

Special feature: Central government ICT spending

Central government ICT spending is the share of total central government budgets dedicated to ICTs (e.g. investments in hardware and software, running costs of IT infrastructures, salaries for ICT specialists and training). Governments look to the use of technology, and especially the Internet, as a lever for more efficient internal operations, greater public service quality, and better and more open policy making.

The expectations to deliver policy-relevant results are also high because spending on ICTs is considerable. Examples of the absolute amounts spent illustrate why it is important to understand underlying patterns and to optimise the use of ICTs: USD 75 billion at central government in the United States; USD 10 billion in the United Kingdom; between USD 4 billion and 5 billion in Canada, France and Australia. Some ICT spending volumes can represent over 2% of a central government's budget. However, it would not be correct to interpret high or low shares of ICT expenditure as an indication of prioritisation, performance or efficiency. Important context factors need to be considered, although their role is not yet entirely clear. The countries where central governments spend more than 1.5% of their budget on ICT include both highly centralised countries (New Zealand, Finland) and federal countries (the United States, Canada, Switzerland), as well as both large and small countries measured by population.

The absolute size of the public administration can also influence spending patterns. Governments in Slovenia and Estonia have similar employment numbers and spend a similar amount on ICT capital and operations per employee; Italy, Spain and Germany have larger public administrations and spend more on ICT per employee (around USD 3 000-4 000 PPP). The United States stand out with an average ICT spend per employee of over USD 26 000 PPP, followed by Switzerland, the United Kingdom, Korea and Australia.

At the same time, the size of public administration does not explain everything. Central governments in Australia and Korea have similar sizes too, but spend around three times more on ICT per employee than those in Chile or Finland. France and the United States have high central government employment volumes compared to the sample, but the United States spends a significantly higher amount on ICTs per employee. One could expect economies of scale to reduce the average spending per employee in larger administrations; at the same time, larger administrations have potentially higher complexities in implementing public policies, which would reduce economies of scale.

Some countries have used dedicated ICT spending reviews to better understand spending patterns, consider domestic context factors and improve returns on government ICT use.

More detailed information on ICT spending, including comparisons of disaggregated data, could help improve ICT expenditure decisions. Analysis of such data could illustrate

how individual ICT spending categories develop over time, e.g. public employment costs compared to outsourcing; how central government ICT spending interacts with spending at local levels where most public services are delivered; or how the use of technology supports the attainment of policy objectives in areas like health care, education or justice.

Methodology and definitions

ICT spending data is available in 21 countries and covers capital, operating and human resources expenditures. Data comes from an OECD survey of government ICT expenditures conducted in 2010 and 2011 with central government officials in the OECD Network on E-government. Additional data was extracted from publicly available official data sources. This is the first time that data collection and harmonisation was undertaken for such a large number of countries. Data presented here are therefore preliminary and pending further harmonisation.

Further reading

OECD (2010), *OECD E-government Studies: Indicators Project*, available at www.oecd.org/governance/public-innovation.

