

CENTRAL GOVERNMENT ANNUAL REPORT

2017

– A SUMMARY

Summary

Financial outcome for 2017

In 2017, the public sector showed a surplus exceeding SEK 50 billion, or 1.1 per cent of GDP.

Expenditure under the expenditure ceiling amounted to 26.7 per cent of GDP. The surplus in the central government budget amounted to SEK 62 billion, which is a decline of SEK 24 billion compared with 2016.

The income statement showed a surplus of SEK 124 billion. Compared with 2016, the result improved by SEK 97 billion. Central government debt decreased by SEK 27 billion to SEK 1 265 billion at the end of 2017. As a percentage of GDP, central government debt decreased from 29.3 per cent in 2016 to 27.5 per cent in 2017.

The following table presents several key indicators for the financial outcome in 2017 compared with 2016.

Key indicators for the financial outcome

SEK billion

	2017	Per cent of GDP ¹	2016	Per cent of GDP ²
General government net lending	52	1.1	52	1.2
Central government budget balance	62	1.3	85	1.9
Expenditure ceiling	1 274	27.7	1 215	27.6
Ceiling-restricted expenditure	1 229	26.7	1 184	26.9
Central government net wealth	-271	-5.9	-405	-9.2
Central government debt	1 265	27.5	1 292	29.3
Income statement surplus for the year	124	2.7	27	0.6
Lending ³	438	9.5	456	10.4
Guarantee commitments ⁴	2 046	44.4	2 043	46.4

¹ Projected GDP in 2017 was SEK 4 604 billion (current prices).

² Revised GDP in 2016 was SEK 4 405 billion (current prices).

³ Including lending to the Riksbank.

⁴ Excluding capital adequacy guarantees and investor protection.

General government net lending

General government net lending		
SEK billion		
	2017	2016
Income	2 266	2 182
Taxes and charges	2 014	1 933
Other income	253	248
Expenditure	2 215	2 129
Net lending	52	52
<i>of which central government</i>	67	71
<i>of which old-age pension system</i>	0	4
<i>of which local government sector</i>	-15	-23

In 2017, the public sector showed a surplus exceeding SEK 50 billion, or 1.1 per cent of GDP. In relation to 2016, general government net lending in 2017 remained largely unchanged. Average net lending in 2008–2017 was 0.0 per cent of GDP. This low level is partly due to the effects of the protracted recession on public finances, but also the unfunded measures, primarily tax cuts, implemented by the previous government. The Government considers that both net lending and structural net lending in 2017 were in line with the surplus target.

Expenditure ceiling for the central government

Expenditure ceiling for the central government		
SEK billion		
	2017	2016
Expenditure ceiling, initially adopted level	1 210	1 167
Technical adjustments	12	7
Change justified by fiscal policy	52	41
Expenditure ceiling, finally adopted	1 274	1 215
Expenditure subject to ceiling	1 229	1 184
Budgeting margin	45	31
Budgeting margin, percentage of expenditure subject to ceiling	3.6	2.6

The final expenditure ceiling adopted by the Riksdag for 2017 was SEK 1 274 billion. According to the outcome of the central government budget, expenditure subject to the ceiling was SEK 1 229 billion, i.e. SEK 45 billion lower than the adopted ceiling.

Outcome of the central government budget

Outcome of the central government budget 2017 and 2016			
SEK billion			
	Central government budget 2017 ¹	2017	2016
Total income	980	1 001	1 003
Central government tax income	1 024	1 050	1 044
Other income	-44	-49	-41
Total expenditure etc.	972	940	917
Expenditure areas excl. interest on the central government debt etc.	955	930	899
Interest on the central government debt etc.	16	11	2
Change in appropriation balances	-7		
Net lending by National Debt Office	8	-3	15
Cash adjustment	0	2	2
Budget balance	7	62	85

¹ Central government budget refers to the original budget set by the Riksdag in December 2016.

Note: The amounts may not sum to totals because of rounding.

Income in the central government budget was estimated to reach SEK 980 billion. The outcome of SEK 1 001 billion was SEK 22 billion higher than originally estimated in the central government budget. Central government tax revenue was SEK 26 billion higher and was due primarily to higher revenue from taxes on capital and consumption. Other revenue was SEK 5 billion lower than the budget adopted by the Riksdag. This is mainly the result of no major sales of central government property in 2017.

