

General government expenditure: Analysis by detailed economic function

In 2011, general government expenditure amounted to 49.1% of EU-27 GDP. Based on the latest available expenditure data by economic function for 2010, more than half was devoted to social protection and health, which accounted for 19.9% and 7.5% respectively of GDP. The other important sectors of government spending concerned general public services (6.5% of GDP), education (5.5%) and economic affairs (4.7%). This publication analyses trends in the structure of general government expenditure breakdown by their socio-economic function (according to the Classification of the Functions of Government - COFOG).

General government expenditure at 49.1% of EU GDP in 2011

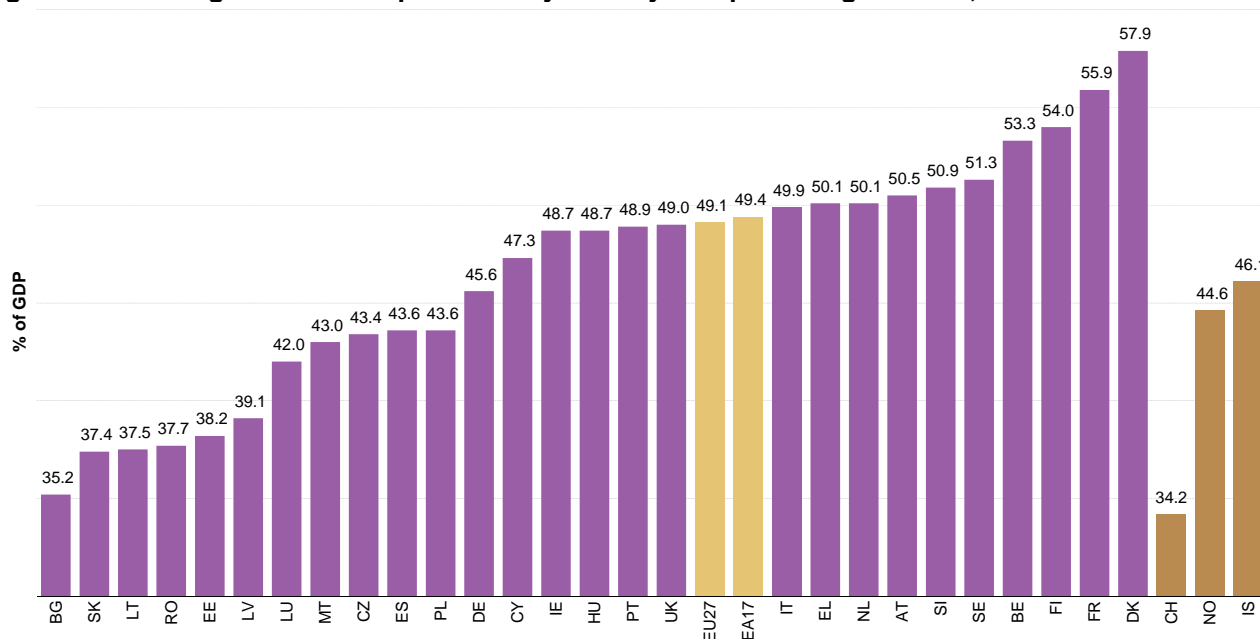
For the EU-27, general government expenditure, including central, state and local governments and social security funds amounted to around 6 200 billion euro in 2011, or 49.1% of GDP. The proportion for the euro

area was almost identical at 49.4% of EA-17 GDP (nearly 4 666 billion euro).

In ten Member States, share of government expenditure in GDP was higher than the weighted EU-27 average. The highest levels were found in Denmark, France, Finland and Belgium, all with proportions above 53%. After having had by far the highest proportion in 2010, reaching 66.6% of GDP (a result of the economic and financial crisis), Ireland's public expenditure was reduced to 48.7%.

On the other end of the scale, Switzerland was the country with the lowest government spending relative to GDP (34.2%). The share did not exceed 40% in Bulgaria, Slovakia, Lithuania, Romania, Estonia and Latvia as well. In ten out of the twelve Member States that joined the EU in 2004 and 2007, total general government expenditure remained below 48% of GDP. Among the 'old' EU Member States, Luxembourg had the lowest proportion at 42.0% of its GDP.

