Institute of National Accounts
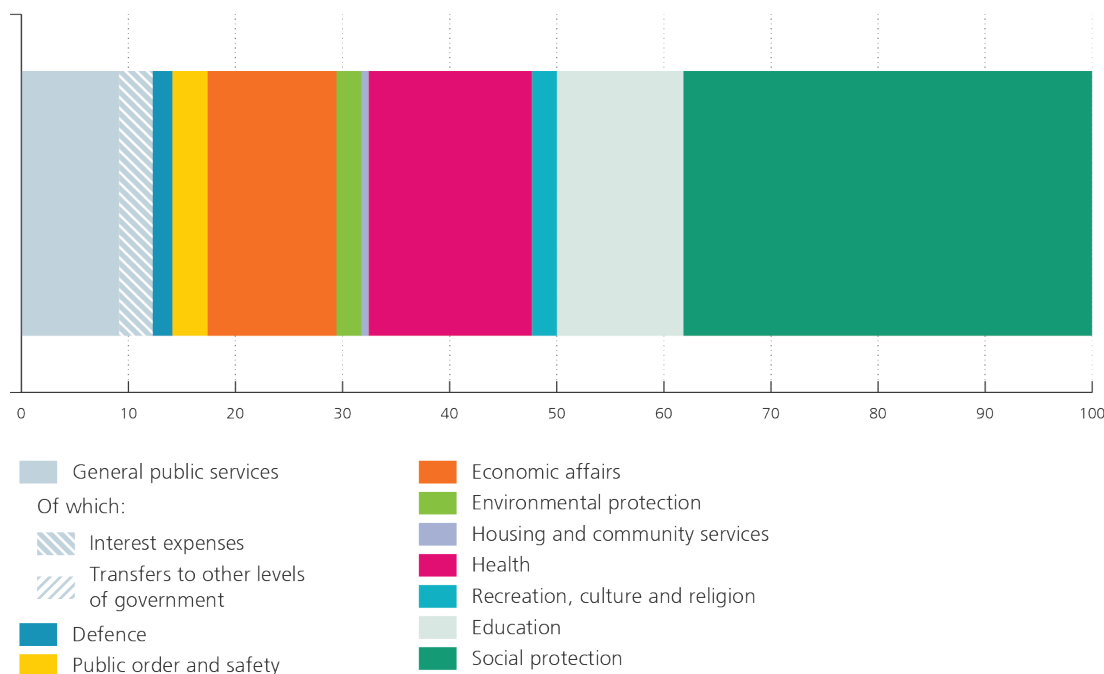
2023-12-20

PRESS RELEASE

Social welfare accounts for an increasing share of government outlays

- **More than 50% of government expenditure is allocated to social protection and healthcare.**
- **The share of interest expenses and unemployment benefits in total public spending is declining.**

On 20 December 2023, the National Accounts Institute (NAI) is releasing the figures on government expenditure by function and transaction. Figures for 2022 show that spending on social protection (which includes, for example, pension, sickness and unemployment benefits) is the largest item of expenditure, accounting for 38% of total public spending.

Healthcare is the second most important expenditure category, accounting for 15% of government spending. It is followed by education and economic affairs (labour market policy as well as road infrastructure and public transport), each of which makes up a 12% share, as does "general public services". The latter category includes, among other items, interest expenses on public debt, which comprise 3% of total outlays.

Total expenditure
(in %)

