



Statistiska centralbyrån Statistics Sweden

A background image showing a pair of hands cupped together, holding several Swedish Krona coins. The image is in a light, desaturated blue tone, blending with the overall design.

Public Finances in Sweden

2007

Public Finances

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 Sveriges officiella statistik
Statistiska centralbyrån
2007

Public finances in Sweden 2007

Official Statistics of Sweden
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Foreword

Statistics Sweden presents now the second issue of the yearbook *Public Finances in Sweden*. 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 (SCB) ambition is to bring together current data on the finances and development of the public sector into a single annual report. The book comes out in both a printed and a web version, at www.scb.se, in Swedish and in English.

In *Public Finances 2007*, 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 state, municipalities and county councils are responsible, but statistics are also presented for the government-owned corporations. The sector's financing and expenditure, mainly for consumption and transfers, is described from a macroeconomic perspective. The size of the public sector in Sweden compared with other countries is also discussed.

The book has been produced by the Unit for Public Finance at Statistics Sweden. The working group consisted of Ingegerd Berggren, Hans Björklund, Marie Glanzelius, Johan Norberg and Katarina Wizell. Other members of the department for Macroeconomics and Prices have also participated in the work.

Many thanks for constructive views on our work and valuable comments on the final draft to Olle Djerf, chairman of Statistics Sweden's (SCB) Advisory Council for Macroeconomics and Prices, Mikael Marelius of ESV, Klas-Göran Larsson at the Ministry of Finance, Stefan Ackerby, the Swedish Association of Local Authorities and Regions and Claes-Håkan Gustafson from SCB's Business and Labour Market department.

We hope to receive readers' views on this year's issue.

Statistics Sweden February 2007

Gunnel Bengtsson

Heather Bergdahl

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Summary

Public Finances in Sweden 2007 gives an account of the financial status of the public sector in Sweden from a macroeconomic perspective. By using different official measures from the most recent statistics to date, our aim with this yearbook is to provide a total picture of what the public sector in Sweden encompasses, how it is governed, which responsibilities it is given, how much these responsibilities cost, how they are financed and whom its services benefit.

The structure of the public sector

The public sector in Sweden comprises three sub-sectors: first, the central government sector including the Swedish Parliament (Riksdag) and government 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, the care of 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 Domestic Product (GDP). In 2005, the public sector's contribution to GDP regarding consumption indicated that the public sector in Sweden constituted 27 percent 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 and The Netherlands also indicate a large public sector, both reporting 24 percent of GDP. At the other end of the scale are Greece, Ireland and the new member state of the EU, Romania, reporting 16 percent of GDP respectively. There are, however, certain difficulties with these comparisons due to minor 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 746 billion in 2005, which was an increase of SEK 52 billion compared to 2004. Expenditure, for 2005, amounted to SEK 732 billion, which was an decrease of SEK 13 billion compared to 2004. The subsequent deficit for 2004 contributed to the rise of the central government debt which amounted to 49 percent of GDP at the end of 2005. Recent figures on the balance of the budget for 2006 indicate a surplus of SEK 18 billion.

The surplus target for the public sector

A surplus target for the public sector has been passed by the Riksdag and been in effect since the year 2000. It is expressed in terms of net borrowing and lending, which is the balance of total revenue and expenditure. Figures from each sub-sector are consolidated and calculated on an accrual basis by the National Accounts. The target level is a surplus of 2 percent, 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 2005, the surplus level amounted to an average of 2.0 percent of GDP.

Total revenue for the public sector in Sweden, raised mostly from taxes on income, wealth and production, totalled SEK 1 516 billion in 2005 (57 percent of GDP). The total tax ratio in Sweden, the sum of taxes and fees in relation to GDP, was 52 percent in 2005. Total expenditure, on the other hand, totalled SEK 1 442 billion in 2005 (54 percent of GDP). The largest share of expenditure comprised consumption, SEK 724 billion (of which wages constituted 42 percent), and transfers, SEK 591 billion (of which 84 percent is directed towards households). Investments amounted to SEK 74 billion and expenditure on interest payments etc. was SEK 53 billion.

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	Hälso- 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. With each annual issue, Statistics Sweden (SCB) will supplement the time series with the latest available data from the official statistics.

Different definitions and data sources

The public sector can be defined in different ways and its size can be assessed using different measures. The definition used when making calculations concerning public sector finances is obviously of great importance for the data presented.

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 (EG No 2223/96).

The data presented in this publication are based on statistics from different sources which can lead to differences in methods of calculation and figures.

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*.

Different perspectives

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 central government budget, its central terms, and economic transactions with the EU are also described.

In the second part (Chapters 5–6), 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 7–12) presents the finances of different subsectors in the public sector (central government, municipality and county council, old-age pension system) and also for government-owned companies with a starting point in the various annual reports.

Reading recommendations

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

Facts on Statistics

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.

Reading guidance

- 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.
- Abbreviations are explained in *Abbreviations*

2 The public sector's structure, responsibility and use

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 chapter concludes with illustration of individuals’ use of public services in different age groups.

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 sub-sectors 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 sector¹ 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

¹ 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”.

which are "non-market producers", whilst public authorities only comprise those activities that are funded out of taxes. Publicly-owned companies which operate under market conditions are included neither in the public sector nor in public authorities.

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 companies. Whole institutional units are classified which means that municipalities, county councils are counted in total as well as central governments units, even if they produce goods and services for a market. Publicly-owned companies which operate under market conditions are not included.

Other sectors

The corporate sector is responsible for production of goods and both financial + non-financial services sold on markets. Even quasi-companies that are subject to control by government units are included.

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 2000–2005. Statistical Report NR 10 SM 0601.

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 authority on the degree of success. The Riksdag and the government decide on the framework 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 appropriation directions 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 municipality'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). Certain laws stipulate *obligations* in the sense that municipalities and county councils are obliged to provide certain services such as the Health and Medical Services Act (1982:763). Other laws give individuals *rights* to claim a service for example the Social Services Act (2001:453). 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 in 2005 for economic policy for the years 2005–2008. The general guidelines focus on enhancing growth and employment.

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

Preschool, 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

Environmental and nature protection, community planning, housing, communications, measures concerning energy, agricultural sciences

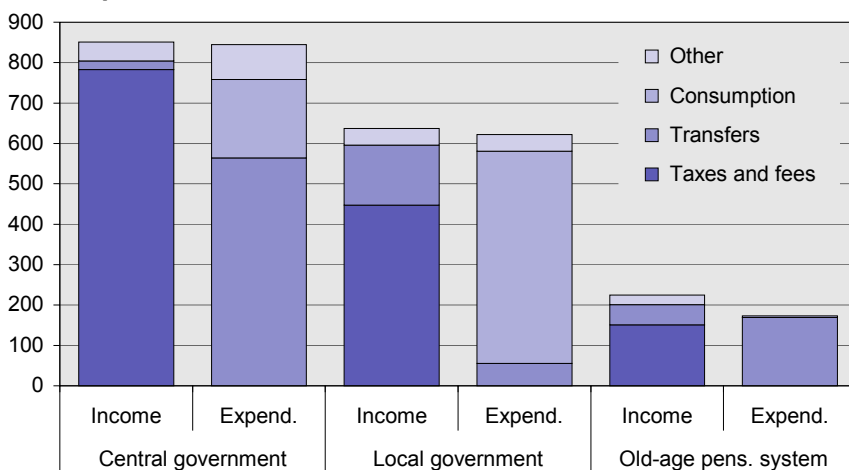
A central principle governing the distribution of tasks in the Swedish administrative model is that the responsibility for activities and decisions shall be as close to the people affected by the decision as possible. Decentralisation also makes it possible to adapt activities to local conditions.

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).

The sub-sectors of the public sector

The public sector can be divided into sub-sectors 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 sub-sectors 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 2005 for sub-sectors 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 sub-sectors, 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 sub-sectors

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.

Responsibilities of the sub-sectors

The central government: Legislation, central management and administration, economic policy, tax collection, foreign policy, EU issues, immigrants, refugees, integration, defence, police and judicial system, financial security, higher education, research, study support, cultural issues, infrastructure, labour market, industry, agriculture and forestry, public quasi corporations and central government-owned companies.

Municipalities: Social care, education (preschool, compulsory school, upper secondary school, adult education), planning and building, environmental and health protection, refuse collection and waste product processing, water and sewage, emergency services, civil defence, libraries, housing, voluntary tasks (recreation and culture, technical service, supply of energy, maintenance of streets), regional and public transport and municipally owned companies.

County councils: Health and medical care, dental care, public transport, regional development, voluntary activities (culture, education, tourism) and county council owned companies.

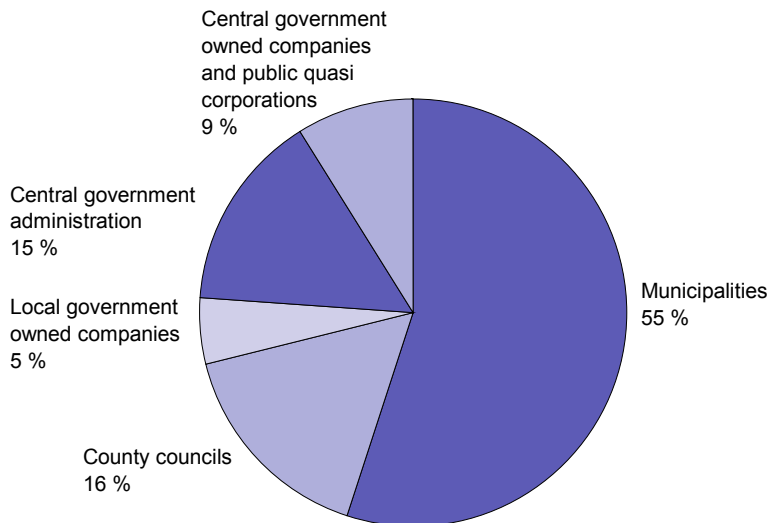
Old-age pension system: Income pension system+guarantee pension, Premium Pension System (PPM).

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.

The finances and activities of publicly-owned companies are presented in general, and in NA, in connection with the activities of the corporate sector because they operate on a market. From the wider perspective of public ownership, however, publicly-owned companies can be seen as belonging to the public sector.

The number of employed persons in the public sector including publicly owned companies and quasi corporations was 1.5 million in 2005. This level has been relatively constant since 1997. During the same period, the number of employed in the non-public sector has increased from 2.6 million to 2.9 million, in other words by 13 percent.

Employed persons in different parts of the public sector 2005.
Percent



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 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 individuals 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 individuals to the public sector, for example, through payment of taxes and social charges vary during the different stages of life.

A glance at the use of public services

The illustration below shows how the more substantial individual services and transfers are distributed on average amongst individuals by age groups. 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. Child allowances are included for the appropriate ages.
- medical care and also sickness benefit, and sickness and activity compensation
- unemployment benefit and parental allowances
- care of the elderly and general pensions

The larger collective services, i.e. services such as defence and police, infrastructure in terms of streets and roads, central government administration etc. are included as well as trade and industry matters according to NA's distribution of public sector expenditure for consumption by function. These services are distributed evenly across all age groups due to their general nature.

The *contributions* of individuals 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.

The illustration below shows that individuals benefit from welfare services and the transfer systems in the lower and higher age groups, whilst the largest contributions to the public sector are made by individuals in their active middle years.

Data sources for the illustration

Information on individuals' income from sickness benefits, sickness and activity compensation, unemployment benefits, child allowances, parental allowances and expenditure in the form of income taxes come from Sweden's income statistics as well as the survey on households' economy in five year classes.

Information from the official statistics on the public sector's expenditure on care of the elderly, health and medical care, and education have been distributed to age classes according to the statistics on users in different ages for each respective area (the Swedish National Agency for Education, the National Board of Health and Welfare, the Swedish National Board of Student Aid).

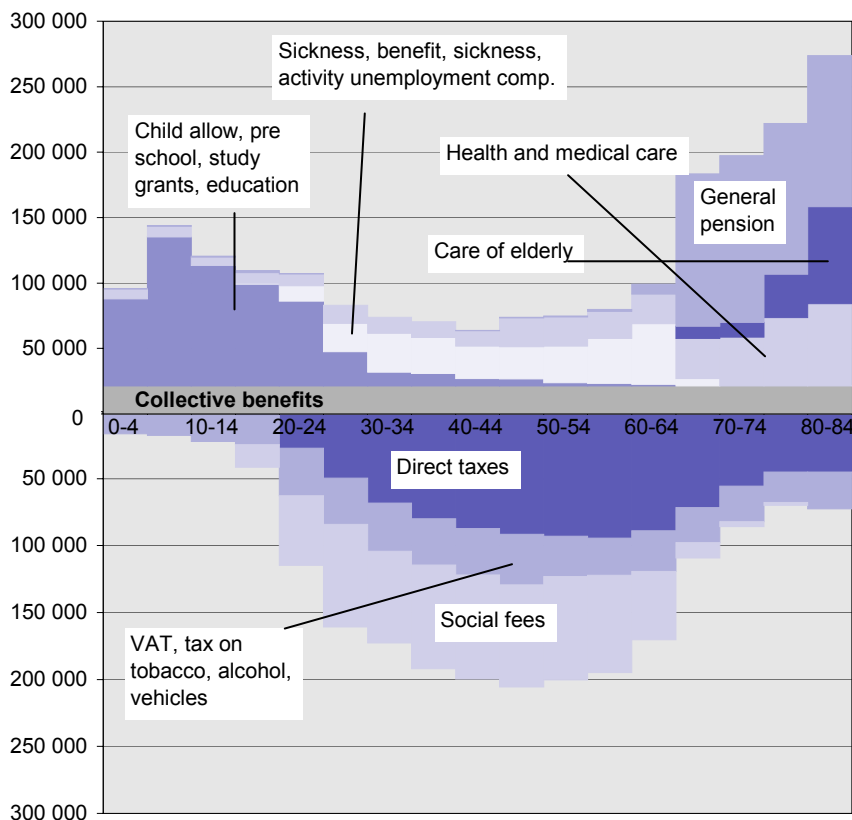
Information on the public sector's expenditure for collective services have been taken from NA and been distributed in a standardised manner across age groups.

Information on VAT and selective purchase tax has been distributed to age groups according to household surveys.

Information on social charges has been distributed by age groups according to employment statistics.

The illustration reflects conditions at the beginning of the present decade differing very little from the prevailing conditions thirty years ago. The tax and transfer systems (including different forms of publicly financed activities) redistribute resources in society in this manner.

**Certain public individual services and transfers and taxes paid etc.
Distribution in SEK / individuals by age categories.**



The data is presented in SEK per individual and 5-year categories. The calculated expenditure and income from each category is divided by the number of individuals in each respective category. Data is shown only up to the age class of 80–84 due to large uncertainties in data after that age.

Analyses of redistribution during a life cycle

The overview conveyed by the illustration is based on statistics over expenditures to and income from the public sector over the period of one year. Studies carried out by the Långtidsutredningen 2003/04 (*The Long-Term Survey of the Swedish Economy 2003/04, SOU 2004:19*) have their starting point from a life cycle perspective and show that more than 80 percent of annual redistribution goes to the same individual, either within the same year or later in life. Less than 20 percent is redistributed to another individual.

Aided by so called generation analyses, where each generation is identified as one age group, the analysis can go further in depth to describe the distribution and redistribution of resources between individuals occurring within the public sector. In the report, "Generationsanalyser – omfördelning mellan generationer i en växande välfärdsstat" 2006 (*Generation analyses – redistribution between generations in a growing welfare state 2006*) an analysis is presented based on life accounts in relation to the public sector for all individuals which are then summed up for whole generations. The analysis shows the following with regards to redistribution through the public sector:

- Redistribution does occur between generations. The largest redistribution is directed towards the generations born in the beginning of the 1930's and the generations born in the 1980's. The least redistribution is directed towards generations born in the 1940's and those born in the end of the 1960's and beginning of the 1970's. All generations in the analysis have a positive balance in relation to the public sector. These results are due to the assumptions made on mostly unchanged guidelines for the public finances and continued development.
- The redistribution that does occur is small in comparison to the individual's own life income. The redistribution occurring via the public sector does not explain the difference in consumption possibilities between generations over the span of a whole life time. The consumption possibilities that a generation has are explained by individual income derived from gainful employment, from capital and from living conditions. The redistribution between generations is also very small compared to the redistribution occurring within a generation.

Data sources for life cycle analyses

The analyses are based partly on historical data for 1930–1998, and partly future data for 1999–2110. The historical data is stored in a new database at Statistics Sweden where statistics from NA and statistics based on individuals have been integrated. The main data source for the statistics on individuals, and thereby the generation analysis, is the database at Statistics Sweden called LINDA which is a longitudinal database built on a sample of Sweden's population of approximately 3 percent.

The future data is generated by a simulation model called SESIM in order to enable calculation of individuals' incomes, taxes and transfers. Calculations for the public finances are based on the macro model called FIMO which in turn is based on NA.

Source: ESS. Generationsanalyser – omfördelning mellan generationer i en växande välfärdsstat. 2006:6.

Reading recommendations :

Government Offices of Sweden, *The Lisbon strategy*. www.regeringen.se

The Long-Term Survey of the Swedish Economy 2003/04, SOU 2004:19.
www.sweden.gov.se/publications

SCB. *Standard Classification by Institutional Sector 2000, Standard Classification by Ownership Control*. MIS. 2001:2.

Related to this section are the following:

Table 3. Employment by sector according to Labour statistics based on administrative sources and National accounts

Table 4. General government expenditure, consolidated, current prices

Table 5. General government receipts, consolidated, current 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.

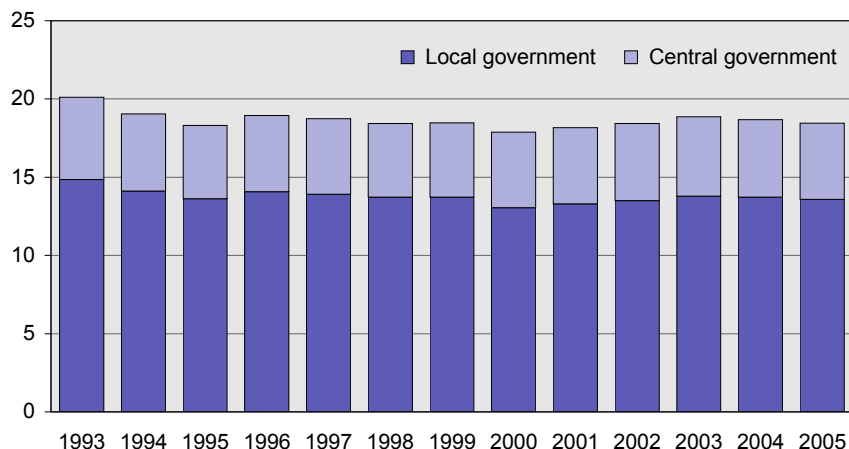
Summary of different measures of the size of the public sector 2005. Percent

Public authorities' share of total value-added	18
Public sector <u>consumption</u> and investments	30
Employment in public sector exclusive publicly owned companies	31
Employment in public sector inclusive publicly owned companies	36
Public sector expenditure	54
Public sector income	57

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

GDP is the sum of value-added in all sectors and all industries. Part of GDP is produced by public authorities. The public authorities' value-added is equivalent to their contribution to GDP. This contribution has been between 18 and 20 percent during the period 1993 to 2005 according to the National Accounts (NA). In 2005 the proportion was 18 percent. 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, 1993–2005. Percent

Local govt. refers to both municipalities and county councils.

Source: Statistics Sweden (SCB), National Accounts

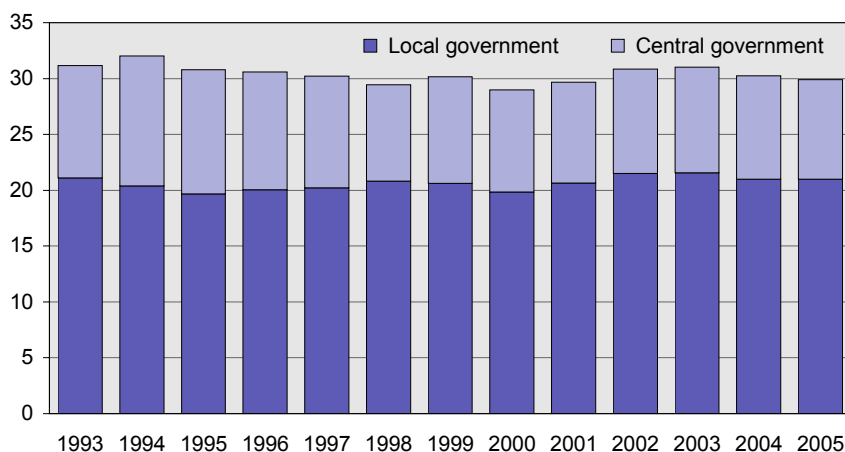
NA delimits the public sector to covering in principle only the public authorities. Business activities run under public ownership are not included. This means, among other things, that public quasi-corporations such as the Swedish Maritime Administration (Sjöfartsverket) and the Swedish Civil Aviation Administration (Luftfartsverket) 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 Structural Business Statistics, value-added for these activities corresponds to 7 percent of GDP. The public sector's share of GDP would, according to these statistics, increase from 18 percent of GDP to at least 25 percent if publicly owned companies and public quasi-corporations were included (see Chapter 12).

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 corporate sector to GDP. Production in the corporate sector is assessed and prices are fixed on a market, which is not the case for production in the public sector. Whilst production in the corporate sector can thus be calculated from the use side, production for public authorities is calculated from the resource side by salaries paid and social charges with additions 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 investments² 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 1993–2005. Percent



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

Source: Statistics Sweden (SCB), National Accounts

The share of GDP for public sector consumption and investments has been constant during the time period. In 1994 the public sector share was at its highest at 32 percent. The lowest proportion since that time has been 29 percent and in 2005 has increased to 30 percent.

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

² The term, "investments", is used synonymously with "gross capital formation" which is the official term according to ESA95.

depending on the aim of the presentation. Employment statistics from Statistics Sweden's sample surveys such as the Labour Force 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.

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, 2005

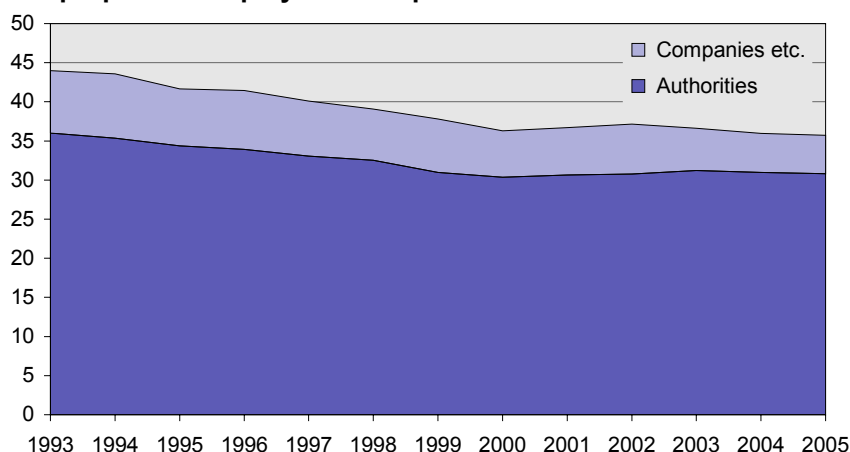
National Accounts	Percent	Number
Central government including social security funds	5.6	240 800
Local government	25.3	1 095 400
<i>Sum of public authorities</i>	<i>30.9</i>	<i>1 336 200</i>
<u>Non-profit institutions serving households</u>	2.6	113 400
Market producers and producers for own final use	66.5	2 878 700
Total, whole economy	100	4 328 300
RAMS		
Central government	5.5	229 930
Municipal administration	19.4	812 459
County councils	5.9	245 190
Other public institutions	0.0	1 087
<i>Total public authorities</i>	<i>30.8</i>	<i>1 288 666</i>
Public quasi-corporations	0.1	5 416
Companies and organisations owned by central government	3.1	127 879
Companies and organisations owned by local government	1.7	72 112
<i>Total publicly owned companies and organisations</i>	<i>4.9</i>	<i>205 407</i>
Limited companies, not publicly owned	51.4	2 152 029
Other companies, not publicly owned	8.5	357 628
Other organisations	4.3	180 826
Total, whole economy	100	4 184 556

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

According to RAMS the proportion employed was 31 percent in the public authorities. Including public quasi-corporations and companies

owned by central or local government, the proportion amounts to 36 percent. The figure of 31 percent corresponds to the proportion employed in central and local government according to NA.

The proportion employed in the public sector 1993–2005. Percent



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 percent. This trend coincides closely with changes in value-added as a proportion of GDP. 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.

One reservation can be made for the practice of using employment as a measure of the size of the public sector namely, that employment can decrease when activities are purchased from the corporate sector or from non-profit organisations. This kind of purchase of activities has become more frequent, and leads to the registration of employment to other sectors than the public sector, even if the activities continue to be publicly financed.

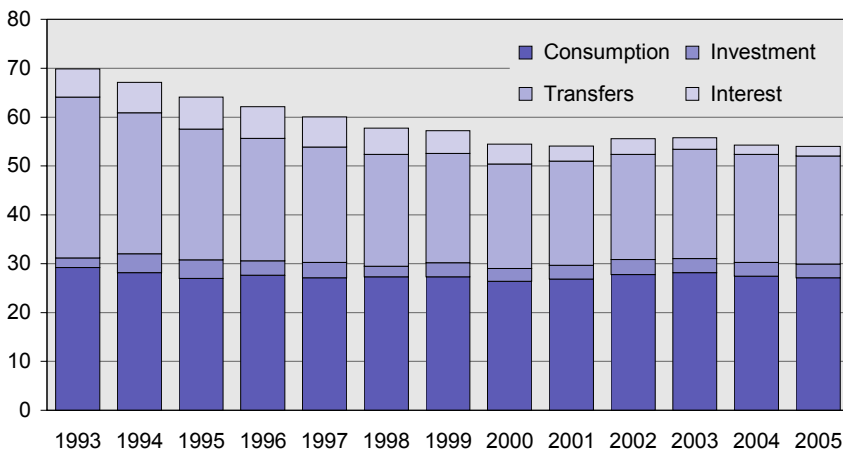
NA also reports the number of hours worked in different sectors. The public authorities' share of employment becomes a little lower when measured by number of hours worked instead of number of employees, which can depend on differences in part time jobs and absence from work.