Figure 1: General government expenditure by country as a percentage of GDP, 2011



Source: Eurostat (online data code: [gov_a_main](#))

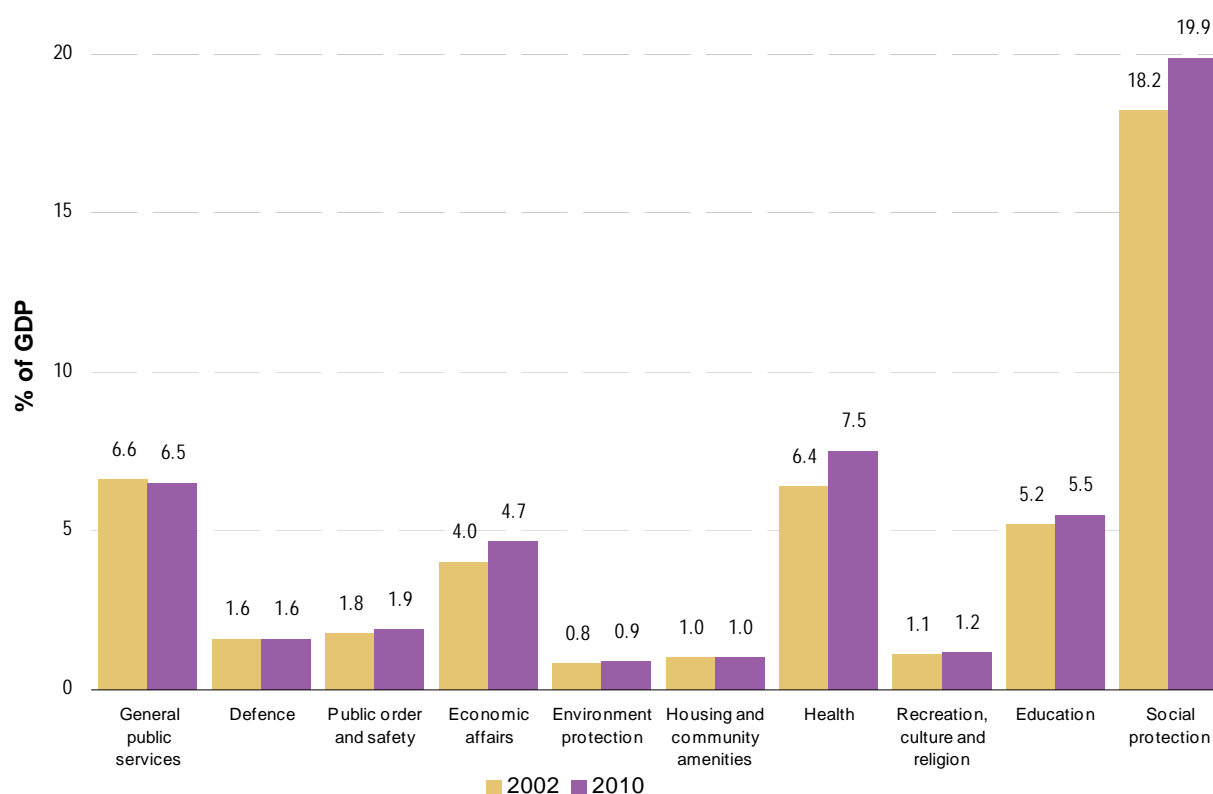
General government expenditure by function

In the framework of the European System of National Accounts (ESA 95), Eurostat collects data on general government expenditure by economic function according to the international Classification of the Functions of Government (COFOG).

In the EU as a whole, as well as in all individual Member states, social protection is the most important function of government expenditure. In 2010 social protection spending by government in the EU-27 was

equivalent to 19.9% of GDP. The next most important functions in terms of government expenditure were health and general public services, amounting to 7.5% and 6.5% respectively of GDP in the EU-27 in 2010. Education (5.5% of GDP) and economic affairs (4.7% of GDP) followed. The remaining functions - composed of defence, public order and safety, environmental protection, housing and culture - represented 6.6% of EU-27 GDP in 2010.

Figure 2: General Government expenditure by main function in the EU-27 as a percentage of GDP, 2002 and 2010



Source: Eurostat (online data code: [gov_a_exp](#))

Compared to 2002 (the first year for which data for all EU Member states are complete), spending by government on social protection, health and economic affairs has increased relative to GDP, in fact more

particularly since 2009, clearly reflecting growing social- and economic-related public interventions in response to the crisis.

Two dominant types of expenditure

General government expenditure can also be divided into four types of expenditure: operating costs of the governmental institutions composed of intermediate consumption, compensation of employees and taxes paid on production; public money transfers to the benefit of households and businesses; interests which

are mainly paid to reimburse the debt burden, and capital investment.

In general, social benefits, subsidies and capital transfers represent the largest category of government expenditure, equivalent to 27.0% of EU-27 GDP in

2010. Within this group of spending, the redistribution of income in the form of social benefits and transfers in cash or in kind was the most important at 21.6% of GDP.

