

CENTRAL GOVERNMENT ANNUAL REPORT

2020

– A SUMMARY

Summary

Financial outcome for 2020

General government net lending in 2020 was around SEK -152 billion, or -3.1% of GDP. Compared with 2019, net lending deteriorated by SEK 182 billion in 2020.

The expenditure under the expenditure ceiling was 30.3% of GDP. The deficit in the central government budget was SEK -221 billion, which is a deterioration of SEK 333 billion compared with 2019.

The income statement showed a deficit of SEK 100 billion. Compared with 2019, this was a deterioration of around SEK 213 billion.

Central government debt increased by SEK 164 billion to SEK 1 218 billion at the end of 2020. As a percentage of GDP, central government debt increased from 21.0% in 2019 to 24.6% in 2020.

The following table presents some key indicators for the financial outcome in 2020 compared with 2019.

Key indicators of the financial outcome

SEK billion

	2020	Per cent of		2019	Per cent of	
		GDP ¹			GDP ²	
General government net lending	-152	-3.1		30	0.6	
Central government budget balance	-221	-4.5		112	2.2	
Expenditure ceiling	1 743	35.2		1 351	26.9	
Expenditure subject to ceiling	1 501	30.3		1 308	26.0	
Central government net wealth	-26	-0.5		75	1.5	
Central government debt	1 218	24.6		1 054	21.0	
Deficit/surplus for the year in income statement	-100	-2.0		113	2.2	
Lending ³	412	8.3		408	8.1	
Guarantees ⁴	2 189	44.2		2 017	40.1	

¹Preliminary GDP for 2020 was SEK 4 951.6 billion (current prices).

² Revised GDP for 2019 was SEK 5 025.1 billion (current prices).

³ Including lending to the Riksbank.

⁴ Excluding capital adequacy guarantees and investor protection.

Note: Because of rounding, amounts may not sum to totals.

General government net lending

SEK billion

	2020	2019
Income	2 414	2 453
Taxes and charges	2 115	2 157
Other income	298	296
Expenditure	2 566	2 423
Net lending	-152	30
of which, central government	-156	69
of which, old age pension system	-10	6
of which, local government sector	14	-46

Source: Statistics Sweden

Note: Because of rounding, amounts may not sum to totals.

In 2020 the general government sector reported net lending of around SEK -152 billion, or -3.1% of GDP. Compared with 2019, net lending decreased by around 3.7% of GDP. This weakening can mainly be attributed to the deep recession that came in the wake of the pandemic, and to the active fiscal policy that weakened lending for reasons of stabilisation policy.

The Government's assessment is that there is a deviation from the surplus target, but that this deviation is justified for reasons of stabilisation policy. The Government intends to return the structural balance to the level of the surplus target when economic conditions so permit.

Central government expenditure ceiling

SEK billion

	2020	2019
Expenditure ceiling, level adopted initially	1 471	1 392
Technical adjustments	10	10
Change justified by fiscal policy	262	-51
Expenditure ceiling, level adopted finally	1 743	1 351
Ceiling-limited expenditure	1 501	1 308
Budgeting margin	242	43
Budgeting margin, percentage of expenditure subject to ceiling	16.1	3.3

Note: Because of rounding, amounts may not sum to totals.

The final expenditure ceiling adopted by the Riksdag for 2020 was SEK 1 743 billion. According to the outcome of the central government budget, expenditure subject to the ceiling was SEK 1 501 billion, i.e. SEK 242 billion lower than the adopted ceiling.

Outcome of the central government budget

SEK billion

	Central government budget ¹ 2020	2020	2019
Total income	1 116	999	1 056
Central government tax income	1 158	1 037	1 109
Other income	-42	-39	-54
Total expenditure etc.	1 069	1 219	944
Expenditure areas excl. interest on central government debt etc.	1 033	1 171	991
Interest on central government debt etc.	30	20	22
Change in appropriation balances	-7		
Net lending by National Debt Office	14	21	-67
Cash adjustment	0	7	-2
Budget balance	47	-221	112

¹ Central government budget refers to the original budget compiled by the Riksdag in December 2019.

Note: Because of rounding, amounts may not sum to totals.

Income in the central government budget was estimated at SEK 1 116 billion. The outcome was SEK 999 billion, which is SEK 118 billion lower than estimated. Central government tax income was more than SEK 120 billion lower than estimated, and other income was just under SEK 3 billion higher than estimated. The lower tax income is due to the reforms and regulatory amendments adopted by the Riksdag in 2020 to alleviate the negative effects of the pandemic.

