



Statistiska centralbyrån

Statistics Sweden

A grayscale background image showing a pair of hands cupped together, holding several Swedish Krona coins. The hands are positioned in the center of the frame, with the fingers slightly curled around the coins. The coins are of various denominations and are scattered within the palms. The overall tone is soft and focused on the theme of finance and public funds.

# Public Finances in Sweden

# 2008

Public Finances



# Public Finances in Sweden 2008

 Sveriges officiella statistik  
Statistiska centralbyrån  
2008

# Public Finances in Sweden 2008

Official Statistics of Sweden  
Statistics Sweden  
2008

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## Foreword

Statistics Sweden presents now the third 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 in Swedish and a web version in English, at [www.scb.se](http://www.scb.se).

In *Public Finances 2008*, the most recent data is gathered from official statistics describing the finances and coverage of the public sector. The public sector primarily covers the activities and transfer systems for which the central government, municipalities and county councils are responsible, 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 Marie Glanzelius, Katarina Wizell, Hans Björklund and Kaisa Ahola. Other members of the department for Macroeconomics and Prices have also participated in the work.

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

Statistics Sweden May 2008

Gunnel Bengtsson

Heather Bergdahl



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# Summary

*Public Finances in Sweden 2008* 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 subsectors: first, the central government sector including the Swedish Parliament (Riksdag) and governmental authorities, responsible for the provision of many public services such as police, defence, the judicial system, infrastructure and national administration; second, the local government sector including the municipalities and county councils, responsible for education, 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 2006, the public sector's contribution to GDP regarding consumption indicated that the public sector in Sweden constituted 26 percent of GDP, a high figure compared to many other European countries.

## **The national 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 810 billion in 2006, which was an increase of SEK 64 billion compared to 2005.

Expenditure, for 2006, amounted to SEK 792 billion, which was an increase of SEK 60 billion compared to 2005. The subsequent surplus for 2006 contributed to the decrease of the national debt which amounted to 40 percent of GDP at the end of 2006.

### **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 subsector are consolidated and calculated on an accrual basis by the National Accounts. The target level is a surplus of 1 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 2006, the surplus level amounted to an average of 2.1 percent of GDP.

Total revenue for the public sector in Sweden, raised mostly from taxes on income, wealth and production, totalled SEK 1 571 billion in 2006 (54 percent of GDP). The total tax ratio in Sweden, the sum of taxes and fees in relation to GDP, has been approximately 50 percent since 2002. Expenditure, on the other hand, totalled SEK 1 508 billion in 2006 (52 percent of GDP). The largest share of expenditure comprised consumption, SEK 762 billion (of which wages constituted 42 percent), and transfers, SEK 608 billion (of which 84 percent is directed towards households). Investments amounted to SEK 83 billion and expenditure on interest payments etc. was SEK 55 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 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 and how it is delimited from other sectors in the economy. The national 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. Descriptions are provided for the tax and subsidy systems which finance the public sector and are connected to the expenditure the sector has for health and medical care as well as for education.

The third part of the book (Chapters 7–10) presents the finances of different subsectors in the public sector (central government, local government, old-age pension system) and also for government-owned companies with a starting point in the various annual reports.

### **Reading recommendations and facts on statistics**

At the end of some chapters, there are reading recommendations and references to more detailed reports. 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](http://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.
- Statistics Sweden presented in 2007 a revision of the time series for the whole Swedish economy. This means that the time series concerning NA during the period 1993–2005 are revised compared to earlier issues of Public Finances in Sweden. For more information on these revisions, see Statistics Sweden's website [www.scb.se](http://www.scb.se) and subject area, National Accounts.
- 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 Management, structure 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 versus public authorities**

In NA the public sector<sup>1</sup> is defined operationally so that units with similar conditions are grouped together. The public sector is a somewhat broader term than public authorities and comprises publicly owned units which are “non-market producers”. In other words, when using the term, public sector, focus is on the whole sector, including both the part that is financed by tax revenues and the part that is financed by duties and fees. If one is interested only in the part financed by tax revenues, then public authorities is the appropriate term.

The public sector is divided into three subsectors comprising: the central government sector (the Riksdag, Government Offices and the central government authorities), the local government sector, and the old age pension system. Publicly-owned companies which

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<sup>1</sup> 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”.

operate under market conditions are included neither in the public sector nor in public authorities.

## **Delimitation of the public sector more in depth**

### **Public authorities**

Public authorities include activities which are included "other non-market production" and are for the most part financed by taxes. Other non-market production comprises production which is provided either free of charge or for a price which is not economically significant. The production is intended either for individual or collective consumption. Those activities provided by municipalities and county councils as for example, the collection of waste, energy and hydro, and which are mainly financed by fees, are classified as market production and are thereby included in the corporate sector and not to the public authorities because the good or service is provided on a market.

### **Public sector**

The public sector is a somewhat broader concept than public authorities. In addition to activities which are financed by tax revenues, even those operations that are financed by fees are included. As previously mentioned, energy and hydro as well as the collection of waste are examples of operations that are included here.

In other words, whole institutional units are classified which means that municipalities and county councils are counted in total as well as central government units, even if they produce goods and services for a market.

In the National Accounts, when referring to consumption, it is the public authorities which are in question. However, when referring to net lending, it is the public sector which is concerned.

Publicly-owned companies which operate under market conditions are included neither in the term, public authorities, nor in the term, public sector. For a company to be counted as publicly owned, the majority of the stocks are to be owned by the public sector.

### **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 0501.

## Management

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.

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.

## Local government autonomy

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.

### **From rule management to goal management**

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 national 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.

### **EU imposes demands on the economy of member states**

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.

## Structure

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, the committee on Public sector responsibilities, 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](http://www.sou.gov.se/ansvar)). In the final report of the committee, a proposal has been given for a new

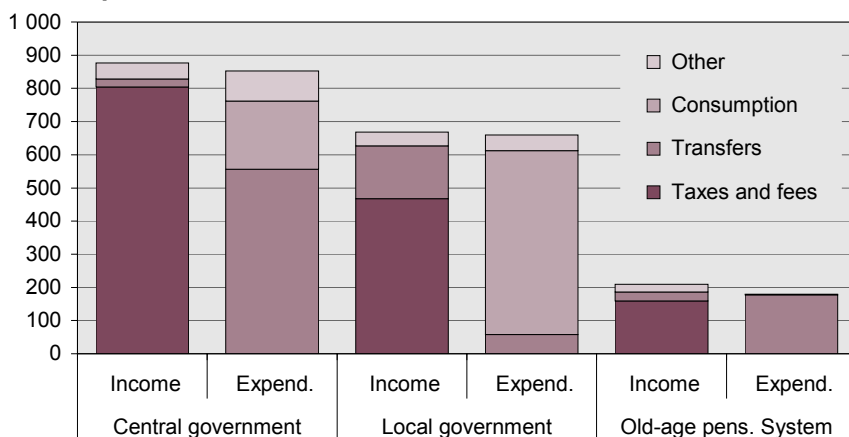


division of county councils. The county councils should be replaced by fewer regional authorities which encompass larger geographical areas. The new division is proposed to take effect in its first phase in 2010 and be in full effect by 2014. (Ansvarskommittén, SOU 2007:10. [www.sou.gov.se/ansvar/slutbetankande](http://www.sou.gov.se/ansvar/slutbetankande)).

### The subsectors of the public sector...

The public sector can be divided into subsectors in terms of who is responsible for ensuring the services decided on by the Riksdag and the government. The subsectors are the central government sector, the local government sector which consists of municipalities and county councils and regions, and also the old-age pension system.

#### Income and expenditures 2006 for subsectors in the public sector, current prices, SEK billions



Source: Statistics Sweden (SCB), National Accounts

The central government sector is the largest seeing both to income and expenditure, the reason being that it includes the large transfer systems.

In the 1990s major structural changes took place in the Swedish economy. Not only were there changes in the distribution of responsibility between different subsectors, but also EU membership contributed to further changes in the Swedish administrative model. Amongst other things, these changes led to deregulation and liberalisation, as well as privatisation of central and local government activities. Read more about the public sector from a long-term perspective in Chapter 3.

### ...and their activities

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.

#### Areas of responsibility

**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).

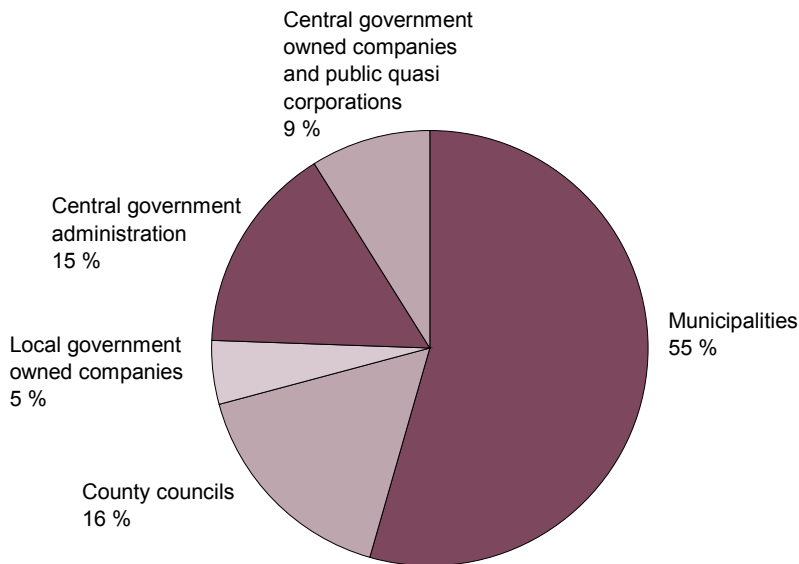
From the middle of the 1990s, it has become more common for activities to be carried out by privately owned companies of different kinds, whilst financing is still mainly provided through public funds. Public authorities still have the responsibility for ensuring availability to citizens even though 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 2006. Approximately 210 000 employees of these are found in the publicly owned companies. This level has been relatively constant since 1997. The number of employed in the non-public sector is approximately 2.8 million, and has increased by over 75 000 employees since 2005, in other words by 2.8 percent.

#### **Employed persons in different parts of the public sector 2006. 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 infra-

structure 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 contributions 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 contributions 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 has been taken from NA and been distributed in a standardised manner across age groups.

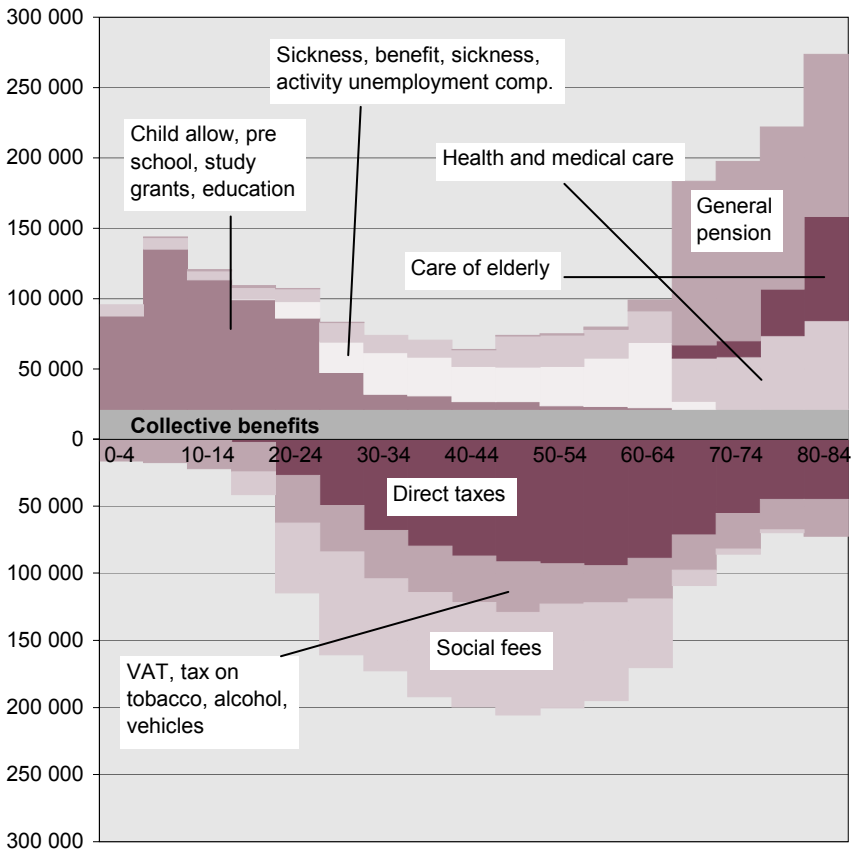
Information on VAT and selective purchase tax has been distributed to age groups according to household surveys.

Information on social contributions 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 the economy 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, "Generationsanalys – 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](http://www.regeringen.se)

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



### 3 The public sector in a long-term perspective<sup>2</sup>

*In this chapter a presentation is made of the long-term development of the public sector. The description builds on figures partly from the period 1970-2006, and partly from older time series back to 1950. Thus it is possible to give a relatively good picture of the economic development of the public sector 1950-2006.*

#### **The public sector's share of the economy**

In earlier issues of Public Finances in Sweden, several different methods were presented for the measurement of the public sector's scope in the short-term. It is difficult to compose coherent and longer time series due to various revisions of the underlying statistics over time. The real world changes also over time and economic activities which took place 20-30 years ago perhaps do not exist any longer. Also, new branches of industry arise and consumption behavior as well as regulations change etc. It is therefore necessary from time to time to revise the framework of the national accounts. The latest larger revision took place in 1993 which is the reason for often limiting the beginning of historical time series to that particular year. In the following table, we have attempted to reproduce measures that have earlier been presented in Public Finances in Sweden on a number of occasions for previous time periods.

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<sup>2</sup> This chapter is written by Olle Djerf and builds on an article published in *Sveriges Ekonomi – ett statistiskt perspektiv*, Nr 2, 2007, Statistics Sweden

**Different measures of the size of the public sector in the economy, percent of GDP**

	1950	1960	1970	1980	1990	2000	2006
Public <u>consumption</u>	13	16	22	30	27	26	26
Public investment	3	4	6	4	3	3	3
Sum, Public <u>consumption</u> and investment	15	21	28	34	30	29	29
Public production share	..	..	17	25	23	20	20
Public share of hours worked	..	..	17	28	30	28	28
Public share of employed persons	..	12	20	30	31	30	31
Public sector expenditure	24	30	43	60	58	54	52
Public sector income	23	31	48	55	63	58	54
Of which taxes and fees	21	28	40	47	54	52	49

Source: Statistics Sweden and the Långtidsutredningarna LU73, LU75, LU84

Comment: The public share of production is the value-added of public authorities at base year price as a share of GDP at base year price. If public production were to be put in relation to GDP at market price, the share would become 18–19 percent for recent years. (see Chapter 3 in earlier editions of Public Finances in Sweden).

The growing size of the public sector since the 1950s can be noted in the different measures in the table. Public sector consumption has increased to just short of 30 percent of GDP. The public sector's share with regards to production is however quite a bit lower, 20 percent of GDP. The public sector's share of employment has also increased over time. The employment share is today 31 percent whilst the share of total hours worked in the economy is 28 percent. This reflects i.a. that there are more part-time employees within the public sector than in the private sector.

The size of the public sector can also be expressed by viewing income and expenditure in relation to GDP<sup>3</sup>. This reflects not only the public sectors use of resources but also the size of transfers to other sectors. In addition, also income is included for interest and dividends from financial assets as well as interest payments on the public debt. The expenditure ratio has decreased substantially the latest years to 52 percent of GDP 2006 whilst the income ratio is 54 percent of GDP. The share of taxes and fees of GDP is also an established measure showing how the tax ratio varies between different countries.

<sup>3</sup> Note that public income and expenditure do not constitute a measurable part of GDP. It is however customary to put these measures in relation to GDP to gain an understanding of their relative size compared to the total economic activities.

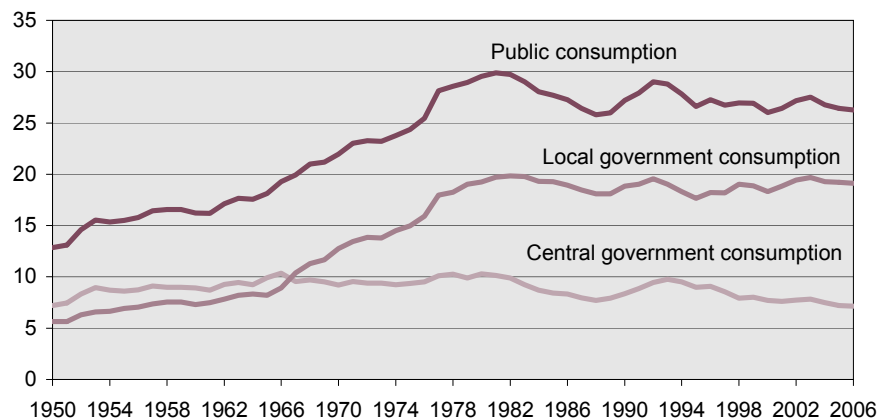
## The public sector's development

### Strong expansion during the 1960s and 1970s

It was first during the 1960s and 1970s that the public sector expanded. In total, the public sector's demand for resources grew with respect to consumption and investments from 15–20 percent of GDP to just over 30 percent in the beginning of the 1980s. It was primarily municipal service (schools, health care and care for the elderly and handicapped) which was built up during this period. The public authorities' share of employment rose to about the same level. Alongside of this expansion, public transfers also increased to an even larger extent. This can be seen in the doubling of the expenditure ratio during the 1960s and 1970s to 65 percent of GDP in the beginning of the 1980s. It was partly due to the development of the pension system and other transfers to households, and partly due to the support given to corporations during the economic crises of the late 1970s that caused the share of transfers to rise. The expenditure ratio rose also due to rising interest payments. The peak was reached in 1985 when interest payments rose to 8 percent of GDP, a relative share that has not since been reached, not even during the economic crisis of the 1990s.

### The development of the public sector's consumption 1950–2006

Percent of GDP



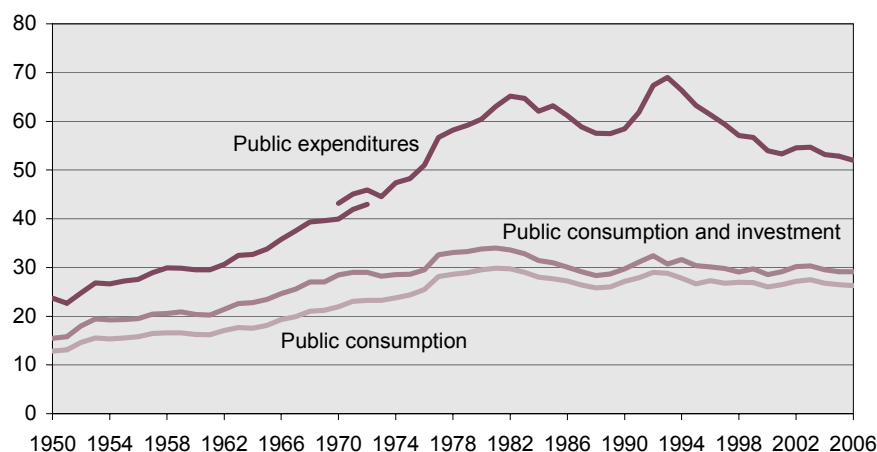
Source: Statistics Sweden, National Accounts and Olle Djerf's calculations<sup>4</sup>

<sup>4</sup> The distribution between municipal and central government consumption is according to Olle Djerf's calculations and based on older material.

In the same way, the income share also rose considerably during the 1960s and 1970s, from approximately 30 percent to 55–60 percent of GDP. During the 1960s the old-age pension system (ATP) was introduced at the same time as indirect taxes on consumption were introduced (tax on turnover which later became value-added tax).

### Public expenditure, public consumption and investments, 1950-2006

Percent of GDP

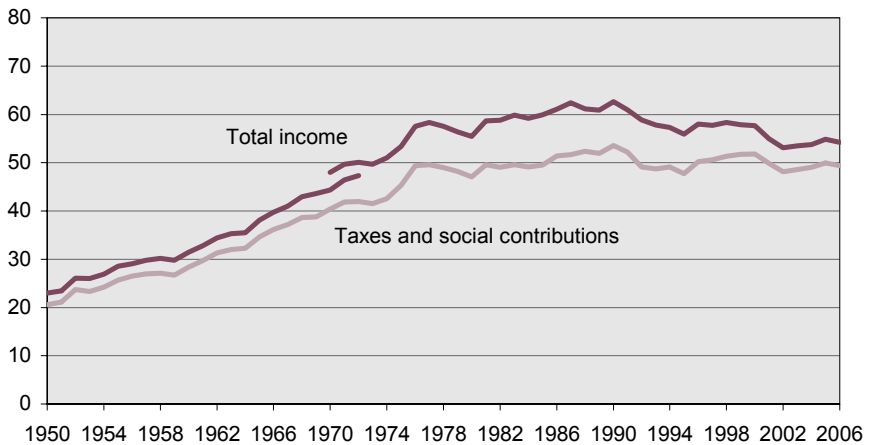


Source: Statistics Sweden, National Accounts and Olle Djerf's calculations

During the 1970s, employer's fees were raised sizably to finance the expansion of the public sector. The share of taxes and social contributions increased on average from 20 to 30 percent of GDP in the 1950s, from 30 to 40 percent in the 1960s and from 40 to 50 percent during the first part of the 1970s. Taxes have since then been kept on the same level.

### The public sector's income, 1950–2006

Percent of GDP



Source: Statistics Sweden, National Accounts

### The national financial crises of the 1970s and 1990s

After the strong period of growth in the 1960s, the economic problems in Sweden grew steadily during the 1970s. The combination of wage increases in 1974–1976 and raised employer's fees led to an expenditure crisis that hit hard on the whole economy as well as the public finances. The effects on interest payments have already been mentioned as well as the increased transfers to corporations. The effect for the public finances came later, as is customary, during the years 1979–1985. The public sector's net lending showed a deficit of 6–7 percent of GDP.

A certain improvement occurred after the devaluation of 1982 but inflation was continued high and wages increased considerably more than in competitive countries. The problems for the economy as for the public finances were to some degree hidden by the strong international business cycle during the latter part of the 1980s. The deregulations of the financial markets led also to the overheating of the domestic economy. With employment increasing and unemployment at a low level, the public finances grew stronger.

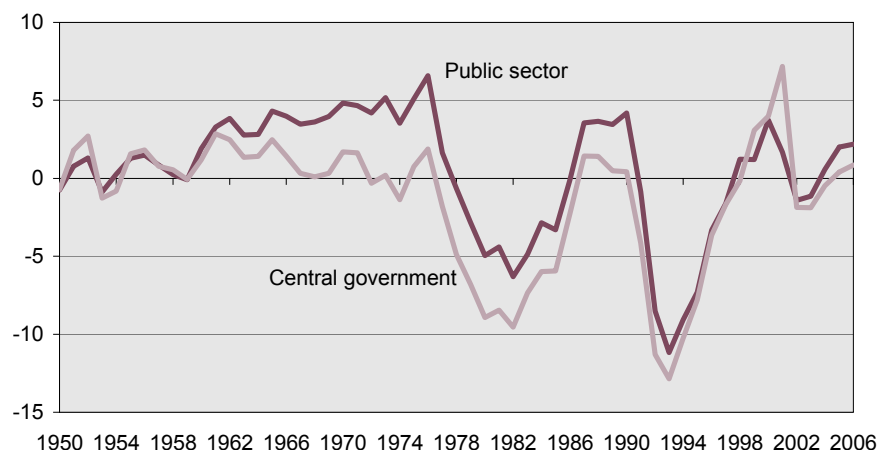
The development of costs in Sweden during the end of the 1980s led, however, to problems with international competition, which led to the fact that the recession at the beginning of the 1990s was more pronounced than in many other countries. In addition, structural

problems were built in to the economy and the financial and real-estate crisis became severe during 1991–1992.