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 thereby to the expenditure of the operations of the sector.

It is slightly dubious to relate public expenditure to GDP, since transfers and interest are not a part of GDP. 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 1993–2005. Percent



Source: Statistics Sweden (SCB), National Accounts

Expenditure in the public sector has varied between 54 and 56 percent in relation to GDP in recent years, after having been around 70 percent in 1993. As already mentioned, this cannot be interpreted as if the public sector is using 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 percent.

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

Public sector income

Public sector 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 major part of the income comes from taxes and social insurance fees. These accounted for 91 percent of the sector's income in 2005. Other income amounted to 9 percent and covers, amongst other things, interest income and dividends from public quasi-corporations and publicly owned companies.

Public sector income in relation to GDP 1993–2005. Percent



Source: Statistics Sweden (SCB), National Accounts

Income as a proportion of GDP has not varied between years to the same extent as expenditure. The proportion was at its highest in 1998–1999 with 60 percent and at its lowest in 2002 with 55 percent. In 2005 the proportion was 57 percent.

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

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 structured in different ways in different countries. For example there are differences in how taxation and other systems operate. In Sweden there are many transfers that are subject 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. A tax deduction for dependents may be provided instead of child allowances. There are also different ways of financing public operations. Health care costs can be financed wholly or in part through private insurance schemes. Education costs can also be financed in ways other than through the public sector.

The size of the public sector in certain countries, 2005. Percent of GDP

	Value-added	Income	Expenditure	Consumption
Sweden	19	59 ¹	57 ¹	27
Denmark	19	57	53	26
Finland	16	53	50	22
Norway	15	59	43	20
France	16	51	54	24
UK	12	42	45	22
Germany	9	44	47	19
EU25	13	45	47	21
USA	11	33	37	16
Japan ²	9	31	37	18

1) The data from Eurostat and NA may differ due to somewhat different definitions.

2) Data from 2004.

Source: Eurostat for EU countries, OECD for other countries

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 Sweden and Denmark. But the other Nordic countries are close. There are other EU countries which are also close to the Nordic countries, examples being France and Hungary. Germany has the lowest figure for share of value-added in the EU; this is at the same level as countries such as Japan and South Korea.

Sweden and Norway are at the top when it comes to public sector income in relation to GDP. 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 mentioned that comparisons are difficult. As earlier mentioned, the high figures in Sweden are due 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 the top, followed by France and Denmark. It is worth noticing that the Nordic countries, with the exception of Iceland, have higher income than expenditure. For the large EU countries and for EU as a whole the conditions are the opposite.

Public sector consumption should pose fewer problems when making comparisons, even though there are problems here as well. Sweden is at the top, closely followed by Denmark. Also Iceland, France and the Netherlands are quite close to Sweden. Greece, Ireland and the new member state Romania 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 31 percent to 26 percent, when adjustments are made for taxes on social expenditure and when account is taken of private insurance etc. In the USA social expenditure is increasing from 16 to 25 percent, and thereby only one percentage point below 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 1999–2005. Statistical Report NR 10 SM 0601

SCB. Social Protection Expenditure and Receipts in Sweden and Europe 1999–2004 NR 15 SM 0601

OECD. Net Social Expenditure, 2005 Edition. More comprehensive measures of social support

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 8. The size of the public sector in different countries

Table 9. Gross public social expenditure and net total social expenditure in the OECD

4 The central government budget, EU-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 fiscal policy are reported in detail: the central government debt, the expenditure ceiling as well as the calculation of net lending/borrowing. The chapter concludes with some international comparisons showing also Sweden's fees to, and grants from 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 appropriation directions 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).

Central government budget expenditures

Central government budget expenditures are reported under 27 different expenditure areas. Each expenditure area comprises expenditures within similar activities for instance, the governance of the

country, justice, defence, financial security, labour market issues, education, etc.

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 732 billion in 2005, a decrease of 1.8 percent compared with 2004. The largest expenditure area is financial security for sickness and handicap, which accounts for 17 percent 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 percent.

**Central government budget expenditure, outcome 2002–2005.
SEK billions**

Expenditure	2002	2003	2004	2005
Expenditure areas 1–27	725	703	741	725
Cash flow adjustments	-46	-7	-6	-3
Swedish National Debt Office <u>net lending</u>	50	12	10	10
Total <u>central government budget</u> expenditure etc	729	708	745	732

Source: Swedish National Financial Management Authority (ESV), Statsbudgetens utfall 2003, 2004, 2005

Central government budget

Central government budget income

Income reported in the central government budget is divided into six types, of which taxes is the largest category. The income types are in 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 746 billion in 2005. Compared with 2004, this is an increase of SEK 52 billion, of which tax revenues comprised SEK 45 billion.

Central government budget income, outcome 2002–2005. SEK billions

Income	2002	2003	2004	2005
Taxes etc.	659	608	637	682
Other income	71	53	57	64
Total <u>central government budget</u> income	730	662	694	746

Source: Swedish National Financial Management Authority (ESV), Statsbudgetens utfall 2003, 2004, 2005

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. Thus, income items shall 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 2005 nine different tax reductions were reported in the central government budget. Together, they amounted to nearly SEK 16 billion, an increase of 65 percent compared with 2004. The largest part of this increase was due to employment support to municipalities and county councils which increased by SEK 4.4 billion. This reduction item amounted to SEK 8.7 billion in total. The reduction item of special employment support was the second largest reduction item amounting to SEK 3.1 billion.

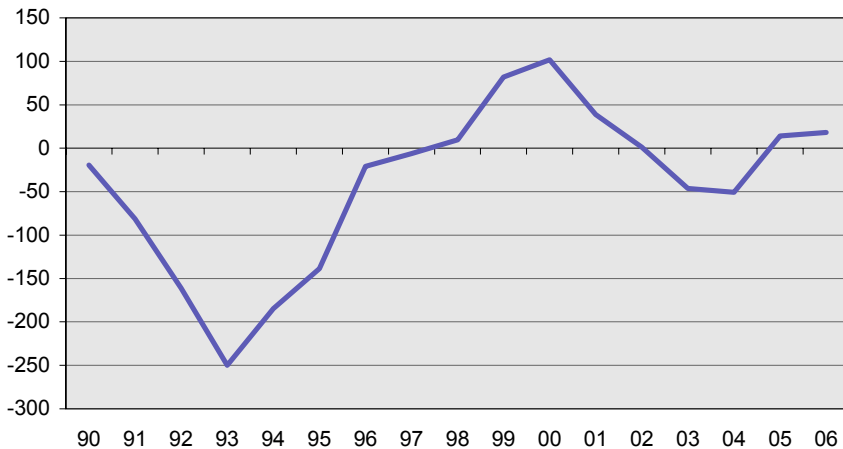
Central government budget balance

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. 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. The lowest point was reached in 1993 when the central government following the bank crisis paid out bank support to the amount of SEK 50 billion. The deficit amounted to close to SEK 250 billion at that time.

After 1993 the budget deficit decreased and by the end of 1990s and the beginning of 2000, there was a surplus. In 2000 the surplus was at its highest, slightly more than SEK 100 billion. Thereafter the balance decreased and became a deficit again in 2002–2004. In 2005 the balance once again became a surplus and amounted to SEK 18 billion in 2006.

Budget balance 1990–2006. 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

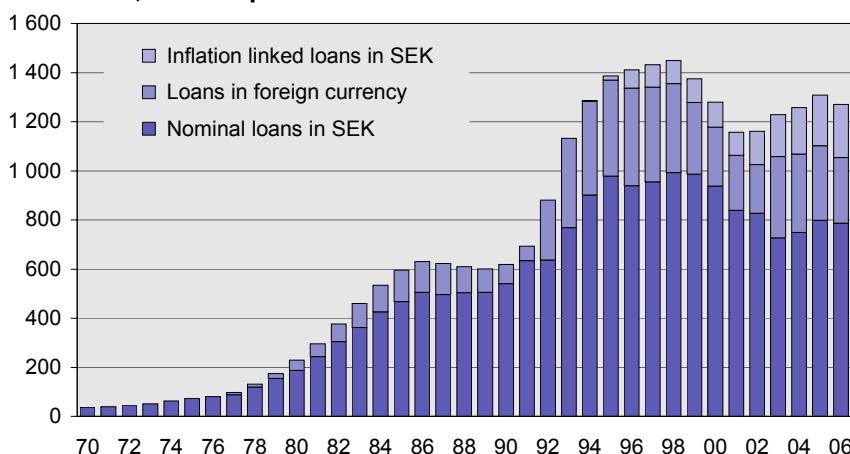
A budget deficit means that the central government needs to borrow money which generates a liability for the central government, the central government debt. The central government debt grows as a rule when there is a deficit in central government finances and decreases in those years when there is a 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 2006, the foreign

currency debt comprised 20.9 percent of total central government debt.

Changes in the central government debt and its composition 1970–2006, current prices. SEK billions

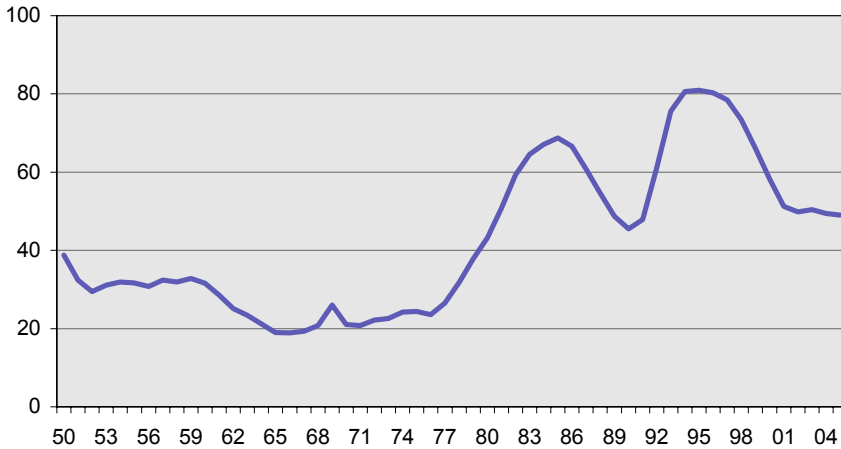


Footnote: The principles for reporting central government debt were changed on January 1, 2003. As of 2003 derivatives are included in central government debt and all debt instruments are reported in nominal values. Inflation-linked bonds are reported in nominal amounts 1994–1995, and discounted 1996–2002.

Source: [Swedish National Debt Office](#) (Riksgäldskontoret)

Between 1975 and 1985, the unconsolidated central government debt increased to nearly 70 percent 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 percent of Swedish GDP.

At the beginning of the 1990s, the economic crisis contributed to the increasing of central government debt once again. 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 2005 it was 49 percent in relation to GDP.

**Unconsolidated central government debt as a proportion of GDP
1950–2005. Percent**

Source: Swedish National Debt Office (Riksgäldskontoret)

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 percent to minimise the currency risk. A debt in foreign currency means a risk for the central government because the SEK can depreciate in relation to other currencies. The Swedish National Debt Office is authorised to amortise loans, considering foreign exchange rates.

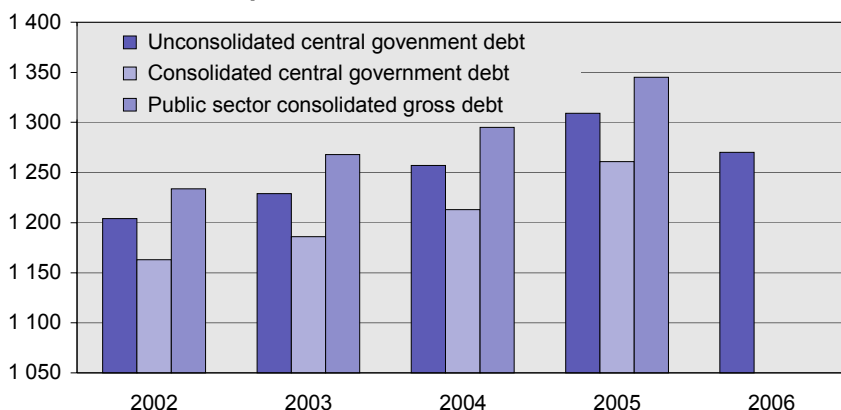
Different levels in central government debt and Maastricht debt

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 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 in the central government annual report which provides an overall picture of the financial status of the central government and changes in its economic position.

A third measure of debt is the *public sector's consolidated gross debt* (the Maastricht debt). This measure covers all of the public sector which follows that this debt is in general larger than the previously described measures.

Comparison between debt measures in the public sector, 2002–2006, current prices. SEK billions



Note: Figures on the consolidated central government debt and the public sector's consolidated gross debt are available only until 2005.

Source: Swedish National Financial Management Authority (ESV), Statistics Sweden (SCB), 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 reported ceiling limited expenditure of a total of SEK 864 billion in 2005, which implies a budget margin of nearly SEK 6 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 2000–2005. SEK billions

	2000	2001	2002	2003	2004	2005
Expenditure ceiling ¹	720	746	773	803	836	870
Expenditures subject to ceiling, outcome ¹	715	741	773	800	834	864
Budget margin	5.0	4.7	0.4	2.9	2.4	5.7

1) Expenditure ceiling and expenditures subject to ceiling are corrected for technical changes.

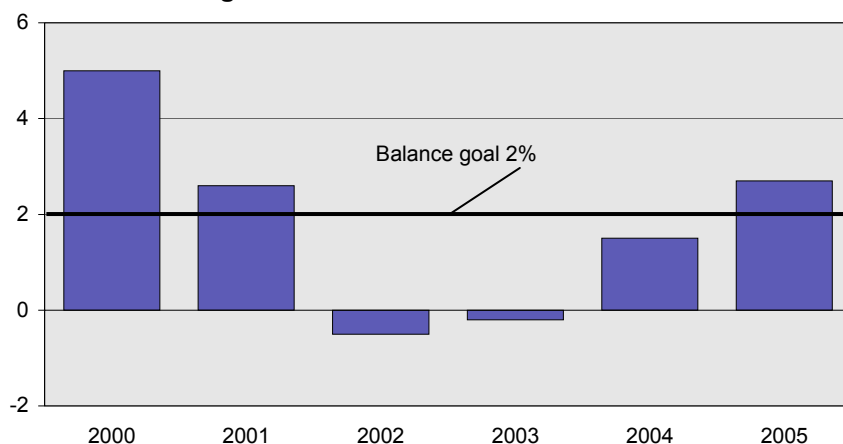
Source: Regeringens proposition 2006/07:1, bilaga 2.

Net lending and 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 set by the 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 percent of GDP over a business cycle. A change in the premium pension system will be implemented by 2007 (see Chapter 11) and will affect the level of the surplus target.

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 a business cycle dampens the economy and thus decreases the risks of increased inflation.

Net lending in the public sector as a proportion of GDP compared with the balance goal 2000–2005. Percent



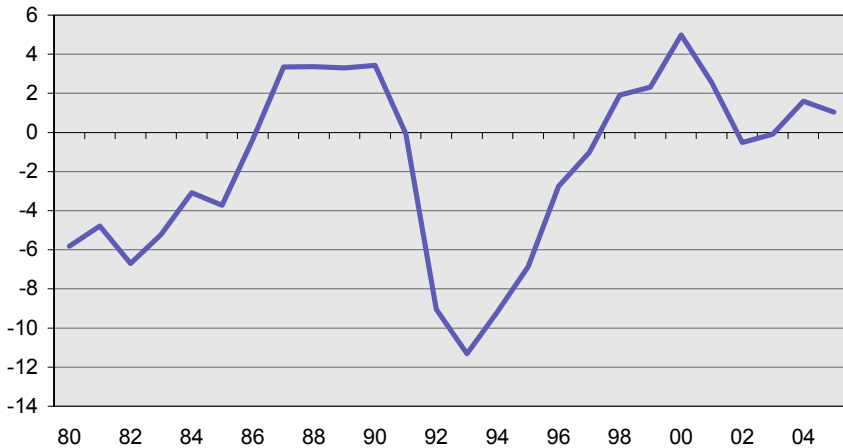
Source: Statistics Sweden (SCB), National Accounts

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 percent 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 percent 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 percent 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.

Net lending in the public sector 1980–2005, proportion of GDP. Percent



Source: Statistics Sweden (SCB). National Accounts

International demands and comparisons

Sweden has committed itself to balancing public finances within the context of its membership in the EU. 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.

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.

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 fulfils 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 percent of GDP and the deficit in public finances under normal circumstances is not to exceed 3 percent of GDP. Reporting of the public sector debt according to the Maastricht treaty is to be done in nominal values, not in market values, as is the case in the Financial Accounts. The public sector gross debt, the Maastricht debt, is calculated by Statistics Sweden.

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

Excessive Deficit Procedure, EDP

Twice a year member countries report to the European 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. 2000–2005. Percent

Year	As per ESA	As per EDP
2000	5.0	5.0
2001	2.6	2.5
2002	-0.5	-0.2
2003	-0.2	0.1
2004	1.5	1.8
2005	2.7	3.0

Source: Statistics Sweden (SCB), National Accounts, Eurostat

Since the implementation of the surplus target, net lending for the public sector has been higher than the EU average. The surplus however has decreased since the beginning of the decade when the business cycle weakened. Between the years 2000 and 2005, the surplus reached a level of 2.0 percent on average. The EU average for 2000–2005 was a deficit of 1.9 percent.

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. Another reason can be that there are higher political ambitions for stabilisation when it comes to employment in Sweden than in other countries.

A comparison between EU countries shows that in 2005, Hungary had the largest deficit with -6.5 percent of GDP, whilst Denmark had a surplus of 4.9 percent of GDP.

The Maastricht debt

The Maastricht debt at the end of December 2005 amounted to 50.4 percent of GDP. Sweden's debt relative to GDP is lower than the EU average, which for all EU countries (EU-25) is 63.2 percent and for the Euro Zone 70.8 percent. Greece (107.5 percent), Italy (106.6 percent), and Belgium (93.2 percent) have the highest consolidated debts as a proportion of GDP, whilst Estonia and Luxembourg have the lowest with a debt of 4.5 percent and 6.0 percent respectively.

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, citizenship of the union as well as formulating the EU's role as a global partner.

Income in 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 (GNI) and customs duties.

GNI differs from GDP in such a way that returns on capital and from other labour income which flow in to Sweden are added to GDP. In the same manner flows out from Sweden are deducted. Gross national income includes payments to and contributions from international organisations.

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

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 percent of the economy. Differences between richer and poorer regions are also less in Sweden than in other countries in the EU.

Sweden's fee to the EU amounted in 2005 to SEK 26 billion and thereby comprised 2.6 percent of the EU budget.

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 Guarantee section of the European Agricultural Guidance and Guarantee Fund (EAGGF). The agricultural fund also finances measures under the structural funds (amounts to about 45 percent 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 percent 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 percent of the EU budget).

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

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

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

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

Sweden's contributions from the EU

Sweden receives grants mainly from the EU agriculture and structural funds. The outcome for 2005 amounted to slightly less than SEK 12.6 billion. Grants were SEK 1 billion, or 9 percent, higher than in 2004.

Grants from EU and fees to the EU in the central government budget, 2000–2005. SEK millions

	2000	2001	2002	2003	2004	2005
Fees:						
Customs duties	2 979	3 048	2 480	2 382	2 662	3 003
Agricultural levies	312	278	194	175	210	257
VAT based fees	8 169	7 940	5 291	4 620	3 420	3 113
GNI based fees	9 688	9 396	12 125	10 811	18 998	18 893
The UK contribution	1 147	2 610	559	334	273	369
Total of EU fees	22 295	23 272	20 648	18 322	25 563	25 635
Grants:						
EU agricultural fund	7 227	7 084	7 641	8 163	8 035	8 946
EU fishery fund	91	40	32	34	25	109
EU regional fund	797	252	1 303	1 640	1 458	1 381
EU social fund	696	1 039	211	2 072	1 915	1 848
Trans European Networks	196	29	91	69	91	300
Other grants from the EU	25	41	29	39	31	7
Total grants from EU etc	9 031	8 485	9 307	12 016	11 555	12 592
Net flows from the <u>central government budget</u> to the EU	13 263	14 787	11 341	6 306	14 008	13 043

Source: Swedish National Financial Management Authority (ESV). Underlag till Årsredovisning för staten 2005

EU activities in the Swedish central government budget

The central government budget shows flows from the EU administered by Swedish authorities. The payments originate from the European 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 2005*, Stockholm 2006.

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

Regeringen. *The Budget Bill for 2007*. www.regeringen.se

Background Facts on Economic Statistics 2004:12. Net lending in the Swedish economy

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

Related to this section are the following:

Table 10. Central government budget for Sweden, income 2005

Table 11. Central government budget for Sweden, expenditure by category 2005

Table 12. Net lending/net borrowing under the EDP (Excessive Deficit Procedure) in the EU. Percent of GDP

Table 13. General government consolidated gross debt (Maastricht debt) in the EU. Percent of GDP

5 Public sector financing

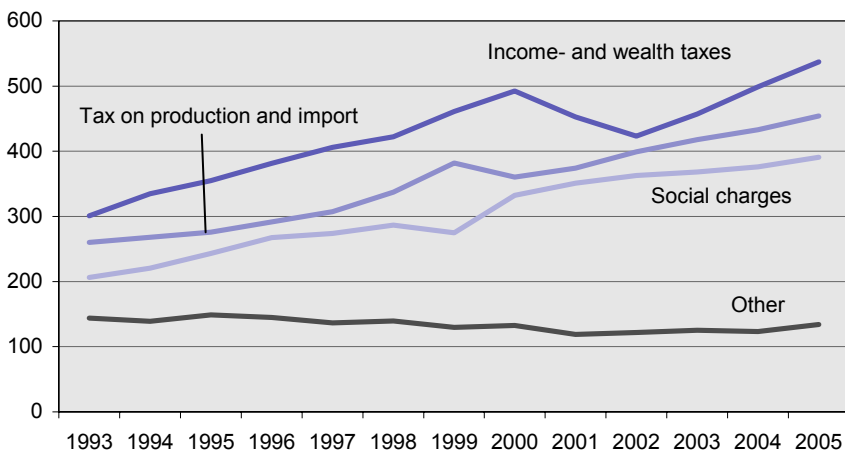
In this chapter we present the financing of the public sector where different types of income and their sources are presented. In addition, we show income for the sub-sectors (the central government sector, the local government sector and the old-age pension system). We also describe taxes and social 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. Furthermore the central government budget includes neither taxes that by definition are a part of the old-age pension system nor certain EU taxes. 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), finances for the entire public sector are covered; for the central government as well as the local government sector and the old-age pension system. A presentation is made for each sector on its own as well as for the entire 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, for example 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.

Income in the public sector 1993–2005, current prices. SEK billions



Source: Statistics Sweden (SCB), National Accounts

Total income in the public sector amounted in 2005 to SEK 1 516 billion. The major part was made up of taxes and fees.

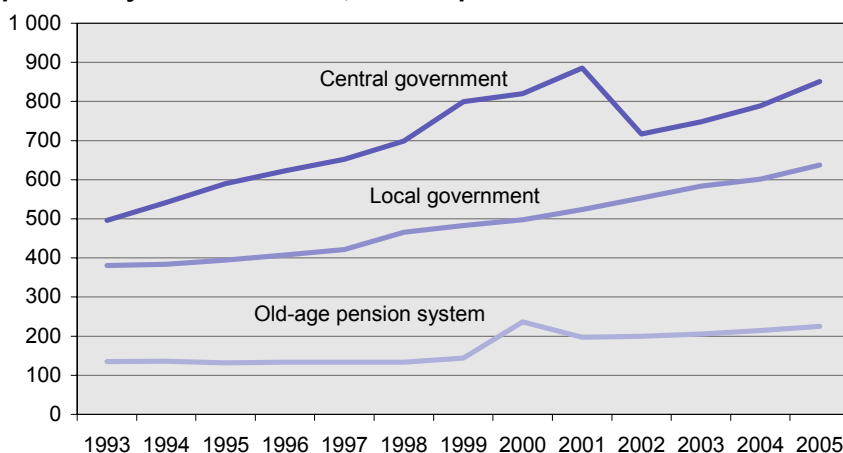
In total, tax revenues and social charges amounted to SEK 1 381 billion. The largest revenues originated from income and wealth taxes which together account for approximately one third of public sector income in 2005. The decrease in tax revenues in the period 2001–2002 was due mainly to decreases in revenues from capital taxes (capital gains and corporate taxes).

Other income consists of interest income mainly from the return on AP Funds, and also the remitted profits by quasi corporations and share dividends. This income has decreased somewhat from the middle of the 1990s.

