

**SYSTEM OF GOVERNMENT: Parliamentary**

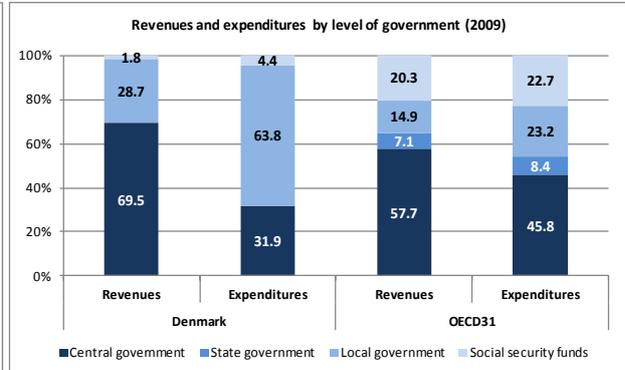
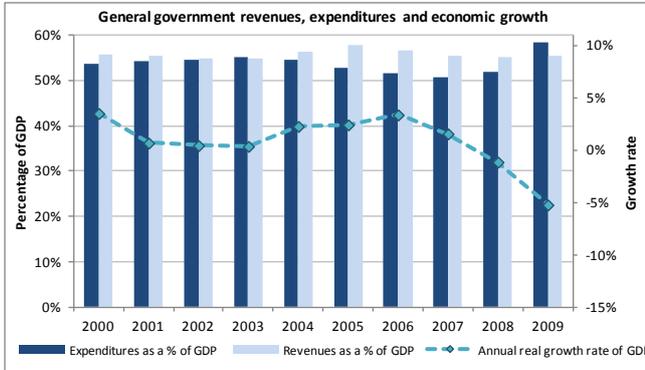
- No. of ministries: 19 (2010)
- No. of governments over last 20 years: 10
- No. of coalitions over last 20 years: 10

**STATE STRUCTURE: Unitary**

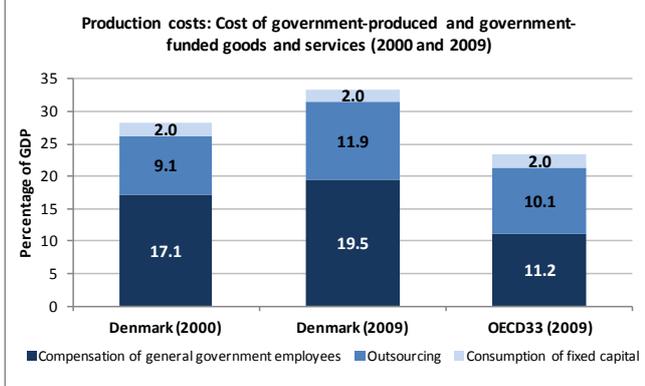
**LEGISLATURE: Unicameral**

- Upper house: none
- Lower house: elected using Proportional Representation

The Danish government is one of the largest in the OECD, with expenditures and revenues over 50% of GDP. However, most social benefits are taxable, which raises both revenues and expenditures compared to other countries. As a small, open economy, Denmark was relatively hard hit by the crisis, with GDP growth dropping sharply in 2008 and 2009. The central government collects almost 70% of revenues but represents about 32% of expenditures, suggesting that most goods and services are provided by local governments—often using revenues transferred from the central level.