The effects of the crisis in the 1990s were even greater on the public sector's net lending than during the 1970s. Employment fell dramatically; unemployment multiplied; building collapsed and private consumption decreased several years in a row. With shrinking tax bases, rising costs for unemployment, and large measures from the central government to get through the financial crisis, the financial deficit rose to a total of 13 percent of GDP when the situation was at its worst in 1993. The gross debt doubled from the 1990 level and amounted to 100 percent of GDP in the middle of the 1990s.

### The public sector's net lending 1950–2006

Percent of GDP



Source: Statistics Sweden, National Accounts

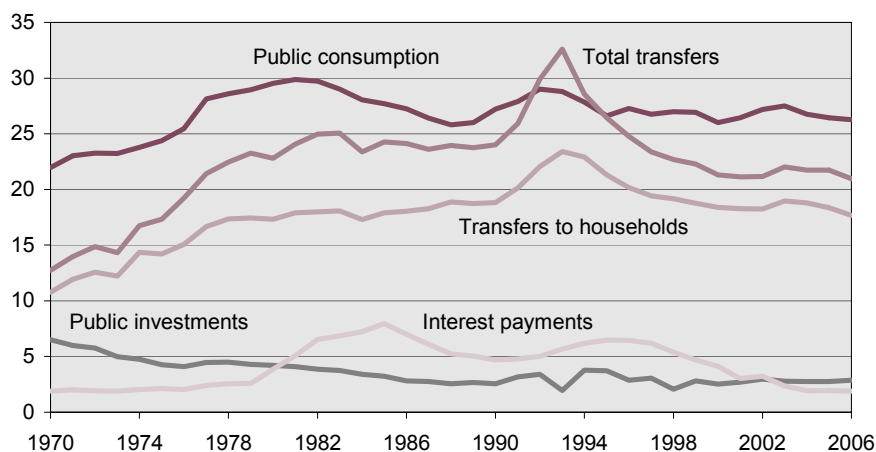
### Public sector finances put in order in the 1990s

The government's financial crisis made it necessary to carry out a number of measures to improve the public finances. Several saving programs were implemented during the years 1993–1998. Transfer payments, which hit record levels during the crisis years, were decreased by lowering compensation levels in the social insurance system. Housing subsidies were steadily lowered by the so-called Danell Reform and the need for support to the financial sector slowly diminished. Altogether, transfers decreased from 33 percent in 1993 to 22–23 percent of GDP by the end of the 1990s.

The vicious circle of large deficits, rising debt and the damaged confidence in the financial markets also led to the large increase of interest payments. The peak of this lack of confidence spiral was reached in 1995 when the difference in interest levels compared to foreign rates was 3–4 percentage points<sup>5</sup>. The large system changes with the transition to floating exchange rates, EU-membership and the introduction of a new financial political framework with an expenditure ceiling and a balance goal were important measures that eventually improved the confidence from the financial markets. This confidence started to improve in 1997 and since then has continued to the point where there is no difference between Swedish and European long-term interest rates.

### Development of the public sector's expenditure structure, 1970-2006

Percent of GDP



Source: Statistics Sweden, National Accounts

The different saving programs, together with the decrease in interest rates, a high demand for exports and a strong domestic come-back all contributed to the rapid reduction of the public sector deficit. The Swedish economy even developed well during the so-called ICT-boom at the end of the 1990s. Even the set-back in the business cycle after the turn of the millennium, gave only a "normal" deficit in the

<sup>5</sup> The difference between Swedish and German government bond rates.

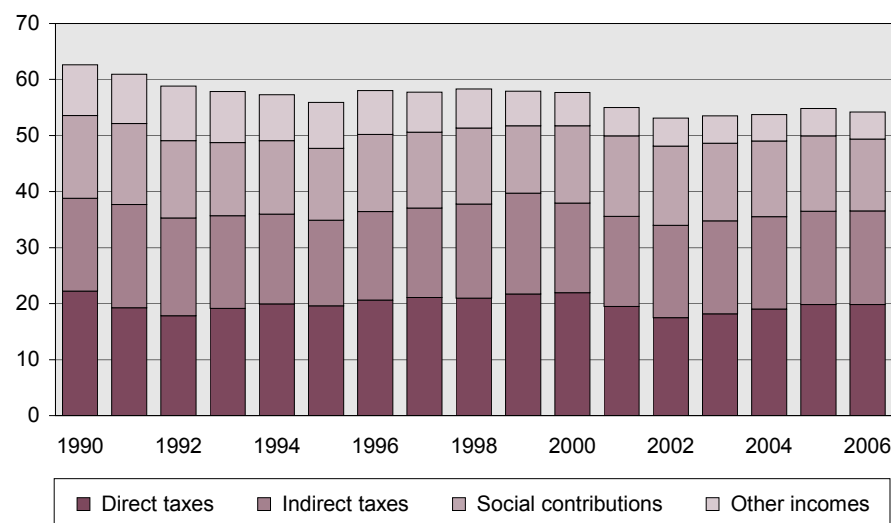
public sector's net lending<sup>6</sup>. Since 1998, the public sector's net lending (apart from PPM funds) have on average amounted to 1.1 percent of GDP, which is in line with the present balance goal.

As presented earlier, it is primarily the public sector's relative expenditure ratio that has been adjusted to a lower level. The expenditure ratio has decreased from 69 percent in 1993 to 52 percent of GDP 2006. The income ratio has decreased more moderately, from 58 percent to 54 percent during the same period. An extra income tax was introduced during the crisis years as was the tax deduction for the general pension fee as well as property tax.

The ratio of direct taxes has been reduced, however, since the beginning of the 1990s, especially during the recessional years when the tax bases showed drops. The same applies for indirect taxes and social contributions. Altogether, the tax ratio including fees has been reduced from 54 percent in 1990 to 49 percent in 2006.

### The public sector's income, 1990-2006

Percent of GDP



Source: Statistics Sweden, National Accounts

<sup>6</sup> According to the National Institute for Economic Research, the balance over the course of the business cycle has been approximately zero during the years 2002 and 2003. *Konjunkturläget*, March 2007.



## Good conditions for the public finances

The saving programs and system changes of the financial political framework of the 1990s have given a concrete structural strengthening of the public finances. The municipal sector showed record high surpluses and has successfully managed the balance requirement by a good margin in recent years. The surplus goal of one percent of GDP for the public sector's net lending has also been reached by a good margin during recent years. The central government's expenditure ceiling has been kept, assisted by the reallocation of certain expenditures to other periods of time as well as book-keeping principles, which can be questioned when it comes to grants to the municipal sector.<sup>7</sup> The expenditure ceiling has, however, actively contributed to reduce the expenditure ratio from 65–70 percent of GDP in 1993, to close to 50 percent during recent years. The positive spiral of a growing business cycle, an increase in confidence and a reduction of interest payments on the national debt have also played a role in reducing the expenditure ratio.

The positive development of net lending has thus meant that the “interest trap” which was a danger in the middle of the 1980s has been avoided. The proportion of interest payments is down on the same level as it was during the 1970s. The gross debt for the whole public sector has been reduced from 100 percent of GDP to 69 percent. The net debt has been transformed to a positive financial position corresponding to 16 percent of GDP in 2006.

The consolidation that has taken place in Sweden's public finances has been important bearing in mind the demographic challenges that Sweden, as well as other countries, now face during the coming decades. Official calculations from the National Institute for Economic Research and the government show that Sweden's public finances will continue to have positive tendencies. Economic growth seems to continue on a reasonable level and employment is expected to increase, at least during 2008. This means good conditions for further consolidation of Sweden's public finances.

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<sup>7</sup> An example is the support that is given to municipalities in the form of tax credits for the receiver's account. If this support was booked on the expenditure side, the expenditure ceiling would have been overdrawn during 2004–2006, see National Institute for Economic Research, *Konjunkturläget*, March 2007, p 101.

## **Reading recommendations**

SCB. National Accounts at Statistics Sweden's website. <http://www.scb.se>

SCB. Nationalräkenskaper 1950–1974, SM N 1975:98

SCB. Sveriges ekonomi – statistiskt perspektiv, nr 2 2007. Statistics Sweden.

## 4 The national budget and public finances

*In this chapter we provide an overall description of the national budget and public finances. Three central aspects of importance for fiscal policy are reported in detail: the national 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 national budget**

In September each year the Riksdag receives the government's proposals for the national 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 national 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.

### **National budget**

The national 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).

### **Expenditures in the budget**

National 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.

National budget expenditure amounted to SEK 792 billion in 2006, an increase of 8 percent compared with 2005. The largest expenditure area is financial security for sickness and handicap, which amounts to SEK 126 billion. Other major expenditure areas are the labour market, SEK 68 billion, and general grants to the municipalities and county councils, SEK 60 billion, and financial security for families and children, SEK 60 billion, which comprises child allowances and parental insurance.

#### **National budget expenditure, outcome 2002–2006. SEK billions**

Expenditure	2002	2003	2004	2005	2006
Expenditure areas 1–27	725	703	741	725	766
Cash flow adjustments	-46	-7	-6	-3	-1
<u>Swedish National Debt Office net lending</u>	50	12	10	10	28
Total <u>national budget</u> expenditure etc	729	708	745	732	792

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

#### **National budget income**

Income reported in the national 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 national budget, but they are reported net and offset against local government tax funds to municipalities and county councils.)

Income according to the national budget, going to the national treasury, amounted to SEK 810 billion in 2006. Compared with 2005, this is an increase of SEK 64 billion, of which tax revenues comprised SEK 56 billion.

**National budget income, outcome 2002–2006. SEK billions**

Income	2002	2003	2004	2005	2006
Taxes etc.	659	608	637	682	744
Other income	71	53	57	64	66
Total <u>National budget</u> income	730	662	694	746	810

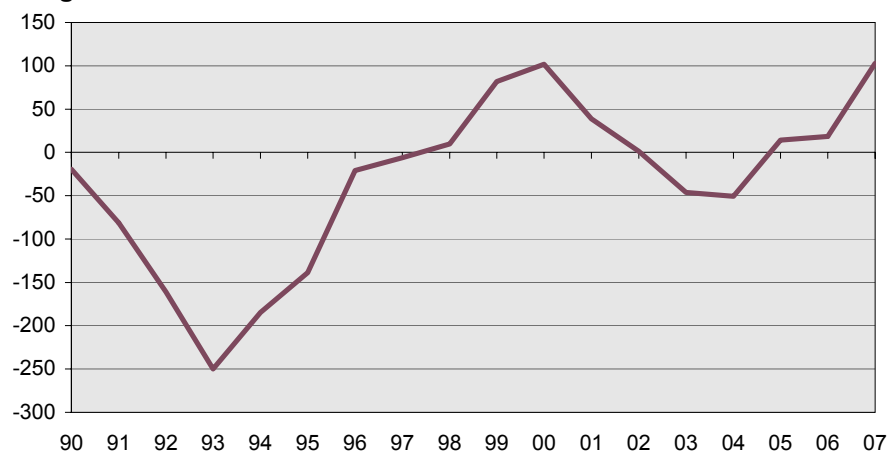
Source: Swedish National Financial Management Authority (ESV), Statsbudgetens utfall

**National budget balance**

The national budget balance reflects the net cash flows and, with reverse signs, corresponds to the central government's borrowing requirements. A positive balance means that the government can amortise the national debt, whilst a negative balance means that the government needs to borrow, or increase debt.

During the most of the last 35 years, Sweden has a budget deficit. In the 1990s, this was caused by a deep crisis in the economy 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 national debt. The lowest point was reached in 1992-1993 when the government following the bank crisis paid out bank support to the amount of SEK 70 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. The surplus is explained by the sale of stock shares for Telia which provided the government with an income of SEK 61 billion. The balance decreased thereafter and became a deficit again in 2002–2004. In 2005 the balance once again became a surplus and amounted to SEK 103 billion in 2007. The large surplus in 2007 can be explained by the sale of the government's share of Telia as well as other dividends. Another explanation of the surplus is surely due to a restraint in the development of expenditures.

**Budget balance 1990–2007. 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 2006. Swedish National Debt Office (Riksgäldskontoret).

## The national debt

A budget deficit means that the government needs to borrow money which generates a liability for the government, the national debt. The national debt grows as a rule when there is a deficit in government finances and decreases in those years when there is a surplus and the government is able to amortise its loans.

### The administration of the national debt

The Swedish National Debt Office is the government authority under the Ministry of Finance that has the primary task of administering the national debt. Borrowing is done through the issuing of government bonds and treasury bills but even premium bonds and international loans.

### Different measures of the national debt

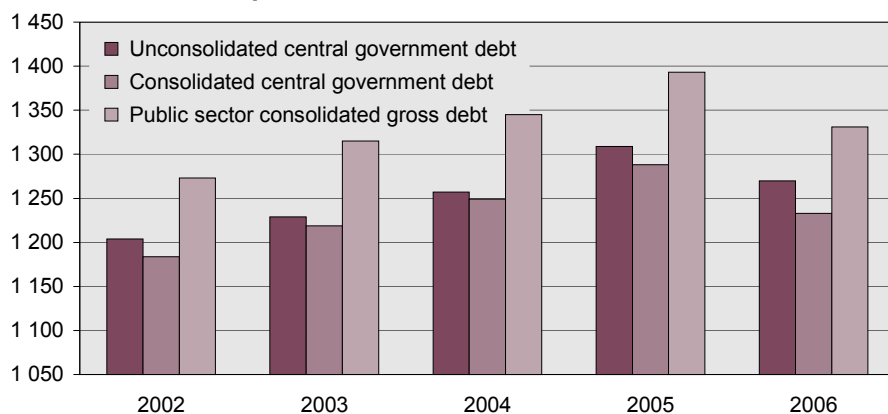
The national debt can be measured consolidated or non-consolidated. The term, unconsolidated national debt, includes all loans and securities used to finance the national debt, as well as derivatives used to balance the risk associated with debts. Debt instruments are valued at their nominal redemption value which is the amount that the 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 Swedish National Debt Office calculates the unconsolidated national debt, which is the basis for the government bond rate.

The consolidated national debt is calculated using the same principles as for the unconsolidated national debt, but with the difference that the government authorities' ownership of securities issued by the Swedish National Debt Office is excluded. The consolidated national debt is, in other words, a measure of the size of the government's debts to external lenders. The consolidated national 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)* which is calculated by Statistics Sweden. 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**



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

#### **The development of the national debt**

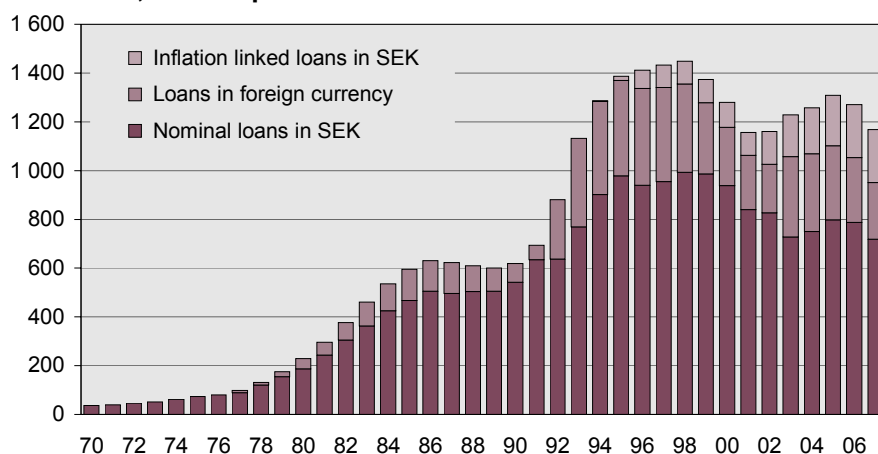
From the middle of the 1970s, the unconsolidated national debt rose to nearly 66 percent of GDP. The causes were mainly due to crises in the international oil business and in the Swedish industry. The high level of subsequent economic activity during the second half of the 1980s contributed to a reduction in the debt to a level of 45 percent of Swedish GDP in 1990.

At the beginning of the 1990s, the economic crisis contributed to the increasing of national debt once again. In the middle of the 1990s, the value of the national debt amounted to about 80 percent of GDP. Since then the national debt has decreased so that by the end of 2006 it was 40 percent in relation to GDP.

### The foreign currency debt

Borrowing in foreign currency leads to what is called the foreign currency debt. The government has decided that the proportion of loans in foreign currency shall decrease. Loans in foreign currencies pose a risk for the government because the Swedish currency can decrease in value against other foreign currencies. For the long-term, the foreign currency debt should amount to a maximum of 15 percent to minimise the currency risk. The Swedish National Debt Office considers when it is most rational to amortise the loans, taking into consideration the exchange rate. The Debt Office is authorised to deviate from the amortisation rate by +/- SEK 15 billion, considering foreign exchange rates. If the exchange rate for the SEK depreciates both in relation to the USD and EURO and the Debt Office views that the SEK is underrated, this can provide reason to amortise less than planned. In 2007, the foreign currency debt amounted to 19.9 percent of the total national debt.

### Changes in the national debt and its composition 1970–2007, current prices. SEK billions



Footnote: The principles for reporting national debt were changed on January 1, 2003. As of 2003 derivatives are included in national 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) 2008



## The goal of budget politics

In order to promote credibility and a long-term perspective in economic policy, the Riksdag decides on a number of budget political 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 national budget and the old-age pension system. The expenditure covers appropriations and also use of funds saved from the preceding year. Interest on the national 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.

Certain changes in the composition of the public finances can cause a so called technical adjustment of the expenditure ceiling. Technical adjustments are unavoidable but should be symmetrical in the sense that the same principles should be applied for a raising or lowering of the ceiling. The government has deemed that the reclassification of the premium pension funds to the household sector by EU:s statistical bureau, Eurostat, motivates that these funds should not be included in the ceiling limited expenditure. Thus a technical adjustment has been made for the expenditure ceiling in the budget bill for 2008 to insure consistency towards the balance goal.

The budget bill reported ceiling limited expenditure of a total of SEK 895 billion in 2006, which implies a budget margin of nearly SEK 12 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 2000–2006. SEK billions**

	2000	2001	2002	2003	2004	2005	2006
<u>Expenditure ceiling</u>	720	746	773	803	836	870	907
Expenditures subject to ceiling, outcome	715	741	773	800	834	864	895
<u>Budget margin</u>	5.0	4.7	0.4	2.9	2.4	5.7	11.8

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

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

## 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 (see the section on Net lending according to EDP). The balance goal for Sweden, also referred to as the surplus target, is set by the Riksdag. 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.

Since the year 2000, the balance goal 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. Eurostat has, however, as previously mentioned decided on a reclassification

affecting bookkeeping principles regarding the premium pension funds. From 2007 they shall be considered as part of the household sector and not the public sector. Consequently, net lending for the public sector is lowered by one percent. Therefore, due to this technical adjustment, the government has proposed a change in the balance goal to one percent of GDP over the course of a business cycle.

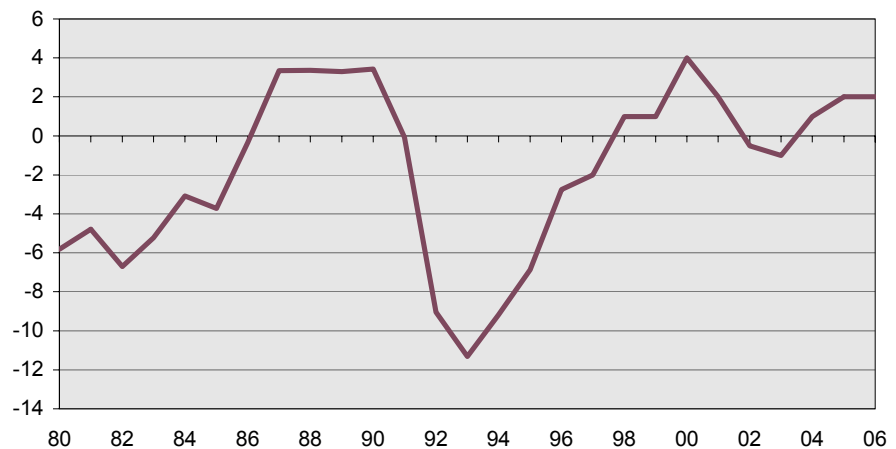
### Changes from the 1970s up to the 2000s

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 one percent of GDP in 1998. After this, net lending in relation to GDP has been positive, with the exception for 2002–2003.

### Net lending in the public sector 1980–2006, 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.

## **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.

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, 2000–2006 Percent

Year	As per ESA	As per EDP
2000	3.7	5.0
2001	1.6	2.5
2002	-0.1	-0.2
2003	-0.1	0.1
2004	1.0	1.8
2005	2.0	3.0
2006	2.2	2.5

The EDP figures have not been updated since the latest revision in 2007 of the National Accounts.

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 2006, 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.

A comparison between EU countries shows that in 2006, 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

Reporting according the Maastricht treaty of the public sector's gross debt is to be according to the nominal value and shall not exceed 60 percent of GDP.

The Maastricht debt at the end of December 2006 amounted to 47 percent of GDP. Sweden's debt relative to GDP is lower than the EU average, which for all EU countries (EU-25) is 61.9 percent and for the Euro Zone 68.8 percent. Italy (106.8 percent), Greece (95.3 percent), and Belgium (88.2 percent) have the highest consolidated debts as a proportion of GDP, whilst Estonia and Luxembourg have the lowest with a debt of 4.0 percent and 6.6 percent respectively.

## **The EU budget**

Just as Sweden determines its national budget, the EU annually determines 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. The total amount of funds which each member state pays to the EU should not exceed 1.24 percent of the Community's overall GNI. The actual payments from the member states are expected to on average one percent of the annual Gross national income (GNI).

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.

**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).

*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).

*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 according to the Council regulation 89/130 EEG/Eurotom. 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.

**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 2006 to SEK 26 billion and thereby comprised 2.5 percent of the EU budget. The fee is SEK 285 million more than the previous year. This increase is due to the fact that the European commission has introduced adjustments to the basis for value-added tax for the member states. The increase in fees has risen also due to an increase in trade and imports.

Sweden's fee to the EU is expected to rise to SEK 30 billion, which will comprise 2.7 of the EU budget for 2008.

### 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 41 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 37 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 8 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 6 percent of the EU budget).

*Category 6) Reserves.* Where special needs occur, for example emergency assistance (amounts to about 0.2 percent of the EU budget).



*Category 7) Pre-accession strategy.* Concerns support for candidate countries (amounts to about 2 percent of the EU budget).

Source: the EU budget 2006

### Sweden's contributions from the EU

Sweden receives grants mainly from the EU agriculture and structural funds. The outcome for 2006 amounted to SEK 12.4 billion.

Grants were SEK 151 million, or one percent, lower than in 2005.

### Fees to and grants from the EU in the national budget, 2001–2006. SEK millions

	2001	2002	2003	2004	2005	2006
<b>Fees:</b>						
Customs duties	3 048	2 480	2 382	2 662	3 003	3 539
Agricultural levies	278	194	175	210	257	169
VAT based fees	7 940	5 291	4 620	3 420	3 113	4 227
GNI based fees	9 396	12 125	10 811	18 998	18 893	17 723
The UK contribution	2 610	559	334	273	369	262
Total of EU fees	23 272	20 648	18 322	25 563	25 635	25 920
<b>Grants:</b>						
EU agricultural fund	7 084	7 641	8 163	8 035	8 946	8 890
EU fishery fund	40	32	34	25	109	76
EU regional fund	252	1 303	1 640	1 458	1 381	1 212
EU social fund	1 039	211	2 072	1 915	1 848	1 270
Trans European Networks	29	91	69	91	300	194
Other grants from the EU	41	29	39	31	7	799
Total grants from EU etc	8 485	9 307	12 016	11 555	12 592	12 441
Net flows from the <u>national budget</u> to the EU	14 787	11 341	6 306	14 008	13 043	13 479

Source: Swedish National Financial Management Authority (ESV). Underlag till Årsredovisning för staten 2006

## **Reading recommendations:**

ESV, *The Central Government Annual Report 2006*, Stockholm 2007.

