12 477
<b>Machinery and equipment</b>			<b>33 162</b>
Transport equipment	8	12.5	2 695
Hardware and software	6	16.7	10 708
Other equipment and assets	16 (8)	6.25 (12.5)	19 758

By the perpetual inventory model, total consumption of fixed capital is estimated at SIT 81 499 mio or 1.7% of GDP, of which SIT 14 401 mio for motorways. All motorways in Slovenia are managed and maintained by the special public company (Motorway Company of Slovenia), which was set up in 1994. The unit collects motorways tolls and is also responsible for the management of the project on new motorway construction in the country. Construction of new motorway is financed by motorway tolls, government capital grants and bank credits, which are guaranteed by the government. In national accounts the unit is treated as a market producer. Motorway tolls cover all current maintenance costs of motorway together with national accounts estimate of consumption of fixed capital. Therefore, consumption of fixed capital for motorways as shown in Table 4.17 is included and shown in data of Motorway Company of Slovenia (Chapter 3.18, Table 4.13, section L Public administration and defence, compulsory social security) and not in the general government.

At the present for some government units the perpetual inventory method has not yet been applied and relevant accounting data of depreciation are used. Of total category of consumption of fixed capital of general government at SIT 72 724 mio, accounting data are relevant for SIT 5 626 mio or for 7.7% of the total. Accounting data are used for government units within research and development (SKD 73), recreational, cultural and sporting activities (SKD 92) and specific public funds, agencies and some other units within general government. Public funds and agencies use the same accounting principles and standards as corporations. Therefore, they show depreciation of fixed assets in their accounting statements. Table 4.18 shows accounting data, final data of consumption of fixed capital for general government in national accounts, and differences between the two estimates. The same method as for some public utilities is applied also for NPISH. Accounting data of depreciation for these units are adjusted proportionally to the level of similar activities of general government to get the final value of consumption of fixed capital for NPISH in national accounts.

**Table 4.18 Depreciation in data sources and consumption of fixed capital, 2001**

	Depreciation in business accounts	Differences and adjustments	Consumption of fixed capital
	mio SIT		
<b>General government</b>	<b>19 347</b>	<b>53 377</b>	<b>72 724</b>
Budget units, agencies and public funds	2 046	43 180	45 226
M Education	5 746	7 192	12 938
N Health and social work	8 741	2 206	10 948
Other units (mostly SKD 73 and 92)	2 813	799	3 612
<b>NPISH</b>	<b>1 979</b>	<b>1 404</b>	<b>3 383</b>

# CHAPTER 5

## THE EXPENDITURE APPROACH

### 5.0 INTRODUCTION

#### 5.0.0 GDP by the expenditure approach

GDP by the expenditure approach is measured as the sum of expenditure on goods and services for final consumption and gross capital formation by units of the national economy plus exports less imports of goods and services. Final consumption is the sum of expenditure on goods and services by households, non-profit institutions serving households (NPISH) and general government. Gross capital formation is measured as the sum of expenditure on gross fixed capital formation, changes in inventories and acquisition less disposals of valuables. Table 5.1 shows main components of GDP by the expenditure approach with 2001 data and chapters in which sources and methods are explained.

For components of the expenditure approach the main data sources are statistical surveys, which particularly cover household consumption expenditure and all components of capital formation. General government and NPISH final consumption expenditure are covered by the same data sources as GDP by the production approach and are in detail explained in Chapter 3 (Chapters 3.1.4, 3.3.2 and 3.3.6, Tables 3.11, 3.12 and 3.16). Exports and imports of goods and services are estimated according to the customs declarations data of the balance of payments which is prepared by the Bank of Slovenia.

**Table 5.1 GDP by the expenditure approach, 2001**

	Chapter	Mio SIT	Structure (%)
<b>Final consumption expenditure</b>		<b>3 676 235</b>	<b>76.6</b>
Household final consumption expenditure	5.7	2 657 823	55.4
NPISH final consumption expenditure	5.8	60 447	1.3
General government final consumption expenditure	5.9	957 965	20.0
<b>Gross capital formation</b>		<b>1 158 480</b>	<b>24.1</b>
Gross fixed capital formation		1 158 679	24.1
Acquisitions less disposals of tangible fixed assets	5.10	1 110 185	23.1
Acquisitions less disposals of intangible fixed assets	5.11	42 787	0.9
Additions to the value of non-produced non-financial assets	5.12	5 707	0.1
Changes in inventories	5.13	-2 366	0.0
Acquisitions less disposals of valuables	5.14	2 167	0.0
<b>Surplus with the rest of the world</b>		<b>-35 163</b>	<b>-0.7</b>
Exports of goods and services		<b>2 745 667</b>	<b>57.2</b>
Goods	5.15	2 270 941	47.3
Services	5.16	474 726	9.9
Less: imports of goods and services		<b>2 780 830</b>	<b>57.9</b>
Goods	5.17	2 419 405	50.4
Services	5.18	361 425	7.5
<b>Gross domestic product at market prices</b>		<b>4 799 552</b>	<b>100.0</b>

#### 5.0.1 Household final consumption expenditure

Household final consumption expenditure (HFCE) is estimated at SIT 2 657 823 mio or 55.4% of GDP and the category includes expenditure by resident households on the domestic territory as well as all direct purchases abroad by resident households. Data sources and steps of compiling this category are explained in Chapter 5.7.

### **5.0.2 NPISH final consumption expenditure**

NPISH final consumption expenditure is estimated at SIT 60 447 mio or 1.3% of GDP. It is explained in Chapter 5.8.

### **5.0.3 General government final consumption expenditure**

In total, general government final consumption expenditure is estimated at SIT 957 965 mio or 20.0% of GDP. This component of GDP by the expenditure approach is explained in Chapter 5.9.

### **5.0.4 Gross fixed capital formation**

Gross fixed capital formation is estimated at SIT 1 158 679 mio or 24.1% of GDP. Main components of this category are shown and explained separately.

Acquisition less disposals of tangible fixed assets as the main category of gross fixed capital formation at the amount of SIT 1 110 185 mio or 23.1% of GDP is shown in Chapter 5.10.

Chapter 5.11 shows acquisitions less disposals of intangible fixed assets and these are estimated at SIT 42 787 mio or 0.9% of GDP.

The last component of gross fixed capital formation is additions to the value of non-produced non-financial assets and it is explained in Chapter 5.12. Additions to the value of non-produced non-financial assets in 2001 are estimated at SIT 5 707 mio or 0.1% of GDP.

### **5.0.5 Changes in inventories**

Changes in inventories are in 2001 negative, at SIT 2 366 mio, and are shown in Chapter 5.13.

### **5.0.6 Acquisitions less disposals of valuables**

The purpose of these goods is to store value and goods are therefore not purchased for being used in the production process. Acquisitions less disposals of valuables in 2001 equal SIT 2 167 mio. This category of gross capital formation is explained in Chapter 5.14.

### **5.0.7 Exports of goods and services**

Exports of goods and services in 2001 amount to SIT 2 745 667 mio or 57.2% of GDP, of which goods SIT 2 270 941 mio or 47.3% and services SIT 474 726 mio or 9.9% of GDP. Exports of goods are explained in Chapter 5.15 and exports of services in Chapter 5.16.

### **5.0.8 Imports of goods and services**

A description of sources and methods for imports of goods is given in Chapter 5.17 and for services in Chapter 5.18. In total, imports are estimated at SIT 2 780 830 mio or 57.9% of GDP, of which goods SIT 2 419 405 mio or 50.4% and services SIT 361 425 mio or 7.5% of GDP.

## **5.1 THE REFERENCE FRAMEWORK**

### **5.1.0 Introduction**

The estimate of the main components of the expenditure GDP is to significant extent based on statistical surveys and on the balance of payments (BoP) statistics prepared by the Bank of Slovenia. In recent years statistical surveys as well as BoP have been changed and improved in line with ESA95 principles, nomenclatures and classifications. In 1997 SURS started with the changed Households Budget Survey (HBS) and further improved the Survey on Gross Fixed Capital Formation as well as the Retail Trade Survey (RTS). Data sources and their use are described in detail in individual chapters by expenditure components and in Chapter 11.

### **5.1.1 Household final consumption expenditure**

The estimate of HFCE is based on many data sources of which the HBS and the RTS are the principal ones. There are several additional data sources which are important and support principle data sources: accounting statements,

monthly VAT reports, the Economic Accounts for Agriculture, passenger car registration data of the Ministry of the Interior and detailed government accounting data by government units together with budgetary data at central and local level and of social security funds.

### 5.1.2 NPISH final consumption expenditure

The sources and methods of calculating NPISH final consumption expenditure are in detail explained in Chapter 3 (Chapters 3.1.6 and 3.3.6, Tables 3.6 and 3.16) and summarised in Chapter 5.8.

### 5.1.3 General government final consumption expenditure

Government final consumption expenditure in the first part includes "other non-market output, other" as payments to non-market service providers of general government. This part is entirely estimated within GDP by the production approach, sources and methods of calculating this component of the general government final consumption expenditure are in detail explained in Chapter 3 (Chapters 3.1.5 and 3.3.2, Tables 3.4, 3.11 and 3.12). The second part of government final consumption expenditure is transfers in kind of market goods and services via market producers directly to households and financed by the institutions of general government.

### 5.1.4 Gross fixed capital formation

The annual statistical survey with good coverage of legal units is the principal data source for calculating components of gross fixed capital formation. For grossing-up for general government accounting statements are used. For grossing-up for other legal units and for gross fixed capital formation of households additional source is VAT reports which show purchases of gross fixed capital goods: from 2002 separately for buildings and other gross fixed capital goods (mostly machinery and equipment goods, Chapter 3.25.1), and employment statistics.

Additional sources are construction statistics with building and safety permits, the Economic Accounts for Agriculture and transport vehicle registration statistics of the Ministry of the Interior. In the final step gross fixed capital formation by detailed product groups is verified and balanced within supply and use tables to get the final annual figure of gross fixed capital formation. This component of the expenditure GDP by main product groups is outlined in Chapters 5.10, 5.11 and 5.12.

### 5.1.5 Changes in inventories

The calculation of changes in inventories is based on data sources which are outlined in detail in Chapter 3. Therefore, changes in inventories are estimated at the same time as the components of GDP by the production approach. Changes in inventories are estimated as the difference between values at the end and at the beginning of the period at the average prices of the period. Four different types of inventories are estimated: finished goods, work-in-progress, trade goods and raw materials and supplies.

### 5.1.6 Acquisitions less disposals of valuables

Acquisitions less disposals of valuables are estimated according to the Survey on Gross Fixed Capital Formation.

### 5.1.7 Exports and imports of goods

Principle data sources for exports and imports of goods are external trade statistics according to the customs declarations together with the coverage adjustments in BoP data prepared by the Bank of Slovenia. Adjustments in BoP include transactions of goods according to the International Transaction Reporting System (ITRS) and show value of exports and imports of goods for which customs declarations have not been made.

### 5.1.8 Exports and imports of services

Exports and imports of services are estimated with the BoP as the main source, based on ITRS data. An additional source for non-resident direct purchases in Slovenia is the survey of non-residents spending in Slovenia which is carried out by SURS every third year.

## 5.2 VALUATION

Valuation in primary statistical surveys for household final consumption and gross fixed capital formation follows ESA95 principle of purchaser's prices and these data do not need any adjustments. For other sources different approaches are possible depending on the individual data source used and type of product.

Basic principles of valuation by the commodity-flow approach were established within work on SUTs for 2000. Available administrative and statistical sources allow the estimation of trade and transport margins together with taxes and subsidies by products. Transition from basic values to purchase prices (particularly allocation of non-deductible VAT) is based on detailed analysis by sectors and by products (Chapters 3.25 and 7.7).

For estimating household consumption expenditure by COICOP, the HBS is the basic source together with data on turnover by 39 COICOP commodity groups in the Retail Trade Survey. The commodity-flow approach is mostly used for cross-checking and verifying values of expenditure for homogenous groups of durable, semi-durable and non-durable goods. For several types of goods and particularly for services total purchaser values can be estimated from the supply side directly with data sources for GDP by the production approach and VAT reports data. All agriculture goods which were produced by households and which entered household consumption (own-account production and direct sales to households) are valued at producers' prices to which VAT according to derived rate estimated for flat-rate farmers is added (Chapter 3.25).

General government individual and collective consumption expenditure is estimated as the difference between output by the cost approach and market sales, output for own final use and other non-market output. Output by the cost approach equals the sum of intermediate consumption, compensation of employees, other taxes on production and consumption of fixed capital estimated by the perpetual inventory method.

Purchases of fixed assets in the statistical survey on gross fixed capital formation are valued at purchaser prices, including all expenditures that are necessary to make the asset ready for use. In valuation of acquisitions of fixed assets by financial leasing the leasing costs (interest) are deducted. Sales of existing GFC goods are valued without any relevant costs, fees, commissions, intermediaries and taxes; acquisition of existing GFC goods are valued gross, all costs of purchase, lawyers, commissions, stamp taxes paid and installation costs are added to purchase value. By this approach transaction costs of existing goods are included in GFCF.

Inventories are valued at average prices of the observed period. Figures in accounting data of inventories (finished goods, work-in-progress, raw materials and other intermediate goods, and goods for resale) at the beginning and at the end of the period are recalculated (deflated/inflated) by activity and by type of inventory to the average prices of the period. Changes in inventories are the difference between the recalculated inventory levels at the end and at the beginning of the year.

In the external trade statistics, imports of goods are shown at cif prices. Data on imports of goods at cif prices are adjusted to fob prices using a coefficient which is equal to the weighted average of coefficients between cif and fob prices of imports, estimated separately by type of goods, kind of transport and by countries. The calculation is based on a sample of customs declarations. These estimates were made by the Bank of Slovenia for 1999 and the same coefficients have been used since then.

## 5.3 TRANSITION FROM PRIVATE ACCOUNTING AND ADMINISTRATIVE CONCEPTS TO ESA95 NATIONAL ACCOUNTS CONCEPTS

Transition from private accounting concepts to ESA95 national accounts concepts for the expenditure approach is mostly not relevant because main data sources for this approach are statistical surveys which are prepared in line with ESA95 principles and for national accounts purposes.

To estimate elements of expenditure GDP and in transition from private accounting and administrative concepts to ESA95 several problems have to be solved. The category of total current transfers from general government institutions to market producers is divided into subsidies on products, other subsidies on production and transfers in kind of market products via market producers directly to households. Budgetary data and accounting data of general government units allow delimitation of market sales from other tax and non-tax revenues. Available tax data allow identifying main taxes on products on accrual basis and separating other taxes on production from sales and from other current and capital taxes.

Accounting principles clearly state the threshold of one-year life span and of EUR 500 value of goods, which should be excluded from intermediate inputs and shown in GFCF. The treatment of maintenance costs between intermediate inputs and GFCF is based on the accounting principle stating that all maintenance that prolongs the life span of asset is GFCF. GFCF includes all major repairs and construction works, major improvements, and additions or extensions to fixed assets which improve their performance, increase their capacity or prolong their expected working life.

Accounting data sources do not explicitly show wages and salaries in kind but together with GFCF in item "output for own final use". In 2002 companies were surveyed for the structure of this output (Chapter 3.3.1.1). Data on own-account GFCF figure are also shown in the annual statistical survey. By comparing these data with the LCS 2000, the estimation of wages and salaries in kind is possible and these are included in household final consumption expenditure (Chapter 4).

Costs for food in the army are excluded from intermediate inputs and shown in compensation of employees and in HFCE, respectively.

Basic HBS data need several adjustments to ESA95 principles and to be in line with GDP by the production approach. This particularly concerns gross insurance premiums for non-life, life and voluntary health insurance, direct repairs of damaged passenger cars by insurance companies, expenditures regarding dwellings and rents, lottery and package-tour expenditures. All these steps are in more detail outlined in Chapter 5.7.

#### 5.4 THE ROLES OF DIRECT AND INDIRECT ESTIMATION METHODS

Components of GDP by the expenditure approach are estimated directly on the basis of available statistical and administrative data sources.

#### 5.5 THE ROLES OF BENCHMARKS AND EXTRAPOLATIONS

The role of benchmark is to use and cross-check all available statistical and administrative data sources in detail. For the general government final consumption expenditure it is important to cross-check market and non-market criteria for all public units and to improve and determine bridge tables between public accounts and national accounts categories. This work was done in 2000 with the major GDP revision and that delimitation of market and non-market units has been since then regularly used.

Some components of HFCE are calculated for the benchmark year and then extrapolated on the basis of HBS data. Results are annually cross-checked with the Retail Trade Survey data, VAT reports data and by the commodity-flow method.

Housing services of owner-occupiers are estimated in the benchmark year by the user-cost approach; between benchmark years output is extrapolated by volume (construction statistics on finished individual houses and apartments) and price changes. Actual rentals are in the benchmark year estimated by the stratification method and between benchmark years the method is the same as for imputed rentals.

Benchmark in GFCF estimation is important for determining price levels and detailed quantities of all household own-account construction activities and is based on construction statistics data and price statistics. The benchmark data form the basis for extrapolating these activities with price and volume changes in GDP by the production approach and for GFCF estimates.

Benchmark has a role also in the estimation of non-resident tourist expenditures (estimated by the Bank of Slovenia). The statistical sample survey of expenditure per-tourist and per-visitor per day is prepared every third year. In the years between surveys figures are extrapolated with price and volume indicators together with available BoP data and with sources for several service activities and for other products which are important in non-resident spending in Slovenia (duty-free shops, casino and gambling industry, hotel and other logging services, restaurants, fuels, marine services, air transport and other transport services).

#### 5.6 THE MAIN APPROACHES TAKEN WITH RESPECT TO EXHAUSTIVENESS

The main components of the expenditure GDP are covered by statistical surveys and by exhaustive accounting data which are in detail explained in Chapter 3. Exhaustiveness adjustments for these components consist of all

adjustments and improvements to basic raw data in statistical surveys for each component of the expenditure GDP. All these adjustments are in detail explained in chapters on individual components.

For the household final consumption expenditure estimate it is important that all exhaustiveness adjustments by the production and by the expenditure approach are reconciled and balanced. As the present data sources for HFCE are rather complete and exhaustive, the main problem of exhaustiveness is the relevant grossing-up procedure and all necessary adjustments to raw statistical data of the Household Budget Survey. Cross-comparison with other available data sources is important to achieve the most reliable final estimate by each product.

For the estimate of gross fixed capital formation in national accounts raw data from the annual statistical survey are corrected and cross-checked by institutional sectors with accounting data at unit level for general government and NPISH and with VAT reports data for corporations. As gross fixed capital formation of households is not covered by the annual statistical survey, estimates for this sector are the most important step to achieve exhaustive value of GFCF at national level. The overall situation has been significantly improved with the access to VAT reports unit level data, particularly for gross fixed capital formation of self-employed. All steps and adjustments to raw statistical data of gross fixed capital formation are in the final step cross-checked and verified with SUTs at detailed product level.

Exhaustiveness is not a serious problem for general government, but NPISH data sources need significant coverage adjustments and corrections.

The quality of individual data source is mentioned where appropriate within this chapter and explained in more detail in Chapter 11.

## 5.7 HOUSEHOLD FINAL CONSUMPTION EXPENDITURE

### 5.7.0 Introduction

Household final consumption expenditure on the domestic territory (domestic concept) is the largest component of the expenditure GDP and amounts to SIT 2 796 938 mio or 58.3% of GDP in 2001. HFCE by the domestic concept consists of all expenditure of households on durable, semi-durable and non-durable goods and on services. In line with ESA95 in the expenditure GDP HFCE is shown according to the national concept which is equal to the HFCE by the domestic concept less direct purchases of non-resident households on the domestic territory plus direct purchases of resident households abroad. Table 5.2 shows HFCE for 2001 by the domestic concept by type of expenditure and transition to the national concept.

**Table 5.2 Household final consumption expenditure, 2001**

	Mio SIT	Structure (%)
<b>Household final consumption expenditure on the domestic market</b>	<b>2 796 938</b>	<b>100.0</b>
Durable goods	286 324	10.2
Semi-durable goods	288 422	10.3
Non-durable goods	1 109 704	39.7
Services	1 112 488	39.8
Plus: direct purchases abroad by resident households	101 102	3.6
Less: direct purchases on the domestic market by non-resident households	240 217	8.6
<b>Resident households final consumption expenditure</b>	<b>2 657 823</b>	<b>95.0</b>

### 5.7.1 The reference framework

Estimates of household final consumption expenditure are based on different data sources, mainly the Household Budget Survey, the Retail Trade Survey, other statistical surveys, VAT reports data and annual accounting data of corporations, general government units, NPISH and self-employed together with budgetary statistics at central and local government level and for social security funds.

The household final consumption expenditure estimates are made using the COICOP classification at the four-digit level. A “bottom-up” approach for the total HFCE estimate is used and a “best estimate” for each of the commodities is made. Different data sources are used for different commodity groups. In all cases at the three-digit level more than one estimate is derived from different sources and then the best estimate for each component is chosen; generally the best estimate is one of the results obtained. The estimates are made in a systematic way with clearly identified various steps and adjustments from the raw basic data to national accounts final estimates.

### 5.7.2 Valuation

Household final consumption expenditure in the HBS and turnover by commodities in the RTS are valued at purchaser prices. Retained goods for consumption from own-account production and direct sales to final consumers on farms are valued at producer prices to which VAT according to the derived rate of flat-rate farmers is added (Chapter 3.25.2).

Wages and salaries in kind are valued at purchaser prices in case of goods and services purchased by the enterprise and provided to the employee; when goods and services provided to the employee are produced by the enterprise, they are valued at basic prices.

### 5.7.3 Transition from private accounting and administrative concepts to ESA95 national accounts concepts

Output of insurance services is estimated according to the service charge concept. Output of gambling and lottery services is valued on a net basis.

Borderline between taxes and services provided to households by general government is applied in line with ESA95. Car taxes paid at purchases of new and used vehicles are treated as taxes on products and included in HFCE. Stamp taxes are levied on GFCF products: buildings, houses, flats, land, etc. These taxes are treated as taxes on products and entirely included as transaction costs of existing capital goods in GFCF.

For second hand goods the following procedures are applied:

- in case of direct trade and change of ownership between households no HFCE is estimated;
- in case of change of ownership between households and trade through trade outlets only the trade margin is part of HFCE;
- in case of trade from enterprises to households (mostly cars) it is HFCE for the full transaction value (and a disposal of tangible fixed assets of enterprises for the transaction value minus trade margin if traded through trade outlets);
- imported second hand goods are treated in the same way as new goods.

Direct payments from insurance companies to market producers for repair services of damaged passenger cars are treated as direct purchases of households (households then receive insurance claims as an income transfer in the same amount from insurance companies).

Government’s payments to market producers in health care, education and social care are classified as transfer in kind of market products via market producers directly to households and are included in final consumption expenditure of general government.

Subscriptions, contributions and other voluntary transfers in cash and in kind paid by households to NPISH (trade unions, professional societies, consumers’ associations, churches, charities and social, cultural, recreational and sport clubs) are recorded as current income transfers and not as HFCE.

Estimates of housing services of owner-occupied dwellings comply with EU legislation.

Meals and drinks provided by the army are recorded as HFCE. Clothes provided by the army are recorded as intermediate consumption as uniforms are not worn by the military while they are not on duty.

Tips are estimated for the following HFCE groups: maintenance and repair of personal transport equipment, medical services (private sector), games of chance, restaurants, accommodation services, taxis, hairdressing salons and beauty salons. The value of tips is expert estimate estimated as % of the output at purchaser prices (Chapter 7.4.7).

#### 5.7.4 The roles of direct and indirect estimation methods

In the estimation of household final consumption expenditure mostly the direct method is used.

#### 5.7.5 The roles of benchmarks and extrapolations

In general, benchmarks and extrapolations are not of much importance in HFCE estimation. Some private households' expenditures are calculated for the benchmark year and then extrapolated on the basis of HBS data. Results are annually cross-checked with the RTS, VAT reports data and by the commodity-flow method.

Housing services of owner-occupiers are estimated in the benchmark year by the user-cost approach; between benchmark years output is extrapolated by volume (construction statistics on finished individual houses and apartments) and price changes. Actual rentals are in the benchmark year estimated by the stratification method and between benchmark years the method is the same as for imputed rentals.

Income in kind is estimated on the basis of the Labour Costs Survey 2000 which is a benchmark year (the next Labour Costs Survey was carried out for 2004). However, the largest part of income in kind is private use of business cars and this is not estimated according to the LCS 2000. The category of private use of business cars is estimated separately for corporations and for self-employed and it consists of five components: purchases of new less disposals of used passenger cars, fuel use, maintenance costs, operating leasing charges and financial leasing (Chapter 7.4.7). These components are extrapolated from 2000 on with price and volume changes.

#### 5.7.6 The main approaches taken with respect to exhaustiveness

Data from the HBS are grossed-up by using the expenditure per household and the estimated number of households. As persons living in institutions are not included in the HBS, an additional estimate is needed to cover for expenditure of these persons (Table 5.3 and Chapter 5.7.7.1).

When using Retail Trade Survey data, adjustments are made for sales for HFCE "outside the system": duty-free shops and agricultural production (i.e. direct sales from producers and sales on green markets).

When using accounting data of enterprises, the estimates of HFCE are based on data sources adjusted for non-response, not observed transactions and underreporting.

When using the supply-use approach, the domestic supply (production minus net exports) is adjusted for customs, margins and taxes (including excise taxes). Customs and taxes are available from administrative sources. For trade and transport margins, accounting data and data from retail and wholesale trade statistics are available. Total production by commodities is estimated on the basis of different data sources. For legal entities, the data from the annual industry report, construction statistics, hotels and restaurants statistics, transport statistics, trade statistics and annual accounting data of enterprises are used. For self-employed persons, the main data source is the annual income tax declaration data and homogeneous production is assumed. For external trade, customs declarations for goods and the balance of payments data for services provide the necessary information.

#### 5.7.7 Data sources and their conversion to national accounts purposes

The two main data sources for HFCE estimate are the HBS and the RTS. In this chapter the two sources are described in more detail together with the adjustments to the national accounts definitions and concepts.

##### 5.7.7.1 Household Budget Survey

###### *Description of the survey*

Every year about 1 200 households are interviewed. The sample is too small for making more detailed calculations; therefore the data are aggregated for three years, so about 3 600 households are included in the results every year. Every year the "oldest" 1 200 households are eliminated from the sample and the "newest" 1 200 households are included. Every year 1 200 households are subdivided into four sub-samples (quarters) which are geographically representative. Thus every quarter of the year (12 weeks) about 300 households (net) are interviewed. The sample of 1 620 (gross) households is divided uniformly through the year, so every week about 30 households should be interviewed. The survey does not cover collective households such as boarding schools, nursing homes for children, homes for the elderly, hospitals, homes for pupils, student dormitories, etc.

The data collected are classified according to COICOP. The information on purchases abroad is also obtained. Value of own production covers quantities of agricultural products and goods consumed within a household during the year (food, beverages, firewood). Benefits in kind cover goods that the household received from the employer (the employer covering the household's expenditure for electricity, cold water, gas, telephone, TV subscription, vehicle registration, free meals, etc.). The HBS is in more detail described in Chapter 11.3.0.

### ***Conversion of survey data for national accounts purposes***

In conversion from the raw grossed-up HBS figures a series of adjustments for statistical, coverage and definitional and conceptual reasons are made in order to obtain HFCE estimates consistent with ESA95. In the next paragraphs and in Tables 5.3 and 5.4 the conversion is described in detail.

The whole process starts with the raw HBS data which are obtained by multiplying average expenditure per household in a year with the number of households (Table 5.3, column 1).

In column 2 of Table 5.3, adjustment for expenditure of persons living in institutions is shown. Persons living in institutions are composed mainly of persons permanently living in homes for elderly people (12 436 persons), special social welfare institutions (1 713 persons) and prisons (1 203 persons); in total this represents 0.77% of the total population. Adjustments for HFCE of these persons are made only for goods and services that they usually consume: COICOP 01.1.8 Sugar, jam, honey, chocolate and confectionary, COICOP 01.2 Non-alcoholic beverages, COICOP 02.1 Alcoholic beverages, COICOP 02.2 Tobacco, COICOP 03 Clothing and footwear, COICOP 06 Health, COICOP 08.1 Postal services, COICOP 09.4 Recreational and cultural services, COICOP 09.5.1 Books, COICOP 09.5.2 Newspapers and periodicals, COICOP 09.5.4 Stationery and drawing material, COICOP 11.1.1 Restaurants, cafes and the like, COICOP 12.1 Personal care.

In column 3, adjustments for definitions and concepts are shown. They are specified in Table 5.4 and discussed at the end of this chapter.

The sum of columns 1 to 3 (column 4) gives HFCE estimate based on HBS figures according to the national concept.

The transition to HFCE estimate according to the domestic concept is obtained by subtracting the expenditures of resident households abroad (column 5) and by adding the expenditures of non-resident households (column 6).

Data on expenditure of residents abroad (column 5) are available from the HBS at the two-digit level. In this step of calculation HBS data are used, regardless of the fact that these data are significantly below the figure in the balance of payments (the HBS SIT 25 626 mio and the balance of payments SIT 101 102 mio) as the sample of the HBS is too small to be used for such specific categories. In preparing the final HFCE estimate, data from the balance of payments is used for transfer from the domestic to the national concept.

The expenditure of non-resident households which must be added to HBS data (column 6) is based on the item "travel" of the balance of payments. This item is divided into personal and business part and only the personal part is included here. For distribution of total non-residents' expenditure on the economic territory among COICOP items a special tourists survey and other information about tourism are used.

Table 5.3 Conversion of HBS 2001 data for national accounts purposes

COICOP code	Description	HBS raw data	Population adjustment	Adjustments for definitions and concepts	HFC-E-HBS national concept	Resident households expenditure in the rest of the world	Non-resident expenditure on the economic territory	HFC-E-HBS domestic concept
		1	2	3	4=1+2+3	5	6	7=4+5+6
		mio SIT						
<b>01</b>	<b>Food and non-alcoholic beverages</b>	<b>401 802</b>	<b>525</b>	<b>43 350</b>	<b>445 676</b>	<b>4 022</b>	<b>37 260</b>	<b>478 914</b>
01.1	Food	362 192	220	43 056	405 467	3 626	33 742	435 583
01.2	Non-alcoholic beverages	39 610	305	294	40 209	397	3 518	43 330
<b>02</b>	<b>Alcoholic beverages, tobacco and narcotics</b>	<b>40 457</b>	<b>311</b>	<b>9 609</b>	<b>50 378</b>	<b>450</b>	<b>14 410</b>	<b>64 338</b>
02.1	Alcoholic beverages	20 765	160	9 546	30 471	231	3 717	33 957
02.2	Tobacco	19 692	152	63	19 907	219	10 693	30 381
02.3	Narcotics							
<b>03</b>	<b>Clothing and footwear</b>	<b>186 192</b>	<b>1 417</b>	<b>63</b>	<b>187 672</b>	<b>7 362</b>	<b>15 513</b>	<b>195 824</b>
03.1	Clothing	145 987	1 108	63	147 158	5 752	12 121	153 527
03.2	Footwear	40 205	310		40 514	1 610	3 392	42 297
<b>04</b>	<b>Housing, water, electricity, gas and other fuels</b>	<b>204 739</b>		<b>355 341</b>	<b>560 080</b>	<b>303</b>	<b>10 895</b>	<b>570 672</b>
04.1	Actual rentals for housing			40 398	40 398		10 895	51 293
04.2	Imputed rentals for housing			307 478	307 478			307 478
04.3	Maintenance and repair of the dwelling	11 729			11 729	303		11 426
04.4	Water supply and miscellaneous services relating to the dwelling	41 820			41 820			41 820
04.5	Electricity, gas and other fuels	151 191		7 464	158 655			158 655
<b>05</b>	<b>Furnishings, househ. equip. and routine household maintenance</b>	<b>153 391</b>		<b>664</b>	<b>154 055</b>	<b>1 662</b>	<b>12 294</b>	<b>164 687</b>
05.1	Furniture and furnishings, carpets and other floor coverings	52 997		130	52 997	595	6 795	59 197
05.2	Household textiles	12 916			13 046	146		12 900
05.3	Household appliances	27 548			27 548	288	5 499	32 759
05.4	Glassware, tableware and household utensils	9 139		92	9 231	104		9 128
05.5	Tools and equipment for house and garden	3 932		10	3 941	45		3 897
05.6	Goods and services for routine household maintenance	46 860		431	47 291	485		46 806
<b>06</b>	<b>Health</b>	<b>40 480</b>	<b>312</b>	<b>46 248</b>	<b>87 040</b>	<b>1 095</b>		<b>85 945</b>
06.1	Medical products, appliances and equipment	22 853	176	21 607	44 636	1 095		43 541
06.2	Outpatient services	17 477	135	15 072	32 684			32 684
06.3	Hospital services	150	1	9 569	9 720			9 720
<b>07</b>	<b>Transport</b>	<b>270 637</b>		<b>57 954</b>	<b>328 591</b>	<b>2 766</b>	<b>20 262</b>	<b>346 087</b>
07.1	Purchase of vehicles	78 854		23 661	102 515	32		102 483
07.2	Operation of personal transport equipment	169 620		30 228	199 847	2 420	20 262	217 690
07.3	Transport services	22 163		4 066	26 229	314		25 914

Table 5.3 Conversion of HBS 2001 data for national accounts purposes (continued)

COICOP code	Description	mio SIT						HFCE-HBS domestic concept
		HBS raw data	Population adjustment	Adjustments for definitions and concepts	HFCE-HBS national concept	Resident households expenditure in the rest of the world	Non-resident expenditure on the economic territory	
		1	2	3	4=1+2+3	5	6	7=4+5+6
<b>08</b>	<b>Communication</b>	<b>79 502</b>	<b>45</b>		<b>79 547</b>	<b>123</b>		<b>79 424</b>
08.1	Postal services	677	45		722	1		721
08.2	Telephone and telefax equipment	5 843			5 843	9		5 834
08.3	Telephone and telefax services	72 982			72 982	113		72 869
<b>09</b>	<b>Recreation and culture</b>	<b>184 753</b>	<b>688</b>	<b>7 579</b>	<b>193 019</b>	<b>2 195</b>	<b>62 934</b>	<b>253 758</b>
09.1	Audio-visual, photographic and information processing equipment	20 016		44	20 060	295	12 177	31 942
09.2	Other major durables for recreation and culture	8 228			8 228	127	2 362	10 463
09.3	Other recreational items and equipment, gardens and pets	45 604		6 636	52 241	369	2 990	54 862
09.4	Recreational and cultural services	54 833	422	898	56 154	848	45 405	100 711
09.5	Newspapers, books and stationery	35 977	266		36 242	556		35 686
09.6	Package holidays	20 094			20 094			20 094
<b>10</b>	<b>Education</b>	<b>22 885</b>			<b>22 885</b>			<b>22 885</b>
10.1	Pre-primary and primary education	10 055			10 055			10 055
10.2	Secondary education	388			388			388
10.3/4	Post-secondary and tertiary education	5 739			5 739			5 739
10.5	Education not definable by level	6 703			6 703			6 703
<b>11</b>	<b>Restaurants and hotels</b>	<b>130 926</b>	<b>319</b>	<b>5 449</b>	<b>136 694</b>	<b>3 390</b>	<b>62 082</b>	<b>195 386</b>
11.1	Catering services	110 412	319	1 516	112 246	2 717	35 370	144 900
11.2	Accommodation services	20 514		3 933	24 447	673	26 712	50 486
<b>12</b>	<b>Miscellaneous goods and services</b>	<b>100 077</b>	<b>487</b>	<b>74 917</b>	<b>175 481</b>	<b>2 258</b>	<b>4 567</b>	<b>177 789</b>
12.1	Personal care	63 264	487		63 751	1 697	3 107	65 160
12.2	Prostitution							
12.3	Personal effects n.e.c.	14 524			14 524	561	1 460	15 423
12.4	Social protection	3 464			3 464			3 464
12.5	Insurance			45 930	45 930			45 930
12.6	Financial services n.e.c.	3 963		28 987	32 949			32 949
12.7	Other services n.e.c.	14 862			14 862			14 862
<b>Total</b>		<b>1 815 841</b>	<b>4 103</b>	<b>601 174</b>	<b>2 421 118</b>	<b>25 626</b>	<b>240 217</b>	<b>2 635 709</b>

Definitional and conceptual adjustments (column 3 of Table 5.3) consist of consumption from households' own production of goods, wages and salaries in kind and other adjustments.

The first group of adjustments is made for consumption from own production by farmers and from garden production (mainly agricultural products, including firewood). The HBS only provides data on quantities of consumed products from own production; in national accounts value estimate is made for food, alcoholic beverages, firewood and flowers using data from the HBS and the Economic Accounts for Agriculture. Intermediate consumption for the production of these products is not included in HFCE (Chapter 3.7). Total final consumption from own production is estimated at SIT 63 617 mio, which represents 2.3% of household final consumption expenditure on the domestic market (Table 5.4, column 2).

The second group of adjustments consists of goods and services received as wages and salaries in kind (Table 5.4, column 3). The estimate is made by extrapolation of LCS 2000 data except for private use of business cars for which a separate estimate is made.

The LCS provides data on goods and services produced as outputs from the employer's processes of production, employer's costs for providing food to employees and costs for organising the transportation to and from work, bonus shares and securities distributed to employees on the basis of efficiency, employer's costs for housing of their employees, costs for cars, other payments in kind (to work councils or similar bodies, for cultural, recreational and other free time activities, for crèches for the children of employees, etc.).

Wages and salaries in kind are estimated for the following HFCE expenditures: food and non-alcoholic beverages, alcoholic beverages and tobacco, coal, private use of business personal transport equipment (motor cars, spare parts and accessories for personal transport equipment, fuels and lubricants for personal transport equipment, maintenance and repair of personal transport equipment, other services for cars), passenger transport by road, recreational and sporting services, cultural services, restaurants, accommodation services and financial services. In 2001, wages and salaries in kind amounted to SIT 43 560 mio or 1.6% of household final consumption expenditure on the domestic market. The majority of this amount (75%) is private use of business cars.

All other adjustments for definitions and concepts are shown in column 4 of Table 5.4. In 2001 they amounted to SIT 493 997 mio or 17.7% of household final consumption expenditure on the domestic market. They consist of:

- consumption of dwelling services by owner-occupiers (Chapter 5.7.8, COICOP 04.2);
- expenditure for insurance services, which is based on the insurance service charge concept (Chapter 5.7.8, COICOP 12.5);
- food in the army, which is estimated using budgetary data of the Ministry of Defence;
- free goods from trade shelves; they are estimated as 2% of the sale of goods for resale of unincorporated enterprises in retail trade;
- FISIM (Chapter 5.7.8, COICOP 12.6);
- direct payments of insurance companies from voluntary health insurance (Chapter 5.7.8, COICOP 06);
- HFCE for car repairs directly financed by insurance companies (Chapter 5.7.8, COICOP 07.2);
- margins and taxes on selling of old motor cars, sale of used cars by enterprises and other organisations to households (Chapter 5.7.8, COICOP 07.1).

**Table 5.4 Conversion of HBS 2001 data for national accounts purposes – adjustments for definitions and concepts (national concept)**

COICOP code	Description	Total	Consumption of household own production	Wages and salaries in kind	Other adjustments for NA concepts
		1 = 2 + 3 + 4	2	3	4
		mio SIT			
<b>01</b>	<b>Food and non-alcoholic beverages</b>	<b>43 350</b>	<b>40 363</b>	<b>331</b>	<b>2 656</b>
01.1	Food	43 056	40 363	298	2 394
01.2	Non-alcoholic beverages	294		33	262
<b>02</b>	<b>Alcoholic beverages, tobacco and narcotics</b>	<b>9 609</b>	<b>9 479</b>	<b>33</b>	<b>97</b>
02.1	Alcoholic beverages	9 546	9 479	17	50
02.2	Tobacco	63		16	47
02.3	Narcotics				
<b>03</b>	<b>Clothing and footwear</b>	<b>63</b>			<b>63</b>
03.1	Clothing	63			63
03.2	Footwear				
<b>04</b>	<b>Housing, water, electricity, gas and other fuels</b>	<b>355 341</b>	<b>7 193</b>	<b>271</b>	<b>347 877</b>
04.1	Actual rentals for housing	40 398			40 398
04.2	Imputed rentals for housing	307 478			307 478
04.3	Maintenance and repair of the dwelling				
04.4	Water supply and miscellaneous services relating to the dwelling				
04.5	Electricity, gas and other fuels	7 464	7 193	271	
<b>05</b>	<b>Furnishings, household equipment and routine household maintenance</b>	<b>664</b>			<b>664</b>
05.1	Furniture and furnishings, carpets and other floor coverings				
05.2	Household textiles	130			130
05.3	Household appliances				
05.4	Glassware, tableware and household utensils	92			92
05.5	Tools and equipment for house and garden	10			10
05.6	Goods and services for routine household maintenance	431			431
<b>06</b>	<b>Health</b>	<b>46 248</b>			<b>46 248</b>
06.1	Medical products, appliances and equipment	21 607			21 607
06.2	Outpatient services	15 072			15 072
06.3	Hospital services	9 569			9 569
<b>07</b>	<b>Transport</b>	<b>57 954</b>		<b>37 423</b>	<b>20 531</b>
07.1	Purchase of vehicles	23 661		10 638	13 022
07.2	Operation of personal transport equipment	30 228		22 719	7 508
07.3	Transport services	4 066		4 066	
<b>08</b>	<b>Communication</b>				
08.1	Postal services				
08.2	Telephone and telefax equipment				
08.3	Telephone and telefax services				
<b>09</b>	<b>Recreation and culture</b>	<b>7 579</b>	<b>6 583</b>	<b>898</b>	<b>98</b>
09.1	Audio-visual, photographic and information processing equipment	44			44
09.2	Other major durables for recreation and culture				
09.3	Other recreational items and equipment, gardens and pets	6 636	6 583		54
09.4	Recreational and cultural services	898		898	
09.5	Newspapers, books and stationery				
09.6	Package holidays				

**Table 5.4 Conversion of HBS 2001 data for national accounts purposes – adjustments for definitions and concepts (national concept) (continued)**

COICOP code	Description	Total	Consumption of household own production	Wages and salaries in kind	Other adjustments for NA concepts
		1 = 2 + 3 + 4	2	3	4
mio SIT					
<b>10</b>	<b>Education</b>				
10.1	Pre-primary and primary education				
10.2	Secondary education				
10.3/4	Post-secondary and tertiary education				
10.5	Education not definable by level				
<b>11</b>	<b>Restaurants and hotels</b>	<b>5 449</b>		<b>3 708</b>	<b>1 741</b>
11.1	Catering services	1 516		1 516	
11.2	Accommodation services	3 933		2 192	1 741
<b>12</b>	<b>Miscellaneous goods and services</b>	<b>74 917</b>		<b>895</b>	<b>74 022</b>
12.1	Personal care				
12.2	Prostitution				
12.3	Personal effects n.e.c.				
12.4	Social protection				
12.5	Insurance	45 930			45 930
12.6	Financial services n.e.c.	28 987		895	28 092
12.7	Other services n.e.c.				
	<b>Total</b>	<b>601 174</b>	<b>63 617</b>	<b>43 560</b>	<b>493 997</b>

Table 5.5 shows published national accounts estimates, HBS adjusted results and the ratio between the two data sets.

**Table 5.5 Household final consumption expenditure by national accounts and the HBS, 2001**

COICOP code	Description	National accounts	HBS	Ratio HBS/NA
		1	2	2 / 1
mio SIT				
<b>01</b>	<b>Food and non-alcoholic beverages</b>	<b>477 129</b>	<b>478 914</b>	<b>1.00</b>
01.1	Food	434 340	435 583	1.00
01.2	Non-alcoholic beverages	42 789	43 330	1.01
<b>02</b>	<b>Alcoholic beverages, tobacco and narcotics</b>	<b>133 604</b>	<b>64 338</b>	<b>0.48</b>
02.1	Alcoholic beverages	59 325	33 957	0.57
02.2	Tobacco	74 279	30 381	0.41
02.3	Narcotics			
<b>03</b>	<b>Clothing and footwear</b>	<b>178 763</b>	<b>195 824</b>	<b>1.10</b>
03.1	Clothing	137 192	153 527	1.12
03.2	Footwear	41 572	42 297	1.02
<b>04</b>	<b>Housing, water, electricity, gas and other fuels</b>	<b>563 388</b>	<b>570 672</b>	<b>1.01</b>
04.1	Actual rentals for housing	51 293	51 293	1.00
04.2	Imputed rentals for housing	307 478	307 478	1.00
04.3	Maintenance and repair of the dwelling	11 426	11 426	1.00
04.4	Water supply and miscellaneous services relating to the dwelling	41 820	41 820	1.00
04.5	Electricity, gas and other fuels	151 370	158 655	1.05

Table 5.5 Household final consumption expenditure by national accounts and the HBS, 2001 (continued)

COICOP code	Description	National accounts	HBS	Ratio HBS/NA
		1	2	2 / 1
		mio SIT		
<b>05</b>	<b>Furnishings, househ. equip. and routine household maintenance</b>	<b>170 662</b>	<b>164 687</b>	<b>0.96</b>
05.1	Furniture and furnishings, carpets and other floor coverings	53 809	59 197	1.10
05.2	Household textiles	12 849	12 900	1.00
05.3	Household appliances	37 858	32 759	0.87
05.4	Glassware, tableware and household utensils	20 281	9 128	0.45
05.5	Tools and equipment for house and garden	6 248	3 897	0.62
05.6	Goods and services for routine household maintenance	39 617	46 806	1.18
<b>06</b>	<b>Health</b>	<b>88 000</b>	<b>85 945</b>	<b>0.98</b>
06.1	Medical products, appliances and equipment	40 626	43 541	1.07
06.2	Outpatient services	31 807	32 684	1.03
06.3	Hospital services	15 567	9 720	0.62
<b>07</b>	<b>Transport</b>	<b>425 907</b>	<b>346 087</b>	<b>0.81</b>
07.1	Purchase of vehicles	149 812	102 483	0.68
07.2	Operation of personal transport equipment	237 979	217 690	0.91
07.3	Transport services	38 115	25 914	0.68
<b>08</b>	<b>Communication</b>	<b>69 634</b>	<b>79 424</b>	<b>1.14</b>
08.1	Postal services	2 077	721	0.35
08.2	Telephone and telefax equipment	4 590	5 834	1.27
08.3	Telephone and telefax services	62 968	72 869	1.16
<b>09</b>	<b>Recreation and culture</b>	<b>263 529</b>	<b>253 758</b>	<b>0.96</b>
09.1	Audio-visual, photographic and information processing equipment	35 296	31 942	0.90
09.2	Other major durables for recreation and culture	5 170	10 463	2.02
09.3	Other recreational items and equipment, gardens and pets	51 381	54 862	1.07
09.4	Recreational and cultural services	110 979	100 711	0.91
09.5	Newspapers, books and stationery	42 194	35 686	0.85
09.6	Package holidays	18 508	20 094	1.09
<b>10</b>	<b>Education</b>	<b>24 618</b>	<b>22 885</b>	<b>0.93</b>
10.1	Pre-primary and primary education	8 260	10 055	1.22
10.2	Secondary education	2 337	388	0.17
10.3/4	Post-secondary and tertiary education	7 937	5 739	0.72
10.5	Education not definable by level	6 084	6 703	1.10
<b>11</b>	<b>Restaurants and hotels</b>	<b>183 703</b>	<b>195 386</b>	<b>1.06</b>
11.1	Catering services	145 643	144 900	0.99
11.2	Accommodation services	38 060	50 486	1.33
<b>12</b>	<b>Miscellaneous goods and services</b>	<b>218 001</b>	<b>177 789</b>	<b>0.82</b>
12.1	Personal care	65 334	65 160	1.00
12.2	Prostitution			
12.3	Personal effects n.e.c.	14 345	15 423	1.08
12.4	Social protection	19 060	3 464	0.18
12.5	Insurance	45 930	45 930	1.00
12.6	Financial services n.e.c.	47 100	32 949	0.70
12.7	Other services n.e.c.	26 233	14 862	0.57
<b>Total</b>		<b>2 796 938</b>	<b>2 635 709</b>	<b>0.94</b>

### 5.7.7.2 Retail Trade Survey

#### *Description of the survey*

The Retail Trade Survey provides quarterly data on turnover for 39 groups of goods, which are mainly in line with COICOP. Its results are available by groups of goods and by form of payment (cash, consumer credits and purchases of enterprises). The observation unit is every business entity or its part (enterprise, company, business unit, and entrepreneur) performing trade activity. Reporting units are thus enterprises whose main activity is trade and enterprises with other main activities; however, in both cases only data concerning retail trade are taken into consideration. The Retail Trade Survey is described in more detail in Chapter 11.1.15.