Expenditure in the central government budget amounted to SEK 940 billion, which is SEK 33 billion lower than the budget adopted by the Riksdag for 2017. Including the Riksdag's amendments to the central government budget, an additional total of SEK 16 billion was allocated. In relation to the total allocated funds (central government budget and amendments to the central government budget) expenditure was SEK 49 billion lower.

The central government budget balance was thus SEK 62 billion, which is an improvement of slightly more than SEK 54 billion compared with the budgeted amount.

Income statement

Income statement		
<i>SEK billion</i>		
	2017	2016
Revenue		
Tax revenue	1 317	1 236
Other revenue	114	109
Total revenue	1 431	1 345
Expenses		
Transfers etc.	-1 061	-1 028
Central government activities	-272	-269
Total expenses	-1 334	-1 297
Profit/loss from shares in wholly owned and part-owned companies	33	-11
Net financial income and expenses	-5	-10
Surplus for the year	124	27

Note: The amounts may not sum to totals because of rounding.

The surplus for the year, i.e. the difference between revenue and expenses in the income statement, was SEK 124 billion, which is an improvement of SEK 97 billion compared with 2016.

Tax revenue rose by SEK 81 billion. Tax revenue was SEK 1 317 billion, which is 91 per cent of the total revenue.

Costs for transfers etc. was SEK 1 061 billion, an increase of slightly less than SEK 34 billion compared with 2016.

Costs for central government activities amounted to SEK 272 billion. This is an increase of SEK 3 billion compared with 2016.

Profit/loss from shares in wholly owned and part-owned companies amounted to SEK 33 billion, an increase of SEK 43 billion compared with 2016.

Net financial income and expenses was just below SEK -5 billion, an improvement of SEK 4 billion compared with 2016. The net cost for the central government debt was SEK 11 billion, an improvement of SEK 10 billion compared with 2016.

Balance sheet

Balance sheet		
<i>SEK billion</i>		
	2017	2016
Assets		
Intangible fixed assets	9	9
Tangible fixed assets	572	552
Financial fixed assets	378	352
Lending	438	456
Inventories etc.	3	3
Receivables	145	121
Cut-off items	95	77
Current investments	90	22
Cash and bank	10	10
Total assets	1 740	1 602
Capital and liabilities		
Net wealth	-271	-405
Funds	179	168
Provisions for pensions etc.	258	250
Central government debt	1 265	1 292
Liabilities etc.	223	202
Cut-off items	85	96
Total capital and liabilities	1 740	1 602
Guarantees	4	1
Other contingent liabilities	42	43

Note: The amounts may not sum to totals because of rounding.

Central government net wealth, i.e. the difference between the book values of assets and liabilities (corresponding to equity in a corporate balance sheet), was negative and amounted to SEK -271 billion at the end of 2017, corresponding to 5.9 per cent of GDP. In relation to 2016, net wealth improved by SEK 134 billion.

The consolidated central government debt decreased by SEK 27 billion to SEK 1 265 billion at the end of 2017. Loans in Swedish kronor increased by SEK 17 billion, while loans in foreign currency decreased by SEK 43 billion.

Government guarantees

Government guarantee commitments

SEK billion

	2017	2016
Deposit guarantee	1 689	1 666
Investor protection		
Credit guarantees	210	233
Capital injection guarantees	138	136
Pension guarantees	8	8
Total	2 046	2 043

Government guarantee commitments increased by slightly more than SEK 2 billion compared with 2016, amounting to SEK 2 046 billion at the end of 2017. As a percentage of GDP, government guarantee commitments are at 44 per cent. The deposit guarantee amounted to SEK 1 689 billion, which is an increase of SEK 23 billion compared with 2016. Credit guarantees, including export credit guarantees, amounted to SEK 210 billion, which is a decrease of SEK 22 billion in relation to 2016. Capital injection guarantees amounted to SEK 138 billion, which is an increase of SEK 2 billion compared with 2016.

The aggregate risk of central government guarantees and lending is considered to be low.