Sub-sector financing

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

Income for the central government, local government and old-age pension system 1993–2005, 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. Furthermore 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 to the local government sector increased more 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 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 sub-sectors

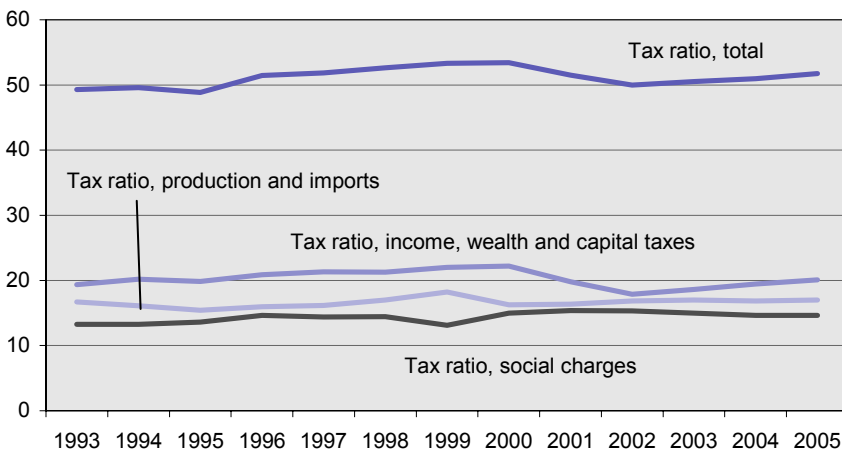
Income to the central government sector consists mainly of production taxes and social security charges, whilst the main income for the local government sector originates from direct taxes in terms of local government taxes and grants from the central government. The old-age pension system receives income largely from social charges. In all sub-sectors, 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 sub-sectors' finances is provided in Chapters 7–11.

Tax ratio

Often the taxes for the public sector are shown in a country as a tax ratio. 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 percent of GDP 1993–2005



Source: Statistics Sweden (SCB), National Accounts

From 1993 to 2005 the total tax ratio has increased from about 49 percent to 52 percent. The tax ratio was, however, higher in years 1996–2001. The tax ratio for income, wealth and capital taxes amounted to 20 percent 2005, the tax ratio for production and imports amounted to 17 percent and the tax ratio for social charges was 15 percent.

Difficulties in comparing tax ratios between countries

The tax ratio is often used in comparisons of economic situations for households in different countries. But such comparisons do not hold good as the calculation of tax ratios is based on different grounds. In Sweden, different from many other countries, income such as pensions, sickness benefits and unemployment benefits is subject to tax. Welfare services are also to a greater extent financed by tax. If corresponding welfare services instead would be financed via insurance policies or by direct fees from those using the service, the tax ratio would be lower.

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.

Classification of taxes

Classification of different kinds of taxes can be done in several ways. In many cases it can 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. An often used classification is to distinguish between taxes according to the basic production factors in the economy: labour and capital. Often a distinction is also made between direct and indirect tax.

The tax revenues in the central government budget are reported in the following main categories: Tax on labour, Tax on capital, Tax on consumption and intermediate goods and also Residual and other taxes. Residual taxes consist of the net of residual taxes and taxes collected by the Swedish Enforcement Administration and Legislation (Kronofogdemyndigheten). Reported among other taxes are reviews of previous decisions made by the tax authorities as well as various incomes assigned to different funds such as fees for guaranty deposits and fees for auto wreckage, etc.

In the reports from the national accounts the following categories are used: Tax on production and imports, Tax on income, wealth and capital and also Social charges.

Different concepts used concerning taxes

Taxes and fees

Taxes are characterized as such that they are compulsory and the tax paid does not provide any benefit directly connected to the payment. Fees can also be compulsory, but the resulting benefit is directly proportional to the size of the payment.

Direct and indirect taxes

Direct taxes concern taxes that are levied on income and wealth, for example central and local government income tax. Also the general charges from self-employed are classified as direct taxes.

Indirect taxes concern taxes that are levied on goods and services, and consist of value added tax and selective purchase tax on alcohol, tobacco etc. Also pay-roll tax and other social charges including social charges from self-employed are classified as indirect taxes.

Tax on labour, on capital and on goods and services

Tax on labour is levied in form of central government and local government income tax on labour-related income, and also different kinds of charges either paid directly by employers or by self-employed.

Tax on capital consists of tax on current capital income, tax on possession of capital and tax levied when capital changes owner.

Tax on goods and services (often indirect taxes) consists of taxes that are levied on production, consumption and sales of goods and services. It concerns value added tax and selective purchase tax on specific goods and services.

Income and wealth taxes

Households account for a large part of the tax revenues of the public sector. The taxation of physical persons' labour 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.

According to taxation in 2006 concerning income in 2005, taxable earned income for physical persons amounted to SEK 1 379 billion.

Total taxes and fees on taxable earned income amounted to 548 billion, which was an increase of 4.5 percent from the year before.

Taxes levied etc for income years 2002–2005, physical persons, current prices, SEK billions

Income year Taxation year	2002 (2003)	2003 (2004)	2004 (2005)	2005 (2006)
Taxable earned income	1 236.0	1 288.3	1 328.2	1 378.7
Final taxes, total	470.0	501.1	524.0	547.7
Of which				
Local government income tax	378.5	403.1	419.8	435.6
Central government tax, earned income	33.1	32.7	34.0	38.3
Central government tax, capital income	24.2	24.7	28.6	38.5
Central government property tax	13.4	13.6	14.2	14.8
Central government wealth tax	3.8	4.8	5.2	4.8
General pension fee	68.1	70.3	72.1	74.2
Burial fees	2.9	2.9	3.0	3.1
Other taxes and charges	23.3	23.7	24.4	25.5
Tax reduction, total	-77.3	-74.6	-77.3	-87.0

Source: Statistics Sweden (SCB), Tax assessment 2006, OE 21 SM 0701

Taxes on legal persons

The taxable income for legal persons (limited companies, economic associations et al) amounted in 2005 to a total of SEK 341 billion, according to taxation in 2006 concerning income in 2005. This was an increase of 27.9 percent from the year before. In central government taxes on income, a total of SEK 92 billion was imposed, an increase from the year before by SEK 20 billion. The main part, 96.5 percent, came from companies.

Approximately SEK 10 billion was collected in property taxes from legal persons, which was 1.3 percent more than the year before.

Taxes on goods and services

Taxes on goods and services concern taxes imposed on production, consumption and sales of goods and services. These taxes are referred to as tax on consumption and intermediates in the central government budget. They consist not only of general value-added taxes, which are levied on nearly all turnover 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 2002–2005. SEK billions

	2002	2003	2004	2005
Value-added tax, net	198.3	205.1	213.2	228.5
Energy tax	57.5	58.1	60.5	69.5
Alcohol tax	9.7	11.0	10.2	10.1
Tobacco tax	8.0	8.2	8.2	8.1
Vehicle tax	7.1	7.7	8.1	10.3

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 percent is usually imposed on this amount, but other lower tax rates also occur e.g. 12 percent on food and hotel services and 6 percent on books. Net income from VAT in 2005 was SEK 229 billion, which represented an increase of 7 percent over the previous year.

In total the so-called selective taxes provided revenue to the central government of SEK 107 billion in 2005. The largest selective taxes concerned energy taxes, taxes on alcohol and tobacco, and also vehicle tax which together amounted to slightly more than 91 percent of all revenues from selective taxes in 2005. The selective tax that increased the most was tax on energy, increasing by 15 percent between the years 2004 and 2005.

Reading recommendations:

The Swedish National Financial Management Authority, (ESV).

www.esv.se/

ESV and SCB. *Tax assessment 2006*. Statistical Report OE 21 SM 0701.

National Tax Board (Skatteverket). *Taxes in Sweden*. The Tax Statistical Yearbook of Sweden 2006. www.skatteverket.se

Ministry of Finance. Central Government Annual Report 2005.

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 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 activities, 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. Public sector expenditure is distributed by consumption, investments, transfers and interest payments. The term, investments, covers gross fixed capital formation, change in inventories and the acquisition and sale of property etc.

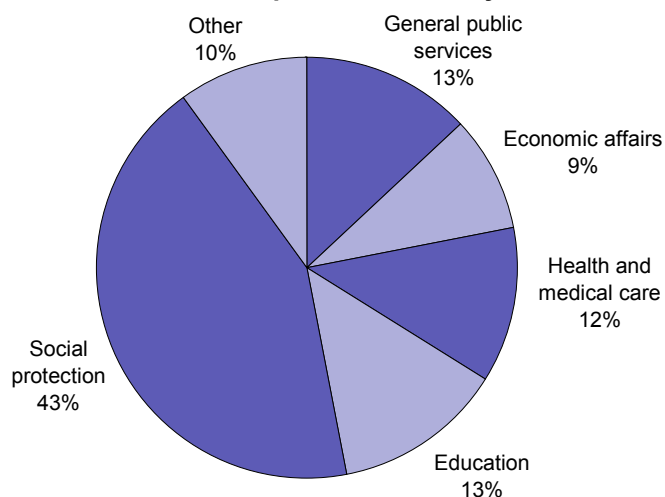
Total expenditure of the public sector amounted to SEK 1 442 billion in 2005. This corresponds to just over SEK 150 000 per inhabitant.

Public sector expenditure 1993–2005, current prices. SEK billions

Year	Consumption	Investments	Transfers	Interest	Total
1993	454	31	513	89	1 088
1994	468	64	480	104	1 116
1995	483	68	478	117	1 146
1996	506	54	459	119	1 138
1997	516	60	450	118	1 144
1998	543	42	456	106	1 147
1999	572	60	469	98	1 199
2000	585	58	476	90	1 209
2001	615	64	488	69	1 236
2002	658	73	510	77	1 318
2003	692	71	551	58	1 372
2004	703	73	568	49	1 393
2005	724	74	591	53	1 442

Source: Statistics Sweden (SCB), National Accounts

Public sector expenditure is also distributed by function. Expenditures for similar purposes are grouped into functional categories.

Public sector total expenditure 2004 by function. Percent

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 is thus included here.

Distribution by function of public sector expenditure, COFOG

General public services for example, executive and legislative organs, financial and fiscal affairs, external affairs, foreign economic aid, basic research and general public services.

Defence for example, military and civil defence, foreign military aid.

Public order and safety for example, Police services, fire-protection services, prisons, public order and safety.

Economic affairs for example, General economic, commercial and labour affairs, transport, communication.

Environmental protection for example, waste and waste water management, pollution abatement, protection of biodiversity and landscape.

Housing and community amenities for example, housing and community development, water supply, street lighting.

Health for example, medical products, appliances and equipment, outpatient and hospital services, public health.

Recreation, culture and religion for example, recreational and sporting services, cultural services, broadcasting and publishing services, religious and other community services.

Education for example, pre-primary and primary education, secondary education, post-secondary, subsidiary services to education.

Social protection for example, sickness and disability, old age, unemployment, social exclusion.

Source: ESA 95, Classification of the Functions of Government (COFOG)

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 1993–2005 in current prices. SEK billions and as percentage of GDP

Year	GDP	Consumption	Relative to GDP
1993	1 557	454	29
1994	1 662	468	28
1995	1 788	483	27
1996	1 829	506	28
1997	1 905	516	27
1998	1 987	543	27
1999	2 096	572	27
2000	2 217	585	26
2001	2 288	615	27
2002	2 372	658	28
2003	2 459	692	28
2004	2 565	703	27
2005	2 671	724	27

Source: Statistics Sweden (SCB), National Accounts

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

Consumption

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. Even capital depreciation is included in the production value.

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 amounted to just under SEK 80 billion in 2005, which corresponds to 11 percent of total expenditure on consumption. In 1993 they amounted to 6 percent of total expenditure on consumption.

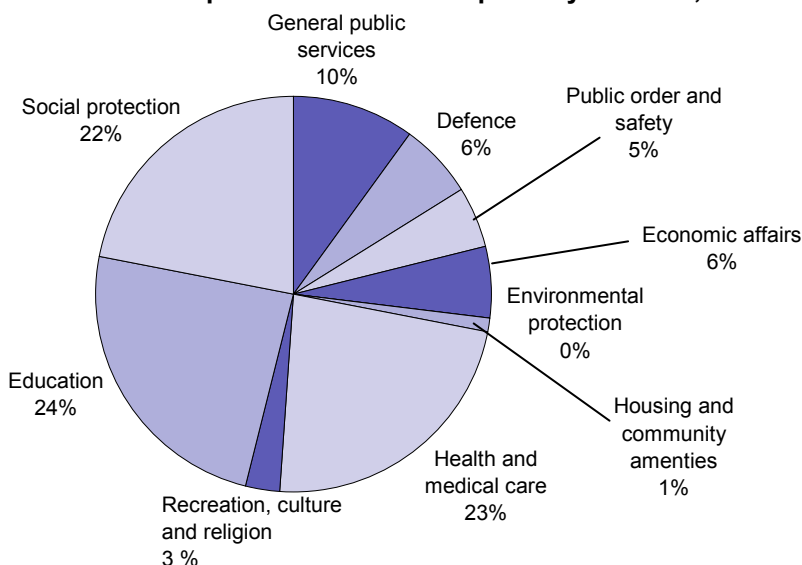
The proportion of expenditure on salaries has decreased during the same period, from 46 percent of total consumption expenditure to 42 percent. Expenditure on salaries amounted to SEK 305 billion in total, 2005. This reduction coincides with an increase in social benefits in kind and an increase in subcontracting, 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 36 percent in 2005. This corresponds to an expenditure of SEK 263 billion. Compared to 1993, this means a reduction of 4 percentage points.

Expenditure on consumption by function

Previously, total expenditure for the public sector was shown distributed by function. Looking at the distribution exclusively for expenditure on consumption, the picture changes.

Public sector expenditure on consumption by function, 2004. Percent



Source: Statistics Sweden (SCB), National Accounts.

The three largest functions account even here for the largest share of expenditures. The largest share, 24 percent or SEK 166 billion, comprised education. Expenditure on social protection accounted for 43 percent of total expenditures but only 22 percent of expen-

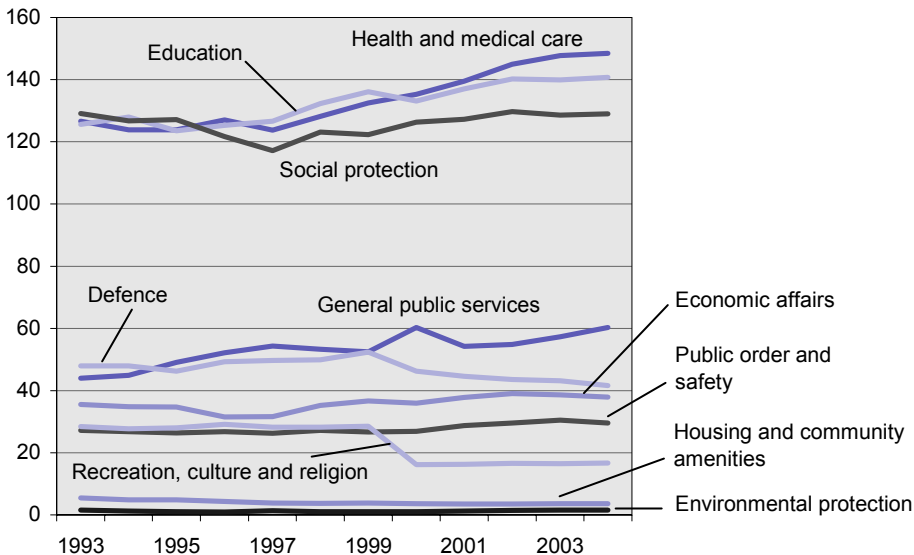
ditures on consumption. This is explained by the fact that a large proportion of the transfer system is classified as social protection and this type of expenditure is not included in consumption.

The functions, environmental protection as well as housing and community amenities accounted for the lowest expenditures, approximately SEK 2 and 4 billion respectively.

The functions accounting for the largest expenditures, education as well as 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 2004 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 non-profit institutions serving households as a consequence of the change in its relationship to the government.

Public sector expenditure on consumption by function, 1993–2004, constant prices. SEK millions



Source: Statistics Sweden (SCB), National Accounts.

Expenditure on investments

Part of public expenditure goes to investments or gross capital formation. In 2005 this amounted to SEK 74 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.

Investment terms in the National Accounts

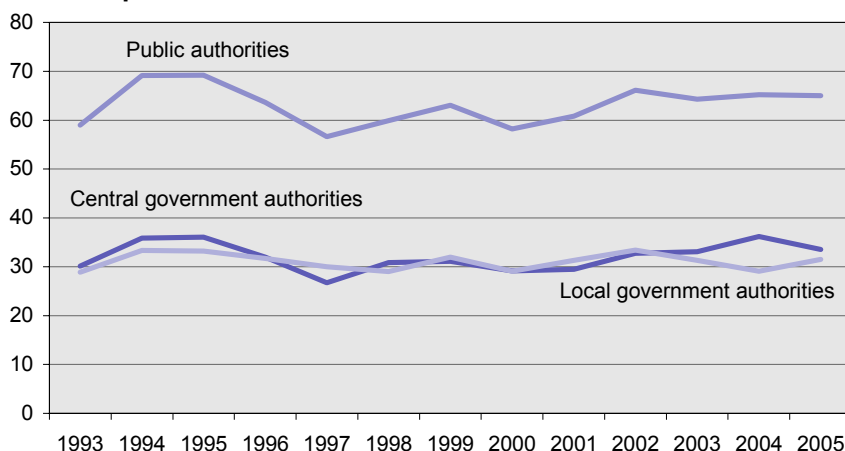
Gross capital formation comprises fixed capital formation, changes in inventories as well as fixed assets minus sales of fixed assets. Capital depreciation is not deducted. The capital depreciation is equivalent to the value of the usage of the fixed assets during a period of time.

Fixed capital formation refers to such investments that are of a material or immaterial nature.

Net capital formation is defined as gross capital formation minus capital depreciation.

Source: Statistics Sweden, National Accounts

Public sector expenditure on fixed capital formation 1993–2005, 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 percent financed out of fees have been excluded.

Gross capital formation remained more or less at the same level in constant prices in 2005 as in 1993, at the same time as there were large fluctuations between the years. Since 2002, central government investments have been on a higher level than for those of the local government sector. During 2002, the local government authorities made large temporary investments in buildings which subsided in 2003. The local government sector increased their investments during 2005 by 8 percent whilst central government investments decreased by 7 percent compared with the previous year.

The central government sector made investments in 2005 for close to SEK 26 billion within the function, economic affairs, comprising over 65 percent of total central government investments. Within economic affairs are areas such as expansion of infrastructure (mainly roads and railways). These investments comprised approximately one third of total investments for the public sector.

The local government sector invested mainly within the functions, education as well as health and medical care. These investments comprised 17 percent of total investments for the public sector. The largest investments were made in buildings and property. It is however helpful to keep in mind that a large proportion of these investments are made in local government owned companies and are thus counted in the corporate sector.

Expenditure on 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. Expenditure on transfers comprised SEK 591 billion in 2005, which corresponded to just over SEK 60 000 per inhabitant.

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	551	22
2004	2 565	568	22
2005	2 671	591	22

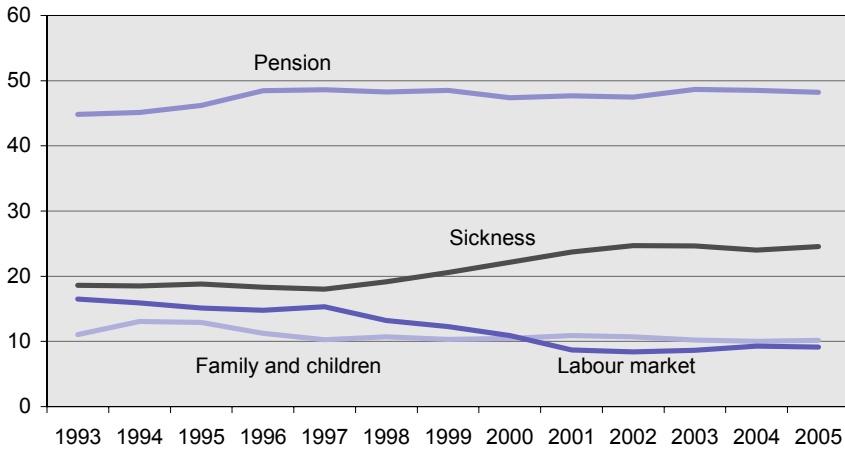
Source: Statistics Sweden (SCB), National Accounts

Transfers measured in relation to GDP have decreased during the period 1993–2005. 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 2005 were down to slightly less than SEK 50 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 2005 households received 84 percent of public sector transfers, whilst companies, for example, received 8 percent and 7 percent went abroad.

Pensions, which are the largest item in transfers to households, accounted for 48 percent in 2005 of total transfers to households. This is an increase of three percentage points from 1993 and does not include early retirement pensions. Pensions have increased by 46 percent in current prices between 1993 and 2005.

Distribution of transfers to households 1993–2005. Percent

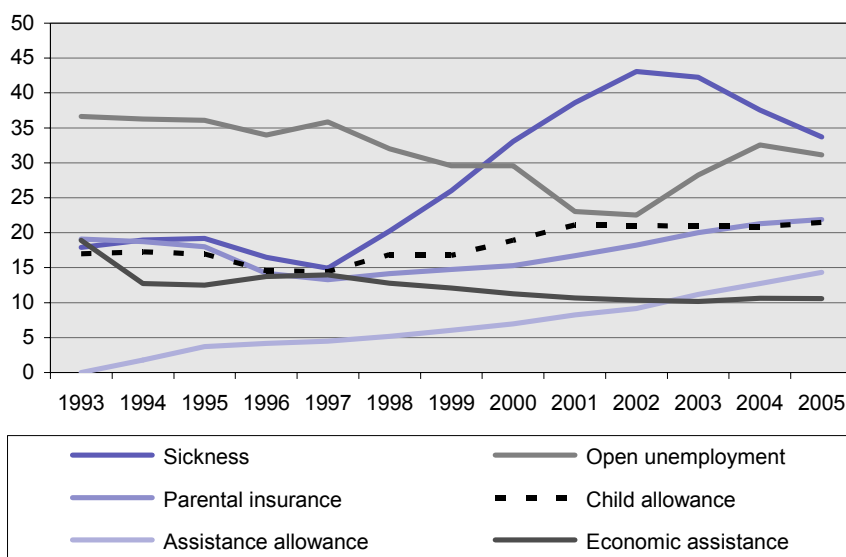
Transfers in the figure are converted to aggregates which are used e.g. in the Budget Bill
 Source: Statistics Sweden (SCB), National Accounts

"Sickness" in the figure includes sickness benefits but also covers early retirement pensions, work injuries insurance and assistance allowance. These transfers have increased from 19 percent of total transfers to households in 1993 to 25 percent in 2005.

Labour market related transfers have decreased as a proportion of total transfers from 16 percent in 1993 to 9 percent in 2005, 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 2005 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, but during 2005, both types of benefits decreased.

Assistance allowances have increased considerably during the period. Assistance allowance is currently greater than economic assistance.

Certain transfers, changes 1993–2005, current prices. SEK billions

Source: Statistics Sweden (SCB), National Accounts

Transfers from different sub-sectors

Of the different sub-sectors in the public sector, the central government sector accounts for the majority of transfer expenditure. In 2005, the central government's proportion was 72 percent. 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 sub-sectors in the public sector in 2005. SEK millions

	Central government	Local government	Old-age pension system
Total	564 215	55 298	169 232
to households	293 819	35 975	169 232
to companies	34 365	14 104	-
to the old-age pension system	50 338	-	-
to the local government sector	144 374	-	-
abroad	41 319	-	-
to the central government	-	5 219	-

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, 52 percent, go to households but the local government sector also receives a fairly large proportion, 26 percent. 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, 65 percent, go primarily to households, but companies also receive a relatively large proportion amounting to 26 percent.

Interest expenditure

The fourth large expenditure area is interest expenditure, consisting largely of interest payment on the central government debt. In 2005 total interest expenditure amounted to SEK 53 billion. Interest expenditure has decreased since the end of the 1990s. 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 1993–2005, current prices. SEK billions and proportion of GDP as a percentage

Year	GDP	Interest	Relative to GDP
1993	1 557	89	6
1994	1 662	104	6
1995	1 788	117	7
1996	1 829	119	7
1997	1 905	118	6
1998	1 987	106	5
1999	2 096	98	5
2000	2 217	90	4
2001	2 288	69	3
2002	2 372	77	3
2003	2 459	58	2
2004	2 565	49	2
2005	2 671	53	2

Source: Statistics Sweden (SCB), National Accounts

Reading recommendations:

SCB. *Social Protection Expenditure*. Statistical Report NR 15 SM 0601.

SCB. *National Accounts 2000–2005*. Statistical Report NR 10 SM 0601.

Related to this section are the following:

Table 4. General government expenditure, consolidated, current prices

Table 14. General government consumption expenditure by function, current prices

Table 15. General government consumption expenditure by function, constant prices

Table 16. Transfers from the general government sector to households, current prices

Table 17. General government gross fixed capital formation by purpose, current prices

Table 18. Government gross fixed capital formation by purpose, constant prices

7 Finances and activities of 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. We have mainly used statistics obtained from the annual accounts in each activity. The information in this chapter is thus not comparable with information presented in the national accounts.

The annual report of the central government

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.

The annual report of the central government is based on the annual reports of the government authorities. The annual report shall be consolidated for the central government sector, implying that transactions and holdings among government authorities are excluded.

By request of the Riksdag, the annual report is delivered in written form from the government in connection with the spring proposition.

The income statement for the central government showed a surplus for 2005 of SEK 20.2 billion, which was an improvement of SEK 38.6 billion compared with 2004, when a deficit of -18.4 billion was reported. Increased tax income was a significant contributing factor for this surplus. Tax income increased by SEK 51 billion, or 6 percent. Another contributing factor was the improvement of government shares in subsidiaries and associated companies from SEK 24.7 billion to SEK 46.0 billion. Vattenfall accounts for slightly more than SEK 10 billion of this improvement.