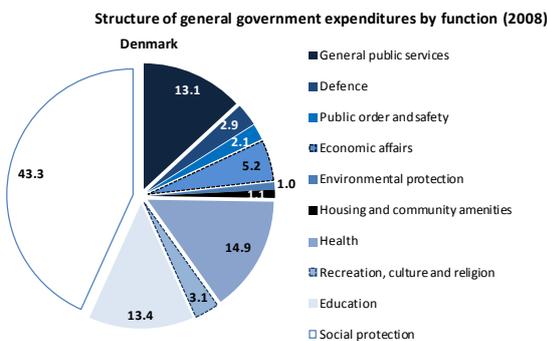


Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



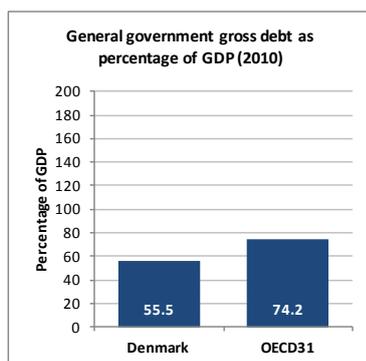
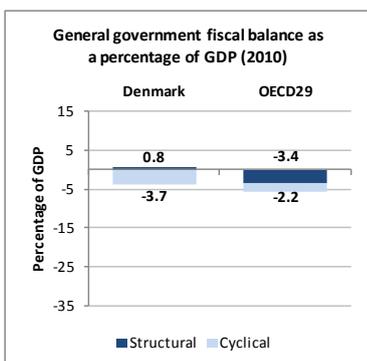
About 33% of the economy was devoted to producing public goods and services in 2009, significantly more than the OECD33 average of 23.3%. Compared to other OECD countries, the Danish government relies more heavily on government employees to produce public goods and services and less on capital and actors in the private and non-profit sectors (via outsourcing), although the use of outsourcing has risen between 2000 and 2009.

Source: OECD National Accounts. [Production costs]



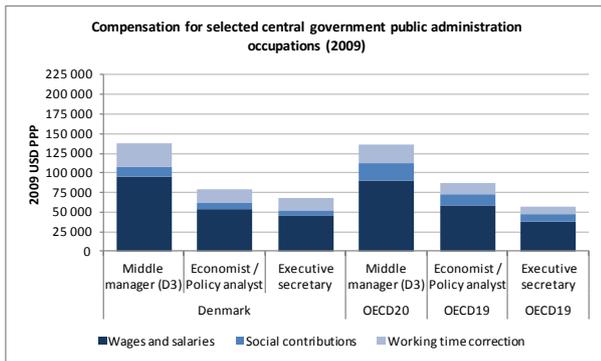
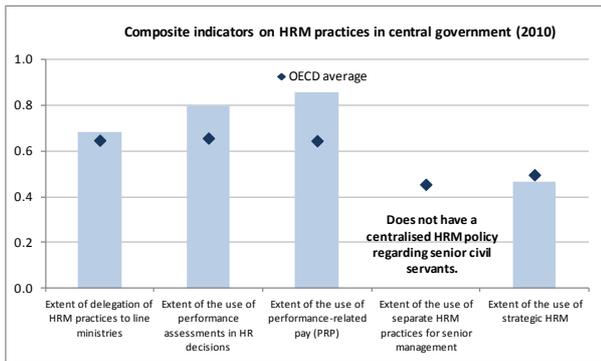
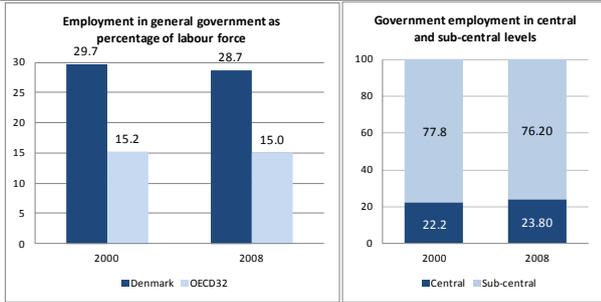
The Danish government devotes a similar share of resources to education, health and general public services as in other OECD countries but spends a much larger proportion on social protection programmes (43.3% compared to 33.5%). This is balanced by devoting fewer resources to economic affairs, which includes expenditures on transport, communications, mining and agriculture.

Source: OECD National Accounts. [Expenditures by function]



In 2010, the Danish government operated a deficit of -3.7% of GDP, which was entirely cyclical in nature. Gross debt remains significantly below the OECD average at 55.5% of GDP (OECD definitions differ from Maastricht criteria). Despite its healthy fiscal position, the Danish government has agreed to a plan for fiscal tightening aimed at achieving a structural balance by 2015 through revenue enhancements and expenditure cuts.

Source: OECD Economic Outlook 89. OECD average refers to unweighted average [Fiscal balance] [Debt]



Working time correction brings countries to the same basis of comparison in terms of annual working hours (accounting for weekly working hours and holidays).

### Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	Yes	Yes	No	No	97%
Selection & evaluation criteria	No	Yes	No	No	97%
Tender documents	No	Yes	No	No	82%
Contract award	No	Yes	No	No	100%
Justification for award	No	Yes	No	No	59%
Tracking procurement spending	Yes	No	No	No	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Government employment as a share of the labour force remained fairly stable in Denmark from 2000-08, dropping only slightly from 29.7% to 28.7%. This is one of the highest rates among OECD countries, where public employment ranges from 6.7% to 29.3%, with an average of 15%. Government employment is also highly decentralised in Denmark, with 76.2% of staff working at the sub-central level in 2008 (down slightly from 2000). There are plans to further decrease the share of public employment, although there is currently no set ratio for replacing departing staff.