Government lending

Government lending

SEK billion

Loan/purpose	2017	2016
Loans to the Riksbank	238	257
Student loans	191	185
Loans to other states	0	6
Other loans	8	8
Total	438	456

Government lending amounted to SEK 438 billion. Loans to the Riksbank, and the Swedish Board of Student Finance's student loans make up the greater part of central government lending.

National declaration together with contributions to and reflows from the EU

The national declaration is based on the management declarations and certificates of the responsible authorities and their assessments concerning the management of EU funds, and the audit opinions from the audits. The Government issues the following declaration:

True and fair accounts

The summary of the EU accounts, consisting of an income statement, balance sheet and cash flow statement, has been drawn up in accordance with generally accepted accounting principles. The Government's assessment is that, in all essential respects, the accounts are true and fair.

Satisfactory internal control

A regulatory framework for central government is in place to ensure satisfactory internal control of EU funds.

Contributions to and reflows from the EU (cash flow)

SEK billion

	2017	2016
Payments to the EU	24	30
Payments from the EU	10	11
Net flow from the central government budget to the EU	14	19

Sweden's contributions to the EU amounted to SEK 24 billion. Reflows from the EU amounted to SEK 10 billion. The net cash flow from the central government budget to the EU amounted to SEK 14 billion, a decrease of around SEK 6 billion compared with 2016. The decrease is primarily due to rebates for the period 2014–2016, which were settled in 2017.

Introduction

Every year the Government must present a central government annual report to the Riksdag no later than on 15 April of the year following the budget year.

The central government annual report for 2017 has been drawn up in accordance with the provisions in the Budget Act (2011:203) and in accordance with generally accepted accounting principles. The Government's assessment is that, in all essential respects, the annual report gives a true and fair view of the financial position and performance, and the management of central government assets.

The consolidated accounts in the annual report cover government agencies, including public enterprises, under the Riksdag and the Government. The share capital of the Riksbank is also included as a central government asset.

However, income and costs, assets and liabilities, and payments reported by the Riksbank and the AP funds are not included. Nor are the assets or liabilities of the premium pension system and its returns included in the consolidated accounts.

The report includes all activities of the constituent organisations irrespective of financing and based on information provided by the central government agencies and public enterprises and information presented in the agencies' annual reports. In situations where this information has been insufficient, supplementary information has been obtained. The data has been supplemented by financial transactions that have not been reported by the government agencies, in particular estimates of tax revenue not yet debited.

The report is based on accepted accounting and valuation principles that, as far as possible, remain unchanged over time. However, continuous development of central government accounts does take place. Current principles and circumstances are outlined in Section 3.4 Accounting principles and additional information requirements.

The income statement provides a basis for assessing the central government's overall inflow and outflow of resources. The value of central government assets and liabilities as of 31 December 2017 is presented in the balance sheet. The cash-flow statement shows central government payment flows. This Communication compares the outcome for 2017 in the income statement, balance sheet, cash-flow statement and notes with the outcome for 2016.

The central government budget includes all income and expenditure that affects the central government borrowing requirement. This Communication compares and comments on the budget outcome for 2017 both with the income and expenditure of the original budget approved by the Riksdag for 2017 and the outcome for 2016.

The Swedish National Financial Management Authority and the Swedish National Debt Office have submitted supporting information to this Communication (Fi2018/00660/BATOT).

Various definitions of the central government

The central government's financial outcome is presented from different starting points because the information has different purposes. The definition of the central government may accordingly vary. Another reason for differences between some financial statements is that different principles are applied to the accounting records and the central government budget. Depending on the starting point, a single financial transaction may have somewhat different consequences, and the outcome may therefore differ between accounts.

Information on the financial outcome for the central government also forms the basis of the national accounts, which are a statistical compilation in account form of the overall

Swedish economy. The central government's definition of national accounts is based on definitions etc. that follow recommendations from the United Nations and Regulation (EU) No 549/2013 of the European Parliament and of the Council on the European system of national and regional accounts in the European Union. The definition of national accounts differs from the annual report in part because public enterprises are not included in its definition of the central government.