The next largest category was operating costs at 18.2% of GDP (including compensation of employees

which alone accounted for 11.1% of EU GDP). Interest payments on borrowing and rent paid by government and public spending on capital investment (gross capital formation) each represented 2.7% of EU-27 GDP.

Table 1: General government expenditure in the EU-27 and EA-17 by nature, 2002 and 2010 (% of GDP and millions of euro in 2010)

	in % of GDP				in millions of euro	
	EU-27		EA-17		EU-27	EA-17
	2002	2010	2002	2010	2010	2010
Operating costs	17.0	18.2	15.6	16.6	2 235 098	1 531 749
Intermediate consumption	6.1	6.9	4.9	5.6	845 670	516 233
Taxes	0.2	0.2	0.2	0.2	28 523	22 184
Compensation of employees	10.7	11.1	10.5	10.8	1 360 905	993 332
Interest, payable	3.2	2.7	3.5	2.8	332 780	256 969
Benefits and other transfers	24.1	27.0	25.8	29.0	3 306 316	2 648 626
Other current transfers	2.0	2.4	1.8	2.3	295 839	206 923
Social benefits + social transfers in kind	19.6	21.6	21.3	23.4	2 649 546	2 145 983
Subsidies	1.3	1.3	1.4	1.4	155 217	125 174
Capital transfers	1.2	1.7	1.3	1.9	205 714	170 546
Capital investment	2.3	2.7	2.4	2.5	325 543	228 410
Total general government expenditure	46.6	50.6	47.3	50.9	6 199 736	4 665 753

Source: Eurostat (online data code: [gov_a_exp](#))

Coverage of social risks – more than half of total general government expenditure

Taken together, government expenditure on social protection and on health accounted for 54.2% of total government spending of EU-27 in 2010.

Social protection accounted alone for 39.4% of the total, or 19.9% of EU-27 GDP. This function includes spending on sickness and disability, old age, family and children, unemployment, housing in the form of benefits in kind, and social exclusion. The highest spending on social protection was found in Denmark (25.4%), France (24.2%) and Finland (23.9%). Sweden, which had nearly the highest share in 2009 (23.1% of GDP), decreased spending on social protection by 1.5 percentage points (pp) in 2010. At the other end of the scale were Slovakia (12.3%), Cyprus (11.7%) and Iceland (11.2%).

Compared to 2002, social protection as a percentage of GDP decreased in only five countries: Slovakia (-2.6 pp), Sweden (-1.5 pp), Poland (-1.4 pp), Germany (-0.6 pp) and the Czech Republic (-0.3 pp). However, it significantly increased in Ireland (+7.6 pp), Portugal (+5.6 pp), Romania (+4.8 pp) and Estonia (+4.7 pp).

In the countries for which detailed data is available, the rise in social protection spending is particularly noticeable in the COFOG 'old age' group. This category includes in particular most of the pension

schemes, and was close to or higher than 10% of GDP in eleven Member States. In Ireland, the increase in social protection-related public expenditure between 2002 and 2010 is also largely explained by higher outlays in the 'sickness and disability' and also in the 'unemployment' groups within social protection.

At EU level, nearly 90% of public expenditure for social protection concerns social benefits and transfers which are redistributed to households. It is interesting to see that this percentage does not exceed 80% in all Scandinavian countries where by contrast, the percentage devoted to compensation of employees in this economic function is higher than 10%.

Health is the second largest function of government spending, at 7.5% of EU GDP in 2010 (14.7% of total government expenditure). This includes expenditure on services provided to individual persons (e.g. medical and pharmaceutical products or equipment intended for consumption or use outside a health institution, outpatient and public health services), and services provided on a collective basis (e.g. administration and operation of government agencies involved in applied research and experimental development related to health).

Table 2: Total general government expenditure on social protection and health by country, 2002 and 2010 (% of GDP and millions of euro in 2010)

	in % of GDP				in millions of euro	
	Social protection		Health		Social protection	Health
	2002	2010	2002	2010	2010	2010
EU-27	18.2	19.9	6.4	7.5	2 444 153	914 317
EA-17	18.7	20.5	6.5	7.5	1 875 650	686 646
BE	17.7	19.3	6.5	7.9	68 342	28 007
BG	12.8	13.5	5.3	4.8	4 851	1 732
CZ	14.0	13.7	7.2	7.8	20 514	11 701
DK	23.2	25.4	7.0	8.5	59 756	19 957
DE	21.2	20.6	6.9	7.2	511 370	178 290
EE	9.9	14.6	4.2	5.3	2 090	760
IE	9.5	17.1	6.5	8.5	26 709	13 323
EL	16.9	18.0	5.0	7.5	40 861	17 017
ES	13.0	16.9	5.2	6.5	178 198	68 656
FR	20.9	24.2	7.4	8.0	466 894	154 550
IT	17.6	20.4	6.3	7.6	317 164	117 839
CY	8.7	11.7	3.1	3.3	2 035	576
LV	11.5	13.8	3.7	4.3	2 477	767
LT	10.7	14.5	4.3	5.5	3 992	1 502