Total expenditure in the central government budget was SEK 1 219 billion. This is SEK 150 billion (14.0%) higher than allocated in the original budget. A further SEK 304 billion was allocated through the Riksdag's amendments to the central government budget. Expenditure was SEK 155 billion (11.2%) lower than the total funds allocated (central government budget and amendments to the central government budget).

The budget balance for 2020 showed a deficit of SEK 221 billion, which is a deterioration of SEK 333 billion compared with 2019.

Income statement

SEK billion

	2020	2019
Revenue		
Tax revenue	1 332	1 383
Other revenue	131	123
Total revenue	1 463	1 506
Expenses		
Transfers etc.	-1 309	-1 147
Central government activities	-287	-286
Total expenses	-1 596	-1 433
Profit/loss from participations in wholly and partly owned enterprises	27	43
Net financial income and expenses	7	-3
Deficit/surplus for the year	-100	113

Note: Because of rounding, amounts may not sum to totals.

The income statement for 2020 showed a deficit of SEK 100 billion; this is SEK 213 billion lower than in 2019, when there was a surplus of SEK 113 billion instead.

Tax revenue decreased by SEK 51 billion, while other revenue increased by SEK 7 billion.

The cost of transfers etc. was SEK 1 309 billion, which is an increase of just over SEK 162 billion compared with 2019.

The cost of central government activities was SEK 287 billion and was largely unchanged compared with 2019.

The profit from participations in wholly and partly owned companies was SEK 27 billion and is a decrease of SEK 15 billion compared with 2019.

Net financial income and expenses amounted to SEK 7 billion, which is an improvement of SEK 10 billion compared with 2019. The net cost of the central government debt was SEK 5 billion, which is an improvement of SEK 9 billion compared with 2019.

Balance sheet

SEK billion

	31 December 2020	31 December 2019
Assets		
Intangible assets	11	11
Tangible assets	665	624
Financial assets	493	439
Lending	412	408
Inventories etc.	3	3
Receivables	143	141
Accruals and deferrals	287	285
Investments in securities etc.	38	27
Cash and bank balances	7	7
Total assets	2 059	1 944
Capital and liabilities		
Net wealth	-26	75
Funds	214	205
Provisions	367	325
Central government debt	1 218	1 054
Liabilities etc.	211	209
Accruals and deferrals	76	76
Total capital and liabilities	2 059	1 944
Guarantees	6	5
Other contingent liabilities	109	101

Note: Because of rounding, amounts may not sum to totals.

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 SEK -26 billion at the end of 2020. In relation to 2019, net wealth deteriorated by almost SEK 100 billion.

The consolidated central government debt increased by SEK 164 billion to SEK 1 218 billion at the end of 2020. Loans in Swedish kronor increased by SEK 171 billion, while loans in foreign currency decreased by SEK 7 billion.

Central government guarantees

SEK billion

	31 December 2020	31 December 2019
Deposit guarantee	1 734	1 631
Investor compensation		
Credit guarantees	264	224
Capital injection guarantees	183	154
Pension guarantees	7	8
Total	2 189	2 017

Note: Because of rounding, amounts may not sum to totals.

Government guarantees increased by SEK 172 billion compared with 2019 and amounted to SEK 2 189 billion at the end of 2020. As a percentage of GDP, government guarantees amounted to 44.2%.

The deposit guarantee amounted to SEK 1 734 billion, which is an increase of SEK 103 billion compared with 2019.

Credit guarantees, including export credit guarantees, amounted to SEK 264 billion, which is an increase of SEK 40 billion in relation to 2019. Capital injection guarantees amounted to SEK 183 billion, which is an increase of SEK 29 billion compared with 2019.

The risk of major losses is considered low for the regular portfolio and moderate for the deposit guarantee.

Central government lending

SEK billion

Loans	31 December 2020	31 December 2019
Lending by Swedish Board of Student Finance	216	206
Loans to the Riksbank	174	193
Other loans	22	9
Total	412	408

Note: Because of rounding, amounts may not sum to totals.

Central government lending amounted to SEK 412 billion. Lending to the student loans advanced by the Swedish Board of Student Finance (CSN) and to the Riksbank make up the greater part of central government lending.

National declaration and contribution 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, as well as the audit opinions from the audits, after which 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.

