

## EXPENDITURES ACROSS LEVELS OF GOVERNMENT

The responsibility for the provision of public goods and services and redistribution of income is divided between different levels of government. In some countries, local and regional governments play a larger role in delivering services, such as providing public housing or running schools. Data on the distribution of government spending by both level and function can provide an indication of the extent to which key government activities are decentralised to sub-national governments.

### Definition

Data on government expenditures are derived from the OECD *Annual National Accounts*, which are based on the *System of National Accounts (SNA)*, a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The general government sector consists of central, state and local governments and the social security funds controlled by these units. Data on the distribution of general government expenditures across levels of government exclude transfers between levels of government and thus provide a rough proxy of the overall responsibility for providing goods and services borne by each level of government. For the central level of government, data on expenditures are shown here according to the *Classification of the Functions of Government (COFOG)*. Data on central government expenditures by function include transfers between the different levels of government.

### Overview

Across the OECD, in 2011, 46% of general government expenditures were undertaken by central government. Sub-central governments (state and local) covered 32% and social security funds accounted for the remaining share. However, the level of fiscal decentralisation varies considerably across countries. In Ireland, for example, 76% of total expenditure is carried out by central government, representing an increase of 27 percentage points as compared to 2001. In contrast, central government accounts for less than 20% of total expenditures in Germany and Switzerland, both federal states.

In general, central governments spend a relatively larger proportion of their budgets on social protection (e.g. pensions and unemployment benefits), general public services (e.g. executive and legislative organs, public debt transactions) and defence. In over half of OECD member countries, expenditures on social protection represent the largest share of central government budgets. In Belgium and Spain, central governments allocate over 60% of their budgets to general public services.

### Comparability

Data for Australia, Japan and Turkey on the distribution of general government expenditures across levels of government include transfers between levels of government. The state government category is only applicable to the nine OECD member countries that are federal states: Australia, Austria, Belgium, Canada, Germany, Mexico, Spain (considered a quasi-federal country), Switzerland and the United States. Local government is included in state government for Australia and the United States.

Social security funds are included in central government in New Zealand, Norway, the United Kingdom and the United States. Australia does not operate government social insurance schemes. Data for Canada and New Zealand refer to 2010 rather than 2011. Data for Mexico are for 2003 rather than 2001. The OECD average does not include Chile, Japan, Poland and Turkey for general government expenditures across levels of government and does not include Australia, Canada, Chile, Japan, Mexico, New Zealand and Turkey for central government expenditures by function.

### Sources

- OECD (2013), *Government at a Glance*, OECD Publishing.

### Further information

#### Analytical publications

- Blöchliger, H. and C. Vammalle (2012), *Reforming Fiscal Federalism and Local Government: Beyond the Zero-Sum Game*, OECD Fiscal Federalism Studies, OECD Publishing.
- OECD (2013), *Value for Money in Government*, OECD Publishing.

#### Statistical publications

- OECD (2013), *National Accounts at a Glance*, OECD Publishing.
- OECD (2013), *National Accounts of OECD Countries*, OECD Publishing.
- OECD (2013), *Quarterly National Accounts*, OECD Publishing.

#### Online databases

- “General Government Accounts: Government expenditure by function”, OECD National Accounts Statistics.
- “National Accounts at a Glance”, OECD National Accounts Statistics.

#### Websites

- Government at a Glance (supplementary material), [www.oecd.org/gov/govataglance.htm](http://www.oecd.org/gov/govataglance.htm).

