



Statistics Sweden

Statistiska centralbyrån

Public Finances in Sweden

2006

Public Finances

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Sveriges officiella statistik

Statistiska centralbyrån

2006

Public finances in Sweden 2006

Official Statistics of Sweden
Statistics Sweden
2006

Previous publication Information on municipal finances was published in the Official Statistics of Sweden series under the title Municipal poor relief and finances from 1874 until 1917. From 1918 until 1998 the title used has been Municipal finances, from 1999 under the title General Government Finance, from 2001 under the title Annual accounts for general government sector and from 2006 under the title Public finances in Sweden.

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Source: Statistics Sweden, *Public finances in Sweden 2006*.

Cover: Ateljén, SCB

Photo: Mark Markefelt, Pressens Bild

ISSN 1653-5057

ISBN 91-618-1329-X

ISBN 978-91-618-1329-2

URN:NBN:SE:SCB-2006-OE06SA0602_pdf

Printed in Sweden

SCB-Tryck, Örebro 2006.06  MILJÖMÄRKT Trycksak 341242

Foreword

The need for an overall presentation of the public sector from a macroeconomic perspective was put forward in the report "Utveckling och förbättring av den ekonomiska statistiken (SOU 2002:18)". Statistics Sweden's ambition is to bring together current data on the finances and development of the public sector into a single annual report. Public finances in Sweden 2006 is the first issue which is available in print and at our website www.scb.se.

In Public Finances in Sweden 2006, the most recent data is gathered from official statistics describing the finances and coverage of the public sector. The public sector primarily covers the activities and transfer systems for which the central government, municipalities and county councils are responsible. The sector's financing and expenditure, mainly for consumption and transfers, is described from a macroeconomic perspective.

The book has been produced by the Public Finance Statistics Unit at Statistics Sweden. The working group consisted of Heather Bergdahl, Ingegerd Berggren (project leader), Hans Björklund, Marie Glanzelius and Annika Näsval. Other co-workers of the unit have also participated in the work. A number of co-workers from Statistics Sweden's National Accounts Unit and the Economic Analysis Unit at the Macroeconomics and Prices Department and the Business and Labour Market Department have also contributed proposals and material for the book.

We have received constructive views and support during the course of the work from Statistics Sweden's Programme Council for Macroeconomics and Prices led by Olle Djerf, from Mikael Marelius of the Swedish National Financial Management Authority and also Klas-Göran Larsson at the Ministry of Finance. Valuable comments on the manuscript have also been provided by Sten Hansen, the National Institute of Economic Research and Stefan Akerby, the Swedish Association of Local Authorities and Regions.

Our thanks to all who have helped to bring this work to a conclusion! This is our first yearbook and we intend to further develop it each year. We hope to receive readers' views and incorporate these into subsequent versions of the yearbook.

Statistics Sweden February 2006

Gunnel Bengtsson

Heather Bergdahl

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Summary

The structure of the public sector

The public sector in Sweden comprises three subsectors: first, the central government sector including the Riksdag (the Swedish Parliament) and governmental authorities, responsible for the provision of many public services such as police, defence, the judicial system, infrastructure and national administration; second, the local government sector including the municipalities and county councils, responsible for education, care of the elderly and disabled as well as health care; and third, the old-age pension system. According to the National Accounts, publicly-owned companies along with those market activities that municipalities pursue are not included in the public sector.

The size of the public sector

Measures of the public sector are often expressed in relationship to the Gross National Product (GDP). In 2004, the public sector's contribution to GDP regarding consumption indicated that the public sector in Sweden constituted 27 per cent of GDP, a high figure compared to many other European countries. The public sector in Denmark and Iceland are comparable in size to that of Sweden. The figures for France, The Netherlands and Hungary also indicate a large public sector, all three reporting 24 per cent of GDP. At the other end of the scale, are European countries such as Greece and Ireland, reporting 17 and 16 per cent of GDP respectively. There are, however, certain difficulties with these comparisons due to differences in definitions.

The central government budget

The government proposes a budget each year, a decision which is passed by the Riksdag. The budget provides detailed proposals on the allocation of government expenditure and revenue to different areas, depending on the government's priorities. The balance of the budget reflects the central government's borrowing requirement. Revenue (raised mostly from taxes) amounted to SEK 694 billion in 2004, which was an increase of SEK 29 billion compared to 2003. Expenditure for 2004, amounted to SEK 748 billion, which was an increase of SEK 40 billion compared to 2003. The subsequent deficit for 2004 contributed to the rise of the central government debt

which amounted to 49 per cent of GDP at the end of 2004. Recent figures on the balance of the budget for 2005 indicate a surplus of SEK 13 billion.

The surplus target for the public sector

A surplus target for the public sector has been passed by the Riksdag and has been in effect since year 2000. It is expressed in terms of net lending, which is the balance of total revenue and expenditure. Figures from each subsector are consolidated and calculated on an accrual basis by the National Accounts. The target level is a surplus of 2 per cent, on average, of GDP over the course of a business cycle. This target level is in accordance with the Stability and growth pact, which sets out rules for public finances among member states of the EU. During the period from 2000 to 2004, the surplus level amounted to an average of 1.7 per cent of GDP.

Total revenue for the public sector in Sweden, raised mostly from taxes on income, wealth and production, totalled SEK 1 423 billion in 2004 (55 per cent of GDP). The total tax ratio in Sweden, the sum of taxes and fees in relation to GDP, has been approximately 50 per cent since 2002. Total expenditure, on the other hand, totalled SEK 1 397 billion in 2004 (54 per cent of GDP). The largest share of expenditure comprised consumption, SEK 706 billion (of which wages constituted 40 per cent), and transfers, SEK 568 billion (of which 86 per cent is directed towards households). Investments¹ amounted to SEK 72 billion and expenditure on interest payments etc. was SEK 51 billion.

¹ The term, "investments", is used synonymously with "gross capital formation" which is the official term according to ESA95.

Abbreviations

AP funds	National Pension Funds
COFOG	Classification of the Functions of Government
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Community
EDP	Excessive Deficit Procedure
ERDF	European Regional Development Fund
ESA	European System of National and Regional Accounts
ESF	European Social Fund
ESV	Swedish National Financial Management Authority
EU	European Union
Eurostat	Statistical Office of the European Communities
FA	Financial Accounts
FIFG	Financial Instrument for Fisheries Guidance
GDP	Gross Domestic Product
GNI	Gross National Income
HSL	Hälsö- och sjukvårdslagen (1982:763) (Health and Medical Services Act)
IMF	International Monetary Fund
KRL	Lag (1997:614) om kommunal redovisning (Act on Municipal Accounting)
LASS	Lag (1993:389) om assistansersättning (Assistance Benefit Act)
LFS	Labour Force Survey
LSS	Lag (1993:387) om stöd och service till vissa funktionshindrade (Act concerning Support and Service for Persons with Certain Functional Impairments)
NA	National Accounts

NPISH	Non-Profit Institutions Serving Households
OECD	Organisation for Economic Cooperation and Development
PPM	Premium Pension Authority
RAMS	Labour statistics based on administrative sources
RiR	Swedish National Audit Office
RS	Summary of Accounts for municipalities
SCB	Statistics Sweden
SEK	Swedish crowns
SKV	National Tax Board
SoL	Socialtjänstlagen (2001:453) (Social Services Act)
UN	United Nations
VAT	Value-added tax

1 Introduction

The aim of this yearbook is to provide an overall picture of the public sector from a macroeconomic perspective. In future publications Statistics Sweden (SCB) will supplement the time series presented here with the latest available data from the official statistics. Each year we will provide more detailed information on a special theme. The focus this year is on net lending. This year we also describe changes in the following activity areas in greater detail: in *central government activities* these areas cover university and university colleges, and in *local government activities*, care of the elderly, persons with functional impairments, health and medical care, as well as schools, including pre-schooling and school aged child care.

The public sector can be defined in different ways and its size can be assessed using different measures. The Swedish National Encyclopaedia defines the public sector as the activities of the central government, municipalities and county councils. The term "activity" comprises also transfers.

The Swedish National Accounts (NA), which provide the basis for forecasts and assessments of economic policy, follow on the other hand the detailed definition laid down in the European Council Regulation (EC No 2223/96).

The definition used when making calculations concerning public sector finances is obviously of great importance for the data presented. The data presented in this publication are based on statistics from different sources which use different delimitations of the government sector.

In order to explain why the statistics are not always comparable, we provide explanations and definitions for the specific terms and concepts used not only in connection with the tables and figures, but also in the section *Subject index, explanation of terms*.

The three parts of the book

The first part (Chapters 2-4) gives an overview of what the public sector covers in different contexts, how it is delimited from other sectors of society and what determines the scope of the public sector and distribution of responsibility. A review of indicators for measuring size shows not only how delimitation, but also how choice of

measuring instrument affects descriptions and analyses of the size of the public sector. The work on the central government budget, its central terms, and economic transactions with the EU are also described.

In the second part (Chapters 5-7), the overall economic activity in the public sector is described, taking the National Accounts as the primary starting point.

The third part of the book (Chapters 8-12) presents the finances of different subsectors in the public sector (central government, municipality and county council, old-age pension system) and also changes in publicly financed services (activities).

Reading recommendations

More detailed explanations and descriptions of the statistics which provide the basis for the reports can be found in the section *Facts on statistics*. There are also references to more detailed information on different statistical sources at www.scb.se.

At the end of some chapters, there are reading recommendations and references to more detailed reports.

Reading guides

- The local government sector covers municipalities, county councils and regions, as well as municipal associations. The term "county council" refers to both county councils and regions, i.e. the regions Västra Götalandsregionen and Region Skåne are included under the term county council.
- The latest available information is presented together with its reference year. In some cases, the data is preliminary and subject to review. Both constant prices and current prices are used.
- Words and expressions which are explained in more detail in the section *Subject index, explanation of terms* are underlined in the text. When reading the web version, just click on the word to get its explanation.

2 Coverage and responsibility

In this Chapter we provide a brief background on how the term “public sector” can be understood, and what the sector covers. Here we also describe in overall terms the distribution of responsibility and management of activities in the public sector.

The public sector is also called the collective sector since all citizens are affected by its activities and together, via political decisions, determine what activities are to be provided. However, it is not possible to unequivocally and definitively distinguish the public sector from other sectors of society. Both the tasks which are given to the public sector, as well as how society should be organised to carry out these tasks vary over time. The public sector can thus be delimited and defined in a number of different ways. Below we present an overview of the definitions that occur most frequently in the official statistics.

The public sector and public authorities

The public sector is divided into three subsectors comprising: *the central government sector* (the Riksdag, Government Offices and the central government authorities), *the local government sector* (municipalities, county councils and regions, and also the municipal associations), as well as *the old-age pension system* which in the National Accounts (NA) is called the social insurance sector.

In NA the public sector² is defined operationally on the basis of the sectoral affiliation of the institutional unit. Sectoral affiliation is determined on the basis of the type of producer and depending on principal activity and function, which are considered to be indicative of economic behaviour. The public sector is a somewhat broader concept than public authorities and covers publicly owned units which are “non-market producers”, whilst public authorities only comprise those activities that are funded out of taxes.

² The term “public sector” is used throughout the publication. The official term according to the European System of National and Regional Accounts (ESA95) is “general government”.

In what follows the term "public sector" will be used even though the figures in certain cases only cover public authorities. Where appropriate, the figures for the public authorities are reported in the table section.

Public sector / General government

The public sector includes all institutional units which are "other non-market producers" and whose output is intended for individual and collective consumption. The units are mainly financed through compulsory payments made by units belonging to other sectors and all institutional units principally engaged in the redistribution of national income and wealth. The public sector does not include corporations.

Other sectors

The corporate sector is responsible for production of goods and both financial + non-financial services sold on markets

The household sector or households, covers all physical persons, both individuals, as well as groups of individuals (e.g. non-profit institutions serving households and foundations). The sector includes consumers as well as sole proprietorships and partnerships which are market producers.

Source: Statistics Sweden, Meddelande i samordningsfrågor för Sveriges officiella statistik, 2001:2. Statistics Sweden, The National Accounts 1999–2004. Statistical Report NR 10 SM 0501.

The structure of the public sector

The focus of the public sector on different tasks has developed out of what is usually called the night watchman minimum focus on basic provisions, i.e. mainly the legal system and defence, into what is called the development of the welfare society with substantial elements of income redistributing transfers during the latter half of the 20th century.

According to the constitution (SFS 1974:152), it is the Riksdag and the government who have the ultimate responsibility for public activities and for political decision making – not only in financial policy but also other policy areas. The distribution of tasks between the central government, county councils and municipalities concerns both principles and practical issues: developments in society and the

distribution of tasks between different parts of the public sector vary over time.

The activities and services which are supplied by the public sector are usually classified into:

- collective services , i.e. services such as defence and police, infrastructure in terms of streets and roads, central government administration etc.
- individual services i.e. services such as education, care, health and medical care etc.

Most collective services are part of the central government's responsibility. Up to the middle of the 1950s, the central government also took responsibility for most public activities. With the expansion of welfare services, more and more of the responsibility for individual services such as school, health and medical care was transferred to the local government level.

Public sector services

The night watchman state

Protection of society and administration of justice

Police, courts and prosecution, treatment of offenders

Defence

Military and civil defence, emergency preparedness

Public services

Public and foreign administration, tax, customs

Welfare services

Education

Pre-schooling, school, higher education, research, study allowances

Care, social security

Health and medical care, protection against infectious diseases, social security, care of the elderly and persons with functional impairments, labour market measures, integration

Culture

Art, theatre, cultural issues, recreational activities, radio, TV etc

Industrial services, infrastructure commun-

Environmental and nature protection, community planning, housing,

ications, measures concerning energy, agricultural sciences

A central principle governing the distribution of tasks in the Swedish administrative model is that the responsibility for activities and decisions shall be as close to the people affected by the decision as possible. Decentralisation also makes it possible to adapt activities to local conditions.

The current structure of the public sector is however under review. The government decided in 2003 to appoint a Parliamentary committee with the mission of reviewing the structure and distribution of tasks in the organisation of society. The mission covers analysing and assessing whether the structure and distribution of tasks within the central government, and also between the central government, county councils and municipalities needs to be changed (Ansvarskommittén, dir. 2003:10. www.sou.gov.se/ansvar).

Management of the public sector

The task of the public sector is ultimately to implement the decisions which the Riksdag and the government have made and to report back to the political instances on the degree of success. The Riksdag and the government decide on the frames for local government activities, that is what tasks the public sector is *obliged to carry out* and what tasks *may be carried out* in the public sector. The activities of the public sector are thus regulated by laws and ordinances.

The starting point is the first Article in the Constitution which states that all public power in Sweden proceeds from the people and should be based on universal and equal suffrage. The Riksdag, which is the representative of the people, makes decisions and empowers the government to implement certain tasks. The government in its turn then delegates authority in its letter of instructions to the central government authorities which have the task of carrying out the decisions.

Municipal autonomy gives the right to raise taxes

According to the Constitution, democracy is to be attained through municipal autonomy. Local government autonomy means that there is an independent right within certain limits for municipalities and county councils to freely determine the organisation of their own activities. Municipalities and county councils also have the right to levy taxes to finance their activities.

According to the Local Government Act (1992), the municipalities and county councils should themselves take care of matters of public interest. This applies to such activities as are related to the municipi-

pality's or county council's area. A municipality may normally not take on tasks which the central government or another municipality or county council is responsible for.

The majority of the tasks in the public sector are regulated in what is called special legislation e.g. Social Services Act (2001:453), Health and Medical Services Act (1982:763), Education Act (1985:1100), Environmental Code (1998:808), Higher Education Act (1992:1434). A number of special laws are framework laws which are supplemented by ordinances and regulations from the government and government authorities.

Management by goals

During the 1990s the earlier detailed management of public activities by rules was replaced by what is referred to as management by goals and objectives. The Riksdag and the government determine the economic frames for the activities, and follow-up and evaluate goal attainment. Funds are allocated by the central government budget towards different tasks to be carried out by the public sector. This process has been developed and strengthened in recent decades starting in the latter half of the 1990s with the change in the budget process and the introduction of explicit budget policy goals and frames (see Chapter 4).

In connection with the central government grant reform of 1993, the municipal financing principle was introduced. The principle has not been laid down in law, but the Riksdag has approved it. It means essentially that if the central government decides on measures which directly focus on local government activities, then the economic effects are to be neutralised by regulating central government grants.

Membership of the EU imposes requirements

Membership of the EU also imposes certain requirements on public finances. The EU treaty and the Stability and growth pact require that all countries should strive to have balance or a surplus in their finances over a business cycle, as well as attain the goals of gross debts in accordance with the convergence requirements of the EU (see Chapter 4).

The finance ministers of the EU adopted general guidelines for economic policy for the years 2003-2005. The general guidelines focus on how economic policy, both nationally and at the EU level, can contribute to achieving the goals of the Lisbon strategy on long-

term, sustainable growth with full employment. The guidelines thus include recommendations for the EU as a whole, and for individual countries. The recommendations given for the public sector in Sweden are to work on increasing efficiency in the sector, amongst other things, by improving the conditions for increasing competition, by promoting "benchmarking" in terms of efficiency in the public sector, and by making greater use of public procurement.

Reading recommendations :

Government Offices of Sweden, *The Lisbon strategy 2004*.

www.regeringen.se

SCB. *Standard Classification by Institutional Sector 2000, Standard Classification by Ownership Control*. Meddelande i samordningsfrågor för Sveriges officiella statistik. 2001:2.

Related to this section are the following:

Table 6. GDP expenditure approach, Public sector share, current prices

Table 7. GDP expenditure approach, Public sector share, constant prices

3 The size of the public sector

In this chapter we present the most common ways of measuring the size of the public sector. In addition, some comparisons of the size of the public sector between different countries are presented and discussed.

The size of the public sector can be measured in different ways. For example, size can be measured by relating income or expenditure of the public sector to gross domestic product (GDP), by measuring value-added, or the number of employees.

The different measures each have their own merits, but reservations can be made against them. The most appropriate measure will depend on the context. Often the most informative approach is to use a number of different measures. In what follows, some of the most important instruments for measuring the size of the public sector are presented, together with their associated reservations.

Summary of different measures of the size of the public sector 2004. Per cent

Public authorities' share of total value-added	19
Public sector consumption and investments	30
Employment in public sector exclusive publicly owned companies (2003)	31
Employment in public sector inclusive publicly owned companies (2003)	37
Public sector expenditure	54
Public sector income	55
Public sector - financial assets	70
Public sector - financial liabilities	64

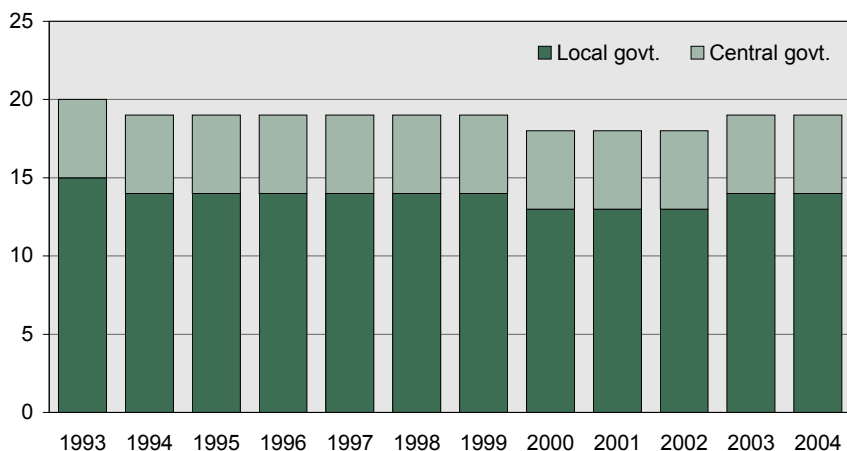
The measures are related to GDP, even though the measure itself may not always be a part of GDP, as described below. Employment is related to total employment in Sweden.

Public sector share of GDP

Part of GDP, which is the sum of value-added in all sectors and industries, is produced by public authorities. The public authorities' value-added is equivalent to its contribution to GDP. This contribution has been between 18 and 20 per cent during the period 1993 to 2004 according to the National Accounts (NA). In 2004 the proportion was 19 per cent. The contribution of the public sector to GDP consists not only of collective services such as defence and the

judicial system, but also individual services such as medical care, child care and education.

The public sector's share of GDP, 1993–2004. Per cent



Local govt. refers to both municipalities and county councils.

Source: Statistics Sweden (SCB), National Accounts

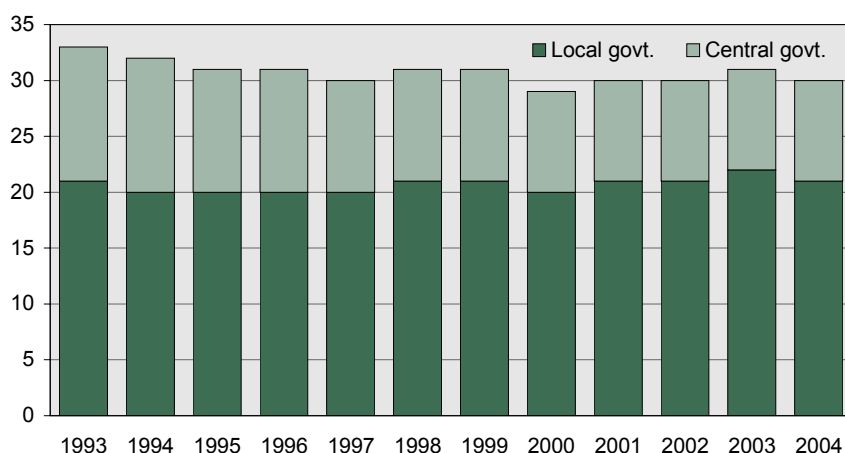
NA delimits the public sector to covering in principle only the public authorities. Business activities run under public ownership are not included. This means, among other things, that public quasi-corporations such as the Swedish Maritime Administration and the Swedish Civil Aviation Administration are not included, neither are publicly owned companies such as Posten (the Swedish Postal Service) and TeliaSonera. These activities are included in NA as part of the corporate sector (market producers). In NA there are no figures on how large a proportion is accounted for by publicly owned companies. According to Statistics Sweden's business statistics, value-added for these activities corresponds to 6 per cent of GDP. The public sector's share of GDP would, according to these statistics, increase from 19 per cent of GDP to at least 25 per cent if publicly owned companies and public quasi-corporations were included (see Chapter 8).

Another aspect worth mentioning is that the contribution of the public authorities to GDP at market prices is calculated in a different way compared with the contribution of the business sector to GDP. The public authorities' value-added cannot be calculated in market prices, since these services are not offered on a market. The contribution of the public authorities to GDP is thus basically calculated from the expenditure side by salaries paid out and collective fees with supplements for capital consumption.

Public sector consumption and investments as a proportion of GDP

Another way of measuring the size of the public sector is to go from the expenditure approach and relate the sector's consumption and investments³ to GDP. GDP from the expenditure approach consists of a resource side with the total of GDP and imports and a use side with consumption, investments and exports.

Public sector consumption and investments as a proportion of GDP 1993–2004. Per cent



Local govt. refers to both municipalities and county councils. The data comprise public authorities, i.e. activities which are more than 50 per cent financed by fees have been excluded.

Source: Statistics Sweden (SCB), National Accounts

Public sector consumption and investments were 33 per cent of GDP in 1993, thereafter the proportion decreased to 29 per cent in 2000. After 2000, the proportion has increased again and in 2004 was 30 per cent.

Employment in the public sector

Another method often used for measuring the size of the public sector is to relate employment in the sector to total employment. This can be done in different ways and with different sources depending on the aim of the presentation. Employment statistics from Statistics Sweden's sample surveys such as the Labour Force

³ The term, "investments", is used synonymously with "gross capital formation" which is the official term according to ESA95.

Survey (LFS) provide up-to-date information, whilst not giving the same level of detail for different groups as the Labour statistics based on administrative sources (RAMS) used in our presentation below.

Here employment data from Statistics Sweden's Labour statistics based on administrative sources (RAMS) are compared with the figures in NA. In RAMS employment in publicly owned companies can be shown, which is not possible in NA. The definition of employment in NA differs somewhat from the definition in RAMS. The most important difference is that NA measures employment as an average over the year whilst RAMS measures a specific point in time, namely November in each year.

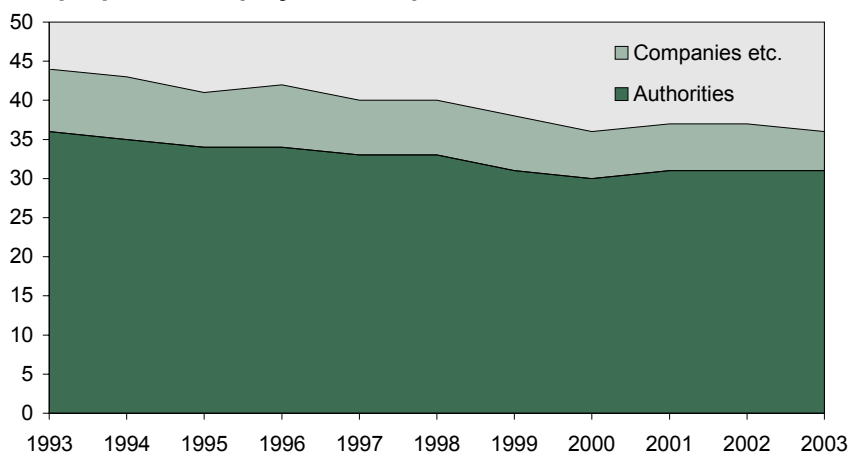
Public sector employment according to the National Accounts and RAMS, 2003

National Accounts	Per cent of total employment	Number employed
Central government including social security funds	5.6	245 100
Local government	25.0	1 088 500
Non-profit institutions serving households	2.5	112 200
Market producers and producers for own final use	66.8	2 890 700
Total, whole economy	100	4 336 500
RAMS		
Central government	5.2	214 500
Municipal administration	19.8	811 000
County councils	5.8	236 300
Total public authorities	30.8	1 261 800
Public quasi-corporations	0.1	5 700
Companies and organisations owned by central government	3.3	136 500
Companies and organisations owned by local government	1.9	79 500
Other public institutions	0.4	16 300
Total publicly owned companies and organisations	5.7	238 000
Limited companies, not publicly owned	51.2	2 096 800
Other companies, not publicly owned	7.9	322 500
Other organisations	4.3	175 900
Total, whole economy	100	4 095 300

Source: Statistics Sweden (SCB), National Accounts and Labour statistics based on administrative sources, RAMS

According to RAMS the proportion employed was 31 per cent in central government, municipal administration and county councils. Including public quasi-corporations and companies owned by central or local government, the proportion amounts to 37 per cent. The figure of 31 per cent corresponds to the proportion employed in central and local government according to NA.

The proportion employed in the public sector 1993–2003. Per cent



The term "companies" in the figure refers to public quasi-corporations and publicly owned companies.

Source: Statistics Sweden (SCB), Labour statistics based on administrative sources, RAMS

The proportion employed decreased in the public sector during the years 1993–2000, and thereafter was around 36–37 per cent. This trend coincides closely with changes in value-added as a proportion of GDP. In this context, it is worth noting that the reduction in the proportion is due to both a reduction in the number employed in the public sector and an increase in the number employed in other sectors. NA also reports the number of hours worked in different sectors. The public authorities' share of employment becomes a little lower when measured by number of hours worked instead of number of employees.

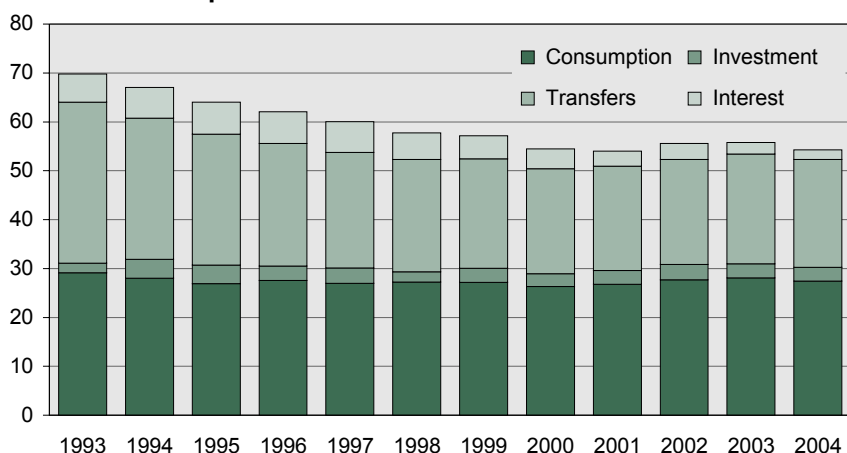
Employment in the public sector is described in more detail in Chapter 8.

Public sector expenditure

The size of the public sector can also be measured by relating its expenditure to GDP. A distinction is made on the one hand between public sector expenditure on consumption and investments, and on the other hand transfers and interest payments. Consumption and investments refer to the expenditure of the sector on its "own" activities.

It is slightly dubious to relate public expenditure to GDP, since not everything in the term expenditure is a part of GDP. This applies in particular to transfers and interest. However, this practice is established, for example in international contexts where the purpose is to obtain a measure of the size of the public sector.

Public sector expenditure in relation to GDP 1993–2004. Per cent



Source: Statistics Sweden (SCB), National Accounts

Expenditure in the public sector has varied between 54 and 56 per cent in relation to GDP in recent years, after having been around 70 per cent in 1993. As already mentioned, the public sector cannot be interpreted as consuming more than half of GDP, since a large part of the expenditures goes back to other sectors, mainly households, in the form of transfers.

It can be noted that expenditure as a proportion of GDP decreased in relation to its level in the crisis years at the beginning of the 1990s. The major part of the reduction originates from transfers. Interest costs have also decreased during the period. The sum of consumption and investments, on the other hand, is at the same level as in 1993, namely about 30 per cent.

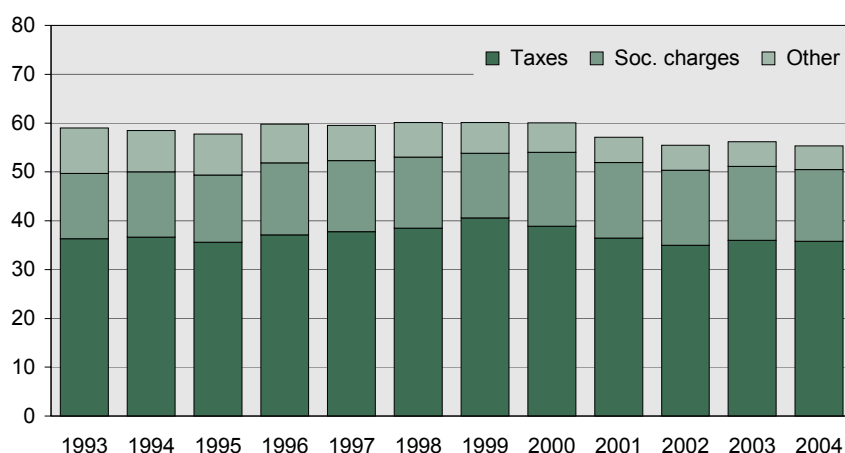
Public sector expenditure is described in greater detail in Chapter 6.

Public sector income

Income can also be related to GDP, with the same reservation as for expenditure. Tax revenues, for example, are not only intended for intermediate consumption in the public sector, but a large part is paid back to other sectors through the transfer systems.

The largest part of public sector income comes from taxes and social insurance fees. These accounted for 91 per cent of the sector's income in 2004. Other income amounted to 9 per cent and covers, amongst other things, interest income and dividends from public quasi-corporations and publicly owned companies.

Public sector income in relation to GDP 1993–2004. Per cent



Source: Statistics Sweden (SCB), National Accounts

Income as a proportion of GDP has decreased between 1993 and 2004, but the reduction is not as large as for expenditure. Income increased up to 1999. Thereafter there was a reduction from 60 per cent in 1999 to 55 per cent in 2004.

It is worth pointing out that the size of the public sector in relation to GDP was nearly as large in 2004, irrespective of studying income or expenditure. Obviously this is related to the fact that public sector income and expenditure were close to each other in this specific year, which has not always been the case in earlier years.

Income in the public sector is presented in greater detail in Chapter 5.

Financial assets and liabilities of the public sector

The size of the public sector is sometimes given by showing its assets and liabilities in relation to GDP. The liabilities of the public sector include the liabilities of central government, local government and the old-age pension system. There are, however, a number of different measures of net financial income; the Ministry of Finance and the National Institute of Economic Research use definitions different from those that Statistics Sweden uses in its Financial Accounts (FA). If the liabilities of the public sector are consolidated, and also reported in nominal values, this measure corresponds with the gross debt term which is the basis of one of the convergence requirements of the EU in the stability and growth pact (see Chapters 4 and 7).

The public sector has large real assets in the form of buildings, roads, harbours, airports etc. In FA only financial assets are reported. Financial assets may, for example, be ownership of shares and bonds, financial claims and the like.

Also the financial assets and liabilities of the public sector can be related to GDP, even though they themselves are not a part of GDP.

Public sector financial assets and liabilities in relation to GDP 1995–2004. Per cent

Year	Assets	Liabilities	Net
1995	69	95	-26
1996	73	99	-26
1997	73	97	-23
1998	75	95	-20
1999	74	83	-9
2000	76	77	-1
2001	70	67	3
2002	63	65	-2
2003	67	65	2
2004	70	64	6

Source: Statistics Sweden (SCB), Financial Accounts

Financial assets have varied between 63 and 76 per cent of GDP over the last decade. Financial liabilities have decreased substantially from 1996, when they were 99 per cent of GDP, to 2004 when they were 64 per cent. This means that the net effect is positive after having been highly negative in the middle of the 1990s.

International comparisons of the size of the public sector

It is difficult, if not impossible, to find data which can enable accurate comparisons to be made of the size of the public sector between countries. This is because the sector is defined and delimited in different ways in different countries. In addition, there are also differences in how taxation and other systems operate. In Sweden, for example, there are many transfers that are liable to tax. In other countries, these transfers may be exempt from tax. If a person pays tax on sickness benefit, then both public sector income and expenditure become greater than if the sickness benefit had been exempt from tax. It can also be mentioned that there are different rules for tax deductions and different ways of financing activities in different countries. These not only influence the size of the public sector, but also make comparability more difficult. For example, health care costs can be financed wholly or partly through private insurance systems. Education costs can also be financed in ways other than through the public sector.