Deficiencies in internal control

A regulatory framework for central government is in place to ensure satisfactory internal control of EU funds. The Government considers that there were shortcomings in internal control of certain parts of the management of EU funds in 2020.

Contribution to and reflows from the EU (cash flow)

SEK billion

	2020	2019
Payments to the EU	47	38
Payments from the EU	14	13
Net flow from the central government budget to the EU	33	25

Note: Because of rounding, amounts may not sum to totals.

Sweden's contribution to the EU amounted to SEK 47 billion, an increase of more than SEK 9 billion compared with 2019. The bulk of this difference is accounted for by a higher GDP-based contribution as a result of the EU's amending budgets. Reflows from the EU amounted to SEK 14 billion. The net cash flow from the central government budget to the EU amounted to SEK 33 billion, an increase of SEK 8 billion compared with 2019.

Measures in 2021 on account of the pandemic

In spring 2021 the Government has presented proposals for a large number of measures in six additional amending budgets and in the Spring Fiscal Policy Bill for 2021 to alleviate the effects of the pandemic for Sweden and the Swedish economy. In aggregate, these measures have major effects on the central government budget, the central government debt and net lending.

Introduction

Every year the Government has to 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 2020 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 the 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 organisations included irrespective of financing and is based on information provided by the central government agencies and public enterprises to the central government consolidated accounts and information presented in the agencies' annual reports. In situations where this information has not been sufficient, 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 supplementary information.

The income statement provides a basis for assessing central government's overall inflow and use of resources. The value of central government assets and liabilities as of 31 December 2020 is presented in the balance sheet. The cash flow statement shows central government payment flows. This Communication compares the outcome for 2020 in the income statement, balance sheet, cash flow statement and notes with the outcome for 2019.

The central government budget includes all income and expenditure, as well as other payments that affect the central government borrowing requirement. This Communication compares and comments on the budget outcome for 2020 both with the income and expenditure of the original budget approved by the Riksdag for 2020 and the outcome for 2019.

The Swedish National Financial Management Authority and the Swedish National Debt Office have submitted supporting information for this Communication (Fi2021/01227).

Various definitions of central government

Central government's financial outcome is presented from different starting points because the information has different purposes. The definition of central government may therefore vary. The accounts may also differ because different principles are

applied in the accounting records and to the preparation of the central government budget. Depending on starting point, a particular financial transaction may have somewhat different consequences, and the outcome may therefore differ between accounts.

Information on the financial outcome for central government is also used in the national accounts, which are a statistical compilation in account form of the Swedish economy as a whole.

The definition of central government in the 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 in the national accounts differs from that in the annual report because, for instance, public enterprises are not included in its definition of central government.

Appendix

Table.1 Outcome of the central government budget 2020

SEK million

	Central government budget	Amending budget	Outcome 2020	Difference from central government budget
Total income	1 116 108		998 521	-117 587
Central government tax income	1 157 798		1 037 459	-120 339
Other income	-41 690		-38 938	2 752
Total expenditure etc.	1 069 195	304 437	1 219 115	149 921
Expenditure areas excl. interest on central government debt etc.	1 032 731	304 437	1 171 467	138 737
Interest on central government debt etc.	29 655		19 592	-10 064
Change in appropriation balances	-7 267			7 267
Net lending by National Debt Office	13 798		21 283	7 485
Cash adjustment	278		6 773	6 495
Budget balance	46 913		-220 594	-267 507

Table.2 Central government tax revenue and tax income

SEK billion

	Forecast/outcome 2020	Forecast/outcome 2019	Difference from central government budget 2020	Difference from central government budget 2019
1100 Direct taxes on labour	670.9	660.5	-3.9	-5.7
1200 Indirect taxes on labour	579.1	604.9	-43.0	-2.2
1300 Tax on capital	254.5	282.2	-24.7	10.6
1400 Tax on consumption and input goods	603.5	592.7	-11.6	-2.1
1500 Import duties	6.2	6.9	-1.1	-0.3
1600 Taxes due and other taxes	8.7	16.0	-9.2	-5.5
1700 Deductible items, taxes to the EU	-6.2	-6.9	1.1	0.3
1800 Deductible items, taxes to other sectors	-1 053.0	-1 033.1	12.3	4.6
Central government tax revenue	1 063.8	1 123.2	-80.3	-0.3
1 900 Accruals and deferrals	-26.3	-13.8	-40.1	-22.2
1 000 Central government tax income	1 037.5	1 109.4	-120.3	-22.4

