

## 10. Final consumption expenditures by government and households

The role of government in providing goods and services varies greatly across OECD countries: some governments assume more of a regulatory role whereas others are more involved in service delivery. On average, governments provide just over a quarter of the goods and services consumed in the economy each year, including those services that the government provides directly via its own staff and indirectly via outside contractors. However, there is much variation amongst OECD countries: in countries such as Mexico, Switzerland, Chile, Turkey and the United States, governments play a smaller role in service delivery. In comparison, in the Netherlands, Norway, Sweden and Denmark, governments have a more prominent role, which is also reflected in their higher expenditures and revenues as a share of GDP.

Governments play an important role in providing health and education goods and services. On average, governments are responsible for almost 70% of final consumption expenditures on health goods and services. Almost all OECD countries have universal public health insurance coverage, although households may still bear the costs of some health services, such as co-payments for doctor visits. The role of government in providing health goods and services has remained relatively stable since 2000 with a few exceptions. In the Netherlands, health care reform implemented in 2006 created one mandatory national health insurance system, which has increased the role of the government. In comparison, health care reforms passed in 2003-04 in the Slovak Republic decreased the relative role of government by introducing co-payments, the opportunity to select health insurance companies, and changing the status of several state-owned hospitals and health insurance companies.

On average, governments are responsible for about 85% of final consumption expenditures on education. In all OECD countries, schooling is compulsory until at least the age of 15 and the majority of primary and secondary students are enrolled in government-operated institutions. Thus, most differences between countries lie in the extent to which the governments finance pre-primary and tertiary education. For example, Korea has a relatively higher enrolment rate in private educational institutions at the pre-primary and university levels as well as a higher use of private tutoring.

### Methodology and definitions

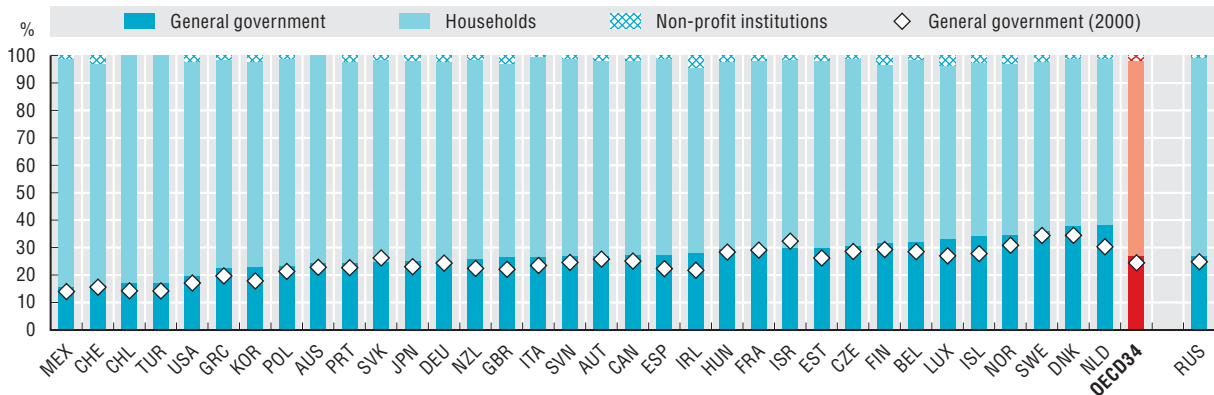
Data are derived from the OECD *National Accounts Statistics*, which are based on the *System of National Accounts (SNA)*, a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The data refer to final consumption expenditure, which represents the amount spent by governments, non-profit institutions and households on goods and services consumed during the year. The corporate sector does not incur any final consumption expenditure because it only produces final goods for sale in the market. Expenditures are attributed to the institutional unit (government, non-profit institution or household) that bears the costs. For example, fees charged by governments for certain goods and services (such as fees for passports) are counted as part of household expenditures. Thus, government final consumption expenditures represent the non-market goods and services that are produced each year. Compared to total expenditures, final consumption expenditures exclude spending on goods and services not consumed during the year, such as investments, and exclude social benefits provided to households which are not tied to the consumption of specific goods and services, such as pension payments. Data reporting final consumption expenditures by health and education sectors are derived from COFOG and Classification of Individual Consumption According to Purpose (COICOPP).