The size of the public sector in 2004 in certain countries. Per cent of GDP

	Value-added	Income	Expenditure	Consumption
Sweden	19	58 ¹	57 ¹	27
Denmark	20	57	55	27
France	16	50	53	24
Norway	16	58	46	22
Finland	16	53	51	23
UK	11	41	44	21
Germany	9	43	47	19
EU15	13	45	47	21
USA	11	32	36	16
Japan ²	9	30	38	18

1) The data from Eurostat and NA may differ due to revisions and different times for updates.

2) Data from 2002.

Source: Eurostat for EU countries and Norway (update: Jan 24 21:43:12 MET 2006), OECD for other countries (update: Jan 30 2006)

Despite the difficulties of making comparisons between countries, data is published by different international organisations. The EU's statistical office *Eurostat* publishes data on member countries. In principle it can be said that the feasibility of making comparisons is dependent on the extent to which the social systems differ in the countries to be compared. Thus comparisons between Sweden and

the other Nordic countries are relatively straightforward. The greater the difference is between the Swedish social system and the countries to be compared, the greater degree of difficulty with comparisons.

The public sector's value-added is equivalent to the sector's contribution to GDP. The sector's contribution to GDP is highest in Denmark. But the other Nordic countries are close to Denmark. There are other EU countries which are also close to the Nordic countries, examples being Hungary and France. Germany has the lowest figure for value-added in the EU; this is at the same level as countries such as Japan and South Korea.

Sweden, Denmark and Norway are at the top where it comes to public sector income in relation to GDP. Taxes and social charges are the primary source of income for the public sector. France and Belgium have the highest levels among non-Nordic EU countries. Lithuania has the lowest level amongst EU countries. Of the "old" EU countries, Ireland has the lowest proportion. Here it should be said that the comparisons are difficult. High figures in Sweden are due, as earlier mentioned, to the large number of public transfers to households that are charged with tax.

As regards the expenditure of the public sector in relation to GDP, Sweden is also at a high level, together with Denmark and France.

Public sector consumption should pose fewer problems when making comparisons, even though there are difficult problems to be resolved over definitions and delimitations. Sweden is at the top, closely followed by Denmark. Also France, the Netherlands and Iceland are quite close to Sweden. Greece and Ireland have the lowest proportions among EU countries.

The OECD has tried to make calculations to obtain more comparative data on the social expenditure of OECD countries. Some of this information is provided in the table appendix. The OECD material shows that social expenditure in Sweden decreases from close to 30 per cent to 26 per cent, when adjustments are made for taxes on social expenditure and when account is taken of private insurance etc. Countries such as France and Germany, have somewhat higher social expenditure if we look at this after adjustments. In the USA social expenditure is increasing and is slightly less than three percentage points below that of Sweden. The calculations and a review of methods showing the difficulties involved in making international comparisons are published on the OECD web site.

Reading recommendations

SCB. The National Accounts 1999–2004. Statistical Report
NR 10 SM 0501

Related to this section are the following:

Table 1. GDP, by type of producer, current prices

Table 2. GDP, by type of producer, constant prices

Table 3. Employment by sector according to RAMS and NA

Table 4. Public sector expenditure, consolidated, current prices

Table 5. Public sector receipts, consolidated, current prices

Table 6. GDP, expenditure approach, Public sector share, current prices

Table 7 GDP, expenditure approach, Public sector share, constant prices

Table 13. The size of the public sector in different countries

Table 14. Gross public social expenditure and net total social expenditure in the OECD

4 The central government budget and public finances

In this chapter we provide an overall description of the central government budget and public finances. Three central aspects of importance for financial policy are reported in greater detail: the central government debt, the expenditure ceiling as well as the EU.

The budget bill and the central government budget

In September each year the Riksdag receives the government's proposals for the central government budget. In the budget bill the government presents its proposals for its guidelines on economic policy, as well as proposals for budget policy goals and allocation of expenditure to respective expenditure areas. In addition, proposals are also submitted for changes to taxes and a forecast for the remaining part of the budget year. The government also submits supplementary budgets during the year.

The proposal for the central government budget is examined in different committees of the Riksdag. During December the Riksdag makes its decision, and the government thereby issues letters of instructions to the authorities for the following year.

Central government budget

The central government budget covers all income and expenditure, as well as other payments affecting the central government's borrowing requirements in accordance with the Government Budget Act (1996:1059).

The responsibilities of the public sector are distributed into approximately 50 policy areas or policy tasks, for example, research policy, regional policy, industrial policy, education policy and housing policy. The aim of this distribution is to enable better linkages between goals, expenditure and outcomes.

The policy areas differ from each other. Some activities for a given policy area come under one single expenditure area. Other policy

areas may cover a limited part of an activity or affect a number of expenditure areas.

Central government budget expenditures

Central government budget expenditures are reported under 27 different expenditure areas. There are a number of appropriations under each expenditure area. In addition to the expenditure areas, there are also the borrowing and lending activities of the Swedish National Debt Office and also a cash flow correction item.

Central government budget expenditure amounted to SEK 748 billion in 2004, an increase of SEK 40 billion compared with 2003.

The largest expenditure area is financial security for sickness and handicaps, which accounts for 16 per cent of the total amount. Other major expenditure areas are the labour market and general grants to the municipalities and county councils, each of which accounts for close to 10 per cent.

Central government budget expenditure, outcome 2002–2004. SEK billions

Expenditure	2002	2003	2004
Expenditure areas 1–27	725	703	741
Cash flow adjustments	-46	-7	-3
Swedish National Debt Office net lending	50	12	10
Total central government budget expenditure etc	729	708	748

Source: Swedish National Financial Management Authority (ESV), Statsbudgetens utfall 2003, 2004

Central government budget income

Income reported in the central government budget is divided into six types, of which taxes are the largest category. The income types are in their turn subdivided into approximately 160 revenue headings. (Municipal taxes paid are also reported in the central government budget, but they are reported net and offset against local government tax funds to municipalities and county councils.)

Income according to the central government budget, going to the national treasury, amounted to SEK 694 billion in 2004. Compared with 2003 this is an increase of SEK 32 billion, of which tax revenues increased by SEK 29 billion.

Central government budget income, outcome 2002–2004. SEK billions

Income	2002	2003	2004
Taxes etc.	659	608	637
Other income	71	53	57
Total central government budget income	730	662	694

Source: Swedish National Financial Management Authority (ESV), Statsbudgetens utfall 2003, 2004

Reduction of taxes

According to the Government Budget Act, a fundamental principle is that all accounts in the central government budget shall be reported gross. This means that income and expenditure shall be reported gross and separately. Income items shall thus not be reduced by items which are really central government expenditure. However, certain deviations from this principle are made and it appears that such deviations have to some extent become more frequent and increased in importance in recent years. In technical terms such items are referred to as *reduction of taxes*.

In 2004 eight different tax reductions were reported in the central government budget. Together, they amounted to nearly SEK 10 billion, an increase of 11 per cent compared with 2003. A large part of the tax reduction was made up of employment support to municipalities and county councils amounting to slightly more than SEK 4 billion. During 2004 two new reductions were added: support for employment of those with long-term sickness, as well as support for those with protected employment with public employers. The two reductions amounted to SEK 600 million and SEK 785 million respectively.

Recording expenditure on the income side is thus not subject to the expenditure ceiling, which is discussed by the Swedish National Audit Office (RiR) – an authority under the Riksdag given the task of examining central government activities. In 2004 the authority examined the government's provision of employment support to municipalities and county councils. The report considered that the support was not formed in accordance with the gross accounting principles laid down in the Budget Act, neither was it financed through reallocation of priorities within the framework of the expenditure ceiling (RiR 2004:26).

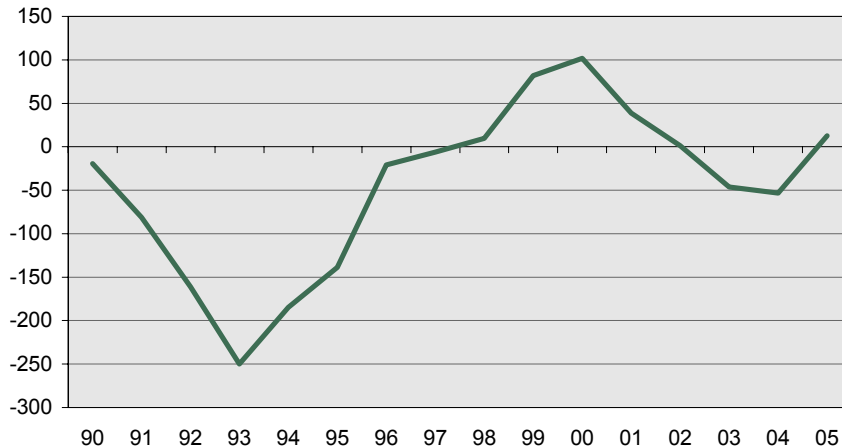
Central government budget balance

The central government budget balance reflects the net cash flows and, with reverse signs, corresponds to the central government's borrowing requirements.

Over the last 15 years the budget balance has varied substantially. During the latter part of the 1990s, Sweden had a budget deficit and the lowest point was reached in 1993 when the deficit amounted to close to SEK 250 billion. This was caused by a deep crisis in the economy at the beginning of the 1990s which led to a weak development in tax revenues, at the same time as expenditure for unemployment among other things increased substantially. Interest expenditure increased at the same rate as the central government debt.

After 1993 the budget deficit continued to decrease and by the end of 1990s and the beginning of 2000, there was a surplus. In 2000 the budget balance was at its highest, slightly more than SEK 100 billion. Thereafter the balance decreased between 2002–2004 and became a deficit. In 2005 the balance once again became a surplus of SEK 13 billion.

Budget balance 1990–2005. SEK billions



Central government borrowing requirements according to the current definition, the years 1990–1993 are adjusted in accordance with this.

Source: Swedish National Financial Management Authority (ESV), Statsbudgetens utfall 2004. Swedish National Debt Office (Riksgäldskontoret).

Central government debt

A budget deficit means that the central government needs to borrow money which generates a liability for the central government, the central government debt. The central government debt grows as a

rule when there is a deficit in central government finances and decreases in those years when there is a surplus and the central government is able to amortise its loans.

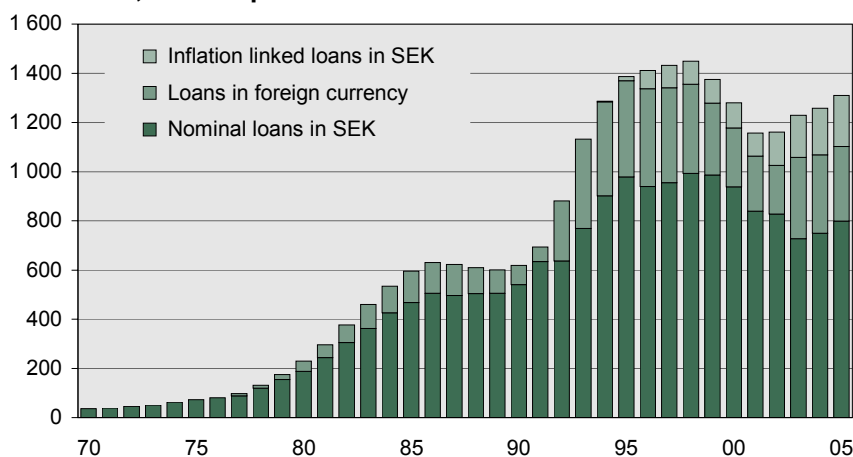
Composition of the central government debt

In Sweden the central government borrows on money and bond markets or from households. Loans are made mainly through the Swedish National Debt Office which issues securities in the form of bonds, treasury bills and derivatives. Borrowing in foreign currency leads to what is called the foreign currency debt. In 2005, the foreign currency debt comprised a quarter of total central government debt.

The government has decided that the proportion of loans in foreign currency should decrease. In the long-term, foreign currency debt as a proportion of the central government debt should amount to a maximum of 15 per cent. The reason is that a debt in foreign currency constitutes a risk for the government, since the Swedish crown (SEK) can decrease in value in relation to other currencies. The Swedish National Debt Office considers *when* it would be appropriate to repay and amortise such loans in the light of foreign exchange rates.

The central government debt refers to the unconsolidated debt which is explained in greater detail below.

Changes in the central government debt and its composition 1970–2005, current prices. SEK billions



Footnote: The principles for reporting central government debt were changed on January 1, 2003. As of 2003 derivatives are included in central government debt and all debt instruments are reported in nominal values. Inflation linked bonds are reported in nominal amounts 1994–1995, and discounted 1996–2002.

Source: Swedish National Debt Office (Riksgäldskontoret)

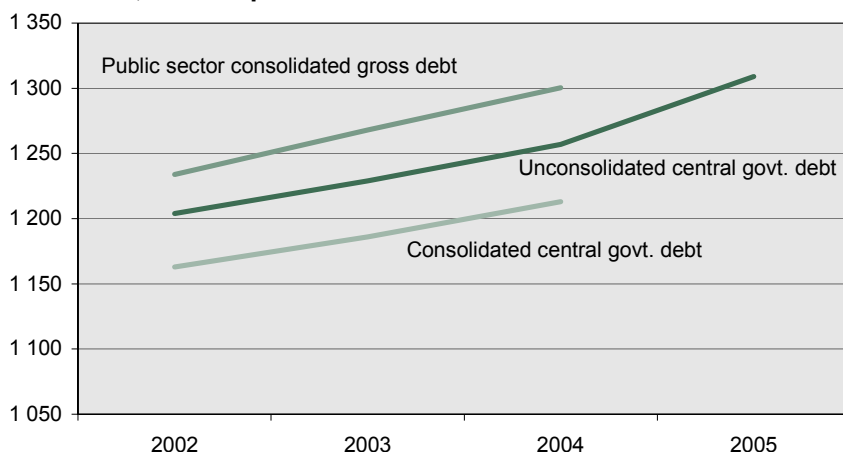
Different ways of measuring the central government debt

Central government financial assets and liabilities can be measured in different ways. The term, *unconsolidated central government debt*, includes all loans and securities used to finance the central government debt, as well as derivatives used to balance the risk associated with debts. Debt instruments are valued at their nominal redemption value which is the amount that the central government repays at the end of the loan period. For inflation linked bonds, the compensation due to inflation is included up to the time when valuation is made, and the debt in foreign currency is converted to Swedish crowns (SEK) at current exchange rates. The unconsolidated central government debt is calculated by the Swedish National Debt Office.

Another way of measuring central government debt is to use the *consolidated central government debt*. The debt is calculated using the same principles as for unconsolidated central government debt, but with the difference that the central government authorities' ownership of securities issued by the Swedish National Debt Office is excluded. The consolidated central government debt is, in other words, a measure of the size of the central government's debts to external lenders. The consolidated central government debt is reported each year by the Swedish National Financial Management Authority (ESV) who prepares figures for the Central Government Annual Report on commission from the government. The Government Communication which is then submitted to the Riksdag is intended to provide an overall picture of the financial status of the central government and changes in its economic position.

The *public sector's consolidated gross debt* covers all of the public sector. Here internal debts and claims are also excluded between subsectors and this measure is often used for international comparisons. It is this measure which is used in the Maastricht criteria to determine whether a country is fulfilling the conditions for EMU. The public sector's consolidated gross debt, the Maastricht debt is calculated by Statistics Sweden (see Chapter 7).

Comparison between debt measures in the public sector, 2002–2005, current prices. SEK billions

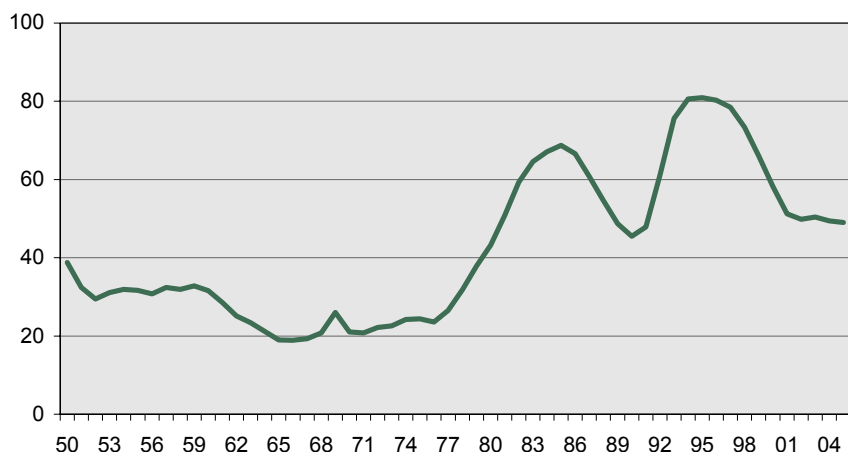


Source: Swedish National Financial Management Authority (ESV), Statistics Sweden (SCB), Swedish National Debt Office (Riksgäldskontoret)

Developments in the central government debt

Between 1975 and 1985, the unconsolidated central government debt increased to nearly 70 per cent of GDP. The causes were mainly due to crises in the international oil business and in the Swedish industry. The high level of subsequent economic activity during the second half of the 1980s contributed to a reduction in the debt to a level of 45 per cent of Swedish GDP.

At the beginning of the 1990s, the economic crisis contributed to the central government debt once again increasing. In the middle of the 1990s, the value of the central government debt amounted to about 80 percent of GDP. Since then the central government debt has decreased so that by the end of 2004 it was 49 per cent in relation to GDP.

**Unconsolidated central government debt as a proportion of GDP
1950–2004. Per cent**

Source: Swedish National Debt Office (Riksgäldskontoret)

Budget policy goals

In order to promote credibility and a long-term perspective in economic policy, the Riksdag makes decisions on a number of budget policy goals. The budget policy goals since 1997 have mainly focused on two overall goals over a number of years, the expenditure ceiling for the central government, and net lending in the public sector, the balance goal.

The expenditure ceiling

In 1997 the Riksdag introduced an expenditure ceiling for the central government. The expenditure ceiling sets a maximum level for central government expenditure over a year. The ceiling is determined by the Riksdag and normally decided on three years in advance. The aim is to take a long-term view in economic policy and also give the government and the Riksdag greater control over the development of central government finances. Amongst other things, the expenditure ceiling can prevent temporarily higher revenues being used to finance permanently higher expenditure. It also prevents situations from occurring where tax revenues must be increased as a consequence of shortcomings in expenditure controls.

An expenditure ceiling that has been decided on is normally only changed for technical reasons (as a result of a decision by the Riksdag) and is thus fixed for the coming two years. The decision is not legally binding, but implies a political commitment from the

government's side to keep central government expenditure below the expenditure ceiling.

For each expenditure area, an expenditure frame is established. Possible expenditure increases in the first instance are to be financed through a corresponding decrease in other expenditures within the same expenditure area.

Ceiling limited expenditure

Expenditure under the ceiling comprises expenditures of the central government budget and the old-age pension system. The expenditure covers appropriations and also use of funds saved from the preceding year. Interest on central government debt (expenditure area 26) is not included in ceiling limited expenditure. The difference between the expenditure ceiling decided on and those expenditures subject to the ceiling is called the budget margin.

The budget bill reports ceiling limited expenditure of a total of SEK 834 billion in 2004, which implies a budget margin of slightly more than SEK 2 billion. The expenditures subject to the ceiling limitation have been lower than the expenditure ceiling every year since they were introduced in 2000.

The expenditure ceiling for the central government, expenditure subject to the ceiling and budget margins 2000–2004. SEK billions

	2000	2001	2002	2003	2004
Expenditure ceiling ¹	720	746	773	803	836
Expenditures subject to ceiling outcome ¹	715	741	773	800	834
Budget margin	5.0	4.7	0.4	2.9	2.4

1) Expenditure ceiling and expenditures subject to ceiling are corrected for technical changes. Expenditure of the central government and the old-age pension system are given according to NA and corrected for value-added tax which is included in central government consumption, in central government investments, and also in grants to local government, and transfers to the Premium Pension System.

Source: Regeringens proposition 2005/06:1, bilaga 2

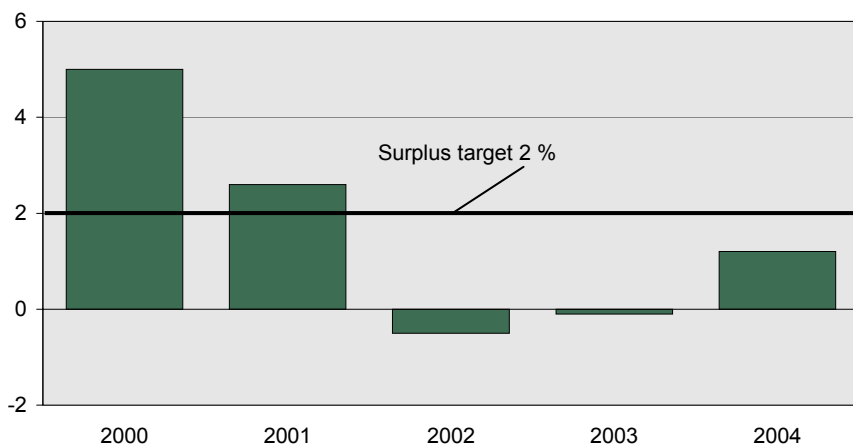
The balance goal

Today's balance goal applies as of 2000 and is a budget policy goal which is linked to the EU requirements for public finances in the stability pact for member states. The balance goal for Sweden, also referred to as the surplus target, is decided on by the Swedish Riksdag. This means that net lending in the public sector, namely the part of disposable gross income which is neither consumed nor used as gross capital formation, on average should amount to 2 per

cent of GDP over a business cycle (see Chapter 7). A surplus may be lower in a recession in order to maintain household and corporate income and thereby mitigate the effects of a weak economy. Similarly a larger surplus at the peak of the business cycle dampens the economy and thus decreases the risks of increased inflation.

Since the balance goal was introduced, net lending in the public sector has been higher than the EU average. However, the surplus at the beginning of year 2000 decreased when the economy weakened. Between years 2000 and 2004, the surplus in public finances amounted to 1.7 per cent on average. The average value for the EU over the period 2000–2004 was minus 1.4 per cent, which represented a deficit.

Net lending in the public sector as a proportion of GDP compared with the balance goal 2000–2004. Per cent



Source: Statistics Sweden (SCB), National Accounts

Stability and growth pact

By virtue of its membership in the EU, Sweden has also undertaken to maintain good order in its public finances. This means additional goals in budget policy.

In the Stability and growth pact, member countries have undertaken to commit themselves to keeping public finances in close balance or maintaining a surplus over a business cycle. The pact supplements the provisions of the EC treaty on monitoring member country economies as well as the practice of running excessively large deficits.

All member countries are covered by the stability pact, but the rules are stricter for those countries which have adopted the Euro.

The stability and convergence programme

The member countries which have adopted the common currency are required to present so-called stability programmes. Other countries present convergence programmes. The programmes are updated annually.

In order to show that Sweden fulfills the EU convergence criteria, an updated convergence programme is submitted to the European Commission and to the Economic and Financial Affairs Council (Ecofin) each year. According to the convergence criteria in the EC treaty the public sector's consolidated gross debt in terms of the Maastricht definition shall not exceed 60 per cent of GDP and the deficit in public finances under normal circumstances is not to exceed 3 per cent of GDP.

The Council of Ministers gives its views on all programmes and assesses their feasibility. The programmes shall, among other things contain descriptions of the following in the member countries:

- developments to achieve the goals of a surplus in public finances
- expected developments in the indebtedness of the public sector
- economic policy measures taken and planned to support development towards the attainment of budget goals

The EU budget

Just as Sweden determines its budget, the central government budget, the EU annually determines its budget, the EU budget. The annual budget work is based on preliminary proposals from the Commission on policy priorities, calculations of the Union's needs, expected income and expenditures. Thereafter the Council scrutinises the proposals before the EU Parliament finally approves the budget.

The next budget plan for which the Commission has submitted proposals will apply to the period 2007-2013. According to this frame, activities within the EU in the first instance should focus on competitiveness and coherent, sustainable development, membership of the union as well as formulating the EU's role as a global partner.

Income of the European Union

EU income in the EU budget is primarily made up of its own so called funds i.e. membership fees from EU countries. Membership fees consist of fees based on value-added taxes, agricultural levies, and fees based on gross national income and customs duties.

EU income – membership fees from EU countries

Fee-based value-added tax. The fee is charged as a percentage of the value-added tax base. The fee is based on a forecast for the current budget year. Subsequently the fee is reviewed in relation to actual outcomes.

Special agricultural levies and levies on sugar. Within the framework of the Common Agriculture Policy, special agriculture levies and levies on sugar are imposed. Income and customs duties go to the community budget (with the exception of countries' deductions for administrative costs).

Gross national income (GNI) based fee. The fee is calculated as a percentage of the member country's gross national income (GNI) calculated at market prices. The amount paid out is calculated as a percentage of the Community's overall GNI taking into account remaining financing needs after other fees have been calculated. GNI fees are corrected subsequently when the forecasted fee base is replaced with the actual outcome.

The UK contribution. The UK has been granted a reduction in its fee which is jointly financed by the other member countries.

Customs duties. In trade with countries outside the EU, customs duties are imposed in accordance with the common external tariff. Income goes to the community budget (with the exception of the parts member countries retain to cover administrative costs).

Sweden's fee to the EU

Due to its membership of the EU, Sweden pays an annual fee to the EU budget. Sweden is one of the largest net contributors to the EU since its fee is significantly higher than its return in the form of grants from the EU.

The explanation as to why Sweden pays more than it receives is based on the fact that the funds a country receives back from the EU budget consist mainly of agricultural and regional support. In Sweden agriculture represents just 2 per cent of the economy. The differences between richer and poorer regions is also less in Sweden than in other countries in the EU.

Sweden's fee to the EU amounted in 2004 to SEK 26 billion and represented 3 per cent of the EU budget in 2004.

European Union expenditure

Expenditure in the EU budget is divided into *seven expenditure categories*. Together they provide the framework for the budget.

Expenditure categories in the EU budget

Category 1) The Agricultural fund. The largest part of the grant is made up of agricultural support. Examples of grants are those for acreage and animals, and also compensation for forestry and export grants. These grants are financed by the European Agricultural Guidance and Guarantee Fund (EAGGF). The agricultural fund also finances measures under the structural funds (EAGGF) (amounts to about 45 per cent of the EU budget).

Category 2) Structural funds. Two forms of structural support are obtained from the structural funds, these are regional and labour market support. The structural funds cover four different funds which are the European Social Fund (ESF), the European Regional Development Fund (ERDF), the Financial Instrument for Fisheries Guidance (FIFG), the European Agricultural Guidance and Guarantee Fund (EAGGF) and also the Cohesion Fund (amounts to about 33 per cent of the EU budget).

Category 3) Internal policy. Covers all expenditure concerning the internal work of the union such as research, technical development, culture and the environment (amounts to about 6 per cent of the EU budget).

Category 4) External actions. Mainly concerns aid (amounts to about 5 per cent of the EU budget).

Category 5) Administrative expenditure. Salaries, translation, premises and operations (amounts to about 5 per cent of the EU budget).

Category 6) Reserves. Where special needs occur, for example emergency assistance (amounts to about 0.6 per cent of the EU budget).

Category 7) Pre-accession strategy. Concerns support for candidate countries (amounts to about 3 per cent of the EU budget).

Sweden's contributions from the EU

Sweden receives grants mainly from the EU agriculture and structural funds. The outcome for 2004 amounted to slightly less than SEK

12 billion. Grants from the EU were SEK 0.5 billion and 4 per cent lower than 2003.

Grants from EU and fees to the EU in the central government budget, 2000–2004. SEK millions

	2000	2001	2002	2003	2004
Fees:					
Customs duties	2 979	3 048	2 480	2 382	2 662
Agricultural levies	312	278	194	175	210
VAT based fees	8 169	7 940	5 291	4 620	3 420
GNI based fees	9 688	9 396	12 125	10 811	18 998
The UK contribution	1 147	2 610	559	334	273
Total of EU fees	22 295	23 272	20 648	18 322	25 563
Grants:					
EU agricultural fund	7 227	7 084	7 641	8 163	8 035
EU fishery fund	91	40	32	34	25
EU regional fund	797	252	1 303	1 640	1 458
EU social fund	696	1 039	211	2 072	1 915
Trans European Networks	196	29	91	69	91
Other grants from the EU	25	41	29	39	31
Total grants from EU etc	9 031	8 485	9 307	12 016	11 555
Net flows from the central government budget to the EU	13 263	14 787	11 341	6 306	14 008

Source: Swedish National Financial Management Authority (ESV). Underlag till Årsredovisning för staten 2004

EU activities in the central government budget

The central government budget shows flows from the EU administered by Swedish authorities. The payments originate from the European Community's Commission (EC Commission). They are shown under type of income "grants etc from EU" and are specified under a number of income headings.

The payments made by the authorities on behalf of the Commission are reported in relation to appropriations on the expenditure side of the central government budget under their respective expenditure areas. Fees to the European Community are presented under expenditure area 27. Reporting in the central government budget is on a cash basis.

Reading recommendations:

ESV, *The Central Government Annual Report 2004*, Stockholm 2005.

Swedish National Debt Office (RiR), *Government debt*. www.rgk.se

Regeringen. *The Budget Bill for 2006*. www.regeringen.se

See also www.eu-upplysningen.se (EU Information Centre)

Related to this section are the following:

Table 17. Central government budget income, current prices

Table 18. Central government budget expenditures per expenditure area

5 Public sector financing

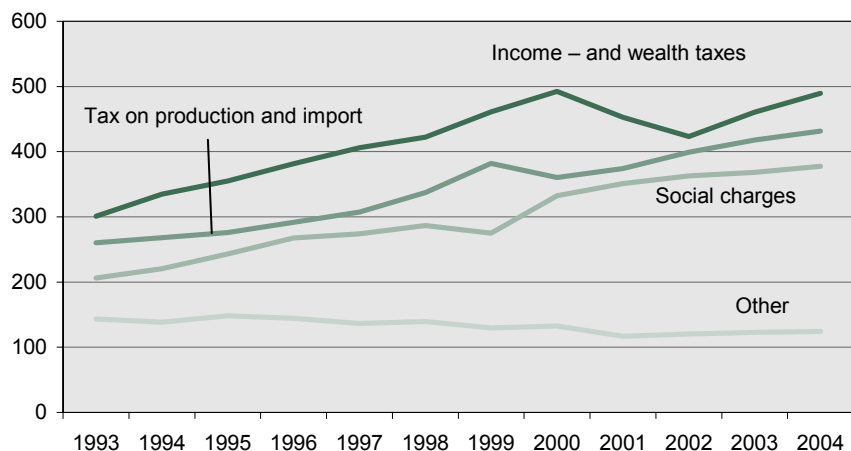
In this chapter we present the financing of the public sector where different types of income and their sources are presented. In addition, we show income for the subsectors (the central government sector, the local government sector and the old-age pension system). We also describe taxes and social charges and also tax ratios.

The public sector is mainly financed by the citizens themselves through taxes and fees paid by households and the corporate sector. Most public sector income is presented in the central government budget. The central government budget shows income and expenditure from a central government perspective and is not intended to provide an account of the complete financial position of the public sector. Local government taxes are also reported in the central government budget, but these are shown net in relation to payments of local government taxes to municipalities and county councils. The same applies to the fees paid by citizens into the old-age pension system (earlier the social insurance sector). As a result, net tax revenues in the central government budget only cover income which accrues to the central government (see Chapter 4). In the National Accounts (NA), the whole of the public sector's finances, the central government as well as the local government sector and the old-age pension system are calculated. Each sector is shown on its own as well as for the whole of the consolidated public sector. The fact that the data is consolidated means that transfers between different parts within the public sector have been excluded.

NA reporting covers current income and wealth taxes, taxes on production and imports, as well as social insurance charges and other income. Taxes on production and imports are in the first instance product taxes which are levied on the consumption of certain goods and services, and include both value-added and energy taxes. Also other production taxes, which companies are obliged to pay as a consequence of their production activities, are included among taxes on production and imports. In NA property tax is calculated as "other production tax". The taxes are booked at the time the tax liability is incurred.

Total income in the public sector amounted in 2004 to SEK 1 423 billion, of which the major part was made up of taxes and fees.

Income in the public sector 1993–2004, current prices. SEK billions



Source: Statistics Sweden (SCB), National Accounts

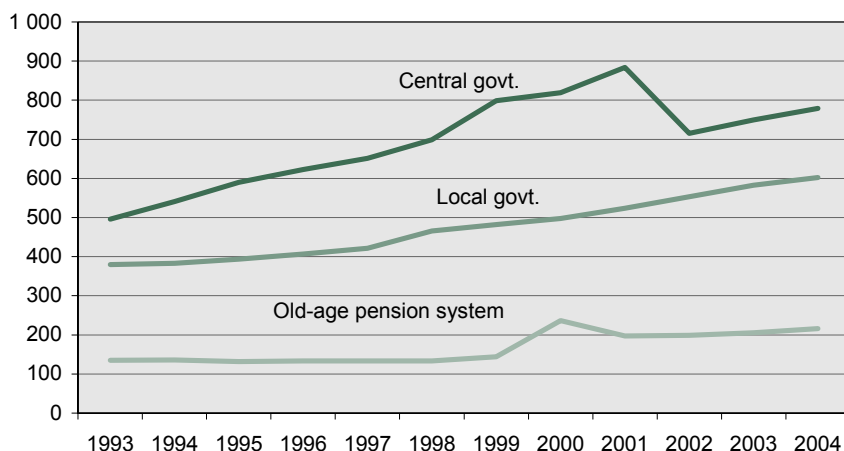
In total, tax revenues and social charges amounted to SEK 1 300 billion in 2004. The largest revenues originated from income and wealth taxes which together account for approximately one third of public sector income in 2004. In the period 2001–2002 tax revenues decreased, this was due mainly to decreases in revenues from capital taxes (capital gains and corporate taxes).

Other income consists not only of interest income mainly from the return on AP Funds, but also the remitted profits by quasi corporations and share dividends. This income has decreased from the middle of the 1990s.

Subsector financing

In NA income is shown for the different subsectors in the public sector: the central government sector, the local government sector and the old-age pension system. In this particular presentation of each separate subsector, the data is not consolidated and thus transfers between different parts of the sector are shown. Income shown for the respective subsectors can thus not be summed into total income for the whole of the public sector, since transactions between sectors would thus be counted twice.

Income for the central government, local government and social insurance sectors/old-age pension system 1993–2004, current prices. SEK billions



Up to 1999, parishes in the Swedish Church were included in the local government sector.
Source: Statistics Sweden (SCB), National Accounts

Income for the central government sector increased steadily from the middle of the 1990s until the end of the decade when the rate of increase levelled off. However, temporary increases occurred in central government income 1999–2001 due to capital transfers from the old-age pension system.