Appendix

Table 1 Outcome of the central government budget 2017

SEK million

	Central government budget	Amending budget	Outcome 2017	Difference from central government budget
Total income	979 734		1 001 394	21 660
Central government tax income	1 023 715		1 049 925	26 211
Other income	-43 981		-48 531	-4 551
Total expenditure etc.	972 376	15 860	939 619	-32 757
Expenditure areas excl. interest on the central government debt etc.	954 701	15 860	930 181	-24 521
Interest on the central government debt etc.	16 468		10 569	-5 899
Change in appropriation balances	-7 019			7 019
Net lending by National Debt Office	8 226		-2 945	-11 171
Cash adjustment	0		1 814	1 814
Budget balance	7 358		61 775	54 417

Table 2 Total tax revenue and income in the central government budget, compared with the central government budget for 2017 and 2016

SEK billion

Revenue year	Estimated outcome	Outcome	Difference from central government budget	Difference from central government budget
	2017	2016	2017	2016
Taxes on labour	1 194.4	1 137.4	-9.5	3.7
<i>Direct taxes</i>	635.6	607.1	-9.1	0.6
Local government income tax	700.4	669.6	-5.8	1.2
State income tax	58.6	55.6	-2.5	-1.8
Earned income tax credit	-109.1	-105.1	-0.5	-1.4
Home improvement tax deductions	-14.0	-12.7	-0.3	2.6
Other	-0.3	-0.3	0.0	0.0
<i>Indirect taxes</i>	558.8	530.3	-0.4	3.1
Employers' social security contributions	541.1	515.7	-0.8	3.3
Self-employed social security contributions	12.5	11.8	-0.7	-1.8
Special payroll tax	45.4	43.6	0.8	0.2
Reductions	-3.8	-5.7	0.0	2.0
Tax on occupational group life insurance	0.5	0.5	0.0	-0.2
Contributions to premium pension system	-36.9	-35.6	0.3	-0.4
Taxes on capital	254.3	246.0	25.6	45.7
Taxes on capital, households	75.1	74.6	14.2	27.9
Taxes on business profits	123.5	115.2	9.7	13.9
Tax on investment income	4.4	4.6	0.6	-0.4
Property tax	32.8	33.4	0.5	Er 0.7
Stamp duty	12.1	12.3	-0.6	2.8
Coupon tax etc.	6.4	5.7	1.3	0.8
Taxes on consumption and production inputs	561.1	539.0	12.0	22.2
Value added tax	427.4	406.5	13.7	21.3
Taxes on tobacco and alcohol	26.3	25.8	0.1	0.7
Energy tax	46.6	44.6	-0.3	-0.4
Carbon tax	23.5	24.1	-0.1	1.3
Other energy and environmental taxes	4.1	5.2	-0.4	-0.3
Road traffic tax	19.9	19.7	-0.7	-0.4
Import duties	6.3	6.1	-0.3	-0.4
Other taxes	7.0	7.0	0.0	0.4
Taxes due and other taxes	12.2	16.4	0.9	10.7
Taxes due	-5.8	-4.7	-1.5	1.2
Other taxes	18.0	21.1	2.4	9.5
Total tax revenue	2 022.0	1 938.8	29.0	82.2
Deducted, EU tax	-6.3	-6.1	0.3	0.4
General government tax revenue	2 015.8	1 932.8	29.3	82.6
Deducted, local government income taxes	-716.9	-685.7	6.0	-1.1
Deducted, old age pension contributions	-244.9	-233.9	0.2	-1.0
Central government tax revenue	1 053.9	1 013.1	35.5	80.5
Accruals	-4.0	30.9	-9.3	11.0
Central government tax income	1 049.9	1 044.0	26.2	91.4
Other income	-48.5	-41.3	-4.6	-13.0
Income in the central government budget	1 001.4	1 002.7	21.7	78.4