Table.3 Expenditure in central government budget 2020

SEK million

Expenditure area	Central government budget	Amendments to the budget	Total allocated	Outcome	Outcome – central government budget	Outcome – total allocated
1 Governance	15 131	965	16 096	15 749	618	-347
2 Economy and financial administration	17 390	37	17 427	17 003	-387	-424
3 Taxes, customs and enforcement	12 057	255	12 312	12 055	-2	-257
4 Justice	51 731	1 524	53 255	53 027	1 296	-228
5 International cooperation	2 028	115	2 143	2 070	42	-73
6 Defence and contingency measures	64 800	130	64 930	63 092	-1 707	-1 837
7 International development cooperation	45 989	750	46 739	46 525	536	-214
8 Migration	11 446	180	11 626	9 579	-1 867	-2 047
9 Health care, medical care and social services	84 167	32 653	116 820	101 774	17 607	-15 045
10 Financial security for the sick and disabled	95 706	32 966	128 672	117 899	22 193	-10 773
11 Financial security for the elderly	36 542	77	36 619	36 652	110	33
12 Financial security for families and children	101 430	2 831	104 261	99 939	-1 491	-4 322
13 Gender equality and introduction of newly arrived immigrants	10 066	55	10 121	8 516	-1 550	-1 605
14 Labour market and working life	77 164	21 601	98 765	87 154	9 990	-11 611
15 Financial support for students	25 508	1 605	27 113	25 060	-449	-2 053
16 Education and academic research	83 316	1 458	84 774	82 958	-358	-1 816
17 Culture, media, religious communities and leisure	16 061	4 464	20 526	20 417	4 355	-109
18 Planning, housing provision, construction and consumer policy	3 727	8	3 735	3 779	53	45
19 Regional growth	3 673		3 673	3 184	-489	-489
20 General environmental protection and nature conservation	12 571	419	12 990	10 950	-1 621	-2 040
21 Energy	3 469	38	3 507	3 334	-135	-173
22 Communications	61 296	7 054	68 350	65 167	3 871	-3 183
23 Land- and water-based industries, rural areas and food	19 790	1 430	21 220	20 020	230	-1 200
24 Industry and trade	7 264	161 592	168 856	60 407	53 143	-108 449
25 General grants to local government	128 418	29 548	157 965	157 964	29 547	-1
26 Interest on central government debt etc.	29 655		29 655	19 592	-10 064	-10 064
27 Contribution to the European Union	41 990	2 684	44 673	47 193	5 203	2 519
Change in appropriation balances	-7 267		-7 267		7 267	7 267
Total	1 055 119	304 437	1 359 556	1 191 059	135 940	-168 497
Net lending by the National Debt Office	13 798		13 798	21 283	7 485	7 485
Cash adjustment	278		278	6 773	6 495	6 495
Total expenditure etc. in central government budget	1 069 195	304 437	1 373 632	1 219 115	149 921	-154 516

Table.4 Income statement

SEK million

		2020	2019
Revenue			
Tax revenue	1	1 332 310	1 383 052
Revenue from charges and other payments	2	60 153	59 868
Revenue from grants	3	70 628	63 433
Total revenue		1 463 091	1 506 353
Expenses			
Transfers etc.			
Transfers to households	4	-712 949	-673 842
Transfers to companies	4	-123 478	-72 526
Transfers to local government	4	-372 871	-307 621
International transfers	4	-91 402	-79 567
Provisions to/utilisation of funds	5	-8 369	-13 181
Total transfers etc.		-1 309 069	-1 146 737
Central government activities			
Personnel costs	6	-142 480	-139 592
Costs of premises	7	-22 796	-22 351
Certain guarantee and credit costs	8	-415	-374
Other operating expenses	9	-91 669	-93 424
Depreciation/amortisation and impairment	10	-29 852	-30 321
Total central government activities		-287 212	-286 062
Total expenses		-1 596 281	-1 432 799
Balance before profit/loss from participations and financial items		-133 190	73 554
Profit/loss from participations in wholly and partly owned enterprises	11	27 105	42 510
Financial income and expenses			
Net cost of central government debt	12	-4 770	-13 565
Other financial income	13	15 151	12 431
Other financial expenses	14	-3 839	-1 618
Total financial items		6 542	-2 752
Deficit/surplus for the year		-99 543	113 312