Also income to municipalities and county councils increased from 1994 until the end of the decade but at a slower rate than to the central government. After 2000, income from the local government sector once again increased substantially, partly due to grants from the central government but also as a result of increased tax revenues.

The income for the current old-age pension system (earlier the so-called social insurance sector) was largely unchanged until the end of the decade thereafter starting to increase until 2000. The increase was due to a first-time transfer of savings from the premium pension fund. During the years after 2000, income to the old-age pension system has once again remained at a relatively constant level.

Income sources are different for different subsectors

Income to the central government sector consists mainly of production taxes and social security charges, whilst the main income for the local government sector originates from direct taxes in terms of local government taxes and grants from the central government.

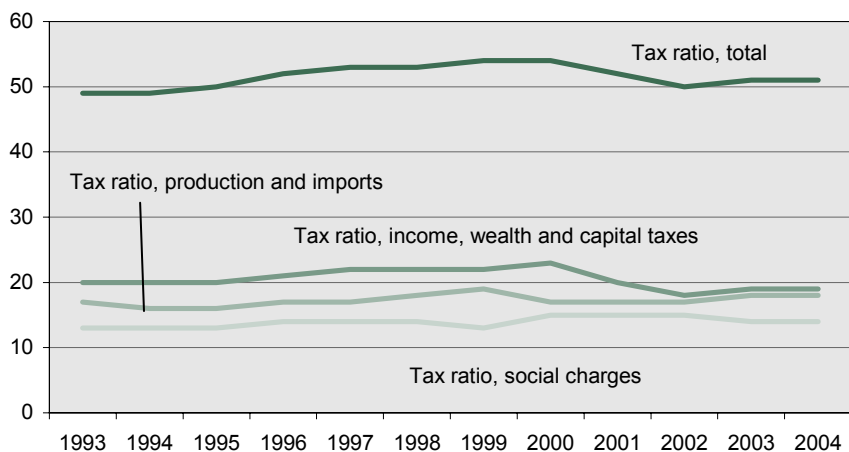
Municipalities and county councils also receive income in the form of central government grants. The old-age pension system (earlier social insurance sector) receives income largely from social charges. In all subsectors, there is a relatively small part which is "other income", e.g. income from fees, which are paid by those who actually use the service.

A more detailed account of the subsectors' finances is provided in Chapters 8–12.

Tax ratio

Often the taxes for the public sector are shown in a country as a tax ratio. Data from NA on taxes and fees can be related to GDP and a tax ratio can be calculated. In general the tax ratio is regarded as the total of taxes and legally compulsory fees in relation to GDP. Changes in the tax ratio over the years can thus be due both to changes in taxes and fees, and also changes in the size of and composition of GDP.

Tax ratio as a per cent of GDP 1993–2003. Per cent



Source: Statistics Sweden (SCB), National Accounts

From 1993 to 2004 the total tax ratio has increased from about 49 per cent to 50 per cent. The total tax ratio was, however, higher in years 1996–2001. The total tax ratio consists of the tax ratio for income, wealth and capital taxes, and amounted to a total of 19 per cent of GDP 2004, the tax ratio for production and imports amounted to 17 per cent of GDP and for social charges, the tax ratio was 15 per cent of GDP.

Taxes and fees

Tax and fee levies needed to finance central government expenditure are determined by the Riksdag, whilst the municipalities and county councils themselves have the right to impose municipal and county council taxes. In many cases it may be difficult to determine exactly what is a tax, which all citizens are obliged to pay, and what is a fee for service carried out which only needs to be paid by those using the service.

Income and wealth taxes

Households account for a large part of the tax revenues of the public sector. The taxation of physical persons' work and capital income takes place annually. By means of taxation based on the individual's income tax returns, the tax administration determines the basis for levying a tax or fee e.g. income tax, property tax or wealth tax. Municipalities and county councils themselves decide on the tax rates as a percentage of taxable earned income, which should apply to municipal and county council taxes (the municipalities' so-called right to impose taxes according to the Constitution and the Local Government Act).

According to taxation in 2005 concerning income in 2004, taxable earned income for physical persons amounted to SEK 1 328 billion. Total taxes and fees collected increased by 4.6 per cent to SEK 524 billion.

Taxes levied etc for income years 2002–2004, physical persons, current prices, SEK billions

Income year	2002	2003	2004
Taxable earned income	1 236.0	1 288.3	1 328.2
Final taxes, total	470.0	501.1	524.0
Of which			
Local government income tax	378.5	403.1	419.8
Central government tax, earned income	33.1	32.7	34.0
Central government tax, capital income	24.2	24.7	28.6
Central government property tax	13.4	13.6	14.2
Central government wealth tax	3.8	4.8	5.2
General pension fee	68.1	70.3	72.1
Burial fees	2.9	2.9	3.0
Other taxes and charges	23.3	23.7	24.4
Tax reduction, total	-77.3	-74.6	-77.3

Source: Statistics Sweden (SCB), Tax assessment 2005, OE 21 SM 0601

The largest part, 80 per cent of tax revenues from physical persons is made up of local government income taxes, whilst central government taxes in total amounted to 15 per cent of total final taxes from physical persons.

According to taxation for legal persons (limited companies, economic associations et al) taxable income amounted in 2004 to a total of SEK 266 billion, which was SEK 87 billion more than the year before. In central government taxes on income, a total of SEK 72 billion was imposed, of which 96 per cent came from companies. Approximately SEK 10 billion was collected in property taxes from legal persons.

Taxes on goods and services

Taxes on goods and services concern taxes imposed on production, consumption and sales of goods and services. They consist not only of general value-added taxes, which are levied on nearly all turn-over of goods and services, but also a number of other taxes which are imposed on specific goods and services, some of which are selective taxes.

Taxes on certain goods and services 2002–2004. SEK billions

	2002	2003	2004
Value-added tax, net	198.3	205.1	213.2
Energy tax	57.5	58.1	60.5
Alcohol tax	9.7	11.0	10.2
Tobacco tax	8.0	8.2	8.2
Vehicle tax	7.1	7.7	8.1

Source: Swedish National Financial Management Authority (ESV), Statsbudgetens utfall.

Value-added tax, VAT, (moms) applies to turnover within a country on goods and services from activities liable to tax. Value-added tax is charged at each stage of the production and distribution process on a good or service. The tax is levied on the turnover at each stage and the unit paying the tax may deduct the tax paid at the earlier stage. What is left is the tax on the value-added. The total of all value-added tax levied at all stages is paid by the final consumer.

The value-added tax is a fixed percentage of the tax assessment basis, i.e. the price before the value-added tax. VAT of 25 per cent is usually imposed on this amount, but other lower tax rates also occur e.g. 12 per cent on food and hotel services and 6 per cent on books. Net income from VAT in 2004 was SEK 213.2 billion, which represented an increase of 4 per cent over the previous year.

In total the so-called selective taxes provided an income to the central government of SEK 95.6 billion in 2004. The largest selective taxes concern energy taxes, taxes on alcohol and tobacco, and also vehicle tax which together amounted to approximately 90 per cent of all revenues from selective taxes in 2004.

Reading recommendations:

ESV and SCB. *Tax assessment 2005*. Statistical Report OE 21 SM 0501.

National Tax Board (Skatteverket). *Taxes in Sweden*. The Tax Statistical Yearbook of Sweden 2005. www.skatteverket.se

Related to this section are the following:
Table 5. Public sector receipts, consolidated, current prices.

6 Public sector expenditure

In this Chapter we present public sector expenditure. The expenditure is reported in accordance with NA according to a real economic distribution in consumption, investments, transfers and interest and also by function, in other words the activity charged by the expenses.

The expenditure presented in the central government budget (see Chapter 4) only contains central government expenditure. Expenditures, for example, for health and medical care, and also social care in the central government budget are thus just a smaller part of the total expenditure of the public sector on these functions, since the larger part shows up in the local government sector. This chapter is based on the National Accounts (NA), where the whole of the public sector is presented.

The presentation on income and expenditure of the public sector based on NA shows the consolidated public sector. Transfers between different parts within a sector, for example, between the central and local government, have thus been excluded. Total expenditure of the public sector in accordance with NA amounted to SEK 1 397 billion in 2004. Public sector expenditure is distributed by consumption, investments, transfers and interest payments.

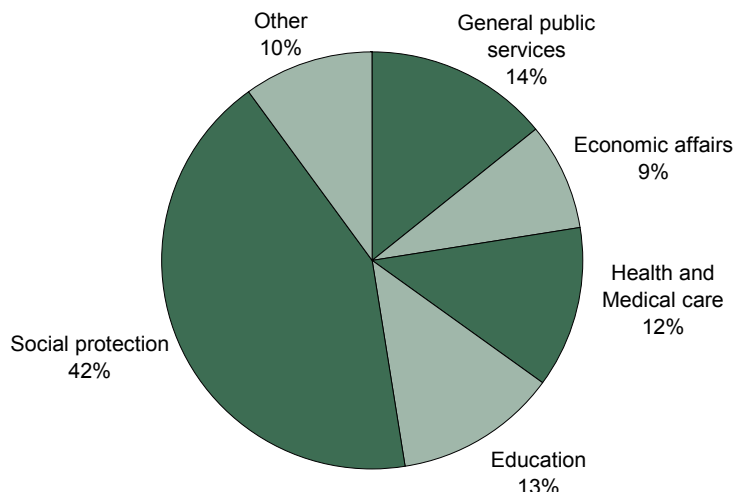
Public sector expenditure 1993–2004, current prices. SEK billions

Year	Consumption	Investments	Transfers	Interest	Total
1993	454	31	513	90	1 087
1994	466	64	480	105	1 114
1995	481	68	478	117	1 145
1996	504	54	459	119	1 136
1997	514	60	450	119	1 143
1998	541	42	456	108	1 148
1999	569	60	469	99	1 199
2000	583	58	476	90	1 207
2001	613	64	488	70	1 236
2002	657	73	510	77	1 318
2003	691	71	552	58	1 372
2004	706	72	568	51	1 397

Source: Statistics Sweden (SCB), National Accounts

Public sector expenditure is also distributed by function. Expenditures for similar purposes are grouped into functional categories. The distribution by function, Classification of the Functions of Government, COFOG), follows the UN standard for public sector expenditure.

Public sector total expenditure 2003 by function. Per cent



Preliminary data. "Other" consists of defence, public order and safety, environmental protection, housing and community amenities, recreation, culture and religion.

Source: Statistics Sweden (SCB), National Accounts

The largest part of total expenditure is for social protection. Social protection covers social benefits (both cash benefits and benefits in kind) for persons and households with specially defined needs, for instance in the event of sickness and unemployment, persons with functional impairments, the elderly and others. A large part of expenditure for the transfer systems are thus included here.

Expenditure on consumption

As described in Chapter 3, expenditure on consumption is frequently used as a measure of the size of the public sector. Expenditure on consumption refers to spending on activities provided as a public service which are financed out of taxes, e.g. medical care and schooling.

GDP and public sector consumption expenditure 1993–2004 in current prices. SEK billions and as percentage of GDP

Year	GDP	Consumption	Relative to GDP
1993	1 557	454	29 %
1994	1 662	466	28 %
1995	1 788	481	27 %
1996	1 829	504	28 %
1997	1 905	514	27 %
1998	1 987	541	27 %
1999	2 096	569	27 %
2000	2 217	583	26 %
2001	2 288	613	27 %
2002	2 372	657	28 %
2003	2 459	691	28 %
2004	2 573	706	27 %

Source: Statistics Sweden (SCB), National Accounts

During the last decade, expenditure on public consumption has been a relatively stable part of GDP.

Expenditure on consumption is calculated in NA on the basis of data on production and value-added. Since no market prices apply in the public sector, production and value-added in this sector are based primarily on salaries, employer contributions and depreciation. Production value, but not value-added, also covers intermediate consumption, i.e. the value of the goods and services used as input in the production process.

NA also presents what are called social benefits in kind that is benefits which are financed by taxes and directly provided to consumers. Examples of these are the financing by the county councils of pharmaceutical products, or the purchase by municipalities of activities financed out of taxes such as educational places and care of the elderly. Social benefits in kind have increased by 4 percentage points in relation to total consumption between 1993 and 2004. In 1993 this amounted to 7 per cent of total consumption expenditure, and in 2004 the figure was 11 per cent.

The proportion of expenditure on salaries has decreased during the same period, from 48 per cent of total consumption expenditure to 45 per cent. This reduction coincides with an increase in social benefits in kind and an increase in subcontracting, since publicly

employed personnel are not used when services are purchased from other providers.

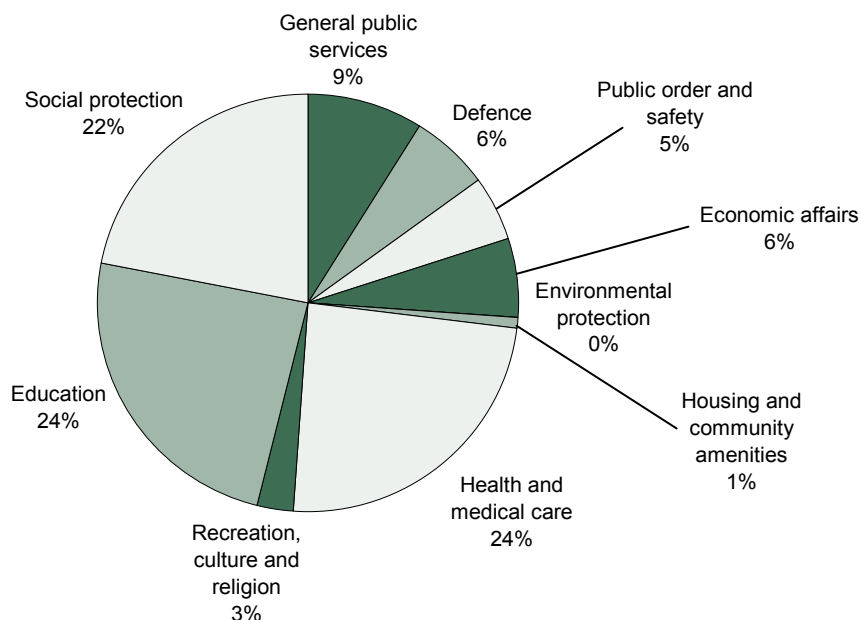
The proportion intermediate consumption, that is for material and services which serve as inputs in public production, amounted to 33 per cent in 2004. This means a reduction of 4 percentage points from 1993.

Expenditure on consumption by function

Public sector consumption is dominated by three major areas: health and medical care, education, and social protection, for example, care of the elderly and persons with functional impairments. Together these amounted in 2003 to 70 per cent of public sector expenditure on consumption. Health and medical care accounted for the largest proportion, 24 per cent or SEK 148 billion.

The functions of environmental protection as well as housing and community amenities accounted for the lowest expenditure, approximately SEK 1 and SEK 4 billion respectively.

Public sector expenditure on consumption by function, 2003. Per cent

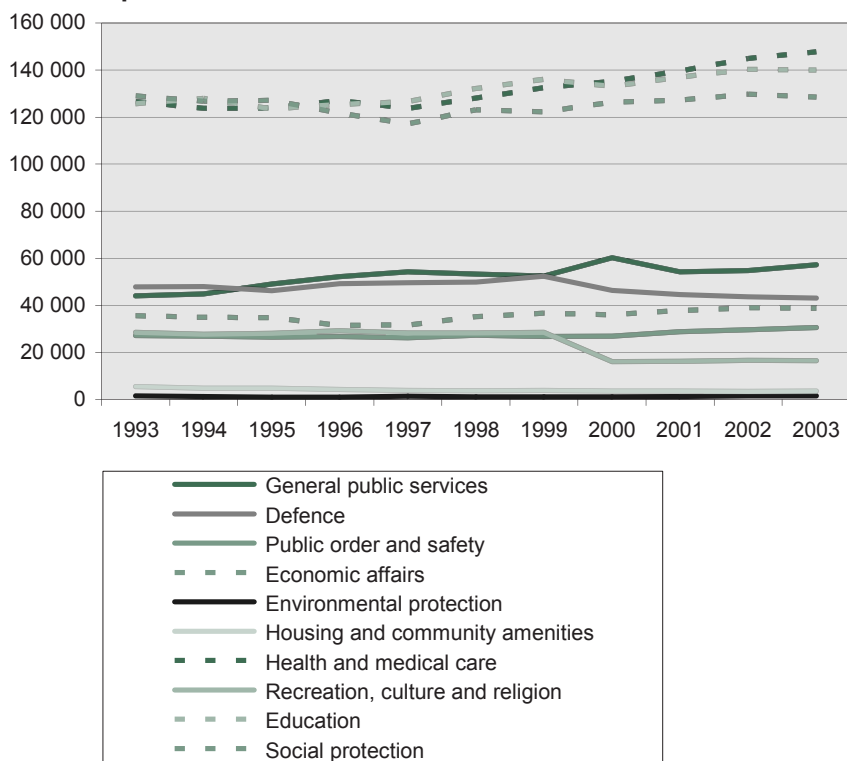


Source: Statistics Sweden (SCB), National Accounts. The data refers in fact to public authorities, i.e. activities which are more than 50 per cent financed out of fees have been excluded.

The functions which account for the largest expenditure – education, health and medical care – have increased since the beginning of the 1990s. Essentially, this is due to an increase in the number of admissions to universities and university colleges. The costs of social protection on the other hand were largely the same in 2003 as in 1993.

Public expenditure on defence has decreased during the first few years after 2000. The reduction in expenditure on recreation, culture and religion in 2000 is due to the fact that the Swedish Church has been reclassified from the public sector to the household sector as a consequence of the change in its relationship to the government.

Public sector expenditure on consumption by function, 1993–2003, constant prices. SEK millions



Source: Statistics Sweden (SCB), National Accounts. The data refers in fact to public authorities, i.e. activities which are more than 50 per cent financed out of fees have been excluded.

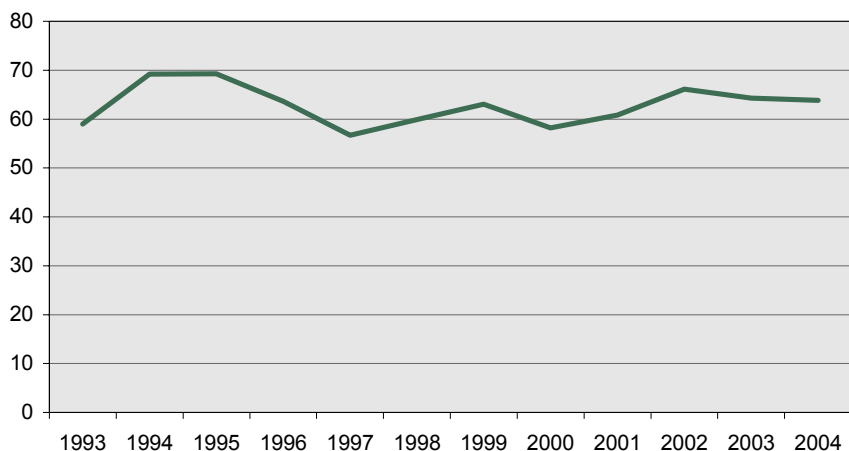
Expenditure on investments

Part of public expenditure goes to investments or gross capital formation. In 2004 this amounted to SEK 72 billion in current prices.

Gross capital formation refers to the purchase of durable assets such as buildings and machinery, e.g. schools, hospitals, theatres and roads.

Gross capital formation in the public sector consists largely of gross fixed capital formation (acquisition minus sales) but also of inventories.

Public sector expenditure on gross capital formation 1993–2004, constant prices. SEK billions



Source: Statistics Sweden (SCB), National Accounts. The data refers in fact to public authorities, i.e. activities which are more than 50 per cent financed out of fees have been excluded.

Gross capital formation remained more or less at the same level in constant prices in 2004 as in 1993, at the same time as there were large fluctuations between the years. During 2004, approximately one third of all gross capital formation related to trade and industrial issues, where expansion of infrastructure (mainly roads and railways) took place.

Transfer payments

The public sector plays an important role in the economy through reallocation of resources. The income which the sector receives through taxes from other sectors are used not only for consumption and investments in the public sector, but also go back to the other sectors, in the first instance, to the household sector. This redistribution is usually referred to as transfers. Transfers refer to income transfers which take place without any compensation requirements

demanded in return. They cover, for example, pensions and child allowances.

Transfers expressed in relation to GDP provide a view of their size. It is, however, important to bear in mind that transfers themselves are not a part of GDP.

GDP and transfers, current prices. SEK billions, and as a percentage of GDP

Year	GDP	Transfers	Relative to GDP
1993	1 557	513	33 %
1994	1 662	480	29 %
1995	1 788	478	27 %
1996	1 829	459	25 %
1997	1 905	450	24 %
1998	1 987	456	23 %
1999	2 096	469	22 %
2000	2 217	476	21 %
2001	2 288	488	21 %
2002	2 372	510	22 %
2003	2 459	552	22 %
2004	2 573	568	22 %

Source: Statistics Sweden (SCB), National Accounts

Transfers measured in relation to GDP have decreased during the last decade. One of the reasons is that at the beginning of the period, support to the banks was paid out, which meant that transfers to companies were at a temporarily high level. Transfers to the corporate sector were close to SEK 130 billion in 1993, and in 2004 were down to slightly less than SEK 40 billion. But transfers to households have also changed over time, as is apparent in the following section.

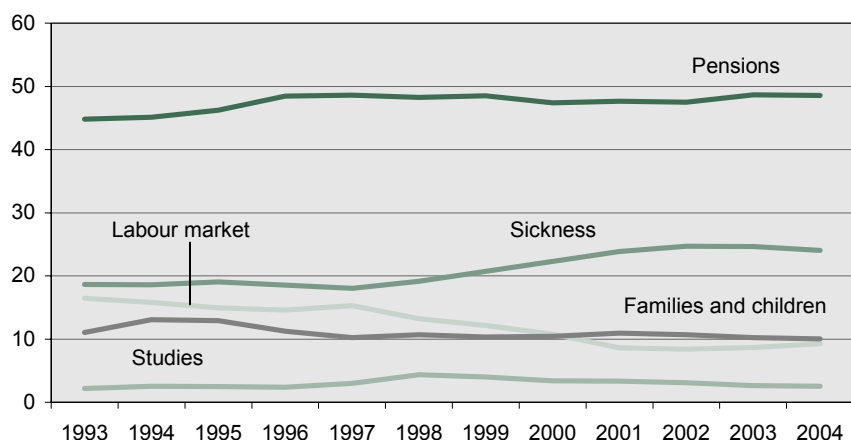
Transfers to households

Households are completely dominant as recipients of transfers from the public sector. In 2004 households received 86 per cent of public sector transfers, whilst companies, for example, received 7 per cent.

Pensions, which are the largest item in transfers to households, accounted for 49 per cent in 2004 of total transfers to households. This is an increase of four percentage points from 1993 and does not include early retirement pensions. Pensions have increased by 45 per

cent in current prices between 1993 and 2004. In 2003 the guarantee pension was raised.

Distribution of transfers to households 1993–2004. Per cent



Transfers in the figure are converted to aggregates which are used e.g. in the Budget Bill

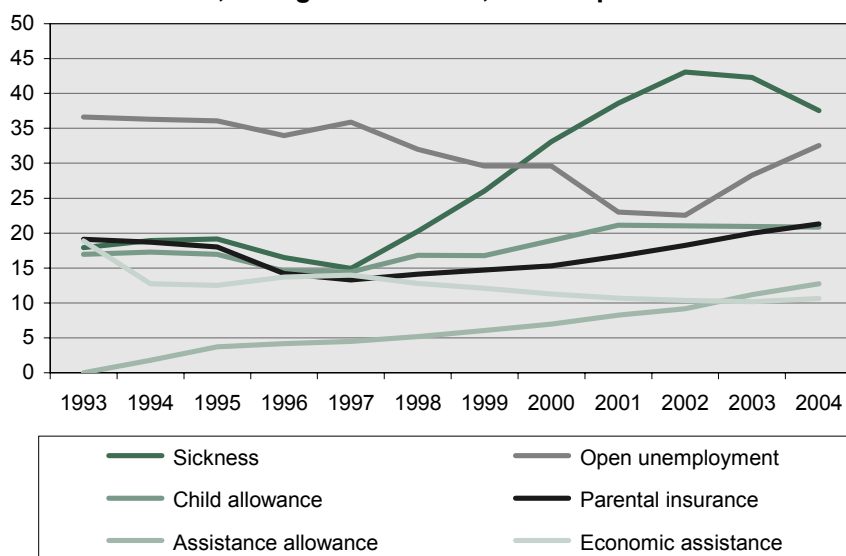
Source: Statistics Sweden (SCB), National Accounts

"Sickness" in the figure also covers early retirement pensions, work injuries insurance and assistance allowance. These transfers have increased from 19 per cent of total transfers to households in 1993 to 24 per cent in 2004.

Labour market related transfers have decreased as a proportion of total transfers from 16 per cent in 1993 to 9 per cent in 2004, which reflects changes in unemployment. Transfers related to families and children represent approximately the same proportion of transfers at the beginning as at the end of the period.

The figure below shows changes from 1993 to 2004 for some transfers to households. Sickness benefits have increased substantially during the period and are currently significantly larger than unemployment benefits for open unemployment. There is a tendency for unemployment benefits to decrease when sickness benefits increase. Also economic assistance has a tendency to decrease when sickness benefits increase.

Assistance allowances are also shown in the figure, since the increase in relative terms has been very large. Assistance allowance is currently greater than economic assistance.

Certain transfers, changes 1993–2004, current prices. SEK billions

Source: Statistics Sweden (SCB), National Accounts

Transfers from different subsectors

Of the different subsectors in the public sector, the central government sector accounts for the majority of transfer expenditure. In 2004, the central government's proportion was 71 per cent. It is thus worth mentioning in this context that internal transfers within the public sector are included here, for example, transfers from the central government to the local government sector.

Transfers from subsectors in the public sector in 2004. SEK millions

	Central government	Local government	Old-age pension system
Total	525 589	51 513	164 990
to households	292 361	34 723	163 390
to companies	25 137	13 344	-
to the old-age pension system	47 867	-	-
to the local government sector	124 046	-	-
to abroad	36 178	-	-
to the central government	-	3 446	1 600

Non-profit institutions serving households, e.g. religious denominations, sports associations etc are included under the category of households.

Source: Statistics Sweden (SCB), National Accounts

Most of the transfers from central government, 56 per cent, go to households but the local government sector also receives a fairly large proportion, 24 per cent. Here general and earmarked central government grants are included. Smaller proportions go to the old-age pension system, companies and abroad.

The largest part of transfers from the old-age pension system goes to households. Transfers from the local government sector, 67 per cent, go primarily to households, but companies also receive a relatively large proportion amounting to 26 per cent.

Interest expenditure

The fourth large expenditure area is interest expenditure, which has decreased since the end of the 1990s. Expenditure here consists largely of interest on the central government debt, but also other interest such as interest subsidies on study loans. In 2004 total interest expenditure amounted to SEK 51 billion. The main reasons for decreasing expenditure are lower interest rates and also the reduction in the central government debt since 1977.

GDP and interest expenditure 1993–2004, current prices. SEK billions and proportion of GDP as a percentage

Year	GDP	Interest	Relative to GDP
1993	1 557	90	6 %
1994	1 662	105	6 %
1995	1 788	117	7 %
1996	1 829	119	7 %
1997	1 905	119	6 %
1998	1 987	108	5 %
1999	2 096	99	5 %
2000	2 217	90	4 %
2001	2 288	70	3 %
2002	2 372	77	3 %
2003	2 459	58	2 %
2004	2 573	51	2 %

Source: Statistics Sweden (SCB), National Accounts

Reading recommendations:

SCB. *Social Protection Expenditure*. Statistical Report NR 15 SM 0501.

SCB. *National Accounts 1999 - 2004*. Statistical Report NR 10 SM 0501.

Related to this section are the following:

Table 4. Public sector expenditure, consolidated, current prices

Table 8. Public sector consumption expenditure by function, current prices

Table 9. Consumption expenditure of public authorities by function, constant prices

Table 10. Transfers from public sector to households, current prices

Table 11. Public sector gross fixed capital formation by purpose, current prices

Table 12. Public gross fixed capital formation by purpose, constant prices

7 Net lending

In this Chapter we report net lending, how this is calculated in the National Accounts (NA) and the Financial Accounts (FA). In addition, a description is provided of the reporting of net lending and the consolidated gross debt (Maastricht debt) to the European Commission.

Net lending in the public sector is a target measure in economic policy. Irrespective of which sector is studied, net lending reflects whether a sector has borrowed or saved during the period.

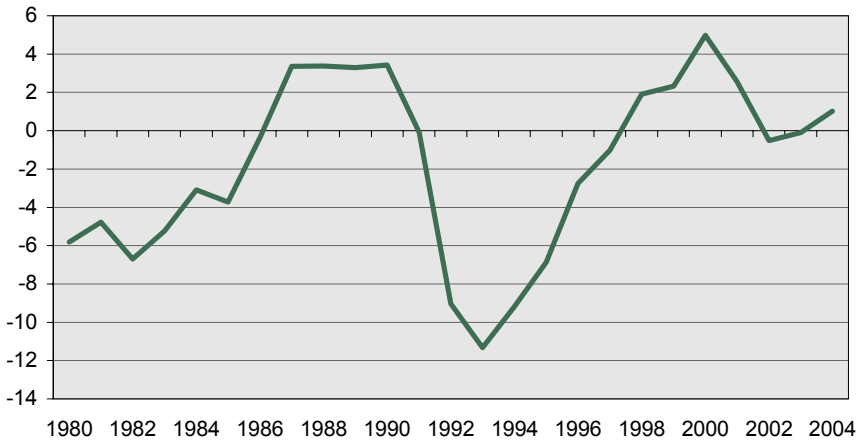
Net lending is an important measure in the stability and growth pact in the EU. All EU countries must regularly report expected and actual net lending to the EU.

Changes from the 1970s up to the 2000s

Viewed over time, net lending in the public sector has been subject to substantial fluctuations. The 1970s started with a surplus which subsequently turned around during the 1980s when expenditure in the public sector increased appreciably. During the latter half of the 1980s net lending improved. The surplus amounted to 3 per cent of GDP in 1990 at the peak of the business cycle. The subsequent economic crisis in the early years of the 1990s led to a substantial deterioration in public finances and the subsequent deficit amounted to -11 per cent of GDP in 1993.

The consolidation programme, in place during 1995–1998, and the economic recovery contributed to transforming the deficit into a surplus of 2 per cent of GDP in 1998. The financial policy framework has been strengthened through a reform of the budget process with an expenditure ceiling for the central government and balance targets for the public sector (see Chapter 4).

Net lending in the public sector 1980–2004, proportion of GDP. Per cent



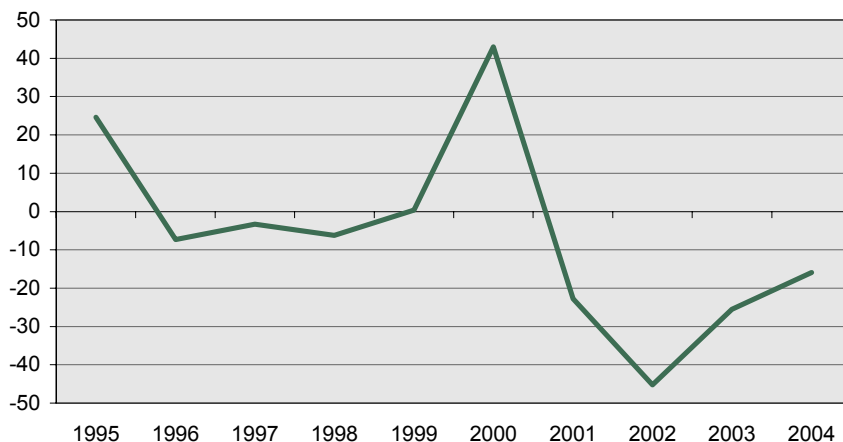
Source: Statistics Sweden (SCB). National Accounts

Different ways of calculating net lending

Net lending can be calculated in two different ways, both from the non-financial and also the financial side. When calculating from the non-financial side, the starting point is the difference between income and expenditure in the National Accounts (NA). When calculating from the financial side, net changes in financial assets minus liabilities is used in the Financial Accounts (FA). Capital gains are removed from the values, i.e. the price changes mainly on shares and other securities.

Irrespective of which method is used when calculating net lending, theoretically the same value should be obtained. Statistics Sweden calculates net lending from both the non-financial and the financial sides but for different reasons these values do not correspond to each other. It is the calculation from the non-financial side, i.e. the value which NA publishes, which is the official value. The discrepancies between the two methods of calculation are shown in the figure below.

Discrepancies between net lending in the public sector according to the National Accounts and Financial Accounts 1995–2004, current prices. SEK billions



There are certain technical differences in the calculation methods. The Financial Accounts are to a larger extent calculated on an cash flow basis for instance for taxes, compared with the National Accounts. Also the methods for treating financial derivatives in the old-age pension system differ somewhat.

Source: Statistics Sweden (SCB), National Accounts and Financial Accounts

The discrepancies between the two methods of calculating net lending are due to both external factors and technical methods used for making the calculations. International structural transformation, globalisation, valuation problems and complicated financial constructions contribute significantly to the difficulties of making measurements.

Total net lending in domestic sectors becomes the balance on the current account. In order for the calculations to match over the whole economy, for all sectors, it is often necessary to assign certain items to a particular sector. In Sweden these items are most often attributed to the non-financial corporate sector.

International demands and comparisons

Net lending for the public sector in Sweden has recently shown larger fluctuations than in many other countries. One reason for this is that Sweden has a large public sector in relation to GDP. In many other countries the public sector is significantly smaller.

Excessive Deficit Procedure, EDP

Twice a year member countries report to the EC Commission net lending in the public sector and the consolidated gross debt, also called the Maastricht debt. This measure is used to determine whether member states are fulfilling the requirements specified in the Maastricht Treaty. This assessment is called the Excessive Deficit Procedure (EDP).

Net lending according to EDP

Net lending according to EDP deviates somewhat from the data in NA in accordance with the regulatory framework of the European System of National and Regional Accounts (ESA-95). This is due to the fact that the effects on interest flows of debt exchange agreements etc are included in EDP but not in ESA.