Table 3 Expenditure in the central government budget 2017

SEK million

Expenditure area	Central government budget	Amending budget	Total amount allocated	Outcome	Outcome – central government budget	Outcome – total amount allocated
1 Governance	13 268	47	13 316	13 324	56	9
2 Economy and financial administration	15 259	25	15 284	15 262	3	-22
3 Taxes, customs and enforcement	10 986	38	11 024	11 011	26	-12
4 Justice	42 467	1 408	43 875	44 064	1 598	190
5 International cooperation	1 913	250	2 163	1 953	40	-210
6 Defence and contingency measures	50 254	485	50 739	50 383	129	-356
7 International development cooperation	34 990	1 785	36 775	36 707	1 717	-68
8 Migration	32 580	6 841	39 421	40 034	7 453	612
9 Health care, medical care and social services	68 496	1 948	70 444	67 411	-1 085	-3 033
10 Financial security for the sick and disabled	107 052	120	107 172	101 868	-5 184	-5 304
11 Financial security for the elderly	34 774		34 774	34 658	-117	-117
12 Financial security for families and children	89 491	-105	89 387	88 660	-831	-727
13 Gender equality and introduction of newly arrived immigrants	32 635	70	32 705	23 931	-8 704	-8 774
14 Labour market and working life	75 657	13	75 669	71 559	-4 098	-4 110
15 Financial support for students	22 434		22 434	19 671	-2 763	-2 763
16 Education and academic research	72 381	676	73 058	71 098	-1 283	-1 959
17 Culture, media, religious communities and leisure activities	14 521	0	14 521	14 475	-46	-46
18 Planning, housing provision, construction and consumer policy	6 765	40	6 805	3 803	-2 962	-3 002
19 Regional growth	3 595		3 595	2 808	-787	-787
20 General environmental protection and nature conservation	8 404	509	8 913	7 780	-623	-1 132
21 Energy	2 877	203	3 080	2 992	115	-88
22 Transport and communications	55 115	43	55 158	53 296	-1 819	-1 862
23 Land- and water-based industries, rural areas and food	17 189	1 053	18 242	17 225	36	-1 017
24 Industry and trade	6 456	400	6 856	6 416	-40	-440
25 General grants to local government	105 555	11	105 566	105 566	11	0
26 Interest on the central government debt etc.	16 468		16 468	10 569	-5 899	-5 899
27 Contribution to the European Union	29 586		29 586	24 224	-5 362	-5 362
Change in appropriation balances	-7 019		-7 019		7 019	7 019
Total	964 150	15 860	980 010	940 749	-23 401	-39 261
Net lending by the National Debt Office	8 226		8 226	-2 945	-11 171	-11 171
Cash adjustment	0		0	1 814	1 814	1 814
Total expenditure in the central government budget	972 376	15 860	988 236	939 619	-32 757	-48 617

Table 4 Income statement

SEK million

	Note	2017	2016
Revenue			
Tax revenue	1	1 316 861	1 235 712
Fee revenues and other payments	2	52 088	52 312
Revenue from grants	3	61 746	56 817
Total revenue		1 430 695	1 344 840
Expenses			
<i>Transfers etc.</i>			
Transfers to households	4	-641 082	-624 459
Transfers to companies	4	-53 252	-50 762
Transfers to local government	4	-291 151	-276 586
International transfers	4	-65 128	-61 314
Provisions to/utilisation of reserves	5	-10 741	-14 696
<i>Total transfers etc.</i>		<i>-1 061 354</i>	<i>-1 027 817</i>
<i>Central government activities</i>			
Personnel costs	6	-133 874	-125 796
Cost of premises	7	-21 417	-23 305
Certain guarantee and credit costs	8	-342	-2 581
Other operating expenses	9	-88 251	-89 883
Depreciation and write-downs	10	-28 403	-27 724
<i>Total central government activities</i>		<i>-272 286</i>	<i>-269 289</i>
Total expenses		-1 333 640	-1 297 106
<i>Balance before profit/loss from participations and financial items</i>		<i>97 055</i>	<i>47 734</i>
Profit/loss from shares in wholly owned and part-owned companies	11	32 744	-10 671
Financial income and expenses			
Net cost for the central government debt	12	-10 815	-21 253
Other financial income	13	10 313	12 598
Other financial expenses	14	-4 919	-1 225
Total financial items		-5 421	-9 881
SURPLUS FOR THE YEAR		124 378	27 182

