

# Trends in government expenditure by function, 2000-2004

Statistics  
in focus

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In the EU as a whole as well as in all individual Member States, social protection is the most important function of government expenditure. In 2004 social protection spending by government in the EU25 was equivalent to 18.9% of GDP.

The next most important functions in terms of government spending are health and education, amounting in 2004 to 6.4% and 5.3% respectively of GDP in the EU25. Government spending on economic affairs and general public services accounted for 3.9% and 3.7% respectively of EU25 GDP. Spending on the remaining functions was equivalent to 6.0% of EU25 GDP in 2004.

Observing the trend since the year 2000 for the EU15, spending by government on social protection, health and education has tended to increase relative to GDP. For the remaining functions the trend is either stable or unclear over the 2000-2004 period.

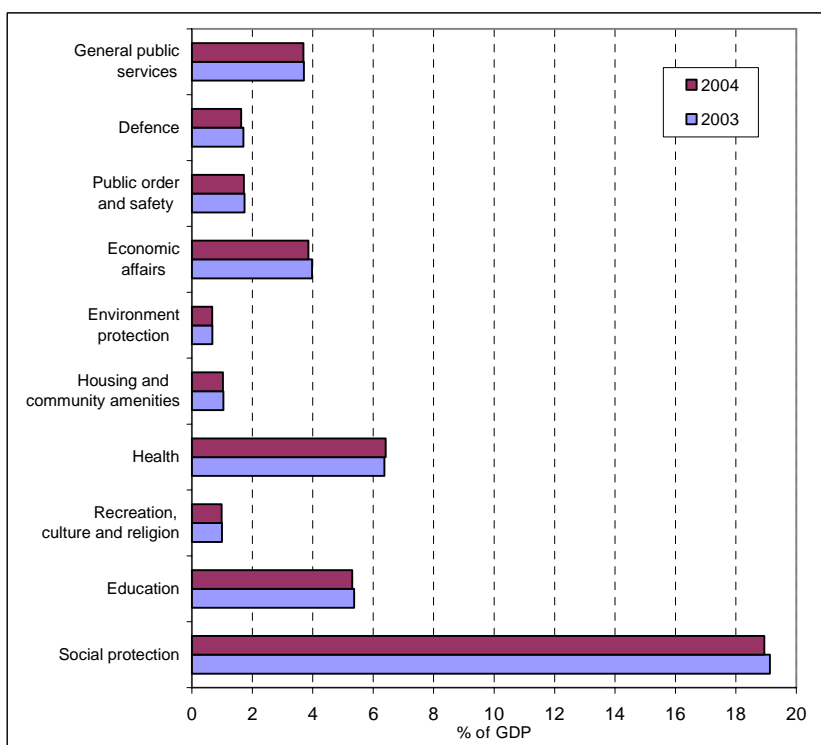


Figure 1: General government expenditure by main function in EU25 in % of GDP, 2003 and 2004<sup>1</sup>



<sup>1</sup> Data for Belgium for 2004 are Eurostat estimates. Government expenditure on property income is excluded from all data.

## Introduction

Data on government expenditure by function are compiled according to the international Classification of the Functions of Government (COFOG). The classification has three structure levels: at the first level (division), government expenditure is broken down into 10 functions. These are each divided into groups, which are themselves divided into classes, the most detailed classification level. COFOG is one of a family of four classifications referring to expenditure according to purpose. The specific aim of COFOG is to classify the purpose of various kinds of government outlays. In the framework of the European System of National and Regional Accounts (ESA 95), general government

expenditure is defined by reference to a list of ESA 95 categories. EU Member States report COFOG data on the basis of these categories (see *Essential Information* on page 7).

This *Statistics in Focus* examines general government expenditure at the level of COFOG division, without a breakdown by ESA 95 category. However, instead of being based on total expenditure, ESA 95 transaction D.4 (property income, payable) has been excluded, to improve comparability of countries' data. In the case of government, D.4 consists almost entirely of interest payments.

## Trends in government expenditure by function

### GF.01 Government expenditure on general public services

The COFOG division 'general public services' includes expenses related to executive and legislative organs, financial and fiscal affairs, external affairs, foreign economic aid, general services, basic research, and expenses related to debt. However, the category excludes expenditure on such items when specifically related to one of the other functions. Moreover, interest payments, which most countries record fully under this function, have been removed from the data shown.