Net lending in the public sector as proportion of GDP. 2000–2004. Per cent

Year	As per ESA	As per EDP
2000	5.0	5.0
2001	2.6	2.6
2002	-0.5	-0.3
2003	-0.1	0.2
2004	1.3	1.4

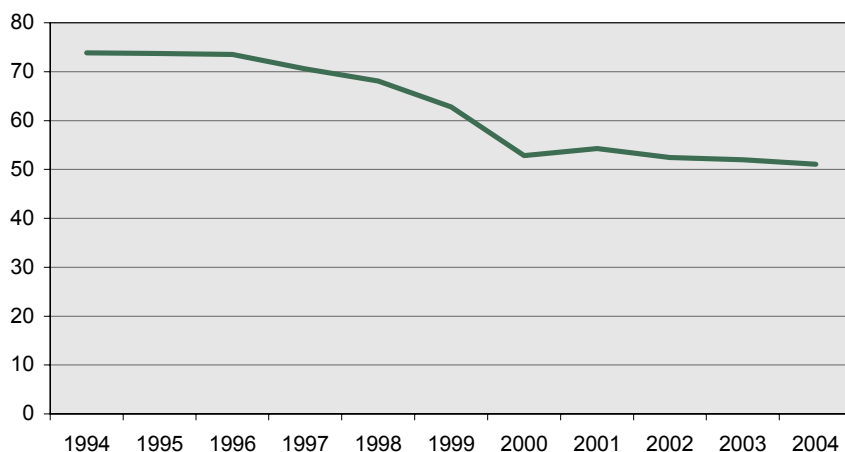
Source: Statistics Sweden (SCB), National Accounts and Financial Accounts

In 2004 net lending was 1.4 per cent of GDP (as per EDP) and 1.3 per cent of GDP (as per ESA).

A comparison between EU countries shows that in 2004, Greece had the largest deficit with -6.1 per cent of GDP, whilst Denmark had a surplus of 2.8 per cent of GDP.

Public sector consolidated gross debt (Maastricht debt)

According to the Treaty of Maastricht, debt reporting in the public sector is to be in nominal values, and not as in the Financial Accounts at market value, and it should be consolidated. The fact that the debt is consolidated means that it has been adjusted for liabilities between different parts within the public sector. For example, ownership of central government bonds in the old-age pension system is offset against the central governments' outstanding liabilities in government bonds.

Development of the consolidated gross debt of the public sector 1994–2004. Per cent of GDP

Source: Statistics Sweden (SCB), Financial Accounts

The consolidated gross debt (Maastricht debt) at the end of December 2004 amounted to 51.1 per cent of GDP.

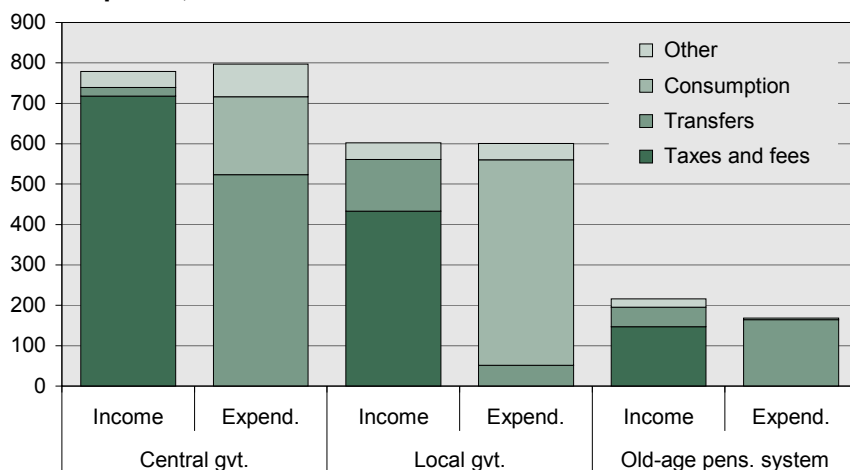
Sweden's debt relative to GDP is lower than the EU average, which for all EU countries (EU-25) is 63.8 per cent and for the Euro Zone 71.3 per cent. Greece, Italy and Belgium have the highest consolidated debts as a proportion of GDP (108.9 per cent, 104.1 per cent and 94.7 per cent respectively), whilst Estonia and Luxemburg have the lowest with a debt of 4.4 per cent and 7.5 per cent respectively.

8 The public sector's structure and use

In this Chapter we provide an overview of the economy and activities in the subsectors of the public sector: the central government sector, the local government sector and the old-age pension system. How citizens use publicly financed services at different stages of their life is also illustrated.

The public sector can be divided into subsectors in terms of who is responsible for ensuring that the services decided on by the Riksdag and the government are also made available to citizens. The subsectors are the central government sector, the local government sector which consists of municipalities and county councils and regions, and also the old-age pension system (earlier referred to as the social insurance sector).

Income and expenditures 2004 for subsectors in the public sector, current prices, SEK billions



Source: Statistics Sweden (SCB), National Accounts

The central government sector is the largest since it includes the large transfer systems.

In the 1990s major structural changes took place in Swedish society. Not only were there changes in the distribution of responsibility between different subsectors, but also EU membership contributed

to further changes in the Swedish administrative model. Amongst other things, these changes led to deregulation and liberalisation, as well as privatisation of central and local government activities.

Activities in subsectors

In contrast to the classification of services and products in terms of function as used in NA, the central government, municipalities and county councils usually show their activities according to different areas of responsibility in the administration. The activities together form activity areas such as, education, health and medical care, care of the elderly, culture and recreation, infrastructure and business activities.

Activities of subsectors

The central government	Municipalities	County councils	Old-age pension system
Legislation, central management and administration	Social care	Health and medical care	Income pension system + guarantee pension
Economic policy, tax collection	Education (pre-school, compulsory school, upper secondary school, adult education)	Dental care	Premium pension system
Foreign policy, EU issues	Planning and building	Public transport	
Immigrants, refugees, integration	Environmental and health protection	Regional development	
Defence	Refuse collection and waste product processing	Voluntary activities in culture, education, tourism (County council owned companies)	
Police and judicial system	Water and sewage		
Financial security	Emergency services, civil defence		
Higher education, research, study support	Libraries		
Cultural issues	Housing		
Infrastructure	Voluntary tasks (recreation and culture, technical service, supply of energy, maintenance of streets)		
Labour market	Regional and public transport (Municipally owned companies)		
Industry, agriculture and forestry			
Public quasi corporations (Central government-owned companies)			

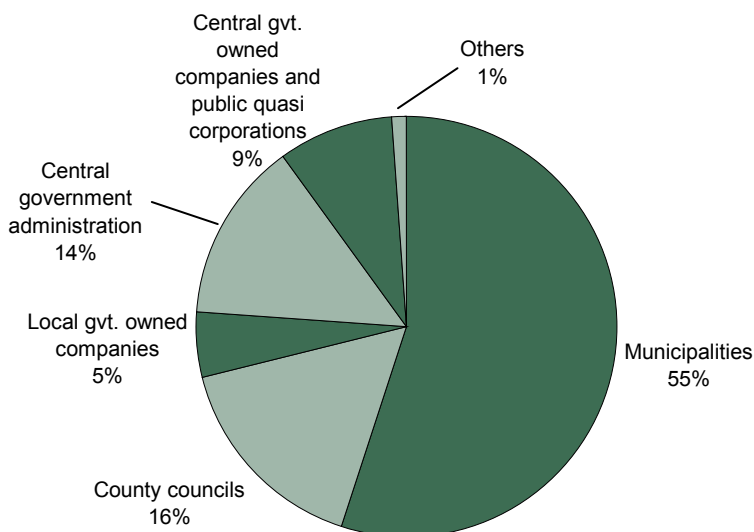
From the middle of the 1990s, it has become more common for activities to be carried out by privately owned companies of different kinds, whilst financing is still mainly provided through public funds. Public authorities still have the responsibility for ensuring availability to citizens even though activities are purchased from other providers or production is outsourced.

Employment in the public sector

In Chapter 3, on the size of the public sector, the measure "proportion employed in public authorities" was presented, among others, as a frequently recurring measure. If the term public sector is expanded to also include publicly owned companies, then around 45 per cent of the employed were in the public sector in 1993, whilst the corresponding proportion in 2003 had declined to 37 per cent.

The number of employed persons in the public sector including publicly owned companies and quasi corporations was 1.5 million in 2003. This is a reduction of 10 per cent since 1993, when the number of employed was 1.7 million. During the same period, the number of employed in the non-public sector increased by nearly a quarter and amounted to 2.6 million in 2003. A large part of the increase (8 percentage points) took place in 1993–1995.

Employed persons in different parts of the public sector 2003. Per cent



Source: Statistics Sweden (SCB), Labour market statistics based on administrative sources, RAMS

The majority of publicly employed persons are in the municipalities. The number of employed in municipalities and county councils, including local government owned companies, together account for three quarters of the employed in the public sector.

The financial status of publicly owned companies

The finances and activities of publicly owned companies are reported in general, and in NA, in connection with other market producers since they produce for a market. If we take into account ownership relations, then the public owner – the central government, municipality or county council – has a vital influence on the activity. For this reason, publicly owned companies can also be said to be a part of the public sector.

As previously mentioned NA uses a narrow definition of the public sector by classifying publicly owned companies and utilities under market producers. Publicly owned companies account for quite a significant proportion of GDP. According to RAMS they represent 5 per cent of employment in the country.

There are both central government owned companies as well as local government owned companies. Central government owned companies dominate and they account for about two thirds of publicly owned companies in terms of both value-added and employment. The central government owns about 60 companies, of which the largest is Posten (Swedish Postal Services). According to the company's web site, Posten had about 36,000 employees in 2004, of which the majority was in Sweden.

There are publicly owned companies both in the county council sector and in the municipal sector. Many of the largest county council owned companies are large hospitals. Amongst local government owned companies, the majority are in energy, transport and real estate.

Municipalities and county councils vary in the extent to which they form companies. The municipality of Göteborg owned 66 companies in 2004, whilst a number of municipalities owned no companies at all. Amongst county councils, Stockholm county council owned a total of 18 companies, whilst 3 other county councils owned only 1 transport company each.

The use of public services

Public services are available for all, but the extent to which they are used depends on the individual's actual life situation. Public services such as defence and the judicial system, administration and infrastructure may be said to benefit all inhabitants equally and the use of such services is difficult to relate to specific individuals.

Individual services, on the other hand, may benefit private individuals to varying degrees during different periods of their life or in connection with different events, such as sickness or unemployment. Similarly individuals, depending on their life situation, make varying use of the redistribution effects of the transfer of resources.

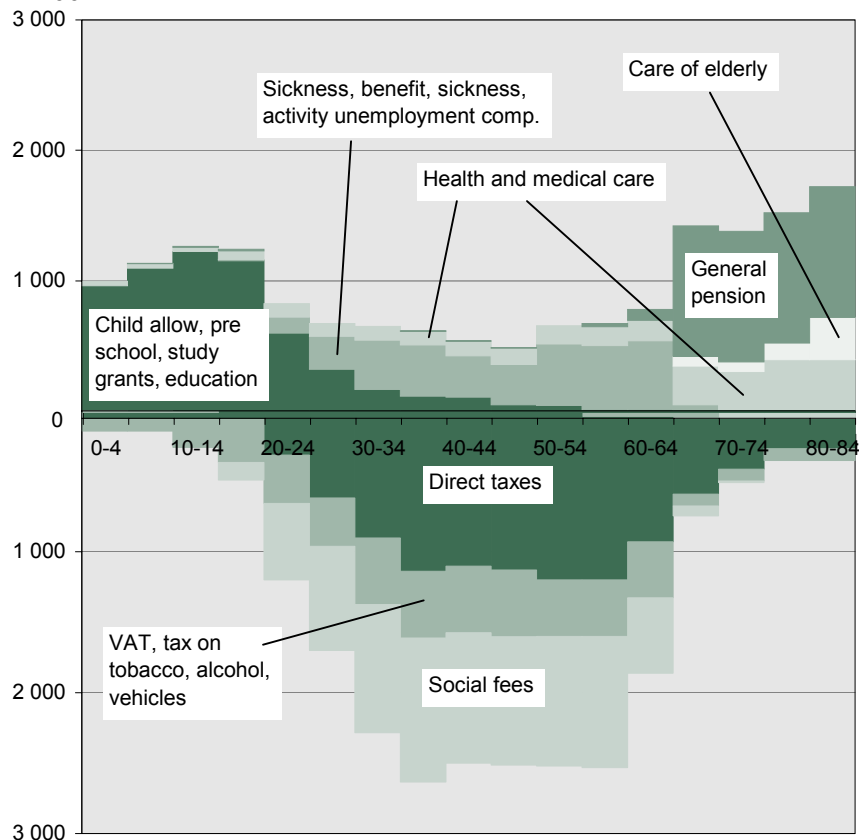
In the same way the contributions of inhabitants to the public sector, for example, through payment of taxes and social charges vary during the different stages of life.

The figure below illustrates how the more substantial individual services and transfers are distributed on average amongst inhabitants grouped by age. Collective services are not included, neither are services and transfers directed to households, for example, economic assistance and housing allowances. The services and transfers included are:

- education covering preschool and school-age childcare, compulsory school, upper secondary school, municipal adult education, university and university colleges and also study grants
- medical care and also sickness benefit, and sickness and activity compensation
- unemployment benefit and parental allowances
- care of the elderly and general pensions

The contributions of inhabitants to public sector activities here cover direct taxes (income taxes, tax on capital, wealth and property taxes), social charges and also VAT payments, tax on tobacco, alcohol and vehicles.

**Certain public individual services and transfers and taxes paid etc.
Distribution of costs in SEK / inhabitant by age categories. Conditions
in 2004**



The data is presented in SEK per inhabitant for different age categories.

Sources: From Statistics Sweden's income statistics, data on income is obtained for five-year categories from sickness benefit, sickness and activity compensation, employment benefit, child allowance, parental insurance and expenditure in terms of income taxes. Total data from the official statistics on costs for care of the elderly, health and medical care, and education in different forms have been allocated to age categories by statistics on participants/users of different ages. Total data on VAT payments and selective taxes have been allocated to age classes by using data from Statistics Sweden's Household surveys. Total data on social fees have been allocated in accordance with statistics on employment by different age categories.

From the figure, it is apparent that the inhabitants making greatest use of welfare services and transfer systems are those in the lower and higher age brackets, whilst the largest contributions to the public sector are made by people of working age. This figure showing conditions at the beginning of 2000 differs very little from the situation of 30 years ago.

The tax and transfer systems and different forms of publicly financed activities thus redistribute economic resources in society. This redistribution takes place not only from one individual to another, but also from one and the same individual over a life cycle. According to the analyses made by the Long-term Investigation 2003 (Långtidsutredningen SOU 2003:110), slightly more than 80 per cent of all transfers and subsidies are self-financed, that is they are paid out of the individual's own taxes and fees at some point during their life. Only 18 per cent of the redistribution which takes place via taxes and fees and public consumption and transfers is a genuine redistribution between individuals.

Related to this section are the following:

Table 3. Employment by sector according to RAMS and NA

Table 4. Public sector expenditure, consolidated

9 The central government sector

In this Chapter we present central government activities based on the annual report of the central government. In addition we provide an overview of activities run by the central government sector, and describe changes that have taken place in universities and university colleges in greater detail. In the first instance we use statistics obtained from the annual accounts respective operating and activity reports.

The annual report of the central government will be our starting point in conveying the finances of central government activities. The figures in this Chapter differ from those presented in earlier chapters due to different delimitations and methods of calculation.

According to the Government Budget Act (1996:1059) the government is obliged to provide an annual report over its activities to the Riksdag in connection with the Spring Budget Bill.

The consolidated income statement for the central government 2003–2004, current prices. SEK billions

	2003	2004
Total income	857.3	902.4
Of which, taxes	796.6	838.6
Total expenditures	-867.1	-901.8
Of which transfers	-697.3	-725.4
Of which central government activities	-169.8	-176.4
Remitted profits from shares in subsidiaries and associated companies	17.5	26.3
Total financial items	-26.6	-43.7
Of which net expense for central government debt	-34.6	-48.8
Net income (deficit)	-19.0	-16.8

The annual report covers the government authorities, including public quasi corporations, under the Riksdag and the government, as well as the funds reported by the authorities. In addition, social insurance offices are included even though they were regarded as one single government authority first in 2005 (prior to 2005 the social insurance offices were regarded as independent legal entities under public administration). The capital fund of the Riksbank is included. The old-age pension system is not included.

Source: Central Government Annual Report 2004. Regeringens skrivelse 2004/05:102.

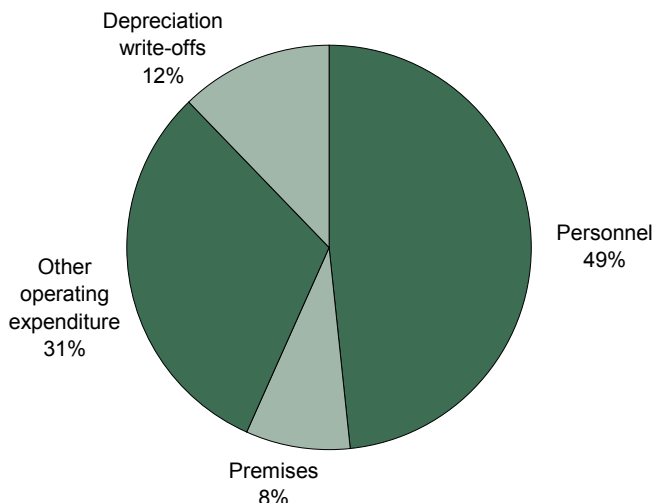
According to the annual report for 2004, total central government income amounted to SEK 902.4 billion and total expenditures to SEK 901.8 billion. The largest income was from taxes etc amounting to SEK 838.6 billion, which was SEK 42 billion more than the year before. The largest expenditure items were for transfers from the central government which amounted to a total of SEK 725.4 billion in 2004.

In summary the income statement for the central government showed a deficit for 2004 of SEK 16.8 billion, which was nevertheless an improvement of SEK 2 billion compared with 2003. The deficit can be related primarily to financial items, consisting mainly of net expenses of SEK 48.8 billion for the central government debt.

Remitted profits from shares in subsidiaries and associated companies amounted to SEK 26.3 billion in 2004. Of the contribution from the shares in subsidiaries of SEK 20.4 billion in 2004, the major part was contributed by Vattenfall AB, SEK 11.8 billion. Of the profits from shares in associated companies, totalling SEK 5.9 billion, TeliaSonera AB accounted for nearly the whole of the surplus. Of the increase from 2003, the improvement in profits is mainly attributable to Vattenfall AB (SEK 2.7 billion), TeliaSonera (SEK 1.7 billion) and Posten AB (SEK 1.5 billion).

The activities of the central government

Expenditures on central government activities mainly cover operating expenditures for the central government authorities, i.e. expenditures for personnel, premises, depreciation and other operating expenditures. In total, expenditures on central government activities amounted to SEK 176.4 billion in 2004 which represented an increase of SEK 6.6 billion over the year before. The expenditures on central government activities have increased by a total of SEK 16 billion (10 per cent) since 2000.

Expenditures on central government activities 2004. Per cent

Source: Central Government Annual Report 2004, Regeringens skrivelse 2004/05:101.

Expenditure on personnel was the largest expenditure item among central government activities and accounted for half of all expenditures in 2004.

Universities and university colleges

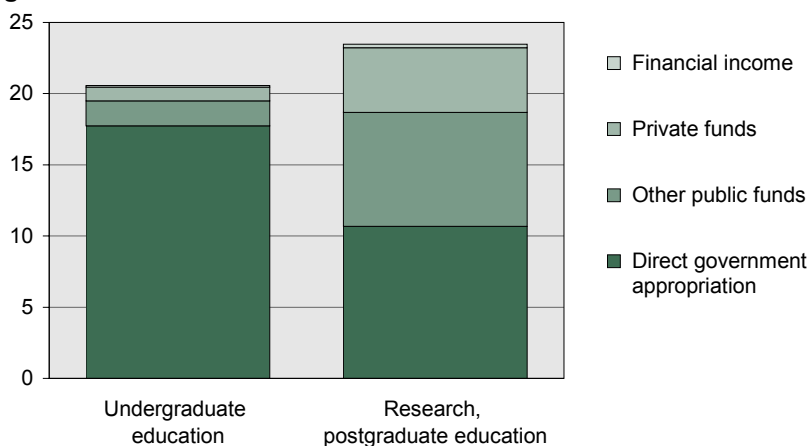
The largest central government activity in relation to the number of employees is that of universities and university colleges. The number of employees at universities and university colleges comprises a quarter of all central government employees. Since the middle of the 20th century, higher education in Sweden has been expanded. The expansion in undergraduate education took place mainly during the 1960s and 1990s. As a result of the reform of higher education in 1993 for undergraduate education, central government control has decreased, and decision making in important areas has also been decentralised.

The finances of universities and university colleges

Expenditures on activities at universities and university colleges were SEK 44.7 billion in 2004, which corresponds to 1.76 per cent of GDP. This was a somewhat lower proportion than the previous year, but the same share as in 2002. Expenditure on personnel for universities and university colleges is the largest expenditure category, amounting to slightly more than 60 per cent of total expenditures.

Total income for universities and university colleges in 2004 was SEK 44.2 billion. Slightly more than half goes to research and postgraduate education, and 47 per cent to undergraduate education. Close to two thirds of university and university college education is financed by central government appropriations granted directly to the institutions. In addition, income was received from other central government authorities, for example "The Science Research Council" (Vetenskapsrådet) and other public funders such as municipalities and county councils, and research foundations established with funds from the wage earner funds.

Financing of undergraduate education and research and postgraduate education 2004. SEK billions



Source: Universitet och högskolor. Högskoleverkets årsrapport 2005:26

In total, universities and university colleges showed a deficit of SEK 564 million in 2004. Of the deficit, SEK 97 million can be attributed to undergraduate education, whilst SEK 478 million originates from postgraduate education and research. This is the fourth consecutive year where the net income of the sector has been negative, and university and university college capital has decreased from SEK 3.3 to 2.8 billion.

Personnel

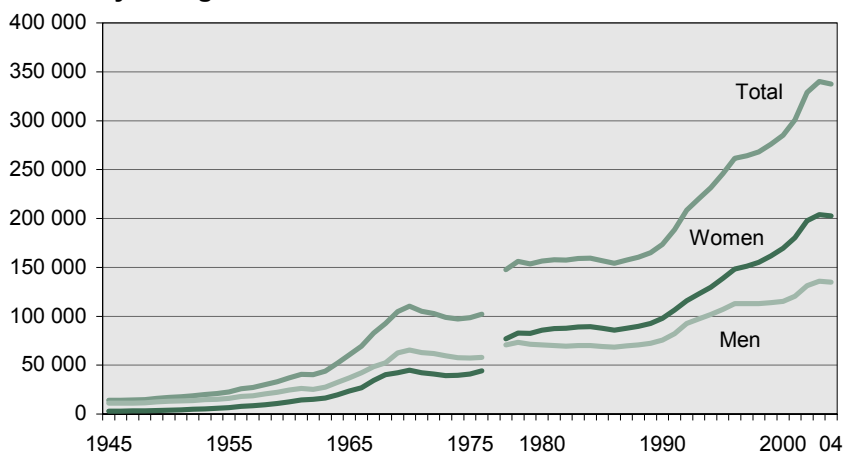
In 2004, 63 600 persons were employed at universities and university colleges in Sweden. This corresponds to 52 300 annual full-time equivalents, representing a decrease of 1.5 per cent compared with 2003. During 2004 the number of employees in higher education decreased for the first time since 1990. Both research and teaching personnel make up 40 per cent of higher education personnel, and in

this group, assistant lecturers and lecturers are the largest categories. The number of students per teacher, of teaching and research members of staff, has increased in recent years. In 2004 there were almost 13 annual full-time equivalent students for each annual full-time teaching and research member of staff. This relationship, however, varies from institution to institution and from subject area to subject area.

Undergraduate education

The number of students in undergraduate education has increased commensurate with the expansion of universities and university colleges. Reform of higher education in 1977 meant that the number of students increased substantially as a result of the transfer of some education programmes to the higher education sector – these included, amongst others, teacher training and preschool teaching programmes, nursing programmes, education programmes at schools of social studies, and also sports programmes.

Number of students in undergraduate education at universities and university colleges autumn terms 1945–2004



Source: Universitet och högskolor, Högskoleverkets årsrapport 2005:26

In academic year 2003/04, the number of admissions to universities and university colleges was 83 300, which similar to the previous year represented the highest number ever. This figure, however, includes about 15 per cent guest students, i.e. students who through exchange programmes or on their own initiative applied to study in Sweden. Amongst admissions, 58 per cent were women and 42 per cent men. Slightly less than half of these were aged 21 or younger.

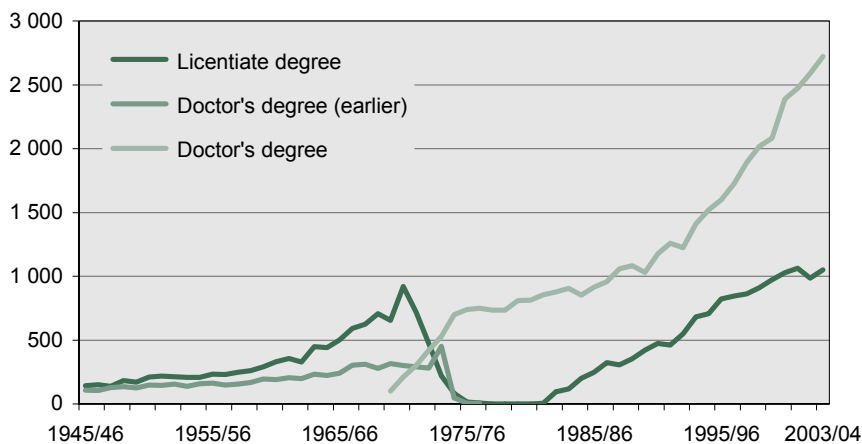
The expansion of universities and university colleges is also reflected in the number of persons graduating with degrees and the number of degrees awarded. In ten years the number of degrees awarded has increased by slightly more than 50 per cent and in academic year 2003/04, the number was 52 300. The number of degrees awarded, however, is not equal to the number of persons receiving degrees nor the number of new degrees awarded. Many students take more than one degree and the number taking two degrees has increased in recent years. In academic year 2003/04, the number of persons receiving a degree for the first time was 38 700, close to 5 per cent more than the previous academic year.

Postgraduate education

The rapid expansion in undergraduate education also has its counterpart in postgraduate education. Postgraduate education today is based on the 1969 reform of postgraduate education, when a four-year doctor's degree replaced the earlier licentiate degree and doctorate.

After a moderate increase in the number of degrees during the 1980s, the number of degrees doubled during the 1990s.

Number of postgraduate degrees academic years 1945/46 – 2003/04



Source: Universitet och högskolor, Högskoleverkets årsrapport 2005:26

The rapid upturn in the number of licentiate degrees around 1970 is due to the fact that this was the last year this degree could be taken as a result of the 1969 reform of postgraduate education. The new licentiate degree was introduced as of academic year 1981/82.

During 2004 slightly more than 2 900 persons began postgraduate education, which was a reduction of 25 per cent compared with the year before and a return to the level observed at the end of the 1990s. In 2004 for the first time, more women than men started a postgraduate programme (1 480 women compared with 1 460 men).

Reading recommendations:

Government Offices of Sweden. *The Swedish Government Offices Yearbook 2004*. Stockholm 2005.

Government Offices of Sweden. *Central Government Annual Report 2004*. Regeringens skrivelse 2004/05:101.

SCB. *National Accounts 1999 - 2004*. Statistical Report NR 10 SM 0501.

10 The finances of the local government sector

In this Chapter we provide an overview of the finances and conditions for activities in the local government sector. A presentation of pension liabilities and a more detailed description of the local government financial equalisation system are presented.

The local government sector covers the activities which municipalities, county councils, municipal associations and municipally owned non-commercial organisations run or are responsible for. Up until 1999, parishes and associations in the Swedish Church were included in the local government sector. In some contexts, local government companies are also included in the public sector, even though they are reported in the National Accounts (NA) under market producers.

The organisational division into municipalities and county councils has changed over time. In 1962 the Riksdag took a decision on a major reorganisational reform. The aim of the reform was a significant reduction in the number of municipalities. The decision resulted in a staged reduction from more than 1 000 municipalities to 277 in 1977. Following this, some new municipalities have been split up so that in 2005 there were a total of 290 municipalities. In addition, in the same year there were 18 county councils and 2 regions.

Structural changes

A major reallocation of areas of responsibility between municipalities and county councils, and the central government took place during the 1990s. Municipalisation of the schools in 1991 was the largest reallocation of responsibility from the central government to the local government sector. The most comprehensive transfer of activities from county councils to municipalities took place in care of the elderly and disabled persons through the Elderly Reform in 1992. In the middle of the 1990s the municipalities also took over responsibility for care of those with learning disabilities and also the cost responsibility for patients whose medical treatment in psychiatric care was considered to be complete. In 1994, the municipalities were given greater responsibility for providing support and service to

persons with certain functional impairments. During the same period, in the provision of education of health and medical care, there was also a transfer of responsibility from county councils. The central government took over responsibilities within higher education and municipalities within upper secondary educational programmes.

Incorporation of local government activities

During the 1990s many municipalities and county councils transferred activities, which earlier had been carried out under municipal auspices, to companies/corporations. In municipalities this was most common in the property and rental industries, and in electricity, gas, heating and water supply. Incorporation as regards the county councils mainly concerned public transport, property administration and in recent years also medical care. Reporting of the finances and activities of these companies is not covered in the annual reports of municipalities and county councils, but most do include this in their annual group reports.

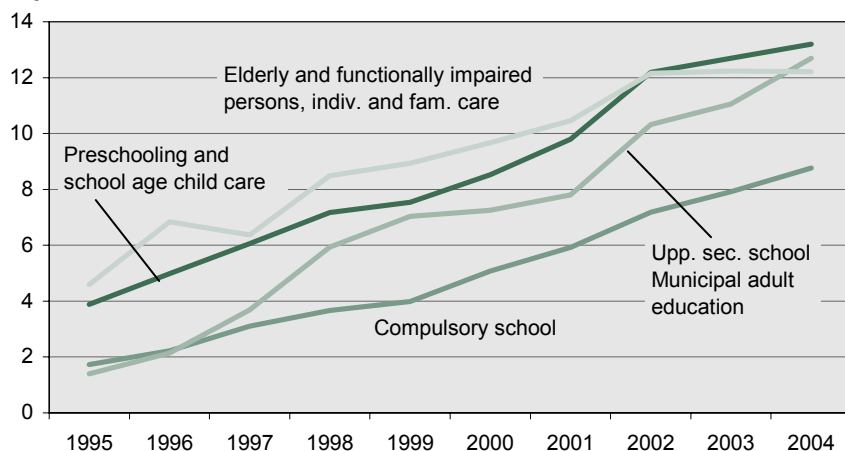
Publicly financed outsourced services

As of the middle of the 1990s, it has become increasingly common that some of the activities of municipalities and county councils are outsourced. These activities are thus carried out by organisations other than the municipalities, but still financed through public funds. In municipal and county council reporting, this is regarded as "purchase of activity" and is included in municipal expenditures. In the context of NA and expenditure for consumption, this is referred to as social benefits in kind (see Chapter 6).

In total, municipal expenditures for the purchase of activities (including purchase from other municipalities) amounted to SEK 49.8 billion in 2004. The largest expenditure items were for care of the elderly, compulsory schooling, and also pre-schooling and school-age childcare.

It is most common to outsource such activities to companies. The expenditures for purchase of activities from companies (exclusive municipally owned companies) amounted to SEK 30.3 billion in 2004, which corresponds to about 60 per cent of total expenditures for purchase of activities. Expenditures for the purchase of activities from associations and foundations amounted to a total of SEK 9.1 billion and often this was for preschool and compulsory schooling.

Municipal purchase of welfare services as a proportion of expenditures 1995–2004. Per cent



Purchases are from associations, foundations, and companies exclusive of municipally owned companies and sole proprietorships.

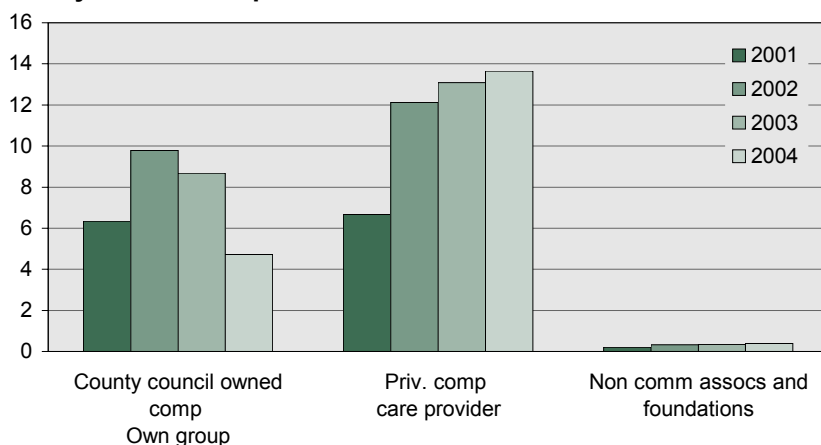
Source: Statistics Sweden (SCB). Municipal use of resources, 2004. OE 25 SM 0501

County councils' purchase of activities

County councils' purchase of activities (including purchases from other county councils and regions) amounted to SEK 28.2 billion in 2004. Purchases by county councils for health and medical care amounted to a total of SEK 25.0 billion, of which purchase of specialist somatic care amounted to SEK 15.4 billion.

Nearly half of all county council purchases of health and medical care in 2004 were carried out by private companies and care providers, and nearly one fifth related to purchases from county council companies within their own group.

County council purchases from privately owned companies and county council companies 2001–2004. SEK billions



The reduction in purchases from county council owned companies in 2004 can be explained by the fact that Huddinge Hospital was, prior to 2004, a county council owned company and since 2004 under the county council's own management.

Source: Swedish Association of Local Authorities and Regions. Statistik om hälso- och sjukvård samt regional utveckling 2001–2004.

Expenditures and income for local government

During the early years after 2000, both expenditures and income of the local government sector increased in current prices. The largest expenditure increases were due to increasing personnel expenditures, which was also the largest single item in expenditures. The increase in income was largely due to increased tax revenues during the period.

Municipalities and county councils have the right to levy taxes and to determine tax rates. Municipal tax revenues are collected by the central government for later allocation to the local government sector.

In 1993 the current system governing how the central government pays local government tax funds to the municipalities was introduced. The payments are made on the basis of the most recent tax base, which is calculated in accordance with the Government's forecast on tax base increases in the tax base for the following two years. The forecast is followed up and when the final tax outcome is known, a final adjustment is made.

As of 1998, the system for paying out tax funds to municipalities and county councils was modified by changing the final payment

from an individual final payment at municipal or county council level into a collective final payment. This means that the difference between the preliminary and final municipal and county council tax funds at the national level are regulated by a standard amount per inhabitant in municipalities and county councils.