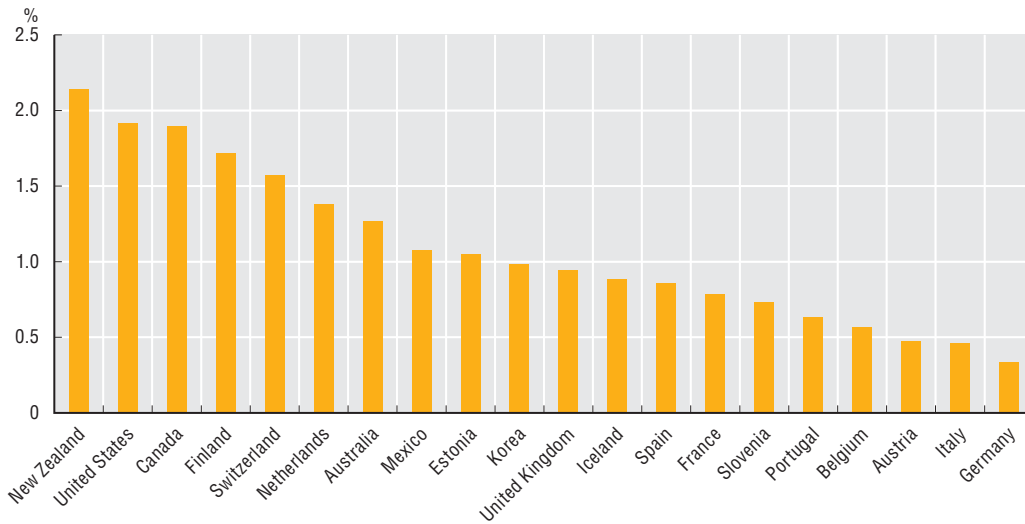
Figure notes

Data for Australia, Germany, Italy, Korea, Spain, and Switzerland are for 2010 rather than 2011. Data for Belgium and Slovenia are for 2009 rather than 2011. Data for France, New Zealand and the United Kingdom are for 2008 rather than 2011.

3.50: Total ICT expenditures include capital, operating and human resources expenditures except for those countries where HR expenditures are not available: Austria, Belgium, Estonia, Germany, Iceland, Slovenia, Switzerland and the United Kingdom. Data for Austria and Portugal are for 2010 rather than 2011. Data for Iceland are for 2008 rather than 2011. Chile provided detailed ICT spending data but is not displayed due to missing central government expenditures.

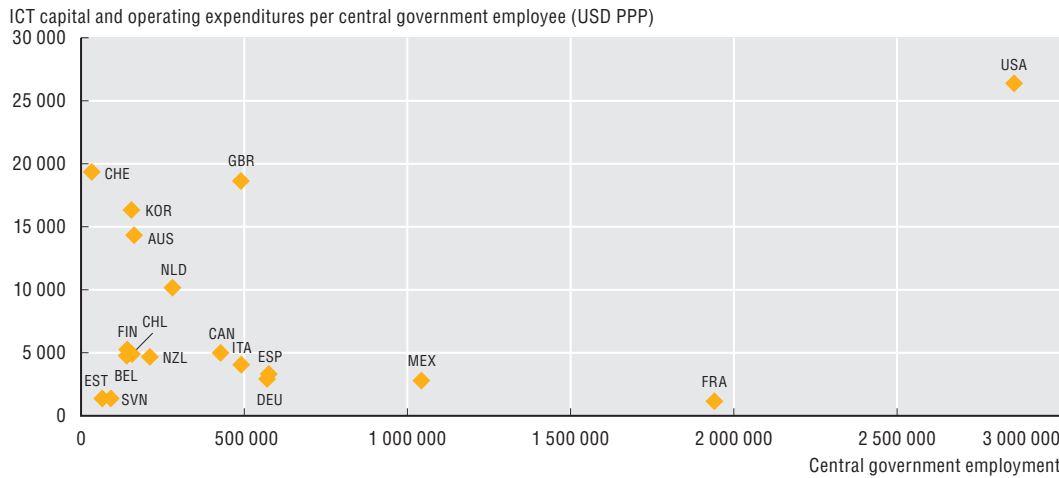
3.51: ICT expenditures in this figure include only capital and operating expenditures as the areas where economies of scale can most likely be expected (data for the Netherlands, New Zealand and the United States include HR expenditures). Data for Austria, Iceland and Portugal are not available. Central government employment data is provided as the number of employees except for France, Korea, New Zealand, Switzerland and the United Kingdom where data represent full-time equivalents (FTEs). As a result, the comparison understates employment numbers and overstates the combined ICT capital and operating expenditures per employee for these five countries.

3.50. Total ICT expenditures as a share of central government expenditures (2011 or latest available year)



Source: OECD Survey of ICT Expenditures, 2010-11; OECD National Accounts Statistics (database).
 StatLink <http://dx.doi.org/10.1787/888932942146>

3.51. ICT capital and operating expenditures per central government employee compared to central government employment (2011 or latest available year)



Source: OECD Survey of ICT Expenditures, 2010-11; International Labour Organization (ILO), LABORSTA (database). Data for Chile, France, Korea, Switzerland and the United Kingdom for employment are from OECD Public Employment Survey 2010.

StatLink <http://dx.doi.org/10.1787/888932942165>



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