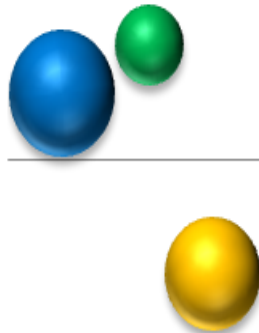




Government final consumption expenditures

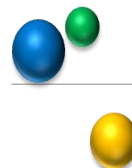
Buyung Airlangga





Government final consumption expenditures

- ❖ Gross output minus sales of goods and services produced by government
 - Public services (Public administration)
 - Education services
 - Health services
 - Other activities performed by government (other social and community services, such as: family planning instructors, zoo, amusement park, etc.)





Expenditures ... (2)

❖ Government expenditures include:

- General administration
- Government services (free of charge or economically not significant) such as education, health, and other services
- Non profit institution controlled and funded by government



Output of government

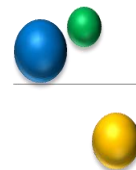
❖ Output by type:

- Non-market Output
- Market Output

❖ Formula:

- Non-market Output is calculated based on total costs incurred;

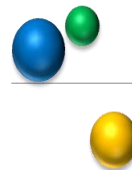
$$\begin{aligned} \text{Output} = & \text{intermediate consumption} \\ & + \text{compensation of employee} \\ & + \text{taxes on production} \\ & + \text{consumption of fixed capital} \\ & \text{(depreciation)} \end{aligned}$$





Coverage of government final consumption expenditures

- ❖ Government expenditure as transfer in kinds
- ❖ Expenditure/purchase on foods/beverages by government to help victims of natural disaster





Estimation method of *Government Final Consumption Expenditures*

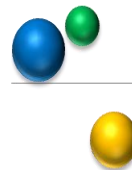
GFCE = Total Output of government

- *Own-account gross capital formation*
- sales of goods and services
- + purchases of market goods and services to be provided free of charge to households



Types of GFCE

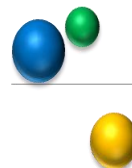
- ❖ Individual GFCE – government expenditures to be provided to individuals (health, education, social security, sports, recreation, culture, etc.)
- ❖ Collective GFCE – government expenditure to be provided to the whole community- public goods- (public administration, defence, security, infra-structure, economic development, R&D, etc.)





Classification (COFOG = Classification of Function of Government)

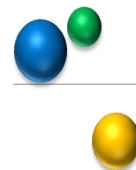
1. General government services
2. Defence
3. Security (*Public order and safety*)
4. Economy
5. *Environmental protection*





Classification ... (2)

6. Housing & community services
7. Health
8. Recreation, culture and religion
9. Education
10. Social security

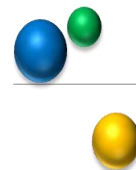




BPS – Statistics Indonesia

Total government expenditures by types of economic activity

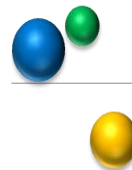
- Intermediate consumption
- Compensation of employee
- Consumption of fixed capital
- Sales of market output
- Transfer in kinds
- Own account capital formation
- Gross capital formation (purchased)
- Subsidies
- Property income
- Social benefits other than in kind
- Other current Transfer
- Capital Transfer





Data sources

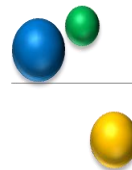
- Central government expenditures at municipality/regency level
- Provincial government expenditures at municipality/regency level
- Regional Budget Plan (municipality/regency level)
- Village financial statistic (K-3)
- Wholesale Price Index (WPI)
- Numbers of civil servants