Swedish National Debt Office, *Government debt*. [www.rgk.se](http://www.rgk.se)

Regeringen. *The Budget Bill for 2008*. [www.regeringen.se](http://www.regeringen.se)

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

See also [www.eu-upplysningen.se](http://www.eu-upplysningen.se) (EU Information Centre)

Related to this section are the following:

Table 9. National budget for Sweden, income 2006

Table 10. National budget for Sweden, expenditure by category 2006

Table 11. Net lending/Net borrowing under the EDP (Excessive Deficit Procedure) in the EU. Percent of GDP

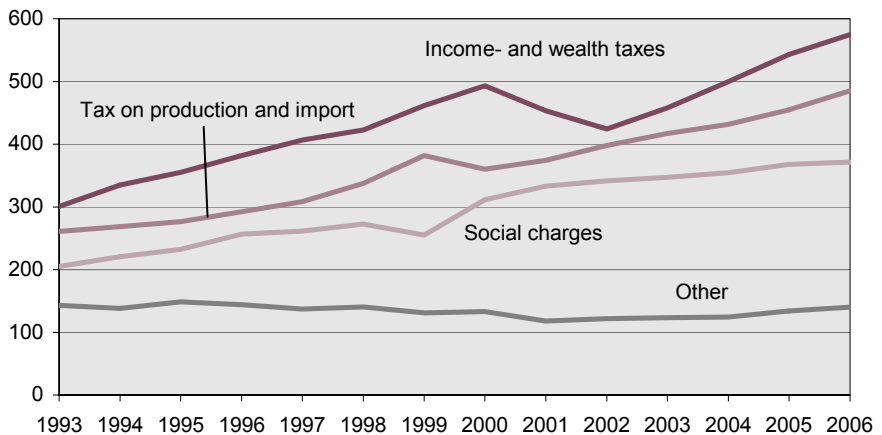
Table 12. National consolidated gross debt (Maastricht debt) in the EU. Percent of GDP

## 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 subsectors (the central government sector, the local government sector and the old-age pension system). We also describe taxes and social contributions and also tax ratios.*

In the national accounts (NA), calculations are made for the whole public sector, as well as for the central government sector, the local government sector and the old-age pension system. Total income to the public sector amounted in 2006 to SEK 1 571 billion. The largest part comprised taxes and social contributions which together amounted to SEK 1 431 billion. The category, other income, comprises such things as income from interest and dividends as well as surpluses from the different companies owned by the central government.

### Income in the public sector 1993–2006, current prices. SEK billions



Source: Statistics Sweden (SCB), National Accounts

Income and wealth tax from households and companies stand for 37 percent of the public revenues in 2006, whilst production and import taxes stand for 31 percent, social contributions for 24 percent and other sources for 9 percent.

**Income according to the national accounts (NA)**

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 reporting is done for each sector separately as well as for the whole consolidated public sector. The fact that the figures are consolidated means that transfers between subsectors have been cancelled out.

The taxes are booked at the time the tax liability is incurred.

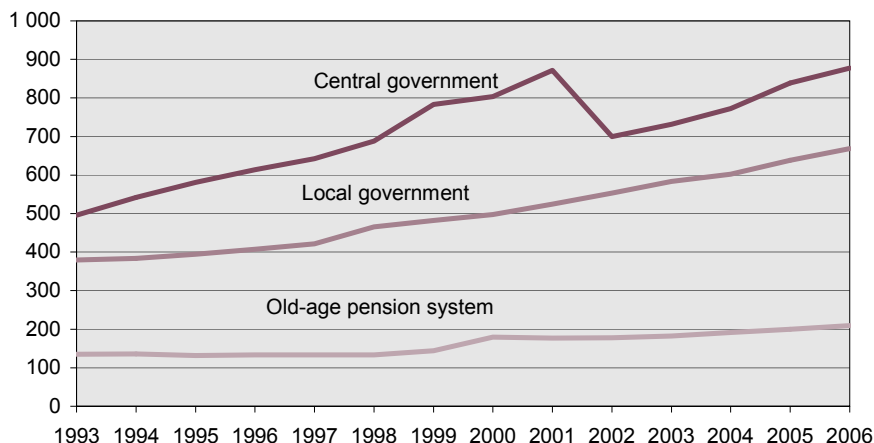
**Sub-sector financing**

In NA income is shown for the different subsectors 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 subsector, the data is not consolidated and thus transfers between different parts of the sector are included. Income shown for the respective subsectors 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 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.

### Income for the central government, local government and old-age pension system 1993–2006, 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

The income for the current old-age pension system was largely unchanged until the end of the decade thereafter starting to increase until 2000. During the years after 2000, income to the old-age pension system has once again remained at a relatively constant level.

### Income sources are different for different subsectors

Income to the central government sector consists mainly of production taxes and social security charges, whilst the main income for the local government sector originates from direct taxes in terms of local government taxes and grants from the central government. The old-age pension system receives income largely from social contributions.

In all subsectors, there is a relatively small part which is "other income", e.g. income from fees, which are paid by those who actually use the service.

## 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. 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**

Often a distinction is made between direct and indirect taxes. Direct taxes are paid directly by the one being taxed and often comprise taxes levied on income and wealth, for example the central government and municipal income tax. Even the general pension fees are counted as direct taxes, as are capital taxes, consisting of tax on current income from capital as well as tax on the holding of capital and tax levied when capital changes hands.

Indirect taxes are paid by one other than the one being taxed. The indirect taxes comprise partly employers' taxes and other social contribution levied on wage sums or on proprietors' income. Even tax on goods and service, which comprise tax taken out on production, consumption and the sale of goods and services. Value-added tax is included here, as well as a number of taxes levied on specific goods and services (the so-called selective taxes).

Value-added tax (VAT) applies to turnover within a country on goods and services. Value-added tax is taken out at each stage of the production and distribution process of the good or service. VAT of 25 percent is usually imposed on this amount, but other lower tax rates also occur, for example on food and books.

*The so-called selective taxes* are special consumption taxes. The purpose of these is to compensate for the costs that arise for society in connection with the use of certain goods and services.

### **Taxes and fees for 2006**

Total revenues from taxes and fees for 2006 for the entire public sector amounted to SEK 1 431 billion according to the National Accounts. Approximately one third of these came from tax on household income and wealth and one third from tax on production and imports. The remaining part came from taxes on corporate income and wealth as well as social contributions.

**Taxes and social contributions according to NA, 2006. SEK billions**

Tax on income and wealth from households	469.2
Tax on income and wealth from companies	105.7
Tax on production and imports	485.2
Social contributions	371.1
<b>Sum taxes and <u>social contributions</u></b>	<b>1 431.2</b>

The Swedish National Financial Management Authority (ESV) also reports taxes and fees. This is done in the form of statistics on tax assessments and also on the outcome of the national budget. Much of the information here is a basis for the calculations of the National Accounts but this source allows also for more detail even though there are somewhat differing definitions.

Statistics on tax assessments supplies information on taxable income, i.e., income that is subject to tax. At the time of taxation in 2007, which refers to income for 2006, the taxable income for physical persons amounted to SEK 1 438 billion, which was an increase of 4.3 percent from the previous year. The taxable income for legal persons (limited companies, economic associations, voluntary organisations, etc) amounted to a total of SEK 375 billion according the taxation of 2007 of the income year 2006. This was an increase of 10 percent compared to the previous year.

According to the outcome of the national budget, tax revenues were SEK 787 billion in 2006. Over and above this is also reported the central government's transfer of taxes to other sectors, which were SEK 456 billion to the municipal sector and SEK 159 billion to the AP-funds.

Net revenues from VAT was, according to the outcome of the national budget, SEK 265 billion in 2006, which was an increase of 6 percent compared to the previous year. The largest selective taxes concerned energy taxes, which amounted to SEK 68 billion. Other larger revenues from selective taxes come from tax on alcohol and tobacco of SEK 19 billion and vehicle tax, SEK 11 billion.

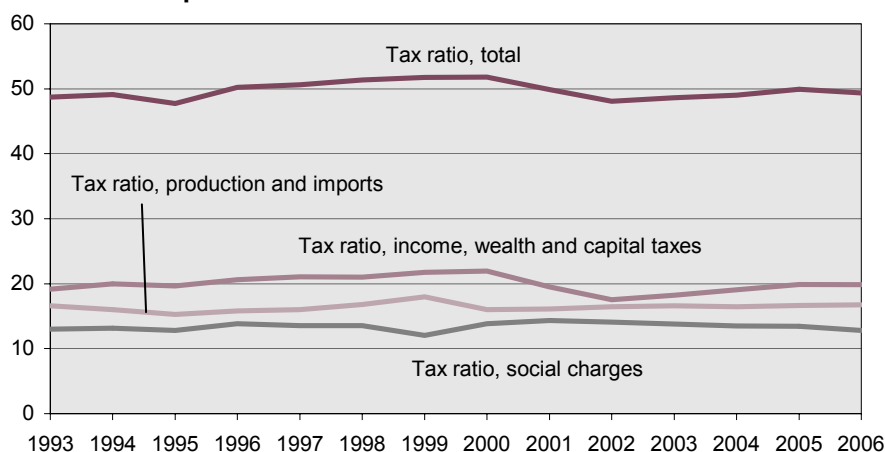
**The tax ratio**

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 GDP.

The tax ratio has been adjusted downwards in relation to earlier versions of this yearbook. This is due to the fact that the EU has made a decision that the part of social contributions that has been paid to the premium pension system shall no longer be counted as an income to the public sector. The adjustment has been made for the years back to 1995, when the premium pension system was first introduced.

### Tax ratio as a percent of GDP 1993–2006



Source: Statistics Sweden (SCB), National Accounts

The total tax ratio is now on the same level in 2006 as it was in 1993. The tax ratio was 49 percent in 2006 and 1993. The tax ratio was higher during the years 1999–2000 when it reached a level of 52 percent. The tax ratio for income and wealth tax amounted to 20 percent in 2006 and for production and imports amounted to 17 percent. The tax ratio for social contributions was 13 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



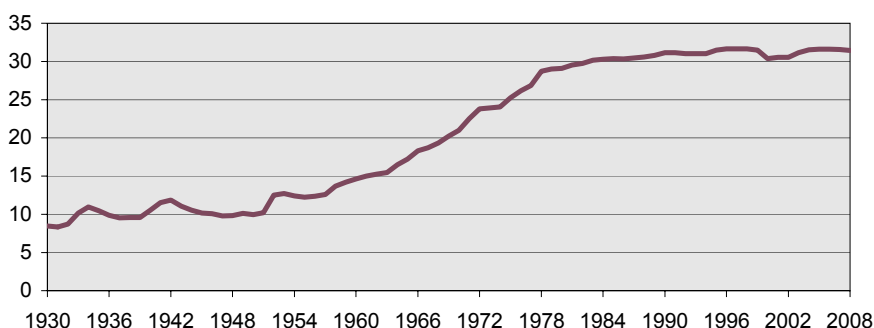
insurance policies or by direct fees from those using the service, the tax ratio would be lower.

## Taxation in local government

Municipalities and county councils have the right to levy taxes and determine tax rates, in percent of taxable income for physical persons. The Swedish inhabitants have thereby been given the possibility to influence the level of ambition and fees contra taxes via local government elections. Local government tax revenues are collected by the central government for later allocation to the local government sector.

The total local government tax rate is comprised partly of a county council tax rate and partly of a municipal tax rate. Each respective part of the local government tax rate varies over different parts of the country due to the allocation of tasks between the county councils and municipalities. In the county of Stockholm, the county council has for example taken over more tasks from the municipalities than in other counties. This is reflected in the tax rate, where the county council of Stockholm has a relatively high tax rate, whilst the municipalities in the county have correspondingly lower rates. For Gotland, the relationship is the opposite. Gotland is a special case and doesn't actually belong to any county council, so the county council tax rate is in effect, zero. The tax rate for the municipality of Gotland compensates for this and is much higher. Comparisons of different tax rates between municipalities in different parts of the country should therefore be made using the total local government rate.

### The local government tax rate on average for the years 1930–2008, percent



Source: Statistics Sweden, Statistics on Public finances.

The curve of the local government tax rate over time reflects the large and rapid development of local government responsibilities which started in the 1960s and continued until the end of the 1970s, to reach a stable level of around 30 percent in the 1980s. The small dip in the curve that can be observed at the change of the millennium is due to the separation of the Swedish Church and the public sector when the church taxes were replaced by membership fees.

## **Central government grants and the financial equalisation system**

Swedish residents shall by way of the taxation of local government have the opportunity to influence the activities of local government. The tax rate should therefore not be dependent on the presence of many high or low earners in the municipality, nor should it be dependent on the residents' specific needs for local government efforts. 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. The system includes an income equalisation, a cost equalisation, 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.

A government inquiry concerning the 2005 follow-up on the financial equalisation system came with their final report in September of 2007. Some changes are suggested, but the basic

principles still hold. Several of the suggestions have been implemented in the equalisation for 2008, by decision of the Riksdag.

### Distribution of equalisation subsidies for 2007. Percent

	Municipalities	County councils	Total
Norrland	18	24	19
Svealand	27	11	23
Götaland	55	65	58
All of Sweden	100	100	100

Proportions in the table have been calculated after the subsidies have been adjusted for charges which have been paid by each respective part of the country.

Source: Derived from figures in Statistics Sweden, Economic Equalisation for Local Government OE 26 SM 0701

### 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. In total SEK 48 billion were redistributed between municipalities and SEK 16 billion between county councils via the income equalization in 2007.

*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. Within the cost equalization, SEK 5 billion were redistributed between municipalities and SEK 1 billion between county councils.

There are three more parts of the equalization system: *the structural grant* which is of a regional policy nature; *the transitional grant* 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; and *the adjustment charge* which is an item

affecting the regulation of central government financing of the system. In 2007, SEK 2 billion were redistributed via the structural grant, just under SEK 1 billion via the transitional grant, and SEK 9 billion via the adjustment charge which was unusually large for 2007.

### **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. In total, SEK 2 billion were redistributed between municipalities within LSS equalisation.

### **Reading recommendations:**

The Swedish National Financial Management Authority, (ESV).

[www.esv.se/](http://www.esv.se/)

ESV and SCB. *Tax assessment 2007*. Statistical Report OE 21 SM 0801.

National Tax Board (Skatteverket). *Taxes in Sweden*. The Tax Statistical Yearbook of Sweden 2007. [www.skatteverket.se](http://www.skatteverket.se)

Ministry of Finance. *Central Government Annual Report 2006*.

Ministry of Finance and Swedish Association of Local Authorities and Regions, *Local government equalisation*.

Ekonomistyrningsverket. *Statens finanser*. [www.esv.se](http://www.esv.se)

Ekonomistyrningsverket. *Statsbudgetens utfall 2007*. [www.esv.se](http://www.esv.se)

Statistics Sweden. *Local government equalisation*. Statistical Report OE 26 SM 0701

Related to this section are the following:

Table 5. General government receipts, consolidated, current prices.

Table 9. National budget for Sweden, income 2006.

## 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 national budget (see Chapter 4) only contains central government expenditure. Expenditures, for example, for health and medical care, and also social care in the national 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.

Public sector expenditure is distributed by consumption, investments, transfers and interest payments. Consumption comprises 50 percent of total expenditure whilst transfers comprise 40 percent. This means that public investments and interest payments are relatively modest amounts comparatively speaking. The term, consumption, includes the sector's expenditure for personnel and consumed material whilst the term, transfers, includes subsidies and reimbursements that are directed towards inhabitants.

The presentation on expenditure of the public sector shows the consolidated public sector. Transfers between different parts within a sector, for example, between the central and local government, have thus been excluded.

A relatively large revision of the public sector's expenditure was carried out by the National Accounts in 2007. The revision referred to the period 1993–2005. Consequently, the figures presented here differ from previous editions of Public Finances in Sweden.

**Public sector expenditure 1993–2006, current prices. SEK billions**

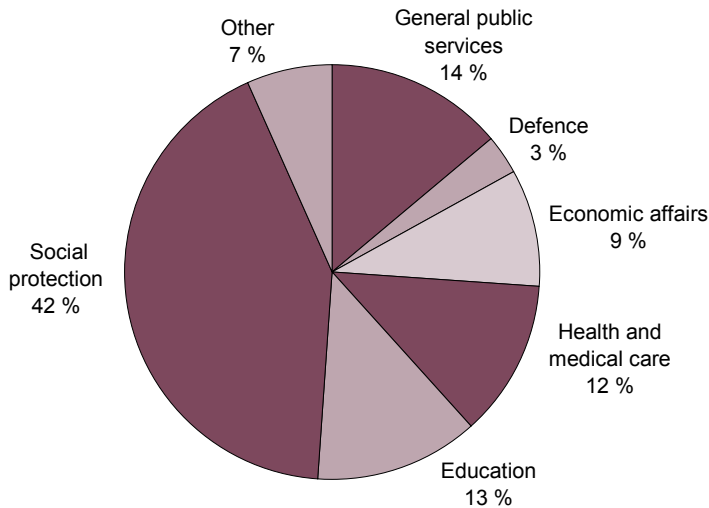
Year	Consumption	Investments	Transfers	Interest	Total
1993	453	30	513	89	1 086
1994	467	64	480	104	1 114
1995	482	68	478	117	1 145
1996	505	53	459	119	1 136
1997	515	59	450	118	1 144
1998	543	42	456	108	1 149
1999	572	59	473	100	1 204
2000	585	57	480	93	1 214
2001	615	63	491	71	1 240
2002	658	72	512	78	1 320
2003	692	70	554	59	1 375
2004	703	72	571	51	1 396
2005	723	75	595	53	1 446
2006	762	83	608	55	1 508

Source: Statistics Sweden (SCB), National Accounts

Total expenditure of the public sector amounted to SEK 1 508 billion in 2006. This corresponds to just over SEK 150 000 per inhabitant.

Consumption increased by 5 percent which was significant compared to the latest years. Transfers, however, increased by 2 percent, which was a somewhat weaker development compared to earlier years.

An alternative way of studying expenditures is to divide them into functions. To enable this, expenditures must be categorised by purpose. The NA follow the nomenclature of COFOG which is an international classification system where all public sector activities are divided into functions. The function requiring most resources is the function for social protection, the reason being that much of the transfer system is found here. The following diagram shows how the public sector's total expenditure is distributed according to function in 2005.

**Public sector total expenditure 2005 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.

The distribution of public sector expenditure according to function has not changed much during the last decade.

**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

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



**GDP and public sector consumption expenditure 1993–2006 in current prices. SEK billions and as percentage of GDP**

Year	GDP	Consumption	Relative to GDP
1993	1 573	453	29
1994	1 679	467	28
1995	1 810	482	27
1996	1 852	505	27
1997	1 927	515	27
1998	2 012	543	27
1999	2 124	572	27
2000	2 250	585	26
2001	2 326	615	26
2002	2 421	658	27
2003	2 515	692	28
2004	2 625	703	27
2005	2 735	723	27
2006	2 900	762	26

Source: Statistics Sweden (SCB), National Accounts

Expenditure on consumption is made up of expenditure for salaries to employees as well as expenditure for materials used for example within education and health care. Included as well, are social benefits in kind, which are publicly financed services made available directly to households, but not produced by the public sector. Examples of such expenditure are those that the county councils have for pharmaceutical benefits and the municipalities' purchase of care for the elderly from private caregivers.

**More on the term 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.

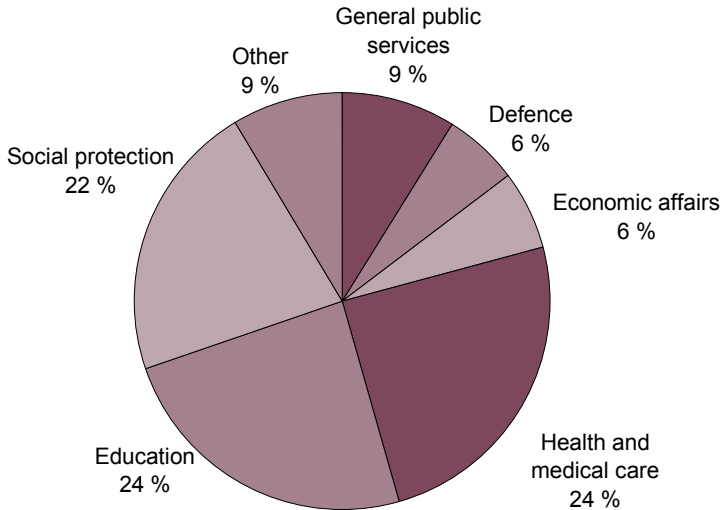
Expenditure on salaries amounted to SEK 319 billion in total, 2006. This amounted to 42 percent of total expenditure. This can be compared to 1993 when the corresponding proportion was 46 percent. This reduction coincides with an increase in social benefits in kind and an increase in subcontracting, since publicly employed personnel are not used when services are purchased from other providers.

Compared to the development of salaries, the expenditure share of social benefits in kind has developed in the opposite direction. These expenditures amounted to just under SEK 85 billion in 2006, which corresponds to 11 percent of total expenditure on consumption. In 1993 they amounted only to 6 percent of total expenditure on consumption.

The proportion intermediate consumption, that is for material and services which serve as inputs in public production, amounted to 36 percent in 2006. This corresponds to an expenditure of SEK 272 billion. Compared to 1993, this means a reduction of 4 percentage points. Even this expenditure item is related to the increase in social benefits in kind.

**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, 2005. Percent**

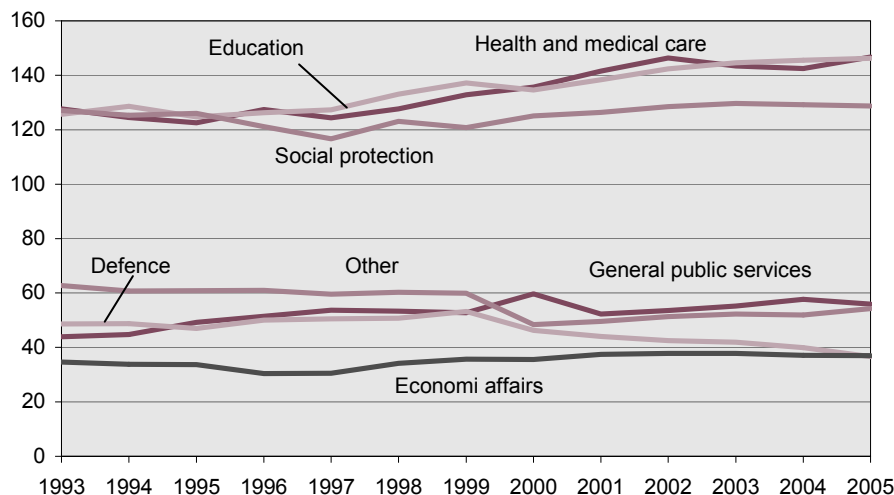
Preliminary data. "Other" consists of defence, public order and safety, environmental protection, housing and community amenities, recreation, culture and religion.

Source: Statistics Sweden (SCB), National Accounts

In 2005, the three largest functions account even here for the largest share of expenditures, 71 percent. The largest share, 24 percent or SEK 180 billion, comprised health and medical care. Expenditure on social protection accounted for 42 percent of *total* expenditures but only 22 percent of expenditures 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 3 and 4 billion respectively. In the diagram, they are included in the category, "Other".

### Public sector expenditure on consumption by function, 1993–2005, constant prices. SEK millions



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 diagram above shows the development for the different function during the period 1993–2005 in constant prices.

Expenditure on social protection was largely the same at the end of the period as in 1993. Expenditure on education has increased since the beginning of the 1990s. Essentially, this is due to an increase in the number of admissions to universities and university colleges.

Public expenditure on defence has decreased during the first few years after 2000.

