

Abstract

Explanatory note on the European System of Accounts (ESA- 95) - methodology

The main goal of the « ESA95 methodology explanatory notes », published by Belgian Court of Audit in May 2005, is to put across, in a language as accessible as possible to the layman, ESA95's main concepts as applicable to general government and to the calculation of their financing balance.

More specifically, it aims to show with a few examples the origin of the fundamental discrepancies between the financing balance (as seen primarily from a macroeconomic perspective) and the strictly budgetary approach (as used in a more financial perspective).

To achieve this, the explanatory notes look into three main factors underlying this discrepancy:

The notion of general government, and in particular their scope of consolidation;

The notion of entitlements, with emphasis on the identification of tax revenue;

The determination of economic operations – according to ESA95 - influencing or not influencing their financing balance and their budgetary balance (financial account or real estate operations).

A summary of these discrepancies, as applicable to Belgium, is added at the end of the note.