#### *Conversion of survey data for national accounts purposes*

From the raw grossed up RTS figures a series of adjustments for statistical, coverage and definitional reasons are made in order to obtain HFCE estimates by the domestic concept.

The first adjustment relates to delimitation of purchases in the retail trade system between HFCE on the one hand and intermediate consumption or gross fixed capital formation on the other. Delimitation is based on VAT reports data which show accrued VAT separately for sales to taxable persons and sales to final consumers. Both data sets are also divided by the tax rates (general and reduced rate). From these data the shares of sales to final consumers can be calculated and then applied to RTS data.

The second group of adjustments are adjustments for sales to households outside the retail trade system, namely for sales in duty free shops, for direct sales from agricultural producers and for sales on green markets. Data on sales in duty free shops are obtained by a survey that is conducted by the Bank of Slovenia. Direct sales from agricultural producers and sales on green markets are estimated in the framework of the Economic Accounts for Agriculture.

The third group of adjustments encompass definitional adjustments: consumption from households' own production of goods, goods and services received as wages and salaries in kind, food in armed forces, free goods from trade shelves (all these adjustments are described in Chapter 5.7.7.1), margins and taxes on selling of old motor cars and sale of used cars by enterprises to households (Chapter 5.7.8, COICOP 07.1).

### 5.7.7.3 Other sources

Main market services (transport, telecommunications, hotels and restaurants) are well covered by basic statistical surveys, which in several cases were modified to incorporate the needs of the national accounts. The Slovenian Railways supply data on railway. Data on postal and telecommunication services are supplied by the Post of Slovenia (data regarding postal services) and Telekom of Slovenia (data regarding telecommunication services). Coverage of air transport and of activities at airports is complete. Data on urban transport cover transport in Ljubljana and Maribor.

For other market and non-market services, accounting data of enterprises and income tax declarations from production activities of self-employed are used for estimating HFCE by main groups.

For HFCE estimation also VAT data, the statistical survey on electricity distribution, the statistical survey on gas supply, the statistical survey on petroleum products trade and the Household Energy Consumption Survey are used.

### 5.7.8 Description of the detailed calculations

The calculation methods by COICOP groups are described in the following paragraphs. Consumption of households classified by purposes contains the consumption of resident households in Slovenia and the consumption of non-residents in Slovenia.

#### *COICOP 01 Food and non-alcoholic beverages*

##### *01.1 Food*

For estimating expenditures on food, data from the HBS are used. The original data from the HBS do not include consumption of own produced food on farms and in gardens therefore additional estimate is made on the basis of the Economic Accounts for Agriculture and the HBS (Chapter 5.7.7.1). An estimate is also made for meals provided by the army for which the source is budgetary statistics of the Ministry of Defence.

**01.2 Non-alcoholic beverages**

For estimating expenditures on non-alcoholic beverages, data from the HBS and the RTS are used.

**COICOP 02 Alcoholic beverages and tobacco****02.1 Alcoholic beverages**

Consumption of alcoholic beverages is estimated with the excise taxes data and from the RTS. The HBS data are underestimated. The original data from these sources do not include own-account production for consumption of alcoholic beverages (wine) so the estimation of own produced wine is prepared on the basis of the Economic Accounts for Agriculture and the HBS. The estimate is verified with the commodity-flow method.

**02.2 Tobacco**

Consumption of cigarettes is estimated with the excise taxes data. The HBS and RTS are underestimated. Sales in duty-free-shops are estimated according to data collected with the annual survey conducted by the Bank of Slovenia. The estimation is verified with the commodity-flow method.

**COICOP 03 Clothing and footwear****03.1 Clothing**

The data source used for estimating expenditure on clothing is the HBS. The estimate is verified with the commodity-flow method. Expenditure on rental, repair and cleaning of clothes is derived from the HBS, too.

**03.2 Footwear**

The data source used for estimating expenditure on footwear is the HBS. The estimate is verified with the commodity-flow method. Expenditure on shoe repair is derived from the HBS, too.

**COICOP 04 Housing, water, electricity, gas and other fuels****04.1 Actual rentals for housing**

According to the Population Census 1991 17% of the total dwellings stock in Slovenia is rented out. Actual rentals for market and non-profit dwellings are estimated with the simplified stratification method which was introduced in 1997.

The main source for the dwelling stock is the 1991 Census of the Population, Households and Housing. After this year the perpetual inventory method is used; it is based on the construction statistics data (number and floor area of dwellings at the beginning of the year increased by completed dwellings and reduced by demolished dwellings).

Rents for non-profit and social dwellings are determined by the Decree on Forming of Non-profit Rents and the data on average non-profit rents are obtained by the Ministry of the Environment and Spatial Planning. The average monthly rent is different according to year of construction - before or after 1991, which is considered in the calculation.

Rents for profit dwellings are formed freely. Because no statistical source for these rents is available, data from the web pages of real estate agencies are used. These are available stratified by region and the number of rooms, but mainly relate to Ljubljana because of specifics in the Slovenian rent market.

Output of dwelling services is estimated on the basis of price changes (changes in non-profit and market rents) and of indicators of changes in the volume and quality of the dwelling stock in individual years. The quality adjustment weights are based on a subjective assessment of relative quality only. The price change index is a weighted average of the consumer price index for services (0.7), German mark exchange rate index as all prices for dwellings are priced in German marks (0.19) and consumer price index for non-profit rents (0.11). According to this approach operating surplus is the balancing item.

A survey of rented dwellings was carried out in 2003. The sample size of the Rent Survey was 5 011 households (the sample presents 6.3% of the sampling frame) and 3 982 responses were obtained. Stratification was done by type of tenancy (profit, non-profit), by location (4 strata), by number of rooms (1, 2, 3, 4 and more) and by installations

(standard installations, without central heating). For non-profit rents, age of construction is more important than for profit rents, so stratification by year of construction was also made (before 1991 and after 1991). The survey provided data which enable more detailed calculation of dwelling services output for rented dwellings with the stratification method.

The collected data show that monthly rents per dwelling are not as high as data obtained from web pages of real estate agencies that were used. The basic reason is that in the survey rents that were really paid were collected and not rents which landlords want to get. Consequently, the calculated actual rental is lower than in the previous calculation. New estimates of market rentals based on the survey results will be prepared in the 2005 benchmark revision. At the same time a revision will be made to take into account different structure of the dwelling stock from the 2002 Census (number of non-profit dwellings is half of the previous figure; the share of owner-occupied dwellings increased from 83% to 90%).

#### **04.2 Imputed rentals for housing**

Because of high share of owner-occupied dwellings (90% according to the Population Census 2002) imputed rentals are estimated by the user-cost method as a sum of intermediate consumption and categories of gross value added. The estimates are made for primary and secondary residences and garages as well.

Expenditures on maintenance and repair of owner-occupied dwelling are estimated on the basis of HBS data (the method is described in detail under COICOP 04.3). FISIM is included in intermediate consumption as well as in output and this approach affects the GDP level. Data on gross insurance premiums paid on owner-occupied dwellings and insurance claims paid to owner-occupiers are obtained by the annual statistical survey of insurance companies.

Consumption of fixed capital (CFC) is estimated with the perpetual inventory method. The calculation of total value of the owner-occupied dwelling stock is done separately for owner-occupied dwellings in multi-apartment houses and owner-occupied dwellings in individual houses. For calculating the CFC, the lifetime of 67 years and CFC rate 1.5% for dwellings in multi-apartment houses and 77 years and CFC rate 1.3% for dwellings in individual houses are used. These CFC rates are the Slovenian Accounting Standard.

Other taxes on production include municipality land use tax. The data source are tax statistics data, which by type show all payments of public revenues and their distribution to central and local government and to the social security funds (Chapter 11.2.1).

Net operating surplus is estimated as 2.5% of real construction value of the dwelling stock, including the value of land on which a dwelling is located. For estimating the value of the dwelling stock, pure construction costs per square meter are used. Construction statistics collects data on pure construction costs (without costs of purchase and preparation of land) from construction enterprises separately for non-profit and market dwellings. The value of land associated with owner-occupied dwellings at current prices is estimated as 18% of the value of dwelling. This estimation is made on the basis of data on average prices of dwellings, which are collected by construction statistics. Construction costs are costs of construction, finishing and installation works. They are shown separately as the share of the total price. In addition to construction costs, the price includes the costs of obtaining, preparing and regulating the land as well as the costs of engineering, supervision, contributions and other costs.

#### **04.3 Maintenance and repair of the dwelling**

According to ESA, only expenditures which tenants and owners incur on materials and services for minor maintenance and repair are part of individual consumption expenditure of households. Expenditures that owners incur on maintenance and repair of the dwelling not typically carried out by tenants are treated as intermediate consumption in producing housing services.

Because it is not possible to determine what maintenance and repair is not typically carried out by a tenant, a comparison between average annual costs of owner-occupiers and average annual costs of tenants is made. The data source is the HBS which provides data on expenditures for the maintenance and small repairs of dwellings separately for material and services.

For tenants expenditure for maintenance and repairs of dwelling is by definition all final consumption, so their annual costs represent only final consumption. For owner-occupiers, expenditure for maintenance and repairs of dwelling is a combination of final and intermediate consumption. It is assumed that intermediate consumption's part is the difference between the average annual costs of owner-occupier and average annual costs of tenant. The total expenditure for maintenance and repair of dwellings is therefore estimated as average annual costs of tenant multiplied with the total number of dwellings.

**04.4 Water supply and miscellaneous services relating to the dwelling**

The data sources for consumption of water supply, sewage collection, refuse collection and other services relating to the dwelling are the HBS, accounting data of enterprises and VAT reports.

**04.5 Electricity, gas and other fuels**

The calculation of expenditure on electricity is based on data from the HBS and the statistical survey of electricity distribution. In this survey the quantities of the households' electricity consumption are given. The value at current prices is calculated by using the average retail price for electricity.

The calculation of expenditure on gas is based on data from the HBS and the statistical survey of gas supply. In this survey the quantities of town and natural gas consumption of households are given. The value at current prices is calculated by using the average retail price for gas.

The calculation of expenditure on liquid fuels is based on data from the HBS (without liquid fuels for agricultural machines) and the statistical survey of petroleum products trade. In this survey the quantities of heating oil consumption of households are given. The value at current prices is calculated by using the average retail price for oil. The estimate is verified with the commodity-flow method.

The data sources for solid fuels are energy statistics (quantities) and the HBS. The data from these sources do not include own consumption of firewood for which the estimate is prepared on the basis of the Economic Accounts for Agriculture and the HBS.

Besides the above sources, data from the five-yearly Household Energy Consumption Survey are also used for cross-checking purposes. The survey also provides data on energy consumption for agricultural and business purposes.

**COICOP 05 Furnishings, household equipment and routine household maintenance****05.1 Furniture and furnishings, carpets and other floor coverings**

In order to estimate the expenditures on furniture, carpets and other floor coverings, RTS and HBS data are used and are verified with the commodity-flow method. Clerical and other furniture which households usually do not use is not taken into account. For expenditure on repairs of furniture HBS data are used.

**05.2 Household textiles**

For estimating the expenditures on household textiles, RTS and HBS data are used.

**05.3 Household appliances**

For estimating the expenditures on household appliances, RTS and HBS data are used. The estimation of expenditure on major household appliances is verified with the commodity-flow method.

**05.4 Glassware, tableware and household utensils**

The estimation of expenditure on glassware, tableware and household utensils is done on the basis of RTS data.

**05.5 Tools and equipment for house and garden**

Expenditures on tools and equipment for house and garden are based on HBS data.

**05.6 Goods and services for routine household maintenance**

The estimation of expenditure for goods and services of routine household maintenance is done on the basis of HBS and RTS data.

**COICOP 06 Health****06.1 Medical products, appliances and equipment**

The estimate of expenditure on medical products, appliances and equipment is based on annual accounting statements, the report of the Health Social Security Fund and reports of insurance corporations dealing with voluntary

health insurance. The data source for turnover of pharmacies is annual accounting statements and from their turnover the payments from the Health Social Security Fund for pharmacies and medical products are excluded. Data on direct payments from households for medical products, appliances and equipment are also available from the HBS; they are corrected for payments from voluntary health system and used for cross-checking purposes.

### **06.2 Outpatient services**

Expenditures for outpatient services include direct payments from households to public health institutions (the data source are annual accounting statements), from voluntary health insurance and from households to private doctors. Accounting statements are available from all units, including private doctors. Data on direct payments from households for outpatient medical services are also available from the HBS; correction for payments from voluntary health system is needed. Paid tips for medical services of the private sector are estimated and added to this expenditure (Chapter 7.4.7).

### **06.3 Hospital services**

Expenditures for hospital services include direct payments from households to public health institutions (the data source are annual accounting statements), from voluntary health insurance and from households to private hospitals. Data on direct payments from households are also available from the HBS; correction for payments from voluntary health system is needed.

## **COICOP 07 Transport**

### **07.1 Purchase of vehicles**

For estimating purchases of vehicles the commodity-flow method is used. The estimate is cross-checked with VAT reports, detailed data on first time vehicle registrations in the particular year and their retail prices, RTS and HBS data (from HBS data sales of cars among households are excluded).

Purchases of cars by households are divided into final household consumption and gross fixed capital formation of unincorporated enterprises, based on car registration data. All taxes and margins on transactions of existing cars paid by households and the value of sales of used cars by enterprises and other organisations to households are included in household final consumption expenditure. A separate estimate is made for the private use of business cars. It is estimated as 30% of total purchases of new passenger cars, the fuel costs and current maintenance expenses together with operating and financial leasing costs for passenger cars of the so-called business sector (without personal cars of general government, NPISH and other VAT exempt sectors). Private use of business cars is then allocated between COICOP 07.1 and COICOP 07.2.

### **07.2 Operation of personal transport equipment**

Spare parts and accessories for personal transport equipment and maintenance and repair of personal transport equipment are estimated on the basis of the HBS. Payments by insurance companies made directly to repair shops for repair of households' cars are treated as household final consumption expenditures for repair services; data are available from insurance companies. The RTS (for spare parts) and accounting statements data (for services) are the other data sources for estimating these expenditure items.

Purchases of motor fuel are estimated using data on the HBS, the RTS, energy statistics data and VAT reports data. The estimate is verified with the commodity-flow method.

Other services for personal transport equipment include hire of garages and parking places, motorway tolls and driving lessons. The data source for parking places is the HBS and the data source for motorway tolls is the accounting statement of the Motorway Company of Slovenia. Expenditures for driving lessons are estimated directly from the number of new car licences, average number of lessons needed to obtain a licence, price per lesson and price of exam.

### **07.3 Transport services**

Data concerning transport services by rail, road, air and sea are obtained from surveys of transport and communications statistics (railway transport, air transport, urban transport, surveys on other types of transport) and on the statistics of output of enterprises (e.g. taxi services).

All transport of passengers by railway and urban bus is included in HFCE. Regarding air transport, the survey questionnaire shows separately income from domestic and from foreign passengers as well as from legal persons (special business money transfer orders) and from individuals (cash payments). Output based on income tax declarations of self-employed providing taxi services was considered too low; reports of tax inspections indicated that the output should be increased tenfold. The new calculation is based on the number of taxis, the number of kilometres, starting fee and fee per kilometre. Paid tips to taxi drivers are estimated and added to this expenditure.

## **COICOP 08 Communication**

### **08.1 Postal services**

Data on postal services are obtained from the survey of transport and communications statistics.

### **08.2 Telephone and telefax equipment**

The estimation for expenditure on telephone and telefax equipment is done on the basis of HBS and RTS data.

### **08.3 Telephone and telefax services**

Data on telephone and telefax services are obtained from surveys of transport and communications statistics. The producers of telephone services cannot provide information by service users (HFCE, intermediate consumption). Distinction is made on the basis of the number of telephone connections in dwellings and in other places (offices and other business places).

## **COICOP 09 Recreation and culture**

### **09.1 Audio-visual, photographic and information processing equipment**

Expenditure on audio-visual, photographic and information processing equipment is estimated with the HBS and RTS data. The estimation is verified with the commodity-flow method.

### **09.2 Other major durables for recreation and culture**

Consumption of other major durables for recreation and culture is estimated with the HBS data.

### **09.3 Other recreational items and equipment, gardens and pets**

Consumption of other recreational items and equipment, gardens and pets is estimated with the HBS and RTS data.

### **09.4 Recreational and cultural services**

In estimating recreational and cultural services HBS data, accounting statements, and other sources are used. For expenditure on games of chance the service charge is used. It is defined as the difference between the amounts paid for lottery tickets or placed in bets and the amounts paid to the winners. For gambling also data on the gambling tax are used. Paid tips are estimated and added to this expenditure.

### **09.5 Newspapers, books and stationery**

Consumption of newspapers, books and stationery is estimated with the HBS and RTS data.

### **09.6 Package holidays**

Package holidays are estimated gross (all inclusive holidays or tours which provide for travel, food, accommodation, guides, etc.). The estimation is made on the basis of the VAT reports.

## **COICOP 10 Education**

### **10.1 Pre-primary and primary education**

For education, accounting statements are used. In these sources household payments are distinguished from payments of other sectors. In this COICOP item only educational services are included; expenditures for educational materials

(COICOP 09.5.1 and 09.5.4), transport (COICOP 07.3), catering (COICOP 11.1.2) and accommodation services (COICOP 11.2.2) are included under other relevant COICOP items.

### **10.2 Secondary education**

The sources and methods are the same as for COICOP 10.1.

### **10.3 Post-secondary and tertiary education**

The sources and methods are the same as for COICOP 10.1.

### **10.4 Education not definable by level**

This group covers expenditure on evening classes and courses provided for general education and training. The data source is accounting statements. Course fees paid by individuals are allocated to this heading. Expenditures for driving lessons are excluded here and included in COICOP 07.2.4.

## **COICOP 11 Restaurants and hotels**

### **11.1 Catering services**

The estimate of catering services is based on the HBS, VAT reports and annual accounting statements. Paid tips for catering services are estimated and added to this expenditure.

### **11.2 Accommodation services**

The estimate of accommodation services is based on the HBS and VAT reports. Paid tips for accommodation services are estimated and added to this expenditure.

## **COICOP 12 Miscellaneous goods and services**

### **12.1 Personal care**

Personal care services are estimated on the basis of the HBS and accounting statements. Paid tips for personal care services are estimated and added to this expenditure.

### **12.3 Personal effects n.e.c.**

Consumption of goods for personal effects n.e.c. is estimated on the basis of RTS and HBS data.

### **12.4 Social protection**

Expenditure for retirement homes for elderly people is estimated directly with the number of people in care and the charge per month. The estimation is verified with accounting statements data which are used also for other social services (direct payments from households).

### **12.5 Insurance**

The estimation is made by type of insurance for health insurance, motor vehicle insurance, dwelling insurance, life insurance and other insurance. The data are collected from annual accounting statements by the Insurance Supervision Agency. Additional data are collected by SURS with a survey of insurance corporations. For health insurance also data from the Health Social Security Fund are used. In the final step the tax on insurance gross premiums is added.

The insurance service charge (output) is calculated as the sum of actual premiums payable plus premiums supplements plus income from other services produced less claims due and less increases in technical provisions. Output of health insurance and life insurance is recorded entirely as HFCE. Output of other types of insurance (motor vehicles, dwelling and other insurance) is allocated to HFCE proportionally to the premiums paid by households.

### **12.6 Financial services n.e.c.**

Bank charges are estimated on the basis of data provided by the Bank of Slovenia. For estimating FISIM all relevant data are collected by the Bank of Slovenia. FISIM for both primary services (deposits holding and loans lending

services) are estimated as the difference between the value of interests on deposits and on loans on one side and the value according to the reference interest rate on the other. The intra-bank interest rate has been chosen as the best option for the reference interest rate of FISIM calculation and allocation (FISIM calculation is in more detail described in Chapter 9).

### 12.7 Other services n.e.c.

Expenditures of other services are estimated on the basis of the HBS (charges for undertaking and other funeral services, fees for legal services, payments for photocopies and newspaper notices, etc.) and government data (fees for the issues of birth, marriage and death certificates and other administrative documents).

### Purchases of residents abroad and non-residents on the domestic territory

Estimate for both components is based on balance of payments data; estimation of resident households consumption expenditure abroad is described in Chapter 5.18 and estimation of consumption expenditure of non-residents in Slovenia in Chapter 5.16.

## 5.8 NPISH FINAL CONSUMPTION EXPENDITURE

### 5.8.0 Introduction

Units of the sector NPISH must have independent legal status according to ESA95 rules. These units mostly perform services to households and are not under government control and financing. Revenue sources mostly come from voluntary contributions and membership fees. These units can partly also perform market activities by selling goods and services. Therefore, NPISH final consumption expenditure equals the output by the cost approach less any market and similar revenue (market output and other non-market output).

According to legislation and data sources four different types of NPISH units can be identified:

- political parties and labour unions;
- education, health, social (Red Cross and other aid organisations), and similar associations;
- fishing, hunting, fire protection, sports, cultural, etc. associations;
- religious organisations.

In total NPISH final consumption expenditure in 2001 amounted to SIT 60 447 mio and was equal to the total output at SIT 82 907 mio less market sales at SIT 22 402 mio and less output for own final use at SIT 59 mio.

**Table 5.6 Output components and NPISH final consumption expenditure, 2001**

	Mio SIT	Structure (%)
<b>Output at basic prices</b>	<b>82 907</b>	<b>100.0</b>
Market output and other non-market output	22 402	27.0
Output for own final use	59	0.1
<b>Other non-market output, other</b>	<b>60 447</b>	<b>72.9</b>
Intermediate consumption	54 329	65.5
<b>Gross value added</b>	<b>28 578</b>	<b>34.5</b>
Compensation of employees	24 390	29.4
Other taxes on production	805	1.0
Gross operating surplus (consumption of fixed capital)	<b>3 383</b>	<b>4.1</b>
<b>Final consumption expenditure by type</b>	<b>60 447</b>	<b>100.0</b>
Health services	954	1.6
Sport and entertainment services	9 164	15.2
Education services	1 342	2.2
Social welfare services	5 859	9.7
Other services	43 127	71.3

### 5.8.1 Data sources and methods

For this sector two sets of data from accounting statements are available (Chapter 3.3.6, Table 3.16). The first one is for legal persons of private law which are divided into market units and units of non-profit service providers to households (Chapters 3.3.5 and 3.3.6, Tables 3.15 and 3.16). The second data source is for societies, which include all other non-profit private associations and clubs. This source provides less detailed data; therefore additional adjustments are necessary (Chapter 3.3.6). From the second data source only units with a minimum employment are included in national accounts estimates. This reduction has no effect on the sector's gross value added. By establishing the exact number of units it is rather easy to maintain a year by year comparable figures and the exhaustiveness of estimates for this institutional sector (Chapter 3.1.6, Table 3.6). This is important due to a relatively high non-response rate of these units in the basic data sources. Total exhaustiveness adjustments of gross value added of NPISH amount to SIT 8 913 mio or 31.2% (Chapter 7) and are relatively the highest among institutional sectors, mostly due to correction for religious associations.

For religious organisations, no legal basis for collecting data exists. For these activities estimates are prepared with relevant employment data according to the Statistical Register of Employment and per-capita figures of other units within activities of membership organisations (SKD 91) of the sector.

Market sales according to the data source are verified with VAT reports and this comparison shows rather small differences between market sales in data sources and sales of VAT products in VAT reports. In the beginning of 2005 SURS prepared a special survey of NPISH units with the purpose to improve the estimation according to data sources.

## 5.9 GENERAL GOVERNMENT FINAL CONSUMPTION EXPENDITURE

### 5.9.0 Introduction

General government units are financed by the central budget, local budgets and by the Health Social Security Fund. Classification of units into sub-sectors of the central government and the local government is prepared according to functional criteria and not according to financing: all units which perform services at local level are included in the local government and the rest in the central government. In the sub-sector of the social security funds three units are included: the Health Social Security Fund, the Pension Social Security Fund and the Capital Fund. The Capital Fund was set up to support the pension reform and to cover current deficit of the Pension Social Security Fund during this process (Chapter 3.1.5).

General government final consumption expenditure consists of two main components: payments for "other non-market output, other" of non-market service providers of general government and of transfers in kind of goods and services via market public and private producers directly to households as final consumers. Transfers in kind are purchased by the central budget and by the Health Social Security Fund and directly transferred to households. The component "other non-market output, other" equals general government final consumption expenditure and it is equal to output by the cost approach less market output less output for own final use less other non-market output.

**Table 5.7 General government final consumption expenditure, 2001**

	General government	Central government	Local government	Social security funds
	mio SIT			
<b>General government final consumption expenditure</b>	<b>957 965</b>	<b>586 436</b>	<b>265 330</b>	<b>106 200</b>
<b>Collective consumption</b>	<b>389 542</b>	<b>308 494</b>	<b>66 232</b>	<b>14 816</b>
<b>Individual consumption</b>	<b>568 423</b>	<b>277 942</b>	<b>199 098</b>	<b>91 384</b>
Non-market individual services	469 860	270 762	199 098	
Transfers in kind of market goods and services via market producers	98 564	7 180		91 384
	structure (%)			
<b>General government final consumption expenditure</b>	<b>100.0</b>	<b>61.2</b>	<b>27.7</b>	<b>11.1</b>
<b>Collective consumption</b>	<b>40.7</b>	<b>32.2</b>	<b>6.9</b>	<b>1.5</b>
<b>Individual consumption</b>	<b>59.3</b>	<b>29.0</b>	<b>20.8</b>	<b>9.5</b>
Non-market individual services	49.0	28.3	20.8	0.0
Transfers in kind of market goods and services via market producers	10.3	0.7	0.0	9.5

General government final consumption expenditure is further divided into expenditure for collective services and expenditure for individual services according to activity of units. Individual services are activities of education (SKD 80) and homes for students and pupils (SKD 55.2), health activities (SKD 85.1), social care activities (SKD 85.3), recreational, cultural and sporting activities (SKD 92) and dwellings activities (SKD 70.2 Dwelling funds). All other activities of general government are included in collective services.

General government consumption expenditure is estimated at SIT 957 965 mio or 20.0% of GDP, of which for collective consumption SIT 389 542 mio and for individual consumption SIT 568 423 mio. Expenditure for individual consumption consists of payments for non-market individual services at SIT 469 860 mio and payments for transfers in kind of goods and services via market producers, which are by definition expenditure for individual services, at SIT 98 564 mio. General government final consumption expenditure at the central level amounts to 61.2%, at local level to 27.7% and of social security funds to 11.1% of total value.

## 5.9.1 Data sources and methods

### 5.9.1.0 Introduction

Data sources are in detail explained in Chapter 3.1.4. Final consumption expenditure is estimated at the same time and with the same data sources as all categories and components of production and generation of income accounts of general government. Primary data sources are budgetary statistics and accounting data of general government units.

#### 5.9.1.1 Final consumption expenditure of general government units

In Table 5.8 main output components of general government at central and at local government level and of social security funds are shown. Final consumption expenditure of general government is equal to the total output by the cost approach less market output, output for own final use and other non-market output. Output components are in detail explained in Chapter 3.3.2 except consumption of fixed capital which is outlined in Chapter 4.12.

**Table 5.8 Output components and general government final consumption expenditure, 2001**

	General government	Central government	Local government	Social security funds
	mio SIT			
<b>Output at basic prices</b>	<b>1 009 558</b>	<b>664 706</b>	<b>326 550</b>	<b>18 302</b>
Market output, output for own final use and other non-market output	150 156	85 450	61 220	3 486
<b>Other non-market output, other - final consumption expenditure</b>	<b>859 402</b>	<b>579 256</b>	<b>265 330</b>	<b>14 816</b>
Intermediate consumption	327 891	223 342	95 412	9 137
<b>Gross value added at basic prices</b>	<b>681 667</b>	<b>441 364</b>	<b>231 138</b>	<b>9 165</b>
Compensation of employees	584 102	375 395	200 930	7 776
Other taxes on production	24 842	17 387	7 105	350
Consumption of fixed capital	72 724	48 581	23 103	1 039
	<b>structure (%)</b>			
<b>Output at basic prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Market output, output for own final use and other non-market output	14.9	12.9	18.7	19.0
<b>Other non-market output, other - final consumption expenditure</b>	<b>85.1</b>	<b>87.1</b>	<b>81.3</b>	<b>81.0</b>
Intermediate consumption	32.5	33.6	29.2	49.9
<b>Gross value added at basic prices</b>	<b>67.5</b>	<b>66.4</b>	<b>70.8</b>	<b>50.1</b>
Compensation of employees	57.9	56.5	61.5	42.5
Other taxes on production	2.5	2.6	2.2	1.9
Consumption of fixed capital	7.2	7.3	7.1	5.7

**5.9.1.2 Transfers in kind of market goods and services via market producers**

This category of government final consumption expenditure includes expenditure for 17 product types which can be according to ESA95 classified as transfers in kind of market goods and services via market producers to households. These transfers are entirely financed by the general government and are therefore included in the government final consumption expenditure. In Table 5.9 main types of products and services of transfers in kind are shown.

**Table 5.9 Transfers in kind of market goods and services via market producers, 2001**

	Mio SIT	Structure (%)
<b>Transfers in kind of market goods and services</b>	<b>98 564</b>	<b>100.0</b>
<b>Dwelling</b>	<b>187</b>	<b>0.2</b>
<b>Health products and services</b>	<b>88 980</b>	<b>90.3</b>
Health products	56 500	57.3
Pharmaceutical products	46 266	46.9
Other medical products	2 146	2.2
Therapeutically appliances and equipment	8 088	8.2
Health services	32 480	33.0
Out of hospital health services	11 634	11.8
Out of hospital dental services	738	0.7
Out of hospital other health services	19 422	19.7
Hospital services	685	0.7
<b>Social care services</b>	<b>3 004</b>	<b>3.0</b>
<b>Educations services</b>	<b>6 392</b>	<b>6.5</b>

The majority of transfers in kind are estimated on the basis of budgetary statistics and annual report of the Health Social Security Fund. The following expenditure is treated as transfers in kind:

- pharmaceutical products;
- services of retail sale of pharmaceutical products;
- therapeutic and orthopaedic appliances and equipment;
- other medical products;
- health resort and relevant hotel services;
- funeral services;
- travel costs to and from hospitals;
- health market service producers – private doctors;
- homes for elderly people – market public and private producers.

In the central budget the following expenditure shown as social benefits in cash to households is reclassified into transfers in kind of market goods and services via market producers:

- gifts in kind at the birth of child;
- health resort reimbursement;
- transport of pupils to and from school;
- reimbursement of other travel costs for children;
- reimbursement of meals in schools for pupil;
- reimbursement of meals for students;
- reimbursement for homes for elderly people.

In the last step also all subsidies to public market producers of education services are reclassified into transfers in kind of market goods and services via market producers.

## 5.10 ACQUISITIONS LESS DISPOSALS OF TANGIBLE FIXED ASSETS

### 5.10.0 Introduction

The major part of gross fixed capital formation (GFCF) is tangible fixed assets. The component includes buildings and construction works, equipment and machinery together with cultivated assets. Fixed assets are continuously used in the production process for more than one year and have a value above EUR 500. The basic statistical survey on gross fixed capital formation is designated in the way that transaction costs as the difference between acquisitions and disposals of existing tangible fixed assets are included in the component. With this approach the component includes new tangible fixed assets as well as transaction costs of existing tangible fixed assets.

Total value of acquisitions less disposals of tangible fixed assets is estimated at SIT 1 110 185 mio or 23.1% of GDP and 95.8% of the total gross fixed capital formation. Table 5.10 shows that buildings and construction work amount to SIT 579 356 mio or 52.2% of the total, equipment and machinery to SIT 524 834 mio or 47.3% and cultivated assets to SIT 5 995 mio or 0.5% of the total.

**Table 5.10 Acquisitions less disposals of tangible fixed assets, 2001**

	Mio SIT	Structure (%)
<b>Acquisitions less disposals of tangible fixed assets</b>	<b>1 110 185</b>	<b>100.0</b>
<b>Buildings and construction works</b>	<b>579 356</b>	<b>52.2</b>
Dwellings	160 673	14.5
Other buildings	295 505	26.6
Construction and engineering works	123 177	11.1
<b>Equipment and machinery</b>	<b>524 834</b>	<b>47.3</b>
Transport equipment	110 659	10.0
Passenger cars	42 357	3.8
Other transport equipment	68 302	6.2
Other machinery and equipment	414 175	37.3
Metal products	20 959	1.9
Metal machinery	192 167	17.3
Computers and office equipment	77 241	7.0
Electrical equipment	30 422	2.7
Electronic equipment and apparatus	38 420	3.5
Medical equipment	19 009	1.7
Furniture and fixtures	35 956	3.2
<b>Cultivated assets</b>	<b>5 995</b>	<b>0.5</b>
Breeding stock	3 632	0.3
Orchard development	2 362	0.2

In this chapter data sources and methods for the compilation of all three GFCF components (net acquisitions of tangible and intangible fixed assets and additions to the value of non-produced non-financial assets) and valuables are outlined. At the end of this chapter Table 5.12 shows main GFCF components, changes in inventories together with acquisitions less disposals of valuables by activities and by institutional sectors. Preparation of GFCF by activities and by institutional sectors was supported by Eurostat's grant in 2003.

### 5.10.1 Data sources and methods

#### 5.10.1.0 Introduction

The primary data source for GFCF estimation is the Survey on Gross Fixed Capital Formation (INV-1). Data are available approximately 12 months after the end of the year. The questionnaire of the survey is prepared in line with ESA95 requirements, concepts and definitions (Chapter 11.3.2).

In the second half of 2002 SURS signed the agreement with the Ministry of Finance and the Tax Administration. With this agreement SURS got access to unit level data of the monthly VAT reports of all units within the VAT system (entering the VAT system is compulsory for all units with turnover above SIT 5 mio). VAT monthly reports show also acquisitions of gross fixed capital formation goods, separately for constructions and for other fixed assets. With VAT reports aggregated GFCF data are now available also for units which are not covered in the INV-1 survey. This is particularly important for the estimation of GFCF of self-employed persons and for legal units with fewer than 10 employees as these are not covered in the INV-1 survey. With these improvements in data sources GFCF are regularly prepared by activities and by institutional sectors.

Supplementary data sources are different surveys of construction statistics, data on registered road vehicles available from the Ministry of the Interior, annual accounting statements of direct and indirect budgetary units of general government and NPISH and the Economic Accounts for Agriculture for gross capital formation of individual farmers.

Annual estimation of GFCF consists of three steps. In the first step INV-1 survey data are adjusted for non-response and grossed-up to the total population. In the second step other data sources are used for the estimation of households GFCF in agriculture production, in dwellings and in other buildings and structures of self-employed. In this step also first preliminary estimate of GFCF in equipment and machinery by the commodity-flow method is prepared within the supply and use tables. In the third step other data sources and particularly VAT reports are used for estimating GFCF of small companies and self-employed, which are not covered by the INV-1 survey, and GFCF by products is verified and finalised within the supply and use tables. These steps are shown by products in Table 5.11 and by institutional sector in Table 7.3 in Chapter 7.

#### **5.10.1.1 Primary data source**

The Survey on Gross Fixed Capital Formation in 2001 included all legal units as investors with 10 or more persons in paid employment, except general government units, which were included regardless of the number of employees. The survey covered all institutional sectors except self-employed. In 2004 also the sample of self-employed was included in the survey for the first time (the sample covered approximately 25% of the final GFCF estimate for self-employed) and this significantly improved the estimate of GFCF of self-employed by activity and by product.

The questionnaire is prepared in line with ESA95 and includes detailed product levels of tangible and intangible fixed assets (all together 24 items), separately for new assets, for acquisitions of existing assets and for disposals of existing assets. From 2003 on the questionnaire also includes own-account software production within intangible assets. The questionnaire also includes acquisitions and disposals of non-produced non-financial assets showing land transaction costs and land improvement work separately. The questionnaire includes modernisation, reconstruction and renovation of existing assets, transaction costs, own-account production of GFCF goods and splits the value of fixed assets acquired by financial leasing into purchase value and financial leasing costs (interest). The questionnaire includes also acquisitions less disposals of valuables.

The overall response rate is relatively high and is on average slightly below 90%. Coverage, measured as the ratio between the final national accounts figure and INV-1 data, is the highest in the general government sector (97%) and between 80% and 85% in sectors of non-financial and financial corporations.

#### **5.10.1.2 Coverage and adjustments by sectors to the primary data source**

In the first step of GFCF estimation unit level data of the INV-1 survey are split and processed separately by institutional sectors, by product groups and by activities (140 activities). Adjustments for non-response and grossing-up to the total population (coverage adjustment) are made.

For non-response treatment and grossing-up of INV-1 data for the general government sector, data from the annual accounting statements are used. The statements for general government units show GFCF by main product groups together with acquisitions less disposals of existing assets and land. Total GFCF together with acquisitions less disposals of valuables for general government in 2001 is estimated at SIT 151 633 mio, of which SIT 4 794 mio or 3.2% is non-response adjustment.

Coverage for NPISH in the INV-1 survey is the lowest of all institutional sectors (approximately only 40%). Coverage adjustment is partly done on the basis of accounting statements data and the remaining part by the number of employees. Some additional adjustments and balancing is done according to construction statistics by type of building, particularly for religious associations which are not covered by the survey. The total final value of GFCF

together with acquisitions less disposals of valuables for NPISH in 2001 is estimated at SIT 8 787 mio, of which coverage adjustment amounts to SIT 5 067 mio or 57.7%.

Coverage for financial corporations in the INV-1 survey is on average 82%. It is the highest in 65.1 Monetary intermediation services (93%) and 66 Insurance and pension funding (95%) and the lowest in 65.2 Other monetary intermediation services (69%) and 67 Activities auxiliary to financial intermediation (78%). Coverage adjustment is done by VAT data (for 65.21 Financial leasing) and by employment data. The total GFCF together with acquisitions less disposals of valuables for financial corporations in 2001 is estimated at SIT 40 436 mio, of which coverage adjustment amounts to SIT 7 087 mio or 17.5%.

The final value of GFCF for general government, NPISH and financial corporations is based on INV-1 data and on coverage adjustment. For these sectors all products in the survey are estimated as the sum of acquisitions of new GFCF (including used assets from imports) plus acquisitions of existing assets less disposals of existing assets. Additions to the value of non-produced non-financial assets include land transaction costs and the value of land improvement work.

According to the INV-1, GFCF and acquisitions less disposals of valuables of non-financial corporations is estimated at SIT 601 290 mio. The figure equals to the acquisition of new assets according to the INV-1 survey with the exception of dwellings, passenger cars and computers. For these three products the GFCF value includes also acquisitions less disposals of existing assets due to the fact that usually only these three products are sold to households. For transactions of all other existing GFCF products one can assume that they take place entirely within the business sector, therefore for these only acquisitions of new GFCF products are taken into account. In this step acquisitions of new passenger cars by corporations are reduced by all disposals of existing cars and by 30% of new acquisitions (private use of business cars) which is allocated to households' final consumption expenditure.

### **5.10.1.3 Gross fixed capital formation of households in agriculture, dwellings and in buildings for business purposes of self-employed**

The second step of GFCF estimation by activities, sectors and product groups is the estimation of households' GFCF in agriculture, dwellings, buildings and structures for business purposes of self-employed. In total these GFCF products are estimated at SIT 209 130 mio or 18% of the final estimate of GFCF and valuables, of which in agriculture SIT 30 853 mio, in dwellings SIT 141 003 mio and in buildings and other structures for business purposes of self-employed SIT 37 274 mio.

GFCF of self-employed in the primary agriculture production (individual farmers) is estimated with data of the Economic Accounts for Agriculture.

The estimation of the total GFCF of households in dwellings is divided into the following main components:

- own-account construction activities – SIT 112 048 mio;
- purchases of new flats, modernisation and major reconstruction works – SIT 12 256 mio;
- purchases of new individual houses on the market – SIT 7 533 mio;
- transaction costs of purchases/sales of existing individual houses and flats – SIT 9 166 mio.

The primary data source is construction statistics on building and safety permits. The HBS and VAT reports are used for verification and cross-checking of individual component estimates.

Own-account construction of dwellings and buildings for business purposes is an independent production activity of households generating value added which equals to the estimated value of own-account work. Output is estimated with data on building permits and is based on estimated average construction period for individual house. In the model construction period of 3 1/4 years is used for dwellings and 1 year for business buildings. The model is based on the number of individual houses (separately garages and weekend houses), data on useful floor area and average construction prices per square meter. Data on finished individual houses and data on unfinished houses at the beginning and at the end of the year are collected annually in the framework of construction statistics. With these data the construction value of finished and unfinished buildings is estimated. A similar model is applied for different types of buildings for business purposes of self-employed. In the final step own-account work is added (it is estimated on average at 12%) to construction value of both own-account construction activities of households. GFCF of households equals the output of own-account construction activities.

Purchases of new flats, modernisation and major reconstruction works by households are based on construction statistics. To purchases of new flats by households also existing flats which are sold to households by other sectors are

added. This component is equal to sales less purchases of existing dwellings by legal units, as shown in the INV-1 survey.

Purchases of new individual houses by households directly on the market are estimated with construction statistics and in the final step balanced with VAT reports data. This is possible because among GFCF products only dwellings have the lower (8%) VAT rate and in VAT reports all sales to final consumers are shown by VAT rates (8% and 19%) separately.

In the final step transaction costs associated with purchases/sales of existing individual houses and flats together with all other buildings between households are added. In this component intermediation services and legal services are estimated together with 2% stamp tax paid by households on transactions of immovable property according to tax statistics data. On average the total transaction costs are estimated between 5% and 7% of the total transactions of existing real estate between households (according to 2% stamp tax paid by households).

#### **5.10.1.4 Gross fixed capital formation and supply and use tables**

Gross fixed capital formation by detailed product groups is in the second step preliminary and then in the third step finally verified and balanced within supply and use tables to get the final annual figure of gross fixed capital formation. This estimates the remaining part of the total value, which amounts to SIT 149 571 mio or 12.9% of the total.

Commodity-flow calculation for equipment goods is performed within supply and use tables using detailed data by commodity groups for imports, exports and domestic production. Calculations are performed at the 6-digit level of CPA products. At this level products used for capital formation are defined. Data on domestic production are collected from the annual survey on industry and data on imports and exports from external trade statistics. Values of individual equipment goods are first calculated at basic prices and then after applying estimated margin and relevant tax rates at purchasers' prices. Results are compared with INV-1 data and used in the second step of GFCF estimates. In this calculation transaction costs are estimated separately and included in supply and use tables.

Balancing with supply and use tables is divided into buildings and other construction works, transport equipment and other machinery and equipment. For transport equipment data on registration of road vehicles by type and by unit are used in the balancing process. Passenger cars are balanced with the household final consumption expenditure where all disposals of existing passenger cars together with 30% of new cars in the business sector due to private use are allocated. Also all acquisitions less disposals of new and existing dwellings within legal units are balanced with purchases by households.

#### **5.10.1.5 VAT reports data and gross fixed capital formation by activities**

SIT 149 571 mio or 12.9% of the total GFCF and valuables is in the second step preliminary and then in the final step definitely balanced and estimated within supply and use tables. This amount represents GFCF of small non-financial corporations and other GFCF goods (except buildings) of self-employed. On the basis of VAT reports data the value is allocated to households and to non-financial corporations.

Annual VAT reports data at unit level are split and processed by institutional sectors and by activities and are divided into two groups. The first one consists of units which are included in the INV-1 survey and in the second group there are units which are not covered with the survey. In this way GFCF by activity for non-financial corporations and for the households sector units which are not covered in the INV-1 survey are estimated. GFCF products which have not yet been allocated to sectors are split between households at SIT 67 426 mio and the rest at SIT 82 145 mio as residual to non-financial corporations. The splitting is by activities done for main GFCF products and by institutional sector for detailed GFCF products.

For the households sector estimate of capital formation in buildings (except in agriculture) is allocated proportionally by activities according to VAT data on GFCF in buildings. VAT data on all other GFCF by activities of self-employed are adjusted for exempted activities (mostly health services) and allocated by activities at the total amount of SIT 67 426 mio. This allocation is done in two steps. In the first step the total GFCF is allocated by activities. In the second step aggregated data at activity level are further split into main product groups: transport equipment, other machinery and equipment, and intangible fixed assets. Some specific products (computers and office equipment, electronic equipment and apparatus, software, valuables) are estimated and shown separately (Table 5.11).

Allocation of GFCF of small non-financial corporations is done in the same way as for households in two steps: first the total GFCF is according to VAT reports allocated by activities and in the second step totals by activities are further split into main product groups.