### Expenditure on investments

Part of public expenditure goes to investments or gross capital formation. In 2006 this amounted to SEK 82 billion. Gross capital formation refers to the purchase of durable assets such as buildings and machinery, e.g. schools, hospitals, theatres and roads.

Local government increased their investments during 2006 by 15 percent whilst the central government increased investments by 7 percent compared to the previous year.

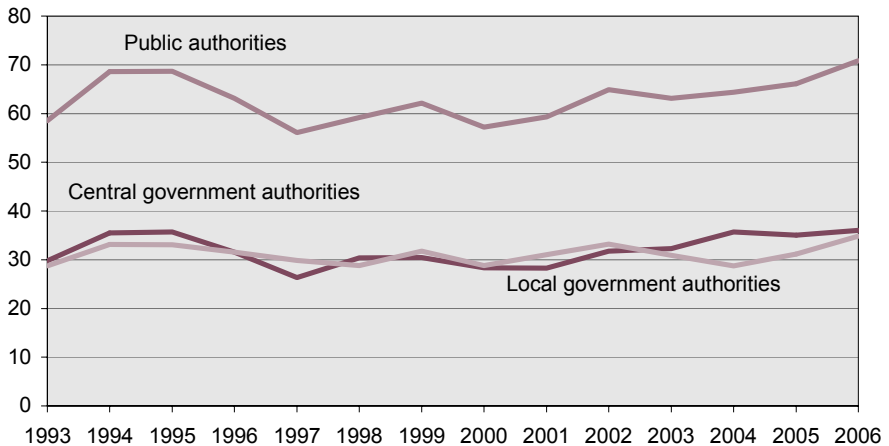
### Investment terms in the National Accounts

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. 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. The capital depreciation is equivalent to the value of the usage of the fixed assets during a period of time.

Source: Statistics Sweden, National Accounts

### Public sector expenditure on fixed capital formation 1993–2006, constant prices. SEK billions



Source: Statistics Sweden (SCB), National Accounts.

Gross capital formation was approximately SEK 10 billion higher in 2006 than in 1993 in constant prices. The variation has been greater for central government investments than for those of the local government sector. Since 2003, central government investments have been on a higher level than local government investments.

### Expenditure on investments by function

The central government sector made investments in 2005 for close to SEK 26 billion within the function, economic affairs, comprising over 67 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 34 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 608 billion in 2006.

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.

Transfers measured in relation to GDP have decreased during the period 1993–2006. 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 2006 were down to SEK 47 billion. But transfers to households have also changed over time, as is apparent in the following section.

**GDP and transfers, current prices 1993–2006. SEK billions, percentage of GDP**

Year	GDP	Transfers	Relative to GDP
1993	1 573	513	33
1994	1 679	480	29
1995	1 810	478	26
1996	1 852	459	25
1997	1 927	450	23
1998	2 012	456	23
1999	2 124	473	22
2000	2 250	480	21
2001	2 326	491	21
2002	2 421	512	21
2003	2 515	554	22
2004	2 625	571	22
2005	2 735	595	22
2006	2 900	608	21

Source: Statistics Sweden (SCB), National Accounts

**Transfers to households**

Households are completely dominant as recipients of transfers from the public sector. In 2006 households received 84 percent of public sector transfers, whilst companies, for example, received 8 percent and 8 percent as well went abroad.

Pensions, which are the largest item in transfers to households, accounted for 49 percent in 2006 of total transfers to households. This is an increase of four percentage points from 1993 and does not include early retirement pensions. Pensions have increased by 50 percent in current prices between 1993 and 2006.

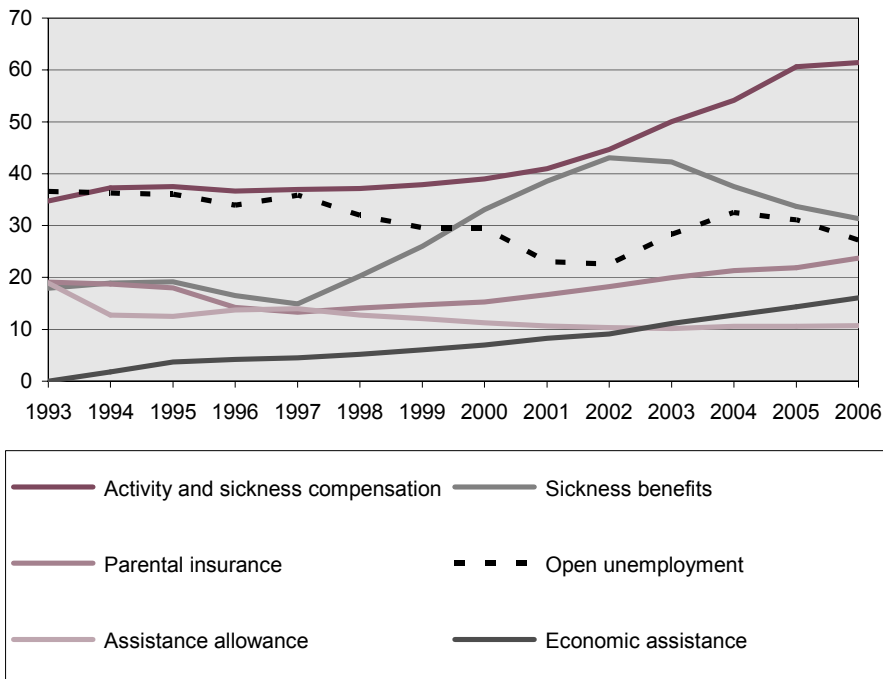
Among other transfers, activity and sickness compensation has increased by 77 percent during the period since 1993. The rate of increase has weakened, however, and the level of these transfers was approximately the same for 2006 as for 2005.

There has also been a large rise in costs for sickness benefits, 75 percent, between 1993 and 2006. In later years and since 2002, when costs were at their highest, costs have decreased by 27 percent.

Transfers to the unemployed have decreased by 26 percent during the period 1993 to 2006. These transfers vary largely due to the extent of 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 1993–2006, current prices. SEK billions**



Source: Statistics Sweden (SCB), National Accounts

**Transfers from different subsectors**

Of the different subsectors in the public sector, the central government sector accounts for the majority of transfer expenditure. In 2006, the central government's proportion was 70 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 subsectors in the public sector in 2006. SEK millions**

	Central government	Local government	Old-age pension system
Total	556 669	57 946	177 351
to households	299 117	37 163	176 156
to companies	31 104	15 851	-
to the old-age pension system	26 562	-	-
to the local government sector	153 845	-	-
Abroad	46 071	-	-
to the central government	-	4 932	-

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, 54 percent, go to households but the local government sector also receives a fairly large proportion, 28 percent. Here general and earmarked central government grants are included. Smaller proportions go to the old-age pension system, companies and abroad. The proportion going from the central government to the old-age pension system is substantially less than reported in earlier issues of Public Finances in Sweden. The reason for this is that payments to the PPM-system are no longer counted as a transfer in the same way.

The largest part of transfers from the old-age pension system goes to households. Transfers from the local government sector, 64 percent, go primarily to households, but companies also receive a relatively large proportion amounting to 27 percent. The transfers going from the local government sector to the central government concern largely infrastructure.

**Expenditure on interest payments**

The fourth large expenditure area is interest expenditure, consisting largely of interest payment on the central government debt. In 2006 total interest expenditure amounted to SEK 55 billion. Interest expenditure has decreased since the end of the 1990s.

**GDP and interest expenditure 1993–2006, current prices. SEK billions, share of GDP as a percentage**

Year	GDP	Interest	Relative to GDP
1993	1 553	89	6
1994	1 679	104	6
1995	1 810	117	7
1996	1 852	119	7
1997	1 927	119	6
1998	2 012	108	5
1999	2 124	100	5
2000	2 250	93	4
2001	2 326	71	3
2002	2 420	78	3
2003	2 515	59	2
2004	2 625	51	2
2005	2 735	53	2
2006	2 900	55	2

Source: Statistics Sweden (SCB), National Accounts

**Reading recommendations:**

SCB. *Social Protection Expenditure*. Statistical Report NR 15 SM 0701.

SCB. *National Accounts 2000–2005*. Statistical Report NR 10 SM 0701.

Related to this section are the following:

Table 4. General government expenditure, consolidated, current prices

Table 13. Government final consumption expenditure by function, current prices

Table 14. Government final consumption expenditure by function, constant prices

Table 15. Transfers from the general government sector to households, current prices

Table 16. Government gross fixed capital formation by purpose, current prices

Table 17. 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. In this chapter we also present statistics from the old-age pension system, where the main source is the annual report from the Swedish Social Insurance Agency.*

### **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 2006 of SEK 104 billion, which was an improvement of SEK 67 billion compared with the previous year. Increased tax income was a significant contributing factor for this surplus. Tax income increased by SEK 62 billion, or 7 percent. Another contributing factor was the decline in interest expenditure concerning the national debt.

**Consolidated income statement for the central government  
2005–2006, current prices SEK, billions**

	2005	2006
Total income	970.6	1034.9
of which taxes	902.0	963.9
Total expenditure	-934.5	-965.3
of which <u>transfers</u>	-740.5	-762.9
central government activities	-194.1	-202.5
Remitted profits from shares in subsidiaries and associated companies	45.9	48.5
Total financial items	-45.3	-14.3
Net income (deficit)	36.7	103.7

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.

Source: The annual report of the central government 2006. Government report 2006/07:101.

**Income statement of the central government and the national budget**

The income statement of the central government is somewhat different than the accounts of the national 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 national budget.

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

	2005	2006
Balance of the government budget	15	18
Net surplus/deficit in the income statement	37	104

A more detailed report of the differences between the income statement and the national 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 is 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 2006 the figure was SEK -635 billion, compared to SEK -746 billion in 2005. The difference between assets and liabilities has decreased by approximately SEK 100 billion, and is due both to the fact that liabilities have decreased and that assets have increased. The national debt has decreased by SEK 41 billions and amounted to SEK 1 220 billion. Assets have increased largely due to higher profits within public corporations as well as road investments.

## 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 22 000 persons according to the annual report of the central government. According to Sweden's official employment statistics, the figure is 230 000.

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 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 (52 percent) are found in the local labour markets of the three large cities; Stockholm alone employs some 29 percent of all employees.

### **Authorities and their areas of responsibility**

The authorities have varying responsibilities. In the annual report for the central government the authorities are divided into different sectors

*Infrastructure:* The Swedish Rail Administration (Banverket) and the Swedish Road Administration (Vägverket)

*Work life, care and education:* 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.

*Culture:* 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, colleges and research:* 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 Central Government annual report 2006

### **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
2006	5437	106

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 2006

## 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	9 000
Prison and Probation services	8 000
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 3.5 billion between 2001 and 2006. Of this increase, expenditure for personnel stands for SEK 1.8 billion. The number of employees has increased by 1 900 during the same period, of which 1 300 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
2006	16 615	127

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 2006 the Swedish Military Defence has commenced large restructuring efforts which are a consequence of decisions made in the Riksdag in December 2004. Swedish forces have made efforts in several countries, among which in Afghanistan and in the Balkan region. Work with the EU force, Nordic Battle group, which is led by Sweden has considerably affected operations within the Military Defence.

In the expenses for military defence in 2005, provisions for expenses within the restructuring work are included, amounting to nearly SEK 3 billion. This explains the high expenditures for 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
2006	29 204	92

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
2006	9 366	121

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 in 2006, corresponding to one quarter of central government employees. The number of employees in this sector has stayed at approximately the same level for the past two years.

### 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
2006	57 100	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 Agency for Higher Education

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 2006, total expenditures amounted to SEK 57.1 billion which was SEK 800 million higher than in 2005 and at the same level as 2004.

In 2006, 49 institutions had the right to grant undergraduate, postgraduate degrees. Of these, 26 institutions had the right to grant doctoral degrees. Among the 49 institutions, 36 operated as government authorities.

During the academic year 2005/2006, 82 700 new students attended universities and university colleges. The total number of students studying on the graduate level was 320 000, a decline of 3 percent compared to the previous year. A total of 43 600 completed their first degree during the year.

On the doctoral level, the number of new students was 2 800. The total number of active students on this level was 18 000 and the number of students completing their doctorate was 2 750.

## The old-age pension system

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 subsector in the public sector, according to the classification used in the official statistics. The old-age pension system apart from the central government budget is a part of society's economic policy for the elderly and is thus a component of social insurance, which comprises much of the economic security system in the Swedish society.

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.

Expenditure for the old-age pension system apart from the central government budget does not show up in the national budget. It is, however, subject to the government's expenditure ceiling.

### **The economic security of social insurance in old-age**

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

*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

## The structure of the old-age pension system

The 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. The old-age pension system consists of two main parts:

*Income pension including supplementary pension – redistribution component*

*Premium pension – reserve component*

It is only the income pension including the supplementary pension that is classified as being part of the public sector according to a decision by Eurostat. The premium pension was previously part of the public sector but, according to Eurostat's decision, is now part of the household sector. As a consequence of this change, savings in the public sector have been reduced while household savings have increased. Recalculations have been made back to 1995.

## **The income pension with buffer funds**

The main part of the fees for the pension system 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. By paying pension fees, the individual acquires pension rights showing that the system owes money to the individual. This money is then paid to the individual when he/she retires. Supplementary pensions are paid out to individuals born up until 1953 because these persons have not been able to fully earn an income pension or premium pension. Individuals born before 1938 receive only a supplementary pension whilst individuals born between 1938 and 1953 receive pensions according to transitional rules i.e. they receive partly a supplementary pension and partly an income pension and premium pension.

The 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.

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.

The First, Second, Third, Fourth and Sixth AP Funds administer the buffer capital which is a smaller part of income pension assets. 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 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 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 2006 the buffer fund increased, i.e. the First - Fourth and Sixth AP Funds, by SEK 89 billion. The balance between pension contributions and pension disbursements gave a surplus of SEK 7.5 billion in 2006. The return on the funds amounted to more than SEK 83 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 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 5 945 billion at the end of 2006 and accounts for slightly less than 90 percent of the assets of SEK 6 803 billion.

Pension liabilities, consisting of earned pension rights with deductions for pensions paid out, amounted to SEK 6 703 billion at the end of 2006.

**Income pension, income statement and balance sheet 2004–2006.  
SEK billions**

	2004	2005	2006
<b>INCOME STATEMENT</b>			
Change in funded capital			
Pension contribution	171.6	179.6	183.6
Pension disbursement	-164.8	-169.1	-176.2
Return on funded capital	65.2	114.6	83.4
Administration costs	-2.7	-2.0	-2.1
Sum change in funded capital	69.3	123.0	88.7
Change in contribution assets	141.5	114.1	224.0
Change in pension liabilities *	-259.8	-217.5	-241.5
<b>Profit / loss</b>	<b>-49</b>	<b>19.6</b>	<b>71.2</b>
<b>BALANCE SHEET</b>			
Assets			
Funded assets	646.2	769.2	858.0
Contribution assets	5 606.6	5 720.7	5 944.6
<b>Sum assets</b>	<b>6 252.8</b>	<b>6 489.9</b>	<b>6 802.6</b>
Equity capital and liabilities			
Equity capital	8.8	28.4	99.6
Pension liabilities	6 244.0	6 461.5	6 703.0
<b>Sum Equity capital and liabilities</b>	<b>6 252.8</b>	<b>6 489.9</b>	<b>6 802.6</b>

\* A negative post (-) means the pension liabilities increase and a positive post (+) means that it decreases with the given figure.

Source: Swedish Social Insurance Agency, The Swedish Pension System Annual Report. Income Statement and Balance Sheet of the Income Pension System, 2005, 2006.

## 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.

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.

The PPM is, as previously mentioned, not a part of the public sector but is considered as a government authority.

In 2006 fees in the premium pension authority regarding new pension rights amounted to slightly less than SEK 50 billion, and return on funds to SEK 27 billion. After deductions for administration costs etc, assets increased by SEK 76 billion.

#### **Premiepension income statement and balance sheet 2004–2006. SEK billions**

	2004	2005	2006
<b>Income statement</b>			
Change in funded assets			
Pension fees	22.4	23.6	50.0
Pension payments	0.0	-0.1	-0.2
Return on funded capital	9.0	44.8	27.0
Administration costs etc.	-0.3	-0.3	-0.3
Sum of changes in funded assets	31.0	68.0	76.4
Change in pension liabilities	-31.0	-68.0	-76.4
<b>Net profit / loss</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>BALANCE SHEET</b>			
Assets			
Insurance assets	125.1	193.1	269.4
Other assets	45.4	47.4	26.0
<b>Sum assets</b>	<b>170.5</b>	<b>240.5</b>	<b>295.4</b>
Equity capital and liabilities			
Equity capital	-1.7	-1.6	-1.6
Pensionliabilities	125.1	193.1	269.4
Other liabilities	47.1	49.0	27.6
<b>Sum liabilities and net profit / loss</b>	<b>170.5</b>	<b>240.5</b>	<b>295.4</b>

\* A negative post (-) means the pension liabilities increase and a positive post (+) means that it decreases with the given figure.

Source: Swedish Social Insurance Agency, The Swedish Pension System Annual Report. Premium pension system, Income statement and balance sheet 2005, 2006



At the end of 2006, assets amounted to over SEK 295 billion, of which SEK 26 billion consisted of "other assets" which had not yet been invested in the approximately 700 funds. Fund capital amounted to SEK 269 billion.

**Reading recommendations:**

The Government Offices. *Facts and Figures – The Government Offices' Yearbook 2006*. Stockholm 2007

The Government Offices. *Central Government Annual Report 2006*. 2007

The Swedish National Agency for Higher Education. *Swedish Universities & University Colleges – Short Version of Annual Report 2006*. 2007

[www.regeringen.se](http://www.regeringen.se)



## 8 Finances and activities of 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.*

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.

### 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 Social Welfare 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 programs.

## Finances of municipalities

Municipal expenditures (i.e. annual operating expenditures of municipalities) were SEK 433.2 billion in 2006, representing an increase of 5 percent from 2005.

### Income statements for municipalities 2004–2006. SEK billions

	2004	2005	2006
Operating income	95.1	96.4	104.2
Operating expenditures	-398.1	-411.0	-433.2
Depreciation	-13.4	-13.6	-14.3
Net operating expenditures	-316.3	-328.2	-343.3
Tax revenues	277.0	285.3	302.4
Central government grants and intra-municipal equalisation etc net	38.7	..	..
Intra-municipal equalisation, central government grants	..	48.3	50.4
Financial income	10.1	9.9	10.6
Financial expenditures	-7.0	-6.3	-6.7
Income before extraordinary adjustments	2.4	9.0	13.3
Extraordinary income	3.7	4.5	9.3
Extraordinary expenditures	-0.9	-2.1	-3.3
Net income (surplus)	5.2	11.4	19.4

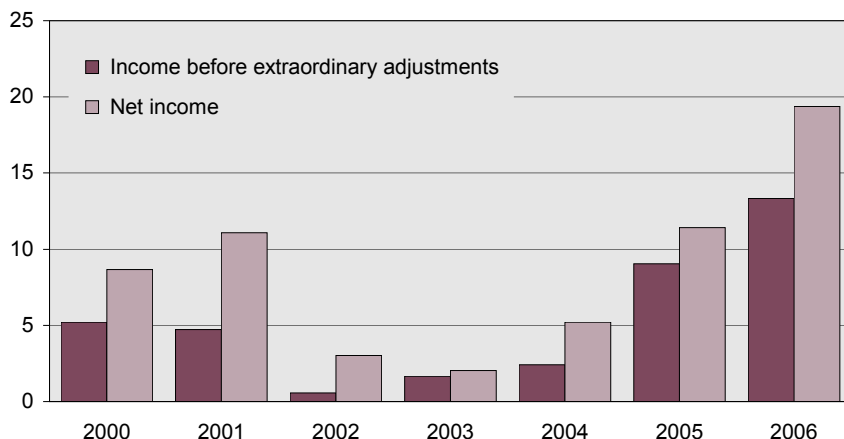
Between 2004 and 2005 the way of calculating the intra-municipal equalisation changed

Source: Statistics Sweden (SCB), Municipal use of resources 2006. OE 25 SM 0701

Income statements of municipalities for 2006 show an income of SEK 13.3 billion before extraordinary items. Net income, which includes extraordinary items, amounted to SEK 19.4 billion.

Income before extraordinary items is used as an indicator of the economic status in the municipal sector and in 2006 showed an increase from 2005 of SEK 4.3 billion. This is explained mainly by the higher tax revenues which were SEK 17.1 billion higher in 2006. Tax revenues are the municipalities' largest source of income financing approximately 70 percent of their activities.

### Net income for the municipalities 2000–2006, current prices. SEK billions



Source: Statistics Sweden (SCB), Municipal use of resources 2006. OE 25 SM 0701

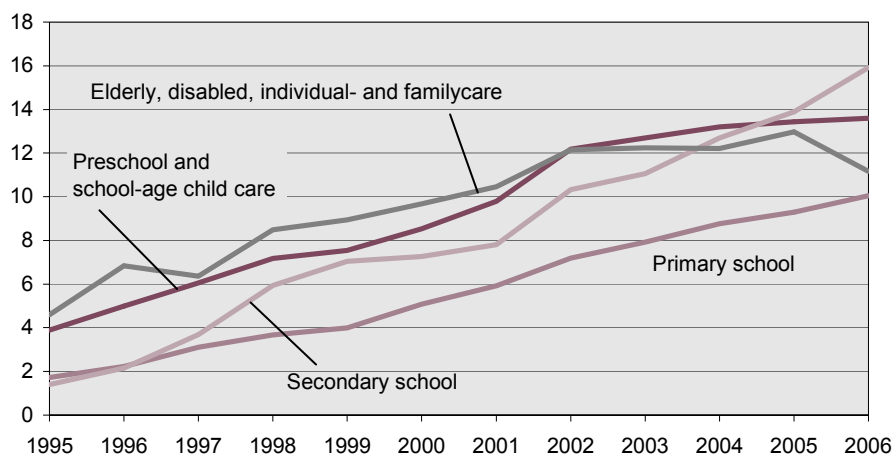
Expenditures for personnel, SEK 245.7 billion, comprised 57 percent of the municipalities' total expenditure for 2006.

Expenditures for purchase of activities were SEK 57.4 billion which was an increase of 13 percent compared to 2005. The purchase of activities comprises 13 percent of the municipalities' total operational expenditures, which is approximately the same as the previous year. The largest expenditures here were for entrepreneurs within care for the elderly, primary school and preschooling and school-age child care. A large proportion of the purchases of activities for secondary school is from other municipalities and county councils.

The most common form of contracting is with companies.

Expenditures for purchase of activities from companies (apart from municipally-owned companies amounted to 35.6 SEK billion in 2006, which is equivalent to 60 percent of total expenditures for purchases of activities. Expenditures for purchase of activities from associations and foundations amounted to a total of approximately SEK 11 billion, occurring mostly within preschooling and primary school.

**Municipalities' purchase of welfare services from privately-owned companies and organizations as a proportion of each respective activity's operational expenditures 1995–2006. Percent**



The purchases from associations and foundations, companies apart from municipally-owned companies and private persons.

Source: Statistics Sweden (SCB). Municipalities' use of resources 2006. OE 25 SM 0701

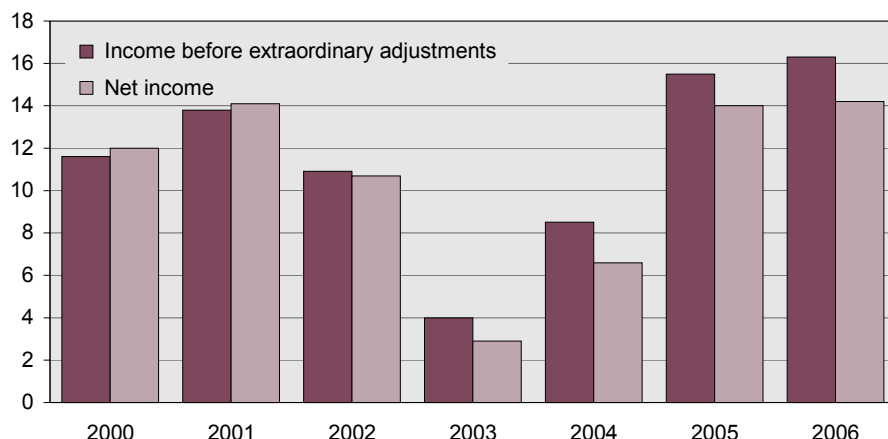
**Definition of costs in municipalities' operations**

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.