The municipal balance requirement

According to the Local Government Act, the municipalities and county councils should maintain good economic management practice in their activities. As a result of proposals put forward in the bill "Den kommunala redovisningen" (Bill 1996/97:52) a requirement for a balanced budget was introduced in the Local Government Act. This was to be applied by, at the latest, financial year 2000 and would strengthen the rules for good economic management.

The balance requirement means that municipalities and county councils establish a budget for each calendar year (budget year) so that income exceeds expenditures. If reported expenditures do exceed income in a financial year, the deficit as well as equity capital should be restored within two years (from 2005 three years) unless there are good reasons for not doing so. These reasons may be that a municipality or a county council has consciously and explicitly set aside funds and built up substantial capital to meet revenue reductions or expenditure increases in the future. Another good reason may be that sales have taken place at a loss but that this will lead to lower expenditures in the future.

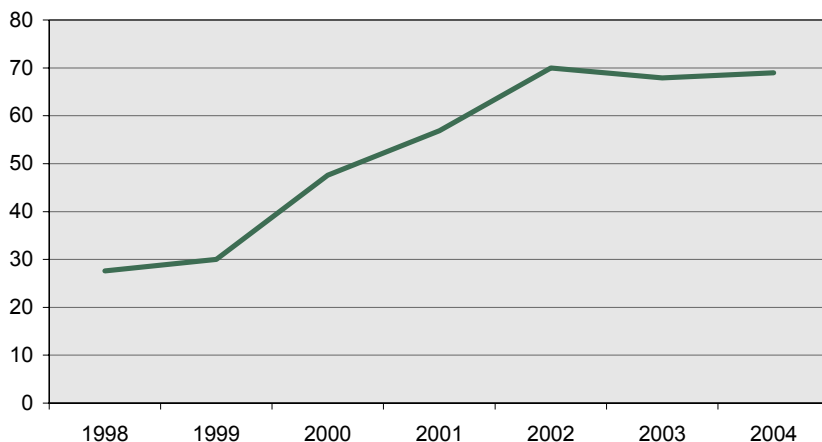
Source: Regeringens skrivelse till riksdagen 2004/05:102

Since there are no official statistics reflecting the extent to which municipalities fulfill the balance requirement (establishment of a budget where income exceeds expenditures etc) the municipalities' income before extraordinary items is used as an indicator of balance requirement fulfillment. In 2004 two thirds of the municipalities and half of the county councils showed positive net income before extraordinary items, which was more than the preceding year (see Chapter 11).

The proportion of municipalities which appear to have managed to fulfill the balance requirement has more than doubled since its introduction, the proportion has also been stable at a high level over the last few years as shown by the studies carried out by "Rådet för

kommunala analyser och jämförelser" (RKA). The studies show that municipal net income before extraordinary items may to some extent be explained by external factors such as population structure, tax capacity, population density and size of municipality. Critical in the outcome was mainly choice of ambition level and financial strategy.

Proportion of municipalities managing the balance requirement. Three year average values 1996–1998 – 2002–2004



Managing the balance requirement is here defined as having an average net income over a three year period before extraordinary items of - SEK100/per inhabitant or more. In 1998 average values were reported for 1996–1998, for 1999 reported average values for 1997–1999 etc.

Source: Rådet för kommunala analyser och jämförelser, Kommunernas balansgång. 2005.

Reporting of pension liabilities

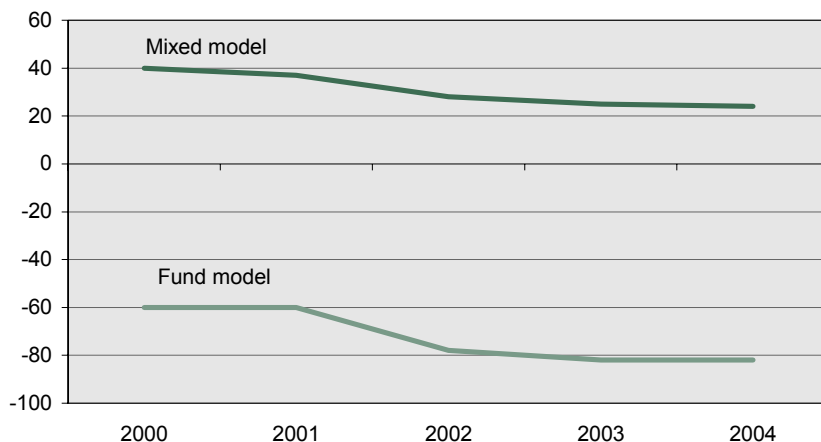
Up to the end of the 1980s payment of pensions was booked on a cash basis. During the 1990s praxis varied. The Act on municipal accounting introduced in 1998 (KRL 1997:614) substantially changed the balance sheet for municipalities and county councils. The so-called mixed model introduced at that time means that only pension benefits earned after 1998 are to be booked as liabilities in the balance sheet, whilst liabilities for occupational pension agreements earned before 1998 would instead be treated as contingent liabilities. For municipalities, the new model means that total liabilities reported decreased by SEK 128 billion in 1998 when pensions earned before 1998 were removed from the balance sheet.

Solidity in a mixed model and a fund model

The financial position reported and how it is affected by choice of model can be studied in the figure below. One way of describing the

financial position is to show how large a portion of activities is financed out of equity capital as opposed to loaned capital. The proportion of equity capital in relation to total capital, i.e. solidity gives an indication of the capacity to manage financial difficulties.

The solidity of county council as per the fund model and the mixed model 2000–2004. Per cent



Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2004.

The county councils' solidity in terms of the mixed model has been influenced by annual reductions in equity capital. Solidity in 2004 amounted to 24 per cent, which meant that slightly less than a quarter of the county councils' assets were financed by equity capital.

On the other hand, if account is taken of the pension liability in accordance with the fund model, equity capital is reduced by the pension commitment earned before 1998. Solidity thus becomes negative, meaning that equity capital is consumed and that total liabilities exceed assets. In addition, solidity was weakened from -60 per cent to -82 per cent between 2000 and 2004, which means that liabilities in 2004 were nearly twice as large as assets.

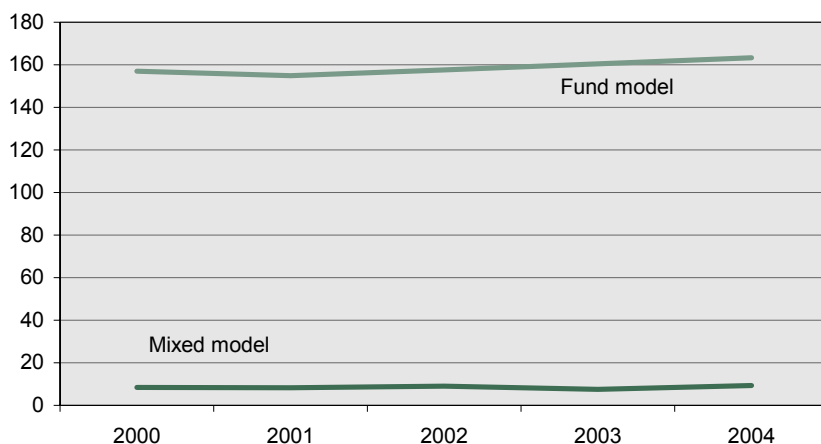
The development of solidity for *municipalities* differ from that of county councils since the proportion of equity capital is significantly higher irrespective of accounting model. On the other hand, the trend is the same. From 2001 to 2004 solidity decreased in the mixed model from 56 per cent to 52 per cent. The corresponding development in the fund model was a reduction from 21 to 19 per cent.

Changes in the pension liability are dependent on the accounting model

The size of the pension liability reported varies then to a large degree depending on choice of accounting model. On the other hand, the trend is the same – the liability increases for both municipalities and county councils.

The pension liability of the municipalities, as per the fund model, increased from SEK 157 billion in 2000 to SEK 163 billion in 2004. The corresponding development for the county councils was from SEK 100 billion in 2000 to SEK 120 billion in 2004. For municipalities, the liability corresponded to SEK 18 000 per inhabitant in 2004, and for county councils SEK 13 500 per inhabitant on average.

Pension liabilities of the municipalities as per the fund and mixed models 2000–2004. SEK billions



Source: Statistics Sweden (SCB). Annual accounts for municipalities

The pension liability of the municipalities according to the mixed model increased between 2000 and 2004 by 10 per cent to SEK 9 billion. The corresponding development for the county councils was an increase of 62 per cent to SEK 15 billion.

Central government grants and the equalisation system

The aim of the local government financial equalisation system is to create equivalent opportunities for municipalities and county councils to meet the needs of their inhabitants for municipal services independently of inhabitants' income and other structural conditions. The aim is that differences in municipal taxes should largely

reflect differences in efficiency, service and charge level, and not depend on differences in structural conditions.

During a larger part of the 20th century there has been some type of system in existence for equalising differences in the financial pre-conditions for the local government sector. An equalisation system in its current form was first introduced in 1966. Since the beginning of the 1990s, a number of changes have been made to the system.

The Riksdag decided in 2004 to introduce a new system for equalising economic conditions within local government. In the system applying from 2005, there is a new system for income equalisation, revised cost equalisation, as well as new elements in terms of structural grants, transitional grants and adjustment items. A fundamental difference compared with the earlier system is that income equalisation has essentially been replaced by a central government financed income equalisation grant. At the same time the general central government grant to municipalities and county councils was phased out.

The new income equalisation system reduces the number of municipalities paying charges into the system. In 2005 there were 13 municipalities and one county council paying charges. These were the Municipality of Stockholm and the County Council of Stockholm, and also a number of suburban municipalities with a large proportion of higher income recipients. The municipalities receiving most in grants from the equalisation system are in the southern and central parts of Sweden. The municipalities of Malmö and Göteborg together received close to one tenth of the total grant. Among county councils, Västra Götaland and Skåne receive the largest grants.

Distribution of grants 2005. Per cent

	Municipalities	County councils	Total
Norrland	20	30	22
Svealand	22	5	18
Götaland	58	65	59
Whole country	100	100	100

The proportions in the table are calculated on the basis that the grant is adjusted for the charges paid in respective parts of the country. Low figures in Svealand for the county council grant are due to the fact that the grant is adjusted downwards with the charge that Stockholm's County Council pays.

Source: Calculations based on data in "Statistics Sweden, Economic equalisation for local government, OE 26 SM 0501"

Five parts in the equalisation system

The equalisation system consists of five parts, namely income equalisation, cost equalisation, structural grant, transitional grant and adjustment grant/charge.

Income equalisation is by far the largest part of the equalisation system. Income equalisation aims at equalising differences in municipal finances caused by differences in the tax base. The income equalisation system is financed in the new system, as mentioned earlier, largely by the central government.

Cost equalisation is that part of the system intended to neutralise structural cost differences. Cost equalisation should not take account of a municipality's/county council's actual costs but rather be based on measurable and objective factors, such as the proportion of elderly, or children of school age. If the municipality/county council chooses a higher level of ambition and thus incurs higher costs, then this is not taken into account in the cost equalisation grant.

The central government does not finance cost equalisation, but in principle this should be financed by the municipalities and county councils themselves. For this reason, the charges in this system are higher than those in the income equalisation system. A large number of municipalities contribute to the cost equalisation. The overwhelming majority of these municipalities receive grants from income equalisation, which means that total equalisation for them will in any case be a grant.

The structural grant is of a regional policy nature. *The transitional grant* is given to municipalities which would face an unreasonably large shortfall in grants or an unreasonably high fee because of the new rules introduced in the system.

The adjustment charge is an item which affects regulation of central government financing of the system. If the other parts of the system lead to a result which exceeds commitments of the central government, then the local government sector compensates for this. The municipalities and county councils pay this charge in relation to their population. This adjustment for a specific year can also be positive for the local government sector in which case it constitutes an adjustment grant as opposed to a charge.

Parts of the equalisation system in 2005. SEK billions

	Municipalities	County councils	Total
Income equalisation, grants	45.0	14.9	59.9
Income equalisation, charges	-3.4	-2.2	-5.6
Cost equalisation, grants	4.6	1.2	5.8
Cost equalisation, charges	-4.6	-1.2	-5.9
Structural grants	1.5	0.7	2.2
Transitional grants	1.5	0.6	2.2
Total	44.6	14.1	58.7
Adjustment charges	-2.0	-1.5	-3.5
Total	42.6	12.6	55.2

Source: Swedish Association of Local Authorities and Regions and the Ministry of Finance, Sweden. Local government financial equalisation in Sweden.

Equalisation of LSS costs

In 2004 a cost equalisation system was introduced for municipal costs in accordance with the Act on Support and Service for Persons with Certain Functional Impairments (LSS). This cost equalisation system thus lies outside the system described above on income and cost equalisation.

The total grant amount from LSS equalisation in 2005 was SEK 1.8 billion, whilst the charge amount was SEK 1.6 billion. Söderhamn received the highest grant of SEK 64 million, and the highest charge was paid by Stockholm, an amount of SEK 110 million.

Activities associated with LSS are unevenly distributed over the country and costs between municipalities vary widely. The equalisation system is intended to stimulate municipalities which today have little activity, in relation to the number of inhabitants, to build up their own base activities. This would provide greater opportunities for persons with functional impairments needing support and service to choose housing location irrespective of municipality.

Reading recommendations

Swedish Association of Local Authorities and Regions and the Ministry of Finance. *Local government financial equalisation in Sweden 2005*.

SCB. *Economic equalisation for local governments*. Statistical Report OE 26 SM 0501.

SCB. *Municipality-owned enterprises 2004*. Statistical Report OE 27 SM 0501.

SCB. *Statistical yearbook of administrative districts of Sweden 2005*. 2004.

11 Municipalities, county councils and municipal associations

In this Chapter we provide an overview of the economy and activities carried out in municipalities, county councils and municipal associations. In the first instance the statistics used in this section were obtained from annual accounts, as well as operating and activity accounts.

Finances and activities of municipalities

Municipal expenditures (i.e. annual operating expenditures of municipalities) were SEK 398.1 billion in 2004, representing an increase of 3 per cent from 2003. This can be compared with an increase in expenditures between 2002–2003 of 5 per cent, and 6 per cent for 2001–2002.

Total income for the municipalities (including extraordinary income) was SEK 424.6 billion in 2004. The largest source of income was tax revenues which account for 65 per cent of total income.

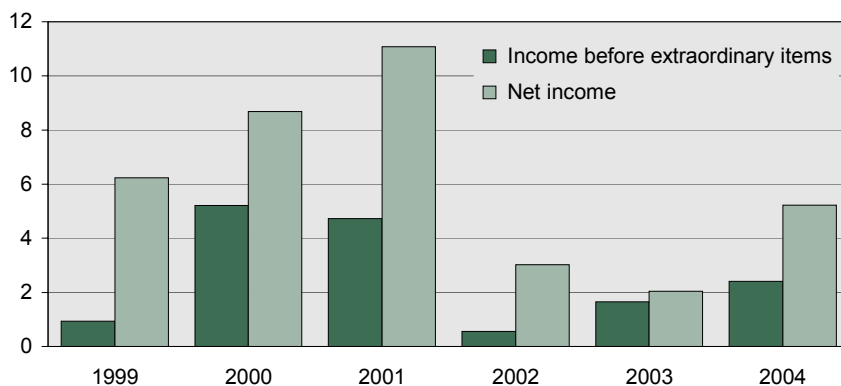
Income statements for municipalities 2003–2004. SEK billions

	2003	2004
Operating income	90.2	95.1
Operating expenditures	-387.5	-398.1
Depreciation	-13.3	-13.4
Net operating expenditures	-310.6	-316.3
Tax revenues	269.8	277.0
Central government grants and intra-municipal equalisation etc net	39.3	38.7
Financial income	11.2	10.1
Financial expenditures	-8.0	-7.0
Income before extraordinary adjustments	1.7	2.4
Extraordinary income	1.6	3.7
<u>Extraordinary expenditures</u>	-1.2	-0.9
Net income (surplus)	2.0	5.2

Source: Statistics Sweden (SCB), Municipal use of resources 2004. OE 25 SM 0501

Income statements of municipalities for 2004 show an income of SEK 2.4 billion before extraordinary items. Net income, which includes extraordinary items, was more than twice as large: SEK 5.2 billion.

Net income for the municipalities 1999–2004, current prices. SEK billions



Note that municipal net income differs from net lending as calculated by NA. Municipal net income based on municipal income statements, include e.g. financial items whilst investment expenditure is not included (See Chapter 7).

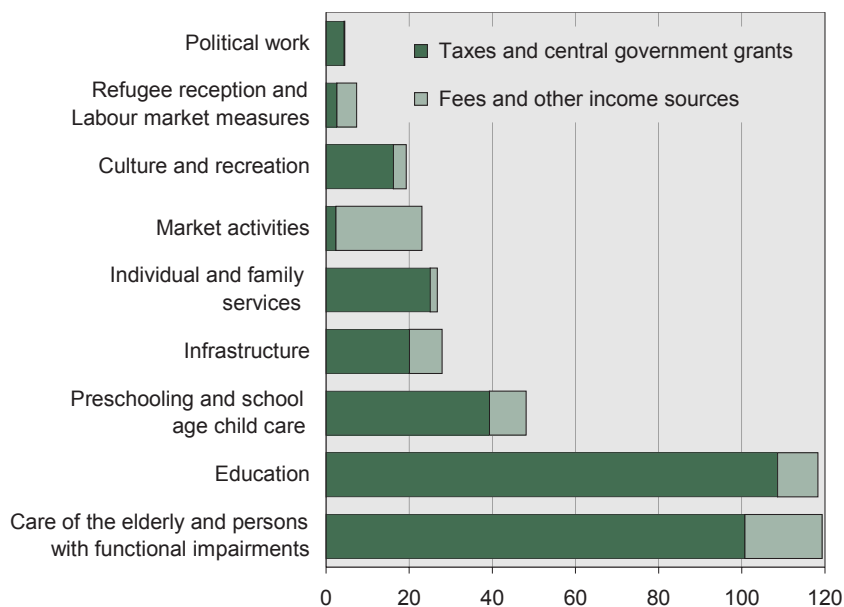
Source: Statistics Sweden (SCB), Municipal use of resources 2004. OE 25 SM 0501

Income before extraordinary items is used as an indicator of the economic status in the municipal sector and in 2004 showed an increase from 2003 of SEK 0.6 billion. Net financial income of SEK 3.1 billion in 2004 contributed to the surplus.

Municipal activities comprise a number of different services and products. Most of these are compulsory in that the municipalities are obliged to supply them to inhabitants. The largest activity areas for municipalities are education including preschool and school-age child care, care of the elderly and persons with functional impairments.

The majority of municipal activities are financed by tax revenues and grants from the central government. Only a smaller proportion is financed by means of fees and other income sources.

Financing of expenditures on municipal activities 2004, current prices. SEK billions

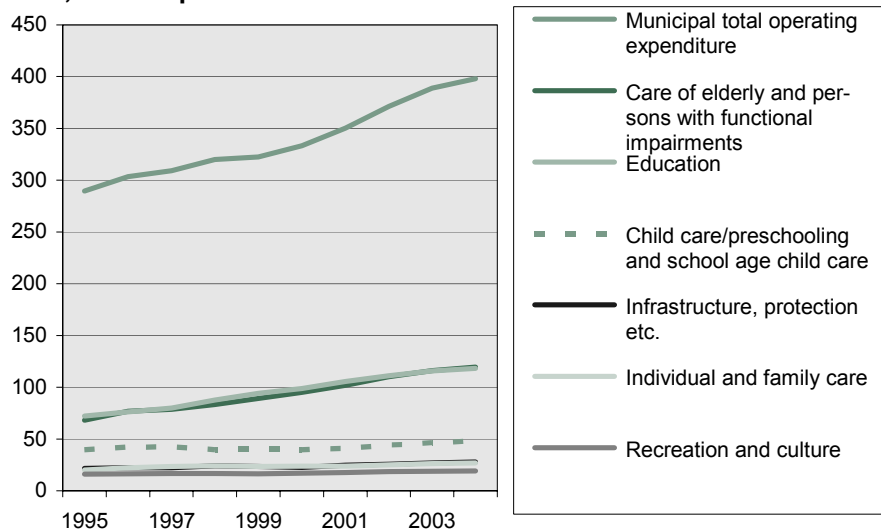


Source: Statistics Sweden (SCB), Municipal use of resources 2004. OE 25 SM 0501

The area of *market activities* covers services which the municipality provides but which are more than 50 per cent financed by fees. Examples of such activities are water supply, waste disposal, streets and roads, and housing. These activities are not included in public authority activities according to NA, but under market producers since they are not financed out of taxes.

Total municipal expenditures for activities which municipalities are obliged to supply to inhabitants have developed at different rates.

Municipalities' operating expenditures on certain activity areas 1995–2004, current prices. SEK billions



Source: Statistics Sweden (SCB), Annual accounts for municipalities

Expenditure on the two largest areas *care of the elderly and persons with functional impairments* and *education* exclusive preschool and school-age childcare, has continued to increase since the middle of the 1990s and at essentially the same rate. Expenditures on *childcare / preschooling and school-age child care* were largely unchanged, and even decreased somewhat during the last few years of the 1990s before starting to increase just after 2000.

Care of the elderly and persons with certain functional impairments

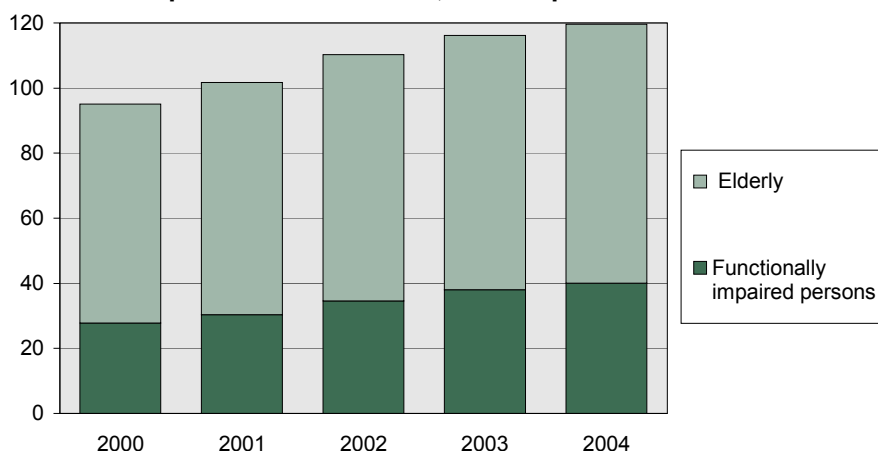
Expenditures on care of the elderly and persons with functional impairments amounted to SEK 120 billion in 2004. This corresponds to an average expense of SEK 13 477 per inhabitant. Explanations for the relatively large expenditure increases in this area are not only demographic changes with an increasingly larger proportion of older persons, especially in the age group 80 years and above, but also legislation which has enhanced the opportunities for persons with functional impairments to obtain help and care.

Municipal obligations to provide service, help and care for **elderly persons** are regulated by the Social Services Act (SoL Lag 2001:453). According to the Act, help in the home, assisted transportation and other services should be provided in order to facilitate the elderly to continue living at home and have contact with other persons. For elderly persons needing special support, the municipalities are obliged to set up special types of housing for the provision of service and care.

For **persons with functional impairments** the social services of the municipality have a special responsibility for ensuring that these persons can take part in society and live as others. In order to facilitate daily life for the persons with functional impairments and promote full participation in social life, the Act concerning Support and Service for Persons with Certain Functional Impairments (LSS Lag 1993:387) was introduced in 1994. The Act aimed at providing and creating equal living conditions for persons with permanent and extensive functional impairments. LSS is an Act with rights and is intended to supplement measures which can be taken with the support of legislation in the Social Services Act and the Health and Medical Services Act (HSL Lag 1982:763).

Persons who are covered by LSS have the right to receive **assistance allowances** in their daily life in accordance with the Assistance Benefit Act (LASS Lag 1993:389) for persons needing personal assistance for their basic needs of more than 20 hours a week on average.

Expenditures on care of the elderly and persons with certain functional impairments 2000–2004, current prices. SEK billions



Source: Statistics Sweden (SCB), Municipal use of resources 2004. OE 25 SM 0501

The major part of expenditures on the elderly is made up of expenses for care in special housing arrangements. Of total expenditure for the elderly in 2004, 70 per cent was allocated to care in special housing arrangements.

Slightly more than 80 per cent of municipal expenditures for persons with functional impairments was for measures to provide support and service under LSS and LASS. This proportion has been relatively constant since 2000. The central government is also responsible for some parts of the support and service for persons with functional impairments. In 2004 the municipalities thereby obtained SEK 7.0 billion in compensation from the Swedish Social Insurance Administration for expenses on personal assistance under LASS.

Expenditure on measures under LSS and LASS 2000–2004, current prices, SEK billions.

	2000	2001	2002	2003	2004
Housing under LSS	10.4	11.1	12.0	13.3	13.8
Personal assistance under LSS and LASS	7.3	8.2	9.8	11.0	12.1
Daily activities under LSS	3.2	3.5	3.8	4.1	4.2
Other measures under LSS	2.2	2.5	2.7	3.1	3.3
Measures under LSS and LASS Total	23.2	25.4	28.3	31.5	33.4

Source: Statistics Sweden (SCB), Municipal use of resources 2004. OE 25 SM 0501

Preschooling and education

Municipalities are obliged to provide different forms of education for inhabitants. Different types of education are regulated under the Education Act (1985:1100). The responsibility of the municipalities relate to preschool and school age child care, the school system for children and young persons, as well as adult education.

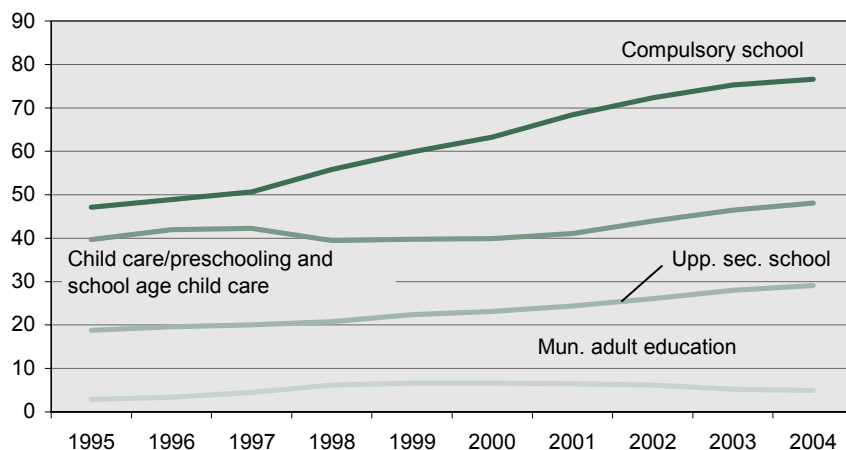
All children and young people shall have equivalent access to education in the public school system – independently of sex, geographical location, and social and economic conditions. For children and young people, the public sector arranges education in the form of the preschool class, compulsory school and upper secondary school, as well as corresponding school forms for children with handicaps and learning difficulties, and the Sami school. In addition, pedagogical activities are also arranged for preschooling and school-age child care.

The public education system for adults aims to provide adults with the opportunity to supplement their education. For adults, education is arranged through municipal adult education, adult education for persons with learning disabilities (särsvux) and Swedish tuition for immigrants (sfi).

Source: Education Act (Skollagen, SFS 1985:110)

Expenditure on education has increased for all types of education except for municipal adult education.

Expenditures on activities in the education area 1995–2004, current prices. SEK billions



As of 1998 expenditure for the preschool class (earlier activities for 6 year olds) were transferred from preschooling to the compulsory school.

Source: Statistics Sweden (SCB), Annual accounts for municipalities

The largest expenditure item for all types of education is for personnel. This expenditure item was highest in preschooling, where it accounted for 65 per cent of total expenditures for preschooling, and in compulsory school where it accounted for 61 per cent in 2004.

Expenditures for personnel in upper secondary school and municipal adult education amounted to about half of total expenditures for the respective activities in 2004.

Preschooling expenditures were kept down by reducing teacher pupil ratios

Preschooling and school-age child care cover a number of different activities which earlier came under the overall category of childcare. The activities were substantially expanded during the 1990s, and also during the 2000s, reforms were implemented to increase accessibility to preschooling and school-age child care (maximum fee, general preschool etc). In 2004 expenditures for preschooling and school-age child care totalled SEK 48.1 billion, corresponding on average to SEK 4 990 per inhabitant.

Expenditures for preschooling were 70 per cent of total expenditures for preschooling and school-age child care. Expenditures for family day care homes made up only 6 per cent of the expenditures for preschooling and school-age child care in 2004. This was a significantly lower proportion than in 1996 when family day care homes as a proportion of childcare expenditures (including activities for 6 year olds at that time) was 16 per cent.

Number of children registered in preschool, family day care homes and school-age child care 2000–2004

	Preschool	Family day care home	After school care	Preschooling Total
2000	314 894	57 762	332 469	704 125
2001	314 987	49 724	336 508	701 219
2002	333 646	45 260	350 744	729 650
2003	351 722	39 956	341 855	733 533
2004	364 045	35 970	326 132	726 147

Data refers to the week of 15 October for each respective year.

Source: Swedish National Agency for Education. Rapport 265. Beskrivande data 2005.

The total number of children registered in preschooling has increased by 3 per cent since the turn-of-the-century. The number of children registered in preschool has increased by 17 per cent whilst the number of children registered in family day care homes has decreased by 38 per cent.

The number of employees in these activities has not increased at the same rate as the number of children which resulted in a decrease in personnel ratios up to the turn-of-the-century. Between 2000 and

2004, the number of children per annual worker in preschool has been relatively constant, ranging between 5.3 and 5.4. In after school care, there were 18.2 children per annual worker in 2004, which can be compared with 17.5 children per annual worker in 2000.

Employees in preschooling and school-age child care 2000–2004

	Preschool, (annual workers)	School-age child care (annual workers)	Number of child minders
2000	58 100	19 000	10 500
2001	58 700	19 400	9 300
2002	63 100	19 100	8 500
2003	65 500	18 800	7 700
2004	67 300	17 900	6 900

Data refers to the week of 15 October. Number of employees is converted to annual workers. Source: Statistics Sweden (SCB). Yearbook of Education Statistics 2005. Swedish National Agency for Education, Rapport 260, Barn, elever och personal. Del 2, 2005.

Expenditures on compulsory school have increased most among different school forms

Expenditures on compulsory school have increased most among different school forms in the last decade and amounted to SEK 77.8 billion in 2004, corresponding on average to SEK 8 488 per inhabitant. The increase is mainly a consequence of demographic changes. The number of pupils in compulsory school was 1 023 724 in academic year 2004/05, which was 12 per cent more than 10 years earlier. The number of teachers in compulsory school increased by 10 per cent from academic year 1994/1995 and was 82 316 in academic year 2004/05.

Since the academic year 1996/97, however, the number of teachers has increased somewhat faster than the number of pupils, as can be seen by examining the number of teachers per 100 pupils during the period.

Number of teachers per 100 pupils in compulsory school academic years 1996/97 – 2004/05

Academic year	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005
Teachers per 100 pupils	7.7	7.5	7.6	7.6	7.6	7.8	7.9	8.0	8.0

Data refers to the week of 15 October. Number of teachers converted to full-time equivalents. Compulsory school covers all principal organisers.

Source: Statistics Sweden (SCB), Yearbook of Education Statistics 2005. Swedish National Agency for Education, Rapport 265. Beskrivande data 2005.

More substantial increase in expenditures on upper secondary school after 2000

Today's programme-oriented upper secondary school started in academic year 1995/96 when the earlier two-year vocationally-oriented programmes were extended by a year. After this the upper secondary school had 16 three-year national programmes, one individual programme and also a specially designed programme. In 2000/01 a seventh national programme, the technology programme, was added. The programmes are made up of a number of different courses of which a number of core subjects are compulsory for all pupils in the national and specially designed programme.

Expenditures for upper secondary school were SEK 29.1 billion in 2004 which corresponded on average to SEK 3 583 per inhabitant. The increase has been more substantial since year 2000, largely due to an increasing number of young people of upper secondary school age.

The number of pupils in upper secondary school was 347 700 in academic year 2004/05. Slightly more than a third of all pupils in the upper secondary school were in programmes preparing for further studies (natural science, social science, technology) and about 7 per cent were in individual programmes.

The number of teachers in upper secondary school converted to annual full-time equivalents, amounted to 28 000 in academic year 2004/05. The number of teachers in upper secondary school from the end of the 1990s has increased at a somewhat faster rate than the number of pupils. This also means that teacher pupil ratios in the upper secondary school increased up to 2003/04.

Number of teachers per 100 pupils in upper secondary school academic year 1996/97 – 2004/05

Academic year	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005
Teachers per 100 pupils	7.4	7.4	7.6	7.8	7.9	8.1	8.2	8.2	8.1

Data refers to the week of 15 October. Number of teachers is converted to full-time equivalents. Upper secondary school covers all principal organisers.

Source: Statistics Sweden. Yearbook of Education Statistics 2005. Swedish National Agency for Education, Rapport 265, Beskrivande data 2005.

The Adult Education Initiative explains the increase in municipal education expenditures 1998–2001

Municipal adult education (komvux) consists not only of basic adult education, but also upper secondary adult education and supplementary education. A student can at the earliest start studying in municipal adult education in the year he/she becomes 20 or after having completed a national programme in upper secondary school. Total expenditures on municipal adult education amounted to SEK 4.8 billion, of which SEK 0.9 billion was for basic adult education. This corresponds to an average of SEK 537 per inhabitant.

In academic year 2003/04, 226 850 students attended municipal adult education, which was a decrease of 7 per cent from academic year 2002/03. This means a continuing reduction in the number of pupils from 1998/99 when there were 350 900 pupils. That year was the peak of the special initiative 1997–2001 in education for unemployed persons and those with low levels of education (Adult Education Initiative).

The number of teachers, converted to annual full-time equivalents in municipal adult education, has not increased at the same rate as the number of pupils. In academic year 1994/95, the number of teachers was 4 990 which can be compared with 5 150 teachers in 2003/2004.

Number of teachers per 100 students in municipal adult education academic year 1996/97 – 2004/05

Academic year	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005
Teachers per 100 pupils	5.0	4.4	4.5	4.5	4.1	3.9	4.0	4.1	4.0

Data refers to the week of 15 October. Number of teachers is converted to full-time equivalents. Municipal adult education covers all principal organisers.

Source: Statistics Sweden, Yearbook of Education Statistics 2005. Swedish National Agency for Education, Rapport 265, Beskrivande data 2005.