Table 5.11 Adjustments to primary data source of gross fixed capital formation and valuables, 2001

	Total	Primary data source INV-1	Adjustments to primary data source	Dwellings, Economic Accounts for Agriculture, buildings	Supply and use tables, other adjustments
<b>Gross fixed capital formation and Valuables</b>	<b>1 160 846</b>	<b>785 196</b>	<b>16 948</b>	<b>209 130</b>	<b>149 571</b>
<b>Gross fixed capital formation</b>	<b>1 158 679</b>	<b>783 226</b>	<b>16 932</b>	<b>209 130</b>	<b>149 391</b>
<b>Acquisitions less disposals of tangible fixed assets</b>	<b>1 110 185</b>	<b>738 240</b>	<b>15 561</b>	<b>208 806</b>	<b>147 578</b>
Buildings and construction works	579 356	354 133	6 879	187 263	31 081
Dwellings	160 673	13 934	527	141 003	5 208
Other buildings	295 505	219 641	5 369	45 644	24 852
Construction and engineering works	123 177	120 559	982	615	1 021
Equipment and machinery	524 834	383 157	8 680	16 296	116 701
Transport equipment	110 659	50 896	4 394	8 020	47 350
Passenger cars	42 357	23 765	4 069		14 523
Other transport equipment	68 302	27 131	324	8 020	32 827
Other machinery and equipment	414 175	332 262	4 286	8 275	69 352
Metal products	20 959	17 446	27		3 486
Metal machinery	192 167	155 787	434	8 275	27 671
Computers and office equipment	77 241	59 183	2 075		15 984
Electrical equipment	30 422	18 603	42		11 778
Electronic equipment and apparatus	38 420	35 742	232		2 446
Medical, optical and other similar equipment	19 009	11 769	200		7 040
Furniture and fixtures	35 956	33 733	1 277		946
Cultivated assets	5 995	949	2	5 248	-204
Breeding stock	3 632	598		3 253	-219
Orchard development	2 362	352	2	1 994	14
<b>Acquisitions less disposals of intangible fixed assets</b>	<b>42 787</b>	<b>40 472</b>	<b>1 268</b>	<b>0</b>	<b>1 048</b>
Computer software	21 124	19 699	582		843
Literary and artistic originals	1 381	1 310	71		0
Other intangible fixed assets	20 282	19 463	615		205
<b>Additions to the value of non-produced non financial assets</b>	<b>5 707</b>	<b>4 515</b>	<b>103</b>	<b>325</b>	<b>765</b>
Land improvements	2 429	1 349	101		767
Transaction costs	3 278	3 166	2	113	-3
<b>Acquisitions less disposals of valuables</b>	<b>2 167</b>	<b>1 970</b>	<b>16</b>		<b>180</b>

Table 5.12 Gross capital formation by activities and by institutional sectors, 2001

	Gross capital formation	Gross fixed capital formation	Tangible fixed assets	Intangible fixed assets	Additions to the value of non-prod. non-financial assets	Changes in inventories	Finished goods	Work in progress	Goods for resale	Materials and supplies	Acquisitions less disposals of valuables	
	1=2+6+11	2=3+4+5	3	4	5	6=7+8+9+10	7	8	9	10	11	
	mio SIT											
A Agriculture, hunting and forestry	34 619	40 613	39 409	101	1 102	-5 995	-5 602	-217	88	-265	2	
01 Agriculture, hunting and related service activities	33 036	39 229	38 049	78	1 102	-6 193	-5 628	-421	109	-254	0	
02 Forestry, logging and related service activities	1 583	1 384	1 360	23	0	198	25	204	-21	-10	2	
B Fishing (05)	69	118	118	0	0	-49	1	-61	14	-3	0	
C Mining and quarrying	5 749	7 119	7 018	99	2	-1 369	-1 386	28	152	-164	0	
10 Mining of coal and lignite, extraction of peat	3 732	5 335	5 306	29	1	-1 603	-1 537	0	0	-66	0	
12 Mining of uranium and thorium ores	25	23	11	12	0	2	0	0	0	2	0	
13 Mining of metal ores	12	13	13	0	0	-2	0	0	0	-2	0	
14 Other mining and quarrying	1 980	1 747	1 687	59	1	233	151	28	152	-98	0	
D Manufacturing	269 426	268 251	260 344	7 434	473	785	4 737	-588	1 117	-4 481	390	
DA Manufacture of food products, beverages and tobacco	26 296	29 963	29 306	645	11	-3 705	-2 403	397	438	-2 136	37	
17 Manufacture of textiles	7 419	8 577	8 296	276	4	-1 158	10	-691	-60	-417	0	
18 Manufacture of wearing apparel, dressing...	3 306	2 305	2 134	170	1	1 001	615	128	390	-131	0	
19 Tanning of leather, manufacture of leather goods	3 729	3 420	3 110	310	0	309	739	431	-577	-284	0	
20 Manufacture of wood, except furniture	9 675	10 096	9 958	132	7	-436	691	-125	-165	-837	14	
21 Manufacture of pulp, paper and paper products	11 454	11 669	11 268	356	45	-215	-262	23	11	12	1	
22 Publishing, printing and reprod. of recorded media	12 393	13 064	12 267	527	270	-671	-325	6	-77	-275	0	
23 Manufacture of coke and refined petroleum products	7	406	404	2	0	-399	-370	-21	2	-9	0	
24 Manufacture of chemicals and chemical products	30 039	28 593	27 322	1 255	16	1 341	2 944	-38	-118	-1 447	106	
25 Manufacture of rubber and plastic products	21 728	22 191	22 078	102	10	-463	-22	-303	82	-220	0	
26 Manufacture of other non-metallic mineral products	12 780	10 905	10 715	187	3	1 874	1 437	152	-205	490	0	
27 Manufacture of basic metals	16 347	17 496	17 241	254	1	-1 153	578	-1 902	-105	276	4	
28 Manufacture of metal products, except machinery	30 598	29 421	28 937	455	29	1 107	574	244	110	178	69	
29 Manufacture of machinery and equipment n.e.c.	29 039	29 565	28 530	1 011	24	-627	-699	561	55	-544	101	
30 Manufacture of office machinery and computers	3 221	3 156	3 068	87	0	65	25	-41	147	-66	0	

Table 5.12 Gross capital formation by activities and by institutional sectors, 2001 (continued)

	Gross capital formation	Gross fixed capital formation	Tangible fixed assets	Intangible fixed assets	Additions to the value of non-prod. non-financial assets	Changes in inventories	Finished goods	Work in progress	Goods for resale	Materials and supplies	Acquisitions less disposals of valuables	
	1=2+6+11	2=3+4+5	3	4	5	6=7+8+9+10	7	8	9	10	11	
	mio SIT											
31 Manufacture of electr. machinery and apparatus n.e.c.	13 735	13 551	13 092	434	26	183	241	-322	237	27	1	
32 Manufacture of radio, television, comm. equipment	6 594	4 684	4 315	362	6	1 911	-265	300	542	1 334	0	
33 Manufacture of medical, precision etc. instruments	5 948	5 708	5 598	109	2	233	-14	74	184	-11	7	
34 Manufacture of motor vehicles, trailers, etc.	11 417	10 545	9 963	575	8	872	1 074	5	105	-312	0	
35 Manufacture of other transport equipment	2 275	1 333	1 295	37	0	942	-230	825	101	247	0	
36 Manufacture of furniture, manufacturing n.e.c.	9 415	9 522	9 378	140	4	-157	406	-288	74	-349	50	
37 Recycling	2 012	2 081	2 069	9	4	-69	-7	-1	-53	-9	0	
E Electricity, gas and water supply	55 807	58 694	56 633	1 836	224	-2 887	2	-402	-7	-2 480	0	
40 Electricity, gas, steam and hot water supply	38 250	40 813	39 145	1 563	104	-2 563	-3	-25	-53	-2 482	0	
41 Collection, purification and distribution of water	17 557	17 881	17 488	273	120	-324	5	-377	46	2	0	
F Construction (45)	42 120	40 452	39 556	621	276	1 617	-780	2 259	243	-105	50	
G Wholesale and retail trade, repair of motor vehicles	119 488	116 767	113 468	2 866	432	2 625	-343	-878	3 771	74	97	
50 Sale and repair of motor vehicles, sale of auto fuel	26 078	26 730	26 308	369	53	-654	-5	5	-593	-61	2	
51 Wholesale trade and commission trade	51 381	47 720	46 169	1 244	306	3 569	227	-595	3 777	160	92	
52 Retail trade, repair of personal and household goods	42 029	42 317	40 991	1 253	73	-290	-564	-288	587	-25	2	
H Hotels and restaurants (55)	24 233	23 670	23 348	257	64	559	372	126	-51	112	5	
I Transport, storage and communication	130 499	129 955	122 896	6 776	284	424	332	-410	170	333	120	
60 Land transport, transport via pipelines	62 055	61 726	60 763	956	6	329	-3	30	154	148	0	
61 Water transport	64	41	40	1	0	23	0	0	0	23	0	
62 Air transport	459	495	470	26	0	-37	0	0	0	-37	0	
63 Supporting transport activities, travel agencies	17 919	17 965	17 376	569	20	-107	334	-442	91	-90	61	
64 Post and telecommunications	50 002	49 728	44 248	5 223	257	216	0	2	-75	289	59	
J Financial intermediation	43 427	42 572	39 460	3 043	70	766	-1	-319	1 090	-3	88	
65 Financial intermediation	37 277	36 282	33 799	2 418	64	920	0	-225	1 143	2	76	
66 Insurance and pension funding	4 814	4 802	4 329	471	2	0	0	0	0	0	12	
67 Activities auxiliary to financial intermediation	1 336	1 488	1 332	153	4	-153	-1	-94	-53	-5	1	

Table 5.12 Gross capital formation by activities and by institutional sectors, 2001 (continued)

	Gross capital formation	Gross fixed capital formation	Tangible fixed assets	Intangible fixed assets	Additions to the value of non-prod. non-financial assets	Changes in inventories	Finished goods	Work in progress	Goods for resale	Materials and supplies	Acquisitions less disposals of valuables
	1=2+6+11	2=3+4+5	3	4	5	6=7+8+9+10	7	8	9	10	11
	mio SIT										
K Real estate, renting and business activities	197 366	196 117	192 626	3 406	84	559	768	-457	1 006	-758	690
70 Real estate activities	150 192	148 431	148 310	118	3	1 759	-1 404	3 270	1 126	-1 232	1
71 Renting of machinery and equipment	1 579	1 546	1 540	6	0	33	4	3	24	2	0
72 Computer and related activities	4 613	4 296	4 068	228	1	312	52	0	170	90	4
73 Research and development	2 793	2 804	2 641	162	0	-12	8	-106	28	59	1
74 Other business activities	38 190	39 040	36 068	2 892	80	-1 534	2 108	-3 624	-341	323	684
L Public administration and defence, comp. soc. sec. (75)	146 756	146 139	130 197	13 554	2 389	84	84	0	0	0	532
M Education (80)	20 009	19 858	18 997	850	11	143	140	1	3	-1	7
N Health and social work (85)	32 185	32 142	31 715	406	20	40	6	43	-25	16	3
O Other community, social and personal service activities	36 727	36 213	34 399	1 538	277	332	32	169	-24	155	182
90 Sewage and refuse disposal and similar activities	5 171	5 165	4 929	38	198	6	-1	6	-11	12	0
91 Activities of membership organisations n.e.c.	6 857	6 878	6 393	473	11	-27	-27	0	0	0	7
92 Recreational, cultural and sporting activities	19 561	19 027	17 959	1 002	66	358	48	163	4	143	176
93 Other service activities	5 138	5 143	5 117	25	1	-5	12	0	-18	0	0
P Private households with employed persons (95)	0	0	0	0	0	0	0	0	0	0	0
<b>Total by activities</b>	<b>1 158 480</b>	<b>1 158 679</b>	<b>1 110 185</b>	<b>42 787</b>	<b>5 707</b>	<b>-2 366</b>	<b>-1 639</b>	<b>-705</b>	<b>7 547</b>	<b>-7 569</b>	<b>2 167</b>
Non-financial corporations	685 970	682 067	646 075	32 143	3 850	2 535	2 964	680	6 457	-7 567	1 368
Financial corporations	41 202	40 347	37 284	3 015	48	766	-1	-319	1 090	-3	88
General government	151 871	150 879	142 805	6 654	1 420	238	238	0	0	0	754
Households	270 593	276 605	275 833	447	325	-5 964	-4 898	-1 065	0	0	-49
NPISH	8 845	8 781	8 187	528	65	59	59	0	0	0	6

## 5.11 ACQUISITIONS LESS DISPOSALS OF INTANGIBLE FIXED ASSETS

### 5.11.0 Introduction

Acquisitions less disposals of intangible fixed assets are according to ESA95 a new component of GFCF. These products are estimated on the basis of INV-1 survey data for three main products: computer software, literary and artistic originals and other intangible fixed assets. Other intangible fixed assets mostly consist of investment project documentation and schematics, which are significant GFCF expenditure in the national project on motorway construction. Total acquisitions less disposals of intangible fixed assets are estimated at SIT 42 787 mio or 3.7% of the total GFCF and 0.9% of GDP. Computer software is estimated at SIT 21 124 mio or 0.4% of GDP, literary and artistic originals at SIT 1 381 mio and other intangible fixed assets at SIT 20 282 mio.

### 5.11.1 Data sources and methods

Data sources and methods are the same as for estimating net acquisitions of tangible fixed assets (Chapter 5.10). Grossing-up and adjustments for software is done in proportion to adjustments of hardware with the exception of small incorporated and unincorporated enterprises (Table 5.11), for which the adjustment is relatively much smaller. In the INV-1 survey own-account production of software was included as an independent item for the first time in 2003. However, the survey results for own-account production of software were not plausible: only approximately 4% of the total software was reported as own-account production. Therefore, additional adjustment according to the number of employed computer expert will be made in 2005 GDP benchmark revision (Chapter 7.5).

## 5.12 ADDITIONS TO THE VALUE OF NON-PRODUCED NON-FINANCIAL ASSETS

### 5.12.0 Introduction

Additions to the value of non-produced non-financial assets are in the INV-1 survey shown as three items: transfer costs of ownership on land, transfer costs of patented assets and value of major land improvement. In total this component of GFCF is estimated at SIT 5 707 mio, of which SIT 2 976 mio are transfer costs of ownership on land, SIT 2 429 mio is the value of major land improvement and SIT 302 mio are transfer costs of patented assets.

### 5.12.1 Data sources and methods

Data sources and methods are the same as for estimating net acquisitions of tangible fixed assets (Chapter 5.10). With the INV-1 survey companies are asked to report explicitly transaction costs of sales and purchases of land separately. The same percentage of transfer costs as reported for land ownership is used also for estimates of transaction costs of purchases/sales of patented assets. To land transaction costs 2% tax on sales of immovable property is added. Land improvement work by households is estimated within the Economic Accounts for Agriculture. Mineral exploration as GFCF is not relevant because there are no undiscovered mineral reserves in the country.

## 5.13 CHANGES IN INVENTORIES

### 5.13.0 Introduction

The estimation of changes in inventories is entirely prepared with the same data sources and within GDP estimation by the production approach at detailed level of activities (Chapter 3.2.5). The majority of this component is estimated within non-financial corporations. For agriculture production of households changes in inventories are estimated according to data of the Economic Accounts for Agriculture and include own-account feeding-stuff and other animals except breeding stock. In 2001 changes in inventories are estimated negative at SIT 2 366 mio.

**Table 5.13 Changes in inventories by institutional sectors and by type, 2001**

	Total	Non-financial corporations	Financial corporations	General government	Households	NPISH
	mio SIT					
<b>Total</b>	<b>-2 366</b>	<b>2 535</b>	<b>766</b>	<b>238</b>	<b>-5 964</b>	<b>59</b>
Finished goods	-1 639	2 964	-1	238	-4 898	59
Work-in-progress	-705	680	-319		-1 065	
Raw materials and supplies	-7 569	-7 567	-3			
Goods for resale	7 547	6 457	1 090			

### 5.13.1 Data sources and methods

Data sources are annual accounting statements showing values of inventories by type at the beginning and at the end of the year. The values of inventories in the balance sheet data are recalculated (deflated/inflated) at the activity level and by type of inventory to the average prices of the period. Changes in inventories are the difference between the recalculated inventory levels at the end less the recalculated levels at the beginning of the year. With this approach all holding gains on inventories are excluded (Chapter 3.2.5).

## 5.14 ACQUISITIONS LESS DISPOSALS OF VALUABLES

### 5.14.0 Introduction

The purpose of the purchase of valuables is to invest in or to store certain value and not to use this type of products in the production process. In the INV-1 survey units are asked for data on purchases and sales of any valuables, such as precious stones and metals, jewellery, works of art, antiques and other valuables. Total acquisitions less disposals of valuables are estimated at SIT 2 167 mio and equal to 0.2% of the total gross capital formation.

### 5.14.1 Data sources and methods

Data sources and methods are explained in Chapter 5.10. In the INV-1 survey acquisitions of valuables include any costs of ownership transfer incurred by the buyer. At disposals units are asked to deduct any associated costs. Acquisitions less disposals of valuables as component of the expenditure GDP therefore include costs of ownership transfer and relevant trade margins. The INV-1 survey data mostly shows acquisitions and figures on disposals are negligible.

## 5.15 EXPORTS OF GOODS

### 5.15.0 Introduction

In 2001 exports of goods amounted to SIT 2 270 941 mio or 47.3% of GDP or 82.7% of total exports of goods and services. The aggregate consists of exports of goods according to the external trade statistics data in the amount of SIT 2 247 589 mio (99% of the total) and the coverage adjustment according to the balance of payments (BoP) data in the amount of SIT 23 352 mio (1% of the total). Table 5.14 shows the values and structure of the exports of goods and services in 2001.

**Table 5.14 Exports of goods and services, 2001**

	Mio SIT	Structure (%)
<b>Exports of goods and services</b>	<b>2 745 667</b>	<b>100.0</b>
<b>Goods</b>	<b>2 270 941</b>	<b>82.7</b>
Goods according to the external trade statistics	2 247 589	81.9
Coverage adjustment according to the BoP	23 352	0.9
<b>Services</b>	<b>474 726</b>	<b>17.3</b>
Tourism	240 217	8.7
Other services	234 509	8.5
Transport services	121 585	4.4
Communication services	8 207	0.3
Construction services	17 155	0.6
Insurance services	1 850	0.1
Financial services	2 649	0.1
FISIM	1 199	0.0
Computer related services	15 560	0.6
Industrial property rights	3 501	0.1
Other business services	58 067	2.1
Personal, cultural and recreational services	3 908	0.1
Government services	828	0.0

### 5.15.1 Exports of goods according to the external trade statistics

External trade statistics data (for exports and imports) are based on customs declarations data, which are mediated to SURS by the Customs Administration. The observation unit is every import and export shipment which is covered according to the methodological recommendations and is uniform as regards the type of goods, country of destination or origin, and for which the customs declaration was filled according to the Regulation on the Use of Documents in Customs Procedures. Shipments are covered irrespective of statistical value or net mass (no statistical threshold is set).

External trade statistics is monitored according to the special trade system, which means that beside regular import and export transactions also inward and outward processing as well as processing carried out in customs free trade zones are included.

Statistics defines the coverage of external trade statistics by kinds of customs procedures. Commercial characteristics of transactions are also taken into consideration to a certain extent.

Exports cover:

- all goods exported from Slovenia, originating from the production in Slovenia or from free circulation on the internal market;
- export of compensating products after import for export production (suspension system);
- export of compensating products after import for export production (drawback system);
- temporary export for outward processing.

Imports cover:

- all goods imported into Slovenia and released into free circulation and consumption;
- import for export production (suspension system);
- import for export production (drawback system);
- import after outward processing.

External trade statistics does not cover temporary imports and exports of goods which will return in an unchanged condition after a certain period, services, repairs, money as means of payment, monetary gold, supply of foreign

vehicles with fuel in Slovenia and Slovenian vehicles abroad, imports of goods for foreign embassies, personal baggage of travellers, commercial samples and postal packages of minor value.

Regarding valuation, fob values are used for exports and cif values are used for imports. The statistical value of goods in Slovenian tolar at the Slovenian border is calculated by the declarant by (1) converting the invoice value into the national currency using the exchange rate applied by the Customs, and (2) adjusting it for the insurance and freight costs depending on the delivery terms set out in the contract. This statistical value is then recalculated by SURS to the value at the daily (current) exchange rate when the customs declaration was filed.

External trade statistics are in more detail described in Chapter 11.3.3.

### **5.15.2 Coverage adjustment according to the BoP data**

Coverage adjustment for exports of goods in the BoP includes value of exported goods for which customs declarations have not been made (e.g. export of books, professional literature, sale of goods to foreigners, payments for goods sold in ports and airports when customs declarations have not been made), exports of goods after repair, write-downs and increases of value, export of goods on the basis of implementing investment works (building materials). The data source for all the adjustment items is the International Transaction Reporting System (ITRS).

The ITRS is one of the most important data sources for BoP compilation. It is a closed system with no reporting threshold. There is integrated reporting on non-resident accounts (these explain changes in the assets or liabilities in the BoP's capital and financial accounts) and the transactions settled through these accounts (these principally explain the changes in the BoP's current account). In the reporting form, the position on each non-resident account at the end of the reporting period should equal the position at the beginning plus the credit transactions minus the debit transactions. The transactions are classified on the basis of description, as provided by the bank's customers, and the assignment of a transaction code (there are more than 300 transaction codes). The ITRS is in more detail described in Chapter 11.3.4.

## **5.16 EXPORTS OF SERVICES**

Exports of services amounted to SIT 474 726 mio and account for 9.9% of GDP or 17.3% of the total exports of goods and services. In national accounts exports of services are distinguished in two main categories: exports of tourism (non-resident expenditure in Slovenia, 50.6% of the total) and exports of other services (49.4% of the total). The data source for both categories of services is the balance of payments, with the exception of FISIM for which a separate estimate is made in national accounts. Exports of services by categories are shown in Table 5.14.

Non-residents expenditure in Slovenia (export of tourism) is in the BoP estimated for health related services, education related services and other expenditure. The first and the second item are entirely based on the ITRS. The last item is based on a model with the following data sources:

- the annual survey of duty free shops; the survey covers all 12 duty free shops in Slovenia and is conducted by the Bank of Slovenia. It shows turnover by main commodity groups and sales to residents and to non-residents. Goods for resale are shown separately for purchases of domestic goods and of imports. Data are used for the estimation of sales of goods to non-residents in duty free shops and consignment warehouses;
- the ITRS for payments made by non-residents to Slovenian tourist agencies, net withdrawals of tolar from non-resident accounts, money spent in casinos by non-residents, payments with credit cards and for sales of tolar to non-residents abroad;
- the number of border crossings of foreign travellers and the average number of nights spent by foreign tourists in Slovenia for estimating sales of tolar to non-residents in Slovenia.

Exports of other services are based on the ITRS and 10 different types are distinguished in the balance of payments. They are transport services, communication services, construction services, insurance services, financial services, computer related services, industrial property rights, other business services, personal, cultural and recreational services, government services. In the following paragraphs each service type is described and the descriptions relate to exports or imports.

*Transport services* are divided by the mode of transport to sea transport, air transport, road transport, railway transport and other transport (transport of oil and gas via pipelines, freight brokers' services, renting of vehicles with staff, etc). The first four modes of transport are also divided by the type of service to transport of goods, transport of passengers and other transport. Transport of passengers covers transport of non-residents in international transport, transport of residents with foreign transport equipment, transport of passengers in Slovenia with foreign transport equipment. Not

included is transport of non-residents in Slovenia with domestic transport equipment. Transport of goods covers transport of goods as well as loading and unloading services if according to the terms of contract these services are to be performed by the carrier. Other transport covers all types of services in ports, airports and other terminal lines: cargo, loading, unloading, storage, packing, cleaning and maintenance of transport equipment, commission of agents for services rendered, etc.

*Communication services* cover telecommunication services, transmission of sound and information by phone or fax, e-mail, postal services, courier services, package delivery, etc.

In *construction services* construction and installation works are included if they last less than one year; long term construction services are also included, but according to the net/directional principle, i.e. payments from abroad (to abroad) are reduced by external costs for this work.

*Insurance services* include 25% of commissions and premiums received by the insurance enterprises (exports) and 25% of commissions and premiums paid (imports).

*Financial services* include commissions and costs of monetary intermediation and other credit intermediation, including guarantees' costs. Included are also commissions for other financial intermediation: in issuing securities, underwriting, sales and purchasing securities, etc. Export of FISIM as part of output of monetary intermediation services is also in this category.

*Computer related services* encompass data processing, services related to databases, software development, etc.

*Industrial property rights* cover licenses, patents, copy rights and franchising.

*Other business services* cover operating leasing of all types of equipment (machinery, computers and other), renting of transport equipment without operator (ships, aeroplanes, other equipment), intermediation services, research and development, advertising services, legal, accounting, auditing, and other miscellaneous business, professional and technical services.

*Personal, cultural and recreational services* cover radio and television services, services of museums, libraries, etc.

*Government services* include all transactions settled through accounts of Slovenian embassies abroad as well as transactions coded as government services settled through accounts of Slovenian banks with foreign correspondents.

## 5.17 IMPORTS OF GOODS

### 5.17.0 Introduction

Imports of goods in 2001 amounted to SIT 2 419 405 mio or 87.0% of the total imports of goods and services or 50.4% of GDP. The aggregate consists of imports of goods according to the external trade statistics data in the amount of SIT 2 464 052 mio (101.8% of the total), the coverage adjustment according to the BoP data in the amount of SIT 48 529 mio (2% of the total) and the cif/fob adjustment according to the BoP in the amount of SIT 93 175 mio (3.9% of the total). Table 5.15 shows the values and structure of the imports of goods and services for 2001.

#### 5.17.1 Imports of goods according to the external trade statistics

External trade statistics is described in Chapter 5.15.1.

#### 5.17.2 Coverage adjustment according to the BoP data

Coverage adjustment for imports of goods in the BoP includes the following items: value of imports of goods for which customs declarations have not been made (e.g. imports of books, professional literature, etc.), imports of goods after repair, write-downs and increases of value, import of goods on the basis of implementing investment works (building materials), goods bought for sale in duty free shops. The data source for all the adjustment items is the ITRS and reports of duty free shops and consignment warehouses.

#### 5.17.3 Cif/fob adjustment

Imports of goods are according to external trade statistics valued at cif prices and adjusted to fob values in the BoP by the coefficient which is equal to the weighted average of coefficients between the cif and fob values of imported goods (sample of customs declarations), separately calculated for each type of merchandise, transport means, country of the exporter and Incoterms. The coefficient equals 1.0393; it was estimated in 1999 and used since then.

**Table 5.15 Imports of goods and services, 2001**

	Mio SIT	Structure (%)
<b>Imports of goods and services</b>	<b>2 780 830</b>	<b>100.0</b>
<b>Goods</b>	<b>2 419 405</b>	<b>87.0</b>
Goods according to the external trade statistics (cif)	2 464 052	88.6
Coverage adjustment according to the BoP	48 529	1.7
Minus: cif/fob adjustment	93 175	3.4
<b>Services</b>	<b>361 425</b>	<b>13.0</b>
Travel	116 920	4.2
Business travel expenditure	15 818	0.6
Households' expenditure (tourism)	101 102	3.6
Other services	244 505	8.8
Transport services	77 438	2.8
Communication services	14 575	0.5
Construction services	11 330	0.4
Insurance services	2 448	0.1
Financial services	6 352	0.2
FISIM	4 327	0.2
Computer related services	13 970	0.5
Industrial property rights	14 628	0.5
Other business services	72 904	2.6
Personal, cultural and recreational services	8 909	0.3
Government services	3 771	0.1
Tour operators, agencies services	13 854	0.5

## 5.18 IMPORTS OF SERVICES

Imports of services amounted to SIT 361 425 mio or 7.5% of GDP or 13.0% of the total imports of goods and services. In national accounts imports of services are distinguished in two main categories: travel services and other services. Import of travel services is further divided into business travel expenditure and households' expenditure (tourism). Imports of services by categories are shown in Table 5.15.

Business travel expenditure is estimated according to the ITRS.

Households' expenditure in the rest of the world (imports of tourism) is in the BoP estimated for health related services, education related services and other services. Data sources are the ITRS and estimates. The following items are estimated: (1) expenditures of Slovene residents in Croatia (updated monthly by the number of Slovenian overnights in Croatia); (2) expenditures for goods of Slovene residents abroad (updated annually by data from the Household Budget Survey); (3) expenditures of residents of Slovenia abroad, except in former Yugoslav countries (the data are monthly updated with the number of border crossings of residents abroad and the wages of residents).

Imports of other services are based on the ITRS and 10 different types are distinguished in the balance of payments. They are transport services, communication services, construction services, insurance services, financial services, computer related services, industrial property rights, other business services, personal, cultural and recreational services, government services. The definition of each group is given in Chapter 5.16. For FISIM, a separate estimate is made in national accounts (Chapter 9).

The difference between the balance of payments and national accounts is the treatment of payments by domestic tour operators for transport, hotel and similar services abroad. These payments are in national accounts treated as imports of (other) services and in the balance of payments they are included in direct purchases of households abroad. This reclassification has no effect on the total value of imports of services.

## CHAPTER 6

### THE BALANCING OR INTEGRATION PROCEDURE, AND VALIDATING THE ESTIMATES

#### 6.0 INTRODUCTION

The main purpose of GDP revisions is improvement and completion of data sources and methods for all three GDP approaches. The process from the first estimate by quarterly accounts to final GDP figure for a particular year is split into several steps. The most important is the first annual accounts estimate of GDP by the production approach (so-called first annual estimate) which is prepared within seven months after the end of the year and is based on complete data sources and therefore almost entirely on direct estimation methods. This step includes also estimates of all GDP income components with operating surplus and mixed income as residuals. All components of production and generation of income account are prepared by activity and by institutional sector. These estimates are almost final and only small improvements or revisions mostly regarding household production activities are necessary later on. In this step GDP nominal level is thus determined by the production approach.

In the first step also expenditure GDP components as estimated by quarterly accounts are verified and improved. Verification and improvement is particularly important for changes in inventories as they are estimated with complete data sources of GDP by the production approach. The first annual accounts estimates are published in  $t + 9$  months and from this point on all revisions of GDP nominal level until the final estimate ( $t + 33$  months) are usually small (between 0.1 to 0.3% of GDP) and mostly due to improvements and verification of previous calculations.

In 2000 SURS started with annual preparation of supply and use tables (SUTs). SUTs became a primary tool for the integration, validation and verification of all three GDP approaches at product level. The main purpose of this work is to use and gradually incorporate SUTs in the annual process of GDP estimates and revisions.

Any difference in GDP level by the production and by the expenditure approach is eliminated in the process of finalisation of estimates. Therefore, the practice to show or publish statistical discrepancy as the difference between GDP by the production and by the expenditure approach is not used in publishing national accounts data.

In the first annual estimate GDP by the production approach is balanced within the expenditure GDP components. Usually the differences between both approaches are small and balancing has no particular role. However, the difference is usually allocated to gross fixed capital formation components because primary data sources for this component are not yet available at this step of annual accounts compilation.

#### 6.1 SECOND ANNUAL ESTIMATE

In the second step of preparing annual estimates primary data sources are available for all components of GDP by the expenditure approach (particularly for household consumption expenditure and gross fixed capital formation). In this step GDP by the expenditure approach is entirely estimated independently and the final GDP figure is determined by balancing or gradually eliminating the differences between both approaches. The second annual estimate in many aspects and particularly on main use components gradually incorporates also results of the parallel work on supply and use tables and this is in more detail explained in the next chapter.

Statistical survey data of GFCF are available approximately 11 months after the end of the year; together with other data sources they form the basis for detailed calculation of GFCF by institutional sectors, by activities and by products. This step includes also final estimate of consumption of fixed capital by the perpetual inventory method for the general government sector. In this step also household final consumption expenditure is recalculated and cross-checked with data sources available at detailed level of expenditure.

In this step an important part is improvement of GDP by the production approach with quality analysis of data sources and with additional elimination of mistakes and inconsistencies in data sources. As GDP by the production approach is estimated separately by institutional sectors and by data sources, small scale improvements of the first estimate are possible in almost all sectors. However, these are usually slightly more important in agriculture and other production activities of households due to revisions in primary data sources or due to additional and more detailed analysis of data sources.

The differences between GDP by the expenditure and by the production approach in nominal level and in volume terms are at the end of the second annual estimate usually small, between 0.1% and 0.3% of GDP. Data sources allow detailed cross-checking and verification of estimates at product level. Corrections and adjustments are done within both approaches to gradually eliminate the differences. The second annual estimates are mostly finished within  $t + 17$  months and published at  $t + 21$  months together with the first annual estimate for the next year.

## **6.2 THIRD ANNUAL ESTIMATE AND SUTs**

Yearly production of SUTs started with the tables for 2000 which were prepared together with the major 2000 GDP revision. Up to now SUTs have been finalised approximately 30 months after the end of the period.

In the first and second annual estimate of GDP data sources for the production approach are mainly accounting statements and administrative data according to institutional units. Breakdown into primary and secondary activities and by products is elaborated within the compilation of SUTs which combine detailed data on products from statistical surveys and aggregated activity data by accounting statements and administrative sources. Together with data by products for the expenditure approach and data for the income approach SUTs are a tool for integration, validation and verification of all three GDP measures at product level.

The starting point for the preparation of the supply table is data on output from individual branch statistical surveys, which cover mainly legal units and to a smaller extent also household units. Data are adjusted to ESA95 definitions, completed for coverage and reconciled with data on output from data sources of GDP by the production approach. Data for service activities which are not covered with statistical surveys are acquired from accounting statements and administrative sources. These data are supplemented with data on the structure of output of enterprises, which are part of a survey carried out for the purpose of the compilation of tables. In this way it is possible to separate also other secondary activities, in particular services which are carried out by enterprises. Data on output of household units which are not covered with statistical surveys are based on administrative sources, adjustments for coverage of units and transactions elaborated within GDP estimation by the production approach are taken into account (Chapters 3.3 and 3.6). In the supply table data from the Economic Accounts for Agriculture are included at product level as well as the calculation of output for the financial sector, non-profit institutions and the general government sector which are compiled within the GDP estimation by the production approach.

Detailed data on imports and exports of goods by product groups are acquired from external trade statistics based on customs declarations and data on imports and exports of services together with cif/fob adjustment from the balance of payments. The calculation of trade margins on products is based on the data from annual accounting statements of enterprises on sales and acquisitions of goods for resale and on the basis of data from trade statistics on turnover according to commodity groups and by types of trade. The calculation of transport margins is based on data from transport statistical surveys, supplemented with other sources about performed transport services and transportation according to product groups. Data on taxes comprise import duties, VAT, excise duties and other taxes on products. Data on import duties by product type are acquired from customs declarations. Calculation of VAT according to product groups is the result of the elaboration of taxes' table, where tax is calculated taking into account the prescribed tax rates and taxable purchases (intermediate and final) and reconciled with the data from tax records. Data on other taxes on products, which relate to specific product groups, are acquired from tax records which are elaborated within GDP estimation by the production approach. Data on subsidies on products are estimated within GDP by the production approach on the basis of Government Finance Statistics and balanced with the accounting data of enterprises.

The main data source for the calculation of detailed intermediate consumption by products in the use table is a statistical survey carried out for the needs of the compilation of the tables (Chapter 11.1.10). The survey was carried out for the year 2000 and it was updated for subsequent years and supplemented by accounting statements and administrative and other sources which are more aggregated. An additional data source for intermediate consumption is data from some statistical surveys which collect data on main inputs. They are used for the comparison and checking of the data from the survey. The basis for the assurance of exhaustiveness of intermediate consumption and for the calculation of elements of value added are accounting statements and administrative sources together with the conceptual adjustments elaborated within the GDP estimation by the production approach. Data on final consumption of households derive from the Household Budget Survey, trade statistics and additional calculations done within the GDP estimation by the expenditure approach. The main source for gross fixed capital formation is the statistical survey on fixed capital formation, supplemented with additional calculation for own-account construction and commodity-flow analysis for the equipment investment goods. Data on final consumption expenditure by general

government and NPISH are calculated within the compilation of GDP by the production and the expenditure approach.

On the basis of data from external trade statistics and the balance of payments the use of imports table is compiled. This table is taking part also in the process of balancing of the tables. By the elaboration of net taxes and margins on products the use table at basic prices is compiled. Upon these tables symmetric input-output product by product tables are calculated.

The database for SUTs is first prepared at the most detailed level at which data are available in the sources, data on output mainly all at the individual level of units to be able to implement classifications of activities and sectors used in the first and second annual estimate and for later analysis of potential discrepancies and inconsistencies between the data from different sources. In further procedures data by products for output, imports and exports are aggregated to the 6-digit level of CPA classification and from these data the databases of available products are compiled for different uses. Supply tables for 2000 and 2001 were then compiled at the 3-digit level of SKD activities and CPA products classifications which comprise 220 activities and products. Separately partial supply tables are compiled by individual activities or types of units (by institutional sectors) pertaining to different branch statistics or other data sources. Each partial supply table is first individually adjusted with corresponding aggregated data and then incorporated into the final supply table. Use tables are according to available data on intermediate consumption compiled at the 3-digit SKD activity level and for 150 CPA products. Tables are then balanced at the level of 60 (2-digit) SKD industries and CPA product groups.

For 2002 the balancing was done in more detail and the following framework was established: there are total 206 industries which are defined according to SKD classification, mostly following 3-digit codes, some less important industries are aggregated and some industries are more detailed if this is necessary for applying proper calculations (i.e. for different types of producers, taxations, etc.). Industries are divided according to the types of producers into industries for production for own final use, market producers' industries, government producers' industries and NPISH producers' industries.

In the system 264 product groups according to CPA are used, mostly following the 3-digit codes. The limitation of the level of detail by products is the use side (especially for intermediate consumption), it has less detailed data. In the system there are also a cross-classification of household final consumption expenditure by SUT products and by 39 COICOP groups, a cross-classification of capital formation by SUT products and by 36 types of investments groups (following the investment survey groups) and a cross-classification of types of investment goods by types of users (sectors). All these cross-classifications are convenient for comparison with primary data sources, for updating and for proper calculation of valuation layers.

By balancing SUTs for 2000 within the major GDP revision the main improvements were the level of gross fixed capital formation (especially of transport and other equipment and in construction works) and the structure by products. Subsequently it improved the estimation of household final consumption expenditure value as well as the structure by products. Balancing showed discrepancies between supply and use in some product groups and upon this there were upward corrections within output estimation of some activities of unincorporated enterprises which appeared to have too small exhaustiveness adjustments (agriculture, construction, manufacture of furniture, fishing). These benchmark corrections are then taken into account also for subsequent years. For subsequent years preliminary estimate of gross fixed capital formation in equipment goods prepared within SUTs compilation is considered already in the second annual accounts estimate of GDP and this improves the balancing and delimitation of gross capital formation and household final consumption expenditure. In the process of finalisation of SUTs only additional and mostly minor corrections of aggregates estimated in the second annual estimate of GDP are necessary.

### 6.3 VALIDATION OF ESTIMATES

For validation of estimates and particularly of the GDP level and exhaustiveness the most important step forward was the introduction of value added tax (VAT) in the middle of 1999. For GDP validation the first priority was given to the allocation of non-deductible VAT by the components of final uses by sectors and by products or theoretical VAT calculation. Access to unit level data of VAT reports according to the agreement with the Tax Administration was an important step forward for improvement of this calculation. Already the first rough analyses of VAT and its allocation by components and by products showed that GDP 2000 was underestimated and not exhaustive. Therefore, these analyses were performed in parallel with the recent major GDP revisions and are the basis for 2005 benchmark revision (Chapter 7).

An important part of validation of GDP estimates by the production approach is the use of employment statistics which is in national accounts compiled at unit level and this allows the analysis of data exhaustiveness by detailed activity level and by institutional sector.

Data on taxes and social security contributions are also useful for analysis and validation of the estimates, particularly of compensation of employees, operating surplus and mixed income. For household production activities and income components validation is done with data on different income tax categories and with social security contributions of employees, self-employed and employers.

With the compilation of general government main aggregates and of non-financial sector accounts further improvements were possible particularly in delimitation of flows between budgetary data and ESA95 categories of subsidies, transfers in kind of market products via market producers directly to households and of capital transfers. This was possible with more detailed budgetary data available from the Ministry of Finance (particularly for local government) as well as due to implementation of ESA95 institutional sectorisation of units by the Ministry of Finance in the compilation of current budgetary statistics. These improvements were already included in the published data for the period from 2004 on and will be within benchmark 2005 GDP revision prepared also backward to 2000.

## CHAPTER 7

### OVERVIEW OF THE ALLOWANCES FOR EXHAUSTIVENESS

#### 7.0 INTRODUCTION

In the period since 2002 three major revisions of GDP have been prepared covering the period from 1995 on. The main purpose was to compile GNI in line with ESA95 methodology and particularly with the criteria on exhaustiveness. On average all three revisions together increased GDP level for a particular year by approximately 7.0%. The work on GDP revision started already in 1998 when the cooperation and support by Eurostat was intensified in many task forces in the area of non-financial national accounts and with the pilot project on exhaustiveness of GDP estimate. During the revision work SURS participated in the Phare 2002 pilot project on exhaustiveness organised by Eurostat. With this project exhaustiveness adjustments by type and tabular approach were incorporated in the regular annual work on GDP by the production approach.

The main revision points were improvements of data sources and methods. During the revision SURS completed data sources of GDP by the production approach for all institutional sectors. By the agreement with the Ministry of Finance and the Tax Administration at the end of 2002 SURS got access to individual monthly VAT reports of all units within the VAT system, annual tax reports of self-employed and annual income tax by households.

In 2000 a completely new system of accounting standards and rules was introduced for the public sector, which was step by step at unit level divided into general government units and market producers. The general government sector now consists of the exact number of units and includes all specific extra budgetary funds at central and local government level.

SURS started to compile also the Economic Accounts for Agriculture. Data were calculated back to 1995 and are entirely incorporated in GDP estimates. For 2000 for the first time also the Labour Costs Survey was conducted which included all institutional sectors.

GDP by the production approach is estimated at the level of 140 activities and with the major revisions GDP was recalculated at this level for the whole period since 1995. With 2000 SURS started also with regular annual supply and use tables compilation as the last step of GDP compilation by all three approaches. The estimates become final when this work is finished (approximately 30 months after the end of the period). With supply and use tables work several improvements were made particularly at the product level of expenditure components and also for the calculation of theoretical VAT, first calculated for the years 2002 and 2003 (Chapter 7.7).

#### 7.1 GDP BY THE PRODUCTION APPROACH AND EXHAUSTIVENESS

Due to exhaustive data sources GDP by the production approach is traditionally the primary approach to measuring GDP level and exhaustiveness. On average by revisions GDP level was altogether increased by approximately 7.0%, of which 3.5 percentage points due to methodology improvements and the rest, 3.5 percentage points, entirely due to exhaustiveness adjustments. Methodology improvements include estimation of consumption of fixed capital for general government fixed assets together with roads, bridges, etc., by the perpetual inventory method, improvement in estimation of dwelling activity of owner-occupiers by the cost approach, new estimates for monetary institutions (banks) and insurance companies, and allocation of FISIM by user sectors.

The total exhaustiveness adjustments in 2001 are estimated at SIT 326 674 mio or 6.8% of GDP. However, illegal activities (SIT 29 563 mio or 0.6% of GDP) are not yet included in the official GDP. Therefore, exhaustiveness adjustments as included in the official GDP 2001 are estimated at SIT 297 110 mio or 6.2% of GDP.

Table 7.1 below shows the main types of exhaustiveness adjustments to GDP by the production approach for 2001:

- N1 Deliberately non-registering activities;
- N2 Illegal activities;
- N3 Not required to register;
- N4 Legal persons not surveyed;
- N5 Registered entrepreneurs not surveyed;

- N6 Producers deliberately misreporting;
- N7 Other statistical deficiencies.

With tabular approach, the effect of exhaustiveness adjustments to the GDP level is always measured in terms of gross value added at basic prices and thus explicitly shows the parallel economy to the registered and statistically observed economy. The most important type of exhaustiveness adjustments is N7 Other statistical deficiencies amounting to 30.2% of the total (SIT 98 752 mio or 2.1% of GDP) and is followed by N6 Producers deliberately misreporting with 22.6% (SIT 73 722 mio or 1.5% of GDP) and by N3 Households activities, not required to register with 21.7% of the total (SIT 70 882 mio or 1.5% of GDP). Due to exhaustive data sources for all institutional sectors exhaustiveness adjustments for not surveyed units are rather small: for N4 Legal persons not surveyed 11.6% (SIT 37 770 mio or 0.8% of GDP) and for N5 Registered entrepreneurs not surveyed 4.9% of the total (SIT 15 985 mio or 0.3% of GDP). Illegal activities are in the terms of gross value added estimated at 9.0% of the total exhaustiveness adjustments and equal to SIT 29 563 mio or 0.6% of GDP. Exhaustiveness adjustments by type are explained in more detail in Chapter 7.4.

**Table 7.1 Exhaustiveness adjustments by type, 2001**

	Mio SIT	Structure (%)	% of GDP
N1 Deliberately non-registering activities	0	0,0	0.0
N2 Illegal activities	29 563	9.0	0.6
N3 Not required to register	70 882	21.7	1.5
N4 Legal persons not surveyed	37 770	11.6	0.8
N5 Registered entrepreneurs not surveyed	15 985	4.9	0.3
N6 Producers deliberately misreporting	73 722	22.6	1.5
N7 Other statistical deficiencies	98 752	30.2	2.1
<b>Total</b>	<b>326 674</b>	<b>100.0</b>	<b>6.8</b>
<b>Total as included in published GDP</b> (without N2 Illegal activities)	<b>297 110</b>	<b>91.0</b>	<b>6.2</b>

## 7.2 GDP BY THE INCOME APPROACH AND EXHAUSTIVENESS

GDP by the income approach is not independently measured: it is estimated at the same time and with the same data sources as GDP by the production approach and with gross operating surplus and mixed income as residual items. Therefore, in the process of estimating GDP by the production and income approach all exhaustiveness adjustments by type are at the same time included in the relevant income components: the majority of exhaustiveness adjustments as included in the official GDP are allocated to compensation of employees (SIT 161 126 mio or 54.2% of the total exhaustiveness adjustments included in published GDP) and to gross mixed income (SIT 89 123 mio or 30.0% of the total) (Chapter 4.6, Table 4.4). Gross operating surplus is due to exhaustiveness adjustments increased by SIT 45 188 mio and equals to 15.2% of the total exhaustiveness adjustments and other taxes on production by 1 673 mio or 0.6% of the total.

## 7.3 GDP BY THE EXPENDITURE APPROACH AND EXHAUSTIVENESS

### 7.3.0 Introduction

GDP by the expenditure approach is an independent measure. The estimation of household final consumption expenditure and gross fixed capital formation as the main components of GDP by the expenditure approach is based on statistical surveys as primary data sources. The Household Budget Survey and the Survey on Gross Fixed Capital Formation are the primary data sources, but they are supplemented with many other data sources. For household final consumption expenditure and gross fixed capital formation it is essential that valuation in primary data sources, all adjustments for definitions and concepts in transfer from figures in primary data sources to final national accounts estimate and the use of other data sources are transparent. General government and NPISH final consumption expenditure are estimated with the same data sources and at the same time as GDP by the production approach.

Exports and imports of goods and services in national accounts are entirely according to the balance of payments (BoP) data, which are regularly compiled by the Bank of Slovenia. The sources and methods of estimating categories of GDP by the expenditure approach are in detail explained in Chapter 5. Therefore, in this chapter only the main steps and methods will be summarised.

For the expenditure approach the most important step forward was the introduction of the VAT system in the middle of 1999 and access to unit level data of VAT reports. This enabled validation of the quality of estimates through non-refund VAT allocation by sectors, by type of uses and by products. Analysis of monthly VAT reports by sectors and by activities shows that this source is exhaustive and almost complete and is therefore used in national accounts verification and cross-checking of other data sources for household final consumption expenditure and for GFCF.

### 7.3.1 Household final consumption expenditure

Estimation of household final consumption expenditure as the main component of GDP by the expenditure approach is based on the Household Budget Survey (HBS) as the primary data source. This source is supplemented with many other data sources: with the Retail Trade Survey, surveys of market services, duty-free-shops annual survey (carried out by the Bank of Slovenia) and the Economic Accounts for Agriculture. Also all data sources of GDP by the production approach and VAT reports data are regularly used for cross-checking, verification and validation of data in statistical surveys.

The sources as well as methods and all steps necessary to get the final estimate of household final consumption expenditure are in detail explained in Chapter 5.7. Table 7.2 shows main steps from HBS raw data to the final figure in national accounts.