	in % of GDP				in millions of euro	
	Social protection		Health		Social protection	Health
	2002	2010	2002	2010	2010	2010
LU	17.2	18.3	4.7	4.9	7 380	1 987
HU	15.5	17.8	5.5	5.1	17 251	4 995
MT	13.7	14.8	5.6	5.7	906	349
NL	15.9	17.3	5.5	8.3	101 536	49 114
AT	21.2	21.7	7.1	8.1	62 226	23 314
PL	18.3	16.9	4.4	5.0	59 759	17 698
PT	13.1	18.7	6.5	7.0	32 247	12 076
RO	10.1	14.9	4.1	3.6	18 543	4 499
SI	17.0	18.7	6.5	6.9	6 613	2 447
SK	14.9	12.3	5.0	6.4	8 055	4 210
FI	20.9	23.9	6.2	7.9	43 025	14 130
SE	23.1	21.6	6.8	7.1	75 285	24 717
UK	15.3	17.9	6.2	8.2	306 075	140 105
IS	8.7	11.2	8.7	7.9	1 063	748
NO	17.8	17.8	7.9	7.5	56 233	23 600
CH	:	13.9	:	2.1	55 545	8 237

Source: Eurostat (online data code: [gov_a_exp](#))

Within the EU, government health spending ranges from less than 5% of GDP in Cyprus, Bulgaria, Romania, Latvia and Luxembourg to 8.5% in Ireland and Denmark. This share seems particularly low in Switzerland where public outlays on health represented 2.1% of GDP.

Compared to 2002, the share of health has decreased in one Member state only (Bulgaria by 0.5 percentage points) and also in Norway and Iceland (-0.4 and -0.8 pp respectively). On the other hand, substantial increases have been reported in Greece and in the

Netherlands (+2.5 and +2.8 pp respectively) and also in the UK and in Ireland (+2.0 pp for both).

As regards the nature of expenditure in the health function, the respective share of operating costs and transfers is relatively well balanced at EU level (46.4% of total expenditure for the former, 50.8% for the latter in 2010). However, in a group of countries composed of Belgium, Czech Republic, Germany, Luxembourg, the Netherlands, Austria, Portugal, Slovakia and Switzerland, the share of redistributed transfers (essentially social transfers) exceeds 80% of total public spending in health.

'Traditional' collective functions: 10% of GDP in 2010

By traditional collective functions is meant the grouping of three COFOG divisions: general public services, defence, and public order and safety. These functions are often considered as the main state prerogatives.

The division 'general public services' includes expenses related to executive and legislative organs, financial and fiscal affairs, external affairs, foreign economic aid, basic research and expenses related to debt. The function 'defence' includes both military and civil defence, as well as foreign military aid, while the public order and safety function covers police and fire services, law courts and prisons. Spending on these traditional functions amounted to 1 224 billion euro, 10.0% of EU-27 GDP in 2010 (or 19.7% of all government

expenditure), which was the same proportion as in 2002. Within this group, 'general public services' is the most important with 6.5% of EU-27 GDP in 2010.

'Defence' and 'public order and safety' have fairly similar shares, 1.6% and 1.9% of GDP respectively in EU-27, all quite stable compared with 2002.

Among countries, expenditure on traditional functions is relatively homogeneous within the EU: most of the countries had figures between 8% and 12% of GDP. It is essentially Luxembourg and Ireland at the lower end (6.0% and 6.3% of GDP respectively) and Cyprus and Greece at the top end (15.4% and 15.0% of GDP) that diverge from the global picture.