Table.5 Balance sheet

SEK million

ASSETS	Note	31 December 2020	31 December 2019
Non-current assets			
Intangible assets			
Capitalised development expenditure	15	9 175	8 708
Rights and other intangible assets	16	2 055	1 822
Advances regarding intangible assets	17	1	1
Total intangible assets		11 231	10 531
Tangible assets			
State road infrastructure	18	143 392	143 177
State rail infrastructure	19	169 684	169 238
Buildings, land and other real property	20	47 105	45 842
Expenditure on improvements to property owned by others	21	7 311	6 405
Machinery, equipment, installations, etc.	22	40 632	39 053
Construction in progress	23	132 950	106 362
Contingency assets	24	120 224	110 555
Advances regarding tangible assets	25	3 697	3 492
Total tangible assets		664 995	624 124
Financial assets			
Participations in wholly and partly owned enterprises	26	417 706	370 237
Other securities held as non-current assets	27	62 417	59 205
Non-current receivables	28	12 383	9 235
Total financial assets		492 506	438 677
Total non-current assets		1,168,732	1,073,332
Lending	29	412 272	407 514
Inventories etc.			
Inventories and stocks	30	2 405	2 167
Work in progress	31	441	461
Real property	32	173	173
Advances to suppliers	33	2	1
Total inventories etc.		3 021	2 802
Receivables			
Trade receivables	34	5 671	6 563
Other non-current receivables	35	137 362	134 439
Total receivables		143 033	141 002
Accruals and deferrals			
Prepaid expenses	36	9 124	8 540
Accrued grant revenue	37	3 927	3 996
Other accrued revenue	38	274 340	272 117
Total accruals and deferrals		287 391	284 653
Investments in securities etc.			
Securities and participations	39	38 364	27 314
Total investments in securities etc.		38 364	27 314
Cash and bank balances	40	6 686	6 923
TOTAL ASSETS		2 059 499	1 943 540

CAPITAL AND LIABILITIES	Note	31 December 2020	31 December 2019
Net wealth	41	-25 581	74 830
Funds	42	213 533	205 164
Provisions			
Provisions for pensions and similar obligations	43	350 353	308 919
Provisions for guarantees	44	10 892	10 095
Provisions for remedying environmental damage	45	2 381	1 755
Other provisions	46	3 690	4 176
Total provisions		367 316	324 945
Central government debt			
Loans in Swedish kronor		943 977	773 035
Loans in foreign currency		273 763	280 999
Total central government debt	47	1 217 740	1 054 034
Liabilities etc.			
Non-current liabilities	48	19 854	14 157
Trade payables	49	20 768	24 098
Other current liabilities	50	166 862	167 696
Deposits	51	2 960	2 813
Advance payments from responsible entities and customers	52	174	165
Total liabilities etc.		210 618	208 929
Accruals and deferrals			
Accrued expenses	53	25 923	25 767
Unutilised grants	54	13 518	12 189
Other deferred income	55	36 432	37 682
Total accruals and deferrals		75 873	75 638
TOTAL CAPITAL AND LIABILITIES		2 059 499	1 943 540
Guarantees	56	5 949	5 363
Other contingent liabilities	57	108 591	101 361

Table.6 Cash-flow statement

SEK million

	Note	2020	2019
Central government activities			
Taxes	58	1 303 242	1 379 012
Charges and other payments	59	79 439	74 021
Revenue from grants		70 628	63 433
<i>Total adjusted revenue</i>		<i>1 453 309</i>	<i>1 516 466</i>
Transfer payments	60	-1 301 024	-1 133 690
Central government activities	61	-253 234	-248 753
<i>Total adjusted expenses</i>		<i>-1 554 258</i>	<i>-1 382 443</i>
Adjustments to payments	62	3 511	-7 641
Balance central government activities		-97 438	126 382
Investments	63		
Financial investments		-14 913	-13 426
Tangible investments		-68 035	-55 947
Intangible investments		-3 376	-3 340
<i>Total investment expenditure</i>		<i>-86 324</i>	<i>-72 713</i>
Sale of non-current assets		7 803	7 822
Total investing activities		-78 521	-64 891
Lending	64		
New lending		-42 786	-22 834
Amortisation		12 828	80 425
Total lending		-29 958	57 591
Financial activities			
Net central government borrowing	65	-10 834	-15 707
Other net financial income	66	9 940	8 570
Adjustments to payments	67	12 416	30 354
Total financial activities		11 522	23 217
Total		-194 395	142 299
Central government net borrowing			
Change in central government debt		163 706	-143 000
Unrealised exchange rate changes		30 689	701
Total		194 395	-142 299