

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 are based on the 1993 *System of National Accounts* so that all countries are using a common set of definitions.

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*. Data on central government expenditures by function include transfers between the different levels of government.

Overview

Across the OECD, in 2010, 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. For example, in New Zealand (a unitary state), almost 90% of total spending is by central government. In contrast, central government accounts for less than 15% of total expenditures in Switzerland, a federal state where sub-central governments play a much larger role in financing the goods and services that they deliver themselves.

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 compared to sub-central governments. Expenditures on social protection represent the largest share of central government budgets for over half of OECD member countries. The central governments of Belgium and Spain allocate most of their budgets to general public services, accounting for over 60% of total expenditures.

Comparability

Data for Australia, Turkey and Japan 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 de facto federal state here), Switzerland and the United States. Local government is included in state government for 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; central government refers to commonwealth and multijurisdictional data. Data for Australia, Korea, New Zealand and the United States refer to 2009 rather than 2010. Data for Mexico are for 2003 rather than 2001. The OECD average does not include Chile, Japan and Turkey (and Australia and Mexico for central government expenditures by function). Data on central government expenditures by function for Canada and New Zealand refer to 2006 and 2005 respectively.

Sources

- OECD (2011), *Government at a Glance*, OECD Publishing.

Further information

Analytical publications

- OECD (2011), *Making the Most of Public Investment in a Tight Fiscal Environment: Multi-level Governance Lessons from the Crisis*, OECD Publishing.
- OECD (2011), *Value for Money in Government*, OECD Publishing.

Statistical publications

- OECD (2012), *National Accounts at a Glance*, OECD Publishing.
- OECD (2012), *National Accounts of OECD Countries*, OECD Publishing.
- OECD (2012), *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/indicators/govataglance.



Structure of central government expenditures by function

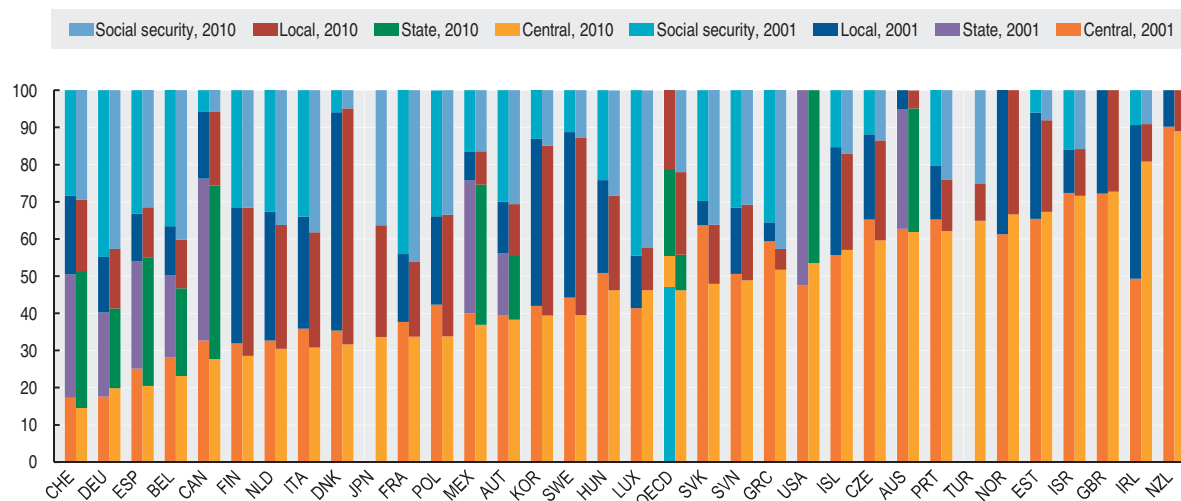
Percentage, 2010

	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	17.0	2.7	4.9	12.8	0.6	0.7	4.5	1.2	13.4	42.2
Belgium	66.8	3.4	3.9	7.1	0.3	0.0	3.7	0.3	4.5	10.1
Canada	33.2	6.6	3.8	7.9	0.7	1.5	10.2	2.1	2.6	31.6
Chile	..	..	..	..	..	..	..	..	..	..
Czech Republic	12.3	3.3	6.1	13.9	0.4	2.0	5.5	1.3	11.7	43.5
Denmark	40.5	3.4	2.4	4.4	0.5	0.6	0.4	1.9	10.3	35.6
Estonia	14.8	5.8	7.3	11.3	-1.8	0.1	7.3	4.1	9.8	41.3
Finland	19.1	5.5	4.5	12.6	0.7	1.1	12.3	1.7	13.2	29.3
France	35.4	8.5	5.6	9.9	0.7	0.9	0.8	1.7	17.5	19.0
Germany	23.7	6.7	1.0	17.5	1.2	0.9	1.2	0.4	1.2	46.2
Greece	26.6	5.6	4.3	41.3	0.3	0.7	0.9	1.3	9.7	9.4
Hungary	26.9	3.8	5.5	15.2	0.6	0.2	10.3	3.3	10.8	23.6
Iceland	20.8	0.1	3.2	15.4	0.9	5.5	20.1	3.1	8.7	22.2
Ireland	7.3	0.8	3.0	41.3	0.8	0.6	14.5	0.6	10.0	21.2
Israel	18.5	17.2	4.2	6.0	0.3	0.8	13.5	2.5	16.5	20.5
Italy	29.5	4.9	6.1	8.9	0.5	1.3	14.2	1.4	12.6	20.5
Japan	..	..	..	..	..	..	..	..	..	..
Korea	13.6	16.0	5.1	40.0	1.1	1.8	11.3	1.4	6.6	3.1
Luxembourg	18.2	1.7	3.1	11.5	1.5	1.8	1.7	3.9	14.1	42.6
Mexico	..	..	..	..	..	..	..	..	..	..
Netherlands	26.9	4.5	6.0	13.0	0.7	0.6	9.0	1.2	15.7	22.4
New Zealand	12.0	2.8	5.4	8.3	1.1	1.1	18.5	1.6	20.8	28.4
Norway	19.5	4.2	2.3	8.7	0.3	0.2	15.2	1.4	5.6	42.6
Poland	21.2	5.2	6.7	12.8	0.5	0.4	3.8	1.3	16.2	31.8
Portugal	30.5	4.3	5.9	10.6	0.5	0.0	17.1	1.2	14.6	15.3
Slovak Republic	18.0	5.4	11.0	14.1	2.1	1.4	9.6	3.0	13.7	21.8
Slovenia	15.2	4.9	5.3	12.7	1.4	0.8	11.8	3.7	17.8	26.4
Spain	67.3	5.7	6.2	8.8	0.4	0.1	1.6	1.5	0.9	7.4
Sweden	26.1	5.2	3.9	10.7	0.5	0.4	4.5	1.2	6.5	41.1
Switzerland	25.2	7.2	1.7	22.9	2.4	0.0	0.4	0.7	8.3	31.2
Turkey	..	..	..	..	..	..	..	..	..	..
United Kingdom	13.3	5.8	4.2	5.2	1.1	5.0	17.8	1.3	12.1	34.4
United States	10.2	18.9	1.5	6.0	0.0	3.1	24.4	0.2	3.5	32.2
EU 27	..	..	..	..	..	..	..	..	..	..
OECD	24.5	5.9	4.6	14.2	0.7	1.2	9.2	1.7	10.6	27.5
Brazil
China
India
Indonesia
Russian Federation
South Africa

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Distribution of general government expenditures across levels of government

Percentage, 2001-2010



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