Consolidated income statement for the central government 2004–2005, current prices SEK billions

	2004	2005
Total income	903.7	960.8
of which taxes	838.6	889.6
Total expenditure	-903.1	-934.8
of which transfers	-725.4	-740.5
of which central government activities	-177.8	-194.3
Remitted profits from shares in subsidiaries and associated companies	24.7	46.0
Total financial items	-43.7	-51.8
of which net expense for central government debt	-48.8	-66.9
Net income (deficit)	-18.4	20.2

The annual report covers the government authorities, including public quasi corporations, under the Riksdag and the government, with the exception of the Riksbank, the AP funds and the Premium Pension Authority. The capital fund of the Riksbank is also included, but not the Riksbank itself.

The figures for 2004 have been changed in comparison to the figures in Public Finances 2006, due to a change in figures by the central government in accordance with IFRS, International Financial Reporting Standards.

Source: The annual report of the central government 2005. Government report 2005/06:101.

Income statement of the central government and the government budget

The income statement of the central government is somewhat different than the accounts of the central government budget and public finances that were presented in previous chapters. In the income statement for example, income and expenditures are accrued, which among other things means that investments are spread over their entire life span. In addition, there are differences that are due to several delimitations and definitions. Thus it is not possible to directly trace figures from the income statement in the central government budget.

Comparison of economic outcome in the central government budget and the income statement of the government, SEK billions:

	2004	2005
Balance of the government budget	-51	14
Net surplus/deficit in the income statement	-18	20

A more detailed report of the differences between the income statement and the central government budget is found in appendix 4 of the annual report for the central government.

Assets and liabilities are also presented in the annual report of the central government. The difference between assets and liabilities are the same as the net wealth of the central government. Since the booked liabilities of the central government are greater than the booked assets, the net wealth is negative. In 2005 the figure was SEK -762 billion, compared to SEK -775 billion in 2004. The largest item that changed net wealth is the surplus of SEK 20 billion that is presented in the income statement. But there are also items that affect net wealth which are not presented in the income statement. Among other things, in 2005 there was an item of SEK -10 billion that comprises a value change of the government's holdings of shares and mutual funds.

In the financial analysis, we see that investments by the government in 2005 amounted to SEK 40 billion. A large item consists of investments in assets of SEK 10 billion, mainly for the military defence. Investments in railways amounted to SEK 8 billion while investments in roads were SEK 7 billion.

Government authorities

Activities of the central government are mainly carried out by those authorities the government relies on to steer Sweden. The authorities vary in size significantly. The largest authorities have more than 20 000 employees, while the smallest ones only have a few employees. In total the government authorities employ roughly 220 000 persons.

In their report "Development of government administration 1990–2005" The Swedish Agency for Administrative Development points out that there is no established definition of the concept of "authorities". This implies that it is difficult to determine how many authorities there are; it depends on how the authorities are delimited and defined in different contexts. According to the annual report of the central government, which is based on information from the National Financial Management Authority, there are some 250 authorities. This figure is consistent with the number of units that are classified as government administration in the Business Register at Statistics Sweden. In the yearbook of the Government Offices and the accounts from the Swedish Agency for Administrative Development, the number of authorities is slightly more than 500. This higher figure is because a number of councils without employees are included in the figure. In addition, the entire judicial system is considered as one authority in the lower figure, while each county

court, appellate court and the like are counted as separate authorities in the higher figure. The same applies to other authorities with a regional organisation such as police authorities and the local forest conservation boards.

In December 2006, the government decided to set up a committee to look over the information of the government authorities and organisations (Fi 2006:08).

In the national accounts, the presentation of the government authorities also includes a number of units that are not classified as government administration either in the Business Register or as authorities in the reports of the government, the National Financial Management Authority and the Swedish Agency for Administrative Development. These units are classified as "other institutions in the central government sector" in the Business Register. There are about 100 such units that are mainly financed by government funding. The largest of these units is Chalmers University of Technology, which in contrast to other universities is run as a company. Other examples are the Royal Opera, the Royal Dramatic Theatre and Riksteatern. These organisations employ a total of about 7 000 employees. However, quasi corporations are not included in the central government sector in the national accounts, but are a part of the corporate sector.

Central government administration is unevenly distributed across the country. More than half of employees (53%) are found in the local labour markets of the three large cities; Stockholm alone employs some 36 percent of all employees.

Authorities and their areas of responsibility

The national road network and long distance communications: The Swedish Rail Administration (Banverket) and the Swedish Road Administration (Vägverket)

Employment service: The Swedish Social Insurance Agency (Försäkringskassan) and the Labour Market Administration (AMS) etc.

Tax administration and customs: The Swedish Tax Board (Skatteverket) and the Swedish Customs (Tullverket) etc.

National cultural institutions: The National Archives (Riksarkivet) and i.a. several museums

Development, supervision and evaluation of public services: The Government Offices (Regeringskansliet) are the most prominent

Environment and technology: The Swedish Rescue Services Agency (Statens räddningsverk) is the most prominent

Courts, police and the prosecution authorities: cover i.a. the Swedish Police which is Sweden's largest government authority

Defence: The Swedish Military Defence belongs to the judicial authorities but are reported separately in the central government annual report

Universities and colleges: The universities and university colleges are most prominent here but there are also some institutions

Commission-based activities: Technology for Sweden's Security (Försvarets materielverk) and the National Land Survey of Sweden (Lantmäteriverket) etc

Source: The Swedish Agency for Government Employers (Arbetsgivarverket)

The Government offices

The government offices provide the government with administrative services and have a unique position among government authorities with the prime minister as the Head. Besides this the government offices steer the other authorities by way of annual appropriation directions and follow-up of their operations. The government offices have 4 500 employees, of which approximately 150 are political appointments. Officials prepare items such as appeals, budget process, agency management, matters relating to appropriation and grants, and international items including EU-items. Officials also assist the government when it comes to replies to parliamentary

questions and interpellations and also have a role in informing the general public.

Government offices expenditure, current prices

Year	SEK millions	Index
2001	5 108	100
2002	4 803	94
2003	5 033	99
2004	5 133	100
2005	5 326	104

The figures come from the authority's own presentation. The figures are not comparable with expenditure from other authorities in this chapter

Source: Fact and Figures – The Government Offices' Yearbook 2005

The Largest Authorities

The largest authorities measured by number of employees

Authority	Employees
Police	24 000
Defence	21 000
Social Insurance Agency	16 000
Tax Agency	11 000
Labour Market Administration	10 000
Prison and Probation services	7 000
Road Administration	7 000
Railway Administration	7 000

Sources: Statistics Sweden, Business Register, FDB.

In the following, a short presentation is given of the three largest authorities as well as the largest operational sector, Universities and colleges

The Police Service

The Police Service is considered to be one single authority both in the presentation of the Swedish National Financial Management Authority as well as in the Central Government's annual report. According to their annual report, the Swedish Police Service, consider themselves to be 21 separate geographical authorities, one for each county. Besides these is the National Police Board (with the Swedish National Police Academy, the National Criminal Investigation Department and the Swedish Security Service) as well as National

Laboratory of Forensic Science. Seen as one single authority though, the Police Service ranks as the country's largest government authority considering the number of employees. Among the 24 000 employees, there are 17 000 police officers.

Expenditures for the Police Service have increased by 27 percent or by SEK 3.3 billion between 2000 and 2005. Of this increase, expenditure for personnel stands for SEK 2.4 billion. The number of employees has increased by 1 600 during the same period, of which 1 000 are police officers.

Expenditures for the Police Service, current prices

Year	SEK millions	Index
2001	13 114	100
2002	14 022	107
2003	14 362	110
2004	15 028	115
2005	15 803	121

The figures come from the authority's own reports and are not completely comparable to other expenditure figures in the chapter.

Source: The annual report from the Swedish Police Service

Military Defence

During 2005 the Swedish Military Defence has commenced large restructuring efforts which are a consequence of decisions made in the Riksdag in December 2004. When the restructuring work has been completed, 36 of the 50 organisational units existing in 2004 will remain. One consequence of the restructuring is i.a. that for the first time in modern times, a number of occupational officers will be let go due to lack of work.

Expenses for military defence in 2005, where provisions for expenses within the restructuring work are included, amounted to nearly SEK 3 billion. Such provisions have not been made during earlier years, which is a reason for the increase in expenditures during 2005.

Expenditure for Military Defence, current prices

Year	SEK millions	Index
2001	31 578	100
2002	31 901	101
2003	32 447	103
2004	31 273	99
2005	33 401	106

The figures come from the authority's own reports and are not completely comparable to other expenditure figures in the chapter.

Source: The annual report for the Swedish Armed Forces

The Social Insurance Agency

On January 1 2005, the general social insurance offices were united with the National Social Insurance Board (Riksförsäkringsverket) to constitute the new authority, the Social Insurance Agency. The goal for this reorganisation is to create a more clear-cut management of the work, more consistent applications of laws and regulations as well as to increase transparency for the public.

The reporting of figures for the Social Insurance Agency prior to 2005 is the sum of the separate offices before the integration took place. Reimbursement payments are not included in the operational expenditures of the Social Insurance Agency. The very large decrease in expenditures in 2004 is due to an adjustment of pension commitments when personnel became employed by the central government.

Expenditure for the Social Insurance Agency, current prices

Year	SEK millions	Index
2001	7 761	100
2002	8 238	106
2003	8 782	113
2004	7 440	96
2005	8 576	111

The figures come from the authority's own reports and are not completely comparable to other expenditure figures in the chapter.

Source: The Social Insurance Agency's annual report

Universities and university colleges

Each single university and university college is a government authority in itself but looking at the sector collectively, universities,

university colleges as well as research comprise the largest sector within the central government. Together they comprise 52 400 employees, corresponding to one quarter of central government employees. The number of employees in this sector has decreased by 1 000 since 2004, which signifies a deviation from the previous steady growth.

Total expenditures in the sector for universities and university colleges comprise study support to students as well as activities at a number of central authorities such as the Swedish Agency for Higher Education (Högskoleverket), Swedish National Board of Student Aid (CSN) and the National Agency for Service to University and University Colleges (Verket för Högskoleservice). In 2005, total expenditures amounted to SEK 56.3 billion which was SEK 800 million lower than in 2004.

Expenditure for the University sector, current prices

Year	SEK millions	Index
2001	47 200	100
2002	52 300	111
2003	55 300	117
2004	57 100	121
2005	56 300	119

The figures come from the authority's own reports and are not completely comparable to other expenditure figures in the chapter.

Source: The annual report from the Swedish Agency for Higher Education

In 2005, undergraduate, postgraduate and research education was conducted at 37 universities and university colleges as central government authorities according to the Swedish Agency for Public Management (Statskontoret). Besides these is, as earlier mentioned, i.a. Chalmers University of Technology.

Total revenues for the country's universities and university colleges were SEK 44.8 billion in 2005. Just over half of total revenues, SEK 23.9 billion, went to research and SEK 20.7 billion went to undergraduate education. Close to two thirds of the revenues were direct appropriations from the central government to these educational centres as reimbursements per student and per yearly achievement within the different educational programmes. Besides these revenues are those from other central government authorities such as "The Science Research Council" (Vetenskapsrådet) and other supporters, such as municipalities and county councils as well as research

foundations. Compared to previous years, revenues have decreased in constant prices and the universities have downsized to comply with these conditions.

Reading recommendations:

The Government Offices. *Facts and Figures – The Government Offices' Yearbook 2005*. Stockholm 2006

The Government Offices. *Central Government Annual Report 2005*. 2006

The Swedish National Agency for Higher Education. *Swedish Universities & University Colleges – Short Version of Annual Report 2005*. 2006

www.regeringen.se

8 Common conditions for the local government sector

In this chapter we provide an overview of the finances and certain common conditions for activities in the local government sector. The presentations of the balance requirement and the local government financial equalisation systems are described more closely.

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 in the corporate sector.

The organisational division into municipalities and county councils has changed over time. In 1962 the Riksdag took a decision on a major reorganisation 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 municipalities have been split up so that in 2006 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.

Municipal associations and other cooperative forms

It is not only smaller municipalities who see advantages in cooperation between municipalities, thus cooperation exists independent of municipality size. Informal cooperation between municipalities has always existed and reaches over most activities. The Municipal Act and other regulations enable municipalities to cooperate also on a formal basis by forming municipal associations and common boards.

A municipal association can be formed by two or more municipalities. The member municipalities turn over decision rights to the municipal association in the particular area for which the association has been formed. The financing is taken care of through subsidies from member municipalities. The activity that is carried out in the municipal association is one that lies within the responsibility of the local government. Most municipal associations operate within secondary school education or emergency services. The motivation for cooperation within secondary school education is primarily to supply students with a maximum range of national programmes from which to choose. When it comes to emergency services, the formation of a municipal association is primarily a way to keep costs down.

The term, municipal association, includes also regional and financial cooperation organisations as well as the common municipal associations. Regional organisations are comprised of one county council/region along with all of the county's municipalities. Their task is to work out programmes for the development of the county. They have the authority to decide on county plans for regional infrastructure as well as the right to decide on certain central government funds for regional development.

On January 1, 2004, a new law was passed on financial cooperation, which enables the Social Insurance Agency, the county labour market board, the municipality and county council to form cooperative organisations. The purpose is to work together and give priority to

rehabilitation efforts so that individuals can gain or better their capacity to engage in gainful employment.

In 2005, there were 110 municipal associations in total, which was 19 more than 2004. The increase is mostly due to the new financial cooperative organisations that formed in 2005.

Income statement for municipal associations 2004–2005. SEK millions

Income statement items	2004	2005
Operating income	7 118	8 025
<i>of which contributions from members</i>	5 036	5 659
Operating expenditures	-6 694	-7 530
Depreciation	-253	-270
Net operating expenditures	171	225
Financial income	24	21
Financial expenditures	-105	-100
Income before extraordinary items	90	146
Extraordinary income	10	1
Extraordinary expenditures	0	-1
Net income, surplus (+) / deficit (-)	105	145

Source: Statistics Sweden, Municipal use of resources, OE 25 SM 0601

Income for municipal associations before extraordinary items showed a surplus of SEK 145 million for 2005, which can be compared to a surplus of SEK 90 million in 2004.

Total expenditures for the activities of municipal associations were SEK 7.5 billion, which was SEK 0.8 billion more than in 2004.

The operating expenditures of the municipal associations on education (SEK 2.3 billion) and emergency services (SEK 2.3 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 4.9 billion and from member county councils, SEK 720 million.

Common boards

A common board can be formed under the condition that the municipalities, or municipalities and county council, that form the board have common activities. One of the municipalities forming the board acts as the host municipality. In practice, the municipal council of the host municipality obtains major influence over the budget, activities and development of the common board.

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 52.2 billion in 2005 which corresponded to 13 percent of total municipal expenditures. This is the same proportion as the previous year (See Chapter 9).

Municipalities' operation costs and purchase of activities, certain activities, 2005. SEK billions

Activity	Operation costs	Costs for purchase of activities	Share of operational costs
Care for the elderly	80.3	8.6	11
Compulsory schooling, preschool class, special schools	82.4	8.4	10
Upper secondary school, municipal adult education, Upper secondary school for pupils with learning disabilities	37.3	8.0	21
Preschool, school-age childcare	51.2	7.0	14
Individual and family care	27.3	5.8	21
Support and service to persons with functional impairments	42.4	4.6	11
Business activities	23.8	3.4	14

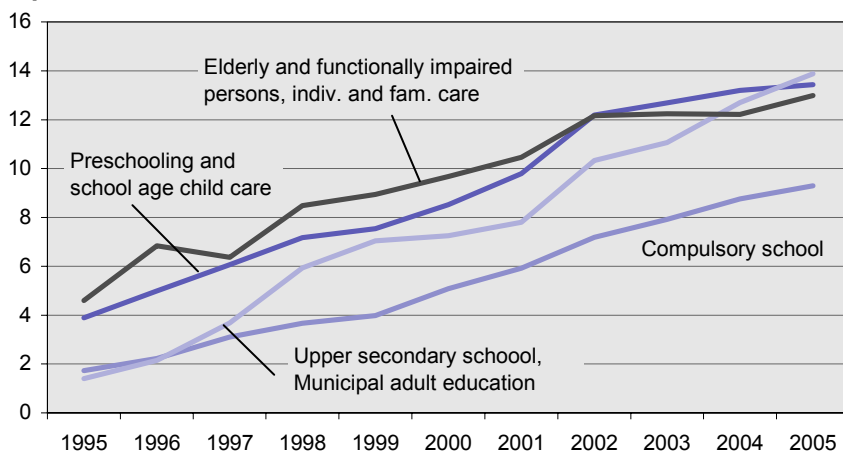
Purchase of activities occurs to a lesser degree for other activities to the amount of SEK 6.4 billion.

Source: Statistics Sweden (SCB). Municipal use of resources. OE 25 SM 0601

The largest expenditure items were for care of the elderly, compulsory schooling, and also preschool and school-age childcare. A large proportion of the purchase of activities with secondary school education is from other municipalities and county councils.

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 32.4 billion in 2005, which corresponds to about 60 percent of total expenditures for purchase of activities. Expenditures for the purchase of activities from associations and foundations amounted to a total of SEK 10 billion and often this was for preschool and compulsory schooling.

Municipal purchase of welfare services as a proportion of expenditures 1995–2005. Percent



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

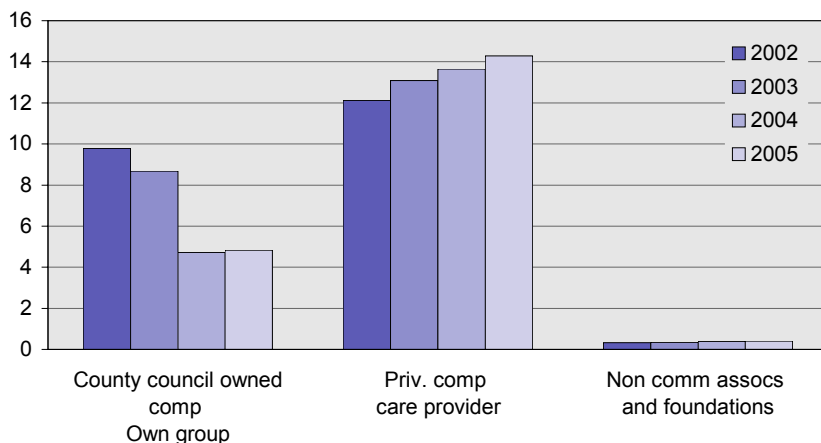
Source: Statistics Sweden (SCB). Municipal use of resources, 2005. OE 25 SM 0601

County councils' purchase of activities

County councils' purchase of activities (including purchases from other county councils and regions) amounted to SEK 29.3 billion in 2005. Purchases by county councils for health and medical care amounted to a total of SEK 26.0 billion, of which purchase of specialist somatic care amounted to SEK 16.2 billion.

More than of all county council purchases of health and medical care in 2005 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 2002–2005. SEK billions



Source: Swedish Association of Local Authorities and Regions. Statistik om hälso- och sjukvård samt regional utveckling 2002–2005.

The county councils' purchase of health and medical care from private companies has steadily increased during the present decade whilst purchases from non-profit organisations and foundations have essentially remained the same.

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 is directly under the county council's own management.

Taxation in local government

Municipalities and county councils have the right to levy taxes and to determine tax rates, in percent of taxable income for physical persons. 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 inflated in accordance with the Government's forecast on tax base increases for the coming 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.

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 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. There are 12 municipalities paying charges of which ten are in the Stockholm area and two are in Skåne. The only county council paying charges is the County Council of Stockholm.

Even though a grant may be small and insignificant compared to the equalisation system as a whole, certain small municipalities can be shown to receive a high amount per inhabitant. When counting the grant per inhabitant, Pajala is the municipality receiving the highest. In 2006, the grant amounted to SEK 22 905 per inhabitant. Among county councils, Gotland receives the highest support. The grant amounted here to SEK 5 278 per inhabitant.

Distribution of grants 2006. Percent

	Municipalities	County councils	Total
Norrland	19	28	21
Svealand	23	6	19
Götaland	57	67	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 0601"

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 num-

ber 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 2006. SEK billions

	Municipalities	County councils	Total
Income equalisation, grants	46.2	15.2	61.4
Income equalisation, charges	-3.2	-2.0	-5.2
Cost equalisation, grants	4.7	1.1	5.8
Cost equalisation, charges	-4.7	-1.1	-5.8
Structural grants	1.5	0.7	2.2
Transitional grants	0.8	0.3	1.2
Total	45.3	14.2	59.6
Adjustment charges	-0.2	-1.3	-1.4
Total	45.2	13.0	58.1

Source: Statistics Sweden, Economic equalisation for local government, OE 26 SM 0601

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 2006 was SEK 1.9 billion, whilst the charge amount was SEK 1.8 billion.

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.

The municipal balance requirement

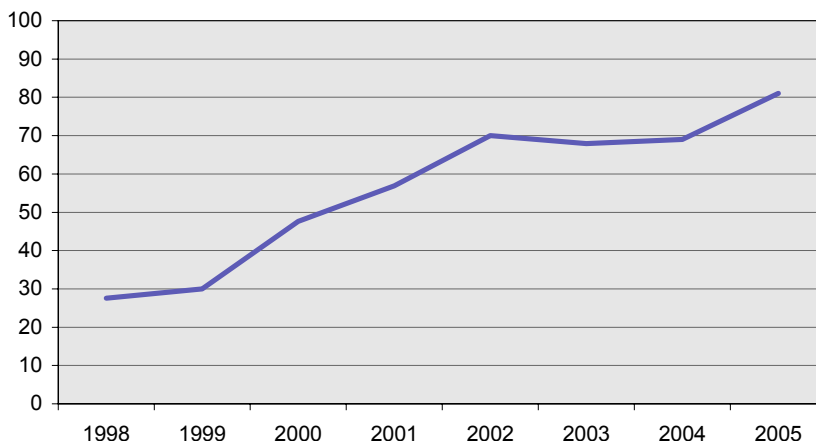
According to the Local Government Act, the municipalities and county councils should maintain good economic management practice in their activities. As a result of proposals put forward in the bill "Den kommunala redovisningen" (Bill 1996/97:52) a requirement for a balanced budget was introduced in the 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

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 fulfil 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 fulfilment. In 2005, 95 percent of the municipalities and 85 percent of the county councils showed positive net income before extraordinary items, which was more than the preceding year (see Chapters 9 and 10).

Proportion of municipalities managing the balance requirement. Three year average values 1996–1998 – 2003–2005

Managing the balance requirement is here defined as having an average net income over a three year period before extraordinary items of SEK -100/per inhabitant or more. In 1998 average values were reported for 1996–1998, for 1999 reported average values for 1997–1999 etc.

Source: SCB OE24 SM 0601 Statement of Accounts for Municipalities. Rådet för kommunala analyser och jämförelser, Kommunernas balansgång. 2005.

The proportion of municipalities which appear to have managed to fulfil the balance requirement has more than doubled since its introduction and in the period 2003 – 2005, more than 80 percent of all municipalities reported net income in excess of SEK -100 per inhabitant as shown by studies carried out by "Rådet för kommunala analyser och jämförelser" (RKA). The studies also show that municipal net income before extraordinary items can to a lesser extent be explained by external factors such as population structure, tax capacity, population density and size of municipality. Initially, it was more frequent that small municipalities had difficulties in fulfilling the balance requirement. More recently there is a more even distribution across different kinds of municipalities. Critical in the outcome was mainly choice of ambition level and financial strategy.

Reading recommendations

Swedish Association of Local Authorities and Regions and the Ministry of Finance. *Local government financial equalisation in Sweden 2006*.

SCB. *Economic equalisation for local governments*. Statistical Report OE 26 SM 0601.

SCB. Statistical yearbook of administrative districts of Sweden 2006.

Government Offices. www.regeringen.se

9 Municipalities

In this chapter we provide an overview of the economy and activities carried out in municipalities. In the first instance the statistics used in this section were obtained from annual accounts, as well as operating and activity accounts. Statistics are therefore not comparable with those presented within the context of the national accounts.

Finances of municipalities

Municipal expenditures (i.e. annual operating expenditures of municipalities) were SEK 411 billion in 2005, representing an increase of 3 percent from 2004. This can be compared with an increase in expenditures between 2003–2004 of 2 percent and 2002–2003 of 5 percent.

Income statements for municipalities 2003–2005. SEK billions

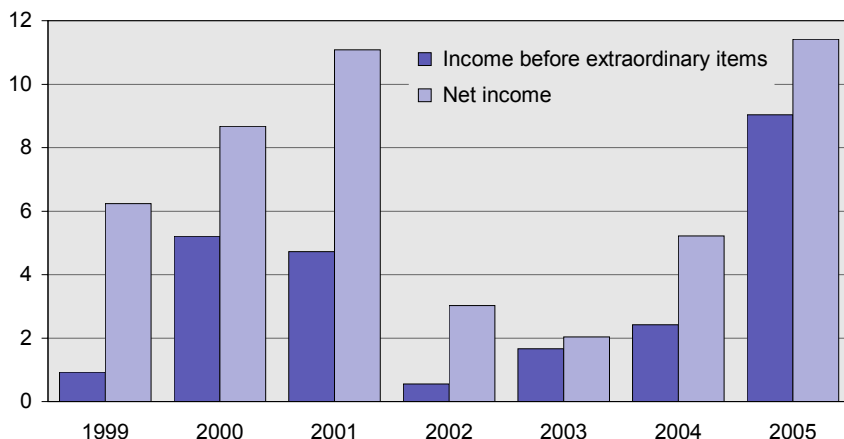
	2003	2004	2005
Operating income	90.2	95.1	96.4
Operating expenditures	-387.5	-398.1	-411.0
Depreciation	-13.3	-13.4	-13.6
Net operating expenditures	-310.6	-316.3	-328.2
Tax revenues	269.8	277.0	285.3
Central government grants and intra-municipal equalisation etc net	39.3	38.7	..
Intra-municipal equalisation, central government grants	..	..	48.3
Financial income	11.2	10.1	9.9
Financial expenditures	-8.0	-7.0	-6.3
Income before extraordinary adjustments	1.7	2.4	9.0
Extraordinary income	1.6	3.7	4.5
Extraordinary expenditures	-1.2	-0.9	-2.1
Net income (surplus)	2.0	5.2	11.4

Between 2004 and 2005 the way of calculating the intra-municipal equalisation changed

Source: Statistics Sweden (SCB), Municipal use of resources 2006. OE 25 SM 0601

Income statements of municipalities for 2005 show an income of SEK 9 billion before extraordinary items. Net income, which includes extraordinary items, was more than twice as large, SEK 11.4 billion.