Household final consumption expenditure according to HBS raw data is estimated at SIT 1 815 841 mio or 64.9% of the final figure in national accounts by the domestic concept (SIT 2 796 938 mio). HBS raw data are in the first step adjusted for population living in institutions and for national accounts concepts and definitions. Adjustments for national accounts concepts and definitions include consumption of goods from own-account production in agriculture (including garden production of non-agriculture households), wages and salaries in kind (particularly private use of business cars), dwelling services of owner-occupiers, market dwelling rentals, insurance services, voluntary health insurance, FISIM and many other (Chapter 5.7.7.1 and Table 5.4).

In the next step data according to HBS national concept are converted into the domestic concept by deducting resident expenditure in the rest of the world (ROW) according to the HBS and by adding BoP figure of non-resident expenditure on the domestic market. In the final step HBS adjusted data according to the domestic concept are further adjusted, cross-checked and balanced with other data sources and verified within supply and use table. All adjustments in the final step are equal to SIT 161 230 mio or 5.8% of the final figure in the national accounts according to the domestic concept.

**Table 7.2 Household final consumption expenditure, 2001**  
**Steps from the Household Budget Survey to national accounts**

	Mio SIT	Structure (%)
<b>Household Budget Survey - raw data</b>	<b>1 815 841</b>	<b>64.9</b>
Plus: population adjustment	4 103	0.1
<b>Plus: adjustments for national accounts definitions and concepts</b>	<b>601 174</b>	<b>21.5</b>
Consumption from own-account production	63 617	2.3
Wages and salaries in kind	43 560	1.6
Other adjustments for national accounts concepts	493 997	17.7
<b>Adjusted Household Budget Survey – national concept</b>	<b>2 421 118</b>	<b>86.6</b>
Less: resident households expenditure in the ROW	25 626	0.9
Plus: non-resident households expenditure on domestic market	240 217	8.6
<b>Adjusted Households Budget Survey - domestic concept</b>	<b>2 635 709</b>	<b>94.2</b>
Plus: national accounts adjustments and balancing	161 229	5.8
<b>Final figure in national accounts - domestic concept</b>	<b>2 796 938</b>	<b>100.0</b>
Less: non-resident households expenditure on the domestic market	240 217	8.6
Plus: resident households expenditure in the ROW	101 102	3.6
<b>Final figure in national accounts - national concept</b>	<b>2 657 823</b>	<b>95.0</b>

### 7.3.2 NPISH final consumption expenditure

NPISH final consumption expenditure is estimated with the same data sources and at the same time as GDP by the production approach. Available data sources for NPISH units are not exhaustive; all adjustments to basic data sources are at the same time included in the final consumption expenditure of NPISH. Exhaustiveness adjustments are necessary due to non-response, which is the highest for NPISH units comparing with data and reporting of other institutional sectors. Also exhaustiveness adjustment is necessary for religious associations as currently there is no legal basis for data reporting by these organisations. Exhaustiveness adjustments to final consumption expenditure are estimated at SIT 17 942 mio or 29.7% of the total NPISH final consumption expenditure (SIT 60 447 mio). All these steps are in detail explained in Chapter 3.3.6 and Table 3.16. For 2004 SURS carried out a special survey of NPISH units. With the survey all data on transactions relevant for production, income and capital account are collected. The survey was supported by a Eurostat grant and in the future it is planned as a regular annual survey.

### 7.3.3 General government final consumption expenditure

General government final consumption expenditure is estimated with the same data sources and at the same time as GDP by the production approach. Coverage for general government units in available data sources is almost complete and exhaustiveness is achieved at unit level. Exhaustiveness adjustments to final consumption expenditure are estimated at SIT 1 944 mio or 0.2% of the total general government final consumption expenditure (SIT 957 965 mio). Conceptual and other adjustments to output components of general government and estimation of final consumption expenditure are shown in detail in Chapter 3.3.2 and Tables 3.11 and 3.12.

### 7.3.4 Gross fixed capital formation and valuables

Standard and detailed estimation of gross fixed capital formation and valuables starts with data of the survey on GFCF (INV-1 survey). The questionnaire is prepared in line with ESA95 requirements and includes detailed product level on tangible and intangible fixed assets, separately for acquisitions of new assets, acquisitions of existing assets and disposals of existing assets. The questionnaire also includes acquisitions and disposals of non-produced non-financial assets showing land transactions and land improvement work separately.

The overall response rate in the INV-1 survey is relatively high and is on average usually slightly below 90%. Coverage, measured as the ratio between the final national accounts figure and INV-1 data, is the highest in the general government sector (97%) and more modest in sectors of non-financial and financial corporations (80-85%). In national accounts unit level data of the INV-1 survey are split by institutional sectors, by all product groups in the survey and by activities.

The compilation process of estimating GFCF then consists of three steps. In the first step grossing-up adjustments to data in the INV-1 survey are made and the second step entirely consists of households' GFCF estimation. In the third step final annual estimate of GFCF by detailed product is prepared within supply and use tables.

In the first step estimation of GFCF and valuables is completed for non-financial corporations, financial corporations, general government and NPISH. For general government GFCF for missing units is estimated according to accounting statements. For NPISH partly accounting statements and partly employment data are used. For NPISH additional adjustment is done for religious associations with data of construction statistics. For financial corporations, adjustment for missing units is mostly done according to VAT reports data and partly also according to employment data.

In 2001 the total GFCF together with acquisitions less disposals of valuables is estimated at SIT 1 160 846 mio, of which SIT 802 145 mio or 69.1% is estimated in the first step. SIT 16 948 mio or 2.1% of the total is exhaustiveness adjustment due to non-coverage in the primary data source for sectors financial corporations, general government and NPISH (Table 7.3).

In the second step households GFCF in agriculture production, in dwellings and in other buildings and structures of self-employed are estimated. These estimates are mostly prepared with construction statistics data on building and safety permits and for agriculture production according to data of the Economic Accounts for Agriculture. In this step also first preliminary calculation of GFCF for equipment goods by the commodity-flow method is prepared within the supply and use tables. In the second step SIT 209 130 mio or 18.0% of the final figure is estimated, of which GFCF in agriculture SIT 30 853 mio, dwellings SIT 141 003 mio and in buildings of self-employed for business purposes SIT 37 274 mio.

In the third step final annual estimate of GFCF by detail product is prepared within supply and use tables. Balancing with supply and use tables is divided into buildings and other construction works, transport equipment and other machinery and equipment. For transport equipment data on registration of road vehicles by type and by unit are also used in the balancing process. Passenger cars are balanced with the household final consumption expenditure where all disposals of existing passenger cars together with 30% of new cars due to private use are allocated. Also all acquisitions less disposals of new and existing dwellings within legal entities are balanced with purchases by households. SIT 149 571 mio or 12.9% of the total is estimated in the third step. This amount represents GFCF of small non-financial corporations which are not covered by the primary data sources and all other GFCF goods (except buildings) of self-employed. With VAT reports SIT 67 426 mio is allocated to households and SIT 82 145 mio to non-financial corporations.

All steps of GFCF estimation are summarised in Table 7.3. Data sources and methods are in more detail explained in Chapters 5.10, 5.11, 5.12 and 5.14.

**Table 7.3 Gross fixed capital formation and acquisitions less disposals of valuables, 2001  
Main steps and adjustments by institutional sectors and by data sources and methods**

	Total	Non-financial corporations	Financial corporations	General government	Households	NPISH
	mio SIT					
Survey on gross fixed capital formation	802 145	601 290	40 436	151 633		8 787
Acquisitions of new assets	798 776	615 878	38 217	141 063		3 617
Plus: acquisitions of existing assets	14 482	2 934	4 205	7 114		229
Less: disposals of existing assets	28 061	17 522	9 074	1 339		127
Plus: coverage adjustments	16 948		7 087	4 794		5 067
Economic Accounts for Agriculture	30 853				30 853	
Dwellings – households	141 003				141 003	
Other buildings and construction works-households	37 274				37 274	
Supply and use tables, VAT reports	149 571	82 145			67 426	
<b>Final value in national accounts</b>	<b>1 160 846</b>	<b>683 435</b>	<b>40 436</b>	<b>151 633</b>	<b>276 556</b>	<b>8 787</b>

### 7.3.5 Exports and imports of goods and services

Exports and imports of goods and services in national accounts are fully consistent with the balance of payments prepared by the Bank of Slovenia. Balance of payments is based on two major data sources: external trade statistics data and the data from the system of transactions with the rest of the world (ITRS). Specific items such as expenditure of non-residents in Slovenia and expenditure of residents abroad are estimated by special models. Data on exports and imports of goods are based on customs declarations and exhaustiveness adjustments for goods for which customs declarations are not submitted. Data source for all exhaustiveness adjustments is the ITRS and reports of duty-free shops and consignment warehouses. Sources and methods for estimating exports and imports of goods and services are described in detail in Chapters 5.15 to 5.18.

## 7.4 GDP BY THE PRODUCTION APPROACH AND EXHAUSTIVENESS ADJUSTMENTS BY TYPE ACCORDING TO TABULAR APPROACH

### 7.4.0 Introduction

With the Phare 2002 pilot project on exhaustiveness organised by Eurostat, exhaustiveness adjustments by type and tabular approach were incorporated in the regular annual work on GDP by the production approach. Exhaustiveness adjustments by type are estimated separately by each data source and by institutional sectors. In Table 7.4 exhaustiveness adjustments by type are shown for the 2000 – 2002 period. Data for 2000 and 2001 are comparable because in these two years data sources and methods of exhaustiveness adjustments were the same. In both years relatively to GDP exhaustiveness adjustments as included in published GDP are almost the same, 6.2% of GDP.

From 2002 on, due to changes in accounting standards all payments for temporary or occasional contract work and honoraria payments are treated as service payments (intermediate consumption) and not as labour costs as before (compensation of employees). Therefore, adjustment on the supply side within GDP by the production approach was necessary: temporary or occasional contract work and honoraria payments are treated as independent household production activity (SKD 74.8 Other business services). These household activities are in 2002 as exhaustiveness adjustment included in N3 Not required to register at the amount of SIT 52 365 mio or 1.0% of GDP. Figures are estimated according to tax statistics as taxes are specific for temporary work and honoraria payments (both components are explained in Chapter 4.7.3). As mentioned in Chapter 3.6.5, cross-checking showed that for honoraria payments some further clarification and improvements will be necessary. Providers of these services are not in the Business Register and with the income under certain level they do not need to report income tax declaration as self-employed but only pay a special tax on honoraria payments. On the other hand, units with income above a certain level must enter into the VAT system. Therefore, some further adjustments will be necessary for these, in GDP data sources missing activities with cross-checking data of VAT reports, annual income tax declarations of individuals and income tax declaration of self-employed.

In 2002 within N6 Producers deliberately misreporting additional correction was done for VAT fraud without complicity. This adjustment was explicitly estimated for the first time in 2002 and equals to SIT 5 859 mio or 0.1% of GDP 2002. Due to both additional adjustments in 2002 the total exhaustiveness adjustments as included in published GDP increased to 6.9% of GDP.

**Table 7.4 Exhaustiveness adjustments by type, 2000–2002**

	2000	2001	2002
	mio SIT		
N1 Deliberately non-registering activities	0	0	0
N2 Illegal activities	31 938	29 563	27 819
N3 Not required to register	65 737	70 882	124 939
N4 Legal persons not surveyed	32 628	37 770	39 594
N5 Registered entrepreneurs not surveyed	14 084	15 985	16 453
N6 Producers deliberately misreporting	65 947	73 722	89 327
N7 Other statistical deficiencies	88 034	98 752	108 582
<b>Total</b>	<b>298 368</b>	<b>326 674</b>	<b>406 714</b>
<b>Total as included in published GDP</b> (without N2 Illegal activities)	<b>266 429</b>	<b>297 110</b>	<b>378 895</b>
	% of GDP		
N1 Deliberately non-registering activities	0.0	0.0	0.0
N2 Illegal activities	0.7	0.6	0.5
N3 Not required to register	1.5	1.5	2.3
N4 Legal persons not surveyed	0.8	0.8	0.7
N5 Registered entrepreneurs not surveyed	0.3	0.3	0.3
N6 Producers deliberately misreporting	1.5	1.5	1.6
N7 Other statistical deficiencies	2.0	2.1	2.0
<b>Total</b>	<b>6.9</b>	<b>6.8</b>	<b>7.5</b>
<b>Total as included in published GDP</b> (without N2 Illegal activities)	<b>6.2</b>	<b>6.2</b>	<b>6.9</b>

### 7.4.1 N1 Deliberately non-registering activities

N1 Deliberately non-registering activities are not important in Slovenia and are therefore not explicitly estimated. Some adjustments for exhaustiveness are relatively important and significantly increase figures in data sources (taxis, hairdressers, market rentals, overnight stays, furniture production and construction activities) and these could be shown at least in part as non-registering underground activities, but it is difficult to split them into the registered and non-registered part and so they are all shown in the same (registered) groups. On the other hand, there are still some activities which are provided by households to households and which are not covered in any data sources: teaching lessons, alternative healing and domestic services. These activities are not explicitly estimated and will be included in the GDP 2005 benchmark revision as N1.

### 7.4.2 N2 Illegal activities

N2 Illegal activities are estimated for the period since 1995 for five main activities: smuggling/consumption of drugs, prostitution, smuggling of people through Slovenia, trade with stolen cars and illegal copying of software. These activities are not yet included in the official GDP figures. Gross value added of illegal activities for 2001 is by the production approach estimated at SIT 29 563 mio or 0.6% of GDP and 9.0% of the total exhaustiveness adjustments. Due to illegal activities, increase of household final consumption expenditure is estimated slightly more, at SIT 36 532 mio or 0.8% of GDP. All present estimates of illegal activities by the production and expenditure approach are shown in Table 7.5.

**Table 7.5 Illegal economy by type: production and expenditure approach, 2001**

	Expenditure approach			Production approach		
	household final consumption	exports	imports	output	intermediate consumption	gross value added
	1	2	3	4 = 1 + 2 - 3	5	6 = 4 - 5
mio SIT						
Narcotics	18 547	0	4 849	13 698	1 854	11 845
Prostitution	17 123	0	4 281	12 842	3 425	9 418
Smuggling of people	0	7 479	0	7 479	0	7 479
Illegal copying of software	861	0	0	861	172	689
Trade with stolen cars	0	132	0	132	0	132
<b>Total</b>	<b>36 532</b>	<b>7 612</b>	<b>9 130</b>	<b>35 014</b>	<b>5 451</b>	<b>29 563</b>
<b>As % of GDP</b>	<b>0.8</b>	<b>0.2</b>	<b>0.2</b>	<b>0.7</b>	<b>0.1</b>	<b>0.6</b>

The main problems of measuring illegal activities are data sources and reliability of the estimates. Estimates for drugs use are mostly based on police records and data of the Institute of Public Health. Drugs are estimated by main types according to the number of users, average quantity consumed, street prices and the number of days per year when drugs are on average used. However, for estimation of smuggling of people through Slovenia and for prostitution data sources are poor. Prostitution itself in Slovenia is not forbidden and estimates of these activities significantly differ if police records (900-1 500 persons) or expert judgments (3 000 persons) are used. Also estimates of non-resident services of prostitution as imports are rather difficult to make. Smuggling of people through Slovenia was very intensive around 1999/2000 (amounting to almost 0.3% of GDP) and was later on gradually reduced to 0.05% of GDP in 2004. For this illegal activity only police records on caught people per year on the way through Slovenia and price per person for this transport are available. Trade with stolen passenger cars is not a big illegal business in Slovenia: according to police records this activity is rather stable and the number of stolen cars annually is approximately slightly more than 0.1% of the total stock. Only slightly more than 10% of the total stolen cars are expensive, luxury cars which are later on exported and this part is included in the exports of illegal activities. All other stolen cars are mostly used and sold as spare parts. Illegal copying of software is based on the Business Software Alliance data of losses in retail trade margin.

SURS plans to include illegal activities in the official GDP with the benchmark estimate for 2005 and with the relevant revision backward to 2000 at the same time. Before doing this some further problems will have to be solved and

clarified. Some parts of illegal activities are already included in the official GDP with the present N6 Misreporting exhaustiveness adjustments with output correction in the activities of car repair services (SKD 50.2), lorry transport by road (SKD 60.24) and computer trade and repair services (SKD 72). For this reason and due to the insignificance, inclusion of three types of illegal activities in the official GDP is not so important: smuggling of people through Slovenia, illegal copying of software and trade with stolen cars. Due to the methodology of the balance of payments, also exports and imports of illegal services are probably to some extent already included in the present estimates of non-residents' expenditure in Slovenia and residents' expenditure in the rest of the world. Therefore, a plausible solution would be to include in the official GDP estimates only domestic part of activities regarding prostitution services and drug use. GDP level should be determined by the production approach and it should equal gross value added of these two activities. By the expenditure approach, all intermediate consumption products of illegal activities should be excluded from the present household final consumption. Exports and imports of illegal activities could be treated within the present estimate of residents and non-residents' expenditure and with relevant reclassification of the balance of payments data. With this approach inclusion of illegal activities of prostitution and drugs uses in the official GDP will affect GDP level from 0.4% to 0.5%.

### 7.4.3 N3 Not required to register

N3 Not required to register is an important type of exhaustiveness adjustment, amounting to SIT 70 882 mio or 1.5% of GDP and 21.7% of the total exhaustiveness adjustments in 2001. This type entirely consists of non-registered activities of households as an institutional sector:

- dwelling market rentals, SIT 40 813 mio;
- own-account construction activities, SIT 17 346 mio;
- private accommodation, SIT 1 153 mio;
- agriculture products, SIT 6 336 mio;
- agriculture activities of non-agriculture households, SIT 3 320 mio;
- secondary fishing activities, SIT 126 mio;
- domestic services, SIT 1 789 mio.

The main problem of non-registered household activities is lack of relevant data sources and therefore reliability of estimates. As mentioned, several surveys were carried out to improve data sources for non-registered activities of households: a sample survey of dwelling market rentals 2003 and a regional survey of own-account construction activities of households in 2005.

The results of the dwelling market rental survey showed a very low overall level of market rentals, particularly outside the capital city Ljubljana. Similar, low market rentals are also reported in annual income tax declarations of individuals (Chapter 4.7.2) which shows individual's income from dwelling rentals as an independent item. However, the number of individuals reporting revenue from rentals in annual income tax declarations is significantly below the figures according to the population census. It can be assumed that the majority of individuals do not report income from rentals. It is also believed that the 2003 sample was not entirely representative for non-residents which were mostly not included in the sample. The next problem is a rather large number of empty flats according to census data. So far it has been decided not to change the present estimates. However, both analyses confirm that the present estimate of market rentals is too high and this problem will have to be solved with GDP 2005 benchmark revision.

Own-account construction activities of households are measured at basic prices as independent household activity. The sources are building/safety permit statistics, construction statistics and the Households Budget Survey.

Data of the Economic Accounts for Agriculture are in national accounts adjusted for several products which are underestimated: wine, domestic brandy and unregistered forest felling. It is assumed that a large number of small farmers' production is not covered exhaustively. For wine exhaustiveness adjustment (SIT 4 119 mio) is done due to the difference in vineyards area between official and experts' estimate; the latter includes also wine production of non-agriculture households. Domestic brandy production is estimated according to registered equipment (22 thousand, 10 litres per equipment) and relevant excise duty which has to be paid by owners. Adjustment for unregistered forest felling is necessary to balance the supply and use side. The so-called garden production of non-agriculture households is added as percent of the total household expenditure for vegetables.

An exhaustiveness adjustment to primary data sources of the GDP by the production approach is necessary for individual marine fishermen who have the same status as individual farmers: they do not need to register and do not report their income. Adjustment is done with data of fishing statistics on marine fishing.

Persons engaged in domestic services at households do not need to register. However, the number of persons performing domestic services to households is shown in the Statistical Register of Employment, in total 800. Total payments are estimated proportionally to per-capita figures of similar personal activities in section O. As mentioned, additional estimates will be necessary for other non-registered persons providing domestic services as the second job and without any payments of social security contributions. This includes all kinds of domestic services of which services of child care at home are probably the most typical.

#### 7.4.4 N4 Legal persons not surveyed (non-reporting)

N4 Legal persons not surveyed are estimated at SIT 37 770 mio or 0.8% of 2001 GDP. N4 is not estimated with the Business Register data because it is not updated with timely data on bankruptcy and with data on currently active and non-active units. Coverage in the basic data sources is almost complete for general government and financial corporations and slightly worse for non-financial corporations and the worst for NPISH. Adjustments for missing enterprises are done on the basis of the Statistical Register of Employment (SRE) and since 2002 with the VAT reports database. The SRE covers all employees and self-employed persons for which obligatory social contributions for health and pension insurance are being paid. By comparing GDP data sources with the SRE, all missing units and their exact number of employees can be identified in the same way as employment is measured in national accounts. The SRE is regularly used for estimating national accounts employment. Annual employment is equal to the average of four quarters where quarterly employment is a simple average of employment at the beginning and at the end of a quarter. For missing enterprises, the SRE allows only indirect estimation of aggregates according to the number of employee's per-capita figures. The advantage of the VAT reports database is that it allows direct estimation of output and intermediate consumption by unit. Comparison of the VAT database with GDP data sources shows that units outside the VAT system are mostly self-employed persons (without any employees) in service activities.

#### 7.4.5 N5 Registered entrepreneurs not surveyed (non-reporting)

N5 Registered entrepreneurs not surveyed amounted to SIT 15 985 mio or 0.3% of 2001 GDP. As the basic data source consists of annual tax reports by household units to the Tax Administration, this database is rather complete (non-reporting means tax evasion with rather high penalties). Non-surveyed household units are identified in the same way as missing legal persons (N4). This is possible since 2002 when SURS obtained access to individual data. From 2002 onwards, household production units also have to submit annual accounting statements to the Agency for Public Legal Records and Related Services (Chapter 3.1.4.1). The advantage of this new source is timeliness as data are already available two months before the tax report data of the Tax Administration. However, the coverage in the new statistical source is not complete and the tax report data are used to complete exhaustiveness of households' production activity for final GDP estimate. In 2001 some activities which according to supply and use tables need additional exhaustiveness adjustments of output and intermediate consumption are shown as N5. This particularly regards construction activities and furniture production.

#### 7.4.6 N6 Producers deliberately misreporting

N6 Producers deliberately misreporting includes output and intermediate consumption adjustments of corporations and self-employed persons. This category is estimated at SIT 73 722 mio or 1.5% of 2001 GDP, of which SIT 62 670 mio is output adjustments and SIT 11 052 mio intermediate consumption adjustment in small corporations. N6 adjustments according to GNI legislation must include:

- labour force balancing between the Labour Force Survey and national accounts;
- taxes and particularly VAT audit checks;
- theoretical VAT calculation and particularly VAT with complicity and VAT without complicity;
- analysis and comparison of data by enterprise size according to the number of employees and between sectors;
- supply and use balancing.

Labour force balancing between the LFS and national accounts shows rather small differences due to complete GDP data sources (Chapter 7.6). Therefore, any adjustment according to this employment check would not improve GDP estimate.

Fiscal and VAT audits and inspection data have not yet been analysed. This action is carried out in 2006/2007 and is supported by a Eurostat grant. The present fiscal audits are mostly oriented towards fiscally important units. Therefore, the overall use of these data will be probably rather limited. In 2006/2007 the priority will be given to analyses of construction and sensitive service sectors and to VAT audits.

Already in 2000 all main problems of VAT allocation by products and categories were solved within supply and use tables and within first testing preparation of statistical part of the VAT report for the EU own resources purpose. The statistical part of the annual VAT report, which includes weighted average VAT rate calculation and all relevant compensations, is entirely prepared by SURS. Theoretical VAT was within supply and use tables first calculated for the years 2002 and 2003, described in Chapter 7.7.

The present approach of misreporting is mostly based on analyses and comparisons of enterprise data according to the number of employees and supply and use balancing. Adjustments are mostly done within enterprises with fewer than 10 employees for incorporated enterprises and overall for the household sector. Over-reporting inputs are typical for enterprises without employees or with one or two employees. Misreporting adjustment mostly covers output adjustments which are typical for activities producing final consumption products and are significant in some service activities. Supply and use tables show several discrepancies in construction, manufacturing of furniture and business services and adjustments for these activities are in part shown in N5. For this work VAT data at unit level and work on supply and use balancing together with exact VAT allocation by VAT rates, products, final uses categories and by sectors are essential.

#### **7.4.7 N7 Other statistical deficiencies**

N7 Other statistical deficiencies consist of large scale adjustments for all institutional sectors and amounted to SIT 98 752 mio or 2.1% of 2001 GDP and 33.2% of the total exhaustiveness adjustments as included in published GDP:

- cash remunerations for business travel, SIT 55 404 mio;
- tips, SIT 8 153 mio;
- private use of business cars, SIT 24 224 mio;
- food in restaurants and canteens for employees, SIT 2 524 mio;
- free goods for self-employed in trade, SIT 1 947 mio;
- price adjustments in agriculture due to direct sales to final consumers on farms and at green markets, SIT 6 498 mio.

The most important type of N7 Other statistical deficiencies is cash remunerations for business travel. These adjustments amounted to 1.2% of GDP in 2001. This category is estimated for all institutional sectors except household small enterprises and is included in compensation of employees according to the 2000 Labour Costs Survey by activity/institutional sector. Intermediate consumption in data sources is reduced accordingly. This type of adjustment will in the future be treated as conceptual adjustment from administrative/private accounting concepts to national accounts concepts and not as explicit exhaustiveness adjustment. Without cash remunerations for business travel total exhaustiveness adjustments in 2001 would amount to approximately 5.0% of GDP (5.7% in 2002) and thus much better express explicit parallel economy than it is estimated in the official GDP. As mentioned in Chapter 3.6.4, some further upward correction of this exhaustiveness type will be necessary in 2005 GDP benchmark revision for small incorporated enterprises with fewer than 10 employees. New annual accounts questionnaire for corporations from 2002 shows all remuneration for business travel as an independent item and these remunerations are relatively much higher in smaller enterprises than in larger enterprises.

N7 includes tips in restaurants, hairdresser services, car repair services, casinos, taxis and private doctors. Tips are "expert estimates" in percent of output at purchaser's prices (from 1% to 5% of output by activities). Tips which are estimated in activities of self-employed are equally split into compensation of employees and gross mixed income.

Private use of business cars consists of five products of business sector use (estimates are prepared separately for corporations and self-employed): purchases of new passenger cars, fuel purchases, maintenance costs, operating and financial leasing costs of passenger cars. According to the VAT regulation, the business sector can not refund input value added tax for these products. Private use is estimated at approximately 30% of costs for these products on the assumption that total costs include also private use. The part of private use, which relates to purchases of new cars, reduces GFCF and increases final consumption of households at the same time. Therefore, it is not treated as exhaustiveness adjustment. The remainder of the private use of business cars is included in exhaustiveness adjustment; it reduces intermediate consumption and increases compensation of employees and it is estimated at 0.5% of GDP. At the activity level it is allocated according to the number of registered passenger cars by corporations and by self-employed separately. In 2005, SURS carried out a special survey of leasing companies particularly regarding more detailed split of financial and operating leasing data between institutional sectors. Collected data will improve the calculation of private use of business cars for operating and financial leasing costs.

Price adjustments for direct sales of individual farmers to final consumers on markets and at the farm are an important and standard step of improvement of data of the Economic Accounts for Agriculture in national accounts. This

adjustment is done according to the differences in price levels between the Economics Accounts for Agriculture and retail trade for products which are usually sold to final consumers on markets and at the farm.

#### 7.4.8 Exhaustiveness adjustments by type and by institutional sectors

Table 7.6 shows exhaustiveness adjustments by types and by institutional sectors. 93.9% of the total exhaustiveness adjustments are accounted for by non-financial corporations (47.0%) and households (46.9%). Adjustments are rather small in the general government sector (2.0% of the total) and in financial corporations (1.1% of the total) as the basic data sources for both these sectors are almost complete. For general government exhaustiveness adjustments are necessary only for cash remunerations for business travel (N7) and for non-surveyed units (N4). Rather small adjustment is necessary for misreporting (N6) for small financial corporations. According to each sector's gross value added, exhaustiveness adjustments for the general government sector are 0.9% and financial corporations 1.6% of the total.

For NPISH, exhaustiveness adjustments are significant in terms of the sector's gross value added (31.2%). The reason is religious associations which do not report and are therefore not surveyed because there is no legal basis for reporting. Estimation for religious associations is therefore done indirectly by the number of employees. The number of NPISH units in the Business Register (approximately 20 000) and in the data source (17 000) is for national accounts purposes reduced only to units with employment, around 3 000 units. This approach has no effect on GDP because the analysis showed that units without employment have only intermediate inputs and no value added. For 2004, SURS conducted a sample survey for NPISH units to improve calculation of production accounts components because available data sources are not detailed enough.

In terms of gross value added, exhaustiveness adjustments for non-financial corporations amounted to 5.7%. For this sector data sources are good and adjustment for N4 Non-surveyed legal persons is only 1.2% of the sector's gross value added. Misreporting for this sector based on per-capita analysis of output and intermediate consumption was identified mostly within small enterprises with fewer than 10 employees. These adjustments are made for output of service activities and for intermediate consumption of small enterprises (up to two employees) in all activities. In total, misreporting is estimated at 1.8% of the sector's gross value added. Cash remunerations for business travel and private use of business cars together with a rather small amount of tips within N7 are the most important exhaustiveness adjustments for this sector (48.5% of the total exhaustiveness adjustments).

Exhaustiveness adjustments for the households sector amounted to 24.3% of the sector's total gross value added (without gross value added of dwelling activity of owner-occupiers). The most important are adjustments for activities which are not required to register (N3) amounting to 50.8% of total adjustments. Also for this sector basic data sources are good. The N5 adjustment for registered entrepreneurs not surveyed amounted to only 2.8% of gross value added. Misreporting is estimated at 6.1% of gross value added and is for some service activities significant. N7 Other statistical deficiencies consists of private use of business cars, tips and price level adjustment in agriculture for products which are directly sold to final consumers on farms and at green markets.

**Table 7.6 Exhaustiveness adjustments by type and by institutional sectors, 2001**

	Total	Non-financial corporations	Financial corporations	General government	Households	NPISH
	mio SIT					
N1 Deliberately non-registering activities	0	0	0	0	0	0
N2 Illegal activities	29 563	0	0	0	29 563	0
N3 Not required to register	70 882	0	0	0	70 882	0
N4 Legal persons not surveyed	37 770	29 173	0	1 935	0	6 661
N5 Registered entrepreneurs not surveyed	15 985	0	0	0	15 985	0
N6 Producers deliberately misreporting	73 722	42 792	1 139	0	29 790	0
N7 Other statistical deficiencies	98 752	67 816	1 985	3 924	22 775	2 252
<b>Total</b>	<b>326 674</b>	<b>139 781</b>	<b>3 124</b>	<b>5 859</b>	<b>168 996</b>	<b>8 913</b>
<b>Total as included in published GDP (without N2)</b>	<b>297 110</b>	<b>139 781</b>	<b>3 124</b>	<b>5 859</b>	<b>139 433</b>	<b>8 913</b>
<b>Structure (%)</b>	<b>100.0</b>	<b>47.0</b>	<b>1.1</b>	<b>2.0</b>	<b>46.9</b>	<b>3.0</b>
<b>As % of gross value added *</b>	<b>7.6</b>	<b>5.7</b>	<b>1.6</b>	<b>0.9</b>	<b>24.3</b>	<b>31.2</b>

\* Without gross value added of dwelling activities of owner-occupiers.

### 7.4.9 Exhaustiveness adjustments by activity

Exhaustiveness adjustments by activity are shown in Table 7.7. The most important adjustments are estimated in K Real estate, renting and business services amounting to 29.7% of the total and 24.2% of gross value added mostly due to not registered activities of households, misreporting and other statistical deficiencies. Three activities have significant and approximately equal adjustments in value terms: D Manufacturing (14.3% of the total), F Construction (14.4% of the total) and G Wholesale and retail trade (11.9% of the total). However, these adjustments in gross value added terms are important only in construction (17.5%) and less important in trade (7.5%) and significantly less in manufacturing (3.8%). According to the gross value added, exhaustiveness adjustments are important in H Hotels and restaurants (19.2%), O Other service activities (14.2%) and in A Agriculture (15.4%). Adjustments for other activities are mostly small according to the total adjustments and also to the gross value added, with the exception of B Fishing with 31.3% exhaustiveness adjustments to gross value added. By tabular approach, all exhaustiveness adjustments are summarised in Table 7.8 showing exhaustiveness adjustments by type, activity and by institutional sector.

**Table 7.7 Exhaustiveness adjustments by activity as included in published GDP, 2001**

	Mio SIT	As % GDP	Structure (%)	As % of gross value added
A Agriculture, hunting and forestry	19 003	0.40	6.40	15.4
B Fishing	232	0.00	0.08	31.3
C Mining and quarrying	734	0.02	0.25	3.2
D Manufacturing	42 440	0.88	14.28	3.8
E Electricity, gas and water supply	430	0.01	0.14	0.3
F Construction	42 686	0.89	14.37	17.5
G Wholesale and retail trade, certain repair	35 415	0.74	11.92	7.5
H Hotels and restaurants	18 566	0.39	6.25	19.2
I Transport, storage and communication	14 674	0.31	4.94	5.1
J Financial intermediation	4 302	0.09	1.45	2.3
K Real estate, renting, business activities*	88 308	1.84	29.72	24.2
L Public admin., defence, comp. soc. sec.	2 126	0.04	0.72	0.8
M Education	2 744	0.06	0.92	1.1
N Health and social work	2 745	0.06	0.92	1.3
O Other services	20 917	0.44	7.04	14.2
P Private households with employees	1 789	0.04	0.60	100.0
<b>Total*</b>	<b>297 110</b>	<b>6.19</b>	<b>100.00</b>	<b>7.6</b>

\* Without gross value added of dwelling activities of owner-occupiers.

**Table 7.8 Exhaustiveness adjustments by type, activity and institutional sectors, GDP by the production approach, 2001**

Sectors / Activities	Type of exhaustiveness adjustments							Total		Total as included in published GDP	
	N1	N2	N3	N4	N5	N6	N7	Value	% of GDP	Value	% of GDP
	Deliberately non-registering activities	Illegal activities	Not required to register	Legal persons not surveyed	Registered entrepreneurs not surveyed	Producers deliberately misreporting	Other statistical deficiencies				
mio SIT											
S.11 Non-financial corporations	0	0	0	29 173	0	42 792	67 816	139 781	2.91	139 781	2.91
S.12 Financial corporations	0	0	0	0	0	1 139	1 985	3 124	0.07	3 124	0.07
S.13 General government	0	0	0	1 935	0	0	3 924	5 859	0.12	5 859	0.12
S.14 Households	0	29 563	70 882	0	15 985	29 790	22 775	168 996	3.52	139 433	2.91
S.15 NPIISH	0	0	0	6 661	0	0	2 252	8 913	0.19	8 913	0.19
<b>Total</b>	<b>0</b>	<b>29 563</b>	<b>70 882</b>	<b>37 770</b>	<b>15 985</b>	<b>73 722</b>	<b>98 752</b>	<b>326 674</b>	<b>6.81</b>	<b>297 110</b>	<b>6.19</b>
A Agriculture, hunting and forestry	0	0	9 655	1 307	0	477	7 564	19 003	0.40	19 003	0.40
B Fishing	0	0	126	17	0	38	52	232	0.00	232	0.00
C Mining and quarrying	0	0	0	0	461	65	209	734	0.02	734	0.02
D Manufacturing	0	0	0	9 629	3 836	8 478	20 496	42 440	0.88	42 440	0.88
E Electricity, gas and water supply	0	0	0	34	0	29	366	430	0.01	430	0.01
F Construction	0	0	17 346	3 583	6 377	5 280	10 100	42 686	0.89	42 686	0.89
G Trade, certain repair	0	12 248	0	7 332	0	8 898	19 185	47 663	0.99	35 415	0.74
H Hotels and restaurants	0	0	1 153	1 244	0	8 365	7 803	18 566	0.39	18 566	0.39
I Transport, storage and communication	0	5 240	0	2 361	1 453	3 841	7 019	19 914	0.41	14 674	0.31
J Financial intermediation	0	0	0	0	921	1 352	2 029	4 302	0.09	4 302	0.09
K Real estate, renting, business activities	0	689	40 813	3 016	2 937	27 115	14 427	88 997	1.85	88 308	1.84
L Public admin., defence, comp. soc. sec.	0	0	0	125	0	1	2 000	2 126	0.04	2 126	0.04
M Education	0	0	0	916	0	407	1 421	2 744	0.06	2 744	0.06
N Health and social work	0	0	0	1 392	0	549	805	2 745	0.06	2 745	0.06
O Other services	0	11 386	0	6 814	0	8 827	5 276	32 303	0.67	20 917	0.44
P Private households with employees	0	0	1 789	0	0	0	0	1 789	0.04	1 789	0.04
<b>Total</b>	<b>0</b>	<b>29 563</b>	<b>70 882</b>	<b>37 770</b>	<b>15 985</b>	<b>73 722</b>	<b>98 752</b>	<b>326 674</b>	<b>6.81</b>	<b>297 110</b>	<b>6.19</b>

## 7.5 GDP 2005 BENCHMARK REVISION AND IMPROVEMENTS OF EXHAUSTIVENESS ADJUSTMENTS

In Table 7.9 main points of GDP 2005 benchmark revision are shown which are described in previous chapters. Five revision points are exhaustiveness adjustments and improvements. The exceptions are student work (Chapter 3.3.5.1), and own-account production of software (Chapter 5.11.1). The correction of market dwelling activities of households will reduce GDP level between 0.5% and 0.6%. However, this will be offset by the increase of owner-occupier rentals. In Table 7.9 net effect of these corrections is shown. With these revision points GDP level will be increased between 1.4% and 1.9%<sup>1)</sup>.

**Table 7.9 Improvements of exhaustiveness adjustments and GDP 2005 benchmark revision**

	Minimum	Maximum
	% of GDP	
Dwelling activities of households (N3)	-0.2	-0.3
Deliberately non-registering activities of households (N1)	0.1	0.2
Cash remuneration for business travel in small companies (N7)	0.1	0.2
Illegal activities (N2)	0.4	0.5
Not required to register activities of household - honoraria payments (N3)	0.2	0.3
Student work	0.6	0.8
Own-account software production	0.2	0.2
<b>Total</b>	<b>1.4</b>	<b>1.9</b>

## 7.6 EMPLOYMENT DATA CHECK

### 7.6.0 Introduction

The purpose of comparison of employment data according to demographic sources with employment underlying GDP estimates is to find out whether discrepancies between the two estimates might point out that some parts of the economy are missing in the GDP estimates. SURS made such a comparison based on 2000 data.

### 7.6.1 Employment estimate in national accounts

In national accounts, only the estimate according to the domestic concept is prepared. The main source for employees' estimate is the Statistical Register of Employment (SRE). It includes persons for whom social contributions to obligatory pension and health insurance system are paid and who are employed (employees and self-employed) on the territory of the Republic of Slovenia, are at least 15 years old and not retired. They can be employed permanently or temporarily, full time or part time. It includes persons temporary out of work due to sickness or any other reason, if social contributions for them are paid. The following categories are not included: persons performing temporary or occasional contract work, students' work and conscripts. The SRE is regularly monthly updated by forms for health and pension insurance (data are provided by the Health Social Security Fund, the Pension Social Security Fund and the Employment Service of Slovenia) and data from the Central Population Register and the Business Register. The SRE is described in more detail in Chapter 11.0.1.

Data on employees from the SRE for national accounts needs prepared for 140 activities of the SKD classification and five institutional sectors. The annual number is obtained as the average of the quarters where the quarterly figures are obtained as the average of the number of employees at the beginning and at the end of the quarter.

In addition to the SRE, estimates are made for the following categories of employees:

- non-financial corporations without employees: these corporations have annual accounting statements (so they are active corporations), but according to the SRE have no employees. Since they are contributing to value added, they are also included to the employees' estimate but one enterprise is counted as 0.7 employee;

- students' work: the estimation of students' employment is based on output estimation for student employing agencies (they receive 10% earnings from students' work) and on average wage in Slovenia. The estimate for students' work is included in the activity of the employment agencies (K Real estate, renting, business services);
- staff of Slovene embassies and consulates abroad is not included in the SRE. Their number is obtained from the Ministry of Foreign Affairs and added to activity L Public administration and defence, compulsory social security;
- employees working on Slovene ships are not included in the SRE, therefore they are estimated on the basis of value added estimation and added to I Transport, storage and communication;
- clerics are reclassified from self-employees (as shown in the SRE) to employees in activity O Other services.

The estimate for self-employed is mainly based on tax declarations on income from production activities. According to declarations, also persons who perform second jobs as self-employed are included (apart from second jobs in legal units, which have not yet been estimated in national accounts). An estimate according to the Labour Force Survey is made for farmers and unpaid family workers in agriculture. Unpaid family workers are entirely added to A Agriculture, hunting and forestry and are not estimated for other activities since they are not significant in those.

### 7.6.2 Labour Force Survey

The Labour Force Survey (LFS) covers the resident population according to the Central Population Register, i.e. all persons whose usual place of residence is on the territory of the Republic of Slovenia. The survey covers only population living in private households and observation units are all individuals living in the selected households. The reference period is the week preceding the interview (from Monday to Sunday).

The LFS is a rotating panel survey conducted continuously through the whole calendar year. Possible disproportionate distribution of surveys in different time periods is corrected with weighting. Each household is interviewed in three consecutive quarters and after one quarter break another two consecutive quarters (all together five times); each quarter approximately 7 000 households are interviewed.

A stratified simple random sample is used. Stratum allocation is proportional to population distribution by statistical regions and type of settlement. The collected data are weighted for unequal probability of selection and non-response and post-stratified according to region, age group and sex.

LFS results are estimates based on the probability sample and are as such subject to sampling errors (the published number on employment (first jobs only) for the first quarter of 2000 was 953 000, where the standard 95% confidence interval equals 865 000 – 898 000).

The non-response rate is approximately 12% (in the first quarter of 2000 11.5%, in the second 14.5%, in the third and in the fourth 11%). It is higher for households that are in the sample for the first time and lower for the other households.

### 7.6.3 Adjustment of Labour Force Survey data to common definitions and concepts

In order for a comparison to be possible, both employment estimates need to be adjusted to common definitions, coverage and standards. For this purpose several adjustments were made to LFS data which were for the purpose of this exercise calculated as the average of the four quarters. The employment concept used was persons, unless otherwise stated.

The analysis was made for A17 level of activities. Since activity code which is based on a person's own declaration, is not reliable and/or not comparable to the activity code from statistical or administrative sources, firstly activity codes from the LFS were replaced by activity codes from the SRE where possible for first jobs of employees and self-employed (with the exception of unpaid family workers).

The LFS is based on the national concept, so residents working abroad were excluded (8 000 persons according to the LFS). Finally, the following categories of residents working in Slovenia were taken into account: employees' first job, first job of self-employed and second job of self-employed. These categories include also persons temporarily absent from work due to holiday, sickness, maternity leave, etc. The total employment thus equals 908 000, of which 746 000 employees and 163 000 self-employed.

In the second step the following adjustments to LFS data were made:

- non-residents working in Slovenia were added. In the SRE there are approximately 35 000 "non-residents" working in Slovenia, but the definition of non-resident in the SRE is not in line with the ESA definition. Non-residents in the SRE are defined as persons with working visas. Since most of them have been living in Slovenia for many years,

they cannot be considered as non-residents from the ESA standpoint. Non-residents according to national accounts are mainly seasonal and border workers, but their number is difficult to estimate. After the analysis of SRE data, 5 200 non-residents were added to the LFS. Employees were only allocated to three activities (construction, agriculture and manufacturing) and a low number of self-employed mostly to construction, trade, transport and manufacturing;

- students' work: in national accounts students' work is estimated at 6 835 full time equivalents (FTE) and included in activity of the student employment agencies, therefore the number of students working from the LFS (12 000 persons) were replaced by FTE estimate from the LFS (7 700 FTE) and allocated entirely to K Real estate, renting and business services;
- enterprises for disabled persons: prior to 2002 these enterprises were allocated to N Health and social work and in 2002, with the change of activity classification, according to their activity. In national accounts this change was already taken into account in 2000 data, so to make both data sets comparable employees in these enterprises were reallocated from N Health and social work to the same activities as in national accounts;
- farmers: the number of farmers is in national accounts estimated according to the several years average from the LFS (44 500). Because production estimates for agriculture are not based on employment data, 35 000 farmers from the LFS were replaced with the national accounts' estimate;
- unpaid family workers: in national accounts they are estimated at 48 950 and only for agriculture (according to the LFS there are 95% unpaid family workers in agriculture and the rest mostly in manufacturing, trade and hotels and restaurants). Their number from the LFS (58 000) was replaced with the national accounts' estimate and at the same time unpaid family workers in other activities were subtracted;
- persons working under work contracts and persons working for direct payment (10 000 persons) were subtracted since these types of work are not estimated in national accounts;
- employees working on Slovene ships (450) and clerics (1 180) were added.

The total LFS adjusted employment is thus estimated at 899 000 (738 000 employees and 161 000 self-employed). Data by activities together with national accounts' estimate of employment are shown in Table 7.10.

**Table 7.10 Employment by the adjusted LFS and national accounts, 2000**

	LFS adjusted			National accounts		
	employees	self-employed	total	employees	self-employed	total
	thousand					
A Agriculture, hunting and forestry	11.0	94.0	105.0	12.1	94.1	106.2
B Fishing	.	.	.	0.2	0.1	0.3
C Mining and quarrying	5.0	.	6.0	5.6	0.1	5.7
D Manufacturing	247.0	14.0	261.0	242.7	13.3	256.0
E Electricity, gas and water supply	13.0	.	13.0	11.8	0.2	12.0
F Construction	43.0	10.0	53.0	56.1	10.8	66.8
G Trade, certain repair	100.0	14.0	114.0	97.9	11.4	109.3
H Hotels and restaurants	26.0	(4.0)	30.0	24.5	5.8	30.3
I Transport, storage, communication	46.0	8.0	54.0	44.2	8.6	52.7
J Financial intermediation	22.0	.	22.0	19.7	0.2	19.9
K Real estate, renting, business activ.	53.0	9.0	63.0	55.5	8.8	64.3
L Public admin., comp. soc. sec.	45.0	.	45.0	43.5	0.0	43.5
M Education	56.0	.	56.0	53.6	0.2	53.8
N Health and social work	43.0	(1.0)	45.0	43.0	1.3	44.3
O Other services	25.0	5.0	30.0	22.7	6.1	28.8
P Private households with employees	.	.	.	0.8	0.0	0.8
Unknown	(1.0)	.	(1.0)			
<b>Total</b>	<b>738.0</b>	<b>161.0</b>	<b>899.0</b>	<b>733.8</b>	<b>161.0</b>	<b>894.8</b>

. Not zero but extremely inaccurate estimate.

( ) Less accurate estimate.

## 7.6.4 Comparison of the estimates

Table 7.11 shows differences between the national accounts and LFS adjusted data on employment. Positive sign indicates that national accounts estimate is higher and vice versa. In analysing the differences one must bear in mind that LFS data are based on a sample and the interval where the "true" number lies can only be determined with a certain probability.