**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 2000–2006, current prices. SEK billions



Source: Statistics Sweden (SCB). Municipalities' use of resources 2006 OE 25 SM 0701

For 2006, income for the municipality groups before extraordinary items was SEK 16.3 billion, which was SEK 3 billion more than the corresponding outcome for the municipalities.

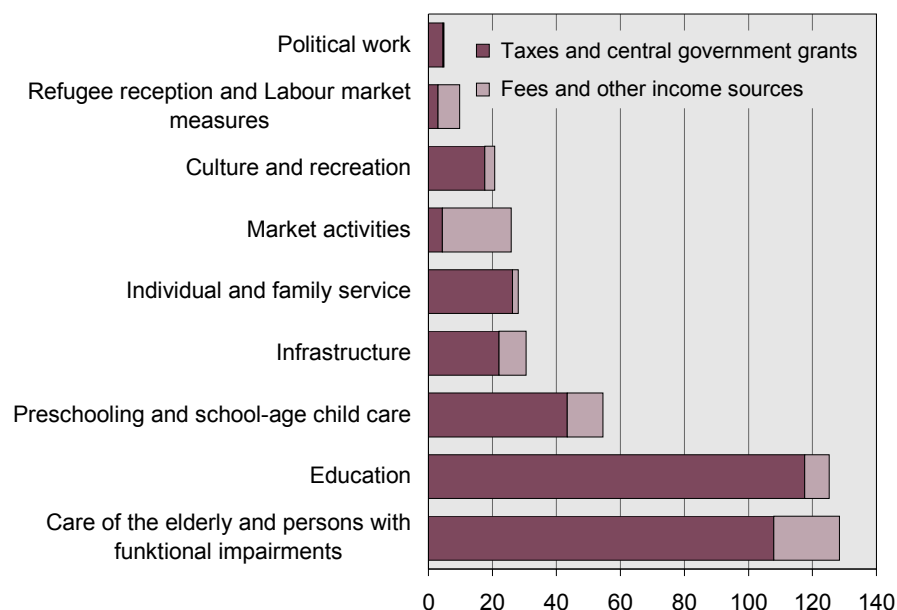
Net income for the municipality groups in 2006, was SEK 14.2 billion which was SEK 5.2 billion less than net income shown for the municipalities alone. The difference between net income and income before extraordinary posts is due to the fact that municipalities had higher extraordinary posts than did the municipality groups. The groups had tax payments amounting to SEK 1.5 billion which also affected net income.

### Costs of activities and 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 2006, current prices. SEK billions



Source: Statistics Sweden (SCB), Municipal use of resources 2006. OE25 SM 0701

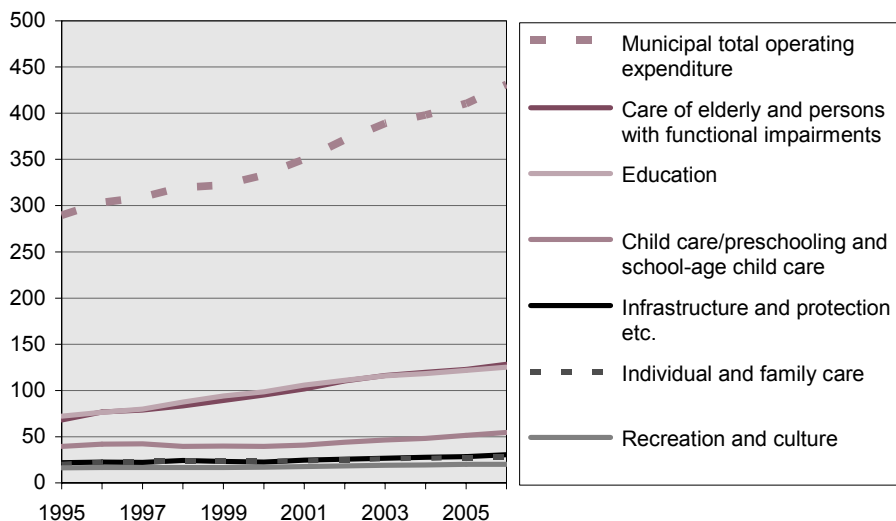
The area of *market activities* covers services which the municipality provides but which are more than 50 percent financed by fees. Examples of such activities are water supply, waste disposal, streets and roads, and housing. These activities are not included in public authority activities according 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.

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.



### Municipalities' operating expenditures on certain activity areas 1996–2006, current prices. SEK billions



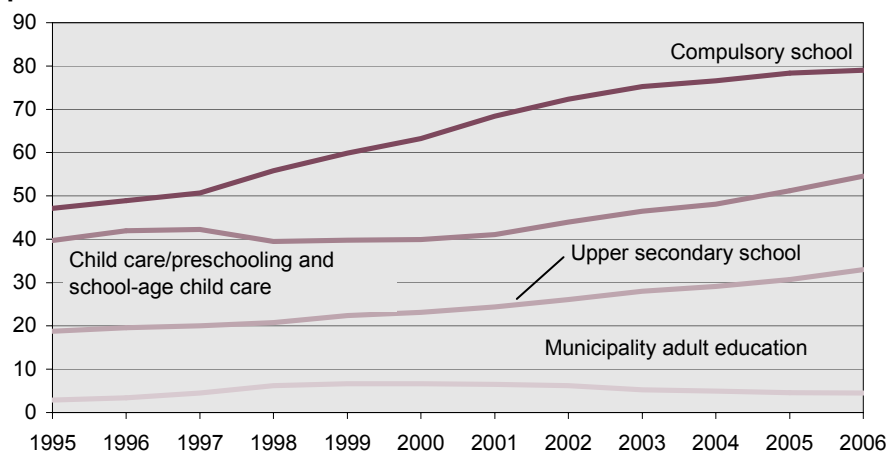
Source: Statistics Sweden (SCB), Municipal use of resources 2006. OE25 SM 0701

### 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 180 billion in 2006 which corresponded to SEK 19 726 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.

### Expenditures on activities in the education area 1996–2006, 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), Municipal use of resources 2006. OE25 SM 0701

### Efforts within preschool continue

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 2006 expenditures for preschool and school-age child care totalled SEK 54.6 billion, corresponding on average to SEK 5 991 per inhabitant.

Expenditures for preschool were 75 percent of total expenditures for preschool and school-age child care. Expenditures for family day care homes (for children between 0 – 12 years of age) made up only 5 percent of the expenditures for preschool and school-age child care in 2006.

In 2006 were 756 100 children in total registered in preschool, an increase of more than 20 000 children since 2005. More than 50 percent of these were in preschooling. The number of children in family day care homes has decreased steadily since the end of the 1980s and in 2006, there were 30 800 children registered in this type of care. Between 2000 and 2004, the number of children per full-time worker in preschooling was on the same level but decreased to 5.2 children per full-time worker in 2005 and in 2006 decreased even more to 5.1

children per full-time worker. In school-age childcare, the child/full-time worker ratio increased from 18.6 in 2005 to 18.9 in 2006.

### **Number of pupils decreasing**

Expenditures within compulsory school have increased most among different school forms in the last decade as a consequence of demographic changes. In 2006 expenditures on compulsory school amounted to SEK 74.9 billion, and expenditures on preschool class were SEK 4.1 billion, which in total meant SEK 8 673 per inhabitant.

The number of pupils in compulsory school was 962 300 in the academic year 2006/07, slightly less than in the previous academic year. The decrease in the number of pupils from the peak 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 12.0 pupils per teacher in academic year 2005/06, which means a higher teacher/pupil ratio compared to earlier years.

### **Substantial increases in expenditures within 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 33 billion in 2006 which corresponded on average to SEK 3 621 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 376 100 in academic year 2006/07. The proportion of pupils in so-called national programmes preparing for further studies (i.e. natural science, social science, technology) continues to decrease, to the advantage of educational programmes at private schools and specially-formed programmes. During the academic year of 1995/96, 91 percent of all pupils were registered in national programmes compared to 67 percent in 2006/07.

The number of pupils per teacher (exclusive of other pedagogical personnel) in upper secondary schools in academic year 2006/07 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, 227 700 students attended municipal adult education.

Total expenditures on municipal adult education in 2006 amounted to SEK 4.5 billion, of which SEK 0.9 billion was for basic adult education. This corresponds to an average of SEK 498 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.

### **Care of the elderly and persons with certain 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).

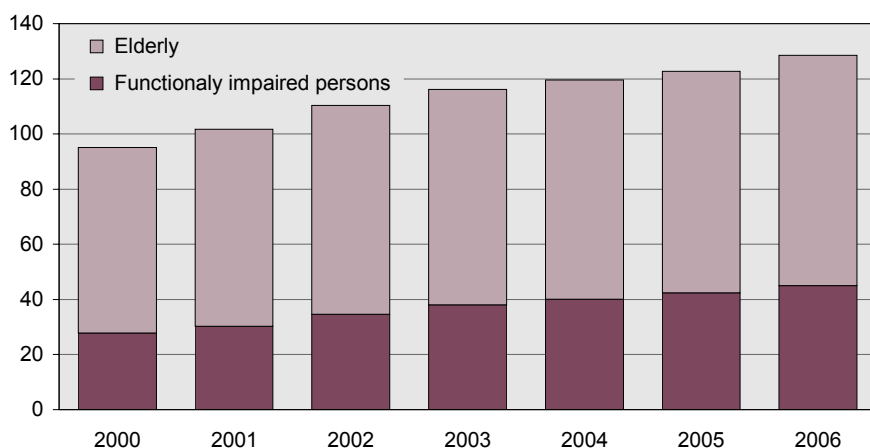
Persons who are covered by LSS have the right to receive **assistance allowances** in their daily life in accordance with the Assistance Benefit Act (LASS Lag 1993:389) for persons needing personal assistance for their basic needs of more than 20 hours a week on average.

Expenditures on care of the elderly and persons with functional impairments amounted to SEK 128.4 billion in 2006. This corresponds to an average expense of SEK 14 092 per inhabitant. A large part, SEK 83.5 billion, was related to care of the elderly.

Close to 140 300 elderly persons living in ordinary accommodation were allowed home-help service on the 1<sup>st</sup> of October 2006. Compared with the year 2000, this number had increased by 16 percent. Approximately 98 600 elderly persons had their permanent living in special housing arrangements in 2006, which was a reduction of 17 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 1<sup>st</sup> of October 2006, approximately 55 800 persons had one or more measures according to LSS, exclusive of counsel and support. This was an increase in 2.8 percent compared to the previous year.

**Expenditures on care of the elderly and persons with certain functional impairments 2000–2006, current prices. SEK billions**



Source: Statistics Sweden (SCB), Municipal use of resources 2006. OE 25 SM 0701

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 2006, 63 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 25 percent.

Around 80 percent of municipal expenditures for persons with functional impairments was for measures to provide support and service under LSS and LASS.

**Expenditure on measures under LSS and LASS 2001–2006, current prices, SEK billions**

	2001	2002	2003	2004	2005	2006
Housing under LSS	11.1	12.0	13.3	13.8	14.3	15.7
Personal assistance under LSS and LASS	8.2	9.8	11.0	12.1	12.9	13.7
Daily activities under LSS, other measures under LSS	6.0	6.5	7.2	7.5	8.1	8.3
<b>Measures under LSS and LASS, Total</b>	<b>25.4</b>	<b>28.3</b>	<b>31.5</b>	<b>33.4</b>	<b>35.3</b>	<b>37.7</b>

Source: Statistics Sweden (SCB), Municipal use of resources 2006. OE 25 SM 0701

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 2006.

The central government is the responsible authority for certain parts of support and service to persons with functional impairments. In 2006, municipalities received SEK 8.1 billion in compensation from the Social Insurance Agency for costs for personal assistance according to LASS.

## Municipal associations

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 coopera-

tion 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, 2005, 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 2006, there were 129 municipal associations in total, which was 19 more than 2005.

#### **Income statement, municipal associations, 2004–2006. SEK millions**

Income statement items	2004	2005	2006
Operating income	7 118	8 025	9 205
<i>of which contributions from members</i>	5 036	5 659	6 488
Operating expenditures	-6 694	-7 530	-8 640
Depreciation	-253	-270	-307
Net operating expenditures	171	225	259
Financial income	24	21	36
Financial expenditures	-105	-100	-108
Income before extraordinary items	90	146	187
Extraordinary income	10	1	7
Extraordinary expenditures	0	-1	-1
Income before appropriations and tax	100	146	193
Appropriations and tax	5	-1	-5
<b>Net income, surplus (+) / deficit (-)</b>	<b>105</b>	<b>145</b>	<b>188</b>

Source: Statistics Sweden, Municipal use of resources 2006, OE 25 SM 0701

The operating expenditures of the municipal associations on education (SEK 2.7 billion) and emergency services (SEK 2.6 billion) accounted together for almost 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.

**Reading recommendations:**

Statistics Sweden. *Municipal use of resources 2006*. Statistical Report OE 25 SM 0701.

Statistics Sweden. *Statement of Accounts for Municipalities*. Statistical Report OE 24 SM 0701.

Statistics Sweden. *Yearbook of Education Statistics 2007*

Statistics Sweden. *Statistical yearbook of administrative districts in Sweden 2007*

Statistics Sweden. *Educational expenditure 2002–2006*. Statistical Report UF 12 SM 0701

Related to this section are the following:

Table 18. Costs for municipalities by activity, current prices



## 9 Finances and activities of 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 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.

In the presentation below, the finances and activities of the municipality of Gotland are not included. Gotland as a whole is considered in the presentation of the municipalities instead. Even in NA, all of Gotland is reckoned to the municipal sector even though activities are carried out within health and medical care as well.

Expenditures for the county councils and regions on annual activities were SEK 215 billion in 2006, an increase of just under 7 percent from 2005. It is primarily costs for materials and services which have increased substantially.

Operating income amounted to SEK 31 billion which meant an increase of approximately 4 percent. Income did not increase at the same rate as costs. The largest source of income, tax revenues and central government grants amounted to SEK 192 billion in total which is an increase in SEK 10 billion compared to 2005. It is primarily the increase in tax revenues that has contributed to this increase.

Tax revenues and central government grants finance approximately 90 percent of the operating costs whilst income from patient fees and other fees financed only a small portion, just below 3 percent of

operating expenditures. Other costs are financed primarily by the sales of operations and services. The county councils and region's aggregated income statement for 2006 show a surplus of SEK 1.8 billion.

**Income statement for the county councils and regions 2004–2006, current prices. SEK billions**

	2004	2005	2006
Operating income	48.1	29.9	31.0
Operating expenditures	-193.7	-201.3	-214.9
Depreciation	-5.6	-5.7	-5.9
<b>Net operating expenditures</b>	<b>-151.2</b>	<b>-177.1</b>	<b>-189.8</b>
Tax revenues	141.8	147.1	155.9
Central government grants and intra-county equalisation etc net	9.6	34.1	35.8
Net financial income	-0.4	0.1	0.1
<b>Income before extraordinary adjustments</b>	<b>-0.2</b>	<b>4.2</b>	<b>1.9</b>
Extraordinary items, net	0	0.1	-0.1
<b>Net income (+surplus/-deficit)</b>	<b>-0.2</b>	<b>4.3</b>	<b>1.8</b>

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 2006.

## Half of expenditures on personnel

Close to half of the county councils' and regions' total expenditures comprised costs for personnel, 30 percent for salaries and 16 percent for other costs concerning personnel. Expenses for materials and services amounted to 30 percent and expenses for pharmaceutical benefits of 8 percent.

During the last decade, it has become more and more common for county councils to purchase activities from another producer of services. These purchases are made primarily from private companies but also from companies owned by the county councils themselves. Exclusive of purchases made between county councils, the purchase of such activities comprised a total of 10 percent of total expenditures. Within health and medical care, it is primarily specialist somatic care which stands for the largest part of the purchases. During 2006, approximately SEK 10 billion was purchased from other producers within this area.

Net expenditures, i.e. gross expenditure exclusive of gross income, amounted to approximately SEK 191 billion in 2006. Net expenditure refers to those expenditures which have to be financed by tax revenues, central government grants and net financial income. In net expenditure, service costs for example on real estate and property etc has been distributed to each respective activity.

### Expenditure and revenue by primary activities 2006. SEK billions

	Net expenditure (gross expenditure excl of gross revenue)	External expenditure/ revenues (net)	Internal expenditure/ revenues (net)	Investment expenses
Health and medical care	-173.5	-131.5	-40.9	-4.0
Regional development	-13.2	-12.4	-0.8	-0.3
Service activities	0.0	-38.9	38.9	-4.2
Pension payments, Income from interest etc	-4.4	-7.1	2.7	
Sum activities <sup>1</sup>	-191.1	-189.9	0	-8.5

1) The total net expenditure for all activities includes net expenditures for Gotland's municipality for health and medical care. Expenditures 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 2006.

### 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 is approximately SEK 3 billion.

In 2006, seven county councils presented income statements for their groups. These eight principle organisers (county councils in Stockholm county, Södermanland county, Västra Götaland region Gävleborg county, Jämtland county, Västerbotten county and Norrbotten county) reported in total an income differing from the corresponding county councils' income. For the remaining county councils there was no difference in income between the group and the county council itself.

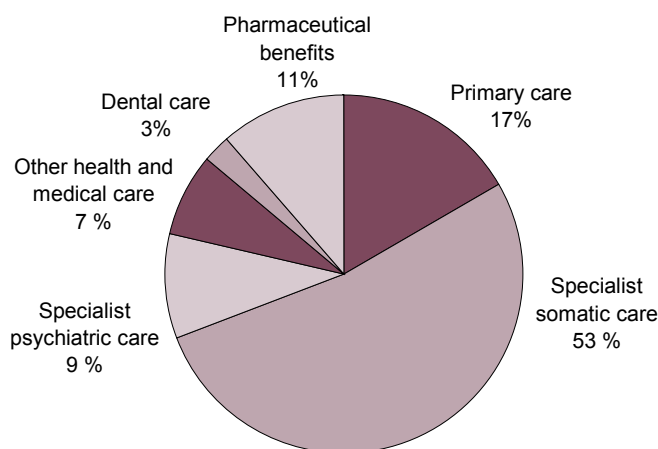
## Expenditure on activities

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. Regional development includes certain education, cultural activities as well as public transport which together comprise 7 percent of total net expenditures.

## Health and medical care

County council expenditure on health and medical care amounted to SEK 174 billion in 2006. The largest area was specialist somatic care which comprised 53 percent of total net expenditure. The smallest area was dental care comprising only 3 percent.

### Distribution of expenditures for health and medical care 2006. 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. Statistik om hälso- och sjukvård samt regional utveckling 2007.

## 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 subarea within all three areas.

### **Doctor visits and available hospital beds**

The number of doctor visits in total (including visits in medical day care) was 25.8 million in 2006 which was slightly more than in 2005. Visits to personnel categories other than doctors have increased in health and medical care and amounted 30.6 million in 2005. Most of these visits, 70 percent, were in primary care.

The number of available hospital beds was about the same in 2006 compared to 2005, just over 26 300 beds. This can be compared to 2001 when there were approximately 3 000 more beds. Most beds were made available in specialist somatic care whereas only 16 percent of the available beds were within the specialist psychiatric care.

**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. A third measure is used where internal revenues and sales to other county councils and municipalities are excluded from total expenditures which show total production costs without association to the financing.

**Different expenditure terms for primary care 2006, SEK billions**

Total operational expenditure	38
Of which internal expenditure	13
<u>Net expenditure</u>	29
Expenditures adjusted for internal revenues and sales	32
The measure of expenditure which will be used most in the following presentation is the latter measure.	

**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. Most of the primary care is conducted in health clinics. There is however primary care conducted outside of clinics, for example, paediatric and maternity care. These care forms can be conducted at special clinics within a hospital but are counted as primary care. Expenditures for primary care in 2006 were SEK 32 billion (net expenditures SEK 29 billion). Primary care is divided into 10 different subareas, of which general medical care accounts for approximately half of the expenditures and nursing care for slightly more than one tenth.

A total of 36.9 million visits were made in 2006 within primary care, which corresponds to almost 4 visits per inhabitant. The dominant sub area was general medical care which accounted for 85 percent of the visits. The next largest area was nursing care which comprised 22 percent. In total, the most frequent type of visit was to another personnel category than a doctor within primary care. Almost one in three visits within primary care was with another provider than the county council itself.

**Specialist somatic care**

Specialist somatic care makes up the second care level. 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 expenditures were SEK 97 billion (net expenditure SEK 91 billion).

The total number of consultation visits including house calls in specialist somatic care amounted to 18.4 million in 2006, corresponding with 2 visits per inhabitant. Visits to doctors are the most common form, 65 percent, in 2006. Just under half of the visits within specialist somatic care were made within the surgical short-term care. The county councils purchased approximately 19 percent of the visits from other providers.

**Specialist psychiatric care**

Specialist psychiatric care covers short-term and long-term psychiatric care. The expenditures for this sub area in 2006 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. Only 10 percent of the total activities are carried out by another provider.

**Dental Care**

Expenditures for dental care were SEK 8 billion in 2006 (net expenditures SEK 4.7 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 subarea 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 2006 were SEK 17 billion (net expenditures SEK 13 billion). The most prominent activities are handicap activities/aid activities as well as ambulance and transport for the sick. These activities comprised respectively 30 and 25 percent of total net expenditures within health and

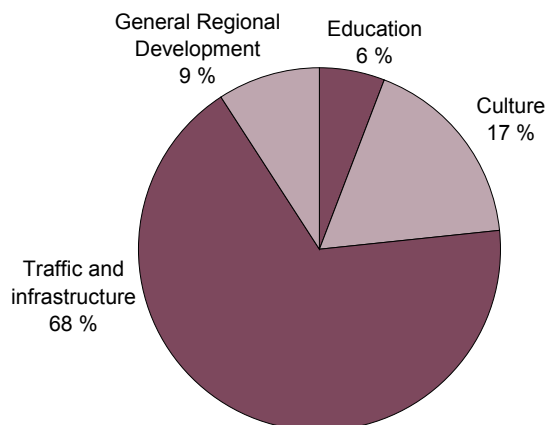
medical care. Handicap activities/aid activities cover i.a. aid centres (hearing centres, visual centres, instrument workshops) orthopaedic care and pedagogical hearing care. Other activities in the area are rehabilitation trips, social activities, public health questions, research and development etc.

The number of visits in the sub area "other health and medical care" amounted to 444 000 visits/house calls in 2006, 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 13 billion in 2006. 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 2006 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. Statistik om hälso- och sjukvård samt regional utveckling 2006.



**Traffic and infrastructure**

The net expenditures for traffic and infrastructure amounted to SEK 8.8 billion in 2006. 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 3.1 billion in 2006. The largest expenditures here comprise activities within theatre and music (32 percent) and folk high school activity (18 percent).

**Reading recommendations:**

Government Offices. [www.regeringen.se](http://www.regeringen.se)

SCB. *Statistical yearbook of administrative districts in Sweden 2007*.

Related to this section are the following: Table 19. County councils, costs and receipts by activity 2006
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## 10 Publicly owned companies

*This chapter deals with publicly owned companies. The description here is mainly based on principles of business economics. The chapter starts out with a review of the companies' income statements and balance sheets as well as some key figures. Thereafter we describe the branches of industry that the companies operate within as well as the employment and structure that characterizes them.*

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.