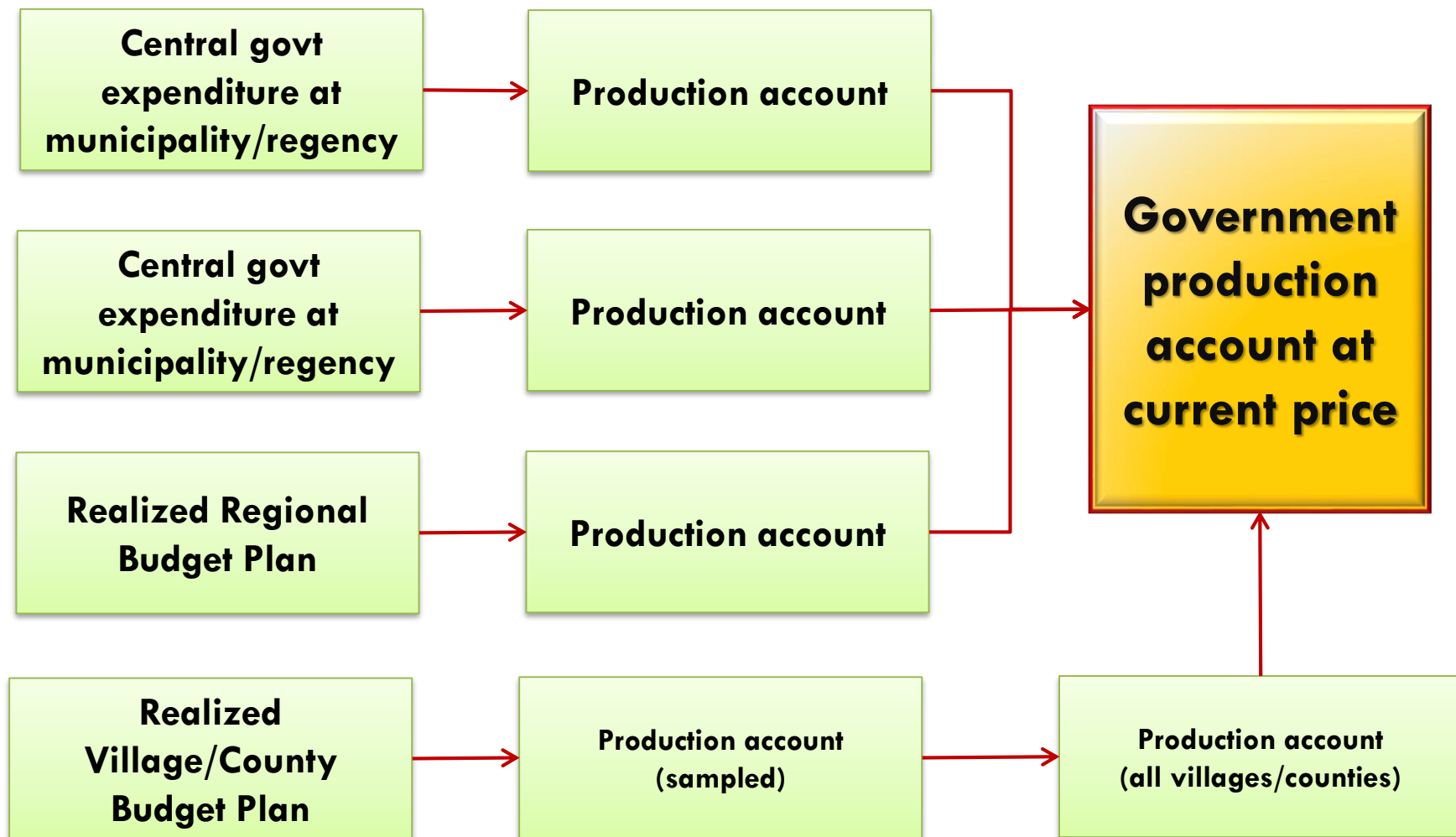
Estimation method

- Calculate government consumption expenditures based on National Budget Plan (central government), Regional Budget Plan (provincial, municipality/regency, and village/county) by constructing production account for each data sources