Source: International Labour Organisation. [\[General government employment\]](#) [\[Distribution by level\]](#)

The government of Denmark has delegated many HRM decisions to line ministries except those that relate to the pay system and the allocation of the budget envelope between payroll and other expenses. It also has a well-developed staff performance management system, basing many HR decisions on performance assessments, and is using performance-related pay to a relatively high degree. Senior civil servants are not managed separately from other government employees. Two elements of using HRM strategically are well developed: the linking of senior and middle managers' performance assessments to their performance on HRM targets and workforce planning.

Source: OECD 2010 Strategic HRM Survey. [\[Delegation\]](#) [\[Performance assessment\]](#) [\[PRP\]](#) [\[Senior management\]](#) [\[Strategic HRM\]](#)

Middle managers and executive secretaries in the Danish public service receive total compensation packages that are slightly above the OECD average, while those of economists/policy analysts are slightly lower. The share of compensation represented by social contributions is relatively low (10% compared to the OECD average of 16%), although the data on social contributions for Denmark only reflect pensions. With an average of 220 working days per year, Danish public employees receive a greater share of their total compensation (22%) as holidays. Middle managers earn 1.7 times as much as economists/policy analysts, and 2.1 times as much as executive secretaries.

Source: OECD 2010 Compensation Survey. [\[Middle managers\]](#) [\[Economist/Policy Analyst\]](#) [\[Executive Secretary\]](#)

Achieving greater transparency in public procurement is important; especially given that the Danish Government spent an estimated 13% of GDP on public procurement in 2008. In Denmark, general information for potential bidders and specific guidance on application procedures such as templates and forms are published on the central procurement website: [www.udbudsavisen.dk](http://www.udbudsavisen.dk). Most public procurement information is published on the contracting entity website as it is done by nearly half of OECD countries. Denmark also publishes information for potential bidders and procurement plans on EU DG market website. In the beginning of 2012, a new central procurement website will be established in Denmark in order to increase competition and streamline public purchasing. The website will replace the existing national database ([www.udbudsavisen.dk](http://www.udbudsavisen.dk)) and contains all tenders published by the Danish authorities (both national tenders under the EU threshold and EU tenders). This is to ensure the necessary transparency and enable all tenderers to be informed of public contracts. The new central procurement website will also enable the Danish authorities to publish their plans for future public procurement. Currently, Denmark is among the 59% of OECD member countries that at times publishes information on justifications for awarding a contract to a selected contractor. In contrast, it does not allow tracking public procurement spending on line unlike the 32% of OECD member countries. Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public.

Source: OECD 2010 Survey on Public Procurement. [\[Transparency in public procurement\]](#)

**REGULATORY GOVERNANCE**

### Regulatory governance mechanisms, 2008

Functions of the oversight body		Percentage of OECD countries responding "yes"	DENMARK
Consulted as part of process of developing new regulation	2005	 73%	Yes
	2008	 82%	Yes
Reports on progress made on reform by individual ministries	2005	 43%	Yes
	2008	 56%	Yes
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	 43%	No
	2008	 50%	No
Conducts its own regulatory impact analysis	2005	 43%	Yes
	2008	 47%	Yes
<b>Anticipating compliance and enforcement</b>			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	 57%	Yes
	2008	 70%	Yes
Guidance for regulators on compliance and enforcement	2005	 37%	No
	2008	 47%	Yes
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	 30%	Yes

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

### Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure		
	Denmark	OECD32	Publication channels
Budget documents	⊙	94%	MA
Audit reports	⊙	72%	MA
List of public servants and their salaries	○	28%	Not published
<b>Sharing of administrative data</b>			
Administrative data sets	⊙	66%	Not published
Requirements on publishing in open data formats	Yes	53%	–
<ul style="list-style-type: none"> <li>● Required to be proactively published by FOI laws</li> <li>⊙ Not required by FOI laws, but routinely proactively published</li> <li>○ Neither required nor routinely published</li> </ul> <p>CP= central portal; MA= ministry or agency website; OW=other website</p> <p>OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.</p>			