Table 3: Total general government expenditure on traditional collective functions by country, 2010 (% of GDP and millions of euro)

	in % of GDP				in millions of euro
	General public services	Defence	Public order and safety	Total	Total
EU-27	6.5	1.6	1.9	10.0	1 223 903
EA-17	6.7	1.4	1.8	9.9	911 342
BE	8.4	1.0	1.8	11.2	39 666
BG	3.9	1.8	2.7	8.4	3 013
CZ	4.7	1.0	2.0	7.7	11 539
DK	7.5	1.4	1.1	10.0	23 769
DE	6.1	1.1	1.6	8.8	217 220
EE	3.2	1.8	2.2	7.2	1 026
IE	3.9	0.5	1.9	6.3	9 759
EL	11.1	2.2	1.7	15.0	34 131
ES	5.2	1.1	2.1	8.4	87 879
FR	6.9	2.1	1.7	10.7	205 954
IT	8.3	1.4	1.9	11.6	180 973
CY	10.7	2.3	2.4	15.4	2 682
LV	4.5	1.0	2.0	7.5	1 343
LT	4.6	1.2	1.9	7.7	2 120

	in % of GDP				in millions of euro
	General public services	Defence	Public order and safety	Total	Total
LU	4.5	0.5	1.0	6.0	2 453
HU	9.3	1.2	1.9	12.4	12 068
MT	6.6	0.8	1.5	8.9	547
NL	5.9	1.4	2.1	9.4	55 646
AT	6.8	0.7	1.5	9.0	25 816
PL	5.9	1.4	1.9	9.2	32 480
PT	7.0	1.7	2.4	11.1	19 077
RO	4.5	1.5	2.4	8.4	10 359
SI	5.7	1.5	1.8	9.0	3 213
SK	6.3	1.3	2.7	10.3	6 728
FI	7.2	1.6	1.5	10.3	18 573
SE	7.0	1.6	1.4	10.0	34 554
UK	5.3	2.7	2.6	10.6	181 317
IS	8.9	0.0	1.4	10.3	980
NO	4.7	1.5	1.0	7.2	22 553
CH	3.4	0.8	1.7	5.9	23 553

Source: Eurostat (online data code: [gov_a_exp](#))

For the latter two, this divergence is explained by a relatively high share of spending in general public services (more than 10% of GDP in both cases), combined with a relatively high share of expenditure in the defence function. Cyprus and Greece together with France and the UK are the only countries for which the public expenditure on defence exceeds 2.0% of GDP – although it has substantially decreased in Greece where it was over 3% of GDP in 2002.

As regards the breakdown of expenditure by economic category, the picture is quite different between these three functions. For general public services, the payment of interest to reimburse the debt burden accounted for 41% of EU-27 total outlays for this function in 2010. It

even represented more than 50% in Ireland, the UK, Greece, Italy and also Iceland.

For defence and public order and safety, operating costs compose the main part of expenditure (90% of total expenditure for both functions) for two different reasons however. Intermediate consumption is generally the dominant type of expenditure in the defence function, partly due to the specific treatment of military weapons in the current system of national accounts. Compensation of employees is the most significant item in the total expenditure for public order and safety.

Government expenditure on economic affairs

The category 'economic affairs' covers support programmes, subsidies and public infrastructure spending in the mining, manufacturing, agricultural, energy, construction, transport, communication and other service industries.

There is sometimes considerable variation over time in the amounts recorded by countries under this function, as they may be influenced by operations of an extraordinary nature, such as reclassification of public companies into the general government sector, sale of UMTS (mobile phone) licences or capital injections into public corporations for instance.

This is notably the case for Ireland where government expenditure on economic affairs remained quite stable at around 4.0% of GDP between 2002 and 2007, then moved up to 6.0% in 2008, 7.3% in 2009 to reach the record of 25.0% of GDP in 2010, explained by the substantial public intervention in the context of the economic and financial crisis.

Overall, government spending on economic affairs amounted to 9.2% of total government spending or 4.7% of EU GDP in 2010, which represents a 0.7 percentage point increase compared to the 2002 level. Apart from Ireland, the highest share of government spending in GDP was found in Latvia (9.0%) and Iceland (7.0%). By contrast, expenditure for this economic function was lowest in the UK (3.1%) and in France and Denmark (both 3.4%). Compared with 2002, this proportion has substantially decreased in Slovakia (-3.1 percentage points) and more moderately in the Czech Republic and in Hungary (by -2.0 and -1.9 pp respectively).

Total expenditure for EU-27 in the economic affairs function is split between subsidies and capital transfers (which together accounted for 49.8% of the total in 2010), operating costs (30.6%), and capital investment (19.3%).