Finances and activities of county councils

In 2005 there were 18 county councils and 2 regions (the Västra Götaland region and Region Skåne) and also a municipality outside the county councils (Municipality of Gotland). The Västra Götaland region was formed in 1999 through a merger of the county councils in Göteborg and Bohus län, Älvsborgs län and Skaraborgs län. Region Skåne was formed through a merger of the county councils of Kristianstads län and Malmöhus län. In addition, medical care in Malmö and Göteborg was moved to the regions. The county councils and the regions are responsible for tasks which are common to larger geographical areas than municipalities and which often require more extensive resources.

Expenditures for the county councils and regions on annual activities were SEK 193.7 billion in 2004, an increase of 2 per cent from 2004. Close to half of expenditures are for salaries (exclusive tax-free compensation) and other expenses for personnel (inclusive pensions paid).

Operating income amounted to SEK 48.1 billion, tax revenues to SEK 141.8 billion and central government grants (reported net) to SEK 9.6 billion. Tax revenues thus financed 73 per cent of the expenditures of county councils. Income from patient fees and other fees financed only 3 per cent of operating expenditures.

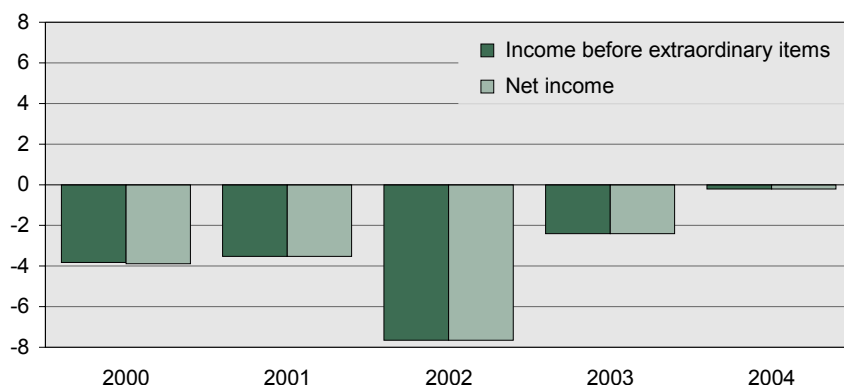
Income statement for the county councils and regions 2003–2004, current prices. SEK billions

	2003	2004
Operating income	46.5	48.1
Operating expenditures	-190.0	-193.7
Depreciation	-5.2	-5.6
Net operating expenditures	-148.7	-151.2
Tax revenues	136.4	141.8
Central government grants and intra-county equalisation etc net	10.3	9.6
Net financial income	-0.4	-0.4
Income before extraordinary adjustments	-2.4	-0.2
Extraordinary items, net	0.06	0
Net income (deficit)	-2.4	-0.2

Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2004.

The total income statement of county councils and regions for 2004 show an overall deficit of SEK 0.2 billion, which represents a continuing improvement in the income of county councils. The deficit was largely the same before extraordinary items.

Income for the county councils 2000–2004, current prices. SEK billions



Note that the net income of the county council differs from net lending as calculated by NA. Net income for the county councils, which is based on county council income statements, includes e.g. financial items whilst investment expenditure is not included. (see Chapter 7)

Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2004.

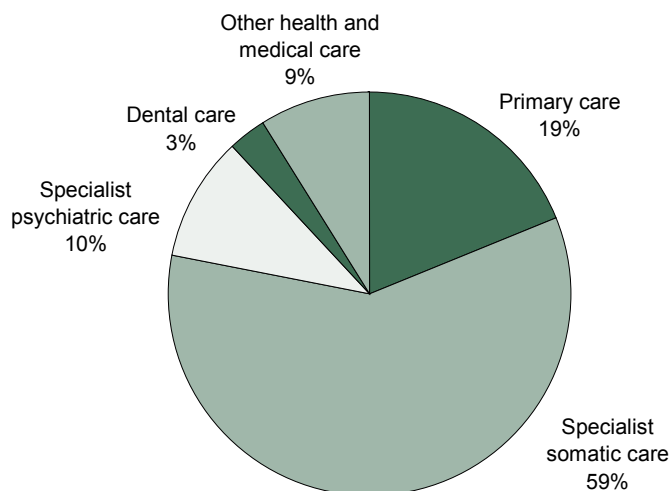
Income before extraordinary items is used in discussions on whether the financial position of the county councils is in balance or not according to the balance requirement (see Chapter 10).

The county councils' and regions' activities cover health and medical care, as well as regional development. The largest activities are health and medical care, which account for around 80 per cent of all county council activities.

Health and medical care

Health and medical care covers primary care, specialist somatic care, specialist psychiatric care, dental care, other health and medical care (ambulance and other forms of transport, handicap activities etc) and also political work for health and medical care.

Distribution of net expenditures for health and medical care 2004. Per cent



Net expenditures are gross expenditures minus gross income. In net expenditures, service expenses e.g. compensation for property etc, have been allocated to the activities.

Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2004. Verksamhet i landsting och regioner.

As of 2004 pharmaceutical benefits are reported as a separate area. The external expenditures for this area amounted to SEK 19.0 billion and external income to SEK 19.6 billion. The activities are thus in balance since the central government grant essentially corresponds to expenditures.

Outcomes in health and medical care

As a measure of performance in health and medical care **visits** and **treatment appointments /discharged patient** are used. Visits are used to describe treatments in out-patient care, whilst treatment appointments are used for in-patient care. In specialist care **consultation visits** are distinguished from **medical day care in hospital**. Medical day care concerns out-patient care which involves more substantial or more demanding assistance in terms of resources than normally required by a consultation visit. A third form of care is reported separately i.e. **home nursing**. Since home nursing is provided in primary care and specialist somatic care, as well as psychiatric care, it makes up a subarea within all three areas.

In primary care, it has become increasingly common that a "normal" visit to a health care centre is replaced by a telephone call. To be registered as a telephone call, it should replace a "normal" visit and there should also be an entry in the medical journal.

Doctor visits and available hospital beds

The number of doctor visits decreased from 2001 to 2004. This change was the same irrespective of whether care was provided by the county council or by other care providers.

Doctor visits per 1000 inhabitants by area and care provider 2001-2004, all principal organisers

	2001	2002	2003	2004
County council production				
Doctor visits/1000 inhabitants	2 048	2 025	1 955	1 881
<i>Of which in</i>				
Specialist somatic care	975	969	917	909
Specialist psychiatric care	68	69	68	67
Primary care	1 004	988	918	906
Other care providers				
Doctor visits/1000 inhabitants	829	840	813	811
<i>Of which in</i>				
Specialist somatic care	428	425	388	363
Specialist psychiatric care	35	37	35	35
Primary care	367	377	380	413
Total	2 877	2 865	2 769	2 692

Doctor visits, exclusive of maternity and child health care and exclusive of visits to medical day care.

Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2004.

On the other hand, visits to personnel categories other than doctors have increased in health and medical care and amounted to a total of 28 700 in 2004. Most of these visits were in primary care.

The number of available hospital beds has, however, decreased in total. In 2004 there were 27 088 beds, which can be compared with 29 122 beds in 2001. Most beds were made available in specialist somatic care.

Primary care

Primary care is the first care level in health and medical care, and covers basic medical diagnosis, treatment and care, as well as preventative work and rehabilitation. It is divided into 10 different subareas, of which *general medical care* and nursing care accounted for slightly more than two thirds. Together these subareas represent the care that can be provided by different health care centres. The number

of health care centres in 2004 amounted to 1 036. Of these, 250 were privately run.

A total of 12.3 million doctor visits were made in 2004 in primary care, which corresponds to 1.36 visits per inhabitant. The dominant subarea was *general medical care* which accounted for 90 per cent of doctor visits. The next largest area was emergency services, which amounted to slightly less than 8 per cent.

Specialist somatic care

Specialist somatic care makes up the second care level. This covers medical diagnosis, treatment and care requiring more specialised measures, and also greater technical and personnel resources than primary care. The care covers medical and surgical short-term care, rehabilitation, geriatric care etc. The activities are mainly provided at hospitals, but also outside hospitals at specialist clinics or health care centres.

The total number of consultation visits including house calls in specialist somatic care amounted to 17 million in 2004. A visit to a doctor often involves more than a visit to other personnel categories. If visits to other personnel categories are treated as being equivalent to 40 per cent of a visit to a doctor, the number of consultation visits is reduced to 14 million.

Visits to doctors are the most common form and in 2004 amounted to 11.4 million. Of all care contacts, slightly more than 70 per cent were provided by the county council itself, whilst county councils purchased over 25 per cent from other providers.

The number of treatment appointments in *in-patient* specialist somatic care amounted to 1.4 million in 2004, of which 97 per cent were produced by county councils and regions.

Specialist psychiatric care

Specialist psychiatric care covers short-term and long-term psychiatric care. General psychiatry, child and youth psychiatry and also forensic psychiatry are included here and they cover e.g. psychiatric care for alcohol abuse, psychiatric care for other toxicomania, and psychiatric care for food abusers. The area also covers treatment homes in psychiatric child and youth care. Activities in specialist psychiatric care are concentrated on in-patient psychiatric care and consultation visits for psychiatric care.

The number of consultation visits including house calls amounted to close to 4 million. This number was reduced to 2 million when other personnel categories were weighted at 40 per cent of a visit to a doctor. Of total activities, slightly more than 80 per cent were produced by the county council itself.

The number of treatment events in specialist *in-patient* psychiatric care amounted to approximately 90 000. The area of specialist psychiatric care uses most resources.

Specialist in-patient psychiatric care 2004

Care contacts

Treatment appointments/completed treatment	89 000
proportion produced by county councils (%)	93

Care contacts per inhabitant

Treatment appointments/completed treatments	0.01
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Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2004. Verksamhet och ekonomi i landsting och regioner.

Dental Care

Dental care covers the following subareas: general care for adults, dental care for patients with special needs, general dental care for children and young people as well as specialist dental care. Nearly half of all resources in dental care go to general dental care for children and young people. This covers all preventative and basic dental care given to young people aged between 0 to 19 years.

Specialist dental care is also a subarea using substantial resources. It covers, for example, orthodontics and periodontitis and is for children, young people and adults.

The number of care contacts in dental care, exclusive patients with special needs (e.g. persons in nursing homes and similar), amounted in 2004 to approximately 3.4 million.

Other health and medical care

Most activities in this area, other health and medical care, are not measured in terms of visits, treatment appointments or similar. Activities are measured mainly in terms of expenditures and income. The most prominent activities are handicap activities/aid activities which account for close to 30 per cent, as well as ambulance and transport for the sick which account for about 25 per cent. Other

activities in the area are rehabilitation trips, social activities, public health questions, research and development etc.

Handicap activities/assistance activities cover support centres (auditory centres, visual centres and instrument centres) orthopedic activities, and pedagogical hearing care. In this area some visits are recorded in medical journals.

Other health and medical care 2004, handicap activities /assistance activities

	All personnel categories
Care contacts	
Visits/house calls	458 000
of which provided by county councils	477 000
Visits/house calls per inhabitant	0.05

Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2004. Verksamhet och ekonomi i landsting och regioner.

Care for children and young people, as well as care of abusers are reported under social activities. These also cover measures from county councils in the form of counselling and other personal support under the Act concerning Support and Service for Persons with Certain Functional Impairments (LSS).

The subarea R&D (FoU) covers research and development mainly provided within the framework of the activities of medical faculties. This is an activity which is closely integrated with patient care, which means that expenditure for R&D is difficult to identify. Clinical research at university hospitals is in principle financed by the central government.

Finances of municipal associations

A number of municipalities are too small to be able to provide certain activities on their own, for example, upper secondary school and emergency services, and for this reason two or more municipalities may combine and form a municipal association which provides the activities for the cooperating municipalities.

The municipal association is a publicly regulated coordination body subject to the rules laid down in the Local Government Act. The members transfer decision making rights to the association in the area for which the association was formed, and also provide necessary funding. A municipal association may also perform the tasks of an authority. Most municipal associations provide activities within the education area, mainly upper secondary education and within the infrastructure area, mainly involving emergency services.

Income statement for municipal associations 2003–2004. SEK millions

Income statement items	2003	2004
Operating income	6 209	7 118
Operating expenditures	-5 949	-6 694
Depreciation	-235	-253
Net operating expenditures	24	171
Financial income	27	24
Financial expenditures	-97	-105
Income before extraordinary items	-46	90
<u>Extraordinary income</u>	1	10
<u>Extraordinary expenditures</u>	-17	0
Net income, surplus (+) / deficit (-)	-64	105

Source: Statistics Sweden, Municipal use of resources, OE 25 SM 0501

Income for municipal associations before extraordinary items showed a surplus of SEK 90 million for 2004, which can be compared to a deficit of SEK 46 million in 2003.

There were 91 municipal associations in 2004, which was 10 more than in 2003. Total expenditures for the activities of municipal associations were SEK 6.7 billion, which was SEK 0.8 billion more than in 2003.

The operating expenditures of the municipal associations on education (SEK 2.3 billion) and emergency services (SEK 2.2 billion) accounted together for two thirds of total operating expenditures of municipal associations.

Expenditure on personnel was the largest expenditure item for municipal associations as was the case for municipalities. Especially for emergency services, personnel expenditure accounts for a large part, amounting to three quarters of total operating expenditures, whilst

personnel expenditure for education amounts to half of total operating expenditures. The major income sources for municipal associations were from member municipalities, amounting to SEK 4.5 billion. The municipal associations also have other income of approx. SEK 2.4 billion, of which 0.8 billion comes from county councils.

Reading recommendations:

SCB. *Annual accounts for general government sector 2003*.

SCB. *Municipal use of resources*. Statistical Report OE 25 SM 0501.

SCB. *Statement of Accounts for Municipalities*. Statistical Report OE 24 SM 0501.

SCB. *Yearbook of Education Statistics 2005*. 2004.

SCB. *Statistical yearbook of administrative districts in Sweden 2005*.

Related to this section are the following:

Table 15. Expenditure on municipal activities, current prices

Table 16. County councils, expenditure and receipts by activity

12 The old-age pension system

In this Chapter we describe the old-age pension system (earlier referred to as the social insurance sector – from 1999 onwards only the old-age pension system is included in the social insurance sector) from an activity perspective.

The sector consists of the new Swedish Pension System, which is reported apart from the central government budget. The system replaces the earlier pension system covering ATP (the national supplementary pension scheme) and the basic pension. The older pension system will be phased out by 2018 and successively replaced by the "new" old-age pension system. The old-age pension system consists of a *redistribution component* (income pension including supplementary pension) and a *premium pension reserve component*.

Fees for the pension system amount to SEK 18.5 per cent of earned income up to 7.5 income base amounts. Of the overall contribution rate of 18.5 per cent, 16 percentage points go to income pensions and 2.5 percentage points to the premium pension.

In principle the income pension is financed by pension contributions paid in on a running basis (Notional defined contribution, NDC, pay-as-you-go scheme). The premium pension is financed through investments in funds.

The income pension

In the income pension, the National Pension Funds (AP funds) operate as a buffer. In connection with the pension reform of the year 2000, the rules were changed for the earlier AP funds and their names were also changed. The role of the AP funds is to equalise fluctuations in the balance between pension contributions and pensions.

In 2004 funds increased in value by SEK 69 billion. The balance between pension fees and pension payments gave a surplus close to SEK 7 billion in 2004. The return on the funds amounted to SEK 65 billion and administration costs to slightly less than SEK 3 billion.

The return on the funds is dependent on changes on the underlying stock market values since close to 60 per cent of the assets are invested

in shares, of which the majority is in foreign shares. The increase in the Swedish stock market was 20.8 per cent (SAX index), whilst the MSCI world index increased by 14.7 per cent measured in US dollars. The corresponding changes for 2003 were 29 and 30 per cent respectively.

Income pensions 2003–2004. SEK billions

	2003	2004
Change in fund assets		
Pension contributions	165.1	171.6
Pension disbursements	-155.0	-164.8
Return on fund capital	82.1	65.2
Administration costs	-2.4	-2.7
Total change in fund assets	89.4	69.3
Change in contribution assets	172.3	141.5
Assets		
National Pension Funds (AP funds)	576.9	646.2
Contribution assets	5 465.1	5 606.6
Total assets	6 042.0	6 252.8
Pension liabilities	5 984.2	6 244.0
Balance figure	1.0097	1.0014

Source: Swedish Social Insurance Agency. The Swedish Pension System Annual Report 2004

AP funds

First, Second, Third and Fourth and Sixth AP funds administer the buffer capital which is a smaller part of income pension assets. **The Seventh AP fund** administers a large proportion of the fund capital in the premium pension system. Since there is no Fifth AP fund, there are a total of six funds.

The First, Second, Third and Fourth AP Funds have the same mission – to manage global portfolios of shares, bonds and other interest-bearing securities.

The Sixth AP Fund has the specific mission of investing a smaller part of fund capital in the pension system in the risk capital market.

The Seventh AP Fund has been established to administer the Premium Savings Fund. The Seventh AP Fund also administers the "Premievalsfonden" which is a central government alternative among 700 optional funds in the premium pension system.

The assets in the National Pension Funds (AP funds) constitute a buffer fund which accounts for a smaller part of the assets in the income pension system. In addition to the buffer fund, an asset is

also calculated in terms of future fees. This so-called contribution asset amounted to SEK 5 607 billion at the end of 2004 and accounts for 90 per cent of the assets of SEK 6 253 billion. Pension liabilities, consisting of earned pension rights with deductions for pensions paid out, amounted to SEK 6 244 billion at the end of 2004.

Assets thus exceeded liabilities by SEK 9 billion and thus exceeded the so-called balance ratio of 1 (one). If the balance figure is less than 1, then the annual adjustment of earned pension rights and pensions paid out is reduced until there is a balance between assets and liabilities. This is what is referred to as the "safeguard" in the pension system.

The Premium Pension System

In 2004 fees in the Premium Pension System amounted to SEK 22 billion and return on funds to SEK 9 billion. After deductions for administration costs etc, assets increased by SEK 31 billion.

Premium Pension 2003–2004. SEK billions

	2003	2004
Changes in fund assets		
Pension contributions	21.0	22.4
Pension disbursements	0.0	0.0
Return on fund capital	13.9	9.0
Administration costs etc	-0.2	-0.3
Total change in fund assets	34.7	31.0
Assets		
Insurance assets	94.2	125.1
Other assets	46.1	45.4
Total assets	140.3	170.5

Source: Swedish Social Insurance Agency. The Swedish Pension System Annual Report 2004

At the end of 2004, assets amounted to SEK 170 billion, of which SEK 45 billion consisted of preliminary fees which had not yet been invested in the 700 funds. Fund capital amounted to SEK 125 billion, of which 40 billion were invested in "Premiesparfonden" which is administered by the Seventh AP Fund.

The Premium Pension Authority (PPM) is the insurer for the premium pension in the general old-age pension system. Its main tasks are to handle individual accounts for pension funds in different securities,

to decide on and manage pension payments and provide information about the premium pension system.

During April 2004, 129 000 new pension savers chose funds for the first time. In total SEK 142 million was invested, which was SEK 25 million less than the amount invested in 2003. The reason for the reduction was mainly that there were 21 000 fewer new pension savers.

Of the new pension savers, 91 per cent did not make an active choice of fund and as a result their pension fund was invested in the Premiesparfonden.

Pension savers' activity increased during 2004 and the number of fund changes was nearly 80 per cent more than in the preceding year. In total more men than women made fund changes, and men have made fund changes somewhat more often than women.

Reading recommendations:

Swedish Social Insurance Agency. The Swedish Pension System Annual Report 2004

Tables

Table 1
GDP by type of producer, current prices. SEK Millions

Year	Market producers and NPISH	Central government	Local government	Total	Per cent public sector
1950	29 624	1 160	1 396	32 180	8%
1955	46 060	1 996	2 745	50 801	9%
1960	64 977	2 965	4 247	72 189	10%
1965	98 435	6 039	7 638	112 112	12%
1970	145 510	8 679	18 037	172 226	16%
1975	247 012	15 436	38 337	300 785	18%
1980	424 468	35 437	88 676	548 581	23%
1981	463 226	37 626	98 574	599 426	23%
1982	508 014	39 471	108 598	656 083	23%
1983	572 928	41 295	122 019	736 242	22%
1984	649 640	43 099	133 377	826 116	21%
1985	711 400	45 111	143 243	899 754	21%
1986	782 174	48 000	155 089	985 263	21%
1987	855 155	50 663	162 247	1 068 065	20%
1988	940 027	53 270	172 179	1 165 476	19%
1989	1 039 848	61 231	192 226	1 293 305	20%
1990	1 128 306	70 200	222 912	1 421 418	21%
1991	1 220 340	75 536	236 619	1 532 495	20%
1992	1 211 136	79 400	238 843	1 529 379	21%
1993	1 230 994	81 801	231 245	1 544 040	20%
1993	1 244 014	81 801	231 245	1 557 060	20%
1994	1 345 014	81 855	234 721	1 661 590	19%
1995	1 460 490	83 786	243 613	1 787 889	18%
1996	1 482 958	88 803	257 668	1 829 429	19%
1997	1 547 877	91 990	264 789	1 904 656	19%
1998	1 620 976	93 484	272 782	1 987 242	18%
1999	1 708 995	99 534	287 834	2 096 363	18%
2000	1 820 667	107 056	289 567	2 217 290	18%
2001	1 872 741	111 157	304 453	2 288 351	18%
2002	1 934 473	117 126	320 007	2 371 606	18%
2003	1 995 633	124 534	339 246	2 459 413	19%
2004	2 093 202	127 674	352 300	2 573 176	19%

Notes:

Market producers covers producers for own final use and NPISH (non-profit institutions serving households). The central government covers central government authorities and the social insurance sector (old-age pension system). The local government covers municipalities and county councils and until 2000 the Swedish Church. The total is equivalent to GDP at market prices. Per cent public sector is total central and local government as per cent of total.

Sources:

For years before 1980: SCB, Offentliga sektorn, Utveckling och nuläge, Andra utgåvan 1990

For years 1980–1993: SCB, National Accounts, 1980 SM 1993

For years 1993–2003: SCB, National Accounts, 1993–2004, Table 7 GDP by type of producer, current prices

Table 2
GDP by type of producer, constant prices. SEK Millions

Year	Market producers and NPISH	Central government	Local government	Total	Per cent public sector
1980	1 102 605	104 915	254 490	1 450 006	25%
1981	1 092 972	105 866	261 653	1 447 236	25%
1982	1 106 969	103 479	268 125	1 465 207	25%
1983	1 127 995	101 170	276 978	1 492 722	25%
1984	1 183 815	100 673	285 172	1 557 084	25%
1985	1 214 463	99 758	289 609	1 591 604	24%
1986	1 255 377	97 748	293 672	1 635 978	24%
1987	1 305 812	97 869	297 494	1 691 609	23%
1988	1 345 239	97 140	301 733	1 735 618	23%
1989	1 381 178	102 297	308 880	1 783 281	23%
1990	1 392 909	103 177	315 411	1 801 626	23%
1991	1 372 885	104 621	315 898	1 782 178	24%
1992	1 360 955	103 617	306 906	1 761 105	23%
1993	1 333 176	104 780	298 545	1 725 966	23%
1993	1 358 430	104 780	298 545	1 751 808	23%
1994	1 430 283	103 306	293 389	1 820 171	22%
1995	1 499 290	102 430	293 819	1 891 255	21%
1996	1 523 147	103 697	293 431	1 916 614	21%
1997	1 569 677	103 459	290 549	1 961 344	20%
1998	1 637 559	104 084	292 958	2 033 194	20%
1999	1 722 315	105 878	297 424	2 125 202	19%
2000	1 820 667	107 056	289 567	2 217 290	18%
2001	1 842 667	106 994	291 324	2 240 985	18%
2002	1 885 132	109 292	291 462	2 285 726	18%
2003	1 921 542	110 537	292 788	2 324 425	17%
2004	2 003 757	111 354	297 849	2 411 467	17%

Notes:

The year 2000 is the reference year for price re-calculations. Since price conversions are made for each sub-series separately, the parts cannot be aggregated. Market producers covers producers for own final use and NPISH (non-profit institutions serving households). The central government covers central government authorities and the social insurance sector (old-age pension system). The local government covers municipalities and county councils and until 2000 the Swedish Church. The total is equivalent to GDP at market prices. Per cent public sector is total central and local government as per cent of total.

Sources:

For years 1980–1993: SCB, National Accounts, 1980 SM 1993

For years 1993–2003: SCB, National Accounts 1993–2004, Table 8 GDP by type of producer, constant prices

Table 3
Employment by sector according to Labour statistics based on administrative sources, RAMS, and National Accounts, NA

RAMS	1993	1994	1995	1996	1997	1998
Central government administration	227 858	223 085	217 596	212 470	207 598	206 755
Public quasi-corporations	97 920	38 785	20 624	19 904	18 520	17 655
Companies and organisations owned by central government	140 998	202 944	190 189	204 407	186 931	171 983
Municipal administration	760 000	764 263	782 799	789 198	756 933	773 784
County councils	314 504	297 236	265 064	235 310	220 995	226 302
Companies and organisations owned by local government	72 633	70 214	69 552	63 173	63 348	66 218
Other public institutions	60 120	59 467	58 448	61 550	75 183	72 205
Limited companies, not publicly owned	1 610 110	1 672 776	1 780 751	1 792 192	1 817 242	1 912 448
Other companies, not publicly owned	288 724	306 595	302 734	297 932	305 668	322 630
Other organisations	175 258	165 062	163 105	151 366	160 803	159 994
Total RAMS	3 748 125	3 800 427	3 850 862	3 827 502	3 813 221	3 929 974

RAMS	1999	2000	2001	2002	2003
Central government administration	204 104	203 431	204 821	211 387	214 488
Public quasi-corporations	16 832	15 541	6 109	5 720	5 691
Companies and organisations owned by central government	164 779	168 104	168 801	177 189	136 478
Municipal administration	776 041	779 970	800 940	815 701	810 958
County councils	230 636	234 098	235 471	233 196	236 321
Companies and organisations owned by local government	88 842	57 841	73 195	82 638	79 482
Other public institutions	15 361	15 313	15 515	15 661	16 349
Limited companies, not publicly owned	1 958 931	2 084 162	2 096 902	2 095 196	2 096 833
Other companies, not publicly owned	323 866	329 193	328 148	329 397	322 533
Other organisations	180 403	175 312	171 954	181 089	175 914
Total RAMS	3 959 795	4 062 965	4 101 856	4 147 174	4 095 047

Table 3 (cont.)

NA	1993	1994	1995	1996	1997	1998
Market producers and producers for own final use	2 596 500	2 590 300	2 668 200	2 658 600	2 624 700	2 688 200
Central government including social security funds	263 200	255 400	252 100	248 000	244 200	240 400
Local government	1 134 900	1 111 000	1 096 400	1 077 800	1 060 100	1 060 900
Non-profit institutions serving households	83 000	84 100	86 200	83 800	86 300	87 900
Total NA	4 077 600	4 040 800	4 102 900	4 068 200	4 015 300	4 077 400

NA	1999	2000	2001	2002	2003
Market producers and producers for own final use	2 761 300	2 867 600	2 933 900	2 923 800	2 890 700
Central government including social security funds	237 100	236 600	235 900	239 700	245 100
Local government	1 081 600	1 054 400	1 068 900	1 080 500	1 088 500
Non-profit institutions serving households	83 300	105 700	106 300	107 700	112 200
Total NA	4 163 300	4 264 300	4 345 000	4 351 700	4 336 500

Source:

Statistics Sweden (SCB), Labour statistics based on administrative sources, RAMS [SCB, Gainfully employed by sector](#)Statistics Sweden (SCB), National Accounts, NA: [SCB, National Accounts, Table 9 Employment by type of producer](#)

Table 4
Public sector expenditure, consolidated, current prices. SEK Millions

	1980	1981	1982	1983	1984
Expenditure, total	334 940	381 759	431 337	480 591	517 122
Transfer payments	126 430	145 597	165 444	186 248	194 863
to local government	639	679	775	846	956
to households	95 957	108 480	119 083	134 254	144 128
to corporations	25 226	31 822	39 989	45 088	43 645
to abroad	4 608	4 616	5 597	6 060	6 134
Interest	21 591	30 771	43 496	51 063	60 464
Final consumption	163 555	180 660	196 699	215 396	233 393
Gross fixed capital formation	22 875	24 355	25 191	27 605	28 919
Changes in inventories	1 015	454	513	198	-755
Acquisition less disposals of land etc.	-526	-78	-6	81	238

	1985	1986	1987	1988	1989
Expenditure, total	573 193	608 256	634 744	677 492	750 671
Transfer payments	220 159	239 906	254 554	281 911	310 522
to local government	1 090	1 235	1 376	1 475	1 628
to households	162 375	179 556	197 088	222 438	244 946
to corporations	49 773	51 506	47 463	47 743	53 078
to abroad	6 921	7 609	8 627	10 255	10 870
Interest	72 579	69 899	66 077	62 110	66 173
Final consumption	251 157	270 641	284 559	303 440	339 226
Gross fixed capital formation	29 987	30 047	31 171	35 175	43 532
Changes in inventories	-605	-154	1 327	-435	-366
Acquisition less disposals of land etc.	-84	-2 083	-2 944	-4 709	-8 416

	1990	1991	1992	1993	1994
Expenditure, total	838 609	955 433	1 039 070	1 086 954	1 114 432
Transfer payments	344 508	400 875	461 478	512 745	479 554
to local government	1 801	2 139	2 348	2 416	2 819
to households	270 247	311 496	340 174	368 020	384 941
to corporations	60 640	71 858	102 846	128 958	75 482
to abroad	11 820	15 382	16 110	13 351	16 312
Interest	67 972	74 408	77 955	89 816	104 788
Final consumption	389 594	430 822	446 962	453 552	466 076
Gross fixed capital formation	45 039	53 306	55 382	58 512	67 090
Changes in inventories	-104	396	547	-90	-1 350
Acquisition less disposals of land etc.	-8 400	-4 374	-3 254	-27 581	-1 726

Table 4 (cont.)

	1995	1996	1997	1998	1999
Expenditure, total	1 144 989	1 135 725	1 143 056	1 147 548	1 198 536
Transfer payments	478 194	458 721	450 424	455 938	469 442
to local government	3 559	3 141	3 305	3 852	4 326
to households	385 527	373 496	374 421	385 277	394 889
to corporations	71 358	63 209	54 653	45 651	46 915
to abroad	17 750	18 875	18 045	21 158	23 312
Interest	117 367	119 050	119 294	108 267	99 273
Final consumption	481 348	504 329	513 548	540 931	569 369
Gross fixed capital formation	70 135	64 219	58 606	62 277	66 472
Changes in inventories	-1 183	-1 452	-603	-43	-799
Acquisition less disposals of land etc.	-872	-9 142	1 787	-19 822	-5 221

	2000	2001	2002	2003	2004
Expenditure, total	1 207 087	1 236 350	1 317 787	1 371 783	1 397 177
Transfer payments	476 003	488 306	510 016	551 728	567 951
to local government	3 087	2 872	3 766	3 454	2 818
to households	410 111	422 471	440 160	474 602	490 474
to corporations	36 983	34 929	36 590	40 949	38 481
to abroad	25 822	28 034	29 500	32 723	36 178
Interest	90 089	70 266	77 164	58 165	50 762
Final consumption	583 437	613 332	657 287	690 674	706 179
Gross fixed capital formation	63 648	69 258	76 104	76 186	78 626
Changes in inventories	-114	46	-112	-67	-124
Acquisition less disposals of land etc.	-5 976	-4 858	-2 672	-4 903	-6 217

Source:

Statistics Sweden (SCB), National Accounts, NA

[SCB, National Accounts, General government receipts and expenditures, consolidated](#)

Table 5
Public sector receipts, consolidated, current prices. SEK Millions

	1980	1981	1982	1983	1984
Receipts	303 026	353 116	387 338	442 139	491 619
Taxes and social contributions	256 476	298 258	322 836	366 229	407 600
Taxes on income and wealth	103 719	123 833	136 800	151 661	166 869
Households	99 516	116 787	127 621	139 867	153 210
Corporations	4 203	7 046	9 179	11 794	13 659
Tax on production and import	71 961	83 346	89 921	109 099	126 746
Social contributions	80 796	91 079	96 115	105 469	113 985
Operating surplus, net	-89	-61	155	1 698	1 300
Consumption of fixed capital	14 101	15 824	17 493	19 429	21 101
Interest	23 860	28 924	33 504	37 702	41 377
Dividends	196	197	246	254	382
Other receipts	8 482	9 974	13 104	16 827	19 859
from households	1 408	1 105	1 380	1 454	1 862
from corporations	7 058	8 847	11 696	15 333	17 940
from abroad	16	22	28	40	57
	1985	1986	1987	1988	1989
Receipts	539 647	604 800	670 581	716 776	793 354
Taxes and social contributions	445 559	508 234	554 874	613 345	676 283
Taxes on income and wealth	180 809	213 715	235 814	271 876	286 235
Households	167 465	190 464	213 911	240 533	273 147
Corporations	13 344	23 251	21 903	31 343	13 088
Tax on production and import	143 302	160 092	178 224	184 712	203 165
Social contributions	121 448	134 427	140 836	156 757	186 883
Operating surplus, net	1 374	1 547	1 700	2 207	3 121
Consumption of fixed capital	22 828	24 112	25 925	27 726	32 572
Interest	46 605	48 927	48 203	51 466	59 571
Dividends	571	759	1 023	1 250	1 655
Other receipts	22 710	21 221	38 856	20 782	20 152
from households	2 176	2 542	9 597	3 840	3 928
from corporations	20 425	18 545	29 095	16 751	16 035
from abroad	109	134	164	191	189
	1990	1991	1992	1993	1994
Receipts	887 285	954 246	900 800	910 710	961 931
Taxes and social contributions	757 260	818 822	750 630	767 279	823 593
Taxes on income and wealth	307 609	310 139	268 031	300 961	335 087
Households	283 807	280 843	257 402	272 004	295 161
Corporations	23 802	29 296	10 629	28 957	39 926
Tax on production and import	237 762	284 915	269 454	260 105	267 933
Social contributions	211 889	223 768	213 145	206 213	220 573
Operating surplus, net	3 001	1 339	1 637	979	-1 451
Consumption of fixed capital	35 430	35 980	37 311	37 859	38 093
Interest	66 141	72 533	74 445	75 430	73 970
Dividends	2 197	2 358	1 904	3 079	4 832
Other receipts	23 256	23 214	34 873	26 084	22 894
from households	6 301	7 177	6 215	5 370	5 530
from corporations	16 722	15 772	28 372	20 263	16 947
from abroad	233	265	286	451	417

Table 5 (cont.)