## Structure of central government expenditures by function

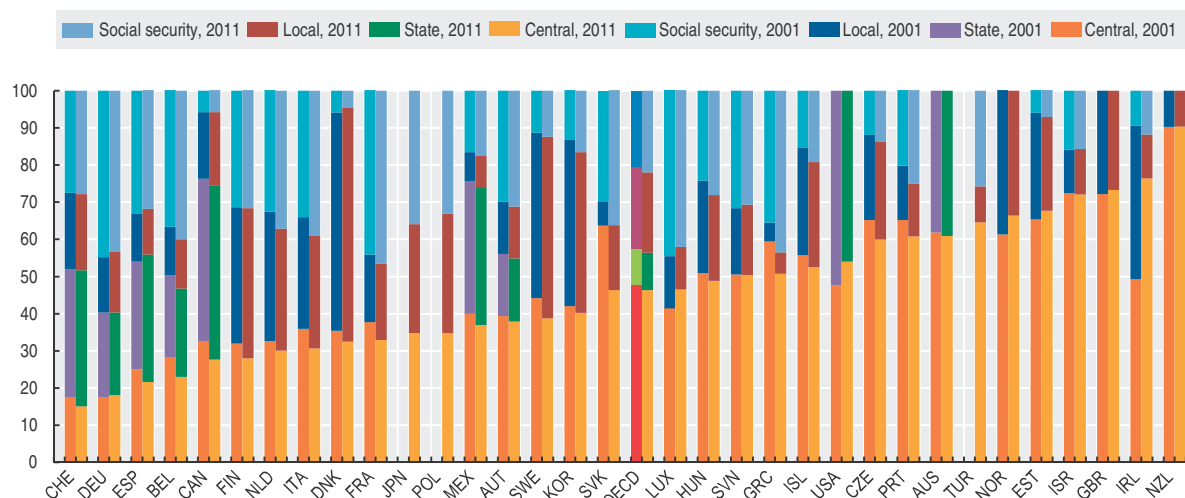
Percentage, 2011

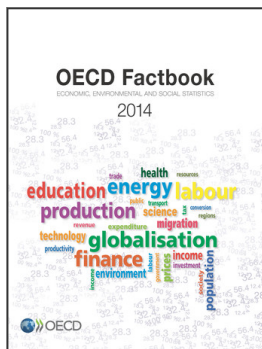
	General public services	Defence	Public order and safety	Economic affairs	Environmental protection	Housing and community amenities	Health	Recreation, culture and religion	Education	Social protection
Australia	..	..	..	..	..	..	..	..	..	..
Austria	17.2	2.7	5.0	12.6	0.6	0.7	4.5	1.3	13.7	41.8
Belgium	67.8	3.2	3.7	7.1	0.6	0.0	2.8	0.3	4.6	10.0
Canada	..	..	..	..	..	..	..	..	..	..
Chile	..	..	..	..	..	..	..	..	..	..
Czech Republic	12.7	3.0	5.6	12.8	1.4	1.7	5.4	1.3	11.9	44.4
Denmark	41.6	3.2	2.5	4.8	0.5	0.4	0.4	1.9	10.1	34.6
Estonia	15.4	5.5	7.4	12.6	-2.3	0.1	7.2	4.0	10.5	39.8
Finland	19.8	5.3	4.4	12.4	0.7	1.1	12.6	1.8	13.5	28.5
France	30.0	8.3	6.3	10.2	0.7	1.2	0.9	1.7	19.9	20.9
Germany	28.0	7.6	1.2	10.1	1.2	0.8	1.3	0.4	1.5	47.9
Greece	30.5	6.0	4.3	37.7	0.1	0.2	0.7	1.1	10.3	9.1
Hungary	27.8	3.4	5.5	19.6	1.0	1.1	10.0	3.3	10.2	18.2
Iceland	22.0	0.1	3.8	13.9	1.0	0.1	21.4	3.2	9.0	25.5
Ireland	14.1	1.1	3.9	17.7	0.8	0.9	18.4	1.4	12.2	29.6
Israel	17.9	17.0	4.1	6.5	0.4	0.8	13.4	2.9	16.9	20.3
Italy	31.5	5.4	6.5	8.2	0.6	1.0	13.8	0.6	11.7	20.8
Japan	..	..	..	..	..	..	..	..	..	..
Korea	14.4	16.4	5.2	34.7	1.1	1.4	15.4	1.6	6.6	3.4
Luxembourg	18.9	1.4	3.2	11.6	1.5	1.8	1.8	3.7	14.2	41.9
Mexico	..	..	..	..	..	..	..	..	..	..
Netherlands	27.8	4.7	6.6	12.9	0.8	0.4	6.7	1.2	16.5	22.5
New Zealand	..	..	..	..	..	..	..	..	..	..
Norway	22.6	4.5	2.3	8.4	0.4	0.1	15.1	1.4	5.5	39.8
Poland	21.2	4.7	6.6	13.5	0.7	1.0	4.0	1.1	16.8	30.4
Portugal	35.4	3.7	5.3	7.1	0.2	0.2	17.1	1.1	15.2	14.7
Slovak Republic	17.6	4.6	10.5	15.7	2.3	1.6	9.2	3.6	13.4	21.5
Slovenia	16.3	3.6	4.7	14.9	1.4	0.7	11.2	3.5	16.4	27.5
Spain	63.2	6.2	7.1	10.9	0.4	0.1	1.5	1.7	1.0	8.0
Sweden	27.7	5.2	4.1	9.8	0.5	0.3	4.4	1.2	6.6	40.2
Switzerland	23.7	8.3	1.6	22.9	2.3	0.0	0.4	0.7	8.8	31.4
Turkey	..	..	..	..	..	..	..	..	..	..
United Kingdom	14.5	5.6	4.0	4.7	0.9	4.1	18.1	1.3	11.5	35.4
United States	11.3	18.7	1.5	6.0	0.0	2.8	24.3	0.1	3.4	31.9
EU 28	..	..	..	..	..	..	..	..	..	..
OECD	25.6	5.9	4.7	13.3	0.7	0.9	9.0	1.7	10.8	27.4
Brazil	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..
Russian Federation	..	..	..	..	..	..	..	..	..	..
South Africa	..	..	..	..	..	..	..	..	..	..

 StatLink  <http://dx.doi.org/10.1787/888933028767>

## Distribution of general government expenditures across levels of government

Percentage, 2001-11


 StatLink  <http://dx.doi.org/10.1787/888933026430>



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