### E-Government building blocks and e-procurement, 2010

e-enabling laws and policies	Denmark	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	○	64%
<b>Services offered on single-entry procurement website</b>		
Tender searches	●	62%
Tracking of outcomes of contracts	○	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

In Denmark the Ministry of Finance has specific responsibilities for promoting regulatory quality. It does not however work as a central oversight body, and there are several other bodies playing important functions in regulatory management as well as a large use of inter-ministerial committees and steering groups to manage regulatory policy. With regard to enforcement, Denmark is one of the few OECD countries that had started to define a risk-based approach policy by 2008. The Ministry of Finance leads the government's programme for the reduction of administrative burdens, along with the Ministry of Economic and Business Affairs. It also leads the government's programme to reduce administrative burdens within the government. It screens the proposals of ministries, including the impact assessment attached to the draft, for inclusion in the annual Law Programme. This can lead it to engage a dialogue with the ministry in charge of the draft to improve the impact assessment. Other important players are the Prime Minister's Office (preparation of the Law Programme and general coordination), the Ministry of Economic Affairs (reduction of administrative burdens), the Ministry of Justice (legal quality) and the Ministry of Foreign Affairs (coordination in relation to EU regulations). By 2009 enforcement authorities had started to roll out a risk-based approach, and the government had initiated a project to develop a risk-based enforcement policy to be applied by all ministries with business regulation. The small size of the country and the concentration of enforcement responsibilities within central government inspection agencies have facilitated this development.

Source: OECD 2008 Survey on Regulatory Management; OECD (2010), *Better Regulation in Europe – Denmark*, OECD Publishing, Paris. [\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

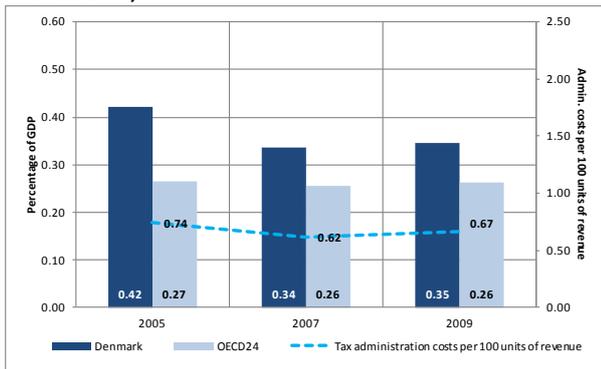
Although not required to by Freedom of Information legislation, the Danish government routinely publishes budget documents and audit reports, similarly to a majority of OECD countries. Danish authorities are not obliged to proactively disclose all administrative data. However, a lot of administrative datasets are routinely published on central government websites. As a service, administrative datasets can be categorized through the portal: <http://data.digitaliser.dk/alle>. There are open and mandatory standards for the exchange of data between public authorities and citizens, all general registers and a selection of the most relevant software components. Freedom of Information legislation in Denmark includes- among other provisions- the "Access to Public Administration Files Act" of 1985

Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

Similar to most OECD countries, Denmark has put laws and/or policies in place to promote the use of digital signatures and electronic filing in the public sector. Through its single-entry procurement website (currently [www.udbudsavisen.dk](http://www.udbudsavisen.dk)), Denmark allows businesses to perform tender searches thereby increasing transparency and ensuring more equal access to opportunities. However, in 2012, the government will launch a new centralised website which will contain not only national but also EU tender announcements. Furthermore, the new site will also allow Danish authorities to publish future plans for procurement.

Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

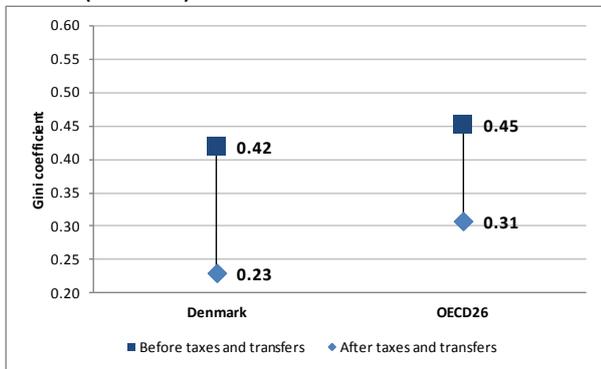
### Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio,” for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In Denmark, the administration costs of collecting 100 units of revenue have increased, particularly from 2007 to 2009, although they remain lower than in 2005. Total revenue body expenditure has remained stable during this period, suggesting this change in the ratio could be partly due to macroeconomic conditions such as a drop in tax revenues following the crisis.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [\[Total revenue body expenditures\]](#) [\[Tax administration costs per 100 units of revenue\]](#)