Spending on general public services amounted to 3.7% of GDP in the EU25 in 2004, ranging from 2.4% in Ireland and 2.7% in the UK, to 7.4% in Cyprus and 7.0% in Luxembourg. There is considerable variation over time in the amounts recorded by countries under this function. One reason is the recording of exceptional items, for example the sale of UMTS (mobile phone) licences in Germany in 2000 which alone amounted to 2.5% of Germany's GDP, and reduced EU25 expenditure on general public services that year by almost 0.6% of GDP<sup>2</sup>. In addition, the figures recorded under this function could be overestimated also because of some difficulties in identifying the correct function for some transactions.

	2000	2001	2002	2003	2004
BE	3.9	3.7	4.1	4.2	4.1
CZ	:	:	3.3	3.8	3.7
DK	4.4	4.5	4.5	4.4	4.3
DE	0.7	3.2	3.3	3.3	3.2
EE	:	:	:	3.1	2.9
EL	4.1	3.6	4.0	3.2	4.3
ES	2.4	2.6	2.7	2.8	2.9
FR	4.9	4.7	4.7	4.6	4.6
IE	2.1	2.2	2.2	2.3	2.4
IT	3.2	3.4	3.6	3.8	3.7
CY	5.3	5.0	5.3	5.7	7.4
LV	:	:	4.3	4.2	3.9
LT	:	:	:	2.4	3.7
LU	6.5	6.2	6.5	6.6	7.0
HU	:	:	:	4.0	5.0
MT	3.2	3.1	3.0	3.0	4.8
NL	4.6	5.1	5.3	5.7	5.5
AT	4.7	4.8	4.4	4.3	4.1
PL	:	:	:	3.2	3.2
PT	3.0	3.3	3.1	3.5	3.5
SI	6.0	6.5	5.9	5.7	6.2
SK	:	:	:	3.2	2.8
FI	4.1	4.3	4.5	4.8	4.9
SE	6.2	5.7	5.9	5.9	5.7
UK	2.0	2.0	2.3	2.6	2.7
EUROZONE	2.9	3.7	3.8	3.8	3.8
EU 15	2.9	3.5	3.6	3.7	3.7
EU 25	:	:	:	3.7	3.7

Table 1: Government expenditure on general public services, in % of GDP

<sup>2</sup> Eurostat news release No 81/2000: sales of UMTS licences should be recorded as disposals of non-financial non-produced assets (K.2 in the ESA 95 classification).

## GF.02 Government expenditure on defence

Included in the function 'defence' is both military and civil defence, as well as foreign military aid and defence R&D.

Expenditure by EU25 government on defence amounted to 1.6% of GDP in 2004. Highest expenditure relative to GDP throughout this period was in Greece (2.7% in 2004), followed by the UK (2.6% in 2004). Consistently the lowest expenditure throughout the five-year period was in Luxembourg (0.3% of GDP) and Ireland (around 0.6%).

	2000	2001	2002	2003	2004
BE	1.2	1.2	1.2	1.2	1.1
CZ	:	:	1.7	1.9	1.3
DK	1.6	1.6	1.6	1.6	1.6
DE	1.2	1.2	1.2	1.2	1.1
EE	:	:	:	1.6	1.5
EL	4.5	3.7	3.9	3.4	2.7
ES	1.1	1.1	1.1	1.1	1.1
FR	2.3	2.3	2.3	2.2	2.2
IE	0.7	0.7	0.6	0.5	0.6
IT	1.1	1.2	1.2	1.5	1.3
CY	2.1	3.2	3.8	3.1	2.1
LV	:	:	1.2	1.2	1.2
LT	:	:	:	1.6	1.4
LU	0.3	0.3	0.3	0.3	0.3
HU	:	:	:	1.3	1.3
MT	0.7	0.8	0.8	0.9	1.1
NL	1.6	1.6	1.5	1.5	1.5
AT	0.9	0.9	0.9	0.9	0.9
PL	:	:	:	1.2	1.0
PT	1.6	1.5	1.4	1.4	1.4
SI	1.1	1.2	1.3	1.3	1.4
SK	:	:	:	1.8	1.0
FI	1.6	1.5	1.5	1.6	1.6
SE	2.4	2.2	2.1	2.1	1.9
UK	2.8	2.6	2.6	2.7	2.6
EUROZONE	1.4	1.5	1.5	1.5	1.4
EU 15	1.7	1.7	1.7	1.7	1.7
EU 25	:	:	:	1.7	1.6

Table 2: Government expenditure on defence, in % of GDP

## GF.03 Government expenditure on public order and safety

This function covers mainly police and fire services, law courts and prisons. In the EU15, government expenditure on public order and safety increased slightly as a percentage of GDP from 1.6% of GDP in 2000 to 1.7% in 2004. EU25 expenditure also amounted to 1.7% of GDP in 2004, ranging from 2.6% in the UK and 2.4% in Estonia, to 1.0% in Denmark and 1.1% in France.