Table 4: Total general government expenditure on economic affairs by country, 2002 and 2010 (% of GDP and millions of euro in 2010)

	in % of GDP		in millions of euro
	2002	2010	2010
EU-27	4.0	4.7	572 923.4
EA-17	4.2	4.9	447 129.5
BE	4.4	6.1	21 520.6
BG	3.7	5.1	1 856.6
CZ	8.6	6.6	9 913.5
DK	3.2	3.4	7 931.3
DE	4.1	4.8	118 540.0
EE	3.7	4.4	625.4
IE	4.1	25.0	39 059.6
EL	4.6	4.4	10 016.0
ES	4.7	5.2	54 474.0
FR	3.6	3.4	66 619.0
IT	4.1	3.8	59 583.0
CY	4.7	3.9	671.9
LV	4.6	9.0	1 615.2
LT	4.3	4.5	1 241.9

	in % of GDP		in millions of euro
	2002	2010	2010
LU	5.0	4.3	1 722.4
HU	7.7	5.8	5 648.5
MT	6.1	4.8	291.3
NL	5.5	6.0	35 219.0
AT	4.8	5.7	16 254.8
PL	3.5	5.6	19 986.0
PT	4.2	5.6	9 637.3
RO	4.4	6.8	8 466.8
SI	4.4	5.1	1 804.1
SK	6.7	3.6	2 343.1
FI	4.9	4.9	8 748.0
SE	4.2	4.6	15 987.9
UK	2.7	3.1	53 146.3
IS	6.4	7.0	664.3
NO	4.8	4.4	13 815.5
CH	:	4.4	17 746.1

Source: Eurostat (online data code: [gov_a_exp](#))

Government expenditure on culture and education

Expenditure relating to 'recreation, culture and religion' and 'education' accounted for 6.7% of EU-27 GDP in 2010, compared with 6.3% in 2002.

Education alone represented 10.8% of total government expenditure in the EU-27. This function embraces the various levels of formal education (from pre-primary to tertiary education). At the level of EU-27, government expenditure on education increased in relative terms, moving from 5.2% of GDP in 2002, to reach 5.5% of GDP in 2010.

General government expenditure on education, as a percentage of GDP was highest in Iceland (8.3% in 2010), Denmark (8.1%), Cyprus (7.5%), Sweden and the United Kingdom (both 7.0%). The lowest percentages were found in Romania (3.4%), Bulgaria and Greece (both 3.8%), Germany (4.3%), Italy and Slovakia (both 4.5%), generally indicating – on the basis of detailed data – either some relative public under-investment in pre-primary or in tertiary education facilities or sometimes in both.

Compared with 2002, education expenditure by government increased by 1.5 percentage points in

Ireland and Cyprus. In the case of Ireland, it seems that more funds have been dedicated to primary and secondary education while tertiary education has profited as well in Cyprus. On the other hand, government spending on education decreased by 0.6 pp in Romania and by 0.4 pp in Poland and Norway.

Concerning the nature of spending in education, compensation of employees is the most significant item, representing more than 60% of total expenditure at EU level. For 'recreation, culture and religion', operating costs are dominant as well, followed by an equal share of compensation and intermediate consumption, which account for 30% each of total spending in this function.

The COFOG function 'recreation, culture and religion' represented 2.3% of total government expenditure or 1.2% of EU-27 GDP in 2010. Iceland was the country with the largest proportion of government expenditure in this function (3.7% of GDP). Within the EU, Slovenia and Estonia were the only two Member States for which this share exceeds 2%.

Table 5: Total general government expenditure on recreation, culture and education by country, 2002 and 2010 (% of GDP and millions of euro)

	in % of GDP				in millions of euro	
	Education		Recreation and culture		Education	Recreation and culture
	2002	2010	2002	2010	2010	2010
EU-27	5.2	5.5	1.1	1.2	669 874	144 591
EA-17	4.9	5.1	1.1	1.2	466 911	106 999
BE	5.9	6.3	1.3	1.2	22 211	4 377
BG	3.8	3.8	0.7	0.8	1 368	273
CZ	5.1	4.8	1.2	1.4	7 209	2 049
DK	7.7	8.1	1.6	1.6	19 007	3 826
DE	4.2	4.3	0.9	0.8	106 320	20 830
EE	6.8	6.8	2.1	2.1	976	297
IE	4.5	6.0	0.7	0.7	9 311	1 142
EL	2.9	3.8	0.3	0.6	8 577	1 387
ES	4.4	4.9	1.3	1.6	51 511	16 764
FR	6.0	6.0	1.2	1.5	115 834	28 743
IT	4.7	4.5	0.9	0.8	69 321	12 703
CY	6.0	7.5	1.1	1.3	1 297	225
LV	5.8	6.2	1.3	1.6	1 108	285
LT	6.0	6.1	0.9	1.0	1 683	267