	1995	1996	1997	1998	1999
Receipts	1 022 239	1 085 171	1 123 723	1 185 504	1 247 288
Taxes and social contributions	873 888	941 038	987 257	1 046 040	1 117 821
Taxes on income and wealth	355 071	381 530	405 865	422 055	461 010
Households	307 956	334 127	351 008	369 323	395 702
Corporations	47 115	47 403	54 857	52 732	65 308
Tax on production and import	275 787	291 732	307 599	337 263	381 819
Social contributions	243 030	267 776	273 793	286 722	274 992
Operating surplus, net	1 396	253	190	-9	-1 329
Consumption of fixed capital	40 270	41 630	43 283	45 197	47 787
Interest	72 876	67 190	59 882	54 899	46 011
Dividends	9 327	10 899	10 761	13 454	13 525
Other receipts	24 482	24 161	22 350	25 923	23 473
from households	6 282	6 025	6 212	7 399	7 688
from corporations	13 107	13 761	14 550	17 178	14 597
from abroad	5 093	4 375	1 588	1 346	1 188
	2000	2001	2002	2003	2004
Receipts	1 317 580	1 295 007	1 305 446	1 369 522	1 423 393
Taxes and social contributions	1 185 008	1 178 089	1 185 228	1 246 625	1 299 063
Taxes on income and wealth	492 535	452 667	423 319	460 402	489 693
Households	407 268	391 056	373 314	401 623	419 670
Corporations	85 267	61 611	50 005	58 779	70 023
Tax on production and import	360 310	374 196	399 062	417 964	431 699
Social contributions	332 163	351 226	362 847	368 259	377 671
Operating surplus, net	-3 042	-4 659	-2 993	-2 956	-2 290
Consumption of fixed capital	50 360	53 407	55 699	57 044	58 836
Interest	43 626	28 255	25 155	23 031	25 180
Dividends	14 914	14 790	15 239	19 785	20 259
Other receipts	26 714	25 125	27 118	25 993	22 345
from households	8 664	9 084	9 902	9 945	9 443
from corporations	16 973	14 794	14 046	13 489	11 644
from abroad	1 077	1 247	3 170	2 559	1 258

Source:

Statistics Sweden (SCB), National Accounts, NA

[SCB, National Accounts, General governments receipts and expenditures consolidated](#)

Table 6
GDP, expenditure approach, Public sector share, current prices. SEK Millions

	1950	1955	1960	1965	1970
<i>Resources:</i>					
GDP at market prices	33 593	53 025	75 354	118 087	179 928
+ Import of goods and services	6 964	11 950	17 160	25 871	42 943
= Total resources	40 557	64 975	92 514	143 958	222 871
<i>Use:</i>					
Final consumption expenditure	26 190	39 913	55 032	84 500	131 436
+ Gross fixed capital formation	9 161	15 537	22 563	36 007	50 393
+ Export of goods and services	7 230	11 615	16 861	25 100	42 331
= Total use	42 581	67 065	94 456	145 607	224 160
<i>Public sector proportion of use:</i>					
Central government consumption	2 525	4 744	6 988	12 183	16 912
Local government consumption	1 971	3 819	5 733	10 081	23 398
Central government gross fixed capital formation	203	544	1 023	1 713	2 166
Local government gross fixed capital formation	451	1 131	1 592	3 297	6 584
Total public sector	5 150	10 238	15 336	27 274	49 060
<i>Proportion of use as per cent of GDP:</i>					
Central government	8%	10%	11%	12%	11%
Local government	7%	9%	10%	11%	17%
Total public sector	15%	19%	20%	23%	27%

	1975	1980	1985	1990
<i>Resources:</i>				
GDP at market prices	314 236	548 581	899 754	1 421 418
+ Import of goods and services	86 196	168 343	297 862	414 128
= Total resources	400 432	716 924	1 197 616	1 835 546
<i>Use:</i>				
Final consumption expenditure	233 023	433 358	691 192	1 079 735
+ Gross fixed capital formation	81 545	123 967	192 535	334 341
+ Export of goods and services	86 343	159 599	313 889	421 470
= Total use	400 911	716 924	1 197 616	1 835 546
<i>Public sector proportion of use:</i>				
Central government consumption	29 977	56 943	76 481	119 930
Local government consumption	47 738	106 612	174 676	269 664
Central government gross fixed capital formation	3 403	5 233	7 076	15 479
Local government gross fixed capital formation	7 061	13 383	17 211	24 432
Total public sector	88 179	182 171	275 444	429 505
<i>Proportion of use as per cent of GDP:</i>				
Central government	11%	11%	9%	10%
Local government	17%	22%	21%	21%
Total public sector	28%	33%	31%	30%

Note:

For the period 1950–1975 there is a discrepancy due to revisions which means that total resources and their use do not correspond exactly.

Source: [SCB, National Accounts, GDP, expenditure approach 1950–2004, current prices](#)

Table 6 (cont.)

	1993	1994	1995	1996	1997	1998
<i>Resources:</i>						
GDP at market prices	1 557 060	1 661 590	1 787 889	1 829 429	1 904 656	1 987 242
+ Import of goods and services	447 536	519 571	585 065	579 964	653 417	718 762
= Total resources	1 979 458	2 154 118	2 346 307	2 383 848	2 533 115	2 686 164
<i>Use:</i>						
Final consumption expenditure	1 268 190	1 319 625	1 367 749	1 414 635	1 462 693	1 523 721
+ Gross fixed capital formation	236 899	272 153	304 331	300 606	306 002	339 812
+ Export of goods and services	499 507	589 383	700 874	694 152	789 378	842 471
= Total use	2 004 596	2 181 161	2 372 954	2 409 393	2 558 073	2 706 004
<i>Public sector proportion of use:</i>						
Central government consumption	154 608	160 478	162 631	168 139	164 858	159 650
Local government consumption	299 800	307 444	319 938	337 642	350 864	383 239
Central government gross fixed capital formation	25 796	31 045	32 770	29 367	25 010	29 180
Local government gross fixed capital formation	27 446	31 000	30 759	29 004	27 845	27 632
Total public sector	507 650	529 967	546 098	564 152	568 577	599 701
<i>Proportion of use as per cent of GDP:</i>						
Central government	12%	12%	11%	11%	10%	10%
Local government	21%	20%	20%	20%	20%	21%
Total public sector	33%	32%	31%	31%	30%	30%

	1999	2000	2001	2002	2003	2004
<i>Resources:</i>						
GDP at market prices	2 096 363	2 217 290	2 288 351	2 371 606	2 459 413	2 573 176
+ Import of goods and services	761 669	887 977	900 465	883 922	907 853	972 614
= Total resources	2 834 085	3 079 362	3 165 435	3 233 765	3 342 058	3 545 790
<i>Use:</i>						
Final consumption expenditure	1 603 667	1 681 245	1 738 860	1 818 851	1 894 364	1 945 811
+ Gross fixed capital formation	363 675	405 478	401 512	393 725	402 725	417 411
+ Export of goods and services	890 690	1 018 544	1 048 444	1 042 952	1 070 177	1 182 568
= Total use	2 858 032	3 105 267	3 188 816	3 255 528	3 367 266	3 545 790
<i>Public sector proportion of use:</i>						
Central government consumption	170 435	173 441	176 275	187 084	196 312	197 817
Local government consumption	401 373	411 387	438 345	471 070	495 380	507 028
Central government gross fixed capital formation	30 046	29 102	30 452	34 533	35 110	38 743
Local government gross fixed capital formation	31 093	29 090	32 410	35 642	34 071	32 300
Total public sector	632 947	643 020	677 482	728 329	760 873	775 888
<i>Proportion of use as per cent of GDP:</i>						
Central government	10%	9%	9%	9%	9%	9%
Local government	21%	20%	21%	21%	22%	21%
Total public sector	30%	29%	30%	31%	31%	30%

Source:

Statistics Sweden (SCB), National Accounts, NA

SCB, National Accounts, GDP, expenditure approach 1950–2004, current prices

Table 7
GDP, expenditure approach, Public sector share, constant prices. SEK Millions

	1993	1994	1995	1996	1997	1998
<i>Resources:</i>						
GDP at market prices	1 751 808	1 820 171	1 891 255	1 916 614	1 961 344	2 033 194
+ Import of goods and services	486 461	547 515	588 120	607 145	682 589	759 658
= Total resources	2 237 676	2 368 204	2 480 497	2 525 340	2 645 625	2 794 086
<i>Use:</i>						
Final consumption expenditure	1 483 900	1 495 821	1 501 724	1 520 859	1 539 480	1 588 098
+ Gross fixed capital formation	253 044	293 999	325 396	323 047	324 110	354 192
+ Export of goods and services	521 682	593 776	662 999	689 385	784 031	851 642
<i>Public sector proportion of use:</i>						
Central government consumption	188 721	188 794	185 486	187 824	181 010	173 992
Local government consumption	382 086	377 506	378 687	379 965	381 486	407 944
Central government gross fixed capital formation	30 123	35 872	36 051	31 945	26 691	30 865
Local government gross fixed capital formation	28 858	33 304	33 180	31 716	29 990	29 012
Total public sector	629 788	635 476	633 404	631 450	619 177	641 813
<i>Proportion of use as per cent of GDP:</i>						
Central government	12%	12%	12%	11%	11%	10%
Local government	23%	23%	22%	21%	21%	21%
Total public sector	36%	35%	33%	33%	32%	32%

	1999	2000	2001	2002	2003	2004
<i>Resources:</i>						
GDP at market prices	2 125 202	2 217 290	2 240 985	2 285 726	2 324 425	2 411 467
+ Import of goods and services	797 125	887 977	864 935	848 275	891 040	947 888
= Total resources	2 923 546	3 105 267	3 105 920	3 133 526	3 215 066	3 358 303
<i>Use:</i>						
Final consumption expenditure	1 636 507	1 681 245	1 691 272	1 721 079	1 744 865	1 766 011
+ Gross fixed capital formation	373 646	405 478	391 296	377 182	388 799	400 327
+ Export of goods and services	913 702	1 018 544	1 023 352	1 035 241	1 082 341	1 198 768
<i>Public sector proportion of use:</i>						
Central government consumption	178 529	173 441	170 594	175 749	178 362	176 839
Local government consumption	413 512	411 387	419 365	427 688	429 260	431 450
Central government gross fixed capital formation	31 110	29 102	29 473	32 730	33 060	34 794
Local government gross fixed capital formation	31 947	29 090	31 321	33 369	31 270	29 107
Total public sector	655 098	643 020	650 753	669 536	671 952	672 190
<i>Proportion of use as per cent of GDP:</i>						
Central government	10%	9%	9%	9%	9%	9%
Local government	21%	20%	20%	20%	20%	19%
Total public sector	31%	29%	29%	29%	29%	28%

Note:

The year 2000 is the reference year for price recalculations. Since price conversions are made for each sub-series separately, the parts cannot be aggregated.

Source:

SCB, National Accounts, GDP, expenditure approach – constant prices

Table 8
Public sector final consumption expenditure by function, current prices. SEK
Millions

Function	1993	1994	1995	1996	1997	1998
01 General public administration						
Central government	18 770	19 791	21 714	22 437	23 249	22 291
Local government	15 277	16 931	19 651	23 882	25 468	28 186
Total public sector	34 047	36 722	41 365	46 319	48 717	50 477
02 Defence						
Central government	42 686	42 484	41 789	44 596	44 652	45 254
Local government	239	198	39	23	44	92
Total public sector	42 925	42 682	41 828	44 619	44 696	45 346
03 Public order and safety						
Central government	18 034	18 728	19 323	20 185	20 415	21 054
Local government	3 491	3 496	3 470	3 988	3 735	4 334
Total public sector	21 525	22 224	22 793	24 173	24 150	25 388
04 Economic affairs						
Central government	17 606	18 614	19 762	18 207	19 148	21 937
Local government	9 904	9 183	9 312	9 445	9 235	9 921
Total public sector	27 510	27 797	29 074	27 652	28 383	31 858
05 Environmental protection						
Central government	831	846	733	645	616	288
Local government	207	174	128	151	622	702
Total public sector	1 038	1 020	861	796	1 238	990
06 Housing and community amenity						
Central government	932	371	345	425	400	432
Local government	3 406	3 508	3 606	3 305	3 046	2 949
Total public sector	4 338	3 879	3 951	3 730	3 446	3 381
07 Health						
Central government	15 434	15 382	16 007	18 389	13 274	2 011
Local government	84 979	86 034	91 116	95 041	100 452	118 541
Total public sector	100 413	101 416	107 123	113 430	113 726	120 552
08 Recreation, culture and religion						
Central government	2 860	2 689	2 953	4 212	3 474	3 880
Local government	19 246	19 482	20 709	21 739	22 360	22 894
Total public sector	22 106	22 171	23 662	25 951	25 834	26 774
09 Education						
Central government	15 897	19 643	19 063	19 674	21 677	23 439
Local government	85 241	87 612	86 988	91 590	96 213	99 648
Total public sector	101 138	107 255	106 051	111 264	117 890	123 087
10 Social protection						
Central government	21 558	21 930	20 942	19 369	17 953	19 064
Local government	77 810	80 826	84 919	88 478	89 689	95 972
Total public sector	99 368	102 756	105 861	107 847	107 642	115 036
Total						
Central government	154 608	160 478	162 631	168 139	164 858	159 650
Local government	299 800	307 444	319 938	337 642	350 864	383 239
Total public sector	454 408	467 922	482 569	505 781	515 722	542 889

Table 8 (cont.)

Function	1999	2000	2001	2002	2003
01 General public administration					
Central government	25 742	32 605	32 561	35 076	37 410
Local government	25 555	27 701	24 683	24 591	26 141
Total public sector	51 297	60 306	57 244	59 667	63 551
02 Defence					
Central government	48 584	46 169	44 235	44 358	44 665
Local government	104	111	128	138	129
Total public sector	48 688	46 280	44 363	44 496	44 794
03 Public order and safety					
Central government	21 489	22 331	24 230	25 894	27 379
Local government	4 672	4 545	5 424	6 163	6 520
Total public sector	26 161	26 876	29 654	32 057	33 899
04 Economic affairs					
Central government	24 430	25 140	26 748	29 122	29 944
Local government	10 686	10 855	12 683	12 766	13 305
Total public sector	35 116	35 995	39 431	41 888	43 249
05 Environmental protection					
Central government	634	633	692	926	1 039
Local government	355	445	560	625	622
Total public sector	989	1 078	1 252	1 551	1 661
06 Housing and community amenity					
Central government	532	630	532	420	544
Local government	3 037	2 932	3 088	3 317	3 560
Total public sector	3 569	3 562	3 620	3 737	4 104
07 Health					
Central government	2 485	2 572	2 851	2 806	4 360
Local government	125 138	132 651	143 361	156 213	164 125
Total public sector	127 623	135 223	146 212	159 019	168 485
08 Recreation, culture and religion					
Central government	3 691	2 752	2 614	2 822	2 934
Local government	23 868	13 377	14 177	14 994	15 573
Total public sector	27 559	16 129	16 791	17 816	18 507
09 Education					
Central government	24 442	20 490	21 418	24 396	25 389
Local government	107 601	112 616	122 170	131 021	137 280
Total public sector	132 043	133 106	143 588	155 417	162 669
10 Social protection					
Central government	18 406	20 119	20 394	21 264	22 648
Local government	100 357	106 154	112 071	121 242	128 125
Total public sector	118 763	126 273	132 465	142 506	150 773
Total					
Central government	170 435	173 441	176 275	187 084	196 312
Local government	401 373	411 387	438 345	471 070	495 380
Total public sector	571 808	584 828	614 620	658 154	691 692

Note:

The local government covers municipalities and county councils and until 2000 the Swedish Church.

Source:

SCB, National Accounts, Table 17 Government final consumption expenditure by function

Table 9
Public sector final consumption expenditure by function, constant prices. SEK
Millions

Function	1993	1994	1995	1996	1997	1998
01 General public administration						
Central government	24 523	24 224	25 685	25 305	27 200	24 204
Local government	19 499	20 625	23 372	26 815	27 061	28 798
Total public sector	44 024	44 868	49 082	52 136	54 274	53 242
02 Defence						
Central government	47 579	47 700	46 197	49 207	49 579	49 799
Local government	358	289	54	25	47	101
Total public sector	47 857	47 927	46 243	49 230	49 625	49 900
03 Public order and safety						
Central government	22 772	22 585	22 299	22 302	22 166	22 555
Local government	4 378	4 210	4 097	4 477	4 057	4 686
Total public sector	27 153	26 797	26 398	26 774	26 224	27 241
04 Economic affairs						
Central government	23 213	23 730	23 965	21 107	21 650	24 555
Local government	12 251	11 096	10 771	10 364	10 003	10 666
Total public sector	35 557	34 856	34 749	31 511	31 669	35 218
05 Environmental protection						
Central government	1 204	997	805	713	651	314
Local government	275	227	163	172	685	764
Total public sector	1 513	1 252	992	903	1 349	1 080
06 Housing and community amenity						
Central government	969	501	471	543	484	517
Local government	4 349	4 275	4 281	3 711	3 325	3 169
Total public sector	5 455	4 816	4 795	4 277	3 830	3 701
07 Health						
Central government	16 708	16 276	16 377	19 269	13 751	2 019
Local government	109 292	106 963	106 855	106 814	109 372	126 153
Total public sector	126 599	123 813	123 823	127 050	123 701	128 146
08 Recreation, culture and religion						
Central government	3 661	3 315	3 491	4 792	3 777	4 132
Local government	24 768	24 396	24 550	24 315	24 466	24 129
Total public sector	28 423	27 704	28 036	29 105	28 256	28 277
09 Education						
Central government	19 940	22 806	21 848	22 279	22 350	25 885
Local government	105 940	105 442	101 922	103 321	104 531	106 507
Total public sector	125 635	127 975	123 501	125 329	126 609	132 244
10 Social protection						
Central government	28 088	26 672	24 432	21 784	19 237	20 208
Local government	100 898	99 903	102 578	99 858	97 856	102 881
Total public sector	129 100	126 691	127 088	121 659	117 103	123 099
Total						
Central government	188 721	188 794	185 486	187 824	181 010	173 992
Local government	382 086	377 506	378 687	379 965	381 486	407 944
Total public sector	570 707	566 269	564 030	567 688	562 359	581 923

Table 9 (cont.)

Function	1999	2000	2001	2002	2003
01 General public administration					
Central government	26 829	32 605	30 876	32 068	33 441
Local government	25 585	27 701	23 307	22 755	23 815
Total public sector	52 475	60 306	54 183	54 819	57 252
02 Defence					
Central government	52 205	46 169	44 465	43 417	43 001
Local government	108	111	131	139	127
Total public sector	52 312	46 280	44 596	43 556	43 128
03 Public order and safety					
Central government	21 921	22 331	23 355	23 806	24 443
Local government	4 806	4 545	5 342	5 800	6 070
Total public sector	26 725	26 876	28 697	29 600	30 505
04 Economic affairs					
Central government	25 508	25 140	25 637	27 148	26 684
Local government	11 154	10 855	12 132	11 856	11 997
Total public sector	36 661	35 995	37 769	39 002	38 680
05 Environmental protection					
Central government	657	633	671	887	949
Local government	368	445	533	575	547
Total public sector	1 025	1 078	1 204	1 461	1 494
06 Housing and community amenity					
Central government	631	630	487	406	503
Local government	3 161	2 932	2 998	3 052	3 111
Total public sector	3 797	3 562	3 485	3 453	3 605
07 Health					
Central government	2 551	2 572	2 738	2 624	3 895
Local government	129 905	132 651	136 786	142 293	143 918
Total public sector	132 457	135 223	139 524	144 918	147 782
08 Recreation, culture and religion					
Central government	3 880	2 752	2 537	2 653	2 604
Local government	24 600	13 377	13 696	13 909	13 909
Total public sector	28 499	16 129	16 233	16 562	16 514
09 Education					
Central government	25 750	20 490	20 415	22 318	22 463
Local government	110 421	112 616	116 573	117 906	117 457
Total public sector	136 047	133 106	136 988	140 225	139 917
10 Social protection					
Central government	18 851	20 119	19 413	20 306	20 190
Local government	103 461	106 154	107 867	109 419	108 371
Total public sector	122 308	126 273	127 280	129 730	128 563
Total					
Central government	178 529	173 441	170 594	175 749	178 362
Local government	413 512	411 387	419 365	427 688	429 260
Total public sector	591 992	584 828	589 959	603 423	607 560

Note:

The local government covers municipalities and county councils and until 2000 the Swedish Church. 2000 is the reference year for the price recalculation. Figures in constant prices cannot be summed.

Source:

SCB, National Accounts, Table 17 Government final consumption expenditure by function

Table 10**Transfers from public sector to households, current prices. SEK Millions**

	1993	1994	1995	1996	1997	1998
Old-age pension	122 902	128 077	132 337	136 027	138 931	141 574
Activity and sickness compensation	34 755	37 260	37 512	36 663	36 989	37 164
Other central government pensions	19 585	20 325	20 819	21 537	19 503	19 287
Sickness benefit	17 912	18 941	19 173	16 490	14 927	20 260
Parent's insurance	19 093	18 713	18 004	14 209	13 282	14 128
Work injuries insurance	10 867	7 547	6 474	6 125	5 877	5 830
Open unemployment	36 631	36 286	36 068	33 976	35 864	31 985
Labour market political measures	12 600	13 074	10 617	9 656	15 125	13 278
Other labour market	8 940	8 573	8 232	8 815	4 168	3 798
Housing supplement for pensioners	9 854	10 929	10 440	9 923	9 544	9 591
Child allowance	16 979	17 265	16 959	14 577	14 424	16 830
Education and study grants	5 713	5 848	6 242	6 400	6 756	7 115
Housing allowance		8 669	9 220	8 373	6 195	5 749
Maintenance support	2 938	3 196	3 282	3 359	3 023	2 989
Assistance allowance		1 771	3 717	4 184	4 496	5 192
Other central government transfers	6 830	8 714	7 620	6 640	8 150	13 550
Social allowance	18 893	12 730	12 514	13 716	13 961	12 771
Local government pensions	5 927	6 135	6 485	6 949	7 195	8 884
Other local government transfers	1 895	1 826	1 444	1 366	1 344	989
Capital transfers	782	709	812	985	499	639
Total	353 096	366 588	367 971	359 970	360 253	371 603

	1999	2000	2001	2002	2003	2004
Old-age pension	146 513	149 682	153 680	161 227	179 980	187 142
Activity and sickness compensation	37 906	39 004	40 967	44 657	50 059	54 152
Other central government pensions	20 113	19 959	20 284	20 909	22 878	23 365
Sickness benefit	26 024	33 078	38 582	43 073	42 280	37 535
Parent's insurance	14 721	15 305	16 703	18 225	19 989	21 309
Work injuries insurance	5 883	5 589	5 614	4 854	5 846	5 921
Open unemployment	29 598	29 583	23 024	22 533	28 256	32 534
Labour market political measures	12 990	9 930	9 747	11 102	9 746	9 968
Other labour market	3 777	3 099	2 151	1 963	1 566	1 395
Housing supplement for pensioners	9 940	9 618	10 408	10 502	10 979	10 949
Child allowance	16 766	18 932	21 109	21 018	20 956	20 874
Education and study grants	7 337	7 386	8 751	10 546	10 628	10 636
Housing allowance	5 067	4 372	3 994	3 718	3 567	3 313
Maintenance support	2 897	2 631	2 496	2 343	2 149	2 027
Assistance allowance	6 031	6 960	8 236	9 145	11 166	12 748
Other central government transfers	13 011	12 536	10 735	9 658	8 220	9 178
Social allowance	12 098	11 267	10 680	10 369	10 163	10 618
Local government pensions	8 562	14 003	16 128	16 239	16 662	17 558
Other local government transfers	1 390	1 383	1 615	1 292	1 305	1 499
Capital transfers	1 188	318	936	792	720	610
Total	381 812	394 635	405 840	424 165	457 115	473 331

Notes:

Activity and sickness compensation were earlier called disability pension. Other central government transfers cover for example allowance for children with handicaps and other forms of handicap payments.

Source:

SCB, National Accounts, Table 20 Transfers from general government sector to household and non-profit institutions serving households

Table 11
Public sector gross fixed capital formation by purpose, current prices. SEK
Millions

Function	1993	1994	1995	1996	1997	1998
01 General public administration						
Central government	3 600	3 037	3 001	3 399	3 577	3 146
Local government	5 173	6 800	7 784	7 717	7 929	7 008
Total public sector	8 773	9 837	10 785	11 116	11 506	10 154
02 Defence						
Central government	391	1 068	889	724	561	906
Local government	25	41	124	132	27	56
Total public sector	416	1 109	1 013	856	588	962
03 Public order and safety						
Central government	1 250	1 499	1 448	1 405	1 181	1 761
Local government	364	504	518	506	404	423
Total public sector	1 614	2 003	1 966	1 911	1 585	2 184
04 Economic affairs						
Central government	16 871	21 109	23 588	20 262	16 368	19 128
Local government	2 339	2 157	2 249	2 217	1 969	3 040
Total public sector	19 210	23 266	25 837	22 479	18 337	22 168
05 Environmental protection						
Central government	..	..	..	..	..	..
Local government	..	..	..	..	..	..
Total public sector	..	..	..	..	..	..
06 Housing and community amenity						
Central government	60	42	43	51	35	49
Local government	3 404	3 016	1 071	1 036	1 096	389
Total public sector	3 464	3 058	1 114	1 087	1 131	438
07 Health						
Central government	57	40	35	46	44	81
Local government	4 865	5 062	5 860	5 807	6 131	6 254
Total public sector	4 922	5 102	5 895	5 853	6 175	6 335
08 Recreation, culture and religion						
Central government	107	98	95	140	215	180
Local government	2 613	2 962	2 514	2 437	2 270	2 437
Total public sector	2 720	3 060	2 609	2 577	2 485	2 617
09 Education						
Central government	2 620	3 249	2 571	2 576	2 531	3 353
Local government	5 450	7 109	7 078	6 174	6 176	6 114
Total public sector	8 070	10 358	9 649	8 750	8 707	9 467
10 Social protection						
Central government	840	903	1 100	764	498	576
Local government	3 213	3 349	3 561	2 978	1 843	1 911
Total public sector	4 053	4 252	4 661	3 742	2 341	2 487
Total						
Central government	25 796	31 045	32 770	29 367	25 010	29 180
Local government	27 446	31 000	30 759	29 004	27 845	27 632
Total public sector	53 242	62 045	63 529	58 371	52 855	56 812

Table 11 (cont.)

Function	1999	2000	2001	2002	2003
01 General public administration					
Central government	4 480	5 100	4 951	5 115	4 866
Local government	7 080	7 836	9 565	10 848	9 867
Total public sector	11 560	12 936	14 516	15 963	14 733
02 Defence					
Central government	1 071	2 557	2 282	2 250	1 276
Local government	32	32	12	41	57
Total public sector	1 103	2 589	2 294	2 291	1 333
03 Public order and safety					
Central government	2 630	2 065	2 301	2 317	1 975
Local government	481	486	586	648	599
Total public sector	3 111	2 551	2 887	2 965	2 574
04 Economic affairs					
Central government	16 418	13 314	15 030	18 935	21 900
Local government	3 588	3 677	4 525	5 115	4 579
Total public sector	20 006	16 991	19 555	24 050	26 479
05 Environmental protection					
Central government	..	353	412	399	8
Local government					
Total public sector	..	353	412	399	8
06 Housing and community amenity					
Central government	335	155	124	163	69
Local government	701	669	695	1 039	1 055
Total public sector	1 036	824	819	1 202	1 124
07 Health					
Central government	96	75	75	108	117
Local government	7 725	6 306	6 450	7 211	7 543
Total public sector	7 821	6 381	6 525	7 319	7 660
08 Recreation, culture and religion					
Central government	254	238	164	125	200
Local government	2 636	1 838	1 932	2 285	2 113
Total public sector	2 890	2 076	2 096	2 410	2 313
09 Education					
Central government	3 398	4 063	3 992	3 879	3 445
Local government	6 722	6 261	6 681	6 580	6 489
Total public sector	10 120	10 324	10 673	10 459	9 934
10 Social protection					
Central government	1 364	1 182	1 121	1 242	1 254
Local government	2 128	1 985	1 964	1 875	1 769
Total public sector	3 492	3 167	3 085	3 117	3 023
Total					
Central government	30 046	29 102	30 452	34 533	35 110
Local government	31 093	29 090	32 410	35 642	34 071
Total public sector	61 139	58 192	62 862	70 175	69 181

Note:

The local government covers municipalities and county councils and until 2000 the Swedish Church.

Source:

[SCB, National Accounts, Table 22 Government gross fixed capital formation by purpose](#)

Table 12
Public sector gross fixed capital formation by purpose, constant prices. SEK
Millions

Function	1993	1994	1995	1996	1997	1998
01 General public administration						
Central government	3 746	3 266	3 255	3 758	3 874	3 341
Local government	5 385	7 274	8 459	8 472	8 541	7 356
Total public sector	9 138	10 547	11 723	12 241	12 426	10 707
02 Defence						
Central government	359	1 007	861	717	560	893
Local government	22	38	117	125	27	56
Total public sector	382	1 048	981	845	588	948
03 Public order and safety						
Central government	1 329	1 621	1 549	1 510	1 254	1 855
Local government	366	521	533	531	417	438
Total public sector	1 695	2 144	2 086	2 045	1 674	2 294
04 Economic affairs						
Central government	20 936	25 265	26 338	22 162	17 517	20 309
Local government	2 856	2 615	2 607	2 492	2 150	3 254
Total public sector	23 845	27 930	28 998	24 690	19 691	23 577
05 Environmental protection						
Central government	..	..	..	..	..	..
Local government	..	..	..	..	..	..
Total public sector	..	..	..	..	..	..
06 Housing and community amenity						
Central government	58	44	46	53	37	51
Local government	3 578	3 243	1 158	1 136	1 182	404
Total public sector	3 638	3 289	1 206	1 190	1 220	456
07 Health						
Central government	61	44	36	50	46	85
Local government	5 029	5 311	6 161	6 337	6 636	6 568
Total public sector	5 088	5 353	6 196	6 385	6 681	6 654
08 Recreation, culture and religion						
Central government	115	111	104	151	227	190
Local government	2 751	3 185	2 719	2 663	2 447	2 553
Total public sector	2 868	3 299	2 824	2 816	2 676	2 744
09 Education						
Central government	2 681	3 555	2 808	2 806	2 727	3 604
Local government	5 623	7 557	7 583	6 692	6 601	6 386
Total public sector	8 302	11 109	10 404	9 505	9 334	9 991
10 Social protection						
Central government	904	1 008	1 212	847	547	619
Local government	3 339	3 545	3 786	3 211	1 962	1 982
Total public sector	4 269	4 580	5 021	4 082	2 522	2 614
Total						
Central government	30 122	35 871	36 050	31 944	26 690	30 864
Local government	28 857	33 304	33 180	31 716	29 991	29 013
Total public sector	58 994	69 135	69 179	63 638	56 652	59 870

Table 12 (cont.)

Function	1999	2000	2001	2002	2003
01 General public administration					
Central government	4 608	5 100	4 837	4 962	4 838
Local government	7 285	7 836	9 223	10 060	8 873
Total public sector	11 893	12 936	14 060	15 025	13 699
02 Defence					
Central government	1 080	2 557	2 215	2 173	1 222
Local government	32	32	12	40	55
Total public sector	1 112	2 589	2 227	2 212	1 276
03 Public order and safety					
Central government	2 707	2 065	2 248	2 239	1 965
Local government	488	486	609	668	655
Total public sector	3 194	2 551	2 857	2 905	2 614
04 Economic affairs					
Central government	17 117	13 314	14 438	17 713	19 919
Local government	3 771	3 677	4 336	4 818	4 193
Total public sector	20 894	16 991	18 774	22 530	24 117
05 Environmental protection					
Central government	..	353	396	368	8
Local government					
Total public sector	..	353	396	368	8
06 Housing and community amenity					
Central government	344	155	127	166	74
Local government	717	669	667	956	936
Total public sector	1 060	824	794	1 123	1 018
07 Health					
Central government	100	75	73	103	116
Local government	7 888	6 306	6 199	6 682	6 884
Total public sector	7 987	6 381	6 272	6 785	6 999
08 Recreation, culture and religion					
Central government	263	238	159	118	194
Local government	2 707	1 838	1 852	2 114	1 897
Total public sector	2 970	2 076	2 011	2 233	2 090
09 Education					
Central government	3 527	4 063	3 888	3 680	3 404
Local government	6 878	6 261	6 524	6 260	6 148
Total public sector	10 414	10 324	10 412	9 940	9 552
10 Social protection					
Central government	1 431	1 182	1 092	1 186	1 247
Local government	2 170	1 985	1 899	1 760	1 626
Total public sector	3 598	3 167	2 991	2 944	2 870
Total					
Central government	31 110	29 102	29 473	32 730	33 060
Local government	31 947	29 090	31 321	33 369	31 270
Total public sector	63 060	58 192	60 794	66 098	64 314

Note:

The local government covers municipalities and county councils and until 2000 the Swedish Church. 2000 is the reference year for the price recalculation. Figures in constant prices cannot be summed.

Source:

SCB, National Accounts, Table 22 Government gross fixed capital formation by purpose

Table 13**The size of the public sector in different countries. Percentage of total GDP in each country 2004**

	Value-added	Consumption	Expenditure	Income
EU-15	13	21	47	45
EU-25	13	21	48	45
Sweden	19	27	57	58
Denmark	20	27	55	57
Finland	16	23	51	53
Ireland	10	16	34	35
UK	11	21	44	41
Netherlands	13	24	47	45
Belgium	14	23	50	50
Luxembourg	11	18	45	45
Germany	9	19	47	43
Austria	11	18	50	49
France	16	24	53	50
Spain	12	19	39	39
Portugal	16	21	47	44
Italy	13	19	49	45
Greece	13	17	50	43
Estonia	12	19	36	38
Latvia	14	20	36	35
Lithuania	12	18	33	32
Poland	16	19	45	41
Czech Republic	13	23	44	41
Slovakia	13	20	41	37
Hungary	17	24	50	44
Slovenia	14	20	47	45
Malta	19	23	49	44
Cyprus	17	19	44	40
Switzerland ¹	11	12	37	35
Iceland	18	26	47	47
Norway	16	22	46	58
USA	11	16	36	32
Canada	14	19	40	41
Japan ²	9	18	38	30
South Korea ¹	9	13	31	31
Australia ¹	..	17	35	35

1) Data from 2003.

2) Data from 2002.