**Table 7.11 Differences between the national accounts and LFS adjusted data on employment, 2000**

	Differences					
	employees	self-employed	total	employees	self-employed	total
	thousand			%		
A Agriculture, hunting and forestry	1.1	0.2	1.2	9.8	0.2	1.2
B Fishing	.	.	.	.	.	.
C Mining and quarrying	0.2	.	0.2	4.6	.	3.7
D Manufacturing	-4.1	-1.1	-5.2	-1.6	-8.0	-2.0
E Electricity, gas and water supply	-1.5	.	-1.3	-11.1	.	-9.9
F Construction	12.6	1.1	13.7	29.0	11.3	25.8
G Trade, certain repair	-2.0	-2.7	-4.7	-2.0	-19.2	-4.1
H Hotels and restaurants	-1.6	(1.8)	0.2	-6.3	45.3	0.5
I Transport, storage, communication	-1.7	0.6	-1.1	-3.7	7.1	-2.1
J Financial intermediation	-1.9	.	-1.9	-8.7	.	-8.7
K Real estate, renting, business activ.	2.1	-0.5	1.6	3.9	-5.7	2.5
L Public admin., comp. soc. sec.	-1.7	.	-1.8	-3.7	.	-4.0
M Education	-2.5	.	-2.7	-4.4	.	-4.7
N Health and social work	-0.4	(-0.1)	-0.5	-0.9	-5.7	-1.0
O Other services	-2.4	1.5	-0.8	-9.5	33.9	-2.9
P Private households with employees	.	.	.	.	.	.
Unknown	(-1.0)	.	(-1.0)	.	.	.
<b>Total</b>	<b>-4.4</b>	<b>0.2</b>	<b>-4.2</b>	<b>-0.6</b>	<b>0.1</b>	<b>-0.5</b>

. Not zero but extremely inaccurate estimate.

() Less accurate estimate.

On overall the differences between the two estimates are small, well inside the confidence interval and they do not suggest that there are any substantial parts of the economy missing in national accounts estimates. Total employment by the LFS (adjusted) is 4 200 persons or 0.5% higher than by national accounts, the number of employees is higher by 4 400 persons (0.6%) and the difference in the number of self-employed is negligible. As expected, the differences by activities are higher. If the activities with the small employment are not taken into account, the difference in total employment is the highest in construction where national accounts' estimate exceeds LFS adjusted data by 25.8% (employees by 29.0% and self-employed by 11.3%).

## 7.7 THEORETICAL VAT

### 7.7.0 Introduction

Theoretical VAT is the amount of VAT which would have been received if all units in the economy had paid VAT according to the existing VAT legislation. The difference between theoretical and actually received VAT by the tax authority (accrual VAT) occurs because of deliberate or non-deliberate omissions of VAT payments and this is treated as VAT fraud. The calculation of theoretical VAT is necessary in order to provide a check on the exhaustiveness and completeness of GDP calculations.

By the calculation of VAT fraud it is important to distinguish between VAT fraud without complicity and VAT fraud with complicity. VAT fraud without complicity occurs when the buyer is not aware that the seller does not report the

transaction to the tax authorities. Thus, VAT is paid by the buyer but not paid on to the tax authorities and the seller benefits from higher profits. By VAT fraud with complicity the seller and the buyer agree not to charge any VAT on a transaction. By this the buyer benefits from lower prices and the seller from not paying any taxes as the transaction is not included in his reported turnover.

The amount of VAT which is paid by the buyer but not remitted by the enterprise to the tax authorities (without complicity) is to be included in the purchasers' prices of the goods and services as well as explicitly in output calculation and thus in operating surplus or mixed income of the seller. VAT evaded in fraud with complicity is not paid and thus not recorded in the accounts.

### 7.7.1 Role of theoretical VAT calculation for analysis and verification of exhaustiveness of GDP estimates

With VAT introduction in the middle of 1999 several problems had to be solved in national accounts in a rather short period having in mind the importance of VAT in ESA95. The primary step was the allocation of VAT within SUTs and thus VAT became an important analytical tool for overall analysis and verification of exhaustiveness of GDP estimate. From analytical point of view access to unit level data of VAT reports in the second half of 2002 significantly improved the situation.

Due to complete data sources the production approach has always been considered to be primary method for GDP estimation. Also for exhaustiveness adjustments GDP by the production approach is the first measure. However, with VAT introduction the situation changed and improved in a sense that VAT allocation and verification on products level by relevant sectors and categories became a tool for overall analysis of consistency and reliability of GDP by the production and expenditure approach as well as for exhaustiveness of GDP. First analyses of VAT for 2000 and 2001 by sectors and by categories showed that the total figure of VAT allocated was slightly below the accrual VAT figure. Therefore, GDP was underestimated and improvements were necessary. To solve these problems two major GDP revisions have been prepared in the period since 2002.

In VAT allocation several improvements were made in the following years. In the first step the activities of other VAT exempted sectors and other specific components which are included within this sector (business expenditure for representation and specific household activities, particularly own-account construction activities) were further delimited. These improvements were included into the compilation for 2002 and 2003.

In the second half of 2005 a sample survey was carried out to collect main data and information on own-account construction activities of households (Chapter 3.12). With this survey data for main goods and services purchased, own-account work and construction period of individual houses were collected. With these survey results, some improvements of own-account construction activities of households are possible within benchmark 2005 GDP revision. However, first comparison of survey data and the present estimates show that these improvements will not be significant regarding the present estimates of average construction period and own-account labour input.

Adjustment of output for VAT fraud without complicity was in 2002 GDP explicitly estimated for the first time (retail trade, restaurants and some other personal services, Chapter 3.6.2). These adjustments increase GDP from 2002 on slightly above 0.1% and amount to 1.2% of accrual VAT figure. Further improvements of GDP estimate by the production approach and exhaustiveness adjustments are planned for 2005 benchmark revision (Chapter 3.6).

### 7.7.2 Calculation of theoretical VAT by sectors and components

The calculation of theoretical VAT and VAT fraud was done in connection with the calculation of VAT own resources base and it was elaborated within the framework of supply and use tables. Theoretical VAT is calculated by taking into account the prescribed tax rates upon the study and analysis of valid VAT legislation. It is necessary to define for every product group and user combination a prescribed tax rate and possible tax exemptions, depending on the type of product, type of activity, sector and size of producer.

VAT is allocated to those goods and services for which buyers or consumers are not allowed to deduct it. They are final payers of VAT and they bear the fiscal burden. Beside households as main final consumers also all general government and NPISH units have in the VAT system the same status of final consumer. However, both general government and NPISH units can, as secondary activity, sell VAT products and are therefore allowed to refund input VAT from all purchases within this secondary activity. Therefore, to estimate total VAT payment on purchases of these units correctly, total VAT on purchases must be proportionally (pro-rata) adjusted (reduced) for secondary activities. The same principles must be applied to all other VAT exempted sectors which as main activity produce and sell VAT exempted products. All these problems are solved by applying pro-rata coefficients for each exempted sector/activity.

Pro-rata coefficients as percent of VAT products in the total output (turnover) of sector/activity are then applied proportionally to all sector/activity inputs. With access to unit level data of VAT reports pro-rata coefficient can be estimated for each VAT exempted sector/activity.

The sectors and components in which non-deductible VAT is allocated are:

- household final consumption expenditure by the domestic concept;
- general government intermediate consumption and GFCF, transfers in kind of market goods and services to households via market producers;
- NPISH intermediate consumption and GFCF;
- other VAT exempted activities and specific products:
  - intermediate consumption and GFCF in other exempted activities. Included are exempted activities of the business sector as primary or secondary activity. These activities are financial intermediation services except financial leasing activities, education, health and social services, business associations, public radio and TV broadcasting, gambling industry and housing services;
  - own-account construction activities of households;
  - intermediate consumption and GFCF of small units out of VAT system. These units do not charge VAT on their products. 75% of output is included in household final consumption where products of these units are treated as VAT exempted products;
  - expenditure in the business sector for products for which VAT cannot be deducted according to VAT legislation: representation expenditure, i.e. hotel and restaurant services, purchases of food and beverages in retail trade, etc.;
- expenditure for passenger cars in the business sector: this category includes all costs regarding acquisition, disposal and maintenance of passenger cars as VAT non-deductible products by the business sector (purchases of new cars less disposals of existing cars, fuel, repair and maintenance costs together with operating and financial leasing expenditures for this purpose). In national accounts all costs regarding acquisition and maintenance of passenger cars by the business sector are reduced by 30% of private use which is included in household final consumption expenditure (Chapter 7.4.7).

### 7.7.3 Theoretical VAT and VAT fraud 2002 and 2003

In the first part Table 7.12 below shows main components and sectors by which the total VAT is allocated in 2002 and 2003. In both years the total VAT allocated is 2.4% above the accrual VAT figure.

In the next step the total VAT allocated is adjusted for all transactions of small exempted firms with turnover below SIT 5 mio to get the figure of theoretical VAT. The net effect of this correction is 0.5% of accrual VAT in 2002 and 0.4% in 2003. For products of small exempted firms relevant reduction of VAT allocated is necessary in the household final consumption expenditure (75% of the total output of small firms is estimated as household final consumption expenditure) and in intermediate consumption of other exempted sectors. In this correction non-refunded VAT paid by small firms in intermediate consumption and for GFCF products must be added.

In 2002 the amount of theoretical VAT is estimated at SIT 484 041 mio or 1.9% above the accrual VAT and in 2003 at SIT 522 478 mio or 2.0% above the accrual VAT. Theoretical VAT is divided into the amount of VAT fraud without complicity according to output exhaustiveness adjustment (Chapter 7.4.0) and into the amount of VAT fraud with complicity as residual. VAT fraud with complicity in both years equals to 0.7% of accrual VAT and the figure is considered to be too small compared to the present exhaustiveness adjustments for output misreporting (N6). This figure should be approximately 1.6% of accrual VAT. It is planned to eliminate this gap in GDP 2005 benchmark revision with further improvements of exhaustiveness adjustments and with other necessary corrections of GDP level (Chapter 7.5).

In analysing the calculation of theoretical VAT figure possible mistakes and statistical inconsistencies must be taken into account. This concerns correct interpretation of VAT legislation regarding VAT non-deductible transactions and VAT rates by products. These problems are regularly discussed and clarified with the Ministry of Finance within the preparation of the annual VAT report for EU own-resource purpose. However, splitting the whole calculation by sectors and components in detail makes the calculation between years comparable. Some components of the calculation need further improvement and cross-checking, in particular passenger cars, own-account construction activities of households and adjustments for misreporting by activities and sectors.

Table 7.12 Theoretical VAT and VAT fraud, 2002 and 2003

	2002	2003	2002	2003
	mio SIT		%	
<b>A Total VAT allocated (1 + 2 + 3 + 4 + 5)</b>	<b>486 287</b>	<b>524 590</b>	<b>102.4</b>	<b>102.4</b>
1. Households final consumption expenditure	303 959	334 439	64.0	65.3
2. General government	76 315	80 113	16.1	15.6
Intermediate consumption	45 183	42 957	9.5	8.4
Transfers in kind of products via market producers	5 872	6 620	1.2	1.3
Gross fixed capital formation	25 260	30 536	5.3	6.0
3. NPISH	7 641	7 207	1.6	1.4
Intermediate consumption	6 597	6 192	1.4	1.2
Gross fixed capital formation	1 044	1 015	0.2	0.2
4. Other VAT exempted activities and products	83 890	87 357	17.7	17.0
Intermediate consumption	29 739	30 556	6.3	6.0
Gross fixed capital formation	36 406	41 642	7.7	8.1
Other products	17 744	15 159	3.7	3.0
5. Expenditure for cars in the business sector	14 483	15 474	3.1	3.0
<b>B Adjustment for small exempted firms (with turnover below SIT 5 mio)</b>	<b>2 246</b>	<b>2 112</b>	<b>0.5</b>	<b>0.4</b>
<b>C Theoretical VAT (A - B)</b>	<b>484 041</b>	<b>522 478</b>	<b>101.9</b>	<b>102.0</b>
D VAT fraud without complicity	5 859	6 459	1.2	1.3
E VAT fraud with complicity (C - D - F)	3 343	3 603	0.7	0.7
<b>F Accrual VAT</b>	<b>474 839</b>	<b>512 415</b>	<b>100.0</b>	<b>100.0</b>

1) Results of the GDP 2005 benchmark revision were published in September 2007. More information is available at [http://www.stat.si/eng/tema\\_ekonomsko\\_nacionalni.asp](http://www.stat.si/eng/tema_ekonomsko_nacionalni.asp)

## CHAPTER 8

### TRANSITION FROM GROSS DOMESTIC PRODUCT TO GROSS NATIONAL INCOME

#### 8.0 INTRODUCTION AND REFERENCE FRAMEWORK

##### 8.0.0 Gross national income

Gross national income (GNI) is an income concept and is obtained by adding primary income receivable from the rest of the world (compensation of employees, EU subsidies and property income) to GDP and by subtracting primary income payable to the rest of the world (compensation of employees, taxes on production and imports to the EU and property income). In 2001 GNI amounted to SIT 4 812 013 mio or 100.3% of GDP; it is estimated as the sum of GDP at market prices at SIT 4 799 552 mio plus primary income receivable from the rest of the world (ROW) at SIT 107 063 mio minus primary income payable to the rest of the world at SIT 94 602 mio. Table 8.1 shows the compilation in more detail.

**Table 8.1 Transition from gross domestic product to gross national income, 2001**

	Chapter	Mio SIT
<b>Gross domestic product</b>		<b>4 799 552</b>
Plus: compensation of employees	8.1	36 346
Receivable from the ROW		42 818
Payable to the ROW (-)		6 472
Minus: taxes on production and imports paid to the EU	8.2	-
Plus: subsidies received from the EU	8.3	-
Plus: interest	8.4	-26 714
Receivable from the ROW		63 061
Payable to the ROW (-)		89 774
Plus: distributed income of corporations	8.5	-9 263
Receivable from the ROW		2 212
Payable to the ROW (-)		11 474
Plus: reinvested earnings on foreign direct investments	8.6	12 092
Receivable from the ROW		-1 028
Payable to the ROW (-)		-13 119
Plus: property income attributed to insurance policy holders	8.7	n. a.
Receivable from the ROW		n. a.
Payable to the ROW (-)		n. a.
Plus: rents on land and sub-soil assets	8.8	0
Receivable from the ROW		0
Payable to the ROW (-)		0
<b>Equals: gross national income</b>		<b>4 812 013</b>

n.a.: not available.

##### 8.0.1 Compensation of employees

Compensation of employees consists of two main components, wages and salaries and employers' social contributions. Wages and salaries include all gross payment in cash as well as goods and services in kind provided by employers to the employees for the work done in the observed period. Payments to the rest of the world relate to non-resident employees of the resident institutional units and receipts from the rest of the world to resident employees of the non-resident institutional units. In 2001 net compensation of employees from the rest of the world amounted to SIT 36 346 mio and is outlined in Chapter 8.1.

### **8.0.2 Taxes on production and imports paid to the EU**

Taxes on production and imports paid to the EU cover traditional own resources (agricultural levies, sugar levies, customs duties) and VAT. The item was not relevant for the reference year (2001).

### **8.0.3 Subsidies received from the EU**

Subsidies received from the EU are current unrequited payments, which the institutions of the EU make to resident producers with the objective of influencing their levels of production or their prices. The item was not relevant for the reference year (2001).

### **8.0.4 Property income**

Property income includes interest, distributed income of corporations, reinvested earnings on foreign direct investments, property income attributed to insurance policy holders and rents on land and sub-soil assets. In 2001 the net property income transactions with the rest of the world amounted to SIT 23 885 mio. By categories they are described in Chapters 8.4 to 8.8. However, property income attributed to insurance policy holders and rents on land and sub-soil assets are not estimated separately.

### **8.0.5 Reference framework**

Transition from GDP to GNI is, with the exception of adjustment for FISIM, entirely based on the balance of payments (BoP) data. More specifically, net primary income estimation is based on the item "income" of the BoP. BoP is compiled by the Bank of Slovenia and in most respects it conforms to the methodology of the IMF's Balance of Payments Manual, fifth edition (1993). In its basic variant it is also partly sectorised (monetary authorities, government, central bank, others) and structured on the basis of distinguishing between the short term and long term claims and liabilities. Some of the most important issues influencing BoP data on "income" concern residency, data sources, valuation and time of recording.

#### **8.0.5.0 Residency**

Non-residents are for the purpose of the BoP defined in the following way:

- individuals without a permanent address in Slovenia, except those who have the official permit to work in Slovenia for 6 months or more;
- individuals with permanent residence in Slovenia who have an official permit to work or live abroad;
- legal entities with registered headquarters abroad, except diplomatic, consular and other entities financed by Slovene government and Slovene citizens employed there together with their family members;
- diplomatic, consular and other representative bodies of foreign countries or international organisations in Slovenia which are financed or co-financed by foreign governments and foreign citizens employed there together with their family members;
- representative agencies and business units of foreign enterprises in Slovenia, except for the part of their activity which is implemented on a permanent basis in Slovenia (enterprises with economic interest in Slovenia are not treated as non-residents);
- representative agencies and business units of Slovene enterprises which implement a permanent activity abroad, only for the part which is actually implemented abroad.

Residents of Slovenia are all others not listed above.

From this definition it can be concluded that residence criteria set out in ESA95 are mainly respected. In particular, students studying abroad, border and seasonal workers, medical patients, etc., are treated properly (i.e. as residents of their country of origin).

However, with regard to the concept of residency, there are some deviations from ESA95 definition:

- application of the six month rule instead of the one year rule, which means that individuals without a permanent address in Slovenia with a working permit for six months or more are considered as residents. It would be difficult to change this treatment as it is formulated in this way in the law (e.g. Personal Income Tax Act defines 183 days as a rule for considering someone a resident);

- individuals with permanent address in Slovenia with an official permit to work or live abroad are considered non-residents, and there is no mentioning of the length of the stay abroad. In principle natural persons with a permit to stay in another country for a period of one year or longer should be regarded here. It would be difficult to supplement the definition with the length of the stay abroad (the one-year rule is missing now), because the procedure is embedded in the law (Personal Income Tax Act).

#### **8.0.5.1 Data sources**

As already mentioned, the sole data source for primary income categories (except for FISIM calculation) that forms GDP/GNI transition is balance of payments. BoP is compiled on the basis of monthly available data on transactions (International Transaction Reporting System) and stocks, customs declarations data as the main source for recording merchandise and estimates. In the following paragraphs emphasis is given to data sources that are relevant for the GDP/GNI transition. BoP is in more detail described in Chapter 11.3.4.

The International Transaction Reporting System (ITRS) is a closed system. There is integrated reporting of the positions on non-resident accounts (these explain changes in the assets or liabilities in the BoP's capital and financial accounts) and the transactions settled through these accounts (these principally explain the changes in the BoP's current account). In the reporting form, the position on each non-resident account at the end of the reporting period should equal the position at the beginning, plus the credit transactions minus the debit transactions. The transactions are classified on the basis of description, as provided by the bank's customers, and the assignment of a transaction code (there are more than 300 transaction codes). They form the basis of the methodology that allows banking forms (e.g. payment orders and forms relating to incoming payments) to be used in the compilation of the BoP statistics. In the ITRS, all transactions are recorded on cash basis.

The main reporting pillars of the ITRS with regard to primary income are:

- reports on transactions settled between residents and non-residents via bank accounts (so-called non-resident accounts) and via their accounts held abroad. The first accounts comprise the banks' foreign correspondent accounts (nostro and loro accounts, including the central bank) and non-bank resident accounts abroad. Reporting units are all banks performing transactions with the ROW and all residents who have opened accounts abroad. Transactions are classified using description provided by the banks' customers;
- accounting data of the Bank of Slovenia;
- annual surveys on balance and transactions with affiliated enterprises (for reinvested earnings on direct investments).

Estimation models are used for the labour income.

#### **Compensation of employees**

The main source of data on the compensation of employees is the ITRS (both on debit and credit side of the BoP). On labour income received (credit side) there is an additional source based on the outcome of an estimation model. Since many wages for Slovenian seasonal and cross-border workers are not paid through domestic banks, an additional estimate is made for these receipts from neighbouring countries. An estimation of workers' income is made on the basis of data provided by Austria and Italy. On the other hand, there is no estimation for labour income paid to non-residents (debit side) in case it is not settled via domestic banks.

#### **Income on direct investment**

Data sources covering income on direct investments are the ITRS and residents' reports on positions and transactions with affiliated companies.

Income on equity capital, regarding dividends and distributed profits, is recorded on the basis of the ITRS. Income on equity capital, concerning reinvested earnings, is recorded on the basis of residents' reports on international capital investments (annual survey on foreign direct investment (FDI)).

Income on debt between affiliated enterprises with capital share of 10% or more – related to FDI other capital – is not included under income on direct investment. All income on debt (regardless of whether there is an FDI relationship or not) is recorded under income on portfolio investment (in case of interest on debt securities) or under income on other investment (in case of interest on e.g. inter company loans). The information is based on the ITRS.

### ***Income on portfolio investment***

The ITRS is the main source covering income on portfolio investment:

- income on debt regardless of whether there is an FDI relationship or not, which may not be right according to the Balance of Payments Manual, fifth edition, but the classification issue does not make a difference for the GDP/GNI transition;
- income on equity (where there is less than 10% ownership).

Also a breakdown by sector is available. The data source for the sector Bank of Slovenia is Bank of Slovenia's accounting data.

### ***Income on other investment***

The ITRS is the main data source for income on other investment and also a breakdown by sector is available.

#### ***8.0.5.2 Valuation and time of recording***

In the ITRS all transactions are reported in the original currency and are converted to the national currency at the exchange rate on the day of the transaction. Exceptions are transactions derived from stocks, where average monthly exchange rates are used.

As the main data source for the estimation of primary income flows with the rest of the world is the ITRS, transactions are recorded on cash basis. The same time of recording principle is used in national accounts (no adjustments to BoP data are made).

## **8.1 COMPENSATION OF EMPLOYEES**

### **8.1.0 Introduction**

In 2001 net compensation of employees amounted to SIT 36 346 mio and consisted of compensation of employees receivable from the rest of the world at SIT 42 818 mio and of compensation of employees payable to the rest of the world at SIT 6 472 mio. The main data source for labour income in BoP is the ITRS.

#### **8.1.1 Non-resident workers in Slovenia**

Non-residents working in Slovenia must have non-resident accounts, and all transactions regarding their wages go through those accounts. Information then enters the BoP. Data on labour income of local staff of Slovene embassies abroad are provided by the Ministry of Foreign Affairs.

There are two weak points related to this issue. The first one is non-estimating of wages paid to non-residents in cash, because no data about this phenomenon are available. The second weak point is that data collected via the ITRS are on a net basis and not on a gross basis (so excluding income tax and social security contributions). Another weak point may seem to be acquiring information when paid and not when the work is done; however, this issue is of minor importance since the difference is usually only a matter of time allocation during a fairly limited period.

#### **8.1.2 Resident workers abroad**

Apart from the ITRS, a complementary estimate is made for seasonal and cross-border workers in neighbouring countries as many wages are not paid through domestic banks. For labour income from Austria this additional estimate is based on the number of Slovene residents working in Austria (data are provided annually by the Austrian central bank) and the average net wage in Austria (data obtained from the Austrian statistical yearbook). For labour income from Italy additional estimate is based on an Italian survey which was held in 1993 and provided data on aggregate consumption of all Slovenian residents working in Italy. The Household Budget Survey provides information on the percentage of income spent in Italy by Slovenian households. The compensation of Slovenian employees working in Italy is then calculated on the assumption that the same percentage of consumption holds also for Slovenian residents working in Italy. Residents working in Italy and Austria are the most important part of this phenomenon, resident workers in other countries are of minor importance and, consequently, no estimation for this part is done.

Data on labour income received by Slovene staff of foreign embassies in Slovenia are based on the ITRS (foreign embassies have non-residents accounts).

Labour income is recorded on a cash basis and includes only net wages, so neither income taxes nor social security contributions are included. Another weak point may seem to be acquiring information when paid and not when the work is done; however, this issue is of minor importance since the difference is usually only a matter of time allocation during a fairly limited period.

## 8.2 TAXES ON PRODUCTION AND IMPORTS

Not relevant for the reference year.

## 8.3 SUBSIDIES

Not relevant for the reference year.

## 8.4 INTEREST

### 8.4.0 Introduction

In 2001 net interest flow with the rest of the world was negative at SIT -26 714 mio; interest receivable is estimated at SIT 63 061 mio and interest payable at SIT 89 774 mio. Interest receivable is estimated as the sum of interest from the balance of payments in the amount of SIT 66 892 mio and adjustment for FISIM at SIT -3 831 mio. Interest payable is estimated as the sum of interest as shown in the balance of payments at SIT 96 734 mio and adjustment for FISIM at SIT -6 959 mio.

In the balance of payments, the ITRS data source provides information on interest flows with the rest of the world. They are divided into interest on bonds and notes and interest on money market instruments, both recorded under income on portfolio investment. Interest on loans, credits and deposits is not recorded separately and is included under income on other investment item. Adjustment for FISIM is done in national accounts and is not included in the BoP. Both adjustments for FISIM, on inflow and outflow side, are described in Chapter 9.

**Table 8.2 Interest receivable and interest payable, 2001**

	Mio SIT
<b>Interest flow (net)</b>	<b>-26 714</b>
<b>Receivable from the rest of the world</b>	<b>63 061</b>
Income on debt portfolio investment	36 418
Bonds and notes	25 005
Money market instruments	11 413
Income on other investment	30 474
Adjustment for FISIM	-3 831
<b>Payable to the rest of the world</b>	<b>89 774</b>
Income on debt portfolio investment	33 331
Bonds and notes	32 495
Money market instruments	835
Income on other investment	63 403
Adjustment for FISIM	-6 959

### 8.4.1 Interest on loans, currency and deposits and financial credits

The ITRS provides separate information on interest flows with regard to short term loans, long term loans and deposits. Interest flows with regard to financial leasing are reported together with interest flows on long term loans and are not recorded separately. The same is with interest flows on long term trade credits – they are reported together

with interest flows on long term loans and are not identified separately, but in general long term trade credits are a small phenomenon. With regard to short term trade credits, no interest is charged in practice. With short term trade credit a company is provided a lag of payment and companies do not charge any interest on that. The compensation for the lag of payment is usually reflected in the higher price of a product or a service bought or sold. With regard to mutual funds, information on interest is included under the financial instrument concerned. Data are kept by instrument and not by category of respondent.

Information on interest flows is also split by domestic sector of the resident party: Bank of Slovenia, government, banks and other sectors.

Information is on a cash basis and not on accrual basis as required by ESA95 and also data are recorded after deduction of taxes.

#### **8.4.2 Interest related to portfolio investment**

Regarding portfolio investment, information on ditto interest is provided by the ITRS. A split between income related to respectively bonds/debentures and to money market instruments are made. Data on interest are collected on a cash basis and after deduction of taxes. Information on a gross basis can only be acquired via a direct report by the respondent, which is foreseen for the near future (2007-2008).

#### **8.4.3 Improvements in the balance of payments**

Starting from 2002, interest on reserve assets (all instruments) and interest on loans (all sectors) are recorded on accrual principle in the balance of payments. Estimation is based on payment schemes data on end-of-month stock of interest, beginning-of-month stock of interest and data on interest paid. The accrued interest is then calculated from the formula which states that end-of-month stock of interest equals beginning-of-month stock of interest increased by accrued interest and decreased by paid interest. Regarding interest on reserve assets, the difference between both approaches was in 2002 negligible (0.02% of GDP higher net interest flows with the rest of the world). The positive net effect of accrual recording of loans was slightly bigger and amounted to 0.05% of GDP.

### **8.5 DISTRIBUTED INCOME OF CORPORATIONS**

The flow of distributed income of corporations (which is composed of dividends and withdrawals from the income of quasi-corporations) was in 2001 negative at SIT 9 263 mio; distributed income of corporations received from the rest of the world amounted to SIT 2 212 mio and distributed income paid to the rest of the world to SIT 11 474 mio.

The ITRS is the source of information for cross-border flows of distributed income. In the balance of payments these data are recorded under income on direct investment from equity capital – distributed earnings item. No distinction is made between income on equity related to direct investment (10% or more capital share) and income on equity related to portfolio investment (below 10% threshold), so all distributed income on equity is recorded as from direct investment. On balance, the classification issue does not make a difference for the GDP/GNI transition. This classification issue was solved in December 2003 when a new reporting code was introduced for "dividends and other distributed earnings from portfolio investments - below 10% ownership threshold".

Distributed income of corporations (resulting from FDI and portfolio investments) is with the use of the settlement system as the main source recorded when paid and not when payable. However, this issue is of minor importance since the difference between paid and payable is minimal in practice as both moments fall within the same calendar year (the difference is usually only a matter of time allocation during a fairly limited period).

Concerning payment of dividends stemming from exceptional capital gains (super dividends), international statistical standards recommend recording as FDI disinvestment and not as income on direct investment. No experience with super dividends in practice has been recorded so far.

Transactions regarding the provision of funds to affiliates to cover losses are recorded in the financial account of the balance of payments and not as direct investment income.

Recording of dividend flows is on a net basis (after deduction of taxes), as information is based on the ITRS. This is not in line with the ESA which require measurement of dividend flows before possible taxation. The issue will be solved with the new BoP collection system based on direct reporting, which will include recording of dividend flows on a gross basis, thus before deduction of tax.

Slovenian ownership of real estate abroad is highly concentrated in Croatia. There are no data available on stocks; efforts have been made in the past to acquire these data from the Croatian authorities, but no success has been achieved so far.

## 8.6 REINVESTED EARNINGS ON FOREIGN DIRECT INVESTMENT

Net reinvested earnings on foreign direct investment amounted in 2001 to SIT 12 092 mio, of which receivable from the rest of the world to SIT -1 028 mio and payable to the rest of the world to SIT -13 119 mio. Both minus signs indicate negative reinvested earnings. In 2001 respondents reported dividends of Slovenian direct investment abroad higher than earnings of Slovenian direct investment abroad, which led to a negative figure of reinvested earnings receivable from the ROW, calculated as the difference between total profits and distributed profits. The same holds true for the foreign direct investment in Slovenia. Reported dividends of foreign direct investments in Slovenia were higher than reported earnings, which led to negative reinvested earnings payable to the ROW. This kind of situation with reinvested earnings for the year 2001 is an exception in comparison to years before and after.

Data on reinvested earnings on foreign direct investment are based on an annual survey (so-called SN report) of Slovenian direct investments abroad (outward FDI) and of foreign direct investment enterprises in Slovenia (inward FDI). Reinvested earnings are not reported directly by the respondents, but are calculated by the Bank of Slovenia as a difference between reported profits/loss after tax and profits remitted and relocated.

The FDI register, as the basis for the annual FDI survey, contains every business unit with an FDI relationship. The FDI survey is currently based on census (in the near future a threshold is foreseen in order to be more efficient, decreasing the number of respondents for the survey by around 30%). Maintenance of the register takes place via input from the ITRS, administrative sources for inward FDI (registration of companies at Court), media such as the press and information from annual reports of companies regarding foreign financial assets, etc., on their balance sheets. The register for both inward and outward FDI is deemed to be complete. The current number of enterprises in the register for inward FDI amounts to 2 200 (covering around 6 000 FDI relationships) and for outward FDI the number of respondents is 860.

Reinvested earnings on direct investment are recorded in the periods when they are earned.

The definition of profit is based on "all inclusive" concept and not according to the "Current Operating Performance Concept" (COPC) which excludes all extraordinary items (only profits from current operations are relevant). In 2005 (for reference year 2004) a new field on extraordinary items was added to the FDI survey. Therefore, from 2004 onwards, data on profit according to the COPC principle will be collected with the FDI survey and reinvested earnings will be calculated as the difference between total profits, reduced by extraordinary items, and distributed profits.

## 8.7 PROPERTY INCOME ATTRIBUTED TO INSURANCE POLICY HOLDERS

Property income attributed to insurance policy holders is income from investing the insurance technical reserves. The reserves are considered to be a property of insurance policy holders and any income from investing the reserves must be shown as being paid by insurance companies to policy holders. Policy holders are subsequently shown as paying back the income to the insurance enterprises in the form of premium supplements. Neither flow occurs in practice, so they need to be imputed. Currently, no estimate is made for such flows yet.

## 8.8 RENTS ON LAND AND SUB-SOIL ASSETS

Rents on land and sub-soil assets are only recorded between residents and non-residents if a non-resident is renting land for less than a year. These rents are not recorded separately in Slovenian balance of payments, but are recorded under direct investment income and only those rents are covered that may arise within the framework of the ITRS. In national accounts no additional calculations are carried out. It is considered that this type of property income is of minor significance. The issue of sub-soil assets is of no relevance.



## CHAPTER 9

### FINANCIAL INTERMEDIATION SERVICES INDIRECTLY MEASURED: CALCULATION, ALLOCATION AND IMPACT ON GNI

#### 9.0 INTRODUCTION

Financial intermediation services indirectly measured (FISIM) are estimated as service charge which is paid by the user of primary monetary services: deposits holding as well as credits (loan) lending services. According to the Commission Regulation 1889/2002, FISIM must be from 2005 on allocated by user sectors and user industries. The Regulation demands FISIM allocation for services of institutional sectors S.122 Other monetary intermediation and S.123 Other financial intermediations. In 2005 the calculation of FISIM was prepared in line with this regulation for the period since 1995 for services of S.122 Other monetary intermediation. Producers within sector S.123 were not included.

In 2001 the total FISIM for S.122 Other monetary intermediation are estimated at SIT 105 826 mio or 2.2% of GDP, of which SIT 104 627 mio for domestic sectors and SIT 1 199 mio in exports. For institutional sectors also imports of FISIM are estimated at SIT 4 327 mio and this gives in 2001 negative balance for FISIM with the rest of the world (Chapters 3.16.1, 5.16 and 5.18).

With the allocation of FISIM to user sectors the level of national aggregates GDP and GNI has increased. While GDP is affected by allocation of FISIM in the final consumption components plus exports less imports of FISIM, the effect of exports and imports of FISIM must be neutralised in GNI compilation. Therefore, GNI level is entirely affected only by the allocation of FISIM in the final consumption components.

Table 9.1 shows main data and effects of FISIM allocation to user sectors on GDP and GNI. In 2001 the allocation of FISIM in the final consumption components is in the total estimated at SIT 40 866 mio or 0.9% of GDP. Exports of FISIM are estimated at SIT 1 199 mio (of which SIT 3 831 mio for loans to non-residents and SIT -2 632 mio as negative FISIM for deposits of non-residents) and imports at SIT 4 327 mio. The total effect of the allocation of FISIM to user sectors on 2001 GDP level is estimated at SIT 37 737 mio or 0.8% of GDP.

The effect of FISIM allocation by user sectors must be corrected on the allocation of primary income account within the actual flows of interest among institutional sectors. As FISIM are allocated to funds depositing and loans raising sectors, the effect of FISIM as service payment of these sectors must be neutralised: actual interest receivable must be increased due to FISIM payments on deposits (actual interest payable of the FISIM producing sector) and actual interest payable must be decreased due to FISIM payments on loans (actual interest receivable of the FISIM producing sector).

Also relevant effects of exports and imports of FISIM must be neutralised in the primary income transactions of interest flows with the ROW. In Table 9.1 interest receivable from the ROW is reduced for FISIM allocated on loans to non-residents at SIT 3 831 mio as exports of FISIM by S.122 Other monetary financial institutions. Interest payable to the ROW is reduced for FISIM allocated on loans to residents from the ROW at SIT 4 327 mio as imports of FISIM and for FISIM allocated on deposits of non-residents at SIT 2 632 mio as negative exports of FISIM by S.122 Other monetary financial institutions. In total interest flows with the ROW are upward adjusted for SIT 3 128 mio and this neutralises the negative surplus of FISIM allocation in exports and imports on goods and services account for the same amount.

Table 9.1 shows GNI figure with FISIM being allocated at SIT 4 812 013 mio and GNI at SIT 4 771 147 mio after deduction of FISIM allocated in the final consumption components at SIT 40 866 mio. For the purpose of determining the contribution of member state to the EU budget (fourth own resource) the effect of FISIM allocation has to be neutralised.

**Table 9.1 Adjustment to GDP and GNI due to FISIM allocation, 2001**

	Mio SIT	Structure
<b>Gross domestic product</b>	<b>4 799 552</b>	<b>100.0</b>
<b>FISIM, total</b>	<b>37 737</b>	<b>0.8</b>
Final consumption expenditure	40 866	0.9
Households	36 033	0.8
NPISH	187	0.0
General government	4 646	0.1
Plus: exports of FISIM	1 199	0.0
Less: imports of FISIM	4 327	0.1
Of which:		
S.11 Non-financial corporations	3 133	
S.12 Financial corporations (S.124, S.125)	-252	
S.13 General government	910	
S.14 Households	618	
S.15 NPISH	-81	
<b>Plus: primary income receivable from the ROW</b>	<b>107 063</b>	<b>2.2</b>
Of which interest, receivable	63 061	1.3
Interest in balance of payments	66 892	1.4
Adjustment for FISIM	-3 831	-0.1
<b>Less: primary income payable to the ROW</b>	<b>94 602</b>	<b>2.0</b>
Of which interest, payable	89 774	1.9
Interest in balance of payments	96 734	2.0
Adjustment for FISIM	-6 959	-0.1
<b>Gross national income</b>	<b>4 812 013</b>	<b>100.3</b>
Less: impact on GNI of allocation of FISIM in the final consumption	40 866	0.9
<b>Gross national income excluding FISIM allocated</b>	<b>4 771 147</b>	<b>99.4</b>

## 9.1 DATA SOURCES AND METHODS

For FISIM calculation and their allocation by user sectors all relevant data are provided by the Bank of Slovenia. Quarterly data on stocks of loans and deposits at the beginning and at the end of the period and relevant interest in S.122 Other monetary financial institutions are split by maturity and by institutional sectors. Data provided by the Bank of Slovenia include loans to resident institutional sectors from the ROW and deposits of non-residents and loans to non-residents by S.122 Other monetary financial institutions.

Due to the available data, the annual average weighted interest rate for intra-bank deposits published by the Bank of Slovenia has been chosen for the internal reference rate. In the future the internal reference rate will be calculated for intra-bank loans with data on actual interest and stocks of loans. The external interest rate is estimated with data on actual interest and stocks of loans of resident banks from non-resident banks.

FISIM for both primary services are estimated as the difference between the value of interests on deposits and on loans on one side and the value of interest according to the reference interest rate on the other. FISIM on loans equal actual interest on loans less interest according to the reference interest rate. FISIM on deposits equal interest according to the reference rate less actual interest on deposits. For this purpose all data on stocks of loans and deposits at the end and at the beginning of the quarter are recalculated to the average value in the middle of the period. In national accounts annual FISIM values equal to the sum of four quarters.

# CHAPTER 10

## MAIN CLASSIFICATIONS USED

### 10.1 CLASSIFICATIONS USED FOR THE PRODUCTION APPROACH

#### 10.1.1 Standard Classification of Activities (SKD)

The Standard Classification of Activities (SKD) is a national version of NACE Rev. 1. It was introduced for the first time in 1995 with the Government Regulation and after two years of transition period it fully replaced the previous classification of activities, Yugoslav National Nomenclature of Activities (EKD). Since 1997, SKD is the mandatory national standard for statistics and other administrative data collections and dissemination (Business Register, VAT Register, Compulsory Social Security Register, etc.).

The current version of SKD is SKD 2002; it is harmonised with NACE Rev. 1.1. down to the fourth digit, except:

- only one class for 17.1 and 17.2;
- no group 62.3;
- no divisions 96 and 97.

For national purposes 39 classes are additionally broken down to the fifth digit code into 114 subclasses. These are used for activities which are very important in the structure of the Slovenian economy or to cover the requests of main users. The entire SKD now includes 576 subclasses (5-digit level).

Breakdown of activities according to SKD, which is used for the output, intermediate consumption and value added calculation is shown in Table 10.1.

**Table 10.1 Level of activity detail for the production approach**

SKD Code	SKD
<b>A</b>	<b>Agriculture, hunting and forestry</b>
01	Agriculture, hunting and related service activities
01.1	Growing of crops; market gardening; horticulture
01.2	Farming of animals
01.3	Mixed farming
01.4	Agricultural service activities, except veterinary activities
01.5	Hunting, trapping and game propagation
02	Forestry, logging and related service activities
<b>B</b>	<b>Fishing</b>
<b>C</b>	<b>Mining and quarrying</b>
10	Mining of coal and lignite; extraction of peat
12	Mining of uranium and thorium ores
13	Mining of metal ores
14	Other mining and quarrying
<b>D</b>	<b>Manufacturing</b>
15	Manufacture of food products and beverages
16	Manufacture of tobacco products
17	Manufacture of textiles
18	Manufacture of wearing apparel; dressing and dyeing of fur
19	Tanning of leather; manufacture of leather goods
20	Manufacture of wood, except furniture
21	Manufacture of pulp, paper and paper products
22	Publishing, printing and reproduction of recorded media

**Table 10.1 Level of activity detail for the production approach (continued)**

SKD Code	SKD
23	Manufacture of coke and refined petroleum products
24	Manufacture of chemicals and chemical products
25	Manufacture of rubber and plastic products
26	Manufacture of other non-metallic mineral products
27	Manufacture of basic metals
28	Manufacture of fabricated metal products, except machinery
29	Manufacture of machinery and equipment n.e.c.
30	Manufacture of office machinery and computers
31	Manufacture of electrical machinery and apparatus n.e.c.
32	Manufacture of radio, television, communication equipment
33	Manufacture of medical, precision and optical instruments
34	Manufacture of motor vehicles, trailers and semi-trailers
35	Manufacture of other transport equipment
36	Manufacture of furniture; manufacturing n.e.c.
37	Recycling
<b>E</b>	<b>Electricity, gas and water supply</b>
40	Electricity, gas, steam and hot water supply
40.1	Production and distribution of electricity
40.2	Manufacture of gas; distribution of gaseous fuels
40.3	Steam and hot water supply
41	Collection, purification and distribution of water
<b>F</b>	<b>Construction</b>
45.1	Site preparation
45.2	Building of complete constructions or parts thereof
45.3	Building installation
45.4	Building completion
45.5	Renting of construction equipment with operator
<b>G</b>	<b>Wholesale and retail trade; repair of motor vehicles</b>
50	Sale and repair of motor vehicles; sale of automotive fuel
50.1	Sale of motor vehicles
50.2	Maintenance and repair of motor vehicles
50.3	Sale of motor vehicle parts and accessories
50.4	Sale, maintenance and repair of motorcycles
50.5	Retail sale of automotive fuel
51	Wholesale trade and commission trade
51.1	Wholesale on a fee or contract basis
51.2	Wholesale of agricultural raw materials and live animals
51.3	Wholesale of food, beverages and tobacco
51.4	Wholesale of household goods
51.5	Wholesale of non-agricultural intermediate products
51.8	Wholesale of machinery, equipment and supplies
51.9	Other wholesale
52	Retail trade; repair of personal and household goods
52.1	Retail sale in non-specialized stores
52.2	Retail sale of food in specialized stores
52.3	Retail sale of pharmaceutical and toilet articles
52.4	Other retail sale of new goods in specialized stores
52.5	Retail sale of second-hand goods in stores
52.6	Retail sale not in stores
52.7	Repair of personal and household goods

Table 10.1 Level of activity detail for the production approach (continued)

SKD Code	SKD
<b>H</b>	<b>Hotels and restaurants</b>
55.1	Hotels
55.2	Camping sites etc.
55.3	Restaurants
55.4	Bars
55.5	Canteens and catering
<b>I</b>	<b>Transport, storage and communication</b>
60	Land transport; transport via pipelines
60.1	Transport via railways
60.2	Other land transport
60.21	Other scheduled passenger land transport
60.22	Taxi operation
60.23	Other land passenger transport
60.24	Freight transport by road
61	Water transport
62	Air transport
63	Supporting transport activities; travel agencies
63.1	Cargo handling and storage
63.2	Other supporting transport activities
63.3	Activities of travel agencies and tour operators
63.4	Activities of other transport agencies
64	Post and telecommunications
64.1	Post and courier activities
64.2	Telecommunications
<b>J</b>	<b>Financial intermediation</b>
65	Financial intermediation
65.1	Monetary intermediation
65.2	Other financial intermediation
65.21	Financial leasing
65.22	Other credit granting
65.23	Other financial intermediation n.e.c.
66	Insurance and pension funding
67	Activities auxiliary to financial intermediation
<b>K</b>	<b>Real estate, renting and business activities</b>
70	Real estate activities
70.1	Real estate activities with own property
70.2	Letting of own property
70.3	Real estate activities on a fee or contract basis
71	Renting of machinery and equipment
72	Computer and related activities
73	Research and development
74	Other business activities
74.1	Legal, accounting and auditing activities
74.2	Architectural and engineering activities
74.3	Technical testing and analysis
74.4	Advertising
74.5	Labour recruitment and provision of personnel
74.6	Investigation and security activities
74.7	Industrial cleaning
74.8	Miscellaneous business activities n.e.c.

Table 10.1 Level of activity detail for the production approach (continued)

SKD Code	SKD
<b>L</b>	<b>Public administration and defence; compulsory social security</b>
75.1	Administration of the State, economic and social policy
75.2	Provision of services to the community as a whole
75.21	Foreign affairs
75.22	Defence activities
75.23	Justice and judicial activities
75.24	Public security, law and order activities
75.25	Fire service activities
75.3	Compulsory social security activities
<b>M</b>	<b>Education</b>
80.1	Primary education
80.101	Kindergartens
80.102	Elementary schools
80.103	Institutions for children with special educational needs
80.2	Secondary education
80.3	Higher education
80.4	Adult and other education
80.41	Driving school activities
80.42	Adult and other education n.e.c.
<b>N</b>	<b>Health and social work</b>
85.1	Human health activities
85.11	Hospital activities
85.12	Medical practice activities
85.121	General practice
85.122	Outpatient specialists activities
85.13	Dental practice activities
85.14	Other human health activities
85.2	Veterinary activities
85.3	Social work activities
85.31	Social work activities with accommodation
85.32	Social work activities without accommodation
<b>O</b>	<b>Other community, social and personal service activities</b>
90	Sewage and refuse disposal and similar activities
91	Activities of membership organizations n.e.c.
92	Recreational, cultural and sporting activities
92.1	Motion picture and video activities
92.2	Radio and television activities
92.3	Other entertainment activities
92.4	News agency activities
92.5	Library, museums and other cultural activities
92.6	Sporting activities
92.7	Other recreational activities
92.711	Betting activities
92.712	Gambling activities
92.72	Other recreational activities n.e.c.
93	Other service activities
93.01	Washing and dry-cleaning of textile and fur products
93.02	Hairdressing and other beauty treatment
93.03	Funeral and related activities
93.04	Physical well-being activities
93.05	Other service activities n.e.c.
<b>P</b>	<b>Private households with employed persons</b>

### 10.1.2 Standard Classification of Institutional Sectors (SKIS)

The Standard Classification of Institutional Sectors (SKIS) was introduced with the Government Regulation in 1998. It came into force in 1999 and is now a mandatory national standard for statistics.

SKIS is based on ESA95 classification of institutional sectors. In the general government sector additional breakdowns were made to facilitate the compilation of the accounts by following the structure of the available data:

- central government subsector is divided into direct central budget users, funds and agencies at the central level and other units at the central level;
- local government subsector is divided into direct local budget users, funds and agencies at the local level and other units at the local level.

Currently there is no state government subsector.