	in % of GDP				in millions of euro	
	Education		Recreation and culture		Education	Recreation and culture
	2002	2010	2002	2010	2010	2010
LU	4.8	5.1	1.8	1.8	2 068	721
HU	5.7	5.6	1.9	1.8	5 417	1 706
MT	5.9	5.8	0.6	0.8	358	47
NL	5.4	5.9	1.8	1.8	34 640	10 782
AT	5.5	5.7	1.0	1.0	16 306	2 953
PL	6.1	5.7	1.1	1.3	20 026	4 758
PT	6.7	6.5	1.3	1.3	11 150	2 242
RO	4.0	3.4	0.6	1.1	4 160	1 314
SI	6.5	6.6	1.3	2.2	2 353	795
SK	3.6	4.5	0.9	1.2	2 944	788
FI	6.1	6.5	1.1	1.2	11 735	2 204
SE	7.3	7.0	1.1	1.2	24 322	4 212
UK	5.6	7.0	1.1	1.1	118 663	18 903
IS	8.3	8.3	3.3	3.7	791	348
NO	6.3	5.9	1.2	1.3	18 657	4 145
CH	:	6.0	:	0.9	23 962	3 781

Source: Eurostat (online data code: [gov_a_exp](#))

Government expenditure on environmental protection and housing

In 2010, government spending on 'environmental protection' and 'housing and community amenities' together amounted to 1.9% of EU-27 GDP (or 3.7% of total government outlays), a very similar level to 2002.

These functions include on the one hand waste management, pollution abatement, protection of biodiversity and landscape, and on the other hand, all outlays relating to housing development, community development, water supply and street lighting.

Of the ten COFOG first-level functions, these two divisions often make up the least significant ones in

terms of share of government expenditure, despite the growing public concern for the environment.

Iceland, Cyprus, Ireland and France recorded the largest values under these functions combined (around 3.0% of GDP in 2010), followed by the UK, Malta and the Netherlands (around 2.5% of GDP). The lowest percentages were found in the Scandinavian countries, Estonia, Switzerland, Hungary, Greece and Belgium (1% of GDP or less).

Table 6: Total general government expenditure on environmental protection, housing and community amenities, 2002 and 2010 (% of GDP and millions of euro)

	in % of GDP				in millions of euro	
	Environmental protection		Housing		Environmental protection	Housing
	2002	2010	2002	2010	2010	2010
EU-27	0.8	0.9	1.0	1.0	106 349	123 776
EA-17	0.8	0.9	1.0	1.0	80 059	91 015
BE	0.7	0.6	0.3	0.4	2 243	1 249
BG	0.7	0.7	0.4	1.0	255	364
CZ	1.0	1.0	0.6	0.9	1 536	1 400
DK	0.6	0.5	0.7	0.4	1 116	863
DE	0.6	0.7	1.1	0.7	16 770	16 410
EE	0.7	-0.3	0.6	0.6	- 43	79
IE	0.9	1.1	1.7	1.8	1 778	2 841
EL	0.5	0.6	0.4	0.4	1 324	900
ES	0.9	0.9	1.1	1.2	9 723	12 440
FR	0.8	1.0	1.8	1.9	19 903	35 990
IT	0.9	0.8	0.1	0.7	13 149	11 569
CY	0.3	0.3	2.3	2.8	58	492
LV	0.3	0.6	1.4	1.5	109	272
LT	0.1	1.4	0.4	0.3	376	89

	in % of GDP				in millions of euro	
	Environmental protection		Housing		Environmental protection	Housing
	2002	2010	2002	2010	2010	2010
LU	1.1	1.2	1.0	0.7	476	300
HU	0.9	0.6	0.8	0.4	575	358
MT	0.9	2.2	0.9	0.2	132	14
NL	1.6	1.8	0.8	0.7	10 447	3 852
AT	0.5	0.5	0.7	0.7	1 513	1 945
PL	0.6	0.7	1.6	1.0	2 567	3 611
PT	0.6	0.7	0.9	0.6	1 197	1 102
RO	0.2	0.7	1.9	1.3	910	1 624
SI	0.8	0.8	0.6	0.7	269	253
SK	0.9	0.9	1.0	1.0	614	666
FI	0.3	0.3	0.4	0.5	506	914
SE	0.3	0.3	0.9	0.7	1 187	2 538
UK	0.7	1.0	0.8	1.3	17 658	21 642
IS	0.7	0.6	0.7	2.5	62	237
NO	0.6	0.7	0.4	0.7	2 192	2 252
CH	:	0.7	:	0.2	2 824	654

Source: Eurostat (online data code: [gov_a_exp](#))

METHODOLOGICAL NOTES

This box gives some background information on the data sources in as well as on the methodological concepts and technical terms and codes used. More exhaustive information and additional data can be found on [Eurostat's website](#) in the section dedicated to [government finance statistics](#), as well as on the Statistics Explained page dedicated to [government finance statistics](#).