**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.

**Finances of publicly owned companies****The income statement**

The companies owned by the central government have a turnover which is double the size of the municipally owned and ten times the size of the county council owned. From the point of view of the reported profit/loss of the year, the companies owned by the central government are even more dominant.

**Income statement 2006 for the publicly owned companies. SEK  
billions**

	Central government owned	Municipally owned	County council owned
Turnover	292 068	145 210	26 030
Other income	19 143	6 749	8 286
Costs	-249 823	-118 088	-33 870
Income before depreciation	61 388	33 871	446
Depreciation	-14 626	-16 171	-1 177
Income after depreciation	46 762	17 700	-731
Financial revenue	39 011	8 092	142
Financial expenditure	-18 382	-14 220	-345
Income after financial posts	67 390	11 572	-934
Appropriations	-6 442	-1 979	15
Tax	-10 022	-1 356	-15
Profit/loss of the year	50 926	8 238	-934

Source: Statistics Sweden, Publicly owned companies 2006, OE 27 SM 0701.

**The balance sheet**

Companies owned by the central government have to a large degree double the assets compared to the municipally owned companies, whilst the county council owned companies have relatively few assets. It can be worth noting that the share of current assets is relatively low for the municipally owned companies and they are even lesser than the accounts payable or current liabilities. Among the liabilities, the long-term liabilities dominate, both for companies owned by the central government and by municipalities.

### Balance statement 2006 for the publicly owned companies, SEK billions

	Central government owned	Municipally owned	County council owned
Fixed assets	935 506	611 099	19 410
Current assets	392 881	65 508	12 935
Sum assets	1 328 387	676 607	32 345
Equity capital	275 230	106 881	5 739
Untaxed reserves	74 409	39 086	2 453
Allowances	21 638	8 695	2 939
Long term liabilities	706 369	435 422	10 332
Current liabilities	250 741	86 114	10 881
Sum liabilities and equity capital	1 328 387	676 607	32 345

Source: Statistics Sweden, Publicly owned companies 2006, OE 27 SM 0701.

### 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.

In 2006, returns on equity were on average the highest for companies owned by central government and were even higher than for the corporate sector in total. Returns for municipality owned companies were significantly lower and for county council owned companies, returns were even substantially negative. However, as already reported, the municipally and county council owned companies operate under other conditions which makes comparisons difficult.

The equity assets ratio is calculated by dividing the adjusted equity with the total assets. The equity-assets ratio is on average considerably higher for companies in the total corporate sector compared to those that are publicly owned. For the municipally owned companies, the ratio is just half of the average for the entire corporate sector. For the other companies owned by central government and county councils, they are not much higher.

**Returns on equity and equity assets ratio 2006. Percent**

	Returns	Equity assets ratio
Corporate sector, total	18	40
Companies owned by central government	20	25
Municipally owned companies	9	20
County council owned companies	-12	23

Source: Statistics Sweden, Företagens ekonomi, NV 19 SM 0702 for the corporate sector., Government Offices. Report on activities for companies that are owned by central government in 2006 and Statistics Sweden. Publicly-owned companies 2006, OE 27 SM 0701.

**Activities and structure****Number of companies and employment**

When it comes to counting the number of publicly owned companies that there are in Sweden, one can obtain differing answers depending on how one defines a company and how they are delimited. In Statistics Sweden's presentation of publicly owned companies, the number that is reported is just over 2 100, of which 500 are owned by the central government, 1 500 by the municipalities and 100 by the county councils. In comparison, the Government Offices, in their report 2006/07:120, indicate that the number of companies owned by the central government is 55, counting company groups instead. In contrast the business register, FDB, at Statistics Sweden, contains over 4 000 judicial units that are classified as publicly owned. The number of companies is thus a doubtful measure because many questions arise as to what one means with the term "company".

The number of employees in the publicly owned companies is just over 180 000 persons, according to the business register at Statistics Sweden, which is somewhat less than the figure published by the Labour statistics from administrative sources, RAMS, (see table 3 in the appendix for tables). The discrepancy is due to different delimitations. In RAMS the number of employed is 213 000 in publicly owned companies, organisations and in quasi-companies, which is 5 percent of the total number employed in Sweden and 7 percent of the employed within the corporate sector.

## Branch of industry

There are large differences between companies owned by central government and those owned by municipalities and county councils when it comes to branch of industry that they operate within.

For the companies owned by central government, the transport and communication industry (among which TeliaSonera and Posten) stand for 29 percent of the turnover. The trade industry (with Apoteket and Systembolaget etc) stands for 21 percent, energy (with Vattenfall etc) for 19 percent, and manufacturing and mining (with LKAB etc) for 11 percent.

### Distribution by branch of industry in 2006 for the publicly owned companies. Share of turnover in percent

	Central government owned	Municipally owned	County council owned
Manufacturing and mining (SNI 10-37)	11	0	0
Electricity, gas and water supply (SNI 40-41)	19	37	0
Wholesale and retail trade, hotels and restaurants (SNI 50-55)	21	1	2
Transport, storage och communication (SNI 60-64)	29	6	62
Real estate, renting and business activities (SNI 70-74)	8	46	4
Health and social work (SNI 85)	0	0	30
Other community, social and personal service activities(SNI 90-93)	9	7	1
Other	3	2	1
Sum	100	100	100

Source: Statistics Sweden. Publicly owned companies 2007, OE 27 SM 0701.

Among the municipally owned companies, the largest share of turnover is among real estate, renting and business activities (with, among others Svenska Bostäder) and electricity, gas and water supply (with, among others Göteborg energi). Among companies owned by county councils, the largest share is among the transport, storage and communication industry (with, among others Storstockholms lokaltrafik and Västtrafik) and within health and social work (with among others Södersjukhuset and Danderyds sjukhus).



## The structure of the companies

The dominance of the largest companies is evident among the publicly owned companies. Using the definition of company that Statistics Sweden applies, 10 percent of the largest companies owned by the central government account for 94 percent of the total turnover. The corresponding percentage for municipally owned companies is 63 percent and 75 percent for county council owned companies.

The tendency to start companies varies greatly among different municipalities and county councils. In the municipality of Stockholm, there are 74 companies registered, in Gothenburg municipality, 61 companies, whereas in the third largest municipality of Sweden, Malmö, there are only 18 companies. Among the other smaller municipalities Jönköping municipality owns the largest number of companies, owning 27. In seven municipalities, there are no companies registered at all. Among the county councils, the largest number is registered in Stockholm county council according to the figures at Statistics Sweden.

The largest companies owned by the central government with regards to turnover are TeliaSonera, Apoteket, Vattenfall, Posten, Svenska spel, Systembolaget and LKAB. The largest companies owned by municipalities are Göteborgs energi, Svenska bostäder, Telgekraft and Skellefteå kraft, and the largest owned by the county councils are Storstockholms lokaltrafik, Västtrafik, Södersjukhuset and Danderyds sjukhus.

### Recommended reading:

The Government Offices. *Annual report for companies owned by central government, 2006*

Statistics Sweden. *Företagens ekonomi*. Statistical Report NV 19 SM 0702

Statistics Sweden. *Publicly owned companies*, Statistical Report OE 27 SM 0701



# 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	430 101	35 437	88 676	554 214	22%
1981	469 328	37 626	98 574	605 528	22%
1982	514 376	39 471	108 598	662 445	22%
1983	579 847	41 295	122 019	743 161	22%
1984	656 996	43 099	133 377	833 472	21%
1985	719 254	45 111	143 243	907 608	21%
1986	791 466	48 000	155 089	994 555	20%
1987	866 055	50 663	162 247	1 078 965	20%
1988	952 571	53 270	172 179	1 178 020	19%
1989	1 053 586	61 231	192 226	1 307 043	19%
1990	1 142 205	70 200	222 912	1 435 317	20%
1991	1 234 478	75 536	236 619	1 546 633	20%
1992	1 224 715	79 400	238 843	1 542 958	21%
1993	1 244 014	81 801	231 245	1 557 060	20%
1993	1 262 115	80 282	230 984	1 573 381	20%
1994	1 364 104	80 376	234 699	1 679 179	19%
1995	1 484 030	82 176	243 550	1 809 756	18%
1996	1 507 304	87 240	257 548	1 852 092	19%
1997	1 571 874	90 468	264 659	1 927 001	18%
1998	1 647 484	91 998	272 609	2 012 091	18%
1999	1 738 389	97 961	287 621	2 123 971	18%
2000	1 855 281	105 374	289 332	2 249 987	18%
2001	1 912 333	109 533	304 310	2 326 176	18%
2002	1 985 452	115 509	319 800	2 420 761	18%
2003	2 053 086	122 917	339 147	2 515 150	18%
2004	2 147 905	125 502	351 557	2 624 964	18%
2005	2 244 594	128 047	362 577	2 735 218	18%
2006	2 387 875	134 343	377 435	2 899 653	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. For year 2006: SCB, National Accounts, GDP Quarterly 1993–2007:3

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

Year	Market producers and NPISH	Central government	Local government	Total
1980	1 125 424	104 915	254 490	1 473 444
1981	1 115 502	105 866	261 653	1 470 448
1982	1 129 077	103 479	268 125	1 487 992
1983	1 149 526	101 170	276 978	1 514 921
1984	1 205 742	100 673	285 172	1 579 628
1985	1 236 488	99 758	289 609	1 614 217
1986	1 279 202	97 748	293 672	1 660 400
1987	1 331 406	97 869	297 494	1 717 802
1988	1 372 610	97 140	301 733	1 763 607
1989	1 409 855	102 297	308 880	1 812 620
1990	1 421 535	103 177	315 411	1 830 932
1991	1 400 423	104 621	315 898	1 810 402
1992	1 387 833	103 617	306 906	1 788 613
1993	1 358 430	104 780	298 545	1 751 808
1993	1 375 524	102 970	298 194	1 766 570
1994	1 448 416	101 557	293 352	1 836 294
1995	1 519 319	100 623	293 764	1 909 251
1996	1 545 523	101 991	293 337	1 937 136
1997	1 594 856	101 834	290 476	1 984 795
1998	1 666 499	102 527	292 839	2 060 494
1999	1 754 054	104 273	297 252	2 155 182
2000	1 855 281	105 374	289 332	2 249 987
2001	1 877 209	105 410	291 167	2 273 786
2002	1 929 116	107 566	292 103	2 328 614
2003	1 973 139	109 320	291 295	2 373 151
2004	2 067 293	110 940	294 783	2 471 092
2005	2 149 916	109 870	296 456	2 552 597
2006	2 259 601	109 244	295 451	2 656 965

**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

For year 2006: SCB, National Accounts, GDP Quarterly 1993-2007:3

### 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
<b>Total RAMS</b>	<b>3 748 125</b>	<b>3 800 427</b>	<b>3 850 862</b>	<b>3 827 502</b>	<b>3 813 221</b>

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
<b>Total RAMS</b>	<b>3 929 974</b>	<b>3 959 795</b>	<b>4 062 965</b>	<b>4 101 856</b>	<b>4 147 174</b>

RAMS	2003	2004	2005	2006
Central government administration	214 488	217 031	229 930	233 017
Public quasi-corporations	5 691	5 726	5 416	5 410
Companies and organisations owned by central government	136 478	132 686	127 879	131 377
Municipal administration	810 958	814 900	812 459	829 524
County councils	236 321	243 796	245 190	248 859
Companies and organisations owned by local government	79 482	69 619	72 112	76 738
Other public institutions	16 349	16 330	1 087	1 148
Limited companies, not publicly owned	2 096 833	2 134 040	2 152 029	2 220 601
Other companies, not publicly owned	322 533	354 674	357 628	363 878
Other organisations	175 914	184 283	180 826	180 325
<b>Total RAMS</b>	<b>4 095 047</b>	<b>4 173 085</b>	<b>4 184 556</b>	<b>4 290 877</b>

**3. (cont.)**

NA	1993	1994	1995	1996	1997
Market producers and producers for own final use	2 617 200	2 608 600	2 690 100	2 682 200	2 648 500
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>	87 000	88 100	90 300	87 800	90 400
Total NA	4 102 300	4 063 100	4 128 900	4 095 800	4 043 200

NA	1998	1999	2000	2001	2002
Market producers and producers for own final use	2 718 000	2 791 800	2 900 400	2 976 500	2 961 700
Central government including social security funds	240 400	237 000	236 400	235 700	239 500
Local government	1 060 900	1 081 600	1 054 400	1 068 900	1 080 500
Non-profit institutions serving households	92 100	87 300	109 500	110 100	111 600
Total NA	4 111 400	4 197 700	4 300 700	4 391 200	4 393 300

NA	2003	2004	2005	2006
Market producers and producers for own final use	2 924 300	2 886 800	2 903 500	2 962 800
Central government including social security funds	244 800	242 700	239 300	240 900
Local government	1 088 500	1 096 700	1 096 100	1 108 300
Non-profit institutions serving households	110 300	111 200	110 000	111 000
Total NA	4 367 900	4 337 400	4 348 900	4 423 000

Source:

For RAMS: SCB, Labour statistics based on administrative sources, RAMS SCB, Gainfully employed by sector

For NA years 1993-2005: SCB, National Accounts 1993-2005, Employment by type of producer, 1993-2005

For NA year 2006: SCB, National Accounts, GDP Quarterly 1993-2007:3, Average number of employed by kind of activity

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

	1993	1994	1995	1996	1997
Expenditure, total	1 085 601	1 114 313	1 144 781	1 136 152	1 144 130
<u>Transfer payments</u>	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	117 318	119 255	119 151
Final <u>consumption</u>	453 113	467 273	481 657	505 072	515 345
Gross fixed capital formation	58 127	66 651	69 667	63 698	58 026
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	1 148 784	1 204 233	1 213 779	1 239 911	1 320 222
<u>Transfer payments</u>	456 304	473 222	479 644	491 396	512 093
to local government	3 852	4 326	3 087	2 872	3 766
to households	385 460	398 430	413 531	425 297	441 996
to corporations	45 834	47 154	37 204	35 193	36 831
to abroad	21 158	23 312	25 822	28 034	29 500
Interest	108 215	99 925	92 502	70 609	78 086
Final <u>consumption</u>	542 591	571 639	585 120	614 973	658 010
Gross fixed capital formation	61 539	65 467	62 603	67 745	74 817
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	2006
Expenditure, total	1 374 886	1 395 677	1 445 663	1 507 919
<u>Transfer payments</u>	553 877	570 635	594 694	608 263
to local government	3 454	2 809	2 432	2 801
to households	476 776	493 466	502 363	512 436
to corporations	40 922	38 198	49 262	46 955
to abroad	32 725	36 162	40 637	46 071
Interest	59 090	50 562	53 392	54 780
Final <u>consumption</u>	691 709	702 537	722 697	761 890
Gross fixed capital formation	74 000	77 119	81 427	89 107
Changes in inventories	-67	-21	146	46
Acquisition less disposals of land etc.	-3 723	-5 155	-6 693	-6 167

Source:

For years 1993-2005: SCB, National Accounts, General government receipts and expenditures, consolidated

For year 2006: SCB, National Accounts

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

	1993	1994	1995	1996	1997
Receipts	909 898	962 119	1 012 351	1 074 707	1 112 727
Taxes and <u>social contributions</u>	766 691	824 311	863 685	930 463	975 772
Taxes on income and wealth	300 961	335 196	355 300	381 872	406 327
Households	272 004	295 270	308 185	334 469	351 470
Corporations	28 957	39 926	47 115	47 403	54 857
Tax on production and import	260 744	268 542	276 332	292 385	308 140
<u>Social contributions</u>	204 986	220 573	232 053	256 206	261 305
Operating surplus, net	1 169	-1 181	1 707	613	531
<u>Consumption</u> of fixed capital	35 891	36 324	38 288	39 590	41 262
Interest	75 757	74 939	73 643	67 753	60 332
Dividends	3 079	4 832	9 327	10 899	10 761
Other receipts	27 311	22 894	25 701	25 389	24 069
from households	6 597	5 530	7 501	7 253	7 931
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	1 173 410	1 229 798	1 298 071	1 278 968	1 285 897
Taxes and <u>social contributions</u>	1 032 990	1 098 881	1 164 970	1 160 934	1 164 061
Taxes on income and wealth	422 636	461 708	493 396	453 543	424 243
Households	369 904	396 400	408 129	391 932	374 238
Corporations	52 732	65 308	85 267	61 611	50 005
Tax on production and import	337 623	382 111	360 346	374 235	398 179
<u>Social contributions</u>	272 731	255 062	311 228	333 156	341 639
Operating surplus, net	356	-932	-2 689	-3 659	-1 907
<u>Consumption</u> of fixed capital	43 138	45 607	48 147	51 216	53 346
Interest	55 057	46 714	44 037	29 795	27 103
Dividends	13 454	13 525	14 021	12 783	13 151
Other receipts	28 415	26 003	29 585	27 899	30 143
from households	9 891	10 218	11 474	11 789	12 829
from corporations	17 178	14 597	17 034	14 863	14 144
from abroad	1 346	1 188	1 077	1 247	3 170
	2003	2004	2005	2006	
Receipts	1 345 810	1 410 612	1 500 134	1 571 304	
Taxes and <u>social contributions</u>	1 222 251	1 286 388	1 366 199	1 431 239	
Taxes on income and wealth	458 031	499 901	543 291	574 907	
Households	402 146	422 423	443 769	469 229	
Corporations	55 885	77 478	99 522	105 678	
Tax on production and import	417 020	431 607	455 025	485 249	
<u>Social contributions</u>	347 200	354 880	367 883	371 083	
Operating surplus, net	-1 739	-1 233	-2 750	-3 552	
<u>Consumption</u> of fixed capital	54 618	56 084	58 189	60 838	
Interest	25 420	25 548	26 570	28 340	
Dividends	16 758	17 436	25 225	28 151	
Other receipts	28 502	26 389	26 701	26 288	
from households	12 591	12 858	11 407	10 553	
from corporations	13 352	12 163	13 828	13 718	
from abroad	2 559	1 368	1 466	2 017	

Source:

For years 1993-2005: SCB, National Accounts, General government receipts and expenditures, consolidated. For year 2006: SCB, National Accounts



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

	1993	1994	1995	1996	1997
<i>Resources:</i>					
GDP at market prices	1 573 381	1 679 179	1 809 756	1 852 092	1 927 001
+ Import of goods and services	456 561	531 044	595 773	591 453	666 990
= Total resources	2 029 942	2 210 223	2 405 529	2 443 545	2 593 991
<i>Use:</i>					
Final <u>consumption</u> expenditure	1 275 337	1 329 401	1 378 909	1 426 414	1 474 795
+ Gross fixed capital formation	238 041	273 436	306 030	302 394	307 533
+ Export of goods and services	516 564	607 386	720 590	714 737	811 663
= Total use	2 029 942	2 210 223	2 405 529	2 443 545	2 593 991
<i>Public sector proportion of use:</i>					
Central government <u>consumption</u>	153 573	159 899	162 380	167 937	164 923
Local government <u>consumption</u>	299 540	307 374	319 277	337 135	350 422
Central government <u>gross fixed capital formation</u>	25 559	30 772	32 477	29 039	24 640
Local government gross fixed capital formation	27 318	30 856	30 607	28 836	27 663
Total public sector	505 990	528 901	544 741	562 947	567 648
<i>Proportion of use as percent of GDP:</i>					
Central government	11%	11%	11%	11%	10%
Local government	21%	20%	19%	20%	20%
Total public sector	32%	31%	30%	30%	29%

	1998	1999	2000	2001	2002
<i>Resources:</i>					
GDP at market prices	2 012 091	2 123 971	2 249 987	2 326 176	2 420 761
+ Import of goods and services	734 003	779 905	906 984	925 214	914 732
= Total resources	2 746 094	2 903 876	3 156 971	3 251 390	3 335 493
<i>Use:</i>					
Final <u>consumption</u> expenditure	1 535 809	1 619 657	1 697 436	1 756 245	1 848 820
+ Gross fixed capital formation	342 365	367 431	411 595	412 743	407 826
+ Export of goods and services	867 920	916 788	1 047 940	1 082 402	1 078 847
= Total use	2 746 094	2 903 876	3 156 971	3 251 390	3 335 493
<i>Public sector proportion of use:</i>					
Central government <u>consumption</u>	159 717	170 466	173 473	176 960	187 367
Local government <u>consumption</u>	382 874	401 173	411 647	438 013	470 643
Central government gross fixed capital formation	28 708	29 331	28 355	29 255	33 510
Local government gross fixed capital formation	27 401	30 834	28 830	32 135	35 416
Total public sector	598 700	631 804	642 305	676 363	726 936
<i>Proportion of use as percent of GDP:</i>					
Central government	9%	9%	9%	9%	9%
Local government	20%	20%	20%	20%	21%
Total public sector	30%	30%	29%	29%	30%

**6. (cont.)**

	2003	2004	2005	2006
<i>Resources:</i>				
GDP at market prices	2 515 150	2 624 964	2 735 218	2 899 653
+ Import of goods and services	929 922	1 001 831	1 120 891	1 252 987
= Total resources	3 445 072	3 626 795	3 856 109	4 152 640
<i>Use:</i>				
Final <u>consumption</u> expenditure	1 927 165	1 980 663	2 051 050	2 135 754
+ Gross fixed capital formation	416 775	430 373	471 680	526 021
+ Export of goods and services	1 101 132	1 215 759	1 333 379	1 490 865
= Total use	3 445 072	3 626 795	3 856 109	4 152 640
<i>Public sector proportion of use:</i>				
Central government <u>consumption</u>	196 842	196 428	197 093	207 426
Local government <u>consumption</u>	494 867	506 109	525 604	554 464
Central government <u>gross fixed capital formation</u>	34 342	38 595	38 674	41 546
Local government gross fixed capital formation	33 804	32 053	35 197	40 460
Total public sector	759 855	773 185	796 568	843 896
<i>Proportion of use as percent of GDP:</i>				
Central government	9%	9%	9%	9%
Local government	21%	21%	21%	21%
Total public sector	30%	29%	29%	29%

Source:

For years 1993-2005: [SCB, National Accounts, GDP: expenditure approach, current prices](#)For year 2006: [SCB, National Accounts, GDP Quarterly 1993-2007:3, 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	1 766 570	1 836 294	1 909 251	1 937 136	1 984 795
+ Import of goods and services	495 541	559 244	599 073	618 744	695 228
= Total resources	2 261 403	2 395 967	2 509 288	2 557 267	2 681 467
<i>Use:</i>					
Final <u>consumption</u> expenditure	1 483 169	1 499 674	1 507 223	1 527 472	1 548 535
+ Gross fixed capital formation	255 367	295 095	326 731	324 714	326 735
+ Export of goods and services	540 946	613 795	683 048	710 877	807 479
= Total use	2 261 403	2 395 967	2 509 288	2 557 267	2 681 467
<i>Public sector proportion of use:</i>					
Central government <u>consumption</u>	188 036	188 632	185 722	188 140	181 642
Local government <u>consumption</u>	381 593	377 250	377 743	379 221	380 839
Central government <u>gross fixed capital formation</u>	29 798	35 504	35 689	31 581	26 293
Local government gross fixed capital formation	28 719	33 154	33 033	31 567	29 830
Total public sector	628 146	634 540	632 187	630 509	618 604
<i>Proportion of use as percent of GDP:</i>					
Central government	12%	12%	12%	11%	10%
Local government	23%	22%	22%	21%	21%
Total public sector	36%	35%	33%	33%	31%