Net income for the municipalities 1999–2005, 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.

Source: Statistics Sweden (SCB), Municipal use of resources 2005. OE 25 SM 0601

Income before extraordinary items is used as an indicator of the economic status in the municipal sector and in 2005 showed an increase from 2004 of SEK 6.6 billion. This is explained mainly by larger tax revenues as well as higher government grants. Net financial income of SEK 3.6 billion in 2005 also contributed to the surplus (see Chapter 8).

Expenditures for personnel, SEK 234.9 billion, comprised 57 percent of the municipalities' total expenditure for 2005. Costs for purchase of activities was SEK 52.1 billion (13 percent) and costs for goods and services amounted to SEK 58 billion (14 percent).

Most of the revenue for the municipalities comes from tax revenue which finances approximately 65 percent of the operational costs.

Definition of costs in municipalities' operations

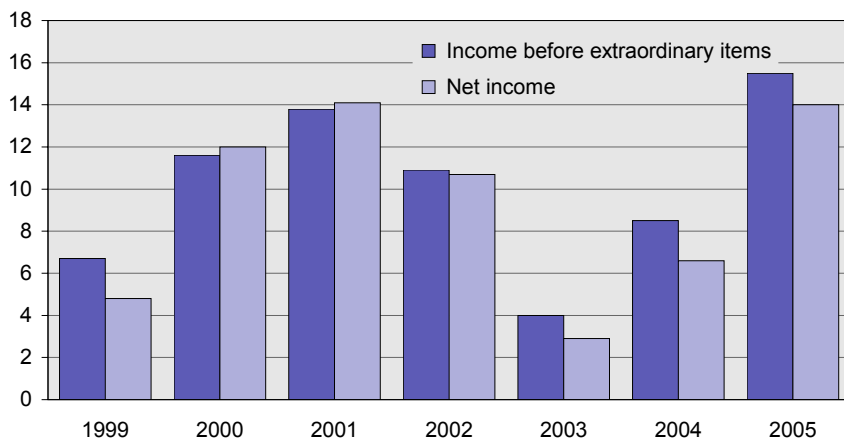
Reported costs that are calculated from the municipalities' gross costs deducted by internal revenues, i.e. revenue from other administrations within the same municipality as well as revenue from the sale of activities to other municipalities and county councils.

Statistics on the scope of activities etc. are taken from the official statistics for which the Swedish National Agency for Education and the National Board of Health and Welfare are responsible. Statistics Sweden is the responsible authority for the economic statistics.

Municipality groups

Municipalities can organise their activities in different ways and hereby manage certain activities in the context of a company instead of within the framework of the municipal administration. It is primarily the municipality's business activities that are in question for this type of management. The municipality group thus comprises the activities run within the municipality's regular administration as well as the activities that are run in companies. The municipal companies thereby influence the municipalities' finances and activities. A municipality owning a company which generates a surplus can benefit by this whilst a municipality with a company running a deficit is often forced to supply new capital to the company.

Net income of municipal groups 1999–2005, current prices. SEK billions



Note that net income differs from net lending according to the national accounts. Included in net income for the municipalities, which is based on their profit and loss statements, are financial items whilst expenditure on investments are excluded.

Source: Statistics Sweden (SCB). Municipalities' use of resources 2005. OE 25 SM 0601

The net income of the municipality groups, both before extraordinary items and after, was higher for the whole group than for the municipalities themselves. For 2005, income before extraordinary items was SEK 15.5 billion, which was SEK 6.5 billion more than the corresponding outcome for the municipalities.

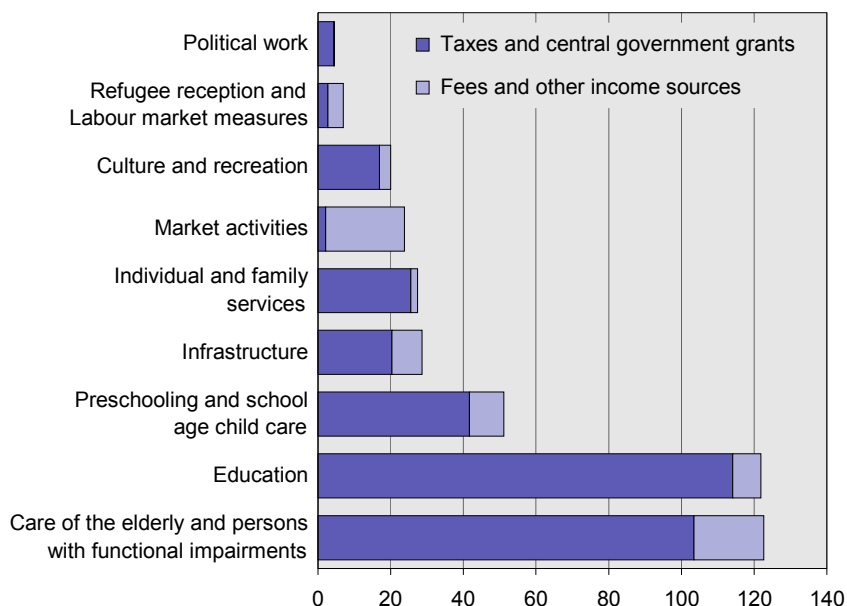
Net income for the municipality groups in 2005, was SEK 14 billion which was SEK 2.5 billion more than net income shown for the municipalities alone. The lesser difference in net income than in income before extraordinary posts is due to the fact that municipalities had higher net contributions, SEK 2.4 billion, from extraordinary items than did the municipality groups, which had SEK 0.2 billion. The groups had tax payments amounting to SEK 1.8 billion which also affected net income.

Costs of activities and their development

The activities of the municipalities comprise several different goods and services. Most of them are mandatory, i.e. the municipalities are obliged to provide the services for all inhabitants. The largest areas of activities for the municipalities are education including preschool and school age childcare as well as 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 as for example ear-marked grants and other central government grants attributed to certain activities.

Financing of expenditures on municipal activities 2005, current prices. SEK billions

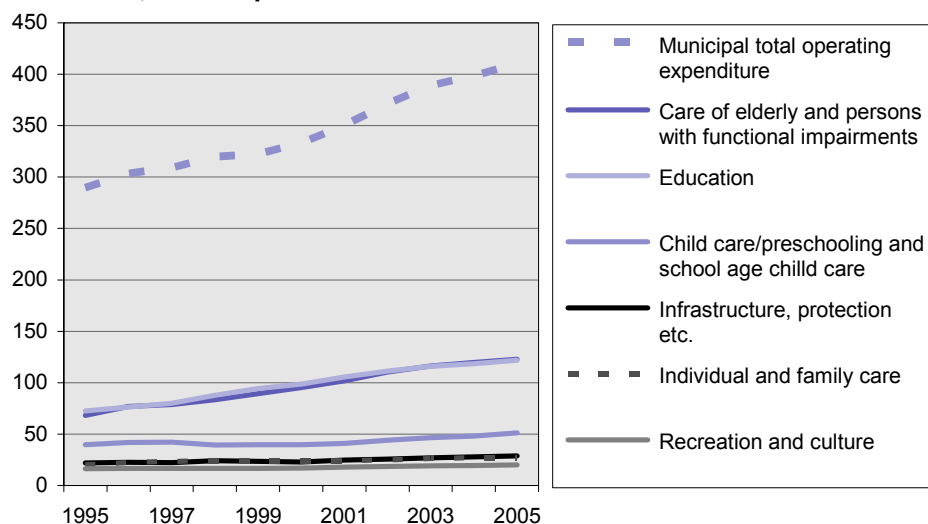


Source: Statistics Sweden (SCB), Municipal use of resources 2005. OE25 SM 0601

The area of *market activities* covers services which the municipality provides but which are more than 50 percent 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 for the separate activities which is portrayed in the diagram below.

Municipalities' operating expenditures on certain activity areas 1995–2005, 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 / preschool 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 122.7 billion in 2005. This corresponds to an average expense of SEK 13 560 per inhabitant. A large part, SEK 80.3 billion, was related to care of the elderly.

Close to 135 000 elderly persons living in ordinary accommodation were allowed home-help service on the 1st of October 2005. Compared with the year 2000, this number had increased by 12 percent. Approximately 100 000 elderly persons had their permanent living in special housing arrangements in 2005, which was a reduction of 15 percent compared to the year 2000.

The major part of the municipalities' activities surrounding care and service to persons with functional impairments are measures according to LSS. On the 1st of October 2005, approximately 54 300 persons had one or more measures according to LSS, exclusive of counsel and support. This was an increase in 3 percent compared to the previous year.

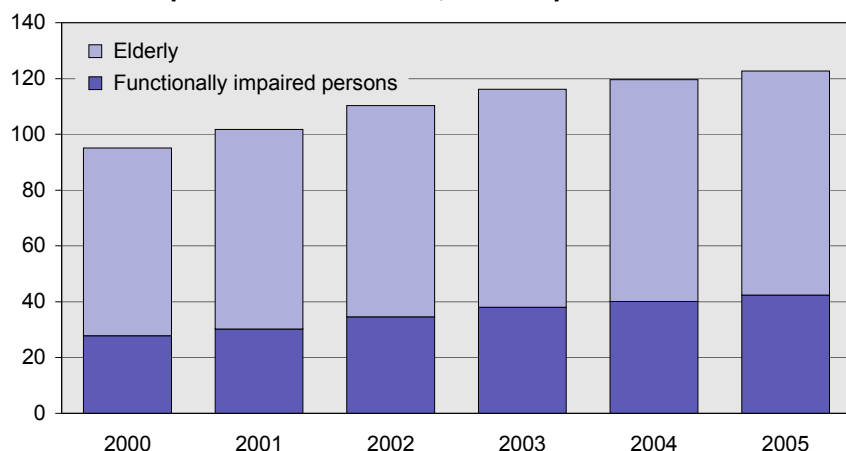
Special laws for the elderly and persons with functional impairments

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 2000–2005, current prices. SEK billions



Source: Statistics Sweden (SCB), Municipal use of resources 2005. OE 25 SM 0601

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 2005, 65 percent was allocated to care in special housing arrangements whilst expenditure for help in the home for the elderly in their own housing amounted to just over 20 percent.

Slightly more than 80 percent 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.

Expenditure on measures under LSS and LASS 2000–2005, current prices, SEK billions

	2000	2001	2002	2003	2004	2005
Housing under LSS	10.4	11.1	12.0	13.3	13.8	14,3
Personal assistance under LSS and LASS	7.3	8.2	9.8	11.0	12.1	12,9
Daily activities under LSS, other measures under LSS	5.4	6.0	6.5	7.2	7.5	8,1
Measures under LSS and LASS, Total	23.2	25.4	28.3	31.5	33.4	35,3

Source: Statistics Sweden (SCB), Municipal use of resources 2005. OE 25 SM 0601

Expenditure on personal assistance takes up a growing proportion of the total expenditures for measures according to LSS and LASS and was almost as high as the expenditure for housing according to LSS in 2005.

The central government is the responsible authority for certain parts of support and service to persons with functional impairments. In 2005, municipalities received SEK 8.1 billion in compensation from the Social Insurance Agency for costs for personal assistance according to LASS.

Preschool and education

Municipalities are obliged to provide different forms of education for their 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. Total costs for these educational activities for the municipalities amounted to SEK 173 billion in 2005 which corresponded to SEK 19 120 per inhabitant. Included in these costs are those that municipalities have for higher education and education commissions to a total of SEK 1 billion. Education costs have increased for each education form with the exception of adult education.

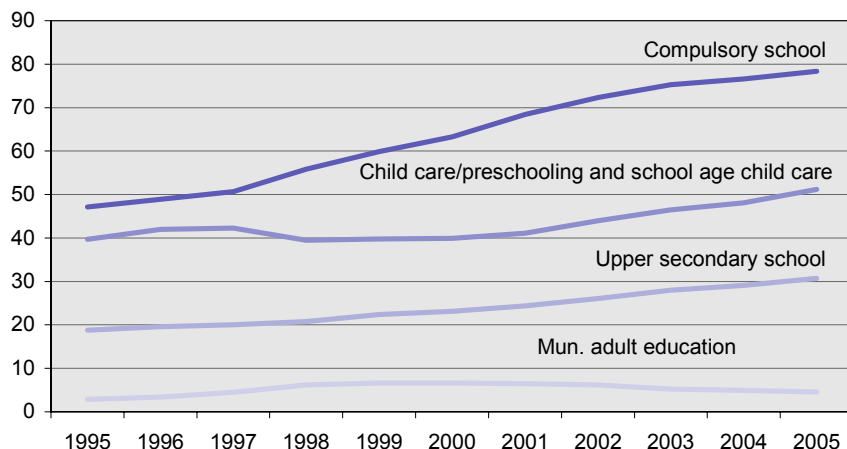
The public school system

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 preschool 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 (sär vux) and Swedish tuition for immigrants (sfi).

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

Expenditures on activities in the education area 1995–2005, current prices. SEK billions



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

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

Efforts within preschool have increased in the latest years

Preschool 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, when reforms were implemented to increase accessibility to preschool and school-age child care (maximum fee, general preschool etc). In 2005 expenditures for preschool and school-age child care totalled SEK 51.2 billion, corresponding on average to SEK 5 655 per inhabitant.

Expenditures for preschool were 70 percent of total expenditures for preschool and school-age child care. Expenditures for family day care homes made up only 5 percent of the expenditures for preschool and school-age child care in 2005.

In 2005 were 735 500 children in total registered in preschool. Since the turn-of-the-century the number of children registered in pre-school has increased by 20 percent whilst the number of children registered in family day care homes has decreased by 40 percent. The number of children registered in school age childcare is the same as five years prior.

Between 2000 and 2004, the number of children per annual worker in preschool has been relatively constant, around 5.4, but decreased in 2005 to 5.2 children per annual worker. In after school care, there were 18.6 children per annual worker in 2005, which can be compared with 18.2 children per annual worker, two years prior, and 17.5 children per annual worker in 2000.

Expenditures on compulsory school no longer increasing

Expenditures on compulsory school have increased most among different school forms in the last decade as a consequence of demographic changes. In 2005 expenditures on compulsory school amounted to SEK 74.4 billion, and expenditures on preschool class were SEK 4 billion, which in total meant SEK 8 665 per inhabitant. Compared to the previous year, expenditures on compulsory school increased by 2 percent.

The number of pupils in compulsory school was 995 500 in the academic year 2005/06, slightly less than in 2004. The decrease in the number of pupils from the peak year, academic year 2001/2002 with 1 057 200 pupils, thus continues in the same pace for the younger year pupils.

The number of pupils per teacher (exclusive of other pedagogical personnel) in compulsory schools was 12.3 pupils per teacher in academic year 2005/06, which means a lower pupil/teacher ratio compared to earlier years.

More substantial increase in expenditures on upper secondary school after 2000

Today's programme-oriented upper secondary school has 17 three-year national programmes, one individual programme and also a specially designed programme. The programmes consist of a number of different courses of which some core subjects are compulsory for all pupils in the national and specially designed programme.

Expenditures for upper secondary school were SEK 30.7 billion in 2005 which corresponded on average to SEK 3 396 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 359 400 in academic year 2005/06. About 40 percent of all pupils in upper secondary school were in programmes preparing for further studies (i.e. natural science, social science, technology) and about 5 percent were in individual programmes.

The number of pupils per teacher (exclusive of other pedagogical personnel) in upper secondary schools in academic year 2005/06 was 12.3, which was comparable to the previous year.

Decreasing expenditures for municipal adult education

Municipal adult education (komvux) consists not only of basic adult education, but also upper secondary adult education and supplementary education. In academic year 2005/06, 229 000 students attended municipal adult education.

Total expenditures on municipal adult education in 2005 amounted to SEK 4.6 billion, of which SEK 0.8 billion was for basic adult education. This corresponds to an average of SEK 513 per inhabitant. Expenditures for the municipal adult education have thus continued to decrease, due to a decrease in number of pupils. The highest expenditures were reported at the turn of the century then amounting to SEK 6.6 billion.

Reading recommendations:

SCB. *Municipal use of resources*. Statistical Report OE 25 SM 0601.

SCB. *Statement of Accounts for Municipalities*. Statistical Report OE 24 SM 0601.

SCB. *Yearbook of Education Statistics 2006*

SCB. *Statistical yearbook of administrative districts in Sweden 2006*

SCB. *Educational expenditure 2001–2005*. Statistical Report UF 12 SM 0601

Related to this section are the following:

Table 19. Costs for municipal activities, current prices

10 County councils

In this chapter we provide an overview of the economy and activities carried out in county councils. In the first instance the statistics used in this section were obtained from annual accounts, as well as operating and activity accounts. Statistics are therefore not comparable with those presented within the context of the national accounts.

Finances and activities of county councils

In 2006 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 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 201.3 billion in 2005, an increase of 3.9 percent 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 29.9 billion, tax revenues to SEK 147.1 billion and central government grants (reported net) to SEK 34.1 billion. Tax revenues thus financed 73 percent of the expenditures of county councils.

Income from patient fees and other fees financed only 3 percent of operating expenditures. However, for certain county council activities, fees finance a larger part.

**Income statement for the county councils and regions 2003–2005,
current prices. SEK billions**

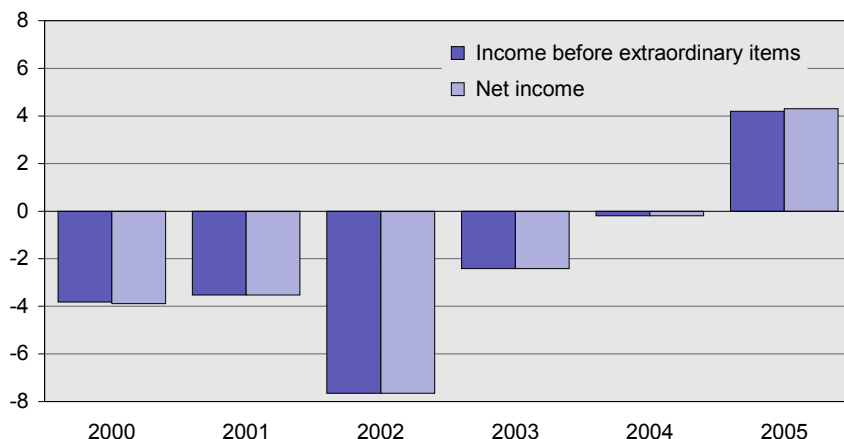
	2003	2004	2005
Operating income	46.5	48.1	29.9
Operating expenditures	-190.0	-193.7	-201.3
Depreciation	-5.2	-5.6	-5.7
Net operating expenditures	-148.7	-151.2	-177.1
Tax revenues	136.4	141.8	147.1
Central government grants and intra-county equalisation etc net	10.3	9.6	34.1
Net financial income	-0.4	-0.4	0.1
Income before extraordinary adjustments	-2.4	-0.2	4.2
Extraordinary items, net	0.06	0	0.1
Net income (deficit)	-2.4	-0.2	4.3

From 2005, the allowance for pharmaceuticals is not included in operating expenditure but in central government grants.

Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2005.

The total income statement of county councils and regions for 2005 show an overall surplus of SEK 4.3 billion, which represents a continuing improvement in the income of county councils. With the exception of three county councils all county councils reported surpluses.

Income for the county councils 2000–2005, 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 4). Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2005.

In contrast to the municipalities, income for the county councils before extraordinary items and net income are more or less equal during the period 2000 – 2005. 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 8).

Half of expenditures on personnel

Close to half of the county councils' and regions' total expenditures comprised costs for personnel, 31 percent for salaries and 17 percent for other costs concerning personnel. Expenses for materials and services amounted to 28 percent and expenses for purchase of activities to 11 percent.

The activities of the county councils and regions comprise health and medical care as well as activities within regional development. The largest activity is health and medical care which comprises just over 90 percent of the county councils' total net expenditures.

Expenditures and revenue per principle area 2005

	Net expenditure (Gross expenditure minus gross revenue)	Activities		Investment expenses
		external costs/ revenues (net)	internal costs/ revenues (net)	
Health and medical care	-165.4	-125.3	-39.1	3.6
Regional development	-12.0	-11.2	-0.8	0.8
Service activities	0	-37.1	37.1	3.3
Pension payments, interest revenues etc.	0.8	-3.6	2.7	0
Sum all activities ¹	-178.2	-177.2	0	7.7

1) The total net expenditure for all activities includes net expenditures for Gotland's municipality for health and medical care. Costs and revenues for the different activities do not include Gotland.

Source: Swedish Association of Local Authorities and Regions, Statistik om hälso- och sjukvård samt regional utveckling 2005.

Net expenditure, i.e. gross expenditure minus gross revenue, amounted to SEK 178.2 billion in 2005. Net expenditure refers to the expenditure that is to be financed via taxes, general grants from the central government and the net financial income. In net expenditure, service costs for example on real estate and property etc has been distributed to each respective activity.

Group income

The group includes all the administration units of the county council as well as companies owned by the county council. The difference in net income for the county council group and the county council are small, as opposed to the municipalities. For those county councils whose group accounts do not differ more than marginally from those of the county council itself, it is sufficient according to the law with a verbal presentation.

In 2005, eight county councils presented income statements for their groups. These eight principle organisers (county councils in Stockholm county, Södermanlands county, Östergötlands county, Västra Götalands region, Örebro county, Västmanlands county, Västerbottens county, Norrbottens county samt Västra Götalands region) reported in total an income before extraordinary adjustments which is SEK 0.2 billion higher than the corresponding county councils' income before extraordinary adjustments.

Health and medical care

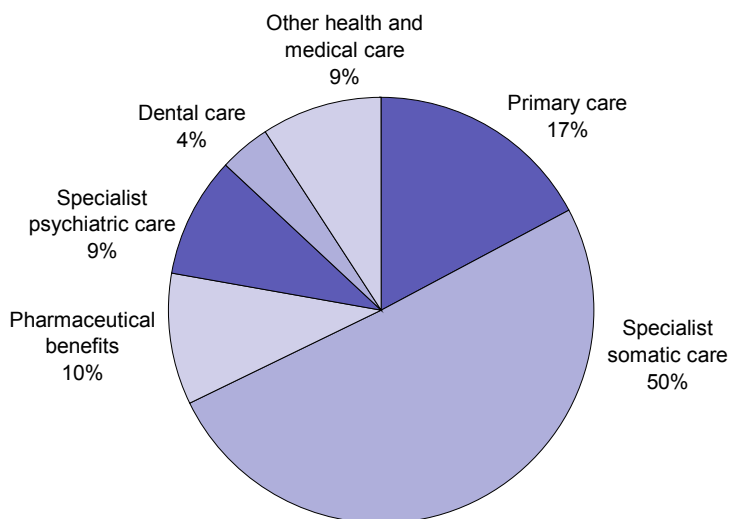
County council expenditure on health and medical care amounted to SEK 165.4 billion in 2005. This expenditure can be expressed in relation to society's expenditure on health and medical care in total (including that of households and the central government), which in the national accounts amounts to SEK 222.5 billion in 2005.

Expenditure terms for activities within health and medical care

The expenditure reported for activities that county councils have within health and medical care are calculated, in the corresponding way as for activities within municipalities, that is, as the gross expenditures minus internal revenues, as well as those from sales of activities to other municipalities and county councils.

Net expenditures show the expenditure to be financed with taxes, general government grants, and net financial income.

Distribution of expenditures for health and medical care 2005. Percent



Political activities associated with Health and Medical Care amount to 1 percent of net expenditures but are not portrayed in the diagram. Pharmaceuticals connected with out-patient care are reported separately. Pharmaceuticals connected with in-patient care are reported within each respective activity.

Source: Swedish Association of Local Authorities and Regions. Ekonomirapport, November 2006.

Outcomes (activity measures) 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 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.

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 sub area within all three areas.

Source: Swedish Association of Local Authorities and Regions

Doctor visits and available hospital beds

The number of doctor visits in total (including visits in medical day care) was 25.4 million in 2005 which slightly more than in 2004 with 25.3 million visits in total.

Visits to personnel categories other than doctors have increased in health and medical care and amounted 33 million in 2005. Most of these visits were in primary care.

The number of available hospital beds was 26 500 in 2005. In 2004 there were 27 000 beds, which can be compared to 29 100 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. Expenditures for primary care in 2005 were SEK 31 billion (net expenditures SEK 27 billion). Primary care is divided into 10 different sub areas, of which general medical

care accounts for approximately half of the expenditures and nursing care for slightly more than one tenth.

A total of 12.7 million doctor visits were made in 2005 in primary care, which corresponds to 1.4 visits per inhabitant. The dominant sub area was general medical care which accounted for 85 percent of doctor visits. The next largest area was emergency services, which amounted to slightly less than 9 percent.

Specialist somatic care

Specialist somatic care makes up the second care level. The expenditures were SEK 92 billion (net expenditure SEK 85.4 billion). Specialist somatic care covers medical diagnosis, treatment and care requiring more specialised measures, and also greater technical and personnel resources than primary care. 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 16.8 million in 2005, corresponding with 1.9 visits per inhabitant. Visits to doctors are the most common form and in 2005 amounted to 11.2 million. The county councils purchased approximately 24 percent from other providers.