	2000	2001	2002	2003	2004
BE	1.5	1.6	1.7	1.8	1.7
CZ	:	:	2.2	2.2	2.2
DK	0.9	1.0	1.0	1.0	1.0
DE	1.6	1.7	1.7	1.6	1.6
EE	:	:	:	2.6	2.4
EL	0.8	1.3	1.3	1.3	1.3
ES	1.8	1.9	1.9	1.8	1.8
FR	0.9	1.0	1.0	1.1	1.1
IE	1.4	1.5	1.4	1.4	1.4
IT	2.0	2.0	2.0	2.0	1.8
CY	1.7	1.7	1.8	2.0	2.1
LV	:	:	2.2	2.3	2.2
LT	:	:	:	2.0	1.9
LU	0.9	1.0	1.2	1.1	1.2
HU	:	:	:	2.0	2.1
MT	1.6	1.8	1.8	1.8	1.8
NL	1.4	1.5	1.7	1.7	1.8
AT	1.4	1.4	1.4	1.4	1.4
PL	:	:	:	1.7	1.6
PT	1.7	1.8	1.9	1.9	1.9
SI	1.8	1.9	1.9	1.9	1.9
SK	:	:	:	2.0	1.3
FI	1.4	1.4	1.4	1.4	1.5
SE	1.3	1.4	1.4	1.4	1.4
UK	2.2	2.4	2.4	2.5	2.6
EUROZONE	1.5	1.6	1.6	1.6	1.6
EU 15	1.6	1.7	1.7	1.7	1.7
EU 25	:	:	:	1.7	1.7

Table 3: Government expenditure on public order and safety, in % of GDP

## GF.04 Government expenditure on economic affairs

The category 'economic affairs' covers for example support programmes, subsidies and public infrastructure spending in the mining, manufacturing, agricultural, energy, construction, transport, communication and other service industries.

Government expenditure on economic affairs in the EU25 was equal to 3.9% of GDP in 2004. Over the period 2000-2004 there was considerable variation in the outlays each year on this function: for EU15 it ranged from 3.6% to 3.9% of GDP. In 2004 the highest amounts were recorded in the Czech Republic and Malta, with 7.4% and 7.0% of GDP respectively. By contrast expenditure in the UK and France was 2.9% and 3.1% respectively of GDP. Exceptional transactions relating to transfers from general government to corporations or other entities classified outside of the government sector cause the most significant variations in the data by country. This accounts, for example, for the exceptionally high figures recorded by the Czech Republic and Malta in 2003.

	2000	2001	2002	2003	2004
BE	4.8	4.5	4.5	5.3	4.6
CZ	:	:	8.4	14.9	7.4
DK	3.8	3.6	3.6	3.5	3.7
DE	4.1	4.2	4.0	3.9	3.6
EE	:	:	:	3.7	4.4
EL	6.2	5.9	5.5	6.4	6.9
ES	4.6	4.5	4.5	4.3	4.8
FR	3.1	2.9	3.1	3.1	3.1
IE	5.1	5.8	5.2	5.1	5.0
IT	2.6	4.5	4.3	4.2	3.9
CY	5.1	4.9	5.0	6.2	4.7
LV	:	:	3.2	3.6	4.3
LT	:	:	:	4.1	3.6
LU	4.3	2.9	5.2	5.1	5.1
HU	:	:	:	5.6	5.7
MT	6.4	6.8	6.9	10.4	7.0
NL	4.5	5.3	5.1	4.9	4.7
AT	3.9	5.1	5.0	5.1	5.1
PL	:	:	:	3.3	3.2
PT	5.2	5.5	4.8	5.0	4.9
SI	4.0	3.3	3.6	3.9	3.5
SK	:	:	:	5.2	6.6
FI	4.8	4.7	4.9	4.7	4.8
SE	4.1	4.4	4.8	4.9	4.8
UK	2.4	2.6	2.7	2.9	2.9
EUROZONE	3.8	4.2	4.1	4.1	4.0
EU 15	3.6	3.9	3.8	3.9	3.8
EU 25	:	:	:	4.0	3.9