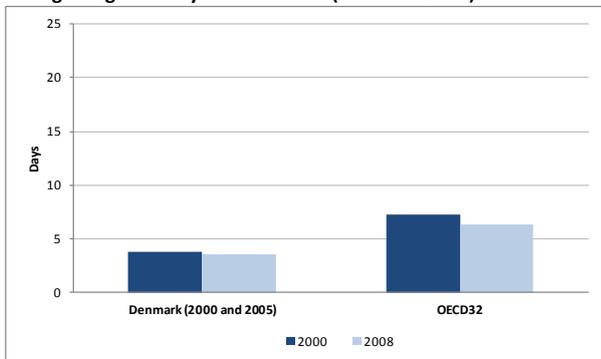
### Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



Denmark has one of the lowest Gini coefficients of all OECD countries, reflecting low levels of income inequality in its society. Furthermore, the effect of government redistributive policies on income inequality is slightly higher in Denmark than the OECD average: Denmark achieves one of the largest reductions (0.19 point) in its Gini coefficient following tax and transfer policies, compared to an average 0.14 point reduction in OECD countries. This could be partly explained by how benefits are targeted in Denmark, where public cash transfers are more targeted to the poorest and where the lowest income quintile receive more than 30% of all transfers.

Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [\[Differences in inequality\]](#)

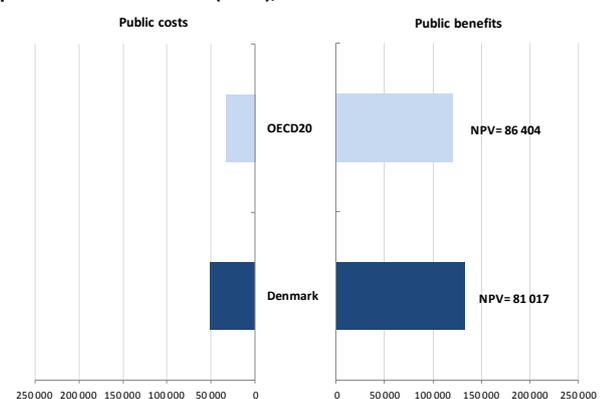
### Average length of stay for acute care (2000 and 2008)



The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in hospital for curative care. Over time, reductions in the ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Similar to other OECD countries, the ALOS decreased from 3.8 days in 2000 to 3.5 days in 2005 in Denmark. However, the ALOS in Denmark is nearly half that of the OECD average.

Source: OECD Health Data 2010. [\[ALOS for acute care\]](#)

### Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 81 000, Denmark’s public net present value (NPV) for a man obtaining tertiary education is slightly lower than the OECD average. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of Denmark, the NPV is over 1.5 times the net public investment in tertiary education.

Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [\[Public NPV of education\]](#)

**Production costs** are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

**Structure of government expenditures:** Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

**“Gross general government debt”** refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

**HRM Composites:** The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

**Compensation data:** Total compensation includes wages and salaries and employers’ social contributions (those to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems)). In most cases data are for six central government ministries/departments only (interior, finance, justice, education, health and environment or their equivalents). Working time adjustment compensates for differences in time worked (both weekly working time and holidays). Compensation was converted to US dollars using purchasing power parities (PPPs) for GDP from the OECD National Accounts database. Differences in compensation policies can be the result of different bargaining powers; the state of the labour market (such as compensation in the private sector for similar positions); specific labour shortages; and the attractiveness of the government as an employer. While the survey uses the International Standard Classification of Occupations (ISCO) to standardise job categories, full comparability of responsibilities behind the occupational titles across countries presents difficulties in some cases. Annex D in *Government at a Glance 2011* fully details all limitations to data comparability, including those related to the measurement of employer’s social contributions (which were based on sources outside the survey for a number of countries, leading to potential inconsistencies).

**Regulatory governance:** The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

**Tax efficiency:** Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

**Differences in income inequality pre- and post-tax and government transfers:** The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

**Public net present value for male obtaining tertiary education:** Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.