

General government expenditure by function

2020

Government expenditure grew strongly in 2020

According to Statistics Finland's data, consolidated total general government expenditure was 57.5 per cent relative to gross domestic product in 2020. In 2019, the corresponding figure was 53.3 per cent. Due to the corona pandemic, especially unemployment benefits and business subsidies were paid more than in the previous years. Over one-half of the growth in general government expenditure came from social protection and business support.

Function distribution of general government expenditure in 2020

	Total expenditure %	Net expenditure % ¹⁾	Final consumption expenditure %
G01 General public services	14,6	11,0	12,4
G02 Defence	2,4	2,5	4,9
G03 Public order and safety	2,0	2,1	4,1
G04 Economic affairs	9,1	9,0	9,3
G05 Environmental protection	0,4	0,3	0,6
G06 Housing and community amenities	0,6	0,2	0,4
G07 Health	13,4	13,1	25,9
G08 Recreation, culture and religion	2,6	2,7	3,7
G09 Education	10,2	10,6	17,4
G10 Social protection	44,6	48,5	21,3
G0 Functions total	100,0	100,0	100,0

1) Net expenditure = Total expenditure less received sales proceeds and premium income, and output for own final use.

General government expenditure in total

Consolidated general government expenditure totalled EUR 135.7 billion in 2020. Consolidated expenditure excludes current transfers between general government sub-sectors, e.g. between central government and local government. Consolidated total expenditure grew by EUR 7.9 billion or 6.2 per cent year-on-year. At the same time, gross domestic product decreased by 1.6 per cent at current prices, so the ratio of general government expenditure to gross domestic product grew considerably.

Social protection forms the biggest single expenditure category of consolidated general government expenditure, and its share of total expenditure was 44.6 per cent in 2020. Social protection expenditure grew by EUR 2.9 billion or 5.0 per cent year-on-year. Even though social protection expenditure grew most of all expenditure categories in euros, its share of total expenditure fell slightly from the previous year, because it grew more slowly than total expenditure. Most of the growth in social protection expenditure came from unemployment benefits and pensions in 2020. Expenditure related to unemployment grew by EUR 1.3 billion and expenditure related to old age by EUR 1.2 billion.

Of general government consolidated expenditure, expenditure intended for economic affairs grew most in relative terms in 2020. It grew by EUR 2.2 billion or 22.0 per cent from the year before. Most of the growth came from subsidies paid by central and local government, that is, various types of business subsidies.

Examined by transaction, the largest growth in general government expenditure was recorded in 2020 in social benefits other than social transfers in kind and subsidies. Paid social benefits other than social transfers in kind grew by EUR 2.6 billion or 5.9 per cent year-on-year. Subsidies grew by EUR 1.8 billion or by as much as 67.7 per cent year-on-year.

Sub-sectors' expenditure

General government expenditure is usually examined as consolidated expenditure, but the expenditure of general government sub-sectors is usually examined in non-consolidated form, i.e. without removing current transfers between sub-sectors. In 2020, central government accounted for 26.8 per cent of consolidated total general government expenditure, local government for 39.6 per cent, and social security funds for 33.7 per cent.

Non-consolidated central government expenditure grew by EUR 8.0 billion or 13.1 per cent in 2020 from the year before. Of this growth, EUR 4.6 billion concerned current transfers to other general government sub-sectors, that is, they are consolidated on the level of general government as a whole. Among the function categories, central government expenditure increased most in the function of economic affairs, mainly due to growth in business subsidies. Local government expenditure increased by EUR 1.9 billion or 3.6 per cent. Local government expenditure grew most in health care. Among social security funds, employment pension schemes' expenditure grew by EUR 0.8 billion or 3.0 per cent and the expenditure of other social security funds grew by EUR 2.2 billion or 12.1 per cent. Employment pension schemes' expenditure increased mainly due to paid employment pensions. Other social security funds' expenditure increased for several functions related to social protection, but especially for expenditure on unemployment allowance.

Net and consumption expenditure

General government total expenditure is by nature gross expenditure, which does not take into account the income attributable to the functions. The net expenditure of the statistics is derived when sales and premium income and output for own final use are subtracted from total expenditure. Then, for example, sales proceeds and service charges received by general government from enterprises, households or other general government reduce the expenditure of the function in question. Taxes paid by general government to one another or itself, such as value added tax and social security contributions, are not subtracted from the net expenditure, however.

Another comparable indicator is general government's consumption expenditure that describes current expenses caused for general government from service production less the service charges received from services and other sales proceeds from services.

In 2020, consolidated general government net expenditure amounted to EUR 120.0 billion. The ratio of net expenditure to gross domestic product was 50.9 per cent, which was 4.1 per cent higher than one year

before. General government's consumption expenditure amounted to EUR 57.8 billion, or 24.5 per cent relative to gross domestic product, up by 1.3 percentage points year-on-year.

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Appendix tables

Appendix table 1. Total expenditure of general government by function and sector 2020, million euro¹⁾

	S13 General government	S1311 Central government	S1313 Local government	S1314 Social security funds
G0 All functions	135 745	69 648	54 654	49 057
G01 General public services	19 882	15 388	9 963	14
G02 Defence	3 240	3 240
G03 Public order and safety	2 758	2 275	517	..
G04 Economic affairs	12 325	9 128	3 695	..
G05 Environmental protection	543	414	154	..
G06 Housing and community amenities	760	311	467	..
G07 Health	18 159	8 521	14 824	2 723
G08 Recreation, culture and religion	3 593	1 737	2 151	..
G09 Education	13 891	7 937	9 181	768
G10 Social protection	60 594	20 697	13 702	45 552

1) General government total expenditure are consolidated, sub-sectors are unconsolidated.

Appendix table 2. Consumption expenditure of general government by function and sector 2020, million euro

	S13 General government	S1311 Central government	S1313 Local government	S1314 Social security funds
G0 All functions	57 779	15 196	38 809	3 774
G01 General public services	7 140	3 009	4 130	1
G02 Defence	2 809	2 809
G03 Public order and safety	2 381	1 906	475	..
G04 Economic affairs	5 359	3 513	1 846	..
G05 Environmental protection	340	267	73	..
G06 Housing and community amenities	252	79	173	..
G07 Health	14 979	438	12 102	2 439
G08 Recreation, culture and religion	2 150	607	1 543	..
G09 Education	10 070	2 155	7 878	37
G10 Social protection	12 299	413	10 589	1 297

Appendix table 3. Total expenditure of general government by transaction and sector 2020, million euro¹⁾

	S13 General government	S1311 Central government	S1313 Local government	S1314 Social security funds
Intermediate consumption	26 765	7 438	18 276	1 051
Compensation of employees	30 471	7 405	22 380	686
Subsidies	4 369	3 867	502	..
Property expenditure	1 596	1 518	81	13
Social benefits	53 732	4 745	5 287	43 700
Other current transfers, payable	6 669	39 126	1 391	3 623
Gross capital formation and net acquisitions of non-financial non-produced assets	11 336	4 659	6 708	-31

	S13 General government	S1311 Central government	S1313 Local government	S1314 Social security funds
Capital transfers, payable	596	700	17	6
Other expenditure	211	190	12	9
Total expenditure	135 745	69 648	54 654	49 057

1) General government (S13) level property expenditure, current transfers, capital transfers and total expenditure are consolidated, sub-sectors are unconsolidated.

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Source: National Accounts, Statistics Finland