Table 4: Government expenditure on economic affairs, in % of GDP

#### GF.05 Government expenditure on environment protection

Of the ten COFOG first-level functions, 'environment protection' is the least significant from the point of view of outlays, accounting for 0.7% of EU25 GDP in 2004. However, for several countries the amounts recorded are known to be under-estimated, because of difficulties in identifying expenditure on environment in the source information. Under COFOG, environment protection essentially covers waste management (including waste water), pollution abatement, protection of biodiversity and landscape, and any associated R&D expenditure.

Luxembourg and the Czech Republic recorded the largest amounts under this functional category (1.2% and 1.1% respectively of GDP) in 2004. Cyprus has recorded the least (0.02% of GDP). In the case of Ireland, separate data on environment protection spending by government are not yet available, the amounts being included in the other functions.

	2000	2001	2002	2003	2004
BE	0.7	0.7	0.7	0.7	0.7
CZ	:	:	0.9	1.1	1.1
DK	0.6	0.6	0.6	0.6	0.5
DE	0.6	0.6	0.5	0.5	0.5
EE	:	:	:	0.8	0.7
EL	0.6	0.6	0.6	0.6	0.7
ES	0.7	0.9	0.9	0.9	0.9
FR	0.7	0.7	0.7	0.8	0.8
IE	:	:	:	:	:
IT	0.8	0.9	0.9	0.8	0.8
CY	0.0	0.0	0.0	0.0	0.0
LV	:	:	0.4	0.4	0.8
LT	:	:	:	0.5	0.5
LU	1.1	1.3	1.2	1.3	1.2
HU	:	:	:	0.8	0.8
MT	0.8	0.9	0.8	0.9	1.0
NL	0.7	0.8	0.8	0.9	0.8
AT	0.4	0.4	0.3	0.4	0.4
PL	:	:	:	0.6	0.6
PT	0.7	0.7	0.7	0.6	0.6
SI	0.4	0.4	0.4	0.5	0.5
SK	:	:	:	0.7	0.5
FI	0.3	0.3	0.3	0.3	0.3
SE	0.3	0.3	0.3	0.3	0.3
UK	0.6	0.6	0.7	0.7	0.7
EUROZONE	0.7	0.7	0.7	0.7	0.7
EU 15	0.6	0.7	0.7	0.7	0.7
EU 25	:	:	:	0.7	0.7

Table 5: Government expenditure on environment protection, in % of GDP

#### GF.06 Government expenditure on housing and community amenities

Government expenditure on this function, which includes housing development, community development, water supply, and street lighting, amounted to 1.0% of EU25 GDP in 2004. Throughout the period 2000-2004 Cyprus incurred the highest expenditure relative to GDP (3.4% in 2004), followed by Ireland (2.0% in 2004). Lowest expenditure in 2004 was in Slovenia (0.1% of GDP) and Belgium (0.2%).

As with the other functions, exceptional transactions explain some of the variations in the data by country. In the case of Italy, for example, the sharp fall in government spending on housing and community amenities in 2002 was the result of a securitisation operation (recorded as negative gross capital formation).

	2000	2001	2002	2003	2004
BE	0.4	0.3	0.3	0.3	0.2
CZ	:	:	1.0	0.9	0.7
DK	0.7	0.7	0.7	0.7	0.7
DE	1.0	1.0	1.1	1.1	1.1
EE	:	:	:	0.6	0.5
EL	0.5	0.4	0.4	0.4	0.5
ES	1.2	1.0	1.1	1.1	1.0
FR	1.7	1.7	1.8	1.8	1.9
IE	2.1	2.4	2.5	2.0	2.0
IT	0.8	0.8	0.1	0.7	0.8
CY	3.1	3.3	2.8	3.9	3.4
LV	:	:	1.2	0.9	0.8
LT	:	:	:	0.7	0.4
LU	0.9	1.0	1.1	1.0	1.0
HU	:	:	:	1.1	0.8
MT	1.5	1.5	1.4	1.5	1.2
NL	1.4	1.0	1.1	1.1	1.2
AT	0.9	1.0	0.7	0.7	0.6
PL	:	:	:	1.4	1.4
PT	1.0	1.0	0.9	0.9	0.8
SI	0.2	0.3	0.2	0.4	0.1
SK	:	:	:	1.2	1.2
FI	0.5	0.4	0.4	0.3	0.3
SE	0.9	1.0	0.9	0.9	0.8
UK	0.5	0.6	0.6	0.6	0.7
EUROZONE	1.1	1.1	1.0	1.1	1.1
EU 15	1.0	1.0	0.9	1.0	1.0
EU 25	:	:	:	1.0	1.0

Table 6: Government expenditure on housing and community amenities, in % of GDP

The provision of housing benefit to households is not classified in this function, but in the function 'social protection'.