Table 5 Balance sheet

SEK million

ASSETS

	Note	2017-12-31	2016-12-31
Fixed assets			
Intangible fixed assets			
Capitalised development expenditure	15	7 880	7 684
Rights and other intangible fixed assets	16	1 417	1 332
Advances concerning intangible fixed assets	17	1	-
Total intangible fixed assets		9 298	9 017
Tangible fixed assets			
State road infrastructure	18	141 728	138 968
State rail infrastructure	19	166 373	146 185
Buildings, land and other real property	20	40 215	39 384
Expenditure on improvements to property owned by others	21	5 676	5 271
Machinery, equipment, installations, etc.	22	36 637	35 811
Fixed assets under construction	23	75 701	83 985
Contingency assets	24	100 619	97 837
Advances concerning tangible fixed assets	25	5 013	4 934
Total tangible fixed assets		571 962	552 375
Financial fixed assets			
Shares in wholly owned and part-owned companies	26	326 898	296 581
Other long-term securities holdings	27	47 081	50 595
Long-term receivables	28	4 445	4 707
Total financial fixed assets		378 423	351 883
Total fixed assets		959 683	913 274
Lending	29	437 512	456 356
Inventories etc.			
Inventories and stocks	30	1 790	1 762
Work in progress	31	554	853
Properties	32	168	160
Advance payments to suppliers	33	10	9
Total inventories etc.		2 522	2 784

Receivables

Accounts receivable	34	8 662	8 583
Other current receivables	35	136 242	112 302
Total receivables		144 904	120 885

Cut-off items

Prepaid expenses	36	11 650	18 000
Accrued grant revenue	37	3 358	3 755
Other accrued income	38	80 035	55 179
Total cut-off items		95 043	76 934

Current investments

Securities and participations	39	90 342	22 136
Total current investments		90 342	22 136

Cash and bank	40	9 541	10 056
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TOTAL ASSETS		1 739 547	1 602 426
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CAPITAL AND LIABILITIES

	Note	2017-12-31	2016-12-31
Net wealth	41	-270 926	-405 069
Funds	42	179 197	168 456
Provisions			
Provisions for pensions and similar obligations	43	242 077	233 091
Other provisions	44	15 624	16 566
Total provisions		257 701	249 657
Central government debt			
Loans in Swedish kronor		895 488	878 771
Loans in foreign currency		369 721	413 189
Total central government debt	45	1 265 210	1 291 960
Liabilities etc.			
Long-term liabilities	46	3 134	3 365
Trade payables	47	21 240	19 957
Other current liabilities	48	197 370	176 966
Deposits	49	1 101	1 091
Advance payments from responsible entities and customers	50	144	162
Total liabilities etc.		222 988	201 542
Cut-off items			
Accrued expenses	51	32 495	38 624
Unutilised grants	52	11 192	10 800
Other deferred income	53	41 690	46 456
Total cut-off items		85 377	95 880
TOTAL CAPITAL AND LIABILITIES		1 739 547	1 602 426
Guarantees	54	4 297	1 324
Other contingent liabilities	55	41 744	42 603

Table 6 Cash flow statement

SEK million

	Note	2017	2016
Central government activities			
Taxes	56	1 290 680	1 271 456
Fees and other payments	57	59 999	64 600
Revenue from grants		61 746	56 817
<i>Total adjusted revenue</i>		1 412 425	1 392 873
	58	-	-1 013 177
Transfers		1 050 385	
Central government activities	59	-235 221	-234 142
		-	-1 247 319
<i>Total adjusted expenses</i>		1 285 606	
Adjustments to payments	60	-67 718	-6 795
Balance central government activities		59 101	138 759
Investments			
	61		
Financial investments		-772	-6 419
Tangible investments		-43 878	-42 719
Intangible investments		-2 929	-2 943
<i>Total investment expenditures</i>		-47 579	-52 081
Sale of fixed assets		2 894	1 031
Total investment activities		-44 685	-51 050
Lending			
	62		
New lending		-28 225	-32 493
Amortisation		18 424	12 236
Total net lending		-9 801	-20 257
Financial activities			
Net central government borrowing	63	-11 043	-11 805
Net expenses	64	7 901	9 314
Adjustments to payments	65	-3 499	6 747
Total financial activities		-6 642	4 256
Total		-2 027	71 708
Central government net borrowing			
Change in central government debt		-26 750	-60 332
Unrealised exchange rate changes		28 777	-11 376
Total		2 027	-71 708