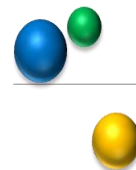
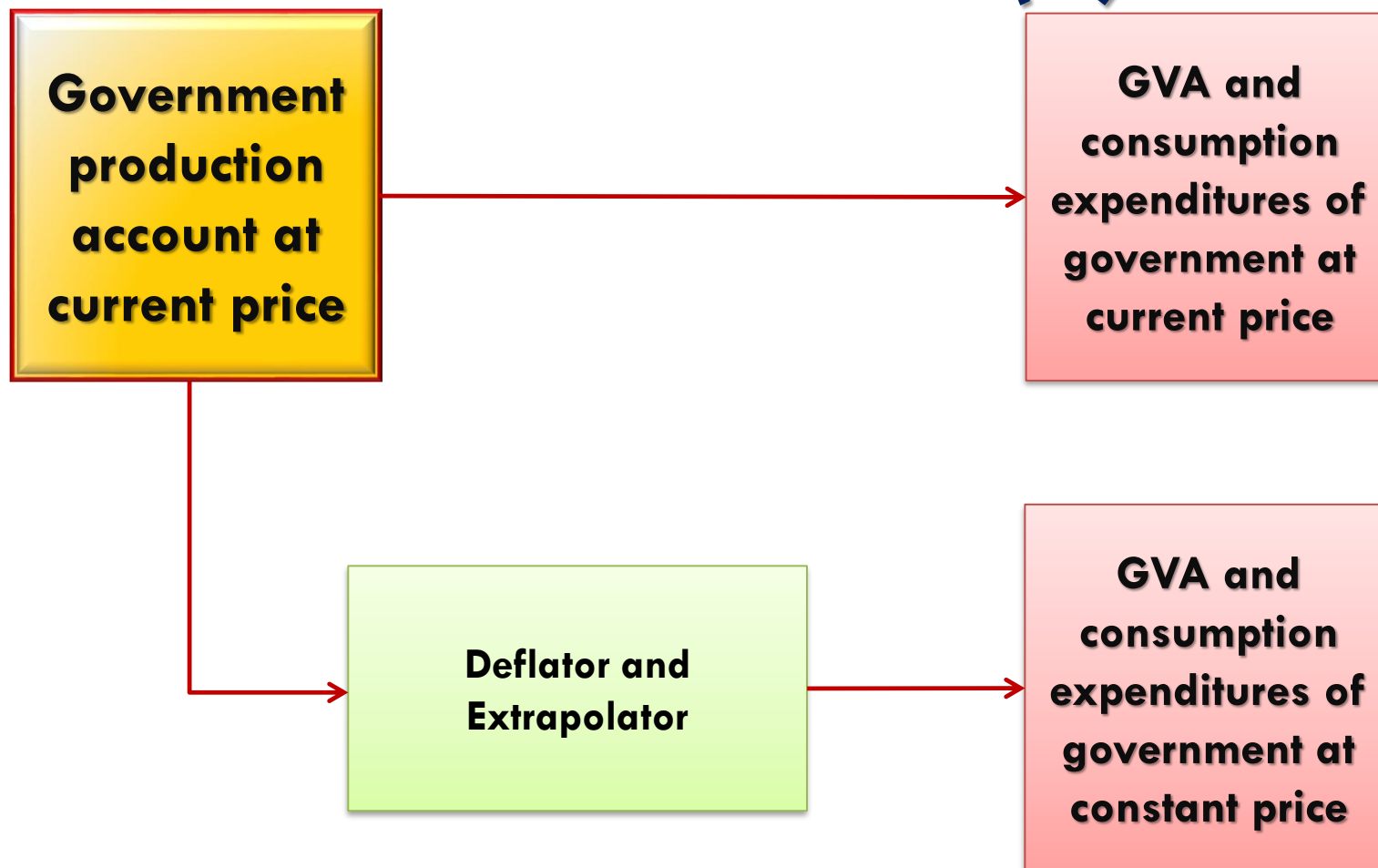


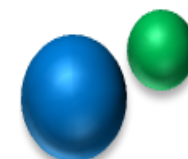
Flowchart of estimation methodology





Flowchart ... (2)





Thank you