#### GF.07 Government expenditure on health

The function 'health' covers government spending on medical products, medical appliances and equipment, outpatient services, hospital services, public health services and R&D in health. This represents the second most important function in terms of expenditure, after social protection, amounting to 6.4% of EU25 GDP in 2004. Data for EU15 and eurozone for the period 2000-2004 show a steady rise in government spending on health.

In 2004 the highest government health expenditure relative to GDP was in France (7.3%), then Denmark and Ireland (7.1%). The least amounts were recorded in Cyprus (2.9% of GDP), and Estonia, Lithuania, and Slovakia (all 4.1% of GDP).

	2000	2001	2002	2003	2004
BE	6.3	6.5	6.5	7.0	6.9
CZ	:	:	6.6	6.6	6.3
DK	6.6	6.8	7.0	7.0	7.1
DE	6.2	6.3	6.4	6.5	6.1
EE	:	:	:	4.2	4.1
EL	3.3	5.0	4.9	5.0	4.9
ES	5.2	5.1	5.2	5.2	5.5
FR	6.5	6.7	7.0	7.3	7.3
IE	5.7	6.3	6.7	7.1	7.1
IT	5.9	6.4	6.5	6.4	6.8
CY	2.4	2.5	2.8	3.2	2.9
LV	:	:	3.2	3.2	4.4
LT	:	:	:	3.4	4.1
LU	4.2	4.9	4.9	5.2	5.5
HU	:	:	:	5.6	5.4
MT	5.1	5.3	6.1	6.5	6.5
NL	4.0	3.9	4.2	4.4	4.5
AT	7.7	6.1	6.6	6.7	6.7
PL	:	:	:	4.3	4.2
PT	6.4	6.7	6.7	6.5	6.6
SI	6.6	6.9	6.7	6.6	6.6
SK	:	:	:	2.3	4.1
FI	5.8	6.0	6.3	6.6	6.7
SE	6.3	6.7	7.0	7.2	7.0
UK	5.7	6.1	6.3	6.7	7.0
EUROZONE	6.0	6.1	6.2	6.3	6.3
EU 15	5.9	6.1	6.3	6.4	6.5
EU 25	:	:	:	6.4	6.4

Table 7: Government expenditure on health, in % of GDP

#### GF.08 Government expenditure on recreation, culture and religion

The main groups classified under this function relate to recreational and sporting services, cultural services, broadcasting and publishing services, and religious and other community services. Government spending in the EU25 as a whole is equivalent to around 1% of GDP.

Throughout the period 2000-2004 government outlays on recreation, culture and religion were highest in terms of GDP in Luxembourg (2.2% in 2004), and lowest in Greece (0.4% in 2004). Expenditure in Estonia also amounted to 2.2% of GDP in 2004, while relatively low amounts were recorded by the UK and Ireland (both 0.5% of GDP) compared to the average EU level.

	2000	2001	2002	2003	2004
BE	0.9	0.9	1.3	1.3	1.2
CZ	:	:	1.2	1.2	1.3
DK	1.6	1.6	1.6	1.6	1.8
DE	0.7	0.7	0.7	0.7	0.7
EE	:	:	:	2.1	2.2
EL	0.4	0.4	0.4	0.4	0.4
ES	1.4	1.3	1.3	1.4	1.3
FR	1.1	1.2	1.3	1.4	1.5
IE	0.5	0.6	0.6	0.5	0.5
IT	0.9	0.9	0.9	0.9	1.0
CY	0.9	1.0	0.8	0.8	0.7
LV	:	:	1.3	1.4	1.4
LT	:	:	:	0.9	0.7
LU	1.8	1.8	2.0	2.3	2.2
HU	:	:	:	2.2	1.8
MT	0.6	0.6	0.6	0.6	0.7
NL	1.1	1.4	1.5	1.5	1.4
AT	1.0	1.1	1.0	1.0	1.0
PL	:	:	:	0.9	0.9
PT	1.1	1.1	1.2	1.3	1.2
SI	1.0	0.9	1.0	0.9	0.9
SK	:	:	:	1.1	1.2
FI	1.2	1.2	1.2	1.2	1.2
SE	1.1	1.1	1.1	1.1	1.0
UK	0.7	0.6	0.6	0.6	0.5
EUROZONE	1.0	1.0	1.0	1.0	1.1
EU 15	0.9	0.9	1.0	1.0	1.0
EU 25	:	:	:	1.0	1.0

