

The composition of government expenditures by transaction gives an indication of policy priorities, such as the type of service delivery model (e.g. a focus on direct provision or on outsourcing) and the size of financial commitments resulting from public debt.

In 2016, government employee compensation was the highest expenditure category for SEA countries, at 30.7% of total government expenditures on average, compared to an OECD average of 23.2%. Lao PDR (33.8%), Indonesia and Thailand (both 30.9%) spent the most on employee compensation; Myanmar (17.4%) spent the least. In the same year, the share of expenditures on intermediate consumption (purchase of goods and services) was also higher in SEA countries (24.6%) than in the OECD (13.9%).

SEA countries also spent significantly more on investment (16.6%) than OECD countries (7.6%). A large part of investment spending in the SEA goes on infrastructure, boosting spending on airports, high-speed rail and so on to improve connectivity and increase economic growth.

The trend is reversed for social benefits. In 2016, SEA countries spent only 7.4% on average; in the OECD this accounts for the highest transaction, at 41.4% on average. Thailand has the highest expenditure on social benefits in the SEA, but at 11.9% of total expenditures is still far below the OECD average. There is also a wide disparity between ASEAN countries and the four OECD countries in the region in share of total expenditure on social benefits. Australia (28.6%), Korea (28.8%) and New Zealand (36.1%) all spend slightly below the OECD average, while half of Japan's government expenditure (54.4%) goes on social benefits.

Social spending in ASEAN countries could be low for a variety of reasons. Countries such as Malaysia, Singapore and Thailand rely on compulsory savings; in Indonesia, the Philippines and Viet Nam, the system is organised around social insurance principles. This means that access to social insurance benefits is not universal and does not depend on proven need, but on contributions previously paid into an earmarked fund (Asher and Zen, 2015). Many SEA countries also see high levels of informal employment and highly unequal gender division of labour.

In 2008-16 there were large fluctuations in some expenditure categories. SEA countries saw a 5.4 p.p. increase in spending on intermediate consumption (the procurement of goods and services from the private or non-profit sectors) and a 5.5 p.p. average increase in spending on grants and other expenses. Meanwhile, subsidies declined by 11 p.p. and social benefit spending by 3.2 p.p. on average.

Breaking down expenditures by transaction as a share of GDP provides another angle to understand the relative importance of spending categories. For SEA countries with available information, public expenditures in GDP terms are on average lower as compared to the OECD countries.

SEA countries vary: Myanmar spends less on average on employee compensation than other countries in the region, but significantly more on intermediate consumption. Cambodia, Lao PDR and Myanmar also spend around twice as much on investment as a share of GDP as other countries in the region.

### Methodology and definitions

Data are drawn from the IMF Government Finance Statistics (IMF GFS) database, which applies the concepts set out in the *Government Finance Statistics Manual* (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with the other macroeconomic statistical frameworks, such as the System of National Accounts (SNA).

Expenditures encompass intermediate consumption, compensation of employees, subsidies, property income (including interest spending), social benefits (consisting of social benefits other than social transfers in kind and of social transfers in kind provided to households via market producers), grants and other expenses (mainly current and capital transfers but also other minor expenditures as other taxes on production, current taxes on income and wealth etc. and the adjustment for the change in pension entitlements) and investments. All these transactions at general government level are recorded on a consolidated basis (i.e. transactions between levels of government are netted out). For the OECD countries and average, data are derived from the OECD National Accounts Statistics database, which is based on the SNA framework.

### Further reading

Asher, M.G. and F. Zen (2015), "Social protection in ASEAN: Challenges and initiatives for post-2015 vision", *ERIA Discussion Paper Series*, ERIA, Jakarta.

### Figure notes

2.15 and 2.16: Data for Lao PDR, Myanmar, Singapore and Viet Nam are recorded on a cash basis. Data for Cambodia, Lao PDR and Viet Nam refer to the government sector of budgetary central government. Data for Cambodia for investment do not include consumption of fixed capital. Data for Singapore for investment refer to fixed investment; detailed data for social benefits and grants and other expenses are not available. Data for Myanmar and Viet Nam are not included in the SEA average. Differences with total expenditures in 2.12 might occur due to the use of a different IMF reporting database.