The number of treatment appointments in in-patient specialist somatic care amounted to 1.4 million in 2005, of which 96 percent were produced by county councils and regions.

Specialist psychiatric care

Specialist psychiatric care covers short-term and long-term psychiatric care. The expenditures for this sub area in 2005 were SEK 17 billion (net expenditures SEK 16 billion) of which slightly more than half comprised in-patient care. General psychiatry, child and youth psychiatry and also forensic psychiatry are included here

The number of consultation visits including house calls amounted to close to 4 million. Of total activities, slightly more than 80 percent 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.

Dental Care

Expenditures for dental care were SEK 8 billion in 2005 (net expenditures SEK 4.5 billion). 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 sub area using substantial resources. It covers, for example, orthodontics and periodontitis and is for children, young people and adults.

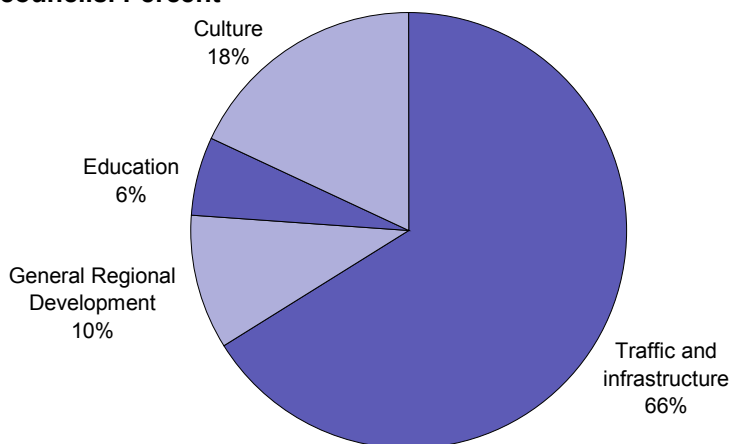
Other health and medical care

Expenditures for this health and medical care in 2005 were SEK 16 billion (net expenditures SEK 13 billion). The most prominent activities are *handicap activities/aid activities* as well as *ambulance and transport for the sick*. Handicap activities/aid activities cover i.a. aid centres (hearing centres, visual centres, instrument workshops) orthopaedic care and pedagogical hearing care. Other activities in the area are rehabilitation trips, social activities, public health questions, research and development etc.

The number of visits in the sub area "other health and medical care" amounted to 423 000 visits/house calls in 2005, corresponding to 0.05 visits/house calls per inhabitant.

Regional development

Regional development comprises five areas, of which the largest is traffic and infrastructure. The county councils' net expenditures for this area amounted to SEK 12 billion in 2005. County councils and regions often cooperate with other organisations regarding development in the region, for example among the business community and other municipalities. This type of cooperation can differ from region to region which is why responsibilities and expenditures can also differ between county councils for this area.

Net expenditures for regional development 2005 within all county councils. Percent

Political activities associated with Health and Medical Care amount to 1 percent of net expenditures but are not portrayed in the diagram.

Source: Swedish Association of Local Authorities and Regions.

Traffic and infrastructure

The net expenditures for traffic and infrastructure amounted to SEK 7.8 billion in 2005. County councils and regions, together with the municipalities, are responsible for public transport in the region by means of special county traffic companies. This area also covers appropriations and support to the traffic companies, subsidies to other forms of transportation, subsidies to telecommunication, and the building of roads etc.

Education and culture

The county councils are the principle organiser for agricultural secondary schools and for approximately half of the country's folk high schools. Net expenditures for education and culture amounted to SEK 2.9 billion in 2005. The largest expenditures here comprise activities within theatre and music (31 percent) and folk high school activity (18 percent).

Reading recommendations:

Government Offices. www.regeringen.se

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

Related to this section are the following:

Table 20. County councils, costs and receipts by activity

11 The old-age pension system

In this chapter we describe the third sub-sector of public sector, namely the old-age pension system (previously called the social insurance sector) from an operational perspective. This perspective mainly involves the statistics that are produced in the annual reports and operational accounts of the Swedish Pension System.

Security in old-age – a part of social insurance

Security in old-age is included as a part of the social insurance system. The old-age pension system apart from the central government budget is a part of the economic policy for the elderly, and is thus included in the *social insurance system*, which accounts for the main part of the economic security system (See Chapter 6).

Social insurances

The purpose of social insurance is to give economic security in case of

- sickness,
- occupational injury or in
- old-age
- and to families with children and to persons with functional impairments.

Social insurances are mainly financed through contributions from employers and self-employed persons, the individual pension payment, central government pension payments, central government funding and returns on funds. *These payments are transferred to the central government budget (with the exception of the old-age pension system) and are distributed as social insurance benefits.*

In addition to the old-age pension system apart from the central government budget, economic security of social insurance in old-age includes

Compensation in old-age: Guarantee pensions, housing allowance for pensioners, partial pension, support for the elderly and special housing allowances

Compensation in case of death: Adaptation pension, special pension for survivors, widow's pensions

Other security: Voluntary pension, seamen's pension

Source: Social Insurance Agency Annual Report 2005

The old-age pension system apart from the central government budget

The portion of security from society in old-age that is not paid via the central government budget is called the old-age pension system apart from the central government budget. This is the third sub-sector in the public sector, according to the classification used in the official statistics (See Chapter 2, The public sector's structure, responsibility and use). 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 structure of the old-age pension system

The old-age pension system apart from the central government budget consists of two main parts:

Income pension including supplementary pension – redistribution component

Premium pension – reserve component

The reformed old-age pension system is financed through a number of contributions that are paid by employers, self-employed persons, the central government and individuals themselves. The old-age pension system is determined by contributions, as opposed to other insurances that are due to beneficiaries. This implies that contributions are fixed and the value of the pension benefits is adapted to what is possible with the available funds. Contributions to the old-age pension system are not transferred to the central government budget but rather to the National Pension Funds (AP funds) and the premium pension fund system.

Contributions for the pension system are set at 18.5 percent of pension-qualifying income. Pension-qualifying income consists of pensionable income and pensionable amounts.

Of the overall contribution rate, 16 percentage points go to the four buffer funds of income pensions (one fourth each) and 2.5 percentage points to the premium pension.

Where do the contributions come from?

The old-age pension system is financed in several different ways:

Employers' contributions, old-age pension fee paid by employers.

Self-employment pension fees, old-age pension fee paid by self-employed persons.

Individual pension fees are paid by those gainfully employed and who have pension rights.

Central government old-age pension fees, are paid from various appropriations in the central government budget for pension rights e.g. for unemployment and sick allowances, and for pension-based amounts e.g. for years with children.

Regulations etc.

All contributions from income do not enter the pension system. Contributions above what is known as the income ceiling, 8.07 income base amounts before deductions for general pension fees, (7.5 base amounts after deductions) are transferred to the central government budget.

Source: Social Insurance Agency. The Swedish Pension System Annual Report 2005.

The income pension with buffer funds

The main part of the fees for the pension system, corresponding to 16 percent of earned income, goes into the income system, including supplementary pension. There is a clear connection for the individual between what is paid into the system and what is later paid out to the pensioner. The income pension is a distribution system, implying that today's pension fees are paid as pensions to the pensioners of today. Pension rights are received for paid pension fees for individuals. These rights show that the system owes money to the individual. This money is then paid to the individual when he/she retires.

Income pension and supplementary pension is financed by the AP funds. In the reformed pension system, the role of the AP funds is to even out the fluctuations in the balance between pension fees and pensions.

Buffer funds

In connection with the pension reform of 2000, rules were changed for the previous AP funds, and these funds also had name changes. As a result of the reconstruction of the AP funds, the AP funds in the previous pension system (ATP system) were reduced and money was transferred to the central government. This money has been used to reduce the government debt by about SEK 200 billion during the first years of the 2000s.

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.

In 2005 the buffer fund increased, i.e. the First - Fourth and Sixth AP Funds, by SEK 123 billion. The balance between pension contributions and pension disbursements gave a surplus of SEK 10.4 billion in 2005. The return on the funds amounted to more than SEK 114 billion and administration costs to about SEK 2 billion.

The return on funds is dependent on changes on the underlying stock market values since close to 60 percent of the assets are invested in shares, of which the majority is in foreign shares. The increase in the Swedish stock market, in 2005, was 32 percent (OMXS index), while the corresponding increase in 2004 was 21 percent.

The assets in the AP funds (buffer funds) account for a smaller part of the assets in the income pension system. In addition to the buffer funds, an asset is also calculated in terms of future fees. This so-called

contribution asset amounted to SEK 5 721 billion at the end of 2005 and accounts for slightly less than 90 percent of the assets of SEK 6 490 billion.

Pension liabilities, consisting of earned pension rights with deductions for pensions paid out, amounted to SEK 6 461 billion at the end of 2005.

Income pensions 2003–2005. SEK billions

	2003	2004	2005
Change in fund assets			
Pension contributions	165.1	171.6	179.6
Pension disbursements	-155.0	-164.8	-169.1
Return of fund capital	82.1	65.2	114.6
Administration costs	-2.4	-2.7	-2.0
Total change in fund assets	89.4	69.3	123.0
Change in contribution assets	172.3	141.5	114.1
Assets, 31 Dec			
National Pension Funds (AP Funds)	576.9	646.2	769.2
Contribution assets	5 465.1	5 606.6	5 720.7
Total assets	6 042.0	6 252.8	6 489.9
Pension liabilities, 31 Dec	5 984.2	6 244.0	6 461.5
Balance ratio	1.0097	1.0014	1.0044

Source: Swedish Social Insurance Agency, The Swedish Pension System Annual Report. Income Statement and Balance Sheet of the Income Pension System, 2004, 2005.

The balance ratio as a safeguard in the pension system

In relation to liabilities, assets of the income pension system exceeded SEK 28 billion, resulting in a balance ratio of 1.0044. The balance ratio refers to the relationship between the assets and liabilities of the system. Assets are partly the value of the contribution flow, and partly capital of the AP funds. The liabilities consist of the sum of pension accounts and the value of those pensions that are being paid out.

If the balance ratio 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 automatic balancing

When the balance ratio is less than 1, liabilities exceed assets. This means that "interest" in the pension system is adjusted downwards to the rate that would result in liabilities not exceeding assets. For individuals this implies that the pension accounts or pensions do not increase at the same rate as they would have done if the balancing was not activated. If the balance ratio, after balancing has been activated, exceeds the figure 1, the surplus is used to increase the "interest" so that indexing is reset at the rate that the financial position of the system allows.

Source: Social Insurance Agency Annual Report 2005

Premium pension system

The remaining 2.5 percentage points of the fees of the total 18.5 percent of the pension-qualifying income (income for the old-age pension system) go to the premium pension system. In the premium pension system, the contributions are placed in funds in personal accounts for future payments. The size of this part of a person's pension is thus both dependent on growth of the chosen funds and of the annual fee.

In 2005 fees in the premium pension authority regarding new pension rights amounted to slightly less than SEK 24 billion, and return on funds to SEK 45 billion. After deductions for administration costs etc, assets increased by SEK 68 billion.

Premium pension 2003–2005. SEK billions

	2003	2004	2005
Changes in fund assets			
Pension contributions	21.0	22.4	23.6
Pension disbursements	0.0	0.0	-0.1
Return of fund capital	13.9	9.0	44.8
Administration costs, etc	-0.2	-0.3	-0.3
Total change in fund assets	34.7	31.0	68.0
Assets, 31 Dec			
Insurance assets	94.2	125.1	193.1
Other assets	46.1	45.4	47.4
Total assets	140.3	170.5	240.5

Source: Swedish Social Insurance Agency, The Swedish Pension System Annual Report. Premium pension system, Income statement and balance sheet 2004, 2005

At the end of 2005, assets amounted to over SEK 240 billion, of which SEK 47 billion consisted of "other assets" which had not yet been invested in the approximately 700 funds. Fund capital amounted to SEK 193 billion.

The premium pension system will be transferred from the public sector

According to a decision by Eurostat in March 2004, the premium pension will no longer be included in the public sector after 2007. Meanwhile the income pension system will still be a part of the public sector. Because of this decision, the national accounts will make the necessary recalculations retroactively back to 1995. As a consequence of this change, the savings of the public sector will be reduced while household savings will increase in the presentation of the economic statistics.

The Premium Pension Authority

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 in cooperation with the Social Insurance Agency, and to provide information on the premium pension system.

Individual choices in the Premium Pension System

The first time funds were chosen in the Premium Pension System was in autumn 2000, and involved 4.4 million savers. Every year over one hundred thousand new pension savers enter the system, and in 2006 the system included a total of 5 570 000 persons, of which 114 000 were new pension savers.

Slightly more than 5.5 million persons saved in the funds of the premium pension system in 2005. On 31 December 2005, the value of funds amounted to SEK 193 billion, and growth during the year was slightly more than 30 percent.

Some 1.2 million funds changed hands in 2005 meaning that the number of fund switches has nearly doubled compared to the previous year. About 40 percent (2.3 million persons) did not actively choose funds, and thus their part in the premium pension system is administrated by the Seventh AP fund.

Of the 114 000 new pension savers who received their first packet from PPM, slightly more than 9 000 actively chose their own funds. Slightly more than 90 percent of new pension savers did not make an active choice of funds, and as a result their pension funds were invested in the Premium Savings Fund.

Recommended reading:

Social Insurance Agency *The Swedish pension system annual report 2005*

Statistics Sweden, Economic Analysis Unit, *Task Force on Employer's*

Retirement Schemes. Memorandum September 21–23, 2005 Washington DC.

12 Publicly Owned Companies

This chapter deals with publicly owned companies. The description here is mainly based on principles of business economics.

The corporate sector includes both privately and publicly owned companies that produce for a market. In the national accounts, publicly owned companies are not included in the term, public authorities, but rather in the corporate sector (exceptions include companies that are not run in a business-like manner). Publicly owned companies account for slightly more than 7 percent of employees in the corporate sector.

Just like the privately owned companies, publicly owned companies are bound to the Swedish Companies Act and other laws and ordinances that steer business activities in Sweden. But the publicly owned companies are also bound to political steering; as a result, these companies have other goals than privately owned companies. One such example is illustrated in the Local Government Act, which defines when a municipality is allowed to hand over operations to a municipal company.

Another example is seen in central government companies which may be required to serve as examples in areas such as environment, ethics and gender equality. In addition, certain publicly owned companies are expected to meet specific needs of the public, such as the National Corporation of Swedish Pharmacies and the Swedish Alcohol Retailing Monopoly.

Companies owned by central government

Companies owned by central government account for two-thirds of employees among the publicly owned companies, and had a turnover of SEK 311 billion in 2005.

Income statement for companies owned by central government, SEK millions

	2004	2005
Total net turnover	287 639	311 297
Costs	-250 271	-251 302
Profit from shares in associated companies	5 263	6 964
Operating income	42 631	66 959
Financial revenue	4 229	5 616
Financial expenditure	-9 515	-9 459
Profit before taxes	37 346	63 116
Taxes	-6 752	-11 080
Net profit for the year	30 594	52 036

The income statement is a consolidation of companies that are owned by central government.

Source: The Government Offices. Annual report for companies owned by central government, 2005.

Results for the companies owned by the central government improved sharply from SEK 31 billion in 2004 to SEK 52 billion in 2005. Vattenfall, the Swedish energy supplier, accounted for SEK 11 billion of this amount.

Central government companies meeting specific needs of the public

Socio-economic goals are set for central government companies meeting specific needs of the public; these goals are sometimes in conflict with economic goals. Socio-economic goals can vary considerably among companies. These goals can sometimes be established in the legal system, but can also come about through government decisions or agreements between the company and the government. The largest companies seen from a turnover perspective are the National Corporation of Swedish Pharmacies, Svenska Spel (Sweden's largest gaming company), The Swedish Alcohol Retailing Monopoly and Samhall (the leading Swedish company in providing development opportunities to disabled persons through employment). Svenska Spel is particularly interesting from an economic viewpoint, since it generates very large profits that are delivered to the government and associations in Sweden.

Central government companies run in a business-like manner

The government places demands on returns for those central government companies that are run in a business-like manner. Based on turnover, the largest companies are Vattenfall, TeliaSonera (tele-communications company with 45.3 percent government ownership), SAS (21.4 percent government ownership), Posten (Sweden's postal service), LKAB (international Swedish high-tech minerals group) and Vin&Sprit (producer and distributor of spirits and wines). In 2005 the largest dividends to government came from TeliaSonera and Vattenfall.

Income statement for central government companies run in a business-like manner, SEK millions

	2004	2005
Total net turnover	202 719	225 737
Costs	-171 116	-171 502
Profit from shares in associated companies	5 305	6 993
Operating profit	36 908	61 227
Financial revenue	3 775	5 337
Financial expenditure	-9 005	-8 567
Profit before taxes	32 009	57 997
Tax	-6 608	-10 882
Net profit/loss for the year	25 404	47 115

The income statement is a consolidation of companies that are owned by central government which are run in a business-like manner.

Source: The Government Offices. Annual report for companies owned by central government, 2005

Publicly owned companies

There are important differences between the presentation of accounts for central government companies and the presentation by Statistics Sweden for companies that are owned by municipalities and county councils.

In the central government accounts for central government companies, there are companies administrated by central government with propriety interest where ownership is at least 20 percent. The accounts are consolidated, i.e. transactions among the companies owned by central government are deducted. In Statistics Sweden's presentation of companies owned by municipalities and county councils, the various items are presented only as a sum.

In Statistics Sweden's accounts, a company is regarded as owned by the local government sector (municipality or county council) if more than 50 percent of the number of votes are held by the local government sector. A company is also considered to be owned by the local government sector if the public sector owns at least 50 percent, the majority of which is owned by the local government sector. Those companies classified as owned by the local government sector are divided into municipality-owned and county council-owned, depending on the size of ownership. If ownership of the company is 50–50 between municipality and county council, it is considered to be owned by the county council.

Companies owned by local government

Companies owned by municipalities and county councils account for about one-third of all employees among publicly owned companies in Sweden.

Municipality-owned companies

Of the 290 municipalities in Sweden, 281 municipalities own at least one fully-owned company, while 288 municipalities own at least 10 percent of some company. In 2005, the number of municipality-owned companies was slightly more than 1 500. The majority of municipality-owned companies are found within the real estate and energy sectors. Gothenburg owns the largest number of companies (81) while two municipalities do not own any companies at all. Gothenburg also owns the largest companies, measured by the

number of employees. The three largest companies are Göteborgs Spårvägar (public transport), Göteborgs Hamn (the port of Gothenburg) and Göteborg Energi (energy).

Income statement for municipality-owned companies, SEK millions

	2005
Turnover	140 656
Other income	7 609
Costs	-113 600
Depreciation	-15 183
Income after depreciation	19 482
Financial revenue	4 250
Financial expenditure	-14 239
Income before transfers to/from untaxed reserves	9 492
Transfers to/from untaxed reserve	-1 968
Tax	-1 767
Net profit/loss for the year	5 757

Please note that the income statement for municipality and county council owned companies is not produced in the same manner as the one for central government owned companies. Firstly, the income account above is not consolidated, and secondly, there is a 50 percent limit for ownership. The income statement for 2005 is not comparable with the income statements that Statistics Sweden have previously presented, since the register of companies owned by municipalities and county councils was updated in 2005.

Source: Statistics Sweden Municipality-owned companies 2005, OE 27 SM 0601.

County council owned companies

There are 122 county council owned companies in Sweden. Most of these companies are within the transport sector. County traffic companies are considered to be county council owned, even if ownership is 50–50 county council and the municipalities of the county. However, the largest companies are found within the healthcare sector. Management of some hospitals have changed during the years, from having been run as county council owned companies and run by the county itself, or from having been completely run by county council to being run as a county council owned company. The largest county council owned companies are situated in Stockholm county council and include Södersjukhuset and Danderyds Sjukhus (hospitals) and Folktandvården (dental care) in Stockholm county.

Income statement for county council-owned companies, SEK millions

	2005
Turnover	22 876
Other income	9 058
Costs	-30 386
Depreciation	-1 119
Result after depreciation	428
Financial revenue	162
Financial expenditure	-341
Results before transfers to/from untaxed reserves	250
Transfers to/from untaxed reserve	-44
Tax	-12
Net profit/loss for the year	194

Please note that the income statement for municipality and county council owned companies is not produced in the same manner as the one for central government owned companies. Firstly, the income account above is not consolidated, and secondly, there is a 50 percent limit for ownership. The income statement for 2005 is not comparable with the income statements that Statistics Sweden have previously presented, since the register of companies owned by municipalities and county councils was updated in 2005.

Source: Statistics Sweden, Municipality-owned companies 2005, OE 27 SM 0601.

Key figures

Key figures are commonly used, both to compare different companies with each other and to follow a company or group of companies over time. Key figures are calculated by setting one figure in relation to another. In this manner it is possible to compare companies of different sizes to one another.

The key figures below are produced by the processing of the Structural Business Survey. Banks and other financial companies are not included in this survey. The equity-assets ratio is calculated by dividing the adjusted equity with the total assets, while returns on equity are the result after financial items have been divided with the adjusted equity.

Equity-assets ratio in total corporate sector and in publicly owned companies. Percent

	2002	2003	2004	2005
Corporate sector, total	38	39	39	40
Companies owned by central government	23	24	22	22
Municipally owned companies	22	22	23	20
County council owned companies	21	23	23	24

Please note that the central government companies are not defined in the same manner as the municipality and county council companies.

Source: Statistics Sweden Företagens ekonomi, NV 19 SM 0602, Government Offices. Report on activities for companies that are owned by central government in 2005 and Statistics Sweden. Municipality-owned companies 2005, OE 27 SM 0601.

The equity-assets ratio is on average considerably higher for companies in the total corporate sector compared to those that are publicly owned.

Returns on equity. Percent

	2002	2003	2004	2005
Corporate sector, total	7.3	10.9	14.2	15.8
Companies owned by central government	4.3	11.4	14.6	19.6
Municipality-owned companies	5.5	6.8	8.4	7.6
County council owned companies	-50.1	-1.9	-0.1	3.0

Please note that the central government companies are not defined in the same manner as the municipality and county council companies.

Source: Statistics Sweden, Företagens ekonomi, NV 19 SM 0602, Government Offices. Report on activities for companies that are owned by central government in 2005 and Statistics Sweden. Municipality-owned companies 2005, OE 27 SM 0601.

In 2005, returns on equity were on average the highest for companies owned by central government while the returns for municipality owned companies were significantly lower. However, as already reported, the municipality-owned companies operate under other conditions.

Recommended reading:

The Government Offices. *Annual report for companies owned by central government, 2005*

Statistics Sweden *Företagens ekonomi*. Statistical Report NV 19 SM 0602

Statistics Sweden *Local government owned companies*, Statistical Report OE 27 SM 0601

Tables

1. GDP by type of producer, current prices. SEK millions

Year	Market producers and NPISH	Central government	Local government	Total	Percent 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	2 086 034	127 143	351 879	2 565 056	19%
2005	2 177 807	130 073	362 667	2 670 547	18%

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. Percent public sector is total central and local government as percent of total.

Sources:

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

For years 1980–1993: [SCB, National Accounts 1980–1993](#)

For years 1993–2005: [SCB, National Accounts 1993–2005](#)

2. GDP by type of producer, constant prices. SEK millions

Year	Market producers and NPISH	Central government	Local government	Total	Percent 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	2 010 482	111 860	299 400	2 420 347	17%
2005	2 083 349	110 650	299 663	2 490 615	16%

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. Percent public sector is total central and local government as percent of total.

Sources:

For years 1980–1993: [SCB, National Accounts 1980–1993](#)

For years 1993–2005: [SCB, National Accounts 1993–2005](#)

3. Employment by sector according to Labour statistics based on administrative sources (RAMS) and National accounts (NA)

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

RAMS	1998	1999	2000	2001	2002
Central government administration	206 755	204 104	203 431	204 821	211 387
Public quasi-corporations	17 655	16 832	15 541	6 109	5 720
Companies and organisations owned by central government	171 983	164 779	168 104	168 801	177 189
Municipal administration	773 784	776 041	779 970	800 940	815 701
County councils	226 302	230 636	234 098	235 471	233 196
Companies and organisations owned by local government	66 218	88 842	57 841	73 195	82 638
Other public institutions	72 205	15 361	15 313	15 515	15 661
Limited companies, not publicly owned	1 912 448	1 958 931	2 084 162	2 096 902	2 095 196
Other companies, not publicly owned	322 630	323 866	329 193	328 148	329 397
Other organisations	159 994	180 403	175 312	171 954	181 089
Total RAMS	3 929 974	3 959 795	4 062 965	4 101 856	4 147 174

RAMS	2003	2004	2005
Central government administration	214 488	217 031	229 930
Public quasi-corporations	5 691	5 726	5 416
Companies and organisations owned by central government	136 478	132 686	127 879
Municipal administration	810 958	814 900	812 459
County councils	236 321	243 796	245 190
Companies and organisations owned by local government	79 482	69 619	72 112
Other public institutions	16 349	16 330	1 087
Limited companies, not publicly owned	2 096 833	2 134 040	2 152 029
Other companies, not publicly owned	322 533	354 674	357 628
Other organisations	175 914	184 283	180 826
Total RAMS	4 095 047	4 173 085	4 184 556

3. (cont.)