Table 8: Government expenditure on recreation, culture and religion, in % of GDP

#### GF.09 Government expenditure on education

The function 'education' embraces the various levels of formal education (pre-primary, primary, secondary, post-secondary non-tertiary, tertiary), as well as education not definable by level, and subsidiary services. R&D related to education is also included, though in practice many countries face difficulties in distinguishing this from expenditure on R&D on other functions which is undertaken in educational establishments.

On the basis of data for EU15 (which accounts for around 95% of EU25 measured by GDP), government spending on education is likely to have increased as a percentage of GDP between 2000 and 2004. EU15 expenditure increased from 5.0% of GDP in 2000 to 5.3% in 2004, with notable rises in Denmark, Ireland, Luxembourg, the Netherlands, Portugal, Sweden, and the UK. Outside the EU15, the data available show significant increases in Cyprus and Malta.

During the period 2000-2004 expenditure was highest in Denmark and lowest in Greece, relative to GDP. However, in the case of Denmark all R&D expenditure in universities is allocated to this function.

	2000	2001	2002	2003	2004
BE	5.9	6.0	6.1	6.2	6.0
CZ	:	:	5.3	5.0	5.0
DK	7.9	8.1	8.2	8.3	8.3
DE	4.2	4.2	4.3	4.2	4.0
EE	:	:	:	7.2	6.6
EL	3.3	3.0	3.2	3.5	3.5
ES	4.3	4.3	4.3	4.3	4.3
FR	6.3	6.3	6.4	6.4	6.4
IE	4.0	4.3	4.2	4.3	4.5
IT	4.9	5.0	5.0	5.2	5.0
CY	4.6	4.8	5.2	5.6	5.6
LV	:	:	6.3	6.1	6.0
LT	:	:	:	6.2	5.9
LU	4.8	5.1	5.6	5.7	5.9
HU	:	:	:	6.0	5.8
MT	5.4	6.0	6.3	6.5	6.1
NL	4.7	4.8	5.0	5.2	5.2
AT	5.8	5.7	5.8	5.8	5.7
PL	:	:	:	6.1	6.0
PT	6.7	6.9	7.3	7.2	7.4
SI	5.7	5.8	5.8	5.7	5.8
SK	:	:	:	4.4	3.7
FI	5.9	6.1	6.1	6.0	6.0
SE	6.8	7.2	7.4	7.3	7.4
UK	4.7	4.9	5.5	5.7	5.8
EUROZONE	5.0	5.0	5.1	5.1	5.0
EU 15	5.0	5.1	5.3	5.4	5.3
EU 25	:	:	:	5.4	5.3

Table 9: Government expenditure on education, in % of GDP

#### GF.10 Government expenditure on social protection

'Social protection' is easily the most important of the ten COFOG first-level functions measured by expenditure. It includes outlays on sickness and disability, old age, survivors, family and children, unemployment, housing, other forms of social exclusion, and R&D on social protection. It should be noted that medical goods and services provided to persons who receive the cash benefits and benefits in kind should be classified in GF.07 'health'.

For the member countries with data available for 2000-2004, most saw an increase in social protection spending as a percentage of GDP. Throughout this period Luxembourg had consistently the highest expenditure (28.0% of GDP in 2004), followed by Sweden (24.3% of GDP in 2004). The lowest expenditure during these five years was in Ireland