For the production account and for the primary income account all categories are estimated at the 2-digit level of SKIS, with a further breakdown in the financial corporations and the general government sector, as shown in Table 10.2.

**Table 10.2 Level of sector detail for the production approach**

SKIS Code	SKIS
<b>S.11</b>	<b>Non-financial corporations</b>
<b>S.12</b>	<b>Financial corporations</b>
S.121	Central bank
S.122	Other monetary financial institutions
S.125	Insurance corporations and pension funds
S.123+S.124	Other financial corporations
<b>S.13</b>	<b>General government</b>
S.1311	Central government
S.1313	Local government
S.1314	Social security funds
<b>S.14</b>	<b>Households</b>
<b>S.15</b>	<b>NPISH</b>

### 10.1.3 Classification of Products by Activity (CPA)

The Classification of Products by Activity (CPA) was introduced with the Government Regulation in 2000 as a national standard. It has no national sub items. After 1 May 2004 the CPA 2002, as adopted by the Commission Regulation (EC) No 204/2002 of 19 December 2001 on the statistical classification of products by activity (CPA) in the European Economic Community, is in use.

### 10.1.4 Nomenclature of Industrial Products (NIP)

The Nomenclature of Industrial Products (NIP) is a national version of the Prodcom List. First version, which was based on PRODCOM, was introduced in 1996.

The current version is NIP 2003 and is based on PRODCOM 2003. The nomenclature has approximately 5 200 headings. The first eight digits in the nomenclature are the same as in the Prodcom list, but the ninth digit is added to cover a need for additional breakdown of some codes. For some codes also a national unit of measure is added, but always as a second unit. Headings of goods are also defined by one or more headings of the external trade nomenclature.

In comparison with the Prodcom List, NIP includes also the codes for products in division 37 – Recycling, some CPA industrial services and some national headings.

## 10.2 CLASSIFICATIONS USED FOR THE INCOME APPROACH

For income GDP components (compensation of employees, other taxes on production, other subsidies on production, gross operating surplus and gross mixed income) the same activity and sector breakdown is used as for GDP by the production approach (Table 10.1 and Table 10.2). For classification of taxes on products and subsidies on products see Tables 3.65, 3.66 and 3.70 in Chapter 3.

## 10.3 CLASSIFICATIONS USED FOR THE EXPENDITURE APPROACH

### 10.3.1 Classification of Individual Consumption by Purpose (COICOP)

Table 10.3 shows level of detail at which the estimation of household final consumption expenditure according to the Classification of Individual Consumption by Purpose (COICOP) is made.

**Table 10.3 Level of COICOP detail for the household final consumption expenditure**

COICOP Code	COICOP
<b>01</b>	<b>Food and non-alcoholic beverages</b>
01.1	Food
01.1.1	Bread and cereals
01.1.2	Meat
01.1.3	Fish
01.1.4	Milk, cheese and eggs
01.1.5	Oils and fats
01.1.6	Fruit
01.1.7	Vegetables
01.1.8	Sugar, jam, honey, chocolate and confectionery
01.1.9	Food products n.e.c.
01.2	Non-alcoholic beverages
01.2.1	Coffee, tea and cocoa
01.2.2	Mineral waters, soft drinks, fruit and vegetable juices
<b>02</b>	<b>Alcoholic beverages, tobacco and narcotics</b>
02.1	Alcoholic beverages
02.1.1	Spirits
02.1.2	Wine
02.1.3	Beer
02.2	Tobacco
02.2.0	Tobacco
02.3	Narcotics
02.3.0	Narcotics
<b>03</b>	<b>Clothing and footwear</b>
03.1	Clothing
03.1.1	Clothing materials
03.1.2	Garments
03.1.3	Other articles of clothing and clothing accessories
03.1.4	Cleaning, repair and hire of clothing
03.2	Footwear
03.2.1	Shoes and other footwear
03.2.2	Repair and hire of footwear
<b>04</b>	<b>Housing, water, electricity, gas and other fuels</b>
04.1	Actual rentals for housing
04.1.1	Actual rentals paid by tenants
04.1.2	Other actual rentals
04.2	Imputed rentals for housing
04.2.1	Imputed rentals by tenants
04.2.2	Other imputed rentals

**Table 10.3 Level of COICOP detail for the household final consumption expenditure (continued)**

COICOP Code	COICOP
04.3	Maintenance and repair of the dwelling
04.3.1	Materials for the maintenance and repair of the dwelling
04.3.2	Services for the maintenance and repair of the dwelling
04.4	Water supply and miscellaneous services relating to the dwelling
04.4.1	Water supply
04.4.2	Refuse collection
04.4.3	Sewerage collection
04.4.4	Other services relating to the dwelling n.e.c.
04.5	Electricity, gas and other fuels
04.5.1	Electricity
04.5.2	Gas
04.5.3	Liquid fuels
04.5.4	Solid fuels
04.5.5	Heat energy
<b>05</b>	<b>Furnishings, household equipment and routine maintenance of the house</b>
05.1	Furniture and furnishings, carpets and other floor coverings
05.1.1	Furniture and furnishings
05.1.2	Carpets and other floor coverings
05.1.3	Repair of furniture, furnishings and floor coverings
05.2	Household textiles
05.2.0	Household textiles
05.3	Household appliances
05.3.1	Major household appliances whether electric or not
05.3.2	Small electric household appliances
05.3.3	Repair of household appliances
05.4	Glassware, tableware and household utensils
05.4.0	Glassware, tableware and household utensils
05.5	Tools and equipment for house and garden
05.5.1	Major tools and equipment
05.5.2	Small tools and miscellaneous accessories
05.6	Goods and services for routine household maintenance
05.6.1	Non-durable household goods
05.6.2	Domestic services and household services
<b>06</b>	<b>Health</b>
06.1	Medical products, appliances and equipment
06.1.1	Pharmaceutical products
06.1.2	Other medical products
06.1.3	Therapeutic appliances and equipment
06.2	Outpatient services
06.2.1	Medical and paramedical services
06.2.2	Dental services
06.2.3	Other medical services
06.3	Hospital services
06.3.0	Hospital services
<b>07</b>	<b>Transport</b>
07.1	Purchase of vehicles
07.1.1	Motor cars
07.1.2	Motor cycles
07.1.3	Bicycles

**Table 10.3 Level of COICOP detail for the household final consumption expenditure (continued)**

COICOP Code	COICOP
07.2	Operation of personal transport equipment
07.2.1	Spare parts and accessories for personal transport equipment
07.2.2	Fuels and lubricants for personal transport equipment
07.2.3	Maintenance and repair of personal transport equipment
07.2.4	Other services in respect of personal transport equipment
07.3	Transport services
07.3.1	Passenger transport by railway
07.3.2	Passenger transport by road
07.3.3	Passenger transport by air
07.3.4	Passenger transport by sea and inland waterway
07.3.5/6	Other transport services
<b>08</b>	<b>Communication</b>
08.1	Postal services
08.1.0	Postal services
08.2	Telephone and telefax equipment
08.2.0	Telephone and telefax equipment
08.3	Telephone and telefax services
08.3.0	Telephone and telefax services
<b>09</b>	<b>Recreation and culture</b>
09.1	Audio-visual, photographic and information processing equipment
09.1.1	Equipment for the reception, recording and reproduction of sound and pictures
09.1.2	Photographic and cinematographic equipment and optical instruments
09.1.3	Information processing equipment
09.1.4	Recording media
09.1.5	Repair
09.2	Other major durables for recreation and culture
09.2.1	Major durables for indoor and outdoor recreation
09.2.2	Musical instruments
09.2.3	Maintenance and repair
09.3	Other recreational items and equipment, gardens and pets
09.3.1	Games, toys and hobbies
09.3.2	Equipment for sport, camping and open-air recreation
09.3.3	Gardens, plants and flowers
09.3.4	Pets and related products
09.3.5	Veterinary and other services for pets
09.4	Recreational and cultural services
09.4.1	Recreational and sporting services
09.4.2	Cultural services
09.4.3	Gaming and betting
09.5	Newspapers, books and stationery
09.5.1	Books
09.5.2	Newspapers and periodicals
09.5.3	Miscellaneous printed matter
09.5.4	Stationery and drawing materials
09.6	Package holidays
09.6.0	Package holidays
<b>10</b>	<b>Education</b>
10.1	Pre-primary and primary education
10.1.0	Pre-primary and primary education

**Table 10.3 Level of COICOP detail for the household final consumption expenditure (continued)**

COICOP Code	COICOP
10.2	Secondary education
10.2.0	Secondary education
10.3/4	Post-secondary non-tertiary, tertiary education
10.3.4/0	Post-secondary non-tertiary, tertiary education
10.5	Education not definable by level
10.5.0	Education not definable by level
<b>11</b>	<b>Restaurants and hotels</b>
11.1	Catering services
11.1.1	Restaurants, cafés and the like
11.1.2	Canteens
11.2	Accommodation services
11.2.0	Accommodation services
<b>12</b>	<b>Miscellaneous goods and services</b>
12.1	Personal care
12.1.1	Hairdressing salons and personal grooming establishments
12.1.2	Electric appliances for personal care
12.1.3	Other appliances, articles and products for personal care
12.2	Prostitution
12.2.0	Prostitution
12.3	Personal effects n.e.c.
12.3.1	Jewellery, clocks and watches
12.3.2	Other personal effects
12.4	Social protection
12.4.0	Social protection
12.5	Insurance
12.5.1	Life insurance
12.5.2	Insurance connected with the dwelling
12.5.3	Insurance connected with health
12.5.4	Insurance connected with transport
12.5.5	Other insurance
12.6	Financial services n.e.c.
12.6.1	FISIM
12.6.2	Other financial services n.e.c.
12.7	Other services n.e.c.
12.7.0	Other services n.e.c.

### 10.3.2 Combined Nomenclature (KN)

The Combined Nomenclature (KN) is based on the Harmonized Commodity Description and Coding System. It is used for collection and dissemination of external trade statistics data. Since 1996 the 9-digit KN (8 digits of the Combined Nomenclature and 1-digit national extension) is in use.

### 10.3.3 Standard International Trade Classification (SMTK)

The Standard International Trade Classification (SMTK) is based on the Standard International Trade Classification Rev. 3 (SITC). It is used for dissemination of external trade statistics data. There is no national extension.

### 10.3.4 Balance of payments classification

Table 10.4 shows classification which is used for the balance of payments. Only headings from the current account are included.

**Table 10.4 Balance of payments headings from the current account**

Heading
<b>Goods</b>
Export of goods
Export f.o.b. (customs declarations)
Coverage adjustment
Import of goods
Import c.i.f. (customs declarations)
Valuation adjustment
Coverage adjustment
<b>Services</b>
Export of services
Transport
Travel
Business
Personal (tourism)
Communication services
Construction services
Insurance services
Financial services
Computer and information services
Royalties and licence fees
Other business services
Personal, cultural, recreational services
Government services
Import of services
Transport
Travel
Business
Personal (tourism)
Communication services
Construction services
Insurance services
Financial services
Computer and information services
Royalties and licence fees
Other business services
Personal, cultural, recreational services
Government services

**Table 10.4 Balance of payments headings from the current account (continued)**

Heading
<b>Income</b>
Receipts
Compensation of employees
Investment income
Direct investment income
Income on equity
Dividends and distributed branch profits
Reinvested earnings, undistributed profits
Income on debt
Portfolio investment income
Income on equity
Income on debt
Bonds and notes
Money-market instruments and financial derivatives
On debt
Expenditures
Compensation of employees
Investment income
Direct investment income
Income on equity
Dividends and distributed branch profits
Reinvested earnings, undistributed profits
Income on debt
Portfolio investment income
Income on equity
Income on debt
Bonds and notes
Money-market instruments and financial derivatives
On debt
<b>Current transfers</b>
To Slovenia
Official transfers
Other sectors
Workers remittances
Insurance
Other transfers
Abroad
Official transfers
Other sectors
Workers remittances
Insurance
Other transfers

## 10.4 CLASSIFICATIONS USED IN THE TRANSITION FROM GDP TO GNI

The transition from gross domestic product to gross national income is based on the balance of payments data therefore the relevant nomenclature of the BoP is used (Chapter 10.3.4).



# CHAPTER 11

## MAIN DATA SOURCES USED

### 11.0 REGISTERS

#### 11.0.0 Business Register of Slovenia (PRS)

##### *History of the Business Register of Slovenia*

The Register of Organisations and Communities - as required by the regulations of that period - was set up in 1976 and was the first ancestor of what is now the Business Register of Slovenia (Slovenian administrative business register). The register contained mainly the companies and various organisations - profit and non-profit legal persons. Apart from that one the Common Register of Crafts was set up in 1985 to keep the record of craftsmen shops. Since then, the legislation has been changing and both registers have been adapting to the laws as required. Nevertheless, soon after having been set up, the Register of Organisations and Communities has been computerised, whereas the Common Register of Crafts has been computerised from the very beginning. According to the Law on the Business Register of Slovenia - which was passed in 1995 - the Business Register of Slovenia (PRS) was to contain the record of all business subjects in Slovenia, regardless of their legal or institutional form with the exception of family farms and private households. A provision has been made in the Law that the former registers should be harmonised with this law by 1997. The computerised PRS was actually set up in March 1997 and kept and maintained by SURS till July 2002. Technically it is a database run under the Oracle RDBMS.

After July 2002 the PRS is under direction of the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES). SURS with this action passed from the keeper to the user of the PRS with daily access to all records of PRS.

##### *Units of the PRS*

The PRS encompass three types of units: business entities, affiliates and other parts of business entities, and affiliates of foreign business entities.

A business entity is a PRS unit that performs registered profit or non-profit activities or activities defined by a foundation regulation or document on the territory of the Republic of Slovenia. Business entities are:

- legal persons: these are entities that obtain the status of legal persons with the entry into the constitutive register/record or by law. Legal persons can obtain rights and assume obligations, can be owners of movable property and real estate, and can sue or can be sued;
- individuals: these are individual private entrepreneurs (sole proprietors) and other individuals who permanently and independently perform various exclusively profit activities on the free market.

Every business entity has its own form of organisation (legal organisational form), which is based on one of the legally determined legal organisational forms. On 31 September 2003 there were 84 different legal organisational forms of business entities in the PRS. Business entities are entered in the PRS on the basis of registration at the primary register body (courts, ministries, chambers, etc.) or are created and entered into the PRS on the basis of law (government bodies).

Parts of business entities are parts of legal entities and parts of individuals' businesses. They are organisational, legal, business, accounting, production or technological units that perform various activities as business entities on the same location or the same or different activities at an address other than the business entity headquarters. They can be registered at the primary register body, they can be reported by business entities themselves or there is a public interest for them to be kept in the PRS.

Affiliates of foreign business entities are parts of foreign legal persons that perform activities on the territory of the Republic of Slovenia, are registered or there is a public interest for them to be kept in the PRS. Primary register bodies for registration of these units are district courts.

##### *Sources of the PRS*

There are now more than forty primary registries (registry institutions or laws) as the source of PRS records. Data from various registrars on business entities and their parts are collected daily. By the Law on the Business Register all registry bodies are obligated to provide data to AJPES within five days after the registration or change of the data. Registrars

have to report data on registration, changes and cessation of business units. That is why the coverage of the PRS is very good (almost 100%). Some registry bodies send data regularly within one week but some registry bodies are not so timely and send data within one month.

Court registers supply data on legal units (full name, short name, number of administrative decree, date of creation, data on headquarters, legal form, registered activities, kind of ownership, origin of capital, data on founders and representatives). Tax offices, which are competent for the registration of sole proprietors, supply the PRS with data on sole proprietors (full name of the legal unit, data on headquarters, personal data on the entrepreneur, description of performance of activity, data on local units, if any, data on representatives, number of administrative decree, legal form and date of creation of the legal unit). Ministry of the Interior supplies data on political parties, Ministry of Culture provides data on artists, counties (local government units) provide data on societies and trade unions and different chambers provide data on the registered doctors, veterinarians, chemists, detectives and lawyers.

The majority of data are provided to the Business Register as copies of administrative decrees and filled-in forms of registration, changes and cessation (PRS-1 form for legal units and PRS-2 form for local units and parts of units). Some data are exchanged on-line or on other electronic media.

### ***Contents of the PRS***

Characteristics which are recorded for the legal units and local units in the PRS are:

- identification number;
- company title (name);
- registered office and full address (municipality, settlement, street name, street number, appendix to the street number, post office number, name of the post);
- geographic code (codes that used are maintained in the national Register of Spatial Units kept by the Surveying and Mapping Authority of the Republic of Slovenia. These codes are based on the national Standard Classification of Territorial Units and are harmonised upon level 5 with the EU Classification on Territorial Units for Statistics (NUTS). National geographical codes enables the unit to be pinpointed at the level of the appendix to the street number);
- the date of the act of foundation;
- data on the registration with the registry body (the body, date and consecutive number of entry);
- main activity code (SKD);
- legal organisational form;
- date of commencement of operations;
- founder's name and surname (name, address, ID, tax number...);
- representative's name and surname (name, address, ID, tax number...);
- origin of foundation capital code (domestic, foreign, mixed);
- countries of foundation capital code (up to 5 countries);
- type of ownership code (private, co-operative, mixed and government);
- telephone number, fax number, e-mails;
- size class according to the number of employees for some legal entities in line with the EU legislation;
- date of cessation;
- type of change code;
- number of administrative decree;
- bank account number;
- tax number;
- institutional sector indication;
- registrar's data entry personnel user code.

### ***Maintenance and updating***

The sources for PRS maintenance are administrative registries and records. Units that are not registered at registry bodies (government units) are entered and updated when laws defining them are passed.

**Links between registers**

AJPES assigns a unique identification number (ID) to each unit of the PRS upon its registration, which shall not be changed throughout its existence. When the unit ceases to operate, this ID shall not be used to denote other units. The structure of the identification number is:

- for business entities a 7-digit number (a 6-digit serial number and 1-digit control number);
- for parts of business entities a 10-digit number (a 7-digit number of the business entities to which the unit belongs and a 3-digit serial number).

The identification number is the linking element among all primary registers and other administrative records (banks, chambers, etc.) For example, in the register of bank accounts the unique identification element is the account number and in the tax register it is the tax identification number. Both registers also keep identification numbers of the legal units (ID) that are the linking elements of all three registers.

**Definition and classification of the main activity**

The principal economic activity is by the Law on the PRS the registered economic activity or the economic activity defined by a regulation or an act of foundation. If the business subject performs more than one economic activity, the principal economic activity must be established. Usually it is the activity indicated by the business entity in the administrative registration form PRS-1. The majority of legal units register more than one activity. For every registered unit in the PRS, AJPES issues the official document on the registration and classification of main activity by SKD. For the purpose of dealing with principal economic activity classification problems the Commission for Classification was formed with representatives from SURS and AJPES.

**Dissemination**

Data from the PRS - except for personal identification numbers of entrepreneurs, founders or representatives - are public and accessible to all users under equal conditions. Data from the PRS are used for administrative (for government institutions, Chamber of Commerce, Tax Administration, municipalities, banks, insurance companies, customs), statistical, analytical, commercial and other purposes.

**11.0.1 Statistical Register of Employment (SRE)**

The Statistical Register of Employment (SRE) is kept by SURS. It is updated with data from M forms, i.e. Registration of Data for the Pension, Disability and Health Insurance, Parental Care Insurance, Insurance Against Unemployment, and Employment (compulsory social insurance).

Data providers or persons liable to pay the contribution (business entities: legal entities and individuals) report on M forms the data they have to keep in their records according to labour, social and health care and statistics legislation. The guidelines for completing the forms and the definitions are described in Methodological Material I, No 1/87, reprinted in 1991, 1996 and 1998, which was published by the Ministry of Labour, Family and Social Affairs, the Ministry of Health and SURS.

For collecting M forms, data entry and dissemination of data to keepers of the records, the responsible institution is the Health Social Security Fund.

**Observation units**

Observation units are persons who have compulsory social insurance or are employed or self-employed on the territory of the Republic of Slovenia and are at least 15 years old and not retired. Employment can be temporary or permanent, full time or part time.

Since 1995 units in the SRE have been divided according to their insurance status into:

- persons in paid employment:
  - employed by enterprises, companies, institutions or other organisations;
  - employed by affiliates of foreign companies;
  - elected or appointed public office holders;
  - mothers with children working under special regulations;
  - owners of enterprises who manage them personally and are not insured elsewhere;

- people doing public work;
- recruits on voluntary military service;
- persons in paid employment employed by:
  - private entrepreneurs performing economic or gainful activity;
  - own-account workers (clerk working for a lawyer, assistant working for a health professional, etc.);
  - individuals making use of supplementary work of other people (home help);
- self-employed persons:
  - private entrepreneurs;
  - own-account workers performing their activity as the only or principal occupation (e.g. lawyers, cultural workers, health professionals, independent researchers, priests, foster parents, etc.);
  - top athletes;
  - farmers or members of agricultural holdings who have compulsory social insurance;
  - farmers or members of agricultural holdings who have health insurance.

Persons on maternity leave are counted in the category in which they were classified before taking maternity leave.

Some persons are included in statistical processing and analysis of the SRE only exceptionally: persons in paid employment in business entities sent to work or advanced training abroad - detached workers; citizens of the Republic of Slovenia with permanent or temporary residence in paid employment by foreign employers and not insured at foreign insurance institution; persons in paid employment by foreign and international organisations and institutions, foreign consular or diplomatic missions; and apprentices.

The SRE does not contain data on persons in employment under special type of employment contract, royalties or working for direct payment, unpaid family workers and self-employed persons who do not pay insurance.

### **Schedule**

Data providers or persons liable to pay the contribution must file the insurance application, change of data during insurance and deregistration from insurance within 8 days at the latest. The Health Social Security Fund collects data from M forms daily.

SURS receives these data by the 5th of the month for the previous month. By the 15th of the month the files are prepared with data for statistical processing and analysis, for the period two months earlier.

### **Variables in the SRE**

Characteristics, situation and relationships of units are taken from M forms, the Central Population Register (CRP) and the PRS. They are marked with codes according to statistical standards. The use of uniform identifiers for persons and business entities and their parts provides the opportunity of linking with other registries.

Data in M forms:

- identification of a person: Personal Identification Number (PIN), which contains also data on the person's gender and year of birth;
- type of event: insurance registration (employment registration), change of data of registered units, insurance deregistration (termination of employment);
- date of event;
- identification of a business entity or part thereof: Business Register number;
- level of professional qualification (according to workplace - occupation);
- occupation performed by the person (the basis for the national standard is ISCO-88);
- shift work (1, 2, 3, 4 and more shifts);
- employment duration (temporary or permanent employment, trainee);
- working hours/insurance time: number of hours per week;
- citizenship of foreign nationals working in Slovenia (ISO 3166);

- status of the insured/employed person (person in paid employment in enterprise or other organisation, self-employed person, own-account worker, farmer, etc.);
- municipality of temporary residence (NUTS 5 level);
- county of workplace for persons in paid employment or self-employed persons who do not have a Business Register number (NUTS 4 level);
- activity for persons in paid employment or self-employed persons who do not have a Business Register number (SKD);
- education: level of school education, finished school, level of professional attainment (national standard; possible translation into ISCED 1997).

With the aid of PIN the following data from the Central Population Register (CRP) are also available:

- citizenship of permanent population of the Republic of Slovenia (ISO 3166);
- municipality of permanent residence (NUTS 5 level);
- county of permanent residence (NUTS 4 level);
- civil status (national standard: single, married, widowed, etc.);
- address of permanent residence;
- country and place of birth.

With the aid of the Business Register number the following data from the PRS are also available:

- activity (SKD);
- legal organisational form of the business entity (legal entities and individuals);
- institutional sector (SKIS);
- ownership type;
- municipality of workplace (NUTS 5 level);
- county of workplace (NUTS 4 level).

## 11.1 STATISTICAL SURVEYS AND OTHER DATA SOURCES USED FOR THE PRODUCTION APPROACH

### 11.1.0 Annual accounting statements of corporations (2002)

#### *Organisation collecting the data, and purposes for which it is collected*

Annual accounting statements of corporations (companies) are collected by AJPES. Statements are collected for statistical purposes and for the purpose of public disclosure of accounting statements. Reporting is obligatory according to the National Statistics Act and the Companies Act.

#### *Reporting units*

Annual accounting statements of corporations (companies) are submitted by different kinds of corporations, irrespective of their activity or their size. In 2002 the statements were submitted by 38 074 units with the following legal status: limited liability company (32 636 units), unlimited liability company (2 552 units), joint stock company (1 079 units), limited partnership (898 units), limited liability co-operative society (296 units), principal subsidiary of a foreign business entity (175 units), enterprise for the employment of the disabled (145 units), commercial association of interest (87 units), institution (40 units), public enterprise (40 units), co-operative society (30 units), management company (20 units), lawyer firm (18 units), stockbrokers company (17 units), investment company (13 units), others (28 units).

#### *Periodicity*

The data refer to the calendar year.

### ***Variables collected***

From the balance sheet in total 83 variables are collected and from the profit and loss account 80 variables. For the purpose of GDP calculation the following variables are used:

- inventories of raw material at the beginning and at the end of the year;
- inventories of unfinished products at the beginning and at the end of the year;
- inventories of finished products at the beginning and at the end of the year;
- inventories of goods for resale at the beginning and at the end of the year;
- sales of goods and services on domestic market;
- sales of goods and services abroad;
- sales of goods for resale on domestic market;
- sales of goods for resale abroad;
- own-account production;
- subsidies on products;
- other operating revenue;
- value of sold goods purchased for resale;
- costs of material;
- costs of services;
- labour costs (wages and salaries, social security contributions, costs of other insurance, other labour costs);
- depreciation;
- other operating costs;
- other subsidies on production.

### ***Methods used to allow for missing data***

Missing non-financial corporations are determined by matching employment data for units that submitted their annual accounting statements with total employment data in the Statistical Register of Employment. Non-response is very low and amounted to 1.5% in terms of employment.

### ***Adjustments made for conceptual differences from national accounts concepts***

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

### ***Further adjustments made to the data***

Further adjustments made to the data are described in Chapter 3.

## **11.1.1 Annual accounting statements of small unincorporated enterprises (2002)**

### ***Organisation collecting the data, and purposes for which it is collected***

Annual accounting statements of small unincorporated enterprises are collected by AJPES. Statements are collected for statistical purposes and for the purpose of public disclosure of accounting statements. Reporting is obligatory according to the National Statistics Act and the Companies Act.

### ***Reporting units***

Annual accounting statements of small unincorporated enterprises are submitted by small size unincorporated enterprises with the legal status of individual private entrepreneurs, irrespective of their activity or their size. The size class of small enterprises is determined in the Companies Act and is based on the number of employees (less than 50), annual turnover (less than SIT 1 000 mio) and value of assets (less than SIT 500 mio). In 2002 the statements were submitted by 53 180 units. They were all classified in the households sector.

### ***Periodicity***

The data refer to the calendar year.

**Variables collected**

From the balance sheet in total 20 variables are collected and from the profit and loss account 20 variables. For the GDP calculation the following are relevant:

- value of sold material and goods purchased for resale;
- increase/decrease in the inventories of material and goods for resale;
- costs of services;
- labour costs;
- depreciation;
- other costs;
- taxes not linked to the profit/loss;
- sales revenue;
- increase/decrease in the inventories of finished products and unfinished products;
- other revenue.

**Methods used to allow for missing data**

The source is not directly used for estimation of households' activities. It serves as exhaustiveness checking source for tax declarations/assessments on income from production activities of households.

**Adjustments made for conceptual differences from national accounts concepts**

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

**Further adjustments made to the data**

Further adjustments made to the data are described in Chapter 3.

**11.1.2 Annual accounting statements of large unincorporated enterprises (2002)****Organisation collecting the data, and purposes for which it is collected**

Annual accounting statements of large unincorporated enterprises are collected by AJPES. Statements are collected for statistical purposes and for the purpose of the public disclosure of accounting statements. Reporting is obligatory according to the National Statistics Act and the Companies Act.

**Reporting units**

Annual accounting statements of large unincorporated enterprises are submitted by large unincorporated enterprises, irrespective of their activity or their size. The size classes of large unincorporated enterprises are determined in the Companies Act and are based on the number of employees, annual turnover and value of assets. In 2002 the statements were submitted by 18 units. They were all classified in the households sector.

**Periodicity**

The data refer to the calendar year.

**Variables collected**

From the balance sheet in total 83 variables are collected and from the profit and loss account 80 variables. For the purpose of GDP calculation the following variables are used:

- inventories of raw material at the beginning and at the end of the year;
- inventories of unfinished products at the beginning and at the end of the year;
- inventories of finished products at the beginning and at the end of the year;
- inventories of goods for resale at the beginning and at the end of the year;
- sales of goods and services on domestic market;
- sales of goods and services abroad;

- sales of goods for resale on domestic market;
- sales of goods for resale abroad;
- own-account production;
- subsidies on products;
- other operating revenue;
- value of sold goods purchased for resale;
- costs of material;
- costs of services;
- labour costs (wages and salaries, social security contributions, costs of other insurance, other labour costs);
- depreciation;
- other operating costs;
- other subsidies on production.

### ***Methods used to allow for missing data***

The source is exhaustive.

### ***Adjustments made for conceptual differences from national accounts concepts***

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

### ***Further adjustments made to the data***

Further adjustments made to the data are described in Chapter 3.

## **11.1.3 Annual accounting statements of public service providers (2002)**

### ***Organisation collecting the data, and purposes for which it is collected***

Annual accounting statements of public service providers and agencies are collected by AJPES. Statements are collected for statistical purposes, for control purposes and for the purpose of public disclosure of accounting statements. Reporting is obligatory according to the National Statistics Act and the Accounting Act.

### ***Reporting units***

Annual accounting statements of public service providers and agencies are provided by the so-called indirect budgetary units, irrespective of their activity or their size. In 2002 the statements were submitted by 1 604 units with the following legal status: public institution (1 389 units), institution (116 units), chamber (64 units), community of institutions (14 units), others (21 units).

### ***Periodicity***

The data refer to the calendar year.

### ***Variables collected***

From the balance sheet in total 60 variables are collected. Revenue and expenditure accounts are collected in two forms, one shows revenue and expenditure on cash basis and the other on accrual basis. Revenue and expenditure account on cash basis encompass in total 78 variables; the main groups are:

- revenue for carrying out the public service (from central budget, from local budgets, from social security funds, from other public funds, foreign donations, other);
- revenue from sales of goods and services on the market (sales of goods and services, interest, rents, shares in profit of other institutions, other);
- expenditure for carrying out the public service (wages and salaries, employers social security contributions, expenditure for material and services, interest, subsidies, transfers, investments);
- expenditure from sales of goods and services on the market (wages and salaries, employers' social security contributions, expenditure for material and services).

Revenue and expenditure account on accrual basis encompass in total 34 items with the following main groups:

- operating revenue (sales of goods and services, increase/decrease in inventories of products and unfinished production, sale of goods for resale);
- financial revenue;
- other revenue;
- cost of material, cost of services, cost of sold goods for resale;
- labour cost;
- depreciation;
- financial expenditure;
- other expenditure.

#### ***Methods used to allow for missing data***

Missing population is determined by comparison of units that submitted accounting statements and the active population. Active population is determined by the Business Register data and data from the SRE. In 2002 38 units were found to be missing with 345 employees (0.3% of employment in units with accounting statements).

#### ***Adjustments made for conceptual differences from national accounts concepts***

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

#### ***Further adjustments made to the data***

Further adjustments made to the data are described in Chapter 3.

### **11.1.4 Annual accounting statements of direct budgetary units (2002)**

#### ***Organisation collecting the data, and purposes for which it is collected***

Annual accounting statements of direct budgetary units are collected by the Agency for Public Legal Records and Related Services. Statements are collected for statistical purposes, for control purposes and for the purpose of public disclosure of accounting statements. Reporting is obligatory according to the National Statistics Act and the Accounting Act.

#### ***Reporting units***

Annual accounting statements of direct budgetary units are provided by the so-called direct budgetary units (ministries, courts, government and government units, administrative units, municipalities, local communities, and funds of central and local government), irrespective of their activity or their size. In 2002 the statements were submitted by 1 246 units. They were all classified in the general government sector.

#### ***Periodicity***

The data refer to the calendar year.

#### ***Variables collected***

From the balance sheet in total 60 variables are collected. Revenue and expenditure account, which is based on cash basis, encompasses in total 78 variables; the main groups are:

- revenue for carrying out the public service (from central budget, from local budgets, from social security funds, from other public funds, foreign donations, other);
- revenue from sales of goods and services on the market (sales of goods and services, interest, rents, shares in profit of other institutions, other);
- expenditure for carrying out the public service (wages and salaries, employers social security contributions, expenditure for material and services, interest, subsidies, transfers, investments);
- expenditure from sales of goods and services on the market (wages and salaries, employers' social security contributions, expenditure for material and services).

***Methods used to allow for missing data***

Missing population is determined by comparison of units that submitted accounting statements and the active population. Active population is determined by the Business Register data and data from the SRE. In 2002 the response rate was 100%.

***Adjustments made for conceptual differences from national accounts concepts***

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

***Further adjustments made to the data***

Further adjustments made to the data are described in Chapter 3.

**11.1.5 Annual accounting statements of societies (2002)**

***Organisation collecting the data, and purposes for which it is collected***

Annual accounting statements of societies are collected by AJPES. Statements are collected for statistical purposes and for the purpose of public disclosure of accounting statements. Reporting is obligatory according to the National Statistics Act, the Societies Act and the Disabled Persons Organisations Act.

***Reporting units***

Annual accounting statements of societies are provided by the societies of different legal status (99.8% with the legal status of association), irrespective of their activity or their size. In 2002 the statements were submitted by 12 687 units. They were all classified in the NPISH sector.

***Periodicity***

The data refer to the calendar year.

***Variables collected***

From the balance sheet in total 16 variables are collected. Profit and loss account encompass in total 24 variables. The most relevant for GDP calculation are:

- cost of material and sold goods for resale;
- cost of services;
- labour costs;
- depreciation;
- other expenditure;
- operating revenue;
- other revenue.

***Methods used to allow for missing data***

Missing population of NPISH is determined by comparison of, on one hand, employment in units that submitted accounting statements of societies and units of the NPISH sector that submitted other types of accounting statements (mainly legal persons of private law, see 11.1.6) and, on the other hand, total employment in NPISH as shown in the SRE. In 2002 the non-response rate was 5.0% (in terms of employment).

***Adjustments made for conceptual differences from national accounts concepts***

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

***Further adjustments made to the data***

Further adjustments made to the data are described in Chapter 3.

### 11.1.6 Annual accounting statements of legal persons of private law (2002)

#### *Organisation collecting the data, and purposes for which it is collected*

Annual accounting statements of legal persons of private law are collected by AJPES. Statements are collected for statistical purposes and for the purpose of public disclosure of accounting statements. Reporting is obligatory according to the National Statistics Act and the Accounting Act.

#### *Reporting units*

Annual accounting statements of legal persons of private law are provided by different kinds of legal persons of private law, irrespective of their activity or their size. In 2002 the statements were submitted by 3 284 units with the following legal status: trade union (2 637 units), institution (384 units), foundation (99 units), agricultural collective (26 units), fund (25 units), political party (21 units), chamber (16 units), others (76 units).

#### *Periodicity*

The data refer to the calendar year.

#### *Variables collected*

From the balance sheet in total 61 variables are collected. Profit and loss account encompasses in total 38 variables; the main groups being:

- revenue from carrying out the public service (from general government budget, other, increase/decrease in the inventories of finished goods and unfinished production);
- revenue from carrying out own activities (operating revenue, increase/decrease in the inventories of finished goods and unfinished production);
- financial revenue, other revenue;
- cost of material, services and sold goods for resale;
- labour cost;
- depreciation;
- other cost, financial expenditure, other expenditure.

#### *Methods used to allow for missing data*

Annual accounting statements of legal persons of private law are submitted by units of different legal status and from different institutional sectors. Therefore non-response of these units is not separately identified but is part of non-response treatment by other types of accounting statements.

#### *Adjustments made for conceptual differences from national accounts concepts*

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

#### *Further adjustments made to the data*

Further adjustments made to the data are described in Chapter 3.

### 11.1.7 Tax declarations/assessments on income from production activities of households (2002)

#### *Organisation collecting the data, and purposes for which it is collected*

Tax declarations on income from production activities of households are collected by the Tax Administration for administrative purpose. Individual data are submitted to SURS approximately 6 months after the end of the year.

#### *Reporting units*

Tax declarations on income from production activities of households are submitted by individuals performing production activities and which are recorded in relevant register (tax register of individual private entrepreneurs, register of private researchers, register of barristers, register of sportsmen, etc.). Included are also individuals performing agricultural activities. In 2002 declarations were submitted by 65 892 units with the legal status of individual private independent entrepreneur, lawyer, doctor, veterinarian, independent creator in culture, private

detective, notary, pharmacist, independent researcher, person who rents rooms, sportsman, independent journalist, private sports worker, legal interpreter, liable person who works secondary work, holder of secondary activity on farm, legal appraiser.

### **Periodicity**

The data refer to the calendar year.

### **Variables collected**

The tax declaration form contains in total 111 items. For the GDP calculation the following are relevant:

- sales revenue;
- increase of inventories;
- decrease of inventories;
- costs of materials and goods;
- costs of services;
- financial outlays;
- profit or loss;
- cost of representation;
- labour costs;
- depreciation.

### **Methods used to allow for missing data**

Tax declaration data are cross-checked with annual accounting statements of unincorporated enterprises. Other methods used are labour input data (cross-checking of the SRE with income tax declaration; adjustments are done for taxi drivers, lawyers, construction workers and fishermen) and special estimations (adjustments are done for renting of private rooms, and farm tourism). Additional adjustment is done for honoraria contracts.

### **Adjustments made for conceptual differences from national accounts concepts**

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

### **Further adjustments made to the data**

Further adjustments made to the data are described in Chapter 3.

## **11.1.8 VAT declarations (2004)**

### **Organisation collecting the data, and purposes for which it is collected**

VAT declarations are collected by the Tax Administration for administrative purpose. Declarations are submitted to the Tax Administration by the VAT units with different frequency; the large majority of units submit the declarations on the monthly basis, others on quarterly and the remaining every six months. Data are available to SURS each quarter approximately 60 days after the end of the quarter. The database that is received by SURS contains data from all individual declarations, including the tax number. Final data are available to SURS 12 months after the end of the year.

### **Reporting units**

Reporting units are all business subjects, liable for VAT.

### **Periodicity**

The data refer to month, quarter or year.

**Variables collected**

In total 34 variables are shown in VAT declarations:

- taxable supply, exports of goods, exempt and other supply with the right to deduct input VAT, exempt supply with no right to deduct VAT, intra-community supplies of goods;
- taxable purchases, import, exempt purchases and intra-community acquisitions, purchase value of real estate, purchase value of other assets, intra-community acquisitions of goods;
- output VAT from supplies of goods and services and from intra-community acquisitions of goods (to persons taxable for VAT by tax rates, to final consumers by tax rates, from intra-community acquisitions of goods by tax rates);
- input VAT from purchases of goods and services and from intra-community acquisitions of goods (in Slovenia by tax rates, from import by tax rates, flat-rate scheme for farmers, from intra-community acquisitions of goods by tax rates);
- VAT obligation for the tax period, surplus of VAT in the tax period, prepayments from the previous period, payment of VAT, VAT refund.

**Methods used to allow for missing data**

Not relevant.

**Adjustments made for conceptual differences from national accounts concepts**

Not relevant.

**Further adjustments made to the data**

Not relevant.

**11.1.9 Quarterly Survey of Non-financial Corporations NR-PODJ (2003)****Link to surveys undertaken at the European level**

There is no EU regulation. Survey is based on the National Statistics Act and the Annual Programme of Statistical Surveys.

**Reporting units**

Reporting units are non-financial corporations from activities A to O of SKD.

**Periodicity**

Survey is quarterly. To the questionnaire for the fourth quarter a supplement is added which asks for an annual value for selected variables.

**Results availability**

Results for the first three quarters are available 60-65 days after the end of the reference quarter and for the fourth quarter 75 days after the end of the reference quarter.

**Sampling frame**

Sampling frame for the survey covers enterprises from all activities that have annual accounting statements for non-financial corporations and either more than 10 employees according to SRE or turnover higher than selected threshold according to annual accounting statements. In 2003 a total of 5 740 enterprises were included in the sampling frame with 414 000 employees; that represents 85% of all employees in non-financial corporations according to SRE.

**Compulsory or voluntary**

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

**Main features of survey methodology**

Survey was introduced in the current form in 1999. It provides data on basic and aggregated accounting categories. Its definitions are based on Slovenian Accounting Standards for non-financial corporations. Results are mainly used for quarterly national accounts purposes, but also for short-term statistics needs and structural statistics needs.

A single questionnaire is used for all respondents falling within the population regardless of size. Data collection is done by post. To speed up or increase the rate of response three postal reminders and telephone contacts (only for the key-responders) are used.

### **Population size**

The total number of employees in non-financial corporations in 2003 was 490 000 according to SRE.

### **Sample size**

Sampling frame is stratified according to number of employees, turnover and activity. Inside the stratum the sample is selected using the permanent random number system. All enterprises with more than 50 employees or with turnover higher than selected threshold are included in the sample as well as approximately 20% sample of smaller enterprises (sample of small enterprises is stratified the same way as the sampling frame). Sample covers 2 250 enterprises with 354 000 employees or 85% of employees from the sampling frame. Threshold values and percentages are:

Employment:	sample fraction
11 to 25:	11.6%
26 to 50:	33.2%
51 to 125:	100.0%
126 to 250:	100.0%
251 and more:	100.0%

### **Survey response rate**

Survey response rate is 95% in terms of employment.

### **Method used to impute for missing data**

Imputation is done to cover the non-response of large enterprises. It is based on three methods: historical trend imputation for units with data from previous quarters; cold deck with use of the previous year administrative data for units for which we have data from administrative sources; mean value imputation for the rest of the non-response large units.

### **Variable used for grossing-up to the population**

For grossing-up to the population Horwitz-Thompson weight (inverse value of the probability of selection) is used. For the small units this weight is additionally multiplied by the non-response weight inside the stratum.

### **Sample coverage**

Sample covers approximately 40% of enterprises from the sampling frame or 85% of employees.

### **Main variables collected**

The following variables are covered each quarter:

- turnover on domestic market;
- exports;
- own-account production;
- subsidies on products;
- costs of material;
- costs of services;
- labour costs;
- other costs;
- value of sold goods purchased for resale;
- depreciation;
- level of inventories at the beginning and at the end of the quarter by type (raw materials, work in progress, finished goods, goods for resale);

- investments (purchases and sales) by type (land, new buildings, existing buildings, transport equipment, other machinery and equipment, other tangible fixed assets, intangible fixed assets).

Annual supplement asks for a more detailed data on different selected variables. By now the following variables were covered:

- insurance premiums;
- rents;
- labour costs;
- subsidies;
- payroll tax;
- inventories (methods used and frequency of revaluation);
- own-account production.

#### ***Further adjustments made to the survey data***

No further adjustments to the survey data are made.

### **11.1.10 Survey on the Structure of Intermediate Consumption and Output NR-IOT (2000)**

#### ***Link to surveys undertaken at the European level***

There is no EU regulation. Survey is based on the National Statistics Act and the Annual Programme of Statistical Surveys.

#### ***Reporting units***

Reporting units are corporations, general government and NPISH units, unincorporated enterprises and other units, included in the sample.

#### ***Periodicity***

Five years. Survey was conducted for the first time in 2001 (data for 2000). The next one was carried out in 2006 (data for 2005).

#### ***Results availability***

Results are available 24 months after the end of the reference period.

#### ***Sampling frame***

Sampling frame is based on the PRS, the SRE and annual accounting statements.

#### ***Compulsory or voluntary***

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

#### ***Main features of survey methodology***

The purpose of the survey is to obtain data on the structure of intermediate consumption and output by individual activities. Survey is divided into 4 parts according to the types of institutional units:

- non-financial and financial corporations: there is a threshold for inclusion of units into the survey; all units with 50 and more employees in SKD sections A to E and with 20 and more employees in SKD sections F to O are included into the survey; for small units there is a sample according to strata by activities;
- public service providers and agencies: same inclusion as above;
- non-profit institutions: inclusion of largest units by revenue, sample for other units according to strata by activities;
- unincorporated enterprises: sample according to strata by activities.

The survey is a postal questionnaire and 5 types of questionnaires are used (according to the type of annual accounting statement).

**Population size**

- non-financial and financial corporations: 37 694;
- public service providers and agencies: 1 591;
- NPISH: 14 657;
- unincorporated enterprises: 66 426.

**Sample size**

- non-financial and financial corporations: 3 532;
- public service providers and agencies: 1 126;
- NPISH: 185;
- unincorporated enterprises: 1 611.

**Survey response rate**

- non-financial and financial corporations: 83.4%;
- public service providers and agencies: 96.3%;
- NPISH: 91.4%;
- unincorporated enterprises: 63.0%.

**Method used to impute for missing data**

No imputation for missing data is made. Non-response is entirely treated by reweighting inside the strata.

**Variable used for grossing-up to the population**

For grossing-up to the population level the value of intermediate consumption, as shown in the annual accounting statements is used.

**Sample coverage**

- non-financial and financial corporations: 76.9%;
- public service providers and agencies: 92.0%;
- non-profit institutions: 64.0%;
- entrepreneur units: 9.0%.

**Main variables collected**

The survey provides data on costs of materials and services by approximately 150 product groups (CPA classification), as well as revenue from the main activity (3-digit SKD) and from secondary activities (2-digit SKD).

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.1.11 Economic Accounts for Agriculture (2003)**

**Link of surveys conducted at the European level**

Regulation (EC) No 138/2004 of the European Parliament and of the Council of 5 December 2003 on the economic accounts for agriculture in the Community.

**Reporting units**

Agricultural holdings.

**Periodicity**

Annual.

**Results availability**

The first estimate of the real income from agriculture for the year  $t$  is available in November of the year  $t$ ; the second estimate is available in January of the year  $t+1$ . Provisional data on economic accounts for agriculture at current prices are available by September of the year  $t+1$ .

**Sampling frame**

The frame of the economic accounts for agriculture is the threshold of units observed in agricultural statistics. It includes farms satisfying the criteria of EU comparable threshold criteria, agricultural enterprises performing agricultural activity according to the Business Register data, market producers of vegetables and producers of fruit on plantations.

**Compulsory or voluntary**

SURS is obligated to publish the data on economic accounts for agriculture under the National Statistics Act and the Annual Programme of Statistical Surveys.

**The framework of the agricultural industry**

- agricultural activities (main or secondary) performed by agricultural units;
- non-agricultural secondary activities of agricultural units.

**Main data sources**

The main data sources are surveys of agriculture statistics, industry statistics, external trade statistics, annual accounting statements, tax records, data of the Ministry of Finance, the Agricultural Institute of Slovenia and the Ministry of Agriculture, Forestry and Food.

**Main features of the methodology**

The economic accounts for agriculture are a satellite account in the framework of the national accounts, whose basic concepts, principles and rules are based on ESA95. However, the latter only provides a general framework for the economy as a whole, and has to be adapted to the specific requirements of agriculture. These particular requirements derive mainly from the specific purposes of the economic accounts for agriculture, the availability of data sources and the specific character of agricultural units and their economic activities.