Legend:
- General public services
  - Of which:
  - Interest expenses
  - Transfers to other levels of government
- Defence
- Public order and safety
- Economic affairs
- Environmental protection
- Housing and community services
- Health
- Recreation, culture and religion
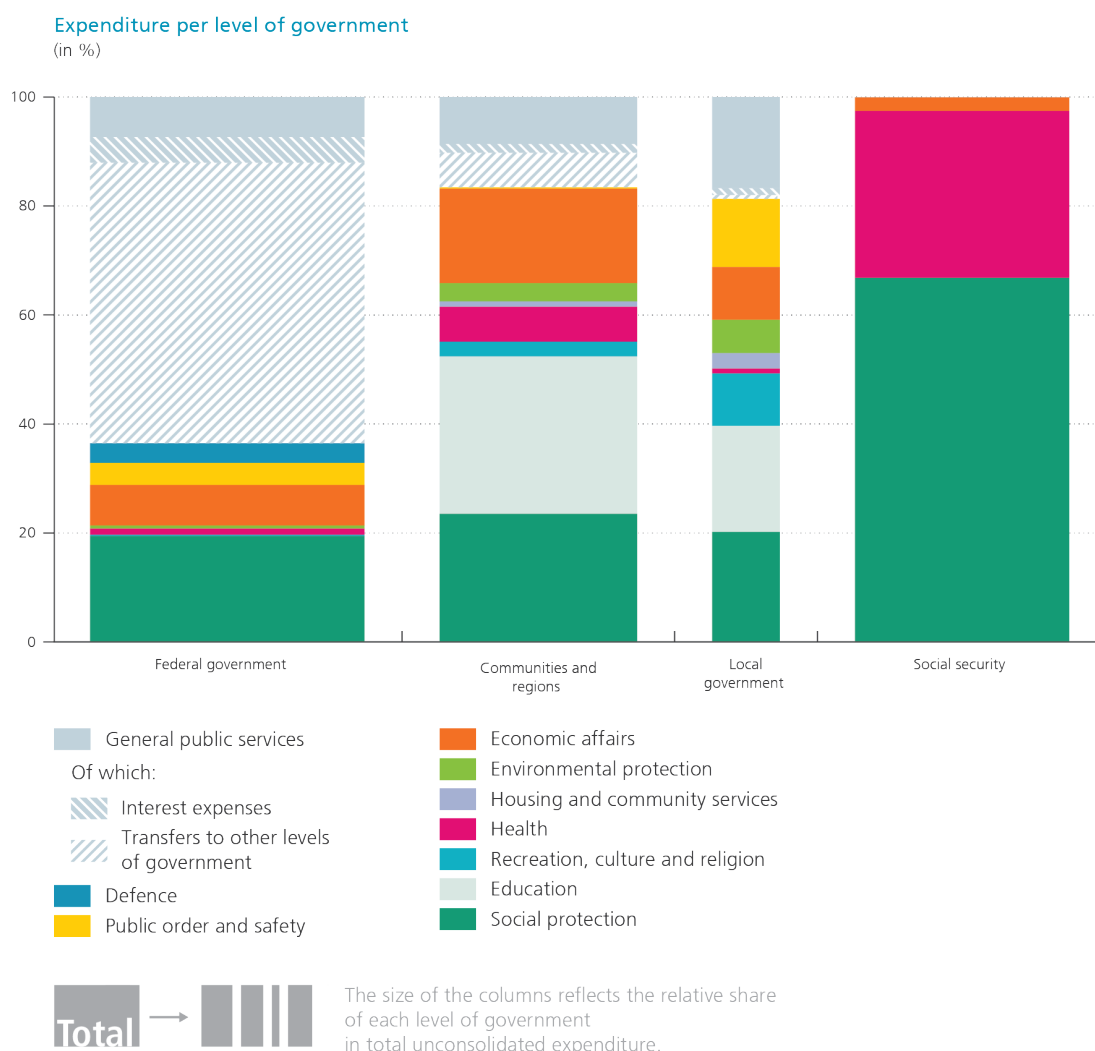- Education
- Social protection

Pronounced differences at different levels of government

The composition of government expenditure varies greatly depending on the level of government. At the federal level, the "general public services" category, which includes transfers to other levels of government, is the largest item of expenditure by far (64%).

For the communities and regions, the picture is more nuanced, reflecting the powers acquired by these entities through various state reforms: education (29%), social protection (23%) and economic affairs (17%) are the most important categories, in addition to general public services (17%).