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

NA	1998	1999	2000	2001	2002
Market producers and producers for own final use	2 688 200	2 761 300	2 867 600	2 933 900	2 923 800
Central government including social security funds	240 400	237 100	236 600	235 900	239 700
Local government	1 060 900	1 081 600	1 054 400	1 068 900	1 080 500
Non-profit institutions serving households	87 900	83 300	105 700	106 300	107 700
Total NA	4 077 400	4 163 300	4 264 300	4 345 000	4 351 700

NA	2003	2004	2005
Market producers and producers for own final use	2 890 700	2 858 200	2 878 700
Central government including social security funds	245 100	243 000	240 800
Local government	1 088 500	1 096 700	1 095 400
Non-profit institutions serving households	112 200	113 100	113 400
Total NA	4 336 500	4 311 000	4 328 300

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](#)

4. General government expenditure, consolidated, current prices. SEK millions

	1993	1994	1995	1996	1997
Expenditure, total	1 087 281	1 115 401	1 145 756	1 136 288	1 143 506
Transfer payments	512 745	479 554	478 194	458 721	450 424
to local government	2 416	2 819	3 559	3 141	3 305
to households	368 020	384 941	385 527	373 496	374 421
to corporations	128 958	75 482	71 358	63 209	54 653
to abroad	13 351	16 312	17 750	18 875	18 045
Interest	89 287	103 911	116 913	118 161	117 570
Final consumption	454 408	467 922	482 569	505 781	515 722
Gross fixed capital formation	58 512	67 090	70 135	64 219	58 606
Changes in inventories	-90	-1 350	-1 183	-1 452	-603
Acquisition less disposals of land etc.	-27 581	-1 726	-872	-9 142	1 787

	1998	1999	2000	2001	2002
Expenditure, total	1 147 706	1 199 237	1 207 890	1 236 717	1 318 274
Transfer payments	455 938	469 442	476 003	488 306	510 016
to local government	3 852	4 326	3 087	2 872	3 766
to households	385 277	394 889	410 111	422 471	440 160
to corporations	45 651	46 915	36 983	34 929	36 590
to abroad	21 158	23 312	25 822	28 034	29 500
Interest	106 467	97 535	89 501	69 345	76 784
Final consumption	542 889	571 808	584 828	614 620	658 154
Gross fixed capital formation	62 277	66 472	63 648	69 258	76 104
Changes in inventories	-43	-799	-114	46	-112
Acquisition less disposals of land etc.	-19 822	-5 221	-5 976	-4 858	-2 672

	2003	2004	2005
Expenditure, total	1 371 793	1 392 693	1 442 377
Transfer payments	550 993	567 889	591 246
to local government	3 454	2 809	2 432
to households	474 118	491 003	499 026
to corporations	40 696	37 915	48 469
to abroad	32 725	36 162	41 319
Interest	57 829	48 925	52 821
Final consumption	691 692	703 219	724 161
Gross fixed capital formation	75 069	77 836	80 633
Changes in inventories	-67	-21	146
Acquisition less disposals of land etc.	-3 723	-5 155	-6 630

Source:

Statistics Sweden (SCB), National Accounts, NA

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

5. General government receipts, consolidated, current prices. SEK millions

	1993	1994	1995	1996	1997
Receipts	911 037	962 900	1 023 006	1 085 734	1 124 173
Taxes and social contributions	767 279	823 593	873 888	941 038	987 257
Taxes on income and wealth	300 961	335 087	355 071	381 530	405 865
Households	272 004	295 161	307 956	334 127	351 008
Corporations	28 957	39 926	47 115	47 403	54 857
Tax on production and import	260 105	267 933	275 787	291 732	307 599
Social contributions	206 213	220 573	243 030	267 776	273 793
Operating surplus, net	979	-1 451	1 396	253	190
Consumption of fixed capital	37 859	38 093	40 270	41 630	43 283
Interest	75 757	74 939	73 643	67 753	60 332
Dividends	3 079	4 832	9 327	10 899	10 761
Other receipts	26 084	22 894	24 482	24 161	22 350
from households	5 370	5 530	6 282	6 025	6 212
from corporations	20 263	16 947	13 107	13 761	14 550
from abroad	451	417	5 093	4 375	1 588
	1998	1999	2000	2001	2002
Receipts	1 185 662	1 247 989	1 318 383	1 296 770	1 307 427
Taxes and social contributions	1 046 040	1 117 821	1 185 008	1 178 089	1 185 228
Taxes on income and wealth	422 055	461 010	492 535	452 667	423 319
Households	369 323	395 702	407 268	391 056	373 314
Corporations	52 732	65 308	85 267	61 611	50 005
Tax on production and import	337 263	381 819	360 310	374 196	399 062
Social contributions	286 722	274 992	332 163	351 226	362 847
Operating surplus, net	-9	-1 329	-3 042	-4 659	-2 993
Consumption of fixed capital	45 197	47 787	50 360	53 407	55 699
Interest	55 057	46 712	44 429	30 018	27 136
Dividends	13 454	13 525	14 914	14 790	15 239
Other receipts	25 923	23 473	26 714	25 125	27 118
from households	7 399	7 688	8 664	9 084	9 902
from corporations	17 178	14 597	16 973	14 794	14 046
from abroad	1 346	1 188	1 077	1 247	3 170
	2003	2004	2005		
Receipts	1 367 873	1 430 470	1 515 510		
Taxes and social contributions	1 242 786	1 307 278	1 381 497		
Taxes on income and wealth	457 074	498 898	536 611		
Households	401 189	421 420	435 575		
Corporations	55 885	77 478	101 036		
Tax on production and import	417 977	432 610	453 820		
Social contributions	367 735	375 770	391 066		
Operating surplus, net	-2 858	-2 362	-3 298		
Consumption of fixed capital	56 917	58 371	60 815		
Interest	25 517	25 180	26 783		
Dividends	19 847	18 870	27 168		
Other receipts	25 664	23 133	22 545		
from households	9 576	9 690	8 770		
from corporations	13 529	12 075	12 291		
from abroad	2 559	1 368	1 484		

Source:

Statistics Sweden (SCB), National Accounts, NA

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

6. GDP, expenditure approach, General government share, current prices. SEK millions

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

	1998	1999	2000	2001	2002
<i>Resources:</i>					
GDP at market prices	1 987 242	2 096 363	2 217 290	2 288 351	2 371 606
+ Import of goods and services	718 762	761 669	887 977	900 465	883 922
= Total resources	2 706 004	2 858 032	3 105 267	3 188 816	3 255 528
<i>Use:</i>					
Final consumption expenditure	1 523 721	1 603 667	1 681 245	1 738 860	1 818 851
+ Gross fixed capital formation	339 812	363 675	405 478	401 512	393 725
+ Export of goods and services	842 471	890 690	1 018 544	1 048 444	1 042 952
= Total use	2 706 004	2 858 032	3 105 267	3 188 816	3 255 528
<i>Public sector proportion of use:</i>					
Central government consumption	159 650	170 435	173 441	176 275	187 084
Local government consumption	383 239	401 373	411 387	438 345	471 070
Central government gross fixed capital formation	29 180	30 046	29 102	30 452	34 533
Local government gross fixed capital formation	27 632	31 093	29 090	32 410	35 642
Total public sector	599 701	632 947	643 020	677 482	728 329
<i>Proportion of use as percent of GDP:</i>					
Central government	10%	10%	9%	9%	9%
Local government	21%	21%	20%	21%	21%
Total public sector	30%	30%	29%	30%	31%

6. (cont.)

	2003	2004	2005
<i>Resources:</i>			
GDP at market prices	2 459 413	2 565 056	2 670 547
+ Import of goods and services	907 853	979 828	1 096 832
= Total resources	3 367 266	3 544 884	3 767 379
<i>Use:</i>			
Final consumption expenditure	1 894 364	1 943 035	2 009 126
+ Gross fixed capital formation	402 725	417 316	457 666
+ Export of goods and services	1 070 177	1 184 533	1 300 587
= Total use	3 367 266	3 544 884	3 767 379
<i>Public sector proportion of use:</i>			
Central government consumption	196 312	196 424	198 218
Local government consumption	495 380	506 795	525 943
Central government <u>gross fixed capital formation</u>	35 110	39 024	37 476
Local government gross fixed capital formation	34 071	32 294	35 575
Total public sector	760 873	774 537	797 212
<i>Proportion of use as percent of GDP:</i>			
Central government	9%	9%	9%
Local government	22%	21%	21%
Total public sector	31%	30%	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, current prices](#)

7. GDP, expenditure approach, General government share, constant prices. SEK millions

	1993	1994	1995	1996	1997
<i>Resources:</i>					
GDP at market prices	1 751 808	1 820 171	1 891 255	1 916 614	1 961 344
+ Import of goods and services	486 461	547 515	588 120	607 145	682 589
= Total resources	2 237 676	2 368 204	2 480 497	2 525 340	2 645 625
<i>Use:</i>					
Final consumption expenditure	1 480 657	1 493 551	1 499 900	1 519 354	1 538 781
+ Gross fixed capital formation	254 726	294 358	325 836	322 909	324 385
+ Export of goods and services	521 682	593 776	662 999	689 385	784 031
= Total use	2 237 676	2 368 204	2 480 497	2 525 340	2 645 625
<i>Public sector proportion of use:</i>					
Central government consumption	188 721	188 794	185 486	187 824	181 010
Local government consumption	382 086	377 506	378 687	379 965	381 486
Central government <u>gross fixed capital formation</u>	30 123	35 872	36 051	31 945	26 691
Local government gross fixed capital formation	28 858	33 304	33 180	31 716	29 990
Total public sector	629 788	635 476	633 404	631 450	619 177
<i>Proportion of use as percent of GDP:</i>					
Central government	12%	12%	12%	11%	11%
Local government	23%	23%	22%	21%	21%
Total public sector	36%	35%	33%	33%	32%

	1998	1999	2000	2001	2002
<i>Resources:</i>					
GDP at market prices	2 033 194	2 125 202	2 217 290	2 240 985	2 285 726
+ Import of goods and services	759 658	797 125	887 977	864 935	848 275
= Total resources	2 794 086	2 923 546	3 105 267	3 105 920	3 133 526
<i>Use:</i>					
Final consumption expenditure	1 587 279	1 635 998	1 681 245	1 691 272	1 721 079
+ Gross fixed capital formation	355 526	373 541	405 478	391 296	377 182
+ Export of goods and services	851 642	913 702	1 018 544	1 023 352	1 035 241
= Total use	2 794 086	2 923 546	3 105 267	3 105 920	3 133 526
<i>Public sector proportion of use:</i>					
Central government consumption	173 992	178 529	173 441	170 594	175 749
Local government consumption	407 944	413 512	411 387	419 365	427 688
Central government gross fixed capital formation	30 865	31 110	29 102	29 473	32 730
Local government gross fixed capital formation	29 012	31 947	29 090	31 321	33 369
Total public sector	641 813	655 098	643 020	650 753	669 536
<i>Proportion of use as percent of GDP:</i>					
Central government	10%	10%	9%	9%	9%
Local government	21%	21%	20%	20%	20%
Total public sector	32%	31%	29%	29%	29%

7. (cont.)

	2003	2004	2005
<i>Resources:</i>			
GDP at market prices	2 324 425	2 420 347	2 490 615
+ Import of goods and services	891 040	953 672	1 019 635
= Total resources	3 215 066	3 372 901	3 508 241
<i>Use:</i>			
Final consumption expenditure	1 744 865	1 771 978	1 800 465
+ Gross fixed capital formation	388 799	404 805	436 088
+ Export of goods and services	1 082 341	1 202 989	1 282 970
= Total use	3 215 066	3 372 901	3 508 241
<i>Public sector proportion of use:</i>			
Central government consumption	178 362	177 052	173 532
Local government consumption	429 260	432 592	437 686
Central government gross fixed capital formation	33 060	36 220	33 529
Local government gross fixed capital formation	31 270	29 098	31 503
Total public sector	671 952	674 962	676 250
<i>Proportion of use as percent of GDP:</i>			
Central government	9%	9%	8%
Local government	20%	19%	19%
Total public sector	29%	28%	27%

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](#)

8. The size of government sector in different countries. Percentage of total GDP in each country

	Value-added	Consumption	Expenditure	Income
EU-15	13	21	47	45
EU-25	13	21	47	45
Euro zone	12	21	48	45
Sweden	19	27	57	59
Denmark	19	26	53	57
Finland	16	22	50	53
Iceland	18	25	46	46
Norway	15	20	43	59
Belgium	14	23	50	50
Bulgaria	..	..	..	..
Cyprus	16	18	44	41
Estonia	11	17	33	36
France	16	24	54	51
Greece	13	16	47	42
Ireland	10	16	34	35
Italy	13	20	48	44
Latvia	13	17	36	36
Lithuania	12	17	34	33
Luxembourg	10	17	43	42
Malta	18	22	47	44
The Netherlands	13	24	46	45
Poland	13	18	43	41
Portugal	16	21	48	42
Romania	11	16	37	36
Slovakia	10	19	37	34
Slovenia	14	20	47	46
Spain	12	18	38	39
Great Britain	12	22	45	42
Czech Republic	12	22	44	40
Germany	9	19	47	44
Hungary	16	23	50	43
Austria	11	18	50	48
Australia	..	18	35	36
Japan	9	18	37	31
Canada	13	19	39	41
Mexico	..	..	..	..
New Zealand	11	18	38	42
South Korea	9	14	28	31
USA	11	16	37	33

Note:

The figures refer to 2005 with the following exceptions: Iceland (2004), Romania (2004), Australia (2004), Japan (2004), South Korea (2004) and New Zealand (2003)

Sources:

For the European countries, figures are taken from Eurostat in December 2006: [Eurostat](#)

For other countries, calculations have been made, aided by figures from OECD in December 2006: [OECD](#)

9. Gross public social expenditure and net total social expenditure in the OECD. Percentage of total GDP in each country 2003

	Public social expenditure	Adjusted social expenditure
Sweden	31	26
Denmark	28	22
Finland	22	21
Iceland	19	20
Norway	25	22
Belgium	26	26
France	29	28
Ireland	16	14
Italy	24	22
The Netherlands	21	23
Portugal	24	22
Slovakia	17	17
Spain	20	18
Great Britain	20	24
Czech Republic	21	20
Germany	28	28
Austria	26	22
Australia	18	21
Japan	18	21
Canada	17	21
Mexico	7	8
New Zealand	18	15
South Korea	6	8
USA	16	25

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>

10. Central government budget for Sweden, income 2005. SEK millions

Income	Central government budget	Outcome		Net income/ net expenditure	Difference with central govt. budget
		Income	Expenditure		
1000 Taxes etc.	640 143	1 793 615	1 111 347	682 268	42 125
1100 Tax on income	55 807	613 614	528 356	85 257	29 450
1111 <u>Physical persons</u> , income taxes, net	-15 102	511 231	528 356	-17 126	-2 024
1121 <u>Legal persons</u> , income taxes, net	65 989	95 833	0	95 833	29 844
1123 <u>Taxation</u> of group life insurance	1 417	1 037	0	1 037	-380
1200 <u>Social charges</u> and taxes on income	276 410	473 889	202 473	271 415	-4 994
1300 Taxes on property	37 672	37 780	0	37 780	108
1400 Taxes on goods and services	325 984	329 934	-5 950	335 884	9 900
1411 <u>Value-added</u> tax, net	222 928	228 468	0	228 468	5 540
1424 Tax on tobacco	8 419	8 056	0	8 056	-363
1425 Tax on alcohol	10 836	10 064	0	10 064	-771
1428 Tax on energy	65 132	63 570	-5 950	69 520	4 388
1461 Vehicle tax	9 392	10 297	0	10 297	905
1471 Customs duties	3 770	4 307	0	4 307	538
1500 Equalisation tax and compensation for value-added tax	-33 453	1533	34 246	-32 714	739
1600 Payment differences, tax account	-6 511	335	0	335	6 846
1700 Reduction of taxes	-15 766	1	15 690	-15 689	77
2000 Income from central government activities	35 426	38 759	5 574	33 185	-2 241
2131 Delivered surplus from Riksbanken	6 300	6 700	0	6 700	400
2153 Delivered surplus from AB Svenska spel	3 400	3 634	0	3 634	234
2400 Dividends	9 851	12 143	0	12 143	2 293
2500 Compulsory charges	6 552	6 657	-1	6 659	107
3000 Income from property sold	15 000	6 689	0	6 689	-8 311
4000 Repayment of loans	2 387	2 303	0	2 303	-84
5000 Computed income	7 559	8 788	0	8 788	1 229
5200 Central government pension contributions	6 987	7 542	0	7 542	555
6000 Grants etc from EU	11 771	12 592	0	12 592	821
6100 Grants from EU agricultural support	8 464	8 946	0	8 946	482
Total income	712 286	1 862 746	1 116 921	745 825	33 539

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.

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

11. Central government budget for Sweden, expenditure by category 2005. SEK millions

	Expenditure area	CG- budget	Suppl. budget	Total assigned	Outcome	Diff. CG- budget	Diff. total assigned
UO01	The Swedish Political System	7 840	-68	7 772	7 673	-167	-99
UO02	Economy and fiscal administration	11 432	-176	11 256	10 972	-460	-284
UO03	Tax, customs and enforcement	8 804	2	8 806	8 572	-232	-233
UO04	Justice	27 297	665	27 962	27 025	-272	-937
UO05	Foreign policy administration and international co-operation	1 240	140	1 380	1 365	125	-15
UO06	Defence and contingency measures	44 147	-91	44 055	43 591	-555	-464
UO07	International development co- operation	22 418	-200	22 218	22 260	-158	42
UO08	Immigrants and refugees	6 933	387	7 320	6 918	-15	-402
UO09	Health care, medical care, social services	39 818	116	39 934	38 473	-1 344	-1 460
UO10	Financial security (illness and disability)	129 691	121	129 812	127 049	-2 642	-2 763
UO11	Financial security (old age)	46 413	0	46 413	46 120	-293	-293
UO12	Financial security (families and children)	56 357	800	57 157	55 467	-890	-1 690
UO13	Labour market	69 313	-154	69 160	69 568	255	408
UO14	Working life	1 194	0	1 194	1 153	-41	-41
UO15	Study support	20 996	-148	20 848	19 779	-1 216	-1 069
UO16	Education and university research	43 868	145	44 013	43 695	-173	-317
UO17	Culture, media, religious organisations and leisure	8 957	114	9 070	8 968	11	-103
UO18	Community planning, housing supply and construction	9 139	36	9 176	8 737	-402	-439
UO19	Regional balance and development	3 497	200	3 697	3 286	-211	-411
UO20	General environment and nature preservation	3 995	-10	3 985	4 254	259	269
UO21	Energy	1 396	1	1 397	1 396	0	-1
UO22	Communications	31 666	-14	31 653	31 833	167	180
UO23	Agriculture and forestry, fisheries etc	14 656	163	14 819	17 408	2 752	2 590
UO24	Industry	3 891	-5	3 887	3 775	-116	-112
UO25	Grants to municipalities	57 469	-33	57 436	57 325	-144	-111
UO26	Interest on central government debt etc	38 770	0	38 770	32 657	-6 113	-6 113
UO27	Contributions to the European Community....	26 802	0	26 802	25 635	-1 167	-1 167
	Total expenditure areas	0	0	0	0	0	0
	Change in funds previously allocated	737 998	1 991	739 989	724 956	-13 042	-15 033
	<u>Swedish National Debt Office net lending</u>	14 621	0	14 621	10 084	-4 537	-4 537
	Adjustments to cash basis	-1 891	0	-1 891	-3 269	-1 378	-1 378
	of which <u>transfer</u> from AP-funds	-1 891	0	-1 891	-2 043	-152	-152
	<u>Total central government budget outcome etc</u>	750 728	1 991	752 719	731 771	-18 957	-20 948

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](#)

12. Net lending/Net borrowing under the EDP (Excessive Deficit Procedure) in the EU. Percent of GDP

	2000	2001	2002	2003	2004	2005
EU-25	0.4	-1.3	-2.3	-3.0	-2.7	-2.3
EU-15	0.5	-1.1	-2.2	-2.9	-2.6	-2.3
Euro zone	0.0	-1.8	-2.5	-3.1	-2.8	-2.4
Sweden	5.0	2.5	-0.2	0.1	1.8	3.0
Denmark	2.3	1.4	1.2	1.1	2.7	4.9
Finland	6.9	5.0	4.1	2.5	2.3	2.7
Belgium	0.1	0.6	0.0	0.0	0.0	-2.3
Bulgaria	-0.5	1.9	0.1	0.3	1.9	3.1
Cyprus	-2.4	-2.3	-4.4	-6.3	-4.1	-2.3
Estonia	-0.2	-0.3	0.4	2.0	2.3	2.3
France	-1.5	-1.5	-3.2	-4.2	-3.7	-2.9
Greece	-4.0	-4.9	-5.2	-6.1	-7.8	-5.2
Ireland	4.6	0.8	-0.4	0.3	1.5	1.1
Italy	-0.8	-3.1	-2.9	-3.5	-3.4	-4.1
Croatia	..	..	-4.1	-4.5	-5.0	-3.9
Latvia	-2.8	-2.1	-2.3	-1.2	-0.9	0.1
Lithuania	-3.2	-2.1	-1.5	-1.3	-1.5	-0.5
Luxembourg	6.0	6.1	2.1	0.3	-1.1	-1.0
Malta	-6.1	-6.4	-5.5	-10.0	-5.0	-3.2
The Netherlands	2.0	-0.2	-2.0	-3.1	-1.8	-0.3
Poland	-1.5	-3.7	-3.2	-4.7	-3.9	-2.5
Portugal	-2.9	-4.3	-2.9	-2.9	-3.2	-6.0
Rumania	..	-3.3	-2.0	-1.7	-1.3	-0.4
Slovakia	-11.8	-6.5	-7.7	-3.7	-3.0	-3.1
Slovenia	-3.8	-4.1	-2.5	-2.8	-2.3	-1.4
Spain	-0.9	-0.5	-0.3	0.0	-0.2	1.1
Great Britain	1.7	1.0	-1.7	-3.3	-3.2	-3.3
Czech Republic	-3.7	-5.7	-6.8	-6.6	-2.9	-3.6
Turkey	..	-33.0	-12.9	-11.3	-5.7	-1.2
Germany	1.3	-2.8	-3.7	-4.0	-3.7	-3.2
Hungary	-2.9	-3.4	-8.2	-6.3	-5.3	-6.5
Austria	-1.5	0.0	-0.5	-1.6	-1.2	-1.5

Source: [Eurostat](#)

13. General government consolidated gross debt (Maastricht debt) in the EU. Percent of GDP

	2000	2001	2002	2003	2004	2005
EU-25	62.9	62.0	60.4	62.0	62.4	63.2
EU-15	64.1	63.1	61.5	63.0	63.3	64.5
Euro zone	70.4	69.3	68.2	69.3	69.8	70.8
Sweden	52.8	54.3	52.0	51.8	50.5	50.4
Denmark	52.3	48.0	46.8	44.4	42.6	35.9
Finland	44.6	43.6	41.3	44.3	44.3	41.3
Belgium	109.1	108.0	103.3	98.6	94.3	93.2
Bulgaria	73.6	66.2	54.0	46.1	38.6	29.9
Cyprus	61.6	61.9	64.7	69.1	70.3	69.2
Estonia	4.7	4.7	5.6	5.7	5.2	4.5
Greece	114.0	114.4	110.7	107.8	108.5	107.5
France	56.8	56.8	58.2	62.4	64.4	66.6
Ireland	38.3	35.9	32.2	31.1	29.7	27.4
Italy	111.2	110.9	105.6	104.3	103.9	106.6
Croatia	..	..	40.0	40.9	43.7	44.2
Latvia	12.9	15.0	13.5	14.4	14.5	12.1
Lithuania	23.8	22.9	22.2	21.2	19.4	18.7
Luxembourg	5.5	6.7	6.5	6.3	6.6	6.0
Malta	56.4	63.5	60.1	70.2	74.9	74.2
The Netherlands	55.9	51.5	50.5	52.0	52.6	52.7
Poland	36.8	36.7	39.8	43.9	41.9	42.0
Portugal	53.3	53.6	55.5	57.0	58.6	64.0
Romania	..	..	23.8	20.7	18.0	15.2
Slovakia	49.9	49.2	43.3	42.7	41.6	34.5
Slovenia	27.4	28.4	29.1	28.5	28.7	28.0
Spain	61.1	56.3	52.5	48.7	46.2	43.1
Great Britain	42.0	38.7	37.5	38.9	40.4	42.4
Czech Republic	18.2	26.3	28.5	30.1	30.7	30.4
Turkey	..	104.4	93.0	85.1	76.9	69.6
Germany	60.2	59.6	60.3	63.9	65.7	67.9
Hungary	55.4	52.2	54.0	55.8	56.3	57.7
Austria	67.0	67.0	65.8	64.6	63.8	63.4

Source: [Eurostat](#)

14. Government 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

14. (cont.)