Economic accounts for agriculture are prepared for the calendar year. Data on economic accounts – production, value added, factor income, gross fixed capital formation, employment – are the basis for the calculation of income indicators for agriculture and are the data source for further analyses. Agricultural accounts enable international comparability as well as comparability with other activities inside of the national economy.

**Accounts compiled**

- production account;
- generation of income account;
- entrepreneurial income account;
- elements of the capital account.

**Main variables calculated**

- output;
- intermediate consumption;
- gross value added;
- consumption of fixed capital;
- net value added;
- factor income;
- operating surplus and mixed income;
- entrepreneurial income;
- employment;
- gross fixed capital formation.

### 11.1.12 Annual Industry Report IND/L (2003)

#### *Link to surveys conducted at the European level*

From 1995 onwards the data on production are collected in accordance with Council Regulation (EEC) No 3924/91 of 19 December 1991 on the establishment of a Community survey of industrial production.

#### *Reporting units*

The reporting units are enterprises and KAUs classified in SKD sections C, D or E (i.e. main activity) as well as enterprises classified elsewhere but with industry as secondary activity.

#### *Periodicity*

Annual.

#### *Results availability*

The provisional data are available 6 months after the end of the reference period and the final data approximately 9 months after the end of the reference period.

#### *Sampling frame*

The frame for the survey is the PRS. The survey covers all industrial enterprises and establishments, performing one or more activities of sections Mining, Manufacturing, Electricity and gas supply, with 20 or more employees and some smaller enterprises (5 – 19 employees).

#### *Compulsory or voluntary*

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

#### *Main features of survey methodology*

The collection of production data started in 1957. Until 1994 the survey was based on the old national classification EKD. From 1995 onwards the survey is based on the national version of the Prodcom List called the Nomenclature of Industrial Products (NIP). The data are collected with the standard questionnaire by post.

#### *Population size*

The survey covers industrial enterprises and KAUs performing one or more activities from the fields of Mining and quarrying (C), Manufacturing (D) and Electricity, gas and water supply (E) of the SKD with twenty or more employees; and some smaller units with 5–19 employees.

#### *Sample size*

Approximately 2 500 units.

#### *Survey response rate*

Survey response rate is approximately 90%.

#### *Method used to impute for missing data*

Data on quantities for units that did not respond are imputed from the Monthly Industry Report. If the enterprise did not report in the Monthly Industry Report, its data from the previous year are used, adjusted with the industrial production index. For the imputation of value data, the producer price indices of manufactured goods are also used.

#### *Variable used for grossing-up to the population*

No grossing-up to the population is made.

#### *Sample coverage*

Sample coverage is approximately 90%.

**Main variables collected**

For each NIP heading the following data are collected:

- quantities of production;
- quantities used for further production;
- quantities of inventories on the last day of the reference year;
- quantities of sales;
- total value of sales;
- value of export sales;
- average price.

For each NIP heading regular production (production type 1) and industrial services, subcontracting (production type 2) are distinguished.

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.1.13 Annual Report on Building or Civil Engineering Work GRAD/L (2004)****Link to surveys conducted at the European level**

For building statistics methodological reference is the Programme of Current Housing and Building Statistics for countries in the UN/ECE.

**Reporting units**

Enterprises and KAUs performing construction activity.

**Periodicity**

Annual.

**Results availability**

The results are available 10 months after the end of the reference period.

**Sampling frame**

Sampling frame is based on the Business Register data and data from the annual accounting statements. The survey covers enterprises registered within section F of SKD and also some non-construction companies performing construction works. The survey covers all construction enterprises, whose 2003 value of construction put in place was at least SIT 100 mio, their units having at least 20 persons in paid employment and also some non-construction companies performing construction works.

**Compulsory or voluntary**

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

**Main features of survey methodology**

The survey was carried out for the first time in 1952. The current questionnaire has been used since 1998.

Data cover buildings and civil engineering structures at which construction enterprises and organisations have carried out construction, new construction or extension, improvements-conversion, reconstruction, investment maintenance and regular maintenance works. Classification of constructions into buildings and civil engineering works is determined by the Classification of Types of Constructions (CC-SI). To avoid double counting subcontractors are not required to report.

**Population size**

Approximately 14 000 units.

**Sample size**

650 units.

**Survey response rate**

Survey response rate is approximately 82% (in terms of units).

**Method used to impute for missing data**

Missing data is imputed for units that are included in the monthly survey on construction.

**Variable used for grossing-up to the population**

No grossing-up to the population is made.

**Sample coverage**

Sample covers approximately 92% of the population (in terms of value of construction put in place).

**Main variables collected**

- investor;
- start of work;
- type of work;
- type of the object;
- value of construction put in place, of which subcontractors.

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.1.14 Report on Building Permits GRAD-PGD/M (2004)**

**Link to surveys conducted at the European level**

The main methodological reference is Eurostat's manual – Methodology of Short-term Business Statistics.

**Reporting units**

The reporting units are administrative units issuing building permits.

**Periodicity**

Data are collected monthly and published quarterly.

**Results availability**

Provisional quarterly data are published 50 days after the reference period. Final data for all quarters are published 6 months after the end of the reference year.

**Sampling frame**

The source of data is the project documentation for obtaining the building permit, which is available at the department for environment and spatial planning within the administrative unit.

**Compulsory or voluntary**

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

**Main features of survey methodology**

The survey was carried out for the first time in 1998. For buildings for which the administrative units issued building permits (new constructions, extensions and conversion of use) data are collected on the number of buildings, the floor area of buildings, the volume of buildings, the number of dwellings, the useful floor area of dwellings, the number of rooms in dwellings, and the estimated costs of the building work. Classification of buildings is determined by the Classification of Types of Constructions (CC-SI).

**Population size**

In 2004 approximately 7 100 building permits were issued.

**Sample size**

Not relevant. The survey provides data on all building permits issued in the reference period.

**Survey response rate**

Not relevant. The survey provides data on all building permits issued in the reference period.

**Method used to impute for missing data**

Not relevant. The survey provides data on all building permits issued in the reference period.

**Variable used for grossing-up to the population**

Not relevant. The survey is exhaustive.

**Sample coverage**

Not relevant. The survey is exhaustive.

**Main variables collected**

- investor;
- type of building;
- type of work;
- volume of building;
- estimated costs of the building work;
- the floor area of building;
- number of dwellings;
- useful floor area of dwellings;
- number of rooms in dwellings.

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.1.15 Quarterly Survey on Trade TRG/ČL (2003)****Link to surveys undertaken at the European level**

Despite there is no direct link to inquiries conducted at European level, some of the results of the survey (turnover indices for SKD 51) are transmitted to Eurostat in order to satisfy the requirements of the Council Regulation No 1165/98 concerning short-term statistics.

**Reporting units**

Observation units are business entities or their parts (enterprise, company, business unit, entrepreneur) performing trade activity as principal or supplementary activity. Reporting units are thus enterprises whose main activity is trade and enterprises with other main activities. However, in both cases only data concerning trade (purchase of goods for further sale and actual sale of goods) are taken into consideration. Internal sale between wholesale and retail trade in a composite enterprise is not taken into consideration; turnover is only the value of sale to external buyers. In answering the questionnaire every reporting unit takes into consideration all its business units. The source of data are accounting and personnel records of enterprises, and only exceptionally estimates.

**Periodicity**

Quarterly.

### **Results availability**

The results are available about 75-80 days after the end of the reference quarter.

### **Sampling frame**

The sampling frame is designed from the PRS, the annual accounting statements, the Statistical Register of Employment and some statistical surveys.

### **Compulsory or voluntary**

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

### **Main features of survey methodology**

The purpose of the survey is quarterly collection of basic data on distributive trade network, employed persons, changes of turnover from sale of goods and material, structure of revenue and changes of inventories of goods in wholesale and retail trade and collection of turnover in commission trade. Questionnaires are returned to SURS by mail.

The activities in section G of SKD are observed, except 50.2 Maintenance and repair of motor vehicles, 52.62 Retail trade via market stalls and 52.7 Repair of personal and household goods. There is no size class threshold for sampling. The sample is divided into strata by activities and size of the enterprises for which the turnover strata are used.

### **Population size**

Approximately 12 000 units.

### **Sample size**

Approximately 3 300 units are included in the sample.

### **Survey response rate**

Survey response rate is approximately 85% (in terms of units).

### **Method used to impute for missing data**

For non-response units data are estimated by weighting the available data of units that participated in the survey.

### **Variable used for grossing-up to the population**

Turnover is used for grossing-up to the population.

### **Sample coverag**

The sample fractions by size (turnover strata) are as follows:

- large units: 100%;
- medium units: 100%;
- small units: 17%.

### **Main variables collected**

Chapter I of the questionnaire is intended to observe the total activity of the enterprise:

- sales of products and services, VAT, exports;
- sales via electronic media (internet, TV, phone);
- total number of persons working in the enterprise at the end of the quarter.

Chapter II of the questionnaire is intended to observe the commission trade activity of the enterprise:

- quarterly commission trade turnover values on domestic and foreign markets, VAT;
- commission trade turnover values on domestic market by months;
- commission trade activity with the most turnover (SKD, 5-digits);
- number of persons working in the commission trade activity at the end of the quarter.

Chapter III of the questionnaire is intended to observe the wholesale activity of the enterprise:

- quarterly wholesale turnover values on domestic and foreign markets, VAT, value of inventories at the end of the quarter;
- wholesale turnover on domestic market including VAT: by buyers, by months of the quarter and by groups of goods;
- wholesale activity with the most turnover (SKD, 5-digits);
- number of persons working in wholesale activity at the end of the quarter.

IV. Chapter IV of the questionnaire is intended to observe the retail trade activity of the enterprise:

- quarterly retail turnover, VAT, value of inventories at the end of the quarter;
- retail turnover including VAT: by groups of goods, by the payment mode and by months of the quarter;
- retail activity with the most turnover (SKD, 5-digits);
- number of persons working in retail activity at the end of the quarter;
- number of retail stores by the size of retail sales area at the end of the quarter.

#### ***Further adjustments made to the survey data***

The results of the survey are computed for the whole population in terms of value and in indices. Quarterly, only indices are published; the nominal values are available only to internal users. Annually, nominal values are also published. The results are shown at current prices; change of prices is not eliminated.

### **11.1.16 Monthly Survey on Arrivals and Overnight Stays of Tourists TU/M (2004)**

#### ***Link to surveys conducted at the European level***

Council directive 95/57/EC on the collection of statistical information in the field of tourism.

#### ***Reporting units***

Reporting units are all legal entities and individuals offering accommodations to tourists.

#### ***Periodicity***

Monthly.

#### ***Results availability***

The results are available 45 day after the end of the reference month.

#### ***Sampling frame***

Sampling frame is based on the Business Register, administrative databases and others. The survey is based on full coverage.

#### ***Compulsory or voluntary***

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

#### ***Main features of survey methodology***

Data are collected with monthly reports, compiled by reporting units according to records of their reception services.

Tourist accommodations are divided into types of tourist accommodations according to the Regulation on Criteria and the Methods of Categorisation of Accommodation Establishments and Marinas. All these tourist accommodations must be categorised, i.e. for a certain type of offer they must have the category assigned by the number of stars (for tourist farms the number of apples is used), which denotes the quality of their offer. Data are also collected for tourist accommodations that are not classified by the above mentioned regulation. These are mountain huts, company vacation facilities, vacation facilities for youth, other vacation facilities and temporary accommodation facilities (student residence and boarding schools that are available to tourists during the holidays).

**Population size**

Approximately 750 units.

**Sample size**

Not relevant. Survey is a census survey.

**Survey response rate**

Survey response rate is approximately 97%.

**Method used to impute for missing data**

No imputation for missing data is made.

**Variable used for grossing-up to the population**

Not relevant. Survey is a census survey.

**Sample coverage**

Not relevant. Survey is a census survey.

**Main variables collected**

- tourist arrivals and overnight stays by countries;
- accommodation facilities by types of tourist resorts and by types of tourist accommodations.

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.1.17 Annual Report on Maritime Transport (2003)**

**Link to surveys undertaken at the European level**

The statistics have been produced since 1991. The survey is in line with the Council Directive 95/64/EC of 8 December 1995 on statistical returns in respect of carriage of goods and passengers by sea.

**Reporting units**

The reporting unit is Splošna plovba, International Shipping and Chartering Ltd.

**Periodicity**

Annual.

**Results availability**

The data are available about 8 months after the end of the reference period.

**Compulsory or voluntary**

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

**Main features of survey methodology**

The yearly data on maritime transport are collected by post. The statistics are intended to provide annual information on: transport equipment, exploitation of ships, carrying of passengers, carrying of goods, export and import by regions, transport of goods between harbours in foreign countries, carrying of containers, carrying of goods by containers, carrying of transport equipment, supplied and consumed fuel, revenues and costs in Slovenia and abroad.

**Population size**

One unit.

**Sample size**

One unit.

**Survey response rate**

Survey response rate is 100%.

**Method used to impute for missing data**

Not relevant.

**Variable used for grossing-up to the population**

Not relevant. Survey is a census survey.

**Sample coverage**

Not relevant. Survey is a census survey.

**Main variables collected**

- transport equipment (type of ship, gross tonnage, passenger places, number of berths, deadweight, power of main engine);
- exploitation of ships (type of ship, nautical miles made, passenger places-nautical miles or DWT nautical miles);
- carrying of passengers (national and international transport);
- carrying of goods (national and international transport);
- export and import by regions (type of cargo, region);
- carrying of goods between harbours in foreign countries (region);
- carrying of containers (size of container, national and international transport);
- carrying of goods by containers (size of container, national and international transport);
- carrying of transport equipment (road vehicle, railway wagon, barge, national and international transport);
- supplied and consumed fuel;
- revenues and costs in Slovenia and abroad.

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.1.18 Statistics on postal and related services (2003)****Link to surveys undertaken at the European level**

Survey is carried out in the frame of COINS – Communication and information Statistics, which is in line with Directive 97/67/EC, amended in Directive 2002/39/EC. The COINS was stated to mainly cover functional aspects of the industry observed (SKD 64.11, 64.12). SURS provides only data on universal (public) postal activities (SKD 64.11), but not data on courier activities (SKD 64.12).

**Reporting unit**

The reporting unit is the Slovenian Post.

**Periodicity**

Annual.

**Results availability**

The data on national level are published by Eurostat approximately 12 months after the end of the reference period. The results are not published in Slovenia.

**Compulsory or voluntary**

Survey is voluntary.

**Main features of survey methodology**

Data are collected by postal questionnaire. SURS acts as the mediator in transmission of data from the reporting unit to Eurostat.

**Population size**

One unit.

**Sample size**

One unit.

**Survey response rate**

Survey response rate is 100%.

**Method used to impute for missing data**

Not relevant. Survey is a census survey with 100% response rate. No data are missing.

**Variable used for grossing-up to the population**

Not relevant. Survey is a census survey.

**Sample coverage**

Not relevant. Survey is a census survey.

**Main variables collected**

The survey intends to observe data, concerning: employment, turnover, investments, post offices and boxes, domestic post traffic, international post traffic, collections and deliveries, data on quality of services.

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.1.19 Statistics on telecommunications (2003)**

**Link to surveys undertaken at the European level**

The survey is carried out in the frame of COINS – Communication and information Statistics which is in line with Directive 58/97/EEC. Some data on this industry are covered by the Structural Business Statistics Regulation, while the COINS were stated to mainly cover functional aspects of the industry observed. Some data for Slovenia are produced for fixed and mobile telephony on the basis of gentleman's agreement. Other data (statistics on calls) are gathered on the basis of regular quarterly reports.

**Reporting unit**

Enterprises, companies and private operators performing relevant activities.

**Periodicity**

Annual.

**Results availability**

The data on national level are published by Eurostat approximately 10 month after the end of the reference period. The results are not published in Slovenia.

**Compulsory or voluntary**

Survey is voluntary.

**Main features of survey methodology**

Data are collected from operators of fixed and mobile telephony. A minor part of data is compiled also by the relevant agency. SURS acts as the mediator in transmission of data from the reporting unit to Eurostat.

**Population size**

The population consists of all operators conducting the activity observed. It means 3 reporting units in fixed telephony and 3 units performing mobile telephony.

**Sample size**

Six units.

**Survey response rate**

Survey response rate is 100%.

**Method used to impute for missing data**

Not relevant. Survey is a census survey with 100% response rate. No data are missing.

**Variable used for grossing-up to the population**

Not relevant. Survey is a census survey.

**Sample coverage**

Not relevant. Survey is a census survey.

**Main variables collected**

The main indicators collected are: employment, investments, turnover in telecommunication services, international receipts and payments, national and international calls statistics, short text messages statistics and indicators on infrastructure: number of lines, number of subscriptions by service type).

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.1.20 Financial statements of monetary institutions (2003)****Organisation collecting the data, and purpose for which it is collected**

Financial statements of monetary institutions are collected by the Bank of Slovenia. Data are collected for the purpose of supervision of monetary institutions and for macroeconomic statistics.

**Reporting units**

Reporting units are all banks, savings banks and savings and loans undertakings.

**Periodicity**

Data are monthly, quarterly and annual. They are provided to SURS on a quarterly basis 30 days after the end of the reference quarter. Final annual data are available 5 months after the end of the year.

**Variables collected**

Balance sheet items and profit and loss accounts items are collected in a fine level of detail. A uniform chart of accounts is used by all monetary institutions. This chart of accounts is divided into 10 sections, including a profit and loss section and a subsection for the off-balance sheet accounts. The accounting data are mostly in the line with international accounting standards and with the Council Directive 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions. Balance sheet contains 73 items and profit and loss account 25 items. The main profit and loss account items are:

- interest receivable and similar income;
- interest payable and similar expenses;

- income from securities;
- commissions (fees) receivable;
- commissions (fees) payable;
- income from financial operations;
- expenses from financial operations;
- other operating income;
- labour costs;
- costs of materials and services;
- depreciation and revaluation of operating expenses relating to intangible and tangible assets;
- other operating expenses;
- operating result (profit or loss).

### ***Methods used to allow for missing data***

All units are covered; no data are missing.

### ***Adjustment made for conceptual differences from national accounts concepts***

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

### ***Further adjustment made to the data***

Further adjustments made to the data are described in Chapter 3.

## **11.1.21 Financial statements of insurance undertakings (2003)**

### ***Organisation collecting the data, and purpose for which it is collected***

Data are collected by the Insurance Supervision Agency. Data are collected for the purpose of supervision of insurance enterprises.

### ***Reporting units***

Reporting units are all insurance companies, reinsurance companies and pension companies.

### ***Periodicity***

Annual.

### ***Variables collected***

Balance sheet items and profit and loss accounts items are collected in a fine level of detail, described by the chart of accounts for insurance undertakings. The accounting data are in line with the Council Directive (91/674/EEC) on the annual accounts and consolidated accounts of insurance undertakings. Profit and loss account consists of: technical account for non-life insurance, technical account for life insurance and non-technical account. The main items from the profit and loss account which are important for national accounts are:

- earned premiums;
- investment income;
- other technical income;
- claims incurred;
- change in other technical provisions;
- bonuses and rebates;
- change in the equalisation provisions;
- operating costs;
- labour costs;
- reinsurance commissions and profit participation;

- investment charges;
- other technical charges.

### ***Methods used to allow for missing data***

All units are covered; no data are missing.

### ***Adjustment made for conceptual differences from national accounts concepts***

Adjustments made to correct for conceptual differences from national accounts concepts are described in Chapter 3.

### ***Further adjustment made to the data***

Further adjustments made to the data are described in Chapter 3.

## **11.2 STATISTICAL SURVEYS AND OTHER DATA SOURCES USED FOR THE INCOME APPROACH**

This chapter describes only those statistical surveys and other data sources for the income approach that are not already described in previous chapters.

### **11.2.0 Labour Cost Survey (2000)**

#### ***Link to surveys undertaken at the European level***

Commission Regulation (EC) No 1726/1999 of 27 July 1999 Implementing Council Regulation (EC) No 530/1999 concerning structural statistics on earnings and on labour costs as regards the definition and transmission of information on labour costs.

#### ***Reporting units***

Reporting units are local KAUs and enterprises with at least 10 employees.

#### ***Periodicity***

Survey is conducted every 4 year.

#### ***Results availability***

Results of the survey are available 18 months after the end of the reference period.

#### ***Sampling frame***

The sampling frame covers 9 555 enterprises, companies and organisations, of that 7 060 small (50 or less employees), 2 158 medium (between 51 and 250 employees) and 337 large units (251 and more employees).

#### ***Compulsory or voluntary***

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

#### ***Main features of survey methodology***

Labour Costs Survey aims to provide insight into the level and structure of labour costs and to provide employers and economic policy makers with the data on the situation and changes of labour costs on the Slovenian labour market. It shows the influence of individual legal changes on the level and structure of labour costs borne by employers in order to employ workers and enables comparison between labour costs on the Slovenian labour market and labour costs on international labour markets, especially labour markets in the European Union. Data are collected with printed questionnaire.

#### ***Population size***

Approximately 10 000 units.

**Sample size**

The sample size of 3 021 is determined by taking into account the required accuracy of final variables. The sampling plan is as follows: stratification is done with regard to the field of activity and enterprise size. The above mentioned definitions of small, medium and large enterprises, companies and organisations are used. All large enterprises, companies and organisations (n=369) are selected. Small and medium enterprises, companies and organisations or their establishments are selected with probability proportional to their size determined by the number of employees.

**Survey response rate**

The overall response rate is 90.3%.

**Method used to impute for missing data**

There is no imputation used. In case of non-response re-weighting is used.

**Variable used for grossing-up to the population**

Number of employees.

**Sample coverage**

Sample covers 66% of persons in paid employment recorded in the sample frame.

**Main variables collected**

- employer's costs of labour (wages and salaries, payment on the basis of personal effectiveness and additional cash payment as a result of effectiveness of the enterprise, compensation for annual leave, for sick leave, other compensations, holiday allowance, jubilee rewards, work related cost remunerations, business trip expenses, payments in kind, passenger car costs, social security payments, education and training costs, recruitment costs, wage tax, etc.);
- data on contract work and honoraria contracts (number, value);
- hours worked and paid.

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.2.1 Report on public finance revenues (B-2) (2004)****Organisation collecting the data, and purposes for which it is collected**

Report on public finance revenues is prepared by the Public Payments Administration on the basis of payments that are made in respect of public finance revenues (taxes, social security contributions, fees, penalties, and other non-tax public revenues, etc.). The report is available 3 days after the end of the month.

**Reporting units**

Not relevant.

**Periodicity**

Monthly.

**Variables collected**

The report shows the amount of public finance revenues that were paid in the reference month by type. In total approximately 330 types of revenues are shown in the report, all separately by receiving subsector of the general government (central level, local level and social security funds).

**Methods used to allow for missing data**

Not relevant.

***Adjustments made for conceptual differences from national accounts concepts***

Adjustments made for conceptual differences from national accounts concepts are described in Chapter 3 and Chapter 4.

***Further adjustments made to the data***

Not relevant.

## **11.3 STATISTICAL SURVEYS AND OTHER DATA SOURCES USED FOR THE EXPENDITURE APPROACH**

This chapter describes only those data sources used for the expenditure approach that are not already described in previous chapters.

### **11.3.0 Household Budget Survey**

***Link to surveys conducted at the European level***

There is no EU regulation for the Household Budget Survey (HBS). Member States send the HBS data to Eurostat on the basis of a gentlemen's agreement. Microdata should be supplied every five years. In 2002, some tables for the reference year 1999 were sent to Eurostat. The first microdata for Slovenia will be sent to Eurostat for the reference year 2005.

***Reporting units***

Reporting units are households as communities of persons who live together and share their income for covering the basic costs of living (food, accommodation, etc.) and single persons who live and spend on their own.

***Periodicity***

The HBS has been a continuous annual survey since 1997. It is carried out on a small sample throughout the year. From 1983 to 1996 the HBS was carried out every year on a small sample and every five years on a bigger sample. Before 1983 there were more surveys under different names.

***Results availability***

The results are available 6-8 months after the end of data collection for the last of the three years (18 months after the end of the reference year).

***Sampling frame***

Sampling frame is the Central Population Register.

***Compulsory or voluntary***

Survey is voluntary.

***Main features of survey methodology***

Sample design: random probability sample. Stratification is made according to the region, the size of a settlement and proportion of farmers in smaller settlements. For larger settlements (more than 10 000 inhabitants) one stage sample is used (simple random). For smaller settlements the sample is selected in two stages. At the first stage clusters are selected with probability proportional to their size. At the second stage in each cluster 4 adults are selected at random from the Central Population Register. The households are determined by the address of the selected individual. Substitution is not allowed. Enlarging of the sample according to the response rate from previous years is used instead.

Questionnaires are filled in by household members who are at least 15 years old. Computer assisted personal interviewing (CAPI) is used for interviewing. Data on household members and households are collected (characteristics of household members, expenses, dwellings, possession of durable goods, own production consumed in household). There are different reference periods:

- last 12 months (major durables and larger expenditures, household's income, some social receipts, consumption of own produced food);

- last 6 months (medical expenses, holidays);
- last 3 months (clothing and footwear);
- last payment (housing costs);
- monthly payment (rent, kindergarten);
- regular income (salary);
- last income (pension, some social receipts);
- detailed recording period: 14 days (diaries).

Diaries are kept for 14 days (food and beverages). They are filled in by persons 14 or more years old.

Weighting: all selected households do not have the same probability of the selection. Households with more adult persons have a higher probability of selection. This problem is solved with weighting (inversely proportional to probability of selection). Weights are also used to take into account survey non-response (inversely proportional to the response rate by strata). Sample weights are calculated by strata. In order to achieve representativity of the sample auxiliary data (Census '91, the Central Population Register, the Labour Force Survey) are used to do post-stratification according to region, household size, age and sex. Data are also weighted depending on reference period, source (questionnaire, diary) and type of variable. The final weight is a product of all these weights.

Control procedures: majority of controls are performed via the interviewing and data entry. Later some additional controls are performed, among them also the relation between the quantities and the amount paid (extreme values), control of the identifications, dates and codes.

### **Population size**

In 2001 there were 676 752 households in Slovenia and in 2002 there were 684 847.

### **Sample size**

The final sample size for the reference year 2001 was 3 816 households and for the reference year 2002 it was 3 687 households.

### **Survey response rate**

For the reference year 2001 it was 80.2 % and for the reference year 2002 it was 76.6 %.

### **Method used to impute for missing data**

Hot deck imputation method is used for the imputation of diaries filled in for less than 5 days. Data for the missing diaries are taken from similar households according to income per household member, interviewed in the same quarter and in the same region.

Hot deck imputation method is also used for the imputation of the missing discrete variables in the questionnaires. For the imputation of continuous variables the average value according to household size and household type is entered. Income is imputed according to formal status and education of household members. If the whole first or second part of the questionnaire is missing, it is not imputed but treated as refusal.

### **Variable used for grossing-up to the population**

The survey sample is grossed-up in the weighting procedure using information from the Central Population Register, the Census 1991 and the Labour Force Survey (till 2002) and the Central Population Register and the Census 2002 (after 2002).

### **Sample coverage**

The survey covers the whole country, all private households and it is representative at the national level. Collective households, foreigners and homeless are not included. Foreigners temporarily living in Slovenia can only be included in the sample if they live in the same household as a Slovenian resident. Some persons are excluded because they are not members of the household: resident boarders and tenants; persons normally being long term absent but present during recording period; visitors; hospitalised persons, if they are members of a collective household, or if they do not maintain an economic link with the household.

**Main variables collected**

Primary variables:

- expenditure according to COICOP-HBS (4-digit level);
- income (net) from employment or self-employment, property, pension and social benefits, private transfers and other incomes;
- characteristics of the reference person and other household members (sex, age, marital status, education, current activity, occupation, employment status);
- characteristics of the dwelling (occupancy status, type of housing, number of rooms, floor space, garage, secondary residence, possession of durable goods: car, TV, video, computer, washing machine, dishwasher, refrigerator...).

Derived variables: size, equivalent size, type of household, number of household members in employment and others.

Statistical measures calculated: averages per household, per household member, per equivalent adult, structures, variation coefficient, and aggregates.

**Further adjustments made to the survey data**

In order to get a sample large enough for analysis of socio-economic groups, data of three consecutive years are calculated to the middle year which is used as the reference year.

**11.3.1 Survey on Tourism Travels of Domestic Population (2003)****Link to surveys undertaken at the European level**

The survey follows definitions and principles of the Council Directive 95/57/EC for the field of tourism statistics, which defines the extent and accuracy of data on tourism travels of resident population.

**Reporting units**

The target population is resident population of Slovenia aged 15 years or more. Observation units are members of selected households aged 15 years or more selected by the "first birthday" method.

**Periodicity**

The survey is carried out quarterly, i.e. every three months: in January, April, July and October. The reference period is the quarter before the month in which the survey is conducted.

**Results availability**

Results are available 90 days after the end of the reference period.

**Sampling frame**

The sampling frame is the directory of private telephone subscribers in the Republic of Slovenia. The sample is stratified systematically. Strata are defined with statistical region (12 regions) and type of settlement within the region (6 types). Each stratum is sampled independently. The number of units (telephone numbers) in each stratum is proportional to the share of persons aged 15 or more living in the area of statistical region and the size of settlement.

**Compulsory or voluntary**

Survey is voluntary.

**Main features of survey methodology**

Every quarter a sample of telephone numbers (households) is selected from the list of telephone subscribers. A letter to the address of the owner of the telephone is first sent to inform the household that an interviewer from SURS would call. The household is also informed about the content of the survey.

Data on tourism travels of domestic population are collected by a computer assisted telephone survey (CATI). The interviewer talks to the household member aged 15 or more who is the first in the household to have his/her birthday after the date of the interviewer's call. All questions refer only to the selected member of the household. The exceptions are the question on expenditure for private travelling that refers to all who with the respondent shared the costs and the question on monthly net income per household.

Annual estimates are obtained on the basis of the individual quarters so that the data of the individual quarters are joined. On the basis of joined quarterly data the estimate of the number of people who were (not) on trips in the reference year cannot be obtained, but only number of trips in the reference year. Therefore in the last (fourth) quarter a set of questions is included, referring to the whole year and not only to the last quarter. To ensure satisfactory precision of added annual questions, the sample size in the last quarter is doubled.

**Population size**

In 2003 there were 1 695 914 persons aged 15 years or more.

**Sample size**

In the first, second and third quarter 3 000 telephone numbers are selected in the sample and in the fourth 6 000.

**Survey response rate**

The overall response rate for 2003 was 77.4%. In the first quarter it was 83.9%, in the second 83.0%, in the third 81.5% and in the fourth 69.4%.

**Method used to impute for missing data**

No method of imputation is used.

**Variable used for grossing-up to the population**

Data are weighted according to household size because persons living in households with more members are less likely to be selected. Besides the basic weighting additional weighting is used (calibration), which adjusts the distribution of control variables to the known population structure. For adjustment the following variables are used: sex, age, level of education, household size, statistical region and size of settlement.

**Sample coverage**

In the first three quarters sample covers 0.18% of the people aged 15 years or more. In the fourth quarter the sample coverage represents 0.35% of the sampling frame.

**Main variables collected**

- business trips: number of departures, destination country, date of departure, number of overnight stays, main means of transport, main type of accommodation, type of organisation, average daily expenditure per tourist;
- private trips: number of departures, destination country or destination place in Slovenia, date of departure, number of overnight stays, use of internet, main reason for trip, main activity during leisure time, main means of transport, main type of accommodation, type of organisation, average daily expenditure per tourist, average daily expenditure per tourist for the package travel;
- reasons for not going on a longer private trip;
- socio-demographic characteristics of the respondent and his/her household: number of household members, number of non-members of the household, reachable on the same telephone number, level of school education, employment status, age, monthly net income of a household, type of settlement, sex.

**Further adjustments made to the survey data**

No further adjustments to the survey data are made.

**11.3.2 Annual Survey on Gross Fixed Capital Formation INV-1 (2002)****Link to surveys undertaken at the European level**

There is no EU regulation. Survey is based on the National Statistics Act and the Annual Programme of Statistical Surveys.

**Reporting units**

Reporting units are companies, enterprises and other organisations.

**Periodicity**

Annual.

**Results availability**

Results are available 14 months after the end of the reference year.

**Sampling frame**

Sampling frame is based on the Business Register of Slovenia, the Statistical Register of Employment and annual accounting statements. It includes all legal persons from the PRS, having at least three employees or turnover above selected threshold or belonging to activity L Public administration; defence; compulsory social security. Sampling frame contains 31 679 units.

**Compulsory or voluntary**

Survey is compulsory according to the National Statistics Act and the Annual Programme of Statistical Surveys.

**Main features of survey methodology**

The survey dates back to 1966. Its purpose is to collect data on actual gross fixed capital formation and payment for it from direct investors. Results are used for national accounts purposes as well as for structural business statistics needs. A single questionnaire is used for all respondents falling within the population regardless of size. Data collection is done by postal questionnaire.

Value of gross fixed capital formation as shown in the data, is defined as:

- purchase of new fixed assets in the reference year, whether paid in the reference year or not;
- modernisation, reconstruction and renovation of existing fixed assets, whether paid in the reference year or not;
- own formation (without payment) of fixed assets;
- purchase value of fixed assets in financial leasing.

Fixed assets (new and existing) are valued at purchase value, which is composed of purchase price plus any tax (e.g. VAT), costs of delivery and other direct costs (e.g. transport, assembly, etc.).

**Population size**

Approximately 45 000 units.

**Sample size**

Sample covers the following units from the sampling frame:

- all units belonging to activity L Public administration; defence; compulsory social security;
- all units not belonging to activity L and not being limited liability company, having 3 or more employees;
- limited liability companies having more than 10 employees;
- sample of limited liability companies having between 3 and 10 employees.

The sample includes 9 172 units or 30% of the sampling frame. Regarding the number of employees, 584 732 out of 631 809 (93%) employees are included in the sample.

**Survey response rate**

Survey response rate is 85% according to the number of units. Response rate, weighted by number of employees is 94%.

**Method used to impute for missing data**

No imputation for missing data is made. Non-response is entirely treated by reweighting inside the strata.

**Variable used for grossing-up to the population**

For grossing-up to the total population two variables are used, namely depreciation of fixed assets from annual accounting statements and number of persons employed.

**Sample coverage**

30% of units and 93% of employees is covered by the sample.

***Main variables collected***

Table 1 of the questionnaire is the most important and shows structure of gross fixed capital formation by type of fixed assets, separately for new and imported (used) fixed assets, existing fixed assets and sales of fixed assets. The following types of assets are distinguished:

- construction work (dwellings, non-residential buildings, civil engineering work, land improvement);
- machinery and other equipment (metal products (CPA 28), machinery for the production and use of mechanical power (CPA 29), other general purpose machinery and machine-tools (CPA 29), agricultural and forestry machinery (CPA 29), office machinery and computers (CPA 30), electrical machinery and apparatus (CPA 31), RA, TV and communication equipment and apparatus (CPA 32), medical, precision and optical instruments (CPA 33), furniture and equipment (CPA 34));
- transport equipment (passenger cars, trucks and lorries, other transport equipment);
- cultivated assets (orchard development, breeding stock);
- intangible fixed assets (studies and projects, software, entertainment, literary or artistic originals);
- valuables;
- licenses, patents, purchased trademarks.

Other tables show sources of financing, breakdown of sources of financing between paid and unpaid gross fixed capital formation, financial leasing, and purchase and sale of land.

***Further adjustments made to the survey data***

No further adjustments to the survey data are made.

**11.3.3 External trade statistics (2003)*****Link to surveys undertaken at the European level***

Council Regulations No 1172/95 and No 1917/00 on the statistics relating to the trading of goods by the Community and its Member States with non-member countries.

***Reporting units***

The observation unit is every import and export shipment which is covered according to methodological recommendations and is uniform as regards the type of goods, country of destination or origin, and for which the customs declaration was filled in according to the Regulation on Use of Documents in Customs Procedures.

***Periodicity***

Monthly.

***Results availability***

First monthly results are available 42 days after the end of the observation period. At the time of the first issue the data for the reported month are covered mostly more than 99%. The rest of the data are included in the observation period in the next data processing. These subsequent adjustments only exceptionally exceed 1% of the value published initially. Annual data are published twice: the first time as provisional data with the regular delay and the second time as final data (in June for the previous year).

***Sampling frame***

Data source for external trade statistics are customs declarations (since 1996 the Single Administrative Document - SAD has been used). Data from customs declarations are provided to SURS by the Customs Administration.

***Compulsory or voluntary***

The SURS is obligated to publish the data on external trade statistics under the National Statistics Act and the Annual Programme of Statistical Surveys.

***Main features of survey methodology***

External trade statistics monitors trade in goods with foreign countries. In Slovenia external trade statistics is monitored according to the special trade system (relaxed definition), which means that beside regular import and export

transactions also inward and outward processing as well as processing carried out in customs free trade zones are included. Statistics defines the coverage of external trade statistics by kinds of customs procedures. Commercial characteristics of transactions are also taken into consideration to a certain extent.

Exports cover:

- all goods exported from Slovenia, originating from the production in Slovenia or from free circulation in internal market;
- export of compensating products after import for export production (suspension system);
- export of compensating products after import for export production (drawback system);
- temporary export for outward processing.

Imports cover:

- all goods imported into Slovenia and released into free circulation and consumption;
- import for export production (suspension system);
- import for export production (drawback system);
- import after outward processing.

Due to the changes in the customs procedures for export of compensating products after temporary import for inward processing, from 2000 on these transactions are no longer monitored separately (as a special statistical procedure), but together with other transactions in the statistical procedure export of compensating products after import for export production (suspension system), from 2002 on also partially in the framework of normal exports. The situation is similar at imports: from 2000 on goods temporary imported for inward processing are no longer monitored as a special statistical procedure, but together with other transactions in the statistical procedure import for export production (suspension system), from 2002 on also partially in the framework of normal imports, particularly when goods are not liable to payment of duties and if measures of trade policy are not valid for them.

The use of the customs procedures for export of compensating products after temporary import for inward processing (drawback system) also became smaller due to free trade agreements (from 2002 considerably smaller compared to the previous years). These transactions are ever more frequently implemented in the framework of normal export. The situation is similar at imports: goods temporary imported for inward processing in the drawback system, which are not liable to payment of duties and measures of trade policy are not valid for them, are more and more frequently present in the framework of normal import.

External trade statistics does not cover: temporary imports and exports of goods which will return in an unchanged condition after a certain period, services, repairs, money as means of payment, monetary gold, supply of foreign vehicles with fuel in Slovenia and Slovenian vehicles abroad, imports of goods for foreign embassies, personal baggage of travellers, commercial samples and postal packages of minor value.

The data are published in Slovenian tolar, euros and US dollars. Until 23 April 1999 the Customs Administration used the so-called weekly exchange rates to convert the invoice value into the value in the national currency. From this date on the monthly exchange rates have been used by the customs. Weekly rate referred to the average rate valid on Friday every week, which was used by the Customs Administration for the whole week from next Monday to Sunday. Monthly rate refers to the average rate valid on Thursday the week before the last week in the previous month that is used by the Customs Administration in the next month (the terms "weekly" and "monthly" are used in the sense that "the same rate is used for a whole week, month"). SURS recalculates the statistical value from the customs declaration to the value at the current exchange rate valid on the day of submission of the customs declaration or the date which is used for implementing customs regulations (the date of the submission of a simplified declaration). The statistical value at the current exchange rate in national currency is then recalculated to the statistical value in euros and US dollars using the current exchange rate of euro and USD. All the rates used are average rates published by the Bank of Slovenia.

Regarding valuation, fob values are used for exports and cif values are used for imports. The statistical value of goods in Slovenian tolar at the Slovenian border is calculated by the declarant by (1) converting the invoice value into the national currency using the exchange rate applied by the Customs, and (2) adjusting it for the insurance and freight costs depending on the delivery terms set out in the contract. This statistical value is then recalculated by SURS to the value at the daily (current) exchange rate.

As a trading partner country in exports the country of destination is shown and in imports the country of origin. In cases where the country of origin or destination is unknown, for imports the country from where the goods arrived is shown, and for exports the country to which the goods were dispatched, namely always to the most distant known country.

The country of destination is the country in which the goods are released into free circulation for consumption or further processing.

The country of origin is the country in which goods were produced. For goods that were not processed in the country where they were produced, the country where the processing took place is shown.

Data refer to the last cumulative period and contain both new declarations for the last reporting month and all declarations for previous months, including changes since the last reporting.

Monthly results for the current year are provisional. Monthly data are supplemented and corrected throughout the year. Completion and data corrections are included in the month of observation according to the date of submission of the customs declaration.

### ***Population size***

The observation unit is every import and export shipment for which the Single Administrative Document was fulfilled and which is covered according to methodological recommendations, irrespective of statistical value and net mass (no statistical threshold is defined). In the 2003 the population comprised 1.3 million export transactions and 3.2 million import transactions.

### ***Sample size***

Not relevant.

### ***Survey response rate***

Not relevant.

### ***Method used to impute for missing data***

No imputation of missing data collected from the Single Administrative Document is made by SURS. Only some less important types of errors (e.g. commodity or country codes) are corrected automatically. SURS performs formal controls of coded data and logical controls of value and quantity data (the customs declarations with the biggest statistical value are controlled). If some data are missed or if they are believed to be erroneous, they are sent back to the Customs Administration where they are imputed or corrected. Before the release of the final annual data, all transactions above EUR 8 500 are checked for consistency.

### ***Variable used for grossing-up to the population***

Not relevant.

### ***Sample coverage***

Not relevant.

### ***Main variables collected***

- statistical value in national currency;
- quantities in net mass and supplementary unit when requested by the customs tariff nomenclature (CN);
- customs tariff nomenclature code;
- country of origin/destination;
- the currency of the invoice;
- delivery terms;
- means of transport;
- customs procedure.

**Further adjustments made to the survey data**

Not relevant.

**11.3.4 Balance of payments (2003)****Link to surveys undertaken at the European level**

Balance of payments is compiled on the basis of the IMF's Balance of Payments Manual (5th Edition) and the Guideline on the statistical reporting requirements in the field of balance of payments and international investment position statistics, and the international reserves template (ECB/2003/7) and Recommendation (ECB/2003/8).

**Reporting units**

The balance of payments is showing, for a specific time period, the economic transactions of an economy with the rest of the world. Transactions consist of those involving goods, services and income; those involving financial claims on and liabilities to the rest of the world; and those (such as gifts) classified as transfers, which involve offsetting entries to balance - in an accounting sense - one sided transactions. These transactions are covered by two main subaccounts of the balance of payments: the current account, and the capital and financial account.

**Periodicity**

Monthly.

**Results availability**

Balance of payments is published 45 days after the end of the month. Data are subsequently revised as follows:

- revision for monthly data are made with the release of the corresponding quarterly data and the corresponding revised quarterly data;
- revision for quarterly data are made with the release of the data for the following quarter;
- revision for annual data are made with the release of the data for following years.

**Sampling frame**

Data source covers economic transactions of an economy with the rest of the world. Transactions consist of those involving goods, services and income; those involving financial claims on and liabilities to the rest of the world; and those classified as transfers.

**Compulsory or voluntary**

The Bank of Slovenia is obligated to publish the data under the EU legislation and the Annual Programme of Statistical Surveys.

**Main features of survey methodology**

Balance of payments is compiled on the basis of monthly available data on transactions (International Trade Reporting System – ITRS) and stocks, customs declarations data as the main source for recording merchandise (compiled by SURS; Chapter 11.3.3) and estimates.

The ITRS is a closed system (no threshold). There is integrated reporting on non-resident accounts (these explain changes in the assets or liabilities in the BoP's capital and financial accounts) and the transactions settled through these accounts (these principally explain the changes in the BoP's current account). In the reporting form, the position on each non-resident account at the end of the reporting period should equal the position at the beginning, plus the credit transactions minus the debit transactions. The transactions are classified on the basis of description, as provided by the bank's customers, and the assignment of a transaction code (there are more than 300 transaction codes). They form the basis of the methodology that allows banking forms (e.g. payment orders and forms relating to incoming payments) to be used in the compilation of the BoP statistics. In ITRS, all transactions are recorded on cash basis.

The main reporting pillars of the ITRS are:

- reports on transactions settled between residents and non-residents via bank accounts (so-called non-resident accounts) and via their accounts held abroad. The first accounts comprise the banks' foreign correspondent accounts (nostro and loro accounts, including the central bank) and non-bank resident accounts abroad. Reporting

units are all banks performing transactions with the ROW and all residents who have open accounts abroad. Residents report also on sales of goods in duty free shops and border shops, on inter company accounts with foreign partners and on short-term credits to and from residents. Transactions are classified using description provided by the banks' customers;

- reports to the Bank of Slovenia on registered credits granted to and disbursed abroad;
- accounting data of the Bank of Slovenia and commercial banks balance sheet data;
- annual surveys on balance and transactions with affiliated enterprises (for reinvested earnings on direct investments);
- monthly survey of duty free shops.

Main source of data for merchandise are customs declarations. Data on imports cif and exports fob are compiled by SURS (Chapter 11.3.3). Adjustments for valuation of data on imports and coverage of data on imports and exports are made by the Bank of Slovenia. The imports data are adjusted from cif basis to fob basis by the coefficient which is equal to the weighted average of coefficients between the cif and fob values of imported goods (for the available sample), separately calculated for each type of merchandise, transport means and country of the exporter. The coverage adjustments are made for goods imported without customs declaration and for which data are available from the ITRS or reports of duty free shops and consignment warehouses.

Estimation models are used for the valuation of data on imports, incoming travel, labour income, foreign exchange and deposits of resident households in foreign banks and debt forgiveness.

Non-residents are for the purpose of the BoP defined in the following way:

- individuals without a permanent address in Slovenia, except those who have the official permit to work in Slovenia for 6 months or more;
- individuals with permanent residence in Slovenia who have an official permit to work or live abroad;
- legal entities with registered headquarters abroad, except diplomatic, consular and other entities financed by Slovenian government and Slovenian citizens employed there together with their family members;
- diplomatic, consular and other representative bodies of foreign countries or international organisations in Slovenia which are financed or co-financed by foreign governments and foreign citizens employed there together with their family members;
- representative agencies and business units of foreign enterprises in Slovenia, except for the part of their activity which is implemented on a permanent basis in Slovenia;
- representative agencies and business units of Slovenian enterprises which implement a permanent activity abroad, only for the part which is actually implemented abroad.

Residents of Slovenia are all others not listed above.

In the ITRS all transactions are reported in the original currency and are converted to the national currency at the exchange rate of the day of the transaction. Exceptions are transactions derived from stocks, where average monthly exchange rates are used.

As the main data source for BoP compilation is the ITRS, majority of transactions are recorded on cash basis. The exceptions are data on goods and, from 2002 on, reserve assets data.

### ***Population size***

Not relevant.

### ***Sample size***

Not relevant.

### ***Survey response rate***

Not relevant.

### ***Method used to impute for missing data***

Not relevant.

**Variable used for grossing-up to the population**

Not relevant.

**Sample coverage**

Not relevant.

**Main variables collected**

- Current account
  - Goods
    - Export of goods (export fob, coverage adjustment)
    - Import of goods (import cif, valuation adjustment, coverage adjustment)
  - Services (export of services, import of services)
  - Income (receipts, expenditures)
  - Current transfers (In Slovenia, abroad)
- Capital and financial account
  - Capital account (capital transfers, non-produced non-financial assets)
  - Financial account
    - Direct investment (abroad, in Slovenia)
    - Portfolio investment (assets, liabilities)
    - Financial derivatives
    - Other investment (assets, liabilities)
    - Reserve assets
  - Net errors and omissions.

