

General government expenditure by function

2013

The share of social protection in general government expenditure grew in 2013

Around 43 per cent of general government total expenditure was spent on social protection in 2013. Expenditure directed at old age, of which most were pensions, grew most from 2012. The second biggest expenditure items were health, education and general public services. These data derive from Statistics Finland's statistics on general government expenditure by function.

Function distribution of general government expenditure in 2013, the function's share of expenditure

	Total expenditure %	Net expenditure % ¹⁾	Final consumption expenditure %
G01 General public services	14,4	11,5	11,1
G02 Defence	2,6	2,7	5,5
G03 Public order and safety	2,4	2,3	4,6
G04 Economic affairs	8,2	7,7	9,0
G05 Environmental protection	0,4	0,4	0,7
G06 Housing and community amenities	0,7	0,4	0,6
G07 Health	14,5	13,3	25,7
G08 Recreation, culture and religion	2,5	2,6	3,7
G09 Education	11,2	11,8	19,0
G10 Social protection	43,1	47,2	20,2
G0 All functions	100,0	100,0	100,0

1) Net expenditure = Total expenditure less received sales proceeds and output for own final use

The share of social protection in expenditure grew in 2013. The expenditure share of general public services and education decreased. The share of social protection expenditure grew, in particular due to the increase in pension costs. The share of expenditure directed at old age has grown most in the 2000s. In 2001, around 16 per cent of the expenditure was connected to old age. In 2013, this share had grown almost to 21 per cent.

General government is comprised of central government, local government and social security funds. Expenditure grew fastest in social security funds, by 6.4 per cent from the year before. Social security

funds pay a majority of social benefits and allowances, as well as the employment pensions of both the private and public sectors. The growth in the expenditure of central and local government slowed down from the year before and was slightly over three per cent in both.

General government expenditure can also be viewed by type of expenditure. A majority of total expenditure, i.e. around one-third, was social benefits paid in cash. The second most expenditure was directed at compensation of employees, 25 per cent of total expenditure (20 per cent on wages and salaries), purchased services and goods, around 20 per cent of expenditure, and investments, around seven per cent of expenditure.

Public total expenditure amounted to EUR 117 billion in 2013 and the ratio to gross domestic product was 57.8 per cent. Net expenditure was EUR 101 billion and the ratio to GDP was 50.2 per cent. Consumption expenditure amounted to EUR 50 billion and the ratio to GDP was 24.8 per cent.

General government total expenditure is by nature gross expenditure. It includes a considerable amount of purchase expenses between general government, which also constitute income for general government. After the ESA 2010 review, the total expenditure contains more internal expenditure, which can make it more difficult to interpret the key indicator. A more comparable key indicator, net expenditure, is calculated by deducting from total expenditure the received sales proceeds as well as production for own use, which means that the income from services including internal purchases of general government and the production costs of investments produced for own use do not affect the key indicator. Taxes paid by general government to itself, such as value added tax and social security contributions are not subtracted from the net expenditure, however. Another comparable indicator is general government's consumption expenditure that describes current expenses caused for general government from service production less the income from the services.

Impacts of the ESA 2010 review of national accounts

The European Union started using the new system of accounts (ESA 2010) at the end of September 2014. The national accounts of Finland adopted the system in July 2014. The review had a considerable effect on general government expenditure due to methodological changes, changes in the sector definition and time series adjustments.

This is the first release of the statistics on general government expenditure by function in accordance with ESA 2010. Therefore, more revisions than usual have been made to the time series of the statistics starting from 1990. More detailed information on all impacts of the ESA 2010 review can be found on the web pages of the ESA review of national accounts at https://www.stat.fi/til/ekt2010_en.html. The units belonging to general government in accordance with the renewed Classification of Sectors can be found on the web pages of the Classification of Sectors at http://www.stat.fi/meta/luokitukset/_linkki/julkisyhteisot.html (in Finnish).

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Appendix table 1. Total expenditure of general government by function and sector 2013¹⁾

	S13 General government	S1311 Central government	S1313 Local government	S1314 Social security funds
G0 All functions	116 697	57 737	48 340	39 717
G01 General public services	16 812	13 125	7 422	81
G02 Defence	2 984	2 984	-	-
G03 Public order and safety	2 810	2 255	562	-
G04 Economic affairs	9 530	6 711	3 218	-
G05 Environmental protection	514	381	147	-
G06 Housing and community amenities	804	398	421	-
G07 Health	16 867	6 575	14 186	2 387
G08 Recreation, culture and religion	2 963	1 464	1 758	-
G09 Education	13 076	7 275	8 669	931
G10 Social protection	50 337	16 569	11 957	36 318

1) General government total expenditure are consolidated, sub-sectors are unconsolidated.

Appendix table 2. Consumption expenditure of general government by function and sector 2013

	S13 General government	S1311 Central government	S1313 Local government	S1314 Social security funds
G0 All functions	50 177	13 627	33 033	3 517
G01 General public services	5 591	2 758	2 806	27
G02 Defence	2 780	2 780	-	-
G03 Public order and safety	2 298	1 830	468	-
G04 Economic affairs	4 525	3 213	1 312	-
G05 Environmental protection	327	262	65	-
G06 Housing and community amenities	277	73	204	-
G07 Health	12 884	152	10 614	2 118
G08 Recreation, culture and religion	1 849	513	1 336	-
G09 Education	9 519	1 671	7 795	53
G10 Social protection	10 127	375	8 433	1 319

Appendix table 3. Total expenditure of general government by transaction and sector 2013¹⁾

	S13 General government	S1311 Central government	S1313 Local government	S1314 Social security funds
Intermediate consumption	23 407	5 944	16 241	1 222
Compensation of employees	29 125	6 916	21 650	559
Subsidies	2 697	2 303	394	-
Property expenditure	2 581	2 459	180	54
Social benefits	43 922	4 720	4 196	35 006
Other current transfers, payable	5 996	30 762	1 222	2 776
Gross capital formation and net acquisitions of non-financial non-produced assets	8 247	3 847	4 348	52
Capital transfers, payable	641	731	102	29
Other expenditure	81	55	7	19
Total expenditure	116 697	57 737	48 340	39 717

1) General government (S13) level property expenditure, current transfers, capital transfers and total expenditure are consolidated, sub-sectors are unconsolidated.

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