Reporting of data to Eurostat

Annual government finance statistics (GFS) data are collected by Eurostat on the basis of the European System of Accounts (ESA95) transmission programme. Member States are requested to transmit, among other tables, table 1100, 'Expenditure of general government by function' twelve months after the end of the reference period. Table 1100 provides information about expenditure of the general government sector divided into main COFOG functions and ESA95 categories. The transmission of COFOG I level breakdown is compulsory for the years 1995 onwards, whereas information on the COFOG II level is provided on a voluntary basis. The main reference years used in this publication are 2010 as the latest year available and 2002 as the first year for which complete data on expenditure by function are available at EU-27 level.

Provisional data

Data for BG, EL, HU and SE (2010 only) is labelled provisional.

Definition of general government and its subsectors

The data relate to the general government sector of the economy, as defined in ESA95, paragraph 2.68: 'All institutional units which are other non-market producers [institutional units whose sales do not cover more than the 50% of the production costs, see ESA95 paragraph 3.26] whose output is intended for individual and collective consumption, and mainly financed by compulsory payments made by units belonging to other sectors, and/or all institutional units principally engaged in the redistribution of national income and wealth.'

Classification of functional expenditure of government

The Classification of the Functions of Government (COFOG) is one of the four classifications of expenditure according to purpose (functional classifications) used in national accounts. COFOG classifies government expenditure into ten main categories (divisions known as the 'COFOG I level' breakdown): general public services; defence; public order and safety; economic affairs; environmental protection; housing and community affairs; health; recreation, culture and religion; education; social protection. These divisions are further broken down into 'groups' (COFOG II level). Further information is available in the Eurostat [Manual on sources and methods for the compilation of COFOG Statistics](#).

Definition of general government expenditure

Government expenditure is defined in Commission Regulation 1500/2000 and uses as reference a list of ESA95 categories.

In this publication, expenditure has been grouped into four categories:

a) 'Operating costs' is composed of: P.2, 'intermediate consumption': the purchase of goods and services by government; D.1, 'compensation of employees': the wages of government employees plus non-wage costs such as social contributions; D.29, 'other taxes on production'; D.5, 'current taxes on income, wealth, etc'; D.8, 'adjustment for the change in net equity of households in pension fund reserves';

b) Interest, payable is the main component of D.4, 'property income'.

c) 'Benefits and capital transfers for households and businesses' include: D.3, 'subsidies, payable'; D.62, social payments: cover social benefits and pensions paid in cash; D.6311, D.63121, D.63131, 'social transfers in kind related to expenditure on products supplied to households via market producers'; D.7, 'other current transfers, payable'; D.9, 'capital transfers payable';

d) 'Capital investment' is made of: P.5, 'gross capital formation' which consists of: (a) gross fixed capital formation (P.51); (b) changes in inventories (P.52); (c) acquisitions less disposals of valuables (P.53); K.2, 'acquisitions less disposals of non-financial non-produced assets'.

Consolidation

General government data reported in ESA tables 0200 and 1100 must be consolidated, meaning that specific transactions between institutional units within the general government sector – D.4 (property income), D.7 (other current transfers) and D.9 (capital transfers) – are eliminated. Sub-sector data should be consolidated within each sub-sector but not between sub-sectors. Thus data at sector level should equal the sum of sub-sector data, except for items D.4, D.7, and D.9, which are consolidated. For these latter items and consequently total revenue and total expenditure, the sum of sub-sectors should be equal or exceed the value of the sector.

Time of recording & symbol

In the ESA95 system, recording is in principle on an **accrual basis**, that is, when 'economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.'

": " not available

More data and information

For country-specific notes, e.g. on missing data, please refer to the [metadata published on Eurobase](#). The author can be contacted at ESTAT-ESA95-GOV@ec.europa.eu.

Further information

Eurostat Website: <http://ec.europa.eu/eurostat>

Data on 'Government finance statistics'

http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/data/database

Further information about 'Government finance statistics'

http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/introduction

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European Statistical Data Support:

With the members of the 'European statistical system', Eurostat has set up a network of support centres in nearly every Member State and in some EFTA countries. Their role is to provide help and guidance to Internet users of European statistics. Contact details for this support network can be found on the Eurostat website at:

<http://ec.europa.eu/eurostat/>.

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