	1998	1999	2000	2001	2002
<i>Resources:</i>					
GDP at market prices	2 060 494	2 155 182	2 249 987	2 273 786	2 328 614
+ Import of goods and services	773 094	812 423	906 984	890 418	879 275
= Total resources	2 834 663	2 968 654	3 156 971	3 164 204	3 207 523
<i>Use:</i>					
Final <u>consumption</u> expenditure	1 598 003	1 649 753	1 697 436	1 706 707	1 748 472
+ Gross fixed capital formation	359 073	378 525	411 595	401 601	389 658
+ Export of goods and services	877 763	939 982	1 047 940	1 055 896	1 069 368
= Total use	2 834 663	2 968 654	3 156 971	3 164 204	3 207 523
<i>Public sector proportion of use:</i>					
Central government <u>consumption</u>	174 548	179 043	173 473	170 587	174 450
Local government <u>consumption</u>	407 328	413 048	411 647	418 993	427 947
Central government gross fixed capital formation	30 393	30 415	28 355	28 264	31 729
Local government gross fixed capital formation	28 814	31 736	28 830	31 027	33 167
Total public sector	641 083	654 242	642 305	648 871	667 293
<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	31%	30%	29%	29%	29%

## 7. (cont.)

	2003	2004	2005	2006
<i>Resources:</i>				
GDP at market prices	2 373 151	2 471 092	2 552 597	2 656 965
+ Import of goods and services	912 357	974 608	1 042 362	1 127 563
= Total resources	3 285 141	3 444 627	3 593 007	3 782 580
<i>Use:</i>				
Final <u>consumption</u> expenditure	1 773 293	1 801 297	1 835 064	1 874 244
+ Gross fixed capital formation	400 362	415 941	452 968	492 316
+ Export of goods and services	1 112 254	1 234 070	1 316 073	1 433 223
= Total use	3 285 141	3 444 627	3 593 007	3 782 580
<i>Public sector proportion of use:</i>				
Central government <u>consumption</u>	177 856	176 254	171 896	173 375
Local government <u>consumption</u>	427 062	427 522	433 738	441 300
Central government gross fixed capital formation	32 269	35 702	35 040	36 016
Local government gross fixed capital formation	30 881	28 721	31 147	34 813
Total public sector	668 068	668 199	671 821	685 504
<i>Proportion of use as percent of GDP:</i>				
Central government	9%	9%	8%	8%
Local government	19%	18%	18%	18%
Total public sector	28%	27%	26%	26%

## 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:

For years 1993-2005: SCB, National Accounts, GDP: expenditure approach, constant prices

For year 2006: SCB, National Accounts, GDP Quarterly 1993-2007:3, 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	..	..	47	46
EU-25	..	..	47	45
Euro zone	..	..	47	46
Sweden	19	26	52	54
Denmark	19	26	52	56
Finland	16	22	49	53
Iceland	17	24	41	46
Norway	14	19	41	59
Belgium	14	23	49	49
Bulgaria	10	18	37	40
Cyprus	16	19	44	43
Estonia	10	16	33	37
France	16	24	53	51
Greece	..	..	42	40
Ireland	11	16	34	37
Italy	13	20	50	46
Latvia	13	17	37	37
Lithuania	12	18	34	33
Luxembourg	9	15	39	40
Malta	16	20	44	42
The Netherlands	12	25	46	47
Poland	13	18	44	40
Portugal	15	21	46	43
Romania	11	17	35	33
Slovakia	10	20	38	34
Slovenia	14	19	45	44
Spain	12	18	39	40
Great Britain	12	22	45	42
Czech Republic	12	21	44	41
Germany	9	18	45	44
Hungary	15	23	52	43
Austria	11	18	49	48
Australia	..	18	34	36
Japan	9	18	38	32
Canada	13	19	39	41
New Zealand	11	18	40	45
South Korea	9	14	29	32
USA	11	16	37	34

Note:

The figures refer to 2006 with the following exceptions: Australia (2005), Canada (2005), Japan (2005), South Korea (2005) and New Zealand (2005). The Eurozone 2006 consisted of 12 countries

Sources:

For Sweden the source is SCB, National Accounts

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

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

**9. National budget for Sweden, income 2006. Million SEK**

		Calculated outcome 2006	Difference to budget bill 2006	Calculated outcome 2005
1000	Taxes etc.	744 461	67 021	688 372
1100	Tax on income	492 361	4 774	476 859
1110	Income taxes	498 357	5 354	473 885
1111	Central govt income taxes	42 150	1 538	38 308
1115	Municipal income tax	456 207	3 816	435 577
1120	General pension fee	77 395	694	74 178
1130	Special income tax for performers, athletes and others	74	15	69
1140	Reduction of taxes	-83 464	-1 289	-71 273
1200	Indirect tax on labour	389 816	2 718	372 861
1300	Tax on capital	182 106	39 926	167 927
1400	Tax on <u>consumption</u> and konsumtion and intermediate goods	370 047	5 940	352 589
1410	<u>Value-added</u> tax, households	265 003	7 709	250 009
1420	Tax on alcohol and tobacco	19 305	748	18 499
1430	Tax on energy	38 244	-148	37 806
1440	Tax on carbondioxide	24 743	-959	25 535
1450	Other taxes on energy and environment	4 667	-2 006	3 316
1470	Road taxes	11 782	369	11 019
1480	Other taxes	6 302	226	6 404
1500	Import taxes	4 934	247	4 666
1600	Restfödda och övriga skatter	-652 198	-10 435	-619 262
1660	less taxes to other sectors	-637 132	-6 376	-607 372
1661	Municipal income tax	-456 207	-3 816	-435 577
1700	Additional taxes	10 938	742	9 293
1800	Avräkningar	-73 968	1 795	-64 666
1900	Periodiseringar	20 425	21 314	-11 895
2000	Income from central government activities	43 450	12 496	27 552
2100	Operating surplus	6 956	1 454	7 219
2300	Income from interest	5 988	91	5 755
2400	Dividends	22 963	10 673	12 143
2500	Compulsory charges	6 085	259	6 008
3000	Income from property sold	56	-14 944	6 689
4000	Repayment of loans	2 144	5	2 303
5000	Computed income	7 763	688	8 788
5200	Central government pension contributions	7 241	701	7 542
6000	Grants etc from EU	12 441	-404	12 592
6100	Grants from EU agricultural support	8 890	-776	8 946
<b>Total income</b>		<b>810 315</b>	<b>64 863</b>	<b>746 297</b>

Source:

The Swedish National Financial Management Authority (ESV) Statsbudgetens utfall

**10. National budget for Sweden, expenditure by category 2006. SEK millions**

	Expenditure area	CG- budget	Suppl. budget	Total assigned	Outcome	Diff. CG- budget	Diff. total assigned
UO01	The Swedish Political System	8 244	3	8 248	8 199	-45	-48
UO02	Economy and fiscal administration	11 809	45	11 854	11 832	24	-21
UO03	Tax, customs and enforcement	9 222	2	9 224	9 011	-211	-213
UO04	Justice	29 023	1	29 024	28 505	-518	-518
UO05	Foreign policy administration and international co-operation	1 359	113	1 471	1 426	67	-46
UO06	Defence and contingency measures	43 433	-58	43 375	43 771	338	396
UO07	International development co- operation	26 059	-5	26 054	25 893	-165	-160
UO08	Immigrants and refugees	8 241	1 405	9 647	7 853	-388	-1 794
UO09	Health care, medical care, social services	41 620	927	42 546	42 176	556	-371
UO10	Financial security (illness and disability)	129 591	0	129 591	125 683	-3 908	-3 908
UO11	Financial security (old age)	45 299	180	45 479	45 019	-280	-460
UO12	Financial security (families and children)	61 460	0	61 460	60 066	-1 394	-1 394
UO13	Labour market	70 230	906	71 136	68 280	-1 949	-2 856
UO14	Working life	1 224	-1	1 224	1 216	-8	-8
UO15	Study support	22 130	461	22 592	20 137	-1 994	-2 455
UO16	Education and university research	47 123	67	47 191	46 495	-628	-695
UO17	Culture, media, religious organisations and leisure	9 582	43	9 625	9 585	3	-40
UO18	Community planning, housing supply and construction	9 549	1	9 549	8 742	-807	-807
UO19	Regional balance and development	3 333	120	3 452	3 334	-1	-121
UO20	General environment and nature preservation	4 596	48	4 644	4 822	225	177
UO21	Energy	1 722	17	1 739	1 603	-119	-136
UO22	Communications	31 535	-82	31 453	31 133	-402	-319
UO23	Agriculture and forestry, fisheries etc	16 398	6 791	23 190	20 985	4 587	-2 205
UO24	Industry	4 199	-3	4 197	4 134	-66	-63
UO25	Grants to municipalities	60 161	91	60 252	60 246	86	-5
UO26	Interest on central government debt etc	43 170	0	43 170	49 472	6 302	6 302
UO27	Contributions to the European Community	28 066	0	28 066	25 920	-2 146	-2 146
	Change in appropriation holdings	1 264	0	1 264	0	-1 264	-1 264
<b>Sum</b>		<b>769 643</b>	<b>11 072</b>	<b>780 715</b>	<b>765 538</b>	<b>-4 105</b>	<b>-15 177</b>
<u>Swedish National Debt Office net</u>							
	lending	14 760	0	14 760	27 502	12 742	12 742
	Adjustments to cash basis	0	0	0	-1 098	-1 098	-1 098
<b>Sum</b>		<b>784 403</b>	<b>11 072</b>	<b>795 475</b>	<b>791 942</b>	<b>7 539</b>	<b>-3 533</b>

## Notes:

The central government budget here refers to the original central government budget which the Riksdag adopted in December 2005, excl supplementary budget.

Sources: The Swedish National Financial Management Authority (ESV) Statsbudgetens utfall

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

	2000	2001	2002	2003	2004	2005	2006
EU-15	0,5	-1,1	-2,2	-2,9	-2,6	-2,3	-1,5
EU-25	0,4	-1,3	-2,3	-3,0	-2,7	-2,3	-1,6
Euro zone	0,0	-1,8	-2,5	-3,1	-2,8	-2,4	-1,5
Sweden	5,0	2,5	-0,2	0,1	1,8	3,0	2,5
Denmark	2,3	1,4	1,2	1,1	2,7	4,9	4,6
Finland	6,9	5,0	4,1	2,5	2,3	2,7	3,8
Belgium	0,1	0,6	0,0	0,0	0,0	-2,3	0,4
Bulgaria	-0,5	1,9	0,1	0,3	1,9	3,1	3,2
Cyprus	-2,4	-2,3	-4,4	-6,3	-4,1	-2,3	-1,2
Estonia	-0,2	-0,3	0,4	2,0	2,3	2,3	3,6
France	-1,5	-1,5	-3,2	-4,2	-3,7	-2,9	-2,5
Greece	-4,0	-4,9	-5,2	-6,1	-7,8	-5,2	-2,5
Ireland	4,6	0,8	-0,4	0,3	1,5	1,1	2,9
Italy	-0,8	-3,1	-2,9	-3,5	-3,4	-4,1	-4,4
Croatia	..	..	-4,1	-4,5	-5,0	-3,9	..
Latvia	-2,8	-2,1	-2,3	-1,2	-0,9	0,1	-0,3
Lithuania	-3,2	-2,1	-1,5	-1,3	-1,5	-0,5	-0,6
Luxembourg	6,0	6,1	2,1	0,3	-1,1	-1,0	0,7
Malta	-6,1	-6,4	-5,5	-10,0	-5,0	-3,2	-2,5
The Netherlands	2,0	-0,2	-2,0	-3,1	-1,8	-0,3	0,6
Poland	-1,5	-3,7	-3,2	-4,7	-3,9	-2,5	-3,8
Portugal	-2,9	-4,3	-2,9	-2,9	-3,2	-6,0	-3,9
Rumania	..	-3,3	-2,0	-1,7	-1,3	-0,4	-1,9
Slovakia	-11,8	-6,5	-7,7	-3,7	-3,0	-3,1	-3,7
Slovenia	-3,8	-4,1	-2,5	-2,8	-2,3	-1,4	-1,2
Spain	-0,9	-0,5	-0,3	0,0	-0,2	1,1	1,8
Great Britain	1,7	1,0	-1,7	-3,3	-3,2	-3,3	-2,7
Czech Republic	-3,7	-5,7	-6,8	-6,6	-2,9	-3,6	-2,9
Turkey	..	-33,0	-12,9	-11,3	-5,7	-1,2	..
Germany	1,3	-2,8	-3,7	-4,0	-3,7	-3,2	-1,6
Hungary	-2,9	-3,4	-8,2	-6,3	-5,3	-6,5	-9,2
Austria	-1,5	0,0	-0,5	-1,6	-1,2	-1,5	-1,4

Note:

The Eurozone consisted of 12 countries in 2006.

Source:

[Eurostat](#)



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

	2000	2001	2002	2003	2004	2005	2006
EU-15	64,1	63,1	61,5	63,0	63,3	64,5	63,0
EU-25	62,9	62,0	60,4	62,0	62,4	63,2	61,9
Euro zone	70,4	69,3	68,2	69,3	69,8	70,8	68,8
Sweden	52,8	54,3	52,0	51,8	50,5	50,4	47,0
Denmark	52,3	48,0	46,8	44,4	42,6	35,9	30,3
Finland	44,6	43,6	41,3	44,3	44,3	41,3	39,2
Belgium	109,1	108,0	103,3	98,6	94,3	93,2	88,2
Bulgaria	73,6	66,2	54,0	46,1	38,6	29,9	22,8
Cyprus	61,6	61,9	64,7	69,1	70,3	69,2	65,2
Estonia	4,7	4,7	5,6	5,7	5,2	4,5	4,0
Greece	114,0	114,4	110,7	107,8	108,5	107,5	95,3
France	56,8	56,8	58,2	62,4	64,4	66,6	64,2
Ireland	38,3	35,9	32,2	31,1	29,7	27,4	25,1
Italy	111,2	110,9	105,6	104,3	103,9	106,6	106,8
Croatia	..	..	40,0	40,9	43,7	44,2	..
Latvia	12,9	15,0	13,5	14,4	14,5	12,1	10,6
Lithuania	23,8	22,9	22,2	21,2	19,4	18,7	18,2
Luxembourg	5,5	6,7	6,5	6,3	6,6	6,0	6,6
Malta	56,4	63,5	60,1	70,2	74,9	74,2	64,7
The Netherlands	55,9	51,5	50,5	52,0	52,6	52,7	47,9
Poland	36,8	36,7	39,8	43,9	41,9	42,0	47,6
Portugal	53,3	53,6	55,5	57,0	58,6	64,0	64,8
Romania	..	..	23,8	20,7	18,0	15,2	12,4
Slovakia	49,9	49,2	43,3	42,7	41,6	34,5	30,4
Slovenia	27,4	28,4	29,1	28,5	28,7	28,0	27,1
Spain	61,1	56,3	52,5	48,7	46,2	43,1	39,7
Great Britain	42,0	38,7	37,5	38,9	40,4	42,4	43,2
Czech Republic	18,2	26,3	28,5	30,1	30,7	30,4	30,1
Turkey	..	104,4	93,0	85,1	76,9	69,6	..
Germany	60,2	59,6	60,3	63,9	65,7	67,9	67,5
Hungary	55,4	52,2	54,0	55,8	56,3	57,7	65,6
Austria	67,0	67,0	65,8	64,6	63,8	63,4	61,7

Note:

The Eurozone consisted of 12 countries in 2006.

Source:

Eurostat

### 13. Government final consumption expenditure by function, current prices. SEK millions

Function	1993	1994	1995	1996	1997	1998
01 General public administration						
Central government	18 499	19 530	21 318	21 897	22 904	22 064
Local government	15 384	17 193	20 183	23 907	25 584	28 686
Total public sector	33 883	36 723	41 501	45 804	48 488	50 750
02 Defence						
Central government	42 746	42 581	41 866	44 723	44 825	45 358
Local government	235	196	39	23	44	92
Total public sector	42 981	42 777	41 905	44 746	44 869	45 450
03 Public order and safety						
Central government	17 985	18 711	19 314	20 198	20 442	21 074
Local government	3 489	3 494	3 814	3 988	3 735	4 334
Total public sector	21 474	22 205	23 128	24 186	24 177	25 408
04 Economic affairs						
Central government	16 920	17 840	18 789	17 236	18 205	21 046
Local government	9 917	9 200	9 426	9 442	9 231	9 920
Total public sector	26 837	27 040	28 215	26 678	27 436	30 966
05 Environmental protection						
Central government	832	850	733	645	616	288
Local government	207	174	128	151	622	702
Total public sector	1 039	1 024	861	796	1 238	990
06 Housing and community amenity						
Central government	927	365	342	421	399	433
Local government	3 407	3 508	3 605	3 303	3 046	2 951
Total public sector	4 334	3 873	3 947	3 724	3 445	3 384
07 Health						
Central government	15 432	15 382	16 005	18 390	13 275	2 012
Local government	85 891	86 547	90 113	95 341	101 008	118 089
Total public sector	101 323	101 929	106 118	113 731	114 283	120 101
08 Recreation, culture and religion						
Central government	2 853	2 686	2 952	4 216	3 479	3 883
Local government	19 431	19 700	20 989	21 716	22 328	22 880
Total public sector	22 284	22 386	23 941	25 932	25 807	26 763
09 Education						
Central government	16 110	20 018	19 620	20 438	22 330	24 003
Local government	85 064	87 708	87 531	91 653	96 093	99 851
Total public sector	101 174	107 726	107 151	112 091	118 423	123 854
10 Social protection						
Central government	21 269	21 936	21 441	19 773	18 448	19 556
Local government	76 515	79 654	83 449	87 611	88 731	95 369
Total public sector	97 784	101 590	104 890	107 384	107 179	114 925
<b>Total</b>						
Central government	153 573	159 899	162 380	167 937	164 923	159 717
Local government	299 540	307 374	319 277	337 135	350 422	382 874
Total public sector	453 113	467 273	481 657	505 072	515 345	542 591

**13. (cont.)**

Function	1999	2000	2001	2002	2003	2004	2005
01 General public administration							
Central government	25 713	31 419	31 671	34 344	35 983	35 906	36 179
Local government	26 035	28 247	23 538	23 995	25 083	28 293	28 613
Total public sector	51 748	59 666	55 209	58 339	61 066	64 199	64 792
02 Defence							
Central government	48 757	46 216	44 415	44 492	44 880	43 459	41 723
Local government	104	110	128	137	131	125	157
Total public sector	48 861	46 326	44 543	44 629	45 011	43 584	41 880
03 Public order and safety						0	
Central government	21 525	23 084	24 247	25 911	27 479	27 971	28 907
Local government	4 674	4 556	5 427	6 237	6 596	5 585	5 582
Total public sector	26 199	27 640	29 674	32 148	34 075	33 556	34 489
04 Economic affairs							
Central government	23 568	24 665	26 366	28 264	29 392	28 974	29 489
Local government	10 678	10 846	12 719	12 404	12 912	12 775	13 736
Total public sector	34 246	35 511	39 085	40 668	42 304	41 749	43 225
05 Environmental protection							
Central government	634	629	688	911	1 022	1 068	1 912
Local government	355	448	562	627	620	643	653
Total public sector	989	1 077	1 250	1 538	1 642	1 711	2 565
06 Housing and community amenity							
Central government	532	632	517	422	549	540	498
Local government	3 034	2 915	3 083	3 437	3 574	3 708	3 931
Total public sector	3 566	3 547	3 600	3 859	4 123	4 248	4 429
07 Health							
Central government	2 485	2 571	2 844	2 801	4 353	4 805	3 954
Local government	125 568	133 074	145 453	157 629	166 203	168 786	175 909
Total public sector	128 053	135 645	148 297	160 430	170 556	173 591	179 863
08 Recreation, culture and religion							
Central government	3 700	2 731	2 609	2 816	2 939	3 165	3 268
Local government	23 822	13 408	14 192	15 057	15 671	15 910	17 054
Total public sector	27 522	16 139	16 801	17 873	18 610	19 075	20 322
09 Education							
Central government	25 151	21 687	22 652	25 816	26 983	27 022	27 030
Local government	108 000	112 894	122 401	131 171	137 353	141 056	147 674
Total public sector	133 151	134 581	145 053	156 987	164 336	168 078	174 704
10 Social protection							
Central government	18 401	19 839	20 951	21 590	23 262	23 518	24 133
Local government	98 903	105 149	110 510	119 949	126 724	129 228	132 295
Total public sector	117 304	124 988	131 461	141 539	149 986	152 746	156 428
Total							
Central government	170 466	173 473	176 960	187 367	196 842	196 428	197 093
Local government	401 173	411 647	438 013	470 643	494 867	506 109	525 604
Total public sector	571 639	585 120	614 973	658 010	691 709	702 537	722 697

Note:

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

Source:

SCB, National Accounts

# 14. Government final consumption expenditure by function, constant prices. SEK millions

Function	1993	1994	1995	1996	1997	1998
01 General public administration						
Central government	24 305	24 024	25 313	24 793	26 694	23 976
Local government	19 609	20 778	23 856	26 643	26 948	29 157
Total public sector	43 876	44 786	49 170	51 445	53 639	53 379
02 Defence						
Central government	48 314	48 480	46 929	50 046	50 490	50 636
Local government	352	286	54	25	47	101
Total public sector	48 587	48 703	46 971	50 065	50 533	50 736
03 Public order and safety						
Central government	22 717	22 563	22 284	22 308	22 187	22 565
Local government	4 373	4 205	4 491	4 465	4 046	4 673
Total public sector	27 083	26 760	26 768	26 767	26 231	27 237
04 Economic affairs						
Central government	22 295	22 722	22 783	19 946	20 539	23 504
Local government	12 201	11 068	10 868	10 341	9 994	10 660
Total public sector	34 583	33 814	33 666	30 329	30 551	34 162
05 Environmental protection						
Central government	1 223	1 017	817	723	660	318
Local government	278	230	165	174	693	773
Total public sector	1 529	1 270	1 002	912	1 362	1 090
06 Housing and community amenity						
Central government	956	491	467	538	483	518
Local government	4 371	4 295	4 300	3 726	3 340	3 185
Total public sector	5 470	4 826	4 809	4 286	3 843	3 718
07 Health						
Central government	16 691	16 262	16 360	19 252	13 738	2 018
Local government	110 363	107 617	105 618	107 150	110 017	125 625
Total public sector	127 652	124 460	122 610	127 389	124 347	127 617
08 Recreation, culture and religion						
Central government	3 599	3 261	3 437	4 722	3 724	4 071
Local government	25 042	24 681	24 905	24 303	24 452	24 125
Total public sector	28 617	27 913	28 317	29 023	28 175	28 202
09 Education						
Central government	20 161	23 173	22 401	23 005	23 141	26 452
Local government	105 726	105 577	102 562	103 401	104 416	106 720
Total public sector	125 666	128 507	124 723	126 172	127 321	133 035
10 Social protection						
Central government	27 603	26 566	24 924	22 204	19 799	20 745
Local government	99 313	98 541	100 917	98 920	96 823	102 224
Total public sector	127 056	125 245	125 942	121 150	116 638	122 984
Total						
Central government	188 036	188 632	185 722	188 140	181 642	174 548
Local government	381 593	377 250	377 743	379 221	380 839	407 328
Total public sector	569 417	565 745	563 245	567 178	562 280	581 845