**Further adjustments made to the survey data**

Not relevant.

## 11.4 STATISTICAL SURVEYS AND OTHER DATA SOURCES USED FOR THE TRANSITION FROM GDP TO GNI

For transition from GDP to GNI data from the balance of payments are used. It is described in Chapter 11.3.4.



# ANNEX

## GROSS NATIONAL INCOME COMPILATION PROCESS TABLE

### A.1 INTRODUCTION

Process table showing gross national income compilation aims to satisfy the needs of EU statistics regarding the quality of GNI data and the need for greater comparability of national accounts compilation processes. In a standardized outline presented process table describes quantitative dimensions of the GNI compilation. In each of the three approaches for measuring GDP, namely the production approach, the expenditure approach and the income approach, and the subsequent transition to GNI the process starts with basic data obtained from relevant data sources as input which are adjusted when necessary to calculate the final national accounts estimates. Process table thus shows the contribution of various data sources and adjustments in the calculation of GDP and GNI.

Work on the GNI Inventory was well underway when work on the process table began. So it served as a good basis for work on the process table but it also presented a problem, because the final structure of the process table was not known at the time of drawing up the Inventory. There were also some doubts in classifying the components of the national accounts compilation process into relevant process table columns, for instance separating adjustments into explicit cut-off and explicit exhaustiveness adjustments or classifying some data sources as surveys or administrative records. With the annual accounting statements the decision was made that they represent surveys and censuses data rather than administrative records, because they are collected by the Agency for Public Legal Records and Related Services under legal acts which explicitly state two purposes for collecting the data – to ensure public access to this data and for statistical, analytical and research purposes. In the future incorporating the process table structure into the national accounts compilation process at the working level data files will produce all the process table components at the same time as the final estimates of GDP and GNI.

At the end of the chapter Table A.7 shows GNI compilation process table, Table A.8 contains cross-references to relevant chapters and sections of the GNI Inventory where data sources and methods are explained in detail and Table A.9 shows contributions of individual components and methods to the final estimate.

### A.2 ANALYSIS OF THE PROCESS TABLE

#### A.2.1 The production approach

In 2001, national accounts figures in GDP by the production approach were:

- heavily reliant on surveys and censuses (64.5% of GDP);
- strongly reliant on administrative source data (21.2%);
- moderately reliant on extrapolations and models (5.4%).

Surveys and censuses data used in the production approach derived mainly from annual accounting statements collected by the Agency for Public Legal Records and Related Services. They cover profit and loss account and balance sheets data on stocks of assets. The statements are filed by corporations and also the larger unincorporated enterprises, by government units and by non-profit institutions serving households.

The administrative data were collected from annual income tax declarations/assessments and value added tax reports; these sources cover mainly unincorporated enterprises. Other administrative data used are from the Ministry of Finance budget statistics, Public Payments Administration records, customs declarations, Bank of Slovenia records and Insurance Supervision Agency records.

Extrapolations and models used in the production approach were sourced from the model that estimates owner-occupied dwelling services.

Table A.1 shows basis for GDP by the production approach together with value added of industries or value of other components with the highest contribution to GDP.

**Table A.1 Basis for GDP by the production approach, 2001**

	% of GDP	Mio SIT
<b>Surveys and censuses, of which</b>	<b>64.5</b>	<b>3 095 066</b>
D Manufacturing	21.1	1 010 722
G Wholesale and retail trade; certain repair	8.5	406 993
I Transport, storage and communication	5.0	239 180
<b>Administrative data, of which</b>	<b>21.2</b>	<b>1 019 903</b>
Taxes on products	13.5	649 195
D Manufacturing	1.9	92 888
F Construction	1.2	55 707
<b>Extrapolations and models</b>	<b>5.4</b>	<b>261 002</b>
K Real estate, renting and business activities	5.5	264 187
Taxes on products	-0.1	-3 186

From the basic data a series of adjustments is made to arrive at the final estimate. Total adjustments applied to basic data in the production approach had a moderate impact (8.8%) on GDP, mainly due to explicit exhaustiveness adjustments (3.6%). Conceptual and explicit cut-off adjustments each contributed 2.6% of GDP.

Explicit exhaustiveness adjustments increased the value of GDP by SIT 172 473 mio. The adjustments were made to include estimates for under-reporting of production activities.

Conceptual adjustments increased the basis for national accounts figure by SIT 126 471 mio. The following adjustments were made:

- deducting the purchased value of sold goods for resale so that output is expressed in terms of margins;
- excluding holding gains accounted for in changes in inventories;
- financial intermediation services indirectly measured are calculated and allocated to relevant sectors and activities;
- gross insurance premium adjustment to the level of insurance service payment;
- accrual adjustment for cash flow data;
- corrections of categories from intermediate consumption to income categories.

Explicit cut-off adjustments increased the value of GDP by SIT 124 637 mio. The adjustments were made to include estimates for units omitted from the survey data.

Table A.2 shows adjustments to basic data in the production approach together with value added of industries with the highest contribution to gross value added.

**Table A.2 Adjustments to basic data in the production approach, 2001**

	% of GDP	Mio SIT
<b>Explicit exhaustiveness adjustments, of which</b>	<b>3.6</b>	<b>172 473</b>
K Real estate, renting and business activities	0.9	41 542
D Manufacturing	0.6	28 975
G Wholesale and retail trade; certain repair	0.6	28 083
<b>Conceptual adjustments, of which</b>	<b>2.6</b>	<b>126 471</b>
J Financial intermediation	2.2	103 404
L Public administration; compulsory social security	1.5	70 090
D Manufacturing	-0.7	-34 774
<b>Explicit cut-off adjustments, of which</b>	<b>2.6</b>	<b>124 637</b>
K Real estate, renting and business activities	1.0	46 766
F Construction	0.6	27 306

## A.2.2 The expenditure approach

In 2001, national accounts figures in GDP by the expenditure approach were:

- heavily reliant on surveys and censuses (53.9% of GDP);
- strongly reliant on extrapolation and models (26.7%);
- moderately reliant on combined data (11.7%);
- barely reliant on administrative data (1.1%).

Surveys and censuses comprise mainly the Household Budget Survey, the Retail Trade Survey and the Annual Survey on Gross Fixed Capital Formation.

Extrapolations and models data used in the expenditure measure cover commodity-flow data, actual and imputed dwelling services, price times quantity estimates for household final consumption expenditure, estimates for exports and imports of tourist services, estimates of gross fixed capital formation.

Combined data in household final consumption expenditure cover various figures that are the result of combination of multiple sources forming a new set of data, the initial sources are accounting statements and business reports, tax reports, registries on driving licenses, tolls, marines, telecommunication statistics, insurance statistics. In household final consumption expenditure the majority of the combined data derive from surveys and censuses data, supplemented by administrative records. In the categories of external trade the combined data are from the balance of payments data. Most of BoP data derives from administrative records but is also supplemented by some data that are not the result of the central bank exercising its authoritative function but are collected by the central bank for statistical purposes.

Administrative data consist mainly of tax and excise duty data, social and non-profit rentals collected by the government and customs declarations.

Table A.3 shows basis for GDP by the expenditure approach together with components that made the highest contribution to GDP.

**Table A.3 Basis for GDP by the expenditure approach, 2001**

	% of GDP	Mio SIT
<b>Surveys and censuses, of which</b>	<b>53.9</b>	<b>2 587 189</b>
Household final consumption expenditure	20.1	964 365
General government final consumption expenditure	16.6	796 337
Gross fixed capital formation	16.3	783 226
<b>Extrapolations and models, of which</b>	<b>26.7</b>	<b>1 280 886</b>
Household final consumption expenditure	18.8	901 045
Exports of goods and services	5.0	240 217
Gross fixed capital formation	4.4	209 130
<b>Combined data</b>	<b>11.7</b>	<b>560 510</b>
Household final consumption expenditure	12.3	592 554
Imports of goods and services	6.0	288 707
Exports of goods and services	5.3	256 663
<b>Administrative data, of which</b>	<b>1.1</b>	<b>54 524</b>
Imports of goods and services	49.4	2 370 876
Exports of goods and services	46.8	2 247 589
General government final consumption expenditure	2.1	98 564

From the basic data a series of adjustments is made to arrive at the final estimate. Total adjustments made in the expenditure approach represent 6.6% of GDP and consist of balancing (3.1%), conceptual adjustments (1.7%), explicit cut-off adjustments (1.4%) and explicit exhaustiveness adjustments (0.4%).

Conceptual adjustments increased the value of GDP by SIT 82 482 mio. Adjustments were made to exclude the value of retail trade goods sold to units for intermediate consumption, to include FISIM and transfers in kind, adjustments to changes in inventories.

Explicit cut-off adjustments increased the value of GDP by SIT 66 038 mio. These were applied to household final consumption expenditure (SIT 47 556 mio), NPISH final consumption expenditure (SIT 16 538 mio) and general government final consumption expenditure (SIT 1 944 mio).

Explicit exhaustiveness adjustments increased the value of GDP by SIT 19 650 mio. The largest part of these adjustments was applied to gross fixed capital formation to include estimates for under-reporting. The rest was mostly applied to final consumption expenditure.

Table A.4 shows adjustments to basic data in the expenditure approach together with components that made the highest contribution to gross domestic product.

**Table A.4 Adjustments to basic data in the expenditure approach, 2001**

	% of GDP	Mio SIT
<b>Balancing, of which</b>	<b>3.1</b>	<b>148 274</b>
Gross fixed capital formation	3.1	149 391
<b>Conceptual adjustments</b>	<b>1.7</b>	<b>82 482</b>
Household final consumption expenditure	1.5	73 055
General government final consumption expenditure	0.2	7 744
<b>Explicit cut-off adjustments</b>	<b>1.4</b>	<b>66 038</b>
<b>Explicit exhaustiveness adjustments</b>	<b>0.4</b>	<b>19 650</b>

### A.2.3 The income approach

GDP by the income approach is estimated at the same time and with the same data sources as GDP by the production approach and with gross operating surplus and mixed income as balancing items. Therefore, components of the generation of income account use the same main basic data sources as for the production approach.

In 2001, national accounts figures in GDP by the income approach were:

- heavily reliant on surveys and censuses (48.1% of GDP);
- strongly reliant on administrative data (23.7%);
- less reliant on extrapolation and models (6.5%).

The surveys and censuses data derived mainly from annual accounting statements. Administrative sources were used to provide figures on taxes and subsidies on production and also the income measure components for the unincorporated enterprises. Extrapolations and models (the perpetual inventory model) were used to provide figures on consumption of fixed capital as equal to the gross operating surplus of non-market producers.

Table A.5 shows basis for GDP by the income approach together with components that made the highest contribution to gross domestic product.

**Table A.5 Basis for GDP by the income approach, 2001**

	% of GDP	Mio SIT
<b>Surveys and censuses, of which</b>	<b>48.1</b>	<b>2 308 707</b>
Compensation of employees	47.7	2 287 126
Gross operating surplus	0.4	21 543
<b>Administrative records</b>	<b>23.7</b>	<b>1 138 592</b>
Taxes on production and imports	16.0	766 282
Mixed income	5.5	265 606
Compensation of employees	3.4	161 974
Subsidies	1.2	55 269
<b>Extrapolations and models</b>	<b>6.5</b>	<b>313 035</b>

From the basic data a series of adjustments is made to arrive at the final estimate. Total adjustments applied in the income approach represent 21.7% of GDP and consist of balancing (16.5%), explicit exhaustiveness adjustments (3.6%), explicit cut-off adjustments (2.6%) and conceptual adjustments (1.0%).

Explicit exhaustiveness adjustments increased GDP by SIT 172 473 mio and were mainly for tips, cash reimbursements for business travel, goods for employees in restaurants, canteens and trade, and private use of business cars. Explicit cut-off adjustments increased GDP by SIT 124 637 mio. Conceptual adjustments decreased GDP by SIT 49 680 mio and derived mainly from compensation of employees. The largest of these adjustments is for payroll tax, which is excluded from compensation of employees as it is already included in other taxes on production.

Table A.6 shows adjustments to basic data in the income approach together with components that made the highest contribution to GDP.

**Table A.6 Adjustments to basic data in the income approach, 2001**

	% of GDP	Mio SIT
<b>Balancing</b>	<b>16.5</b>	<b>791 787</b>
Gross operating surplus	16.5	791 787
<b>Explicit exhaustiveness adjustments</b>	<b>3.6</b>	<b>172 473</b>
Compensation of employees	2.6	123 223
Mixed income	1.0	49 251
<b>Explicit cut-off adjustments</b>	<b>2.6</b>	<b>124 637</b>
Gross operating surplus	0.9	45 189
Mixed income	0.8	39 873
Compensation of employees	0.8	37 903
<b>Conceptual adjustments</b>	<b>-1.0</b>	<b>-49 680</b>
Compensation of employees	-1.0	-45 813
Subsidies	0.1	3 868

#### A.2.4 Transition to gross national income

In transition from GDP to GNI combined data source, namely balance of payment data, is the most important. Adjustments are conceptual, namely deduction of FISIM from interest received from (SIT 3 831 mio) and paid to (SIT 6 959 mio) the rest of the world.

Table A.7 Gross national income process table

Mio SIT	Basis for national accounts figures					
	surveys and censuses	administrative records	combined data	extrapolation and models		
				benchmark extrapolations	CFM and ratios	CFC (PIM) and imputed dw. s.
<b>PRODUCTION APPROACH</b>						
<b>Total by activities</b>						
<b>Output of goods and services</b>	<b>7 823 531</b>	<b>881 605</b>				<b>301 496</b>
<b>Intermediate consumption</b>	<b>4 728 465</b>	<b>486 012</b>				<b>37 308</b>
<b>Gross value added</b>	<b>3 095 066</b>	<b>395 593</b>				<b>264 187</b>
<b>A Agriculture, hunting and forestry</b>						
Output of goods and services	250 279	6 208				
Intermediate consumption	146 161	3 613				
Gross value added	104 119	2 595				
<b>B Fishing</b>						
Output of goods and services	1 326	254				
Intermediate consumption	873	164				
Gross value added	453	90				
<b>C Mining and quarrying</b>						
Output of goods and services	47 307	1 493				
Intermediate consumption	20 067	788				
Gross value added	27 240	704				
<b>D Manufacturing</b>						
Output of goods and services	3 242 318	218 396				
Intermediate consumption	2 231 596	125 508				
Gross value added	1 010 722	92 888				
<b>E Electricity, gas, water supply</b>						
Output of goods and services	434 286	641				
Intermediate consumption	306 160	156				
Gross value added	128 126	486				
<b>F Construction</b>						
Output of goods and services	522 079	130 476				
Intermediate consumption	377 610	74 769				
Gross value added	144 469	55 707				
<b>G Wholesale and retail trade; certain repair</b>						
Output of goods and services	811 996	93 043				
Intermediate consumption	405 003	45 211				
Gross value added	406 993	47 833				
<b>H Hotels and restaurants</b>						
Output of goods and services	107 535	77 444				
Intermediate consumption	57 399	48 426				
Gross value added	50 136	29 018				
<b>I Transport, storage and communication</b>						
Output of goods and services	590 888	112 899				
Intermediate consumption	351 709	64 818				
Gross value added	239 180	48 081				
<b>J Financial intermediation</b>						
Output of goods and services	47 766	131 132				
Intermediate consumption	19 142	77 742				
Gross value added	28 624	53 390				
<b>K Real estate, renting and business activity</b>						
Output of goods and services	560 155	64 014				301 496
Intermediate consumption	331 982	25 692				37 308
Gross value added	228 173	38 322				264 187
<b>K Services of owner-occupied dwellings</b>						
Output of goods and services						301 496
Intermediate consumption						37 308
Gross value added						264 187
<b>L Public administration, defence; compulsory social security</b>						
Output of goods and services	381 194	38				
Intermediate consumption	184 729	6				
Gross value added	196 464	31				
<b>M Education</b>						
Output of goods and services	294 690	1 142				
Intermediate consumption	66 033	486				
Gross value added	228 657	656				
<b>N Health and social work</b>						
Output of goods and services	307 420	23 943				
Intermediate consumption	110 044	9 343				
Gross value added	197 376	14 599				
<b>O Other community, social and personal service activities</b>						
Output of goods and services	224 293	20 483				
Intermediate consumption	119 958	9 291				
Gross value added	104 334	11 192				
<b>P Private households with employed persons</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
<b>Taxes on products</b>		<b>649 195</b>				
Value added type taxes		414 826				
Taxes and duties on imports, except VAT		30 308				
Other taxes on products		204 061				
<b>Subsidies on products</b>		<b>24 885</b>				
<b>Residual item</b>						
<b>Gross domestic product</b>	<b>3 095 066</b>	<b>1 019 903</b>				<b>264 187</b>

## GROSS NATIONAL INCOME COMPILATION PROCESS TABLE

Basis for national accounts figures				Adjustments					Final estimate
extrapolation and models		other	total	data validation	conceptual	explicit cut-off	explicit exhaustiveness	balancing	
other extrapol. and models	total extrapol. and models								
	301 496		9 006 631		215 629	365 832	83 234		9 671 326
	37 308		5 251 786		89 158	241 195	-89 240		5 492 899
	264 187		3 754 846		126 471	124 637	172 473		4 178 428
			256 487		-49	14 259	6 822		277 520
			149 773		2 377	3 297	-1 219		154 228
			106 714		-2 425	10 962	8 041		123 292
			1 580		- 35	365	33		1 943
			1 038		-2	222	-57		1 201
			542		-33	143	90		742
			48 800		-5 863	895	65		43 896
			20 855		-68	434	-208		21 012
			27 945		-5 795	461	273		22 883
			3 460 714		198 508	49 542	5 969		3 714 734
			2 357 104		233 282	36 077	-23 005		2 603 458
			1 103 610		-34 774	13 465	28 975		1 111 276
			434 927		-161 147	124	12		273 916
			306 315		-155 699	89	-384		150 322
			128 612		-5 447	34	395		123 594
			652 555		21	185 749	4 819		843 144
			452 379		-1 008	158 442	-10 560		599 253
			200 176		1 030	27 306	15 379		243 891
			905 039		-12 107	16 158	9 825		918 916
			450 214		4 680	8 826	-18 258		445 462
			454 826		-16 787	7 332	28 083		473 454
			184 979		-239	5 551	15 270		205 561
			105 825		804	3 154	-898		108 884
			79 154		-1 043	2 397	16 169		96 677
			703 787		- 3 643	8 816	4 779		713 739
			416 526		9 057	5 002	-6 081		424 504
			287 261		-12 700	3 814	10 860		289 235
			178 898		105 286	1 584	50		285 818
			96 884		1 883	663	-3 331		96 099
			82 014		103 404	921	3 381		189 720
	301 496		925 664		22 824	59 103	24 703		1 032 294
	37 308		394 982		13 468	12 337	-16 839		403 948
	264 187		530 682		9 356	46 766	41 542		628 346
	301 496		301 496						301 496
	37 308		37 308						37 308
	264 187		264 187						264 187
			381 232		63 028	146	1		444 406
			184 736		-7 063	21	-1 999		175 694
			196 496		70 090	125	2 000		268 712
			295 832		7 157	1 209	342		304 540
			66 519		-478	293	-1 486		64 849
			229 313		7 635	916	1 828		239 691
			331 362		2 225	2 399	647		336 633
			119 387		-493	1 007	-707		119 194
			211 975		2 718	1 392	1 353		217 439
			244 776		-337	18 146	9 895		272 479
			129 249		-11 581	11 331	-4 208		124 792
			115 526		11 243	6 814	14 103		147 687
						1 789			1 789
						1 789			1 789
	-3 186	-3 186	646 009						646 009
	-3 186	-3 186	411 640						411 640
			30 308						30 308
			204 061						204 061
			24 885						24 885
	-3 186	261 002	4 375 970		126 471	124 637	172 473		4 799 552

Table A.7 Gross national income process table (continued)

Mio SIT	Basis for national accounts figures					
	surveys and censuses	administrative records	combined data	extrapolation and models		
				benchmark extrapolations	CFM and ratios	CFC (PIM) and imputed dw. s.
<b>EXPENDITURE APPROACH</b>						
<b>Total final consumption expenditure</b>	<b>1 803 420</b>	<b>177 811</b>	<b>592 554</b>		<b>508 794</b>	<b>352 914</b>
Household final consumption expenditure	964 365	79 247	592 554		508 794	299 538
Food and non-alcoholic beverages	391 673				13 137	
Alcoholic beverages, tobacco and narcotics		74 279	59 325			
Clothing and footwear	50 935				126 267	
Housing, water, electricity, gas and other fuels	151 067	4 969				299 538
Furnishings, househ.equip. and routine househ.maintenance	82 867		42 562		32 650	
Health	568		87 063			
Transport	106 376		29 550		299 181	
Communication			62 968		6 667	
Recreation and culture	123 421		113 106		30 892	
Education			24 618			
Restaurants and hotels			183 703			
Miscellaneous goods and services	57 458		128 775			
Transition to national concept			-139 115			
NPISH final consumption expenditure	42 719					
General government final consumption expenditure	796 337	98 564				53 377
<b>Gross fixed capital formation</b>	<b>783 226</b>					
Products of agriculture, forestry, fishery and aquaculture	949					
Metal products and machinery equipment	332 262					
Transport equipment	50 896					
Construction of housing	13 934					
Other constructions	340 199					
Other products	44 986					
<b>Changes in inventories</b>	<b>- 1 428</b>					
<b>Acquisitions less disposals of valuables</b>	<b>1 970</b>					
<b>Exports of goods and services</b>		<b>2 247 589</b>	<b>256 663</b>			
Goods		2 247 589	23 352			
Services			233 310			
<b>Imports of goods and services</b>		<b>2 370 876</b>	<b>288 707</b>			
Goods		2 370 876	48 529			
Services			240 178			
<b>Residual item</b>						
<b>Gross domestic product</b>	<b>2 587 189</b>	<b>54 524</b>	<b>560 510</b>		<b>508 794</b>	<b>352 914</b>
<b>INCOME APPROACH</b>						
<b>Compensation of employees</b>	<b>2 287 126</b>	<b>161 974</b>				
Non-financial corporations	1 574 845					
Financial corporations	100 791					
General government	586 222					
Households	7 679	161 974				
NPISH	17 589					
<b>Gross operating surplus</b>	<b>21 543</b>					<b>313 035</b>
Non-financial corporations						
Financial corporations	352					
General government	19 212					53 377
Households						259 658
NPISH	1 979					
<b>Mixed income</b>	<b>10 487</b>	<b>265 606</b>				
<b>Taxes on production and imports</b>	<b>3 941</b>	<b>766 282</b>				
<b>Subsidies</b>	<b>14 390</b>	<b>55 269</b>				
<b>Residual item</b>						
<b>Gross domestic product</b>	<b>2 308 707</b>	<b>1 138 592</b>				<b>313 035</b>
<b>GROSS NATIONAL INCOME</b>						
Compensation of employees received from the rest of the world			42 818			
Compensation of employees paid to the rest of the world			6 472			
Property income received from the rest of the world			68 076			
Property income paid to the rest of the world			95 089			
Taxes on production and imports						
Subsidies						
<b>Gross national income</b>	<b>3 095 066</b>	<b>1 019 903</b>	<b>9 333</b>			<b>264 187</b>

## GROSS NATIONAL INCOME COMPILATION PROCESS TABLE

Basis for national accounts figures				Adjustments					Final estimate
extrapolation and models		other	total	data validation	conceptual	explicit cut-off	explicit exhaustiveness	balancing	
other extrapol. and models	total extrapol. and models								
<b>92 713</b>	<b>954 422</b>		<b>3 528 207</b>		<b>80 585</b>	<b>66 038</b>	<b>2 702</b>	<b>-1 297</b>	<b>3 676 235</b>
92 713	901 045		2 537 211		73 055	47 556	1 298	-1 297	2 657 823
	13 137		404 811		34 411	40 363	896	-3 351	477 129
			133 604						133 604
	126 267		177 202		2 064		63	-566	178 763
92 713	392 251		548 286		7 909	7 193			563 388
	32 650		158 079		5 526		222	6 834	170 662
			87 632		-27			395	88 000
	299 181		435 106		-8 351		63	-911	425 907
	6 667		69 634						69 634
	30 892		267 419		-1 244		54	-2 699	263 529
			24 618						24 618
			183 703						183 703
			186 233		32 767			- 999	218 001
			-139 115						-139 115
			42 719		-214	16 538	1 404		60 447
	53 377		948 277		7 744	1 944			957 965
<b>209 130</b>	<b>209 130</b>		<b>992 356</b>				<b>16 932</b>	<b>149 391</b>	<b>1 158 679</b>
5 248	5 248		6 197				2	- 204	5 995
8 275	8 275		340 537				4 286	69 352	414 175
8 020	8 020		58 916				4 394	47 350	110 659
141 003	141 003		154 937				527	5 208	160 673
46 259	46 259		386 459				6 351	25 873	418 683
325	325		45 311				1 371	1 812	48 494
<b>-5 964</b>	<b>-5 964</b>		<b>-7 391</b>		<b>5 025</b>				<b>- 2 366</b>
			<b>1 970</b>				<b>16</b>	<b>180</b>	<b>2 167</b>
<b>240 217</b>	<b>240 217</b>		<b>2 744 468</b>		<b>1 199</b>				<b>2 745 667</b>
			2 270 941						2 270 941
240 217	240 217		473 527		1 199				474 726
<b>116 920</b>	<b>116 920</b>		<b>2 776 503</b>		<b>4 327</b>				<b>2 780 830</b>
			2 419 405						2 419 405
116 920	116 920		357 098		4 327				361 425
<b>419 177</b>	<b>1 280 886</b>		<b>4 483 108</b>		<b>82 482</b>	<b>66 038</b>	<b>19 650</b>	<b>148 274</b>	<b>4 799 552</b>
			<b>2 449 100</b>		<b>-45 813</b>	<b>37 903</b>	<b>123 223</b>		<b>2 564 414</b>
			1 574 845		-27 099	24 676	110 608		1 683 030
			100 791		-4 480		3 124		99 435
			586 222		-7 833	1 788	3 924		584 102
			169 653		-5 692	6 181	3 315		173 458
			17 589		-709	5 258	2 252		24 390
	<b>313 035</b>		<b>334 577</b>			<b>45 189</b>		<b>791 787</b>	<b>1 171 553</b>
						2 836		706 599	709 435
			352					85 189	85 541
	53 377		72 589			135			72 724
	259 658		259 658			40 813			300 471
			1 979			1 404			3 383
			<b>276 092</b>			<b>39 873</b>	<b>49 251</b>		<b>365 216</b>
			<b>770 223</b>			<b>1 673</b>			<b>771 895</b>
			<b>69 659</b>		<b>3 868</b>				<b>73 526</b>
	<b>313 035</b>		<b>3 760 334</b>		<b>-49 680</b>	<b>124 637</b>	<b>172 473</b>	<b>791 787</b>	<b>4 799 552</b>
			42 818						42 818
			6 472						6 472
			68 076		-3 831				64 245
			95 089		-6 959				88 130
<b>-3 186</b>	<b>261 002</b>		<b>4 385 303</b>		<b>129 599</b>	<b>124 637</b>	<b>172 473</b>		<b>4 812 013</b>

Table A.8 References to the Gross National Income Inventory chapters

	Basis for national accounts figures					
	surveys and censuses	administrative records	combined data	extrapolation and models		
				benchmark extrapolations	CFM and ratios	CFC (PIM) and imputed dw. s.
<b>PRODUCTION APPROACH</b>						
<b>Total by activities</b>						
<b>Output of goods and services</b>						
<b>Intermediate consumption</b>						
<b>Gross value added</b>						
<b>A Agriculture, hunting and forestry</b>						
Output of goods and services	3.7.1	3.7.1				
Intermediate consumption	3.7.1	3.7.1				
Gross value added						
<b>B Fishing</b>						
Output of goods and services	3.8.1	3.8.1				
Intermediate consumption	3.8.1	3.8.1				
Gross value added						
<b>C Mining and quarrying</b>						
Output of goods and services	3.9.1	3.9.1				
Intermediate consumption	3.9.1	3.9.1				
Gross value added						
<b>D Manufacturing</b>						
Output of goods and services	3.10.1	3.10.1				
Intermediate consumption	3.10.1	3.10.1				
Gross value added						
<b>E Electricity, gas, water supply</b>						
Output of goods and services	3.11.1	3.11.1				
Intermediate consumption	3.11.1	3.11.1				
Gross value added						
<b>F Construction</b>						
Output of goods and services	3.12.1	3.12.1				
Intermediate consumption	3.12.1	3.12.1				
Gross value added						
<b>G Wholesale and retail trade; certain repair</b>						
Output of goods and services	3.13.1	3.13.1				
Intermediate consumption	3.13.1	3.13.1				
Gross value added						
<b>H Hotels and restaurants</b>						
Output of goods and services	3.14.1	3.14.1				
Intermediate consumption	3.14.1	3.14.1				
Gross value added						
<b>I Transport, storage and communication</b>						
Output of goods and services	3.15.1	3.15.1				
Intermediate consumption	3.15.1	3.15.1				
Gross value added						
<b>J Financial intermediation</b>						
Output of goods and services	3.16.1	3.16.1				
Intermediate consumption	3.16.1	3.16.1				
Gross value added						
<b>K Real estate, renting and business activity</b>						
Output of goods and services	3.17.1	3.17.1				3.17.1
Intermediate consumption	3.17.1	3.17.1				3.17.1
Gross value added						
<b>K Services of owner-occupied dwellings</b>						
Output of goods and services						3.17.1
Intermediate consumption						3.17.1
Gross value added						
<b>L Public administration, defence; compulsory social security</b>						
Output of goods and services	3.18.1	3.18.1				
Intermediate consumption	3.18.1	3.18.1				
Gross value added						
<b>M Education</b>						
Output of goods and services						
Intermediate consumption	3.19.1	3.19.1				
Gross value added	3.19.1	3.19.1				
<b>N Health and social work</b>						
Output of goods and services	3.20.1	3.20.1				
Intermediate consumption	3.20.1	3.20.1				
Gross value added						
<b>O Other community, social and personal service activities</b>						
Output of goods and services	3.21.1	3.21.1				
Intermediate consumption	3.21.1	3.21.1				
Gross value added						
<b>P Private households with employed persons</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
<b>Taxes on products</b>						
Value added type taxes		3.25.1				
Taxes and duties on imports, except VAT		3.24.1				
Other taxes on products		3.24.1				
<b>Subsidies on products</b>		3.26.1				
<b>Residual item</b>						
<b>Gross domestic product</b>						



Table A.8 References to the Gross National Income Inventory chapters (continued)

	Basis for national accounts figures					
	surveys and censuses	administrative records	combined data	extrapolation and models		
				benchmark extrapolations	CFM and ratios	CFC (PIM) and imputed dw. s.
<b>EXPENDITURE APPROACH</b>						
<b>Total final consumption expenditure</b>						
Household final consumption expenditure						
Food and non-alcoholic beverages	5.7.7				5.7.5	
Alcoholic beverages, tobacco and narcotics		5.7.7	5.7.7			
Clothing and footwear	5.7.7				5.7.5	
Housing, water, electricity, gas and other fuels	5.7.7	5.7.7				
Furnishings, househ.equip. and routine househ.maintenance	5.7.7		5.7.7		5.7.5	5.7.5
Health	5.7.7		5.7.7			
Transport	5.7.7		5.7.7		5.7.5	
Communication			5.7.7		5.7.5	
Recreation and culture	5.7.7		5.7.7		5.7.5	
Education			5.7.7			
Restaurants and hotels			5.7.7			
Miscellaneous goods and services	5.7.7		5.7.7			
Transition to national concept			5.7.0			
NPISH final consumption expenditure	5.8.1					
General government final consumption expenditure	5.9.1	5.9.1				5.9.1
<b>Gross fixed capital formation</b>						
Products of agriculture, forestry, fishery and aquaculture	5.10.1					
Metal products and machinery equipment	5.10.1					
Transport equipment	5.10.1					
Construction of housing	5.10.1					
Other constructions	5.10.1					
Other products	5.11.1,5.12.1					
<b>Changes in inventories</b>	<b>5.13.1</b>					
<b>Acquisitions less disposals of valuables</b>	<b>5.14.1</b>					
<b>Exports of goods and services</b>						
Goods		5.15	5.15			
Services			5.16			
<b>Imports of goods and services</b>						
Goods		5.17	5.17			
Services			5.18			
<b>Residual item</b>						
<b>Gross domestic product</b>						
<b>INCOME APPROACH</b>						
<b>Compensation of employees</b>						
Non-financial corporations	4.7.1					
Financial corporations	4.7.1					
General government	4.7.1					
Households	4.7.1	4.7.1				
NPISH	4.7.1					
<b>Gross operating surplus</b>						
Non-financial corporations						
Financial corporations	4.10.2					
General government	4.12.1					4.12.1
Households						4.10.3
NPISH	4.12.1					
<b>Mixed income</b>	<b>4.11</b>	<b>4.11</b>				
<b>Taxes on production and imports</b>	<b>4.8.1</b>	<b>4.8.1</b>				
<b>Subsidies</b>	<b>4.9.1</b>	<b>4.9.1</b>				
<b>Residual item</b>						
<b>Gross domestic product</b>						
<b>GROSS NATIONAL INCOME</b>						
Compensation of employees received from the rest of the world			8.1			
Compensation of employees paid to the rest of the world			8.1			
Property income received from the rest of the world			8			
Property income paid to the rest of the world			8			
Taxes on production and imports						
Subsidies						
<b>Gross national income</b>						



Table A.9 Contributions to the final estimate

%	Basis for national accounts figures					
	surveys and censuses	administrative records	combined data	extrapolation and models		
				benchmark extrapolations	CFM and ratios	CFC (PIM) and imputed dw. s.
<b>PRODUCTION APPROACH</b>						
<b>Total by activities</b>						
<b>Output of goods and services</b>						
<b>Intermediate consumption</b>						
<b>Gross value added</b>						
	<b>64,5</b>	<b>8,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>5,5</b>
<b>A Agriculture, hunting and forestry</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	2,2	0,1	0,0	0,0	0,0	0,0
<b>B Fishing</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	0,0	0,0	0,0	0,0	0,0	0,0
<b>C Mining and quarrying</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	0,6	0,0	0,0	0,0	0,0	0,0
<b>D Manufacturing</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	21,1	1,9	0,0	0,0	0,0	0,0
<b>E Electricity, gas, water supply</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	2,7	0,0	0,0	0,0	0,0	0,0
<b>F Construction</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	3,0	1,2	0,0	0,0	0,0	0,0
<b>G Wholesale and retail trade; certain repair</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	8,5	1,0	0,0	0,0	0,0	0,0
<b>H Hotels and restaurants</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	1,0	0,6	0,0	0,0	0,0	0,0
<b>I Transport, storage and communication</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	5,0	1,0	0,0	0,0	0,0	0,0
<b>J Financial intermediation</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	0,6	1,1	0,0	0,0	0,0	0,0
<b>K Real estate, renting and business activity</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	4,8	0,8	0,0	0,0	0,0	5,5
<b>K Services of owner-occupied dwellings</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	0,0	0,0	0,0	0,0	0,0	5,5
<b>L Public administration, defence; compulsory social security</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	4,1	0,0	0,0	0,0	0,0	0,0
<b>M Education</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	4,8	0,0	0,0	0,0	0,0	0,0
<b>N Health and social work</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	4,1	0,3	0,0	0,0	0,0	0,0
<b>O Other community, social and personal service activities</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	2,2	0,2	0,0	0,0	0,0	0,0
<b>P Private households with employed persons</b>						
Output of goods and services						
Intermediate consumption						
Gross value added						
	0,0	0,0	0,0	0,0	0,0	0,0
<b>Taxes on products</b>						
Value added type taxes						
	0,0	8,6	0,0	0,0	0,0	0,0
Taxes and duties on imports, except VAT						
	0,0	0,6	0,0	0,0	0,0	0,0
Other taxes on products						
	0,0	4,3	0,0	0,0	0,0	0,0
<b>Subsidies on products</b>						
	<b>0,0</b>	<b>0,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Residual item</b>						
<b>Gross domestic product</b>						
	<b>64,5</b>	<b>21,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>5,5</b>



Table A.9 Contributions to the final estimate (continued)

%	Basis for national accounts figures					
	surveys and censuses	administrative records	combined data	extrapolation and models		
				benchmark extrapolations	CFM and ratios	CFC (PIM) and imputed dw. s.
<b>EXPENDITURE APPROACH</b>						
<b>Total final consumption expenditure</b>	<b>37,6</b>	<b>3,7</b>	<b>12,3</b>	<b>0,0</b>	<b>10,6</b>	<b>7,4</b>
Household final consumption expenditure	20,1	1,7	12,3	0,0	10,6	6,2
Food and non-alcoholic beverages	8,2	0,0	0,0	0,0	0,3	0,0
Alcoholic beverages, tobacco and narcotics	0,0	1,5	1,2	0,0	0,0	0,0
Clothing and footwear	1,1	0,0	0,0	0,0	2,6	0,0
Housing, water, electricity, gas and other fuels	3,1	0,1	0,0	0,0	0,0	6,2
Furnishings, househ.equip. and routine househ.maintenance	1,7	0,0	0,9	0,0	0,7	0,0
Health	0,0	0,0	1,8	0,0	0,0	0,0
Transport	2,2	0,0	0,6	0,0	6,2	0,0
Communication	0,0	0,0	1,3	0,0	0,1	0,0
Recreation and culture	2,6	0,0	2,4	0,0	0,6	0,0
Education	0,0	0,0	0,5	0,0	0,0	0,0
Restaurants and hotels	0,0	0,0	3,8	0,0	0,0	0,0
Miscellaneous goods and services	1,2	0,0	2,7	0,0	0,0	0,0
Transition to national concept	0,0	0,0	-2,9	0,0	0,0	0,0
NPISH final consumption expenditure	0,9	0,0	0,0	0,0	0,0	0,0
General government final consumption expenditure	16,6	2,1	0,0	0,0	0,0	1,1
<b>Gross fixed capital formation</b>	<b>16,3</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Products of agriculture, forestry, fishery and aquaculture	0,0	0,0	0,0	0,0	0,0	0,0
Metal products and machinery equipment	6,9	0,0	0,0	0,0	0,0	0,0
Transport equipment	1,1	0,0	0,0	0,0	0,0	0,0
Construction of housing	0,3	0,0	0,0	0,0	0,0	0,0
Other constructions	7,1	0,0	0,0	0,0	0,0	0,0
Other products	0,9	0,0	0,0	0,0	0,0	0,0
<b>Changes in inventories</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Acquisitions less disposals of valuables</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Exports of goods and services</b>	<b>0,0</b>	<b>46,8</b>	<b>5,3</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Goods	0,0	46,8	0,5	0,0	0,0	0,0
Services	0,0	0,0	4,9	0,0	0,0	0,0
<b>Imports of goods and services</b>	<b>0,0</b>	<b>49,4</b>	<b>6,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Goods	0,0	49,4	1,0	0,0	0,0	0,0
Services	0,0	0,0	5,0	0,0	0,0	0,0
<b>Residual item</b>						
<b>Gross domestic product</b>	<b>53,9</b>	<b>1,1</b>	<b>11,7</b>	<b>0,0</b>	<b>10,6</b>	<b>7,4</b>
<b>INCOME APPROACH</b>						
<b>Compensation of employees</b>	<b>47,7</b>	<b>3,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Non-financial corporations	32,8	0,0	0,0	0,0	0,0	0,0
Financial corporations	2,1	0,0	0,0	0,0	0,0	0,0
General government	12,2	0,0	0,0	0,0	0,0	0,0
Households	0,2	3,4	0,0	0,0	0,0	0,0
NPISH	0,4	0,0	0,0	0,0	0,0	0,0
<b>Gross operating surplus</b>	<b>0,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>6,5</b>
Non-financial corporations	0,0	0,0	0,0	0,0	0,0	0,0
Financial corporations	0,0	0,0	0,0	0,0	0,0	0,0
General government	0,4	0,0	0,0	0,0	0,0	1,1
Households	0,0	0,0	0,0	0,0	0,0	5,4
NPISH	0,0	0,0	0,0	0,0	0,0	0,0
<b>Mixed income</b>	<b>0,2</b>	<b>5,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Taxes on production and imports</b>	<b>0,1</b>	<b>16,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Subsidies</b>	<b>0,3</b>	<b>1,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Residual item</b>						
<b>Gross domestic product</b>	<b>48,1</b>	<b>23,7</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>6,5</b>
<b>GROSS NATIONAL INCOME</b>						
Compensation of employees received from the rest of the world	0,0	0,0	0,9	0,0	0,0	0,0
Compensation of employees paid to the rest of the world	0,0	0,0	0,1	0,0	0,0	0,0
Property income received from the rest of the world	0,0	0,0	1,4	0,0	0,0	0,0
Property income paid to the rest of the world	0,0	0,0	2,0	0,0	0,0	0,0
Taxes on production and imports	0,0	0,0	0,0	0,0	0,0	0,0
Subsidies	0,0	0,0	0,0	0,0	0,0	0,0
<b>Gross national income</b>	<b>64,3</b>	<b>21,2</b>	<b>0,2</b>	<b>0,0</b>	<b>0,0</b>	<b>5,5</b>

GROSS NATIONAL INCOME COMPILATION PROCESS TABLE

Basis for national accounts figures				Adjustments					Final estimate
extrapolation and models		other	total	data validation	conceptual	explicit cut-off	explicit exhaustiveness	balancing	
other extrapol. and models	total extrapol. and models								
<b>1,9</b>	<b>19,9</b>	<b>0,0</b>	<b>73,5</b>	<b>0,0</b>	<b>1,7</b>	<b>1,4</b>	<b>0,1</b>	<b>0,0</b>	<b>76,6</b>
1,9	18,8	0,0	52,9	0,0	1,5	1,0	0,0	0,0	55,4
0,0	0,3	0,0	8,4	0,0	0,7	0,8	0,0	-0,1	9,9
0,0	0,0	0,0	2,8	0,0	0,0	0,0	0,0	0,0	2,8
0,0	2,6	0,0	3,7	0,0	0,0	0,0	0,0	0,0	3,7
1,9	8,2	0,0	11,4	0,0	0,2	0,1	0,0	0,0	11,7
0,0	0,7	0,0	3,3	0,0	0,1	0,0	0,0	0,1	3,6
0,0	0,0	0,0	1,8	0,0	0,0	0,0	0,0	0,0	1,8
0,0	6,2	0,0	9,1	0,0	-0,2	0,0	0,0	0,0	8,9
0,0	0,1	0,0	1,5	0,0	0,0	0,0	0,0	0,0	1,5
0,0	0,6	0,0	5,6	0,0	0,0	0,0	0,0	-0,1	5,5
0,0	0,0	0,0	0,5	0,0	0,0	0,0	0,0	0,0	0,5
0,0	0,0	0,0	3,8	0,0	0,0	0,0	0,0	0,0	3,8
0,0	0,0	0,0	3,9	0,0	0,7	0,0	0,0	0,0	4,5
0,0	0,0	0,0	-2,9	0,0	0,0	0,0	0,0	0,0	-2,9
0,0	0,0	0,0	0,9	0,0	0,0	0,3	0,0	0,0	1,3
0,0	1,1	0,0	19,8	0,0	0,2	0,0	0,0	0,0	20,0
<b>4,4</b>	<b>4,4</b>	<b>0,0</b>	<b>20,7</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,4</b>	<b>3,1</b>	<b>24,1</b>
0,1	0,1	0,0	0,1	0,0	0,0	0,0	0,0	0,0	0,1
0,2	0,2	0,0	7,1	0,0	0,0	0,0	0,1	1,4	8,6
0,2	0,2	0,0	1,2	0,0	0,0	0,0	0,1	1,0	2,3
2,9	2,9	0,0	3,2	0,0	0,0	0,0	0,0	0,1	3,3
1,0	1,0	0,0	8,1	0,0	0,0	0,0	0,1	0,5	8,7
0,0	0,0	0,0	0,9	0,0	0,0	0,0	0,0	0,0	1,0
<b>-0,1</b>	<b>-0,1</b>	<b>0,0</b>	<b>-0,2</b>	<b>0,0</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>5,0</b>	<b>5,0</b>	<b>0,0</b>	<b>57,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>57,2</b>
0,0	0,0	0,0	47,3	0,0	0,0	0,0	0,0	0,0	47,3
5,0	5,0	0,0	9,9	0,0	0,0	0,0	0,0	0,0	9,9
<b>2,4</b>	<b>2,4</b>	<b>0,0</b>	<b>57,8</b>	<b>0,0</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>57,9</b>
0,0	0,0	0,0	50,4	0,0	0,0	0,0	0,0	0,0	50,4
2,4	2,4	0,0	7,4	0,0	0,1	0,0	0,0	0,0	7,5
<b>8,7</b>	<b>26,7</b>	<b>0,0</b>	<b>93,4</b>	<b>0,0</b>	<b>1,7</b>	<b>1,4</b>	<b>0,4</b>	<b>3,1</b>	<b>100,0</b>
<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>51,0</b>	<b>0,0</b>	<b>-1,0</b>	<b>0,8</b>	<b>2,6</b>	<b>0,0</b>	<b>53,4</b>
0,0	0,0	0,0	32,8	0,0	-0,6	0,5	2,3	0,0	35,1
0,0	0,0	0,0	2,1	0,0	-0,1	0,0	0,1	0,0	2,1
0,0	0,0	0,0	12,2	0,0	-0,2	0,0	0,1	0,0	12,2
0,0	0,0	0,0	3,5	0,0	-0,1	0,1	0,1	0,0	3,6
0,0	0,0	0,0	0,4	0,0	0,0	0,1	0,0	0,0	0,5
<b>0,0</b>	<b>6,5</b>	<b>0,0</b>	<b>7,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,9</b>	<b>0,0</b>	<b>16,5</b>	<b>24,4</b>
0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0	14,7	14,8
0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,8	1,8
0,0	1,1	0,0	1,5	0,0	0,0	0,0	0,0	0,0	1,5
0,0	5,4	0,0	5,4	0,0	0,0	0,9	0,0	0,0	6,3
0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1
<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>5,8</b>	<b>0,0</b>	<b>0,0</b>	<b>0,8</b>	<b>1,0</b>	<b>0,0</b>	<b>7,6</b>
<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>16,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>16,1</b>
<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>1,5</b>	<b>0,0</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>1,5</b>
<b>0,0</b>	<b>6,5</b>	<b>0,0</b>	<b>78,3</b>	<b>0,0</b>	<b>-1,0</b>	<b>2,6</b>	<b>3,6</b>	<b>16,5</b>	<b>100,0</b>
0,0	0,0	0,0	0,9	0,0	0,0	0,0	0,0	0,0	0,9
0,0	0,0	0,0	0,1	0,0	0,0	0,0	0,0	0,0	0,1
0,0	0,0	0,0	1,4	0,0	-0,1	0,0	0,0	0,0	1,3
0,0	0,0	0,0	2,0	0,0	-0,1	0,0	0,0	0,0	1,8
0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>-0,1</b>	<b>5,4</b>	<b>0,0</b>	<b>91,1</b>	<b>0,0</b>	<b>2,7</b>	<b>2,6</b>	<b>3,6</b>	<b>0,0</b>	<b>100,0</b>