### Figure notes

- 10.2 and 10.3: Data for Canada, Chile, Mexico and Turkey are not available. Data for Norway and Portugal are for 2007 rather than 2008. Data for Hungary are for 2005 rather than 2008 and data for 2000 are not available.
- 10.2: Data for New Zealand are for 2005 rather than 2008 and data for 2000 are not available. Data for the United States do not reflect the 2010 health care reform and some government expenditures on health are recorded as social benefit transfers and therefore are not included in this figure. Health insurance and hospitals in Switzerland are privately operated.
- 10.3: Data for New Zealand are not available. 2000 data are not available for Switzerland and Poland.
- Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

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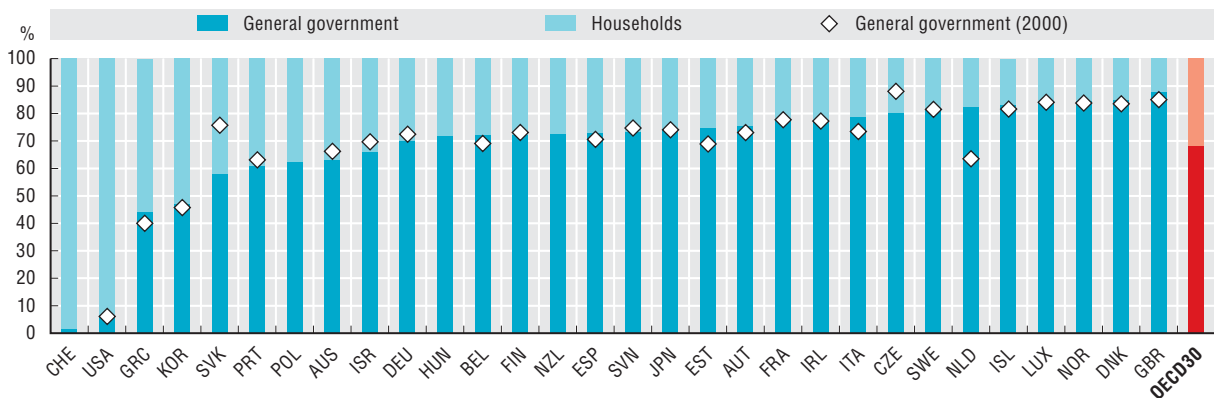
10.1 Share of total final consumption expenditures by general government, households and non-profit institutions serving households (2000 and 2009)



Source: OECD National Accounts Statistics.

StatLink <http://dx.doi.org/10.1787/888932390082>

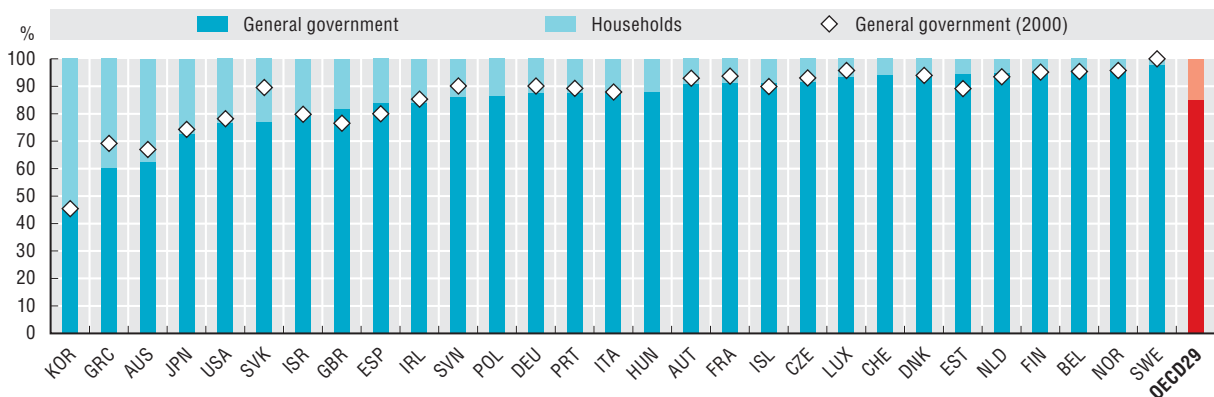
10.2 Share of total final consumption expenditures on health by general government and households (2000 and 2008)



Source: OECD National Accounts Statistics. Data for Australia are based on a combination of Government Finance Statistics and National Accounts data provided by the Australian Bureau of Statistics.

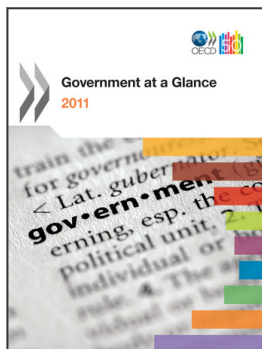
StatLink <http://dx.doi.org/10.1787/888932390101>

10.3 Share of total final consumption expenditures on education by general government and households (2000 and 2008)



Source: OECD National Accounts Statistics. Data for Australia are based on a combination of Government Finance Statistics and National Accounts data provided by the Australian Bureau of Statistics.

StatLink <http://dx.doi.org/10.1787/888932390120>



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