**14. (cont.)**

Function	1999	2000	2001	2002	2003	2004	2005
01 General public administration							
Central government	26 766	31 419	30 055	31 361	32 452	32 716	31 838
Local government	25 927	28 247	22 230	22 212	22 741	24 969	24 153
Total public sector	52 736	59 666	52 285	53 570	55 193	57 679	55 982
02 Defence							
Central government	53 151	46 216	43 950	42 408	41 818	39 751	36 415
Local government	108	110	127	133	125	120	150
Total public sector	53 258	46 326	44 077	42 541	41 943	39 872	36 564
03 Public order and safety							
Central government	21 950	23 084	23 346	23 775	24 497	24 419	25 044
Local government	4 795	4 556	5 345	5 883	6 150	5 205	5 128
Total public sector	26 743	27 640	28 691	29 650	30 637	29 647	30 206
04 Economic affairs							
Central government	24 504	24 665	25 305	26 310	26 182	25 797	25 577
Local government	11 140	10 846	12 179	11 496	11 626	11 260	11 448
Total public sector	35 643	35 511	37 484	37 804	37 806	37 057	37 027
05 Environmental protection							
Central government	664	629	666	870	926	972	1 706
Local government	372	448	539	584	551	588	560
Total public sector	1 035	1 077	1 205	1 454	1 477	1 561	2 268
06 Housing and community amenity							
Central government	630	632	474	409	510	480	445
Local government	3 172	2 915	2 992	3 160	3 128	3 216	3 296
Total public sector	3 808	3 547	3 466	3 564	3 628	3 688	3 734
07 Health							
Central government	2 548	2 571	2 722	2 607	3 867	4 218	3 404
Local government	130 312	133 074	138 833	143 738	139 513	138 302	143 273
Total public sector	132 861	135 645	141 555	146 346	143 355	142 474	146 693
08 Recreation, culture and religion							
Central government	3 829	2 731	2 518	2 768	2 763	3 056	3 673
Local government	24 541	13 408	13 678	13 861	13 762	13 963	14 491
Total public sector	28 375	16 139	16 196	16 629	16 525	17 005	18 111
09 Education							
Central government	26 517	21 687	21 581	23 077	23 990	23 728	23 649
Local government	110 818	112 894	116 756	119 211	120 524	121 745	122 504
Total public sector	137 217	134 581	138 337	142 289	144 524	145 489	146 172
10 Social protection							
Central government	18 843	19 839	19 970	20 777	20 681	20 893	19 912
Local government	101 935	105 149	106 314	107 677	108 938	108 234	108 664
Total public sector	120 776	124 988	126 284	128 459	129 643	129 142	128 643
Total							
Central government	179 043	173 473	170 587	174 450	177 856	176 254	171 896
Local government	413 048	411 647	418 993	427 947	427 062	427 522	433 738
Total public sector	592 022	585 120	589 580	602 395	604 853	603 769	605 919

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

# 15. 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
Change in municipal pension liabilities					
Other local government <u>transfers</u>	1 895	1 826	1 444	1 366	1 344
Capital <u>transfers</u>	782	709	812	985	499
<b>Total</b>	<b>353 096</b>	<b>366 588</b>	<b>367 971</b>	<b>359 970</b>	<b>360 253</b>

	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 <u>transfers</u>	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	7 775	9 061	8 733
Change in municipal pension liabilities			6 228	7 067	7 506
Other local government <u>transfers</u>	989	1 390	1 383	1 615	1 292
Capital <u>transfers</u>	639	1 188	318	936	792
<b>Total</b>	<b>371 603</b>	<b>381 812</b>	<b>394 635</b>	<b>405 840</b>	<b>424 165</b>

**15. (cont.)**

	2003	2004	2005	2006
Old-age pension	180 035	186 914	191 576	197 495
Activity and sickness compensation	50 059	54 152	60 651	61 454
Other central government pensions	22 878	23 362	23 577	23 811
Sickness benefit	42 280	37 534	33 679	31 381
Parents insurance	19 989	21 309	21 878	23 698
Work injuries insurance	5 846	5 921	5 836	5 464
Open unemployment	28 256	32 534	31 113	27 167
Labour market political measures	9 746	9 968	11 765	11 978
Other labour market	1 566	1 395	889	690
Housing supplement for pensioners	10 979	10 947	7 332	7 448
Child allowance	20 956	20 873	21 457	23 611
Education and study grants	10 628	10 636	10 999	11 603
Housing allowance	3 567	3 314	3 605	3 597
Maintenance support	2 149	2 027	1 935	2 222
Assistance allowance	11 166	12 748	14 336	16 084
Other central government <u>transfers</u>	8 220	9 175	8 560	9 684
Social allowance	10 163	10 618	10 569	10 693
Local government pensions	8 555	8 473	8 981	9 373
Change in municipal pension liabilities	8 107	9 084	8 937	9 267
Other local government <u>transfers</u>	1 305	1 499	1 552	1 316
Capital <u>transfers</u>	720	608	796	700
<b>Total</b>	<b>457 170</b>	<b>473 091</b>	<b>480 023</b>	<b>488 736</b>

## 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. Since 2004 even elderly support is included.

## Source:

For years 1993-2005: SCB, National Accounts, Transfers from general government sector to household and non-profit institutions serving households

For year 2006: SCB, National Accounts

# 16. Government gross fixed capital formation by purpose, current prices. SEK millions

Function	1993	1994	1995	1996	1997	1998
01 General public administration						
Central government	3 539	2 971	2 929	3 316	3 465	3 002
Local government	5 124	6 746	7 726	7 655	7 859	6 922
Total public sector	8 663	9 717	10 655	10 971	11 324	9 924
02 Defence						
Central government	392	1 067	888	723	560	905
Local government	24	41	124	132	27	56
Total public sector	416	1 108	1 012	855	587	961
03 Public order and safety						
Central government	1 228	1 472	1 418	1 371	1 145	1 715
Local government	362	503	517	505	402	421
Total public sector	1 590	1 975	1 935	1 876	1 547	2 136
04 Economic affairs						
Central government	16 844	21 075	23 553	20 224	16 328	19 077
Local government	2 340	2 156	2 248	2 216	1 968	3 038
Total public sector	19 184	23 231	25 801	22 440	18 296	22 115
05 Environmental protection						
Central government	..	..	..	..	..	..
Local government	..	..	..	..	..	..
Total public sector	..	..	..	..	..	..
06 Housing and community amenity						
Central government	59	41	42	50	34	47
Local government	3 398	3 015	1 070	1 035	1 095	388
Total public sector	3 457	3 056	1 112	1 085	1 129	435
07 Health						
Central government	57	39	34	45	43	80
Local government	4 844	5 037	5 832	5 775	6 095	6 210
Total public sector	4 901	5 076	5 866	5 820	6 138	6 290
08 Recreation, culture and religion						
Central government	105	96	93	138	213	177
Local government	2 610	2 959	2 512	2 435	2 267	2 433
Total public sector	2 715	3055,0	2605,0	2573,0	2480,0	2610,0
09 Education						
Central government	2 524	3 137	2 452	2 444	2 392	3 178
Local government	5 407	7 057	7 028	6 117	6 113	6 038
Total public sector	7 931	10 194	9 480	8 561	8 505	9 216
10 Social protection						
Central government	811	874	1 068	728	460	527
Local government	3 209	3 342	3 550	2 966	1 837	1 895
Total public sector	4 020	4 216	4 618	3 694	2 297	2 422
<b>Total</b>						
Central government	25 559	30 772	32 477	29 039	24 640	28 708
Local government	27 318	30 856	30 607	28 836	27 663	27 401
Total public sector	52 877	61 628	63 084	57 875	52 303	56 109



**16. (cont.)**

Function	1999	2000	2001	2002	2003	2004	2005
01 General public administration							
Central government	4 312	4 751	4 597	4 827	4 478	4 643	4 408
Local government	6 999	7 773	9 525	10 797	9 818	10 016	10 974
Total public sector	11 311	12 524	14 122	15 624	14 296	14 659	15 382
02 Defence							
Central government	1 070	2 556	2 283	2 245	1 272	1 301	1 209
Local government	32	33	12	41	57	61	41
Total public sector	1 102	2 589	2 295	2 286	1 329	1 362	1 250
03 Public order and safety							
Central government	2 578	1 996	2 227	2 258	1 891	2 048	2 309
Local government	478	480	581	643	597	451	671
Total public sector	3 056	2 476	2 808	2 901	2 488	2 499	2 980
04 Economic affairs							
Central government	16 359	13 245	14 950	18 878	21 809	25 653	25 813
Local government	3 587	3 677	4 526	5 115	4 578	4 801	5 691
Total public sector	19 946	16 922	19 476	23 993	26 387	30 454	31 504
05 Environmental protection							
Central government	..	353	13	20	8	13	42
Local government							
Total public sector	..	353	13	20	8	13	42
06 Housing and community amenity							
Central government	332	152	122	163	65	64	68
Local government	698	664	690	1 035	1 053	1 115	1 487
Total public sector	1 030	816	812	1 198	1 118	1 179	1 555
07 Health							
Central government	95	73	77	108	113	80	79
Local government	7 656	6 246	6 347	7 173	7 469	6 721	7 144
Total public sector	7 751	6 319	6 424	7 281	7 582	6 801	7 223
08 Recreation, culture and religion							
Central government	250	229	156	120	195	398	266
Local government	2 631	1 830	1 925	2 276	2 106	1 950	2 482
Total public sector	2881,0	2059,0	2081,0	2396,0	2301,0	2348,0	2748,0
09 Education							
Central government	3 197	3 898	3 865	3 798	3 440	3 412	3 581
Local government	6 636	6 160	6 578	6 480	6 384	5 115	4 979
Total public sector	9 833	10 058	10 443	10 278	9 824	8 527	8 560
10 Social protection							
Central government	1 138	1 102	965	1 093	1 071	983	899
Local government	2 117	1 967	1 951	1 856	1 742	1 823	1 728
Total public sector	3 255	3 069	2 916	2 949	2 813	2 806	2 627
Total							
Central government	29 331	28 355	29 255	33 510	34 342	38 595	38 674
Local government	30 834	28 830	32 135	35 416	33 804	32 053	35 197
Total public sector	60 165	58 341	62 485	70 080	69 348	72 010	75 265

Note:

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

Source:

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

# 17. Government gross fixed capital formation by purpose, constant prices. SEK millions

Function	1993	1994	1995	1996	1997	1998
01 General public administration						
Central government	3 656	3 175	3 162	3 660	3 748	3 193
Local government	5 322	7 205	8 388	8 402	8 464	7 269
Total public sector	8 989	10 388	11 559	12 073	12 224	10 471
02 Defence						
Central government	364	1 018	870	724	566	902
Local government	21	38	117	125	27	56
Total public sector	386	1 059	991	854	593	958
03 Public order and safety						
Central government	1 304	1 590	1 518	1 477	1 219	1 815
Local government	369	527	539	537	420	442
Total public sector	1 673	2 119	2 060	2 017	1 641	2 257
04 Economic affairs						
Central government	20 898	25 218	26 292	22 117	17 473	20 256
Local government	2 860	2 617	2 609	2 494	2 152	3 255
Total public sector	23 815	27 890	28 961	24 652	19 650	23 527
05 Environmental protection						
Central government	..	..	..	..	..	..
Local government	..	..	..	..	..	..
Total public sector	..	..	..	..	..	..
06 Housing and community amenity						
Central government	56	42	44	51	36	49
Local government	3 566	3 238	1 156	1 133	1 179	403
Total public sector	3 617	3 274	1 199	1 184	1 213	451
07 Health						
Central government	60	42	35	48	45	83
Local government	5 000	5 278	6 126	6 303	6 598	6 526
Total public sector	5 058	5 319	6 159	6 350	6 642	6 609
08 Recreation, culture and religion						
Central government	113	109	102	149	224	186
Local government	2 744	3 178	2 713	2 658	2 441	2 545
Total public sector	2 859	3 289	2 816	2 808	2 667	2 733
09 Education						
Central government	2 535	3 381	2 654	2 651	2 569	3 417
Local government	5 580	7 506	7 539	6 644	6 549	6 325
Total public sector	8 114	10 886	10 199	9 298	9 120	9 743
10 Social protection						
Central government	850	953	1 150	793	496	560
Local government	3 352	3 556	3 793	3 215	1 965	1 976
Total public sector	4 216	4 523	4 956	4 020	2 469	2 543
Total						
Central government	29 797	35 503	35 688	31 580	26 294	30 393
Local government	28 723	33 158	33 036	31 569	29 833	28 815
Total public sector	58 524	68 608	68 662	63 115	56 084	59 191

**17. (cont.)**

Function	1999	2000	2001	2002	2003	2004	2005
01 General public administration							
Central government	4 443	4 751	4 476	4 708	4 461	4 748	4 514
Local government	7 206	7 773	9 201	10 031	8 688	8 652	9 310
Total public sector	11 649	12 524	13 677	14 740	13 138	13 365	13 852
02 Defence							
Central government	1 091	2 556	2 196	2 134	1 200	1 268	1 220
Local government	32	33	12	40	55	59	39
Total public sector	1 124	2 589	2 208	2 172	1 253	1 326	1 258
03 Public order and safety							
Central government	2 666	1 996	2 174	2 182	1 878	2 005	2 246
Local government	492	480	598	655	643	524	787
Total public sector	3 158	2 476	2 772	2 834	2 517	2 533	3 013
04 Economic affairs							
Central government	17 060	13 245	14 356	17 651	19 817	22 552	21 976
Local government	3 774	3 677	4 332	4 818	4 200	4 256	4 859
Total public sector	20 840	16 922	18 689	22 468	24 022	26 816	26 840
05 Environmental protection							
Central government	..	353	14	20	9	15	46
Local government	..	..	..	..	..	..	..
Total public sector	..	353	14	20	9	15	46
06 Housing and community amenity							
Central government	336	152	125	165	69	69	74
Local government	714	664	660	951	932	957	1 253
Total public sector	1 052	816	785	1 117	1 009	1 035	1 341
07 Health							
Central government	98	73	73	100	109	77	74
Local government	7 822	6 246	6 094	6 678	6 844	6 070	6 564
Total public sector	7 921	6 319	6 167	6 777	6 952	6 147	6 639
08 Recreation, culture and religion							
Central government	259	229	151	113	189	393	261
Local government	2 699	1 830	1 842	2 103	1 889	1 693	2 115
Total public sector	2 959	2 059	1 993	2 217	2 076	2 069	2 380
09 Education							
Central government	3 322	3 898	3 753	3 584	3 389	3 416	3 577
Local government	6 810	6 160	6 406	6 141	6 026	4 725	4 544
Total public sector	10 140	10 058	10 159	9 725	9 415	8 120	8 087
10 Social protection							
Central government	1 183	1 102	946	1 059	1 083	1 029	937
Local government	2 170	1 967	1 882	1 740	1 602	1 727	1 608
Total public sector	3 353	3 069	2 828	2 797	2 680	2 759	2 550
Total							
Central government	30 414	28 355	28 264	31 729	32 269	35 702	35 038
Local government	31 737	28 830	31 027	33 168	30 882	28 724	31 151
Total public sector	62 144	58 341	60 342	65 966	64 257	65 575	67 391

**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, Government gross fixed capital formation by purpose

**18. Costs for municipal activities, current prices. SEK millions**

	2000	2001	2002	2003	2004	2005	2006
Political work	4 077	4 241	4 227	4 605	4 553	4 533	4 804
Infrastructure, protection etc	22 711	24 762	25 728	26 789	27 910	28 649	30 522
Culture	8 078	8 494	8 902	9 186	9 252	9 567	9 742
Recreation	8 828	9 164	9 579	9 844	10 026	10 458	10 964
Preschool and school age child care	39 862	41 087	43 992	46 522	48 125	51 168	54 594
Pre-school class	3 680	3 788	3 695	3 876	3 788	3 958	4 100
Compulsory school incl. comp. special school	62 548	67 786	71 992	75 120	76 730	78 490	79 140
Upper secondary school incl upp. sec special school	24 104	25 652	27 459	29 539	30 847	32 632	35 168
Municipal adult education	6 614	6 464	6 171	5 197	4 870	4 644	4 535
Other education	1 761	2 016	1 888	2 095	2 092	2 101	2 232
Primary care and health and medical care Gotland	1 268	1 185	1 172	1 329	1 128	1 299	1 410
Transport service for disabled	1 434	1 434	1 513	1 657	1 634	1 701	1 714
Care of the elderly	67 300	71 424	75 668	78 280	79 475	80 256	83 458
Persons with functional impairments	27 800	30 332	34 601	37 964	40 129	42 429	44 970
Abuse care for adults	3 661	3 937	3 976	4 562	4 604	4 678	5 012
Child and youth care	8 063	8 800	9 776	10 593	10 920	11 244	11 444
Other adult care	1 287	1 387	1 684	1 519	1 398	1 558	1 356
<u>Economic assistance</u>	10 688	9 787	9 627	9 502	9 854	9 864	9 795
Family law	359	392	412	437	459	491	533
Refugee reception	2 046	2 177	2 047	2 315	2 060	1 590	2 221
Labour market measures	5 176	4 917	5 206	5 184	5 122	5 369	7 586
<i>Total compulsory activities</i>	<i>311 341</i>	<i>329 226</i>	<i>349 287</i>	<i>366 060</i>	<i>374 976</i>	<i>386 679</i>	<i>405 446</i>
Industry and housing	5 790	4 966	5 119	5 334	5 237	5 233	6 365
Communications	3 123	3 118	3 382	4 056	4 283	4 511	4 576
Energy, water and waste	12 800	12 960	13 434	13 697	13 570	14 030	14 975
<i>Total market activities</i>	<i>21 714</i>	<i>21 044</i>	<i>21 935</i>	<i>23 087</i>	<i>23 090</i>	<i>23 774</i>	<i>25 916</i>
<b>Total operating activities</b>	<b>333 055</b>	<b>350 270</b>	<b>371 222</b>	<b>389 147</b>	<b>398 066</b>	<b>410 453</b>	<b>431 362</b>

Source:

SCB, Municipal use of resources, OE 25 SM 0701

**19. County councils, costs and receipts by activity 2006. 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	28 700	24 700	13 000	2 500	6 600	
Specialist somatic care	90 500	70 700	43 200	9 200	14 900	
Specialist psychiatric care	16 100	14 100	7 500	1 200	4 300	
Dental care	4 700	7 200	2 400	3 600	1 400	
Other health and medical care	12 900	15 100	5 700	4 200	3 900	
<u>Pharmaceutical benefits</u>	19 400	19 400	0	0	0	
Political work concerning health and medical care	1 100	1 000	200	0	0	
<i>Health and medical care</i>	173 500	152 200	72 000	20 700	31 100	
Education	800	1 900	400	1 500	100	
Culture	2 300	2 800	300	600	100	
Transport and infrastructure	8 800	10 300	300	1 700	0	
General regional development	1 200	1 300	100	100	0	
Political work concerning regional development	100	100	0	0	0	
<i>Regional development total</i>	13 200	16 300	1 000	3 900	200	
<i>Service activities</i>	0	45 200	-11 600	6 300	27 300	
<i>Other</i>	4 400	7 200	0	100	2 700	
<b>Total activities</b>	191 100	221 000	61 400	31 000	61 400	
<i>External financing:</i>		1 800		193 400		
<i>Tax revenues</i>				155 900		
Central government grant				35 800		
Net financial income		1 700		1 800		
<u>Extraordinary income/expenditures</u>		100		0		

Note:

Net expenditures are gross expenditure minus gross income. Total net expenditure for all activities includes net expenditure for the municipality of Gotland (SEK 1 227 million) for health and medical care. Gotland is not included regarding revenues and expenditure from activities. Other covers pension and internal interest income.

Source:

The Swedish Association of Local Authorities and Regions Statistik om hälso- och sjukvård samt regional utveckling 2006.



# 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](http://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 available. 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".

## **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 national 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 95<sup>8</sup> (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.

## 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](http://www.scb.se/nr).

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<sup>8</sup> Or more specifically ENS 95 which is the Swedish translation of ESA 95.

## 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.

## Differences between calculations in National Accounts and the central government budget

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.

Reporting of the national budget is done largely according to expenditure principles where the balance reflects cash-flows.

These differences in accounting principles affect mainly taxes and interest expenditure and lead also to discrepancies between the balance of the national budget and government's net lending in NA. Over and above this difference, there are also neutral discrepancies in the reporting of income and expenditure between the NA and the national budget.

The 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 requirement and reflects the change in the national 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 national budget.

NA defines certain parts of the EU fee as a production tax to EU. In the national budget, NA distributes the contributions directly to the different sectors.

In the national budget, these fees are reported as an income for the government. Further, EU grants are reported in the national budget as an income which is re-distributed by the government to companies and municipalities.

## **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](http://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 send out to the municiplates for a last reconciliation.

For further information, see Description of statistics (Beskrivning av statistiken), [www.scb.se/oe0107](http://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](http://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](http://www.esv.se).



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## List of terms

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



# Subject index, explanation of terms

Term	Explanation
Assistance allowances 78, 107	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 34, 90, 92, 175	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 47, 48, 175	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 47, 48, 176	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.
COFOG 13, 68, 69, 70, 166, 176	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, 44, 45, 50, 52, 56, 58, 66, 67, 80, 81, 122, 133, 134, 143, 176	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 3, 11, 12, 18, 26, 29, 31, 32, 33, 34, 35, 58, 60, 67, 68, 70, 71, 72, 73, 74, 76, 80, 133, 134, 135, 136, 137, 138, 139, 140, 144, 146, 167, 173, 176, 177, 178, 180	Consumption data consists of domestic institutional units' expenditures on goods and services, used for direct satisfaction of individual needs or desires or collective needs amongst members of a community. Consumption expenditure can occur in domestic territory or abroad. According to the European System of National and Regional Accounts (ESA), public sector expenditure comprises consumption use, salaries, production subsidies and capital consumption.
Derivatives 44, 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 46	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 78	Financial support, social assistance.

Term	Explanation
Expenditure approach 135, 137	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 36, 38, 41, 47, 48, 90, 175	Maximum level for central government expenditure. Expenditure ceiling, decided by the Riksdag (the Swedish parliament), normally for the following three years.
Extraordinary income/expenditure 155	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 46	Central government borrowing in foreign currency.
Gainfully employed 132, 162, 163, 177	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 48, 74, 75, 177	Gross capital formation covers <ul style="list-style-type: none"> <li>• gross fixed capital formation</li> <li>• inventories</li> <li>• objects of value (acquisition minus sales)</li> </ul> Gross capital formation means investments prior to deductions for use of the capital during the period.

Term	Explanation
Gross fixed capital formation 80, 135, 136, 137, 138, 150, 151, 152, 153, 177	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.
Intermediate consumption 72, 167	Consists of goods and services used as inputs in the production process. These goods and services can either be further refined or consumed in the production process. Not included here are fixed assets, the use of which is treated as capital consumption.
Legal persons 61, 178, 179	Legal persons are those legal entities which are not physical persons. Examples of legal persons are limited companies, partnerships, associations and foundations.
Market value 92, 178	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.
National budget 15, 41, 42, 43, 47, 52, 55, 56, 61, 66, 67, 90, 140, 141, 158, 160, 161, 178	The national 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.
Net expenditure (county council) 113, 114, 116, 117, 118, 119, 155, 178	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.

Term	Explanation
Net lending 18, 35, 36, 37, 38, 39, 41, 42, 47, 48, 49, 50, 51, 56, 141, 142, 160, 161, 164, 165, 166, 167, 176	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 46, 51, 179	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) 13, 18, 79, 129, 130, 132, 149	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 71, 112, 155, 179	According to the Act (2002:160) on pharmaceutical benefits etc, certain pharmaceutical products are covered by the cost reduction (also called pharmaceutical discount) which provides protection against high costs for the consumer. Decisions on which pharmaceutical products are included in this benefit are made by the Pharmaceutical Benefits Board.
Physical persons 18, 61, 63, 178, 179	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 58	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 71, 72, 179	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 contributions 26, 57, 60, 61, 62, 134	Largely consist of compulsory fees paid by the employer e.g. sickness insurance, general pension, labour market fees and parental insurance charges.

Term	Explanation
Social insurance sector 129, 130	Earlier term for the old-age pension system. The social insurance sector as of 1998 comprises only the old-age pension system.
Stability and growth pact 12, 20, 50	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, 56, 141, 180	The authority (Riksgäldskontoret) which administers the central government's debt as well as borrowing.
Taxation 61, 63, 64, 169, 180	Determines the amount from which a tax or a fee is calculated.
Transfer 12, 21, 23, 26, 27, 28, 30, 32, 33, 35, 36, 58, 61, 67, 68, 73, 76, 77, 78, 79, 80, 82, 97, 133, 148, 149, 162, 163, 164, 165	One way payments from one unit to another. No compensation requirements are demanded in return.
Value-added 14, 32, 34, 52, 53, 54, 58, 60, 72, 140, 180	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 2008

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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