At the local level as well, a large share of government expenditure is allocated to education, social protection and general public services. In addition, local governments spend substantially on public order and safety (allocations to police and emergency rescue zones). Lastly, social security expenditure comprises the three functions for which it is responsible: social protection, healthcare and economic affairs (including reductions in social security contributions for specific target groups).

Expenditure per level of government
(in %)

General public services
Of which:
Interest expenses
Transfers to other levels of government
Defence
Public order and safety
Economic affairs
Environmental protection
Housing and community services
Health
Recreation, culture and religion
Education
Social protection

Total → The size of the columns reflects the relative share of each level of government in total unconsolidated expenditure.

Share of unemployment benefits falls by half in the past 20 years

The share of expenditure allocated to "general public services" has systematically decreased over the years due to declining interest expenses. These fell from around 13.5% of total government expenditure in 2001 to 3.1% in 2022. Conversely, spending on social protection and, to a lesser extent, healthcare has increased. Developments within the social protection category are more varied. Pension benefits account for an increasing share of total expenditure, as do sickness and disability benefits. The share of unemployment benefits, on the other hand, is declining and has fallen by half over the past 20 years.

Table 1: Government expenditure by function
(as a percentage of total government expenditure unless stated otherwise)

	2001		2006	2011	2016	2022	
Total expenditure	130 527 [1]						294 508 [1]
General public services	29 076	(22.3%)	(17.6%)	(15.9%)	(14.9%)	(12.3%)	36 100
Interest expenses on public debt	*17 580*	*(13.5%)*	*(8.8%)*	*(6.7%)*	*(5.5%)*	*(3.1%)*	*9 208*
Other expenditure on general public services	*11 496*	*(8.8%)*	*(8.7%)*	*(9.1%)*	*(9.5%)*	*(9.1%)*	*26 892*
Defence	3 198	(2.5%)	(2.1%)	(1.7%)	(1.5%)	(1.8%)	5 439
Public order and safety/emergency services	4 463	(3.4%)	(3.6%)	(3.4%)	(3.2%)	(3.3%)	9 651
Economic affairs	12 314	(9.4%)	(11.4%)	(13.6%)	(12.6%)	(12.0%)	35 394
Environmental protection	2 166	(1.7%)	(1.7%)	(2.7%)	(2.2%)	(2.3%)	6 834
Housing and community services	1 073	(0.8%)	(0.9%)	(0.6%)	(0.6%)	(0.7%)	2 016
Health	16 647	(12.8%)	(13.7%)	(14.0%)	(14.4%)	(15.3%)	44 952
Recreation, culture and religion	2 499	(1.9%)	(2.6%)	(2.4%)	(2.4%)	(2.3%)	6 853
Education	15 004	(11.5%)	(11.5%)	(11.2%)	(11.7%)	(11.8%)	34 726
Social protection	44 088	(33.8%)	(35.0%)	(34.5%)	(36.5%)	(38.2%)	112 543
Sickness and disability	*6 187*	*(4.7%)*	*(4.9%)*	*(4.9%)*	*(6.1%)*	*(6.9%)*	*20 256*
Old age and survivors	*23 388*	*(17.9%)*	*(18.5%)*	*(18.2%)*	*(20.2%)*	*(21.0%)*	*61 853*
Family and children	*5 564*	*(4.3%)*	*(4.1%)*	*(4.4%)*	*(4.1%)*	*(4.1%)*	*12 054*
Unemployment	*6 204*	*(4.8%)*	*(5.0%)*	*(4.3%)*	*(3.4%)*	*(2.3%)*	*6 670*
Other social protection expenditure	*2 745*	*(2.1%)*	*(2.4%)*	*(2.7%)*	*(2.8%)*	*(4.0%)*	*11 710*

[1] In millions of euros

COFOG classification

These annual statistics are compiled based on the Classification of the Functions of Government (COFOG) which divides public spending into 10 functions (or categories) and 69 subcategories, based on the main objective. This allows detailed comparisons to be made of public spending at different levels of government in Belgium.

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