	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	EURO-ZONE	EU 15	EU 25
2000	16.8	:	21.5	21.5	:	20.2	13.0	21.2	7.9	17.4	8.8	:	:	24.4	:	13.0	17.4	20.9	:	12.5	18.9	:	20.5	23.5	15.5	19.0	18.6	:
2001	17.0	:	21.9	21.5	:	19.0	12.8	21.1	8.1	17.7	9.0	:	:	25.5	:	13.7	16.7	20.7	:	12.9	19.0	:	20.4	23.5	16.1	18.9	18.6	:
2002	17.5	14.7	22.2	22.1	:	19.1	13.0	21.4	8.8	18.1	9.9	11.5	:	27.2	:	13.9	17.1	21.1	:	13.6	19.0	:	21.2	23.7	15.8	19.3	18.8	:
2003	17.9	14.6	23.1	22.5	10.6	19.8	13.0	22.1	9.0	18.4	11.2	10.7	10.0	28.3	16.8	14.3	17.5	21.3	18.9	14.7	18.9	15.2	21.9	24.7	16.1	19.6	19.2	19.1
2004	17.9	14.1	23.0	22.1	11.0	19.2	13.0	21.9	9.1	18.4	11.5	10.2	10.1	28.0	16.5	14.6	17.3	21.2	17.6	15.2	18.7	15.8	21.9	24.3	16.2	19.4	19.1	18.9

Table 10: Government expenditure on social protection, in % of GDP

(9.1% of GDP in 2004), but data are not yet available for all the new Member States, where government spending on social protection tends to be lower than in

the EU15. In 2004 EU25 spending amounted to 18.9% of GDP, compared with 19.1% for the EU15.

## ➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

### Framework for reporting of COFOG data to Eurostat

Data on government expenditure by function are reported to Eurostat by the statistical authorities of EU Member States under Table 11 of the ESA95 transmission programme (Annex B of Council Regulation 2223/96 of 25 June 1996). Reporting comprises annual data referring to the general government sector as defined in ESA 95. General government comprises the sub-sectors central government, state government, local government, and social security funds. The deadline for reporting for year *t* is *t*+12 months.

In Table 11 total general government expenditure is broken down into main COFOG categories and types of expenditure on the basis of ESA 95 transactions. For the main transactions taking place between entities classified within the government sector the data should be consolidated. The COFOG classification may be found at: <http://forum.europa.eu.int/irc/dsis/nfaccount/info/data/esa95/esa95-new.htm>

Under a gentlemen's agreement with Eurostat, Member States are also requested to transmit annual data on sub-sectors of general government as well as on the second (more detailed) level of COFOG categories for the general government sector only. The transmission of data on sub-sectors will become compulsory once the revision of the ESA 95 transmission programme comes into force.

The definition of total expenditure to be reported in Table 11 corresponds to that of Table 02 ('Main aggregates of general government'), but the data may differ because of a difference in time of reporting.

### Data comparability issues

For various reasons, caution should be used when comparing the data reported by national authorities: Data users should bear in mind differences in the size or reach of the general government sector in countries, for example, the extent to which infrastructure projects are financed by the private sector.

- Countries to a greater or lesser extent use a system of tax exemptions or advantages rather than expenditure to provide financial support to various functions.

- Large, exceptional transactions in a country can have a significant impact on data for a particular function in a particular year.

- Referring to the methodological framework, there are certain borderline classification problems leading to differences in recording of transactions. Also, different methods might be used, for example to split expenditure of an institutional unit between its functions where the data source does not provide sufficient information.

- In general there are a number of data source problems affecting the quality of the reported statistics. Specifically, CZ data are preliminary and will be revised. For DK and UK, the data are not adjusted for UMTS sales. For AT and LU the data are non-consolidated. For NL in 2001 there is a series break due to national accounts revision. For HU data for 2003 are to be updated for revisions to national accounts. For SE, intermediate consumption has been consolidated.

- Data for BE have been estimated by taking the transactions from table 02 of the ESA 95 transmission programme for 2004, and the data by function based on the breakdown reported for 2003.

### Key to abbreviations and symbols








- GF.01 General public services
- GF.02 Defence
- GF.03 Public order and safety
- GF.04 Economic affairs
- GF.05 Environment protection
- GF.06 Housing and community amenities
- GF.07 Health
- GF.08 Recreation, culture and religion
- GF.09 Education
- GF.10 Social protection

EUROZONE = BE, DE, EL (from 1.1.2001), ES, FR, IE, IT, LU, NL, AT, PT, FI.

' : ' = not available

## Further information:

Data: [EUROSTAT website/Home page/Economy and finance/Data](#)

- [-]  Economy and finance
  - [+]  Main economic indicators
  - [+]  National accounts (including GDP)
  - [-]  *Government statistics*
    - [+]  Main aggregates of general government, including total revenue and expenditure
    - [+]  Government deficit and debt
    - [-]  *General government expenditure by COFOG-function and by type*

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