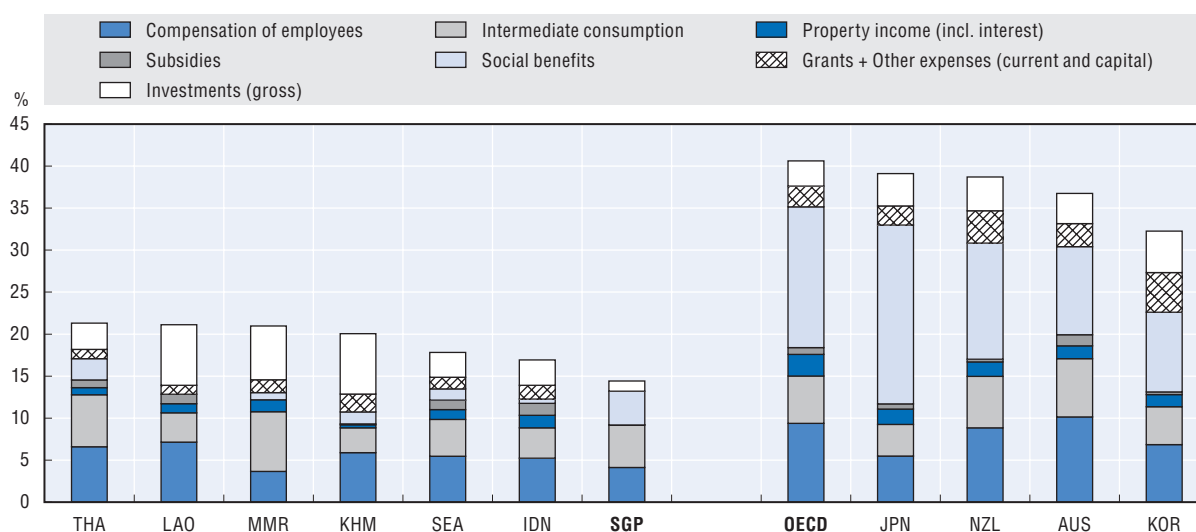
## 2.15. Structure of general government expenditures by economic transaction, 2008, 2013 and 2016

	Compensation of employees			Intermediate consumption			Subsidies			Property income (incl. interest)			Social benefits			Grants + Other expenses (current and capital)			Investments (gross)		
	2008	2013	2016	2008	2013	2016	2008	2013	2016	2008	2013	2016	2008	2013	2016	2008	2013	2016	2008	2013	2016
Cambodia	22.1	21.7	29.4	18.4	15.5	14.8	3.2	1.0	0.5	1.2	1.6	1.8	7.1	6.9	7.2	4.7	10.7	10.6	43.2	42.5	35.8
Indonesia	25.0	28.5	30.9	11.7	16.8	21.4	26.4	20.0	8.4	8.5	6.4	8.7	7.8	5.6	3.0	4.4	5.5	9.7	16.3	17.1	17.8
Lao PDR	27.9	36.8	33.8	16.1	15.4	16.6	5.6	4.5	5.3	4.1	4.2	5.1	0.0	0.0	0.0	5.0	4.5	5.0	41.3	34.7	34.1
Myanmar	..	9.4	17.4	..	36.1	33.9	..	0.0	0.0	..	5.8	6.8	..	2.6	4.1	..	9.4	7.3	..	36.6	30.5
Singapore	30.8	39.9	28.6	45.1	44.5	35.1	0.0	0.0	0.0	0.1	0.0	0.0	..	..	..	..	..	..	3.5	10.8	8.4
Thailand	36.1	30.4	30.9	28.8	27.0	29.0	3.6	6.1	4.3	4.7	5.2	4.0	10.4	9.7	11.9	2.3	5.0	5.2	14.2	16.5	14.7
Viet Nam	..	..	..	..	..	..	..	..	..	4.4	5.5	..	..	..	..	..	..	..	20.4	21.6	..
<b>SEA</b>	28.6	29.7	30.7	19.2	21.3	24.6	17.5	14.3	6.4	6.7	5.6	6.5	10.6	9.2	7.4	2.3	2.7	7.8	15.2	17.1	16.6
Australia	26.1	26.9	27.6	17.9	18.2	18.9	3.7	4.1	3.6	3.8	4.9	4.1	30.9	29.0	28.6	8.4	8.2	7.4	9.3	8.7	9.8
Japan	16.6	13.9	14.0	9.5	9.6	9.7	1.4	1.7	1.5	5.6	5.0	4.7	50.6	53.4	54.4	5.5	6.2	5.9	10.8	10.2	9.8
Korea	21.7	21.0	20.9	14.4	14.2	13.7	1.0	0.9	1.0	9.0	5.6	4.5	20.8	25.6	28.9	13.7	15.5	15.9	19.3	17.2	15.3
New Zealand	23.6	23.2	22.9	16.0	15.6	15.8	1.3	1.0	0.9	4.0	4.9	4.4	36.4	36.3	35.7	7.9	8.5	9.9	10.8	10.5	10.4
<b>OECD</b>	23.7	22.9	23.1	14.6	14.0	13.9	2.0	2.0	2.0	7.1	6.9	6.3	37.1	39.9	41.3	6.4	6.4	6.1	9.1	7.9	7.4

Sources: Data for SEA countries: IMF Government Finance Statistics (IMF GFS) database. Data for the OECD countries: OECD National Accounts Statistics (database)

StatLink  <https://doi.org/10.1787/888933840703>

## 2.16. Government expenditures by economic transaction as a percentage of GDP, 2016



Sources: For SEA countries, IMF Government Finance Statistics (IMF GFS) database. For OECD countries, OECD National Accounts Statistics (database).

StatLink  <https://doi.org/10.1787/888933840722>



**From:**  
**Government at a Glance Southeast Asia 2019**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264305915-en>

**Please cite this chapter as:**

OECD/Asian Development Bank (2019), "General government expenditures by economic transaction", in *Government at a Glance Southeast Asia 2019*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/0a421b7f-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).