

## In 2016 the non-financial budgetary balance of the Basque Administrations was positive for the first time in nine years

***In 2016 the income of the Basque Administrations rose by 3.4% and expenditure increased by 1.4%***

The total consolidated income of the Basque Administrations (made up of the Basque Government, the Provincial Councils and Municipal Administrations, together with their corresponding Autonomous Bodies and supra and infra-municipal Entities) rose to 17,175 million euros in 2016, which was a rise of 3.4% compared with the previous year according to Eustat data. Expenditure, which rose to 16,664 million euros, increased by 1.4%, and total income therefore exceeded total expenditure by 511 million euros.

**Table 1. Consolidated Liquidation of the Basque Administration. 2015-2016. Thousand euros**

	2015	2016	Δ%
<b>TOTAL INCOME</b>	<b>16.618.041</b>	<b>17.175.104</b>	<b>3,4</b>
<b>Current transactions</b>	<b>14.897.509</b>	<b>15.403.962</b>	<b>3,4</b>
-Tax revenue	13.310.641	13.796.666	3,7
Income tax	4.626.009	4.837.190	4,6
Corporate tax	1.040.446	1.086.880	4,5
VAT	4.997.576	5.165.460	3,4
Special taxes	1.374.078	1.419.275	3,3
Municipal taxes	710.464	718.063	1,1
Other taxes	562.068	569.797	1,4
-Other current income	1.586.868	1.607.296	1,3
<b>Capital Transactions</b>	<b>189.365</b>	<b>269.707</b>	<b>42,4</b>
<b>Total Non-financial Transactions</b>	<b>15.086.874</b>	<b>15.673.669</b>	<b>3,9</b>
<b>Financial transactions</b>	<b>1.531.167</b>	<b>1.501.435</b>	<b>-1,9</b>
<b>TOTAL EXPENDITURE</b>	<b>16.438.340</b>	<b>16.663.715</b>	<b>1,4</b>
<b>Current Transactions</b>	<b>13.777.475</b>	<b>14.037.343</b>	<b>1,9</b>
Expenditure on Personnel	3.500.838	3.562.855	1,8
Current Transfers	4.776.155	4.882.673	2,2
Other Current Expenditure	5.500.482	5.591.816	1,7
<b>Capital Investment and Transactions</b>	<b>1.411.501</b>	<b>1.436.176</b>	<b>1,7</b>
<b>Total Non-financial Transactions</b>	<b>15.188.976</b>	<b>15.473.519</b>	<b>1,9</b>
<b>Financial transactions</b>	<b>1.249.364</b>	<b>1.190.196</b>	<b>-4,7</b>
<b>BALANCE OF CURRENT TRANSACTIONS</b>	<b>1.120.034</b>	<b>1.366.619</b>	<b>22,0</b>
<b>NON-FINANCIAL BUDGETARY BALANCE</b>	<b>-102.102</b>	<b>200.150</b>	<b>-</b>

Source: Eustat. Public Sector Budgetary Statistics

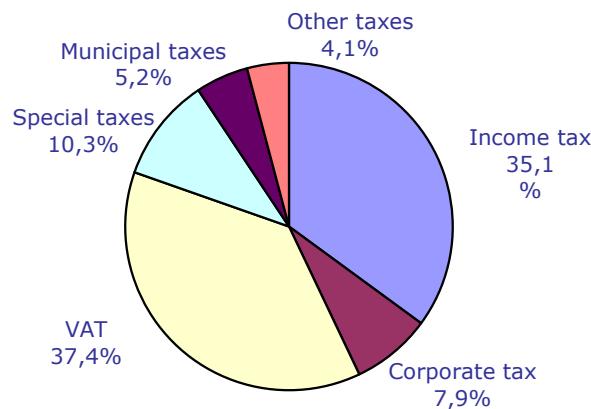
Focusing on non-financial operations, income also rose more than expenditure, with non-financial expenditure posting a 3.9% rise and non-financial income posting a 1.9% rise, and so the non-financial budgetary balance went from -102 million euros in 2015 to 200 million in 2016, the first positive balance since 2007. However, the Basque Government continued to have a negative balance of 400 million euros, whilst the provincial administrations of Alava, Bizkaia and Gipuzkoa all had a positive balance.

Income and expenditure from financial operations both decreased in 2016. Income fell by 1.9% to stand at 1,501 million euros, whereas financial expenditure rose to 1,190 million euros following a drop of 4.7%.

The growth in non-financial income was the result of the positive trend in current income (3.4%), which further accounted for nearly 91% of total income. Additionally, although its weight is small, income from capital operations registered a rise of 42.4%.

Tax revenues in 2016, which accounted for nearly 80% of total income, all performed positively compared with the previous year, with a 3.7% growth rate. Income Tax and VAT stand out in terms of both volume and growth rates; income from VAT increased by 3.4%, with a 37.4% contribution to total tax revenues. Income Tax, with 4.6% growth, contributed 35.1%. Special Taxes came third, accounting for 10.3% of tax revenues and a 3.3% increase. Municipal Taxes and Other Taxes, albeit to a lesser degree, also posted increases, which totalled 1.1% and 1.4% respectively.

**Graph 1. Distribution of Basque Administration Tax Revenue. 2016 (%)**



Source: EUSTAT. Public Sector Budgetary Statistics

Other Current Income, which includes taxes, transfers and equity income, accounted for 10.4% of total income from current operations and registered a 1.3% increase.

As for expenditure, it was once again current expenditure that sustained the growth experienced by non-financial expenditure, rising by 1.9%. Within expenditure, Staff Expenditure, which accumulated 21.4% of the total, rose by 1.8% Current Transfers, which represented 29.3% of total expenditure, increased by 2.2% compared with