Source: For EU countries and also Iceland and Norway: Eurostat (update: Jan 24 21:43:12 MET 2006)

For other countries: OECD (update: Jan 30 2006)

Table 14
Gross public social expenditure and net total social expenditure in the OECD.
Per cent of total GDP in each country 2001

	Public social expenditure	Adjusted social expenditure
Sweden	30	26
Denmark	29	23
Finland	25	20
Iceland	20	18
Norway	24	21
Ireland	14	13
UK	22	23
Netherlands	21	22
Belgium	25	23
Germany	27	28
Austria	26	22
France	29	27
Spain	20	17
Italy	24	22
Czech Republic	20	19
Slovakia	18	17
USA	15	23
Canada	18	20
Mexico	5	6
Japan	17	20
South Korea	6	10
Australia	18	21
New Zealand	19	16

Notes:

In the column for adjusted social expenditure, the OECD has attempted to make data more comparable between countries. Additions have been made among others for some private insurance and deductions for taxes and social benefits.

Source:

OECD: <http://www.oecd.org/dataoecd/56/2/35632106.pdf>

Table 15
Expenditures on municipal activities, current prices. SEK Millions

	1999	2000	2001	2002	2003	2004
Political work	4 407	4 077	4 241	4 227	4 605	4 553
Infrastructure, protection etc	23 375	22 711	24 762	25 728	26 789	27 910
Culture	7 712	8 078	8 494	8 902	9 186	9 252
Recreation	8 837	8 828	9 164	9 579	9 844	10 026
Preschool and school age child care	39 812	39 862	41 087	43 992	46 522	48 125
Pre-school class	3 508	3 680	3 788	3 695	3 876	3 788
Compulsory school incl. comp. special school	58 955	62 548	67 786	71 992	75 120	76 730
Upper secondary school incl upp. sec special school	23 410	24 104	25 652	27 459	29 539	30 847
Municipal adult education	6 557	6 614	6 464	6 171	5 197	4 870
Other education	1 805	1 761	2 016	1 888	2 095	2 092
Primary care and health and medical care						
Gotland	1 287	1 268	1 185	1 172	1 329	1 128
Transport service for disabled	1 381	1 434	1 434	1 513	1 657	1 634
Care of the elderly	63 800	67 300	71 424	75 668	78 280	79 475
Persons with functional impairments	25 400	27 800	30 332	34 601	37 964	40 129
Abuse care for adults	3 465	3 661	3 937	3 976	4 562	4 604
Child and youth care	7 494	8 063	8 800	9 776	10 593	10 920
Other adult care	1 102	1 287	1 387	1 684	1 519	1 398
Economic assistance	11 532	10 688	9 787	9 627	9 502	9 854
Family law	362	359	392	412	437	459
Refugee reception	2 160	2 046	2 177	2 047	2 315	2 060
Labour market measures	6 087	5 176	4 917	5 206	5 184	5 122
<i>Total compulsory activities</i>	302 428	311 341	329 226	349 287	366 060	374 976
Industry and housing	5 000	5 790	4 966	5 119	5 334	5 237
Communications	2 991	3 123	3 118	3 382	4 056	4 283
Energy, water and waste	11 873	12 800	12 960	13 434	13 697	13 570
<i>Total market activities</i>	19 864	21 714	21 044	21 935	23 087	23 090
<i>Total operating activities</i>	322 292	333 055	350 270	371 222	389 147	398 066

Source:

SCB, Municipal use of resources, OE 25 SM 0501

Table 16
County councils, expenditure and receipts by activity 2004. SEK Millions

	Net expenditure	External expenditure for activities	Internal expenditure for activities	External income from activities	Internal income from activities	Investment expend- iture
Primary care	26 200	22 400	13 800	2 200	7 900	200
Specialist somatic care	82 200	64 900	43 100	8 600	17 800	2 900
Specialist psychiatric care	14 700	12 900	7 300	1 200	4 500	100
Dental care	4 500	7 000	2 200	3 500	1 200	200
Other health and medical care	12 200	14 100	4 600	3 700	2 900	300
Pharmaceutical benefits	-600	19 000	0	19 600	0	0
Political work concerning health and medical care	1 000	800	200	0	0	0
<i>Health and medical care</i>	140 000	140 900	71 300	38 900	34 300	3 700
Education	800	1 800	400	1 400	0	100
Culture	2 100	2 500	100	500	0	0
Transport and infrastructure	7 400	8 800	100	1 500	0	100
General regional development	1 100	1 200	0	100	0	0
Political work concerning regional development	100	100	0	0	0	0
<i>Regional development total</i>	11 500	14 500	700	3 600	100	200
<i>Service activities</i>	0	40 600	-5 800	5 800	29 000	2 600
<i>Other</i>	700	3 400	0	0	2 700	0
Total activities	152 200	199 400	66 200	48 300	66 200	6 500
<i>External financing:</i>		1 700		152 700		
Tax revenues				141 800		
Central government grant				9 600		
Net financial income		1 700		1 300		
<u>Extraordinary</u> <u>income/expenditures</u>				0		

Note:

Net expenditures are gross expenditure minus gross income. Total net expenditure for all activities includes net expenditure for the municipality of Gotland (SEK 998 million) for health and medical care. Gotland is not included regarding revenues and expenditure from activities. Investment expenditure is exclusive purchase of financial assets. Other covers pension and internal interest income.

Source:

The Swedish Association of Local Authorities and Regions [Statistik om hälso- och sjukvård samt regional utveckling 2004](#).

Table 17
Central government budget income 2004, current prices. SEK Millions

	Income	Central government budget	Outcome		Net income/ net expenditure	Difference with central govt. budget
			Income	Expenditure		
1000	Taxes etc.	646 747	1 720 489	1 083 488	637 001	-9 746
1100	Tax on income	54 036	567 792	522 086	45 706	-8 330
1111	Physical persons, income taxes, net	-19 339	495 225	522 086	-26 861	-7 522
1121	Legal persons, income taxes, net	68 399	67 170	0	67 170	-1 229
1123	Taxation of group life insurance	1 251	1 350	0	1 350	99
	Social charges and taxes on income	266 775	458 460	192 420	266 040	-734
1200	Taxes on property	36 418	37 126	0	37 126	708
1400	Taxes on goods and services	313 285	310 026	1 150	308 876	-4 409
1411	Value-added tax, net	214 163	213 240	0	213 240	-923
1424	Tax on tobacco	8 441	8 181	0	8 181	-260
1425	Tax on alcohol	10 769	10 247	0	10 247	-522
1428	Tax on energy	63 049	61 665	1 150	60 515	-2 534
1461	Vehicle tax	7 854	8 062	0	8 062	207
1471	Customs duties	3 526	3 504	0	3 504	-22
1500	Equalisation tax and compensation for value-added tax	-6 261	26 736	32 512	-5 776	486
1600	Payment differences, tax account	-7 243	-5 458	0	-5 458	1 785
1700	Reduction of taxes	-10 263	1	9 514	-9 513	749
2000	Income from central government activities	29 384	35 084	1	35 082	5 698
2131	Delivered surplus from Riksbanken	5 900	6 100	0	6 100	200
2153	Delivered surplus from AB Svenska spel	3 200	3 677	0	3 677	477
2400	Dividends	4 900	7 597	0	7 597	2 697
2500	Compulsory charges	6 496	6 677	0	6 677	181
3000	Income from property sold	15 000	136	0	136	-14 864
4000	Repayment of loans	2 269	2 391	0	2 391	122
5000	Computed income	8 222	8 252	0	8 252	30
5200	Central government pension contributions	7 680	7 667	0	7 667	-13
6000	Grants etc from EU	10 818	11 555	0	11 555	737
6100	Grants from EU agricultural support	8 100	8 035	0	8 035	-65
	Total income	712 439	1 777 907	1 083 489	694 418	-18 021

Notes:

The expenditures reported under central government budget income are largely taxes collected by the central government, but which are assigned to other sectors, such as local government taxes.

Sources:

[The Swedish National Financial Management Authority \(ESV\) Statsbudgetens utfall 2004](#)

Table 18
Central government budget expenditures per expenditure area 2004, current prices. SEK Millions

	Expenditure area	CG- budget	Suppl. budget	Total assigned	Outcome	Diff. CG- budget	Diff. total assigned
UO01	The Swedish Political System	7 896	39	7 936	7 539	-357	-396
UO02	Economy and fiscal administration	9 198	10	9 208	9 221	23	13
UO03	Tax, customs and enforcement	8 556	102	8 658	8 569	13	-89
UO04	Justice	26 432	251	26 683	26 318	-114	-365
UO05	Foreign policy administration and international co-operation	1 257	0	1 257	1 267	10	10
UO06	Defence and contingency measures	44 331	15	44 346	42 846	-1 485	-1 500
UO07	International development co- operation	19 857	0	19 857	19 907	50	50
UO08	Immigrants and refugees	7 005	320	7 325	7 466	461	141
UO09	Health care, medical care, social services	37 665	1 629	39 294	36 809	-856	-2 485
UO10	Financial security (illness and disability)	123 981	2 883	126 864	122 916	-1 065	-3 948
UO11	Financial security (old age)	50 656	0	50 656	51 229	573	573
UO12	Financial security (families and children)	53 852	840	54 692	53 925	72	-768
UO13	Labour market	61 989	7 366	69 355	67 481	5 492	-1 874
UO14	Working life	1 135	0	1 135	1 091	-44	-44
UO15	Study support	21 925	-3	21 922	20 833	-1 092	-1 089
UO16	Education and university research	43 962	3	43 965	43 981	19	16
UO17	Culture, media, religious organisations and leisure	8 664	-2	8 662	8 739	75	76
UO18	Community planning, housing supply and construction	8 798	17	8 815	8 723	-75	-92
UO19	Regional balance and development	3 106	0	3 106	3 301	195	195
UO20	General environment and nature preservation	3 771	42	3 813	3 330	-440	-482
UO21	Energy	1 663	0	1 663	2 069	406	406
UO22	Communications	28 535	0	28 535	29 139	604	604
UO23	Agriculture and forestry, fisheries etc	14 279	13	14 292	12 219	-2 060	-2 073
UO24	Industry	3 491	-13	3 478	3 690	199	212
UO25	Grants to municipalities	73 706	-2 600	71 106	69 834	-3 872	-1 272
UO26	Interest on central government debt etc	47 684	0	47 684	52 718	5 034	5 034
UO27	Contributions to the European Community....	24 472	0	24 472	25 563	1 091	1 091
Total expenditure areas		737 868	10 912	748 781	740 723	2 855	-8 057
Change in funds previously allocated		0		0	0	0	0
Swedish National Debt Office net lending		20 156		20 156	10 305	-9 851	-9 851
Adjustments to cash basis		-3 931		-3 931	-3 268	663	663
of which transfer from AP-funds		-3 931		-3 931	-3 975	-44	-44
Total central government budget outcome etc		754 093	10 912	765 006	747 761	-6 332	-17 245

Notes: The central government budget here refers to the original central government budget which the Riksdag adopted in December 2003, excl supplementary budget.

Sources: [The Swedish National Financial Management Authority \(ESV\) Statsbudgetens utfall 2004](#)

Facts on statistics

Here follows a brief description of the primary sources and the principles used in the book. For a more detailed account of the definitions and methods of calculation used, see the descriptions of the statistics available at www.scb.se for the respective statistical source.

The statistics presented in this book on the public sector have been obtained from different statistical sources. Since the statistics in the primary sources are often produced for different purposes, there are differences in definitions and reporting principles. In connection with the reports presented earlier in the book, we have also pointed out the differences between them.

Publishing – definitive and preliminary annual data

The statistics published in the book are annual data and drawn from the most recently published official statistics. Different statistical sources publish their data at different times during the year depending on the degree of processing required. This means that the data reported does not always refer to the most recent calendar year.

In order to provide the reader with the most up-to-date figures, preliminary statistics are sometimes presented. These figures may subsequently be revised in later publications.

Time series

The statistics are presented mainly for the most recent year. Time series are also presented. The majority of the time series have 1993 as their starting year, but other starting years also occur. The fact that 1993 is used in most cases is due to a modification made to the National Accounts (NA) in accordance with the European System of National and Regional Accounts (ESA) the same year. A new industrial classification scheme was established in 1992, which also made 1993 a suitable starting year.

There are always difficulties involved in choosing a starting year, since reporting is affected by whether the starting year occurs during a recession or an upturn in the economy. 1993 is at the

beginning of the upturn in the economy following the downturn usually referred to as "the crisis years".

Current prices and constant prices

Both current and constant prices are used in the presentations. In order to correctly monitor changes in volumes, it is appropriate to use constant prices which "eliminate" the effect of price and salary changes. Below follows an account of how constant prices are calculated in NA.

Up until 1991, NA used price indices with a fixed base year for making constant price calculations. After 1991, constant price calculations were used with a rolling base year. This chain linking method means that each basic item is calculated in constant prices based on the previous year's price. The advantage of the chain index method is that different sub-aggregates are weighted together with the latest available data and that no part of the system is given an incorrect weighting as a result of relative price changes.

Constant prices can be presented in different ways, for instance, they may be expressed as the previous year's price level or prices based on a reference year - where the choice of year is optional. Another alternative is to revise the index series based on the reference year or changes in volume between the years. Time series expressed in the previous year's prices provide data that is difficult to interpret. This is the reason constant prices are presented in reference year prices. In the material presented here, the National Accounts are reported both in current prices, and also in reference year prices where 2000 is the reference year.

The National Accounts

The National Accounts (NA) together with the Financial Accounts (FA) comprise the total National Accounts' system that summarises and describes Sweden's economic activities and development. NA contains real transactions and FA financial transactions and balances. NA provides analytical material on the Swedish economy. NA is used by the Ministry of Finance for the central government budget and long-term assessments of the economy, by the EU for determining the EU fee, by the European Central Bank for assessing convergence criteria, as well as by the National Institute of Economic Research et al for ongoing economic analysis. Other users are industry and labour market organisations, banks as well as international organisations

using NA not only for compiling international statistics, but also for making comparisons and assessments.

In the same way as in corporate accounting, the double entry method is used. Payments are reported from both the paying and receiving side. The bookkeeping consists of financial transactions which have taken place during a specific time period. In contrast to corporate bookkeeping, the National Accounts are largely based on statistics, since it is not feasible for a whole country or region to book each transaction. The accounting is mainly on an accrual basis, which means that income and expenditure are reported in the period when the transaction was carried out.

One of the most important features of the NA is the time series aspect. This is the reason for explicitly focusing on long time series with few discontinuities in the statistics.

Statistical coverage

NA describes, within the framework of a closed accounts system, the production of goods and services and their use, income formation, redistribution and use of income, capital formation, as well as transactions with the rest of the world. An integral part of NA are the supply and use tables (the basis for input-output tables) with a systematic division of production and use of around 400 product groups. This provides good opportunities for reconciliation and a sound basis for consistent constant-price calculations. In connection with production calculations, data is also compiled on employment expressed in terms of number of employees and hours worked, as well as salaries.

Definitions and explanations

The Swedish National Accounts are produced in accordance with ESA 95 (European System of National and Regional Accounts) which is an EU regulation (Council Regulation (EC) No 2223/96). ESS 95 is the EU's application of SNA 93 (System of National Accounts) which is an international recommendation of the UN, OECD, EU, IMF and the World Bank.

Swedish National Accounts have been produced since May 1999 in accordance with ESA 95 and cover the period from 1993 and onwards. Older time series (1950-1998) are based on earlier international recommendations (SNA 68). Conversion of the earlier material back to 1980 has, however, been done for some aggregates. Some main

aggregates have been linked back to 1950. These series are available at Statistics Sweden's web site.

Production of statistics

NA are compiled using a number of different primary statistical sources. The definitions and the degree of coverage of the different sources do not always correspond with the needs of NA. To obtain total coverage and appropriate definitions, different models are used for making calculations in NA. Finally, a reconciliation is carried out between supply, use and income in the system in order to identify and remedy shortcomings in consistency between different parts of the accounts.

For further information, see Description of statistics (Beskrivning av statistiken), www.scb.se/nr.

Differences between calculations in NA and the central government budget

The National Accounts: NA reports among other things changes in financial assets and liabilities. In addition to the funds in the central government budget, there are fees, funds, loan financed activities as well as income from sales. Accounting is *accrued* and aims to reflect the economic events of the period during which the activities were performed. Income is reported when performed and expenditure when resources are consumed.

Central government budget: Reporting in the central government budget mainly takes place in terms of the so-called expenditure principle where balances reflect *cash flows*.

Consumption of fixed capital: This is the term used in NA for capital depreciation. These values should be based on market prices and not on replacement prices. In the central government budget, there is no capital consumption.

Insurance premiums: In the central government budget, insurance premiums are reported as intermediate consumption. NA does not regard insurance premiums as intermediate consumption but rather as a transfer.

Reporting of EU fees /contributions: NA defines certain parts of the EU fee as a production tax. In the central government budget, these fees are reported as an expenditure of the central government. In addition the EU contribution is reported in the central government budget as an income which is redistributed by the government to companies and local government. NA attributes the contributions directly for the different sectors.

Labour statistics based on administrative sources, RAMS

Aim and background

RAMS aims at providing annual data on employment, commuting, industrial structure, as well as personnel structures in organisations and establishments. In addition, events and flows are examined on the labour market based on longitudinal approaches. RAMS was first presented in 1985.

Over the years the RAMS register has been expanded with more variables and a new register system has been created which

provides greater opportunities to highlight employment in different types of organisations and establishments.

Use of statistics

Planners in municipalities, county administrative boards, labour market boards, have traditionally used these statistics as have central government agencies and authorities. The main use has been to describe industrial structure and changes in employment, both regionally and locally. In addition RAMS is used to plan child care and transport, and also provide a basis for measures aiming at strengthening employment.

After the statistics were expanded, they have been increasingly used by researchers and central government authorities when analysing the functioning of the labour market, and for following up and evaluating industrial, labour market and regional policies.

Statistical coverage

RAMS covers four registers:

- The Employment Register (Sysselsättningsregistret, SREG)
- The Activity Register (Aktivitetsregistret, AREG)
- The Register of Organisations in RAMS (Registret över företag i RAMS, ORGRA)
- The Register of Establishments in RAMS (Registret över arbetsställen i RAMS, CFAR)

The Employment Register (Sysselsättningsregistret , SREG) shows a person's employment status in November and covers the whole of the Swedish population at the end of December. The register contains a variety of data from different sources. SREG is the main register in RAMS.

The Activity Register (Aktivitetsregistret) contains four database tables which show different means of support such as jobs, studies, categories of job seekers and also other activities (mainly in the form of social transfers). The Job register (Jobbregistret) is the most central part of the activity register, since here data is obtained from statements on employment and corresponding data for self-employed persons (income statements concerning income from business activities).

The register of organisations (ORGRA) contains all the organisations existing in RAMS. The register of establishments (CFAR) contains all establishments for organisations occurring in RAMS.

Objects and population

The population in the employment register comprises the population as of 31/12 each year. The most important categories in the employment register are the number of persons employed, the relative share of employed population, number of persons commuting to work across municipal boundaries during the reference period of November. This is carried out for different groups of the population. RAMS uses the concept of gainfully employed as opposed to employment. Assisting family members are included in the category of employed but not in gainfully employed. This category is entirely absent in the public sector and the number of assisting family members are generally very few, which is why differences between the terms gainfully employed and employed are virtually non-existent. Mobility on the labour market is described as the number of persons changing jobs, and entering or leaving the labour market. Yet another measure is job turnover calculated as a percentage of total employment.

The population in the activity register comprises all the activities of individuals that are assumed to have an impact on their means of support. Activities are then broken down by type of activity such as jobs, studies and category of jobseeking.

For further information, see Description of statistics (Beskrivning av statistiken), www.scb.se/rams

Summary of accounts for municipalities (RS)

Aim and background

The aim of the survey Summary of Accounts for Municipalities (RS) is to provide both at the municipal and the national level reliable data on the financial position of municipalities, regarding their current position and changes. The survey also contains an inventory of companies owned by local government.

The summary of accounts contains a large amount of annual financial data from the accounts of the municipalities. All municipalities are included and data is reported both in summary form at the national level and as key figures at the municipal level. The summary includes the two earlier separate expenditure surveys "Jämförelsetal för huvudmän, Barnomsorg och skola" (Comparative figures for

principal organisers, Child care and the school) and "Jämförelsetal för socialtjänsten" (Comparative figures for social services).

Use of statistics

RS is used by NA as a source for calculating the municipal share of GDP, net lending, investments and transfers and also the operating surplus of quasi corporations owned by local government. At the national level, data from RS is also used as a basis for calculating municipal financial equalisation.

RS has also been used at the municipal level to calculate central government grants for the maximum fee in child care and to calculate the central government grant for LSS-equalisation. The data from RS is used by:

- municipalities themselves to compare their own finances with other municipalities in order to identify opportunities for making efficiency gains.
- the Ministry of Finance to determine the financial status of individual municipalities and to follow up and evaluate municipal activities.
- banks and other financial institutes to assess the credit status of municipalities.

Objects and population

RS comprises a large amount of financial data from the annual reports of the municipalities. The population is made up of all 290 municipalities in Sweden.

Summary of accounts for county councils

Aim and background

The Swedish Association for Local Authorities and Regions collects statistics on the financial status in county councils and regions. The statistics are intended to provide data about health and medical care, and other county council activities at both the regional and national level. They should satisfy the requirements of the central government for economic data about the sector. Not least the county councils and regions should be given the opportunity to compare themselves with each other.

Use of statistics

The financial statistics are intended to satisfy the central government's requirements for public statistics and provide amongst other things the basis for the county council share of GDP, investments, transfers, operating surplus and also net lending.

At the national level, data from the county councils' summary of accounts is used as a basis for calculating financial equalisation for the county councils.

Objects and population

The statistics comprise a large volume of economic data from the annual reports of the county councils. The population is made up of all the county councils in Sweden, and also health and medical care in Gotland.

For further information, see [Facts on statistics <www.skl.se>](http://www.skl.se)

Basis for the central government's net lending

The Swedish National Financial Management Authority, ESV, is a central administrative authority under the Ministry of Finance. ESV collects, processes and analyses data on the financial status of the central government. The information is used, among others, as a basis for calculating the central government share of GDP and net lending in the National Accounts. For further information, see

www.esv.se

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List of terms

A		inkomst	income
arbetsmarknad	labour market		revenue
analys	analysis	institution	institution
		investering	investment
		import	import
B		K	
budget-propositionen	the budget bill	kommun	municipality
		kommunalskatt	local taxes
E		kommunsektorn	municipal sector
ekonomi	economy		consumption
		konsumtion	
F		L	
företag	company	landsting	county council
förmögenhet	wealth		
förskola	pre-school		
Försäkringskassan	Swedish National Social Insurance Administration	M	
		marknadspris	market price
		myndighet	public authority
förvaltning	administration	N	
		net	net
		näringsliv	market producers
G		O	
grundskola	compulsory school	offentlig omsorg	public care
gymnasieskola	upper secondary school	organisation	organisation
H		P	
hushåll	household	pension	pension
hälso- och sjukvård	health services	politisk	political
Högskoleverket	National Agency for Higher Education	produktion	production
		R	
I		Regeringskansliet	Government Offices
ideell	non-profit	Riksbanken	central bank
infrastruktur	infrastructure	räntor	interest rates

S		T	
samhällsskydd	public security	taxeringsutfall	tax assessment
sektor	sector	tillgång	asset
sjuk	ill, sick	tjänster	services
skatt	tax, duty		
skola	school	U	
Skolverket	Swedish National Agency for Education	Universitet	university
		utbildning	education
		utgifter	expenditure, cost, expenses
skuld	liability	utjämning	equalisation
socialförsäkring	social insurance	utland	abroad
Socialstyrelsen	National Board of Health and Welfare	utredning	investigation
		V	
socialt skydd	social securities	verksamhet	activity
		varor	goods
socialtjänst	social services	vård	care
stat	central government	Å	
statistik	statistics	ålder	age
statsbudget	central government budget	årsredovisning	annual report
		Ä	
statsskuld	central government debt	äldreomsorg	care of the elderly
studiemedel	study assistance, study grants		

Subject index, explanation of terms

Term	Explanation
Assistance allowances 109	Persons who are covered by the Act (Lag 1993:387) concerning Support and Service for Persons with Certain Functional Impairments (LSS) have the right to assistance in their daily activities according to the Act on compensation for assistance (LASS Lag 1993:389) if a person needs assistance for their basic needs for an average of more than 20 hours a week. Questions concerning compensation for assistance are handled by the Swedish Social Insurance Administration.
ATP 125	The former national supplementary pension scheme. The former national old age pension system consisted of two parts, the national basic pension scheme and the national supplementary pension scheme (ATP). The national basic pension was a flat-rate provision covering all pensioners while ATP depended on income. Entitlement to full ATP required 30 years of work. Employers' fees together with a buffer fund financed ATP. ATP was designed to cover 60 per cent of the average pensionable income during the "best" 15 years. ATP can be described as a defined benefit, pay-as-you-go system (DB PAYG). ATP, introduced in 1960, proved to be financially unsustainable and a reform was needed.
Budget margin 43	The margin that exists for unforeseen expenditure under the expenditure ceiling. During the three-year period covered by the expenditure ceiling, both socio-economic development and the consequences of previously made decisions differ from what would have been expected. Since the expenditure ceiling is nominal and not to be changed as a consequence of changing growth conditions, the budgetary margin constitutes a buffer against different types of risks. This may be, for example, higher unemployment, higher price and salary increases and lower GDP growth.

Term	Explanation
Central government budget 35, 51	The central government budget is the government's proposal for the budget which is submitted in two steps to the Riksdag. The first step is in the spring bill, which contains the guidelines for economic and budgetary policy. The second step is the budget bill, which is submitted in September and contains proposals on how central government funds should be allocated for different purposes, and calculations of central government income for the following year.
COFOG 60	Classification of the Functions of Government. An international classification which groups expenditure of the public sector in terms of their function or purpose.
Consolidate 45, 51, 52, 59, 71, 74, 75	When calculating e.g. net lending in the public sector, the overlapping elements which the different subsectors share with each other are excluded. Another way of describing this is that the sector is consolidated.
Consolidated public sector 51, 59	Means that the flows of money between different subsectors within the sector are removed.
Consumption 18, 25, 28, 43, 56, 59, 60, 61, 62, 64, 83, 94, 137, 138, 139	Consumption data consists of domestic institutional units' expenditures on goods and services, used for direct satisfaction of individual needs or desires or collective needs amongst members of a community. Consumption expenditure can occur in domestic territory or abroad. According to the European System of National and Regional Accounts (ESA), public sector expenditure comprises consumption use, salaries, production subsidies and capital consumption.
Derivatives 39, 73	Derivatives give rise to rights and obligations which mean that one or more of the financial risks that exist in an underlying primary instrument are transferred between the parties who have issued or acquired the derivative. Typical examples of derivatives are forward transactions, swaps, and option contracts.
Discounting 39	This means that e.g. payments taking place at different points in time are converted into a value based on one point in time.

Term	Explanation
Economic assistance 66	Financial support, social assistance.
Expenditure ceiling 42, 71	Maximum level for central government expenditure. Expenditure ceiling, decided by the Riksdag, normally for the following three years.
Expenditures subject to ceiling limits 43	Funds which are actually consumed during the budget year. Expenditure under the ceiling comprises expenditures of the central government budget and the old-age pension system. The expenditures include funds allocated, as well as funds saved from the preceding year. Expenditure area 26 (interest on national debt etc) is not included in ceiling limited expenditure.
Extraordinary income/expenditure 105, 123, 152	Income/expenditure occurring temporarily in a specific year. Income before extraordinary items is thus a better measure of the current financial position than after extraordinary items.
Foreign currency debt 39	Central government borrowing in foreign currency.
Gainfully employed 161	The number of persons employed is reported in a number of different sources, using different methods of measurement and definitions. The National Accounts use the Labour Force Survey (LFS) as a source for measuring total employment, but also use other sources for distribution by sector and industry. NA makes certain additions to LFS, e.g. for persons under 16 and over 64 (who are not included in LFS). NA just like LFS is intended to measure the number of employees, i.e. no conversion is made to annual full-time equivalents. Labour statistics based on administrative sources, RAMS, also measures the number of employees. Here measurements are made in November, whilst in LFS measurements are made one week each month of the year.

Term	Explanation
GDP expenditure approach 22	GDP from the expenditure side in the National Accounts is a compilation which shows not only supply (as a flow, not a stock) of goods and services in a country over a period of time, but also the use of these goods and services. The components are GDP and imports on the supply side and consumption, investments and exports on the use side. Total supply and total use are equivalent by definition.
Gross capital formation 43, 97	Gross capital formation covers <ul style="list-style-type: none"> • gross fixed capital formation • inventories • objects of value (acquisition minus sales) Gross capital formation means investments prior to deductions for use of the capital during the period.
Gross fixed capital formation 64, 69	Consists of domestic producer's acquisitions, minus sales, of fixed assets during a given period - e.g. buildings, vehicles and other machines. In addition, immaterial assets such as computer software and literary works.
Income base amount 125	Each year the Government determines an income base amount which is calculated with reference to changes in the income index according to the Act (1998:674) on income-based pension (LIP), section 1 chap 6 §. (SFS 2002:778). The income base amount for 2004 was SEK 42 300.
Intermediate consumption 29, 61	Consists of goods and services used as inputs in the production process. These goods and services can either be further refined or consumed in the production process. Not included here are fixed assets, the use of which is treated as capital consumption.
Legal persons 56	Legal persons are those legal entities which are not physical persons. Examples of legal persons are limited liability companies, partnerships, associations and foundations.
Market value 74	The value which an asset has based on the view of the market where the asset is for sale. The market value is shown by the listings of the stock and currency markets.

Term	Explanation
Net expenditure (county council) 152	All expenditure with deductions for all income. This refers to the expenditure which the county council finances through taxes, central government grants and net interest income/expense. This refers to the fact that the costs of the activity which the county council produced for persons other than its own population, as well as patient fees are deducted.
Net lending 73	That part of disposable gross income which is not consumed or used for gross capital formation, that is total income minus total expenditure.
Nominal value 30, 74	Term for measures that do not take price changes into consideration. An equivalent term to nominal value is the value in current prices.
Non-profit institutions serving households (NPISH) 18, 129, 130	Non-profit institutions serving households consist of non-commercial organisations serving households. Their main income arises from voluntary contributions or from the public sector. In addition, income may occur from temporary sales and capital. Examples of NPISH are sports associations, trade unions and religious societies.
Pharmaceutical benefits 118	According to the Act (2002:160) on pharmaceutical benefits etc, certain pharmaceutical products are covered by the cost reduction (also called pharmaceutical discount) which provides protection against high costs for the consumer. Decisions on which pharmaceutical products are included in this benefit are made by the Pharmaceutical Benefits Board.
Physical persons 18, 55, 56	A legal term for individuals. Compare legal persons representing legal entities which are not physical persons, for example, limited liability company, partnerships, associations and foundations.
Product taxes 51	Taxes which are paid per unit for goods or services which are produced or included in a transaction (ESA § 4.16). Import duties, energy taxes and value-added tax are examples of product taxes.
Production taxes 51, 53	Other production taxes consist of all taxes which a company is obliged to pay as a result of its production activities independently of the quantity or value of what is produced or sold of the goods and services (ESA § 4.22).

Term	Explanation
Salaries 24, 61,	In the National Accounts, the term "salaries" covers real salaries, employers' actual collective fees, production taxes and special taxes on salaries. Real salary refers to the salary which the employer pays out and also benefits in kind (i.e. the goods and services which the employee receives free or at reduced prices). The real salary is adjusted for changes in holiday pay liabilities.
Social benefits in kind 61, 94	Social benefits in kind mentioned earlier as direct consumption, consist of goods and services for households which are produced by market producers. Examples of social benefits in kind are healthcare agreements, rehabilitation, dental care.
Social charges 32, 51, 52, 54, 81, 135, 136	Largely consist of compulsory fees paid by the employer e.g. sickness insurance, general pension, labour market fees and parental insurance charges.
Social insurance sector 17, 51, 53, 54, 125, 129, 130	Earlier term for the old-age pension system. The social insurance sector as of 1998 comprises only the old-age pension system.
Stability and growth pact 21, 30, 44	Defined in the EU Treaty which states that the national debt of member states may reach a maximum of 60 per cent of GDP and that their budget deficits may reach a maximum of 3 per cent of GDP.
Swedish National Debt Office 39, 40	The authority which administers the central government's debt as well as borrowing.
Taxation 55	Determines the amount from which a tax or a fee is calculated.
Transfer 3, 14, 15, 17, 18, 20, 28, 29, 30, 31, 32, 33, 34, 51, 52, 59, 64, 65, 66, 67, 68, 81, 83, 86, 144, 158, 159, 161, 162	One way payments from one unit to another. No corresponding performance required as a rule.
Value-added 23, 32, 61, 80	A sector/industry's value-added is the value of its production minus resources consumed in production. The total of all sectors/industries' value-added with a supplement net of production taxes and production subsidies make up GDP at market prices.

Public Finances in Sweden 2006

gives an overview of the public sector's finances and activities from a macroeconomic perspective. In diagrams as well as text, the development of various categories of income and expenditures is shown for the sector and its parts – the central government sector, the local government sector and the old-age pension system. Different measures of the size of the public sector are provided along with corresponding measures for other EU and OECD countries.

An account is given of the public sector's responsibilities and management as well as the role of the central government budget in the Swedish economy. Government debt and Sweden's net lending according to the requirements of the Maastricht treaty are also described.

The book provides a detailed description of the various transfers to households as well as the expenditures for the extensive welfare services covering education and care services.

Also described are the different sources for the statistics presented. A number of tables with basic statistics are included.

Public Finances in Sweden 2006 is directed towards those interested in financial and social issues on a national level.

ISSN 1653-5057
ISBN 91-618-1329-X
ISBN 978-91-618-1329-2

Publikationstjänsten:

E-post: publ@scb.se, tfn: 019-17 68 00, fax: 019-17 64 44. Postadress: 701 89 Örebro.

Information och bibliotek: E-post: information@scb.se, tfn: 08-506 948 01, fax: 08-506 948 99.
Försäljning över disk, besöksadress: Biblioteket, Karlavägen 100, Stockholm.

Publication services:

E-mail: publ@scb.se, phone: +46 19 17 68 00, fax: +46 19 17 64 44. Address: SE-701 89 Örebro.

Information and Library: E-mail: information@scb.se, phone: +46 8 506 948 01, fax: +46 8 506 948 99.
Over-the-counter sales: Statistics Sweden, Library, Karlavägen 100, Stockholm, Sweden.