Function	1999	2000	2001	2002	2003	2004
01 General public administration						
Central government	25 742	32 605	32 561	35 076	37 410	37 502
Local government	25 555	27 701	24 683	24 591	26 141	30 494
Total public sector	51 297	60 306	57 244	59 667	63 551	67 996
02 Defence						
Central government	48 584	46 169	44 235	44 358	44 665	43 427
Local government	104	111	128	138	129	125
Total public sector	48 688	46 280	44 363	44 496	44 794	43 552
03 Public order and safety						0
Central government	21 489	22 331	24 230	25 894	27 379	27 966
Local government	4 672	4 545	5 424	6 163	6 520	5 447
Total public sector	26 161	26 876	29 654	32 057	33 899	33 413
04 Economic affairs						
Central government	24 430	25 140	26 748	29 122	29 944	29 677
Local government	10 686	10 855	12 683	12 766	13 305	12 967
Total public sector	35 116	35 995	39 431	41 888	43 249	42 644
05 Environmental protection						
Central government	634	633	692	926	1 039	1 088
Local government	355	445	560	625	622	644
Total public sector	989	1 078	1 252	1 551	1 661	1 732
06 Housing and community amenity						
Central government	532	630	532	420	544	539
Local government	3 037	2 932	3 088	3 317	3 560	3 673
Total public sector	3 569	3 562	3 620	3 737	4 104	4 212
07 Health						
Central government	2 485	2 572	2 851	2 806	4 360	4 824
Local government	125 138	132 651	143 361	156 213	164 125	166 721
Total public sector	127 623	135 223	146 212	159 019	168 485	171 545
08 Recreation, culture and religion						
Central government	3 691	2 752	2 614	2 822	2 934	3 166
Local government	23 868	13 377	14 177	14 994	15 573	15 821
Total public sector	27 559	16 129	16 791	17 816	18 507	18 987
09 Education						
Central government	24 442	20 490	21 418	24 396	25 389	25 464
Local government	107 601	112 616	122 170	131 021	137 280	140 510
Total public sector	132 043	133 106	143 588	155 417	162 669	165 974
10 Social protection						
Central government	18 406	20 119	20 394	21 264	22 648	22 771
Local government	100 357	106 154	112 071	121 242	128 125	130 393
Total public sector	118 763	126 273	132 465	142 506	150 773	153 164
Total						
Central government	170 435	173 441	176 275	187 084	196 312	196 424
Local government	401 373	411 387	438 345	471 070	495 380	506 795
Total public sector	571 808	584 828	614 620	658 154	691 692	703 219

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](#)

15. Government 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

15. (cont.)

Function	1999	2000	2001	2002	2003	2004
01 General public administration						
Central government	26 829	32 605	30 876	32 068	33 441	33 664
Local government	25 585	27 701	23 307	22 755	23 815	26 638
Total public sector	52 475	60 306	54 183	54 819	57 252	60 269
02 Defence						
Central government	52 205	46 169	44 465	43 417	43 001	41 459
Local government	108	111	131	139	127	124
Total public sector	52 312	46 280	44 596	43 556	43 128	41 583
03 Public order and safety						
Central government	21 921	22 331	23 355	23 806	24 443	24 461
Local government	4 806	4 545	5 342	5 800	6 070	5 072
Total public sector	26 725	26 876	28 697	29 600	30 505	29 558
04 Economic affairs						
Central government	25 508	25 140	25 637	27 148	26 684	26 395
Local government	11 154	10 855	12 132	11 856	11 997	11 484
Total public sector	36 661	35 995	37 769	39 002	38 680	37 881
05 Environmental protection						
Central government	657	633	671	887	949	997
Local government	368	445	533	575	547	576
Total public sector	1 025	1 078	1 204	1 461	1 494	1 571
06 Housing and community amenity						
Central government	631	630	487	406	503	475
Local government	3 161	2 932	2 998	3 052	3 111	3 177
Total public sector	3 797	3 562	3 485	3 453	3 605	3 645
07 Health						
Central government	2 551	2 572	2 738	2 624	3 895	4 237
Local government	129 905	132 651	136 786	142 293	143 918	144 234
Total public sector	132 457	135 223	139 524	144 918	147 782	148 434
08 Recreation, culture and religion						
Central government	3 880	2 752	2 537	2 653	2 604	2 837
Local government	24 600	13 377	13 696	13 909	13 909	13 883
Total public sector	28 499	16 129	16 233	16 562	16 514	16 722
09 Education						
Central government	25 750	20 490	20 415	22 318	22 463	22 337
Local government	110 421	112 616	116 573	117 906	117 457	118 385
Total public sector	136 047	133 106	136 988	140 225	139 917	140 728
10 Social protection						
Central government	18 851	20 119	19 413	20 306	20 190	19 912
Local government	103 461	106 154	107 867	109 419	108 371	109 103
Total public sector	122 308	126 273	127 280	129 730	128 563	129 035
Total						
Central government	178 529	173 441	170 594	175 749	178 362	177 052
Local government	413 512	411 387	419 365	427 688	429 260	432 592
Total public sector	591 992	584 828	589 959	603 423	607 560	609 671

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](#)

16. Transfers from the general government sector to households, current prices. SEK millions

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

	1998	1999	2000	2001	2002
Old-age pension	141 574	146 513	149 682	153 680	161 227
Activity and sickness compensation	37 164	37 906	39 004	40 967	44 657
Other central government pensions	19 287	20 113	19 959	20 284	20 909
Sickness benefit	20 260	26 024	33 078	38 582	43 073
Parents insurance	14 128	14 721	15 305	16 703	18 225
Work injuries insurance	5 830	5 883	5 589	5 614	4 854
Open unemployment	31 985	29 598	29 583	23 024	22 533
Labour market political measures	13 278	12 990	9 930	9 747	11 102
Other labour market	3 798	3 777	3 099	2 151	1 963
Housing supplement for pensioners	9 591	9 940	9 618	10 408	10 502
Child allowance	16 830	16 766	18 932	21 109	21 018
Education and study grants	7 115	7 337	7 386	8 751	10 546
Housing allowance	5 749	5 067	4 372	3 994	3 718
Maintenance support	2 989	2 897	2 631	2 496	2 343
Assistance allowance	5 192	6 031	6 960	8 236	9 145
Other central government transfers	13 550	13 011	12 536	10 735	9 658
Social allowance	12 771	12 098	11 267	10 680	10 369
Local government pensions	8 884	8 562	14 003	16 128	16 239
Other local government transfers	989	1 390	1 383	1 615	1 292
Capital transfers	639	1 188	318	936	792
Total	371 603	381 812	394 635	405 840	424 165

16. (cont.)

	2003	2004	2005
Old-age pension	179 980	186 956	191 680
Activity and sickness compensation	50 059	54 152	60 651
Other central government pensions	22 878	23 362	23 577
Sickness benefit	42 280	37 534	33 679
Parents insurance	19 989	21 309	21 878
Work injuries insurance	5 846	5 921	5 836
Open unemployment	28 256	32 534	31 113
Labour market political measures	9 746	9 968	11 765
Other labour market	1 566	1 395	889
Housing supplement for pensioners	10 979	10 947	7 332
Child allowance	20 956	20 873	21 457
Education and study grants	10 628	10 636	10 999
Housing allowance	3 567	3 314	3 605
Maintenance support	2 149	2 027	1 935
Assistance allowance	11 166	12 748	14 336
Other central government <u>transfers</u>	8 220	9 494	8 891
Social allowance	10 163	10 618	10 569
Local government pensions	16 662	17 557	17 918
Other local government transfers	1 305	1 499	1 552
Capital transfers	720	608	796
Total	457 115	473 452	480 458

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](#)

17. Government 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

17. (cont.)

Function	1999	2000	2001	2002	2003	2004
01 General public administration						
Central government	4 480	5 100	4 951	5 115	4 866	4 760
Local government	7 080	7 836	9 565	10 848	9 867	10 081
Total public sector	11 560	12 936	14 516	15 963	14 733	14 841
02 Defence						
Central government	1 071	2 557	2 282	2 250	1 276	1 302
Local government	32	32	12	41	57	61
Total public sector	1 103	2 589	2 294	2 291	1 333	1 363
03 Public order and safety						
Central government	2 630	2 065	2 301	2 317	1 975	2 067
Local government	481	486	586	648	599	455
Total public sector	3 111	2 551	2 887	2 965	2 574	2 522
04 Economic affairs						
Central government	16 418	13 314	15 030	18 935	21 900	25 678
Local government	3 588	3 677	4 525	5 115	4 579	4 802
Total public sector	20 006	16 991	19 555	24 050	26 479	30 480
05 Environmental protection						
Central government		353	412	399	8	16
Local government						
Total public sector		353	412	399	8	16
06 Housing and community amenity						
Central government	335	155	124	163	69	65
Local government	701	669	695	1 039	1 055	1 119
Total public sector	1 036	824	819	1 202	1 124	1 184
07 Health						
Central government	96	75	75	108	117	81
Local government	7 725	6 306	6 450	7 211	7 543	6 765
Total public sector	7 821	6 381	6 525	7 319	7 660	6 846
08 Recreation, culture and religion						
Central government	254	238	164	125	200	394
Local government	2 636	1 838	1 932	2 285	2 113	1 953
Total public sector	2 890	2 076	2 096	2 410	2 313	2 347
09 Education						
Central government	3 398	4 063	3 992	3 879	3 445	3 536
Local government	6 722	6 261	6 681	6 580	6 489	5 219
Total public sector	10 120	10 324	10 673	10 459	9 934	8 755
10 Social protection						
Central government	1 364	1 182	1 121	1 242	1 254	1 125
Local government	2 128	1 985	1 964	1 875	1 769	1 839
Total public sector	3 492	3 167	3 085	3 117	3 023	2 964
Total						
Central government	30 046	29 102	30 452	34 533	35 110	39 024
Local government	31 093	29 090	32 410	35 642	34 071	32 294
Total public sector	61 139	58 192	62 862	70 175	69 181	71 318

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](#)

18. Government 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

18. (cont.)

Function	1999	2000	2001	2002	2003	2004
01 General public administration						
Central government	4 608	5 100	4 837	4 962	4 838	4 825
Local government	7 285	7 836	9 223	10 060	8 873	8 836
Total public sector	11 893	12 936	14 060	15 025	13 699	13 649
02 Defence						
Central government	1 080	2 557	2 215	2 173	1 222	1 286
Local government	32	32	12	40	55	59
Total public sector	1 112	2 589	2 227	2 212	1 276	1 345
03 Public order and safety						
Central government	2 707	2 065	2 248	2 239	1 965	2 063
Local government	488	486	609	668	655	535
Total public sector	3 194	2 551	2 857	2 905	2 614	2 602
04 Economic affairs						
Central government	17 117	13 314	14 438	17 713	19 919	22 617
Local government	3 771	3 677	4 336	4 818	4 193	4 245
Total public sector	20 894	16 991	18 774	22 530	24 117	26 871
05 Environmental protection						
Central government		353	396	368	8	17
Local government						
Total public sector		353	396	368	8	17
06 Housing and community amenity						
Central government	344	155	127	166	74	72
Local government	717	669	667	956	936	962
Total public sector	1 060	824	794	1 123	1 018	1 043
07 Health						
Central government	100	75	73	103	116	80
Local government	7 888	6 306	6 199	6 682	6 884	6 111
Total public sector	7 987	6 381	6 272	6 785	6 999	6 193
08 Recreation, culture and religion						
Central government	263	238	159	118	194	388
Local government	2 707	1 838	1 852	2 114	1 897	1 710
Total public sector	2 970	2 076	2 011	2 233	2 090	2 083
09 Education						
Central government	3 527	4 063	3 888	3 680	3 404	3 571
Local government	6 878	6 261	6 524	6 260	6 148	4 934
Total public sector	10 414	10 324	10 412	9 940	9 552	8 483
10 Social protection						
Central government	1 431	1 182	1 092	1 186	1 247	1 144
Local government	2 170	1 985	1 899	1 760	1 626	1 650
Total public sector	3 598	3 167	2 991	2 944	2 870	2 798
Total						
Central government	31 110	29 102	29 473	32 730	33 060	36 220
Local government	31 947	29 090	31 321	33 369	31 270	29 097
Total public sector	63 060	58 192	60 794	66 098	64 314	65 233

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](#)

19. Costs for municipal activities, current prices. SEK millions

	2000	2001	2002	2003	2004	2005
Political work	4 077	4 241	4 227	4 605	4 553	4 533
Infrastructure, protection etc	22 711	24 762	25 728	26 789	27 910	28 649
Culture	8 078	8 494	8 902	9 186	9 252	9 567
Recreation	8 828	9 164	9 579	9 844	10 026	10 458
Preschool and school age child care	39 862	41 087	43 992	46 522	48 125	51 168
Pre-school class	3 680	3 788	3 695	3 876	3 788	3 958
Compulsory school incl. comp. special school	62 548	67 786	71 992	75 120	76 730	78 490
Upper secondary school incl upp. sec special school	24 104	25 652	27 459	29 539	30 847	32 632
Municipal adult education	6 614	6 464	6 171	5 197	4 870	4 644
Other education	1 761	2 016	1 888	2 095	2 092	2 101
Primary care and health and medical care						
Gotland	1 268	1 185	1 172	1 329	1 128	1 299
Transport service for disabled	1 434	1 434	1 513	1 657	1 634	1 701
Care of the elderly	67 300	71 424	75 668	78 280	79 475	80 256
Persons with functional impairments	27 800	30 332	34 601	37 964	40 129	42 429
Abuse care for adults	3 661	3 937	3 976	4 562	4 604	4 678
Child and youth care	8 063	8 800	9 776	10 593	10 920	11 244
Other adult care	1 287	1 387	1 684	1 519	1 398	1 558
Economic assistance	10 688	9 787	9 627	9 502	9 854	9 864
Family law	359	392	412	437	459	491
Refugee reception	2 046	2 177	2 047	2 315	2 060	1 590
Labour market measures	5 176	4 917	5 206	5 184	5 122	5 369
Total compulsory activities	311 341	329 226	349 287	366 060	374 976	386 679
Industry and housing	5 790	4 966	5 119	5 334	5 237	5 233
Communications	3 123	3 118	3 382	4 056	4 283	4 511
Energy, water and waste	12 800	12 960	13 434	13 697	13 570	14 030
Total market activities	21 714	21 044	21 935	23 087	23 090	23 774
Total operating activities	333 055	350 270	371 222	389 147	398 066	410 453

Source:

[SCB, Municipal use of resources, OE 25 SM 0601](#)

20. County councils, costs and receipts by activity 2005. SEK millions

	Net expend- iture	External operational expend- iture	Internal operational expend- iture	External operational receipts	Internal operational receipts	Expend- iture on invest- ments
Primary care	27 000	23 400	11 900	2 400	6 000	200
Specialist somatic care	85 400	66 200	42 300	8 900	14 900	2 700
Specialist psychiatric care	15 500	13 600	7 300	1 100	4 400	200
Dental care	4 500	7 200	2 000	3 600	1 100	100
Other health and medical care	12 700	15 000	4 600	4 000	3 000	400
<u>Pharmaceutical benefits</u>	19 200	19 200	0	0	0	
Political work concerning health and medical care	1 000	700	300	0	0	0
<i>Health and medical care</i>	165 400	145 400	68 400	20 100	29 300	3 600
Education	700	1 800	400	1 400	100	0
Culture	2 200	2 500	300	600	0	0
Transport and infrastructure	7 800	9 300	100	1 600	0	700
General regional development	1 100	1 200	100	100	0	0
Political work concerning regional development	100	100	0	0	0	0
<i>Regional development total</i>	12 000	14 900	900	3 700	100	800
<i>Service activities</i>	0	43 300	-8 200	6 200	28 900	3 300
<i>Other</i>	800	3 600	0	0	2 700	0
Total activities	178 200	207 100	61 000	29 900	61 000	7 700
<i>External financing:</i>		1 600		183 000		
<i>Tax revenues</i>				147 100		
Central government grant				34 100		
Net financial income		1 600		1 700		
<u>Extraordinary</u>						
<u>income/expenditures</u>		0		100		

Note:

Net expenditures are gross expenditure minus gross income. Total net expenditure for all activities includes net expenditure for the municipality of Gotland (SEK 1 120 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 2005](#).

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. 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 NA 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 non-financial (real) transactions and FA financial transactions and balances.

Use of statistics

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.

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 approximately 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 95³ (European System of National and Regional Accounts) which is an EU regulation (Council Regulation [EC] No 2223/96). ESA 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.

³ Or more specifically ENS 95 which is the Swedish translation of ESA 95.

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, 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.

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 done mainly on an accrual basis, which means that income and expenditure are reported in the period when the transaction was carried out.

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

Differences between calculations in National Accounts and the central government budget

Accounting principles:

Accounting in NA 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. The central government budget reflects cash-flows.

These differences in accounting principles affect mainly taxes and interest expenditure and lead also to discrepancies between the balance of the central government budget and central government's net lending in NA.

Financial transactions:

The central government's net lending shows the change of the financial wealth excluding value changes. The balance of the budget shows the central government's borrowing need and reflects the change in the government debt. Consequently, when the central government purchases/sells financial assets or increases its lending, this will have differing effects for net lending according to NA and the balance of the central government budget.

Reporting of EU fees/contributions:

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

Labour statistics based on administrative sources, RAMS

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)
- The Activity Register (Aktivitetsregistret)
- The Register of Organisations in RAMS (Registret över företag i RAMS)
- The Register of Establishments in RAMS (Registret över arbetsställen i RAMS)

The Employment Register 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. The Employment Register is the main register in RAMS.

The Activity Register 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 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 job seeking. The Register of Organisations contains all the organisations existing in RAMS. The Register of Establishments contains all establishments for organisations occurring in RAMS.

Definitions and explanations

The population in the employment register comprises the population at the end of December each year. The most important categories in the employment register are the number of persons employed, the relative share of employed population, and 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.

Production of statistics

Employers are obliged to report information covering those gainfully employed on their statements to the National Tax Agency. Those completing the tax return for business activity are instead submitting so called standard tax statement. Statistics Sweden accesses both types of reporting through database transfer from the National Tax Agency. The information is then supplemented with enterprise and establishment specifications from Statistics Sweden's Business register.

If the identification number of the establishment is missing or inaccurate compared to verification material, employers are asked to provide this complementary information to Statistics Sweden. Further information on background variables such as demographic data and education information are then joined to the data set from other existing registers.

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

Summary of accounts for municipalities (RS)

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 municipalities.

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. RS 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 National Accounts 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.

Statistical coverage

RS comprises a large amount of financial data from the annual reports of the municipalities. The population is made up of all municipalities in Sweden. Also municipal associations are included in the statistics.

Definitions and explanations

Definitions for the items follow the chart of accounts for municipalities, Kommun-Bas05, which is based on the act for municipal accounting (KRL).

Activities for the municipalities are subdivided into different categories, both for the tax financed activity and also for business activities. Each activity is defined in an appendix in the chart of accounts for municipalities.

Production of statistics

The statistics are based on an annual collection of data from the annual reports of municipalities. Municipalities submit data via an electronic questionnaire where certain predetermined variables are pre-printed. Automatic checks and automatically calculated key ratios are provided. A report is sent out to the municipalities for a last reconciliation.

For further information, see Description of statistics (Beskrivning av statistiken), www.scb.se/oe0107.

Summary of accounts for county councils

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.

Statistical coverage

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. The term, county councils, includes county councils and two regions ("Region Skåne" and "Västra Götalandsregionen") as well as health and medical care in Gotland.

Definitions and explanations

To achieve an overall standard over different kinds of revenue and expenditure, guidelines are provided for, in the chart of accounts for county councils (L-BAS).

Different activities are subdivided in order to fulfill the requirements in the official statistics. Accounts for all activities irrespective of organiser and/or the structure of the operation unit, is to be reported according to the guidelines.

Production of statistics

The statistics are based on an annual collection of annual reports from all county councils. The Swedish Association for Local Authorities and Regions collects, processes and analyses the data via an electronic questionnaire. Finally a presentation is made for each county council on a detailed level.

Statistics Sweden processes the data further to correspond to the requirements for the National Accounts.

For further information, see www.skl.se.

Basis for the central government's net lending

The Swedish National Financial Management Authority (ESV) collects statistical data from Swedish authorities. The information is used for *basis for the central government's net lending and statistics for central government*. Based on this data, Statistics Sweden (SCB)

makes the appropriate adjustments and performs calculations conforming to the National Accounts (NA).

Use of statistics

These statistics concerning the central government are used by various users apart from SCB, in particular the Ministry of Finance, National Institute of Economic Research (Konjunkturinstitutet) and ESV themselves. The data is used for statistical calculations and economic analysis.

Statistical coverage

The economic results for the central government are based on the figures that authorities report to ESV. The data is compiled by ESV each quarter to the *basis for the central government's net lending*. The great degree of detail allows distinction between each type of income and expenditure, per government authority for each time period.

Definitions and explanations

The basis for the central government's net lending is produced with consideration made to NA requirements including classifications such as *Classification of the Functions of Government*, COFOG. The contents are based on discussions between ESV and other users.

Production of statistics

ESV collects data from the government authorities via the electronic joint accounting system, HERMES. The authorities book their revenue and expenditure by so called s-codes which are specified reporting codes for the central government. ESV then analyses and compiles the information. The data is delivered to SCB and then further processed to result in measures such as the central government's consumption and net lending.

Calculations are made annually as well as quarterly. The calculation process includes categorising the data into variables such as intermediate consumption, reimbursements to employees and total sales. These components add up to total consumption for the central government.

Annual figures refer to the sum of the four quarters. The annual calculations are broken down into a more detailed level, to product

groups, which enables a more detailed presentation within the NA for the central government.

For further information about ESV, see www.esv.se.

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List of terms

A		inkomst	income
arbetsmarknad	labour		revenue
	market	institution	institution
analys	analysis	investering	investment
		import	import
B			
budget-	the budget	K	
propositionen	bill	kommun	municipality
		kommunalskatt	local taxes
E		kommunsektorn	municipal
ekonomi	economy		sector
		konsumtion	consumption
F			
företag	company	L	
förmögenhet	wealth	landsting	county
förskola	pre-school		council
Försäkringskassan	Swedish Na-	M	
	tional Social	marknadspris	market price
	Insurance	myndighet	public author-
	Administra-		ity
	tion		
förvaltning	administra-	N	
	tion	net	net
		näringsliv	market pro-
G			ducers
grundskola	compulsory		
	school	O	
gymnasieskola	upper second-	offentlig	public
	ary school	omsorg	care
		organisation	organisation
H			
hushåll	household	P	
hälso- och sjuk-	health ser-	pension	pension
vård	vices	politisk	political
Högskoleverket	National	produktion	production
	Agency for		
	Higher	R	
	Education	Regeringkansli	Government
			Offices
I			
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		
socialförsäkring	social insurance	utjämning	equalisation
		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
		Å	
stat	central government	ålder	age
statistik	statistics	årsredovisning	annual report
statsbudget	central government budget	Ä	
		äldreomsorg	care of the elderly
statsskuld	central government debt		
studiemedel	study assistance, study grants		

Subject index, explanation of terms

Term	Explanation
Assistance allowances 76, 109	Persons who are covered by the Act (Bill 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 Bill 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 126, 128	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 percent 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 48, 49	The margin that exists for unforeseen expenditure under the expenditure ceiling. During the three-year period covered by the expenditure ceiling, both 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
Ceiling limited expenditure 48	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.
Central government budget 12, 15, 19, 41, 42, 43, 48, 53, 56, 57, 59, 63, 65, 67, 82, 125, 126, 127, 153, 154, 170, 173	The central government budget is the government's proposal for the budget which is submitted in two steps to the Riksdag (the Swedish parliament). 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 69, 179	Classification of the Functions of Government. An international classification which groups expenditure of the public sector in terms of their function or purpose.
Consolidated 12, 29, 40, 47, 51, 53, 57, 59, 61, 66, 67, 79, 81, 82, 136, 137, 138, 145, 146, 156	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.
Consumption 11, 12, 18, 25, 28, 31, 32, 33, 36, 38, 39, 60, 63, 64, 65, 67, 68, 69, 70, 71, 72, 74, 79, 94, 145, 146, 147, 148, 149, 150, 151, 157, 158, 159, 160, 179	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.

Term	Explanation
Derivatives 44, 45, 46	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.
Discounted 45	This means that e.g. payments taking place at different points in time are converted into a value based on one point in time.
Economic assistance 76, 167	Financial support, social assistance.
Expenditure approach 33, 40, 147, 148, 149, 150	GDP from the expenditure approach 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.
Expenditure ceiling 41, 47, 48, 49, 50	Maximum level for central government expenditure. Expenditure ceiling, decided by the Riksdag (the Swedish parliament), normally for the following three years.
Extraordinary income/expenditure 168	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 44, 46	Central government borrowing in foreign currency.

Term	Explanation
Gainfully employed 127, 144, 175	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.
Gross capital formation 33, 49, 73, 74	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 67, 79, 145, 147, 148, 149, 150, 163, 164, 165, 166	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 amounts 127	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 2005:795). The income base amount for 2005 was SEK 44 500.
Intermediate consumption 37, 70, 71, 179	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.

Term	Explanation
Legal persons 65, 153	Legal persons are those legal entities which are not physical persons. Examples of legal persons are limited companies, partnerships, associations and foundations.
Market value 51, 128	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.
Net expenditure (county council) 117, 118, 119, 120, 121, 122, 123, 168	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 41, 42, 47, 49, 50, 51, 52, 57, 104, 106, 117, 154, 155, 173, 176, 178, 179	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 45, 51	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, 34, 72, 77, 141, 142, 144, 162	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 168	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.

Term	Explanation
Physical persons 18, 64, 65, 96, 153	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 60	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.
Social benefits in kind 70, 71, 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 25, 26, 32, 59, 60, 62, 63, 64, 153	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, 22, 125, 141, 142	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 12, 20, 50, 51	Defined in the EU Treaty which states that the national debt of member states may reach a maximum of 60 percent of GDP and that their budget deficits may reach a maximum of 3 percent of GDP.
Swedish National Debt Office 42, 44, 45, 46, 47, 57, 154	The authority (Riksgäldskontoret) which administers the central government's debt as well as borrowing.
Taxation 38, 64, 65, 96, 153	Determines the amount from which a tax or a fee is calculated.
Transfer 12, 15, 20, 23, 25, 26, 27, 29, 36, 37, 38, 39, 59, 61, 67, 69, 72, 74, 75, 76, 77, 78, 79, 82, 91, 92, 145, 154, 161, 162, 174, 175, 176, 178	One way payments from one unit to another. No compensation requirements are demanded in return.

Term	Explanation
Value-added 31, 32, 35, 39, 53, 54, 60, 65, 66, 70, 153	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 2007

gives an overview of the public sector's finances and activities from a macroeconomic perspective. In graphs 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 2007 is directed towards those interested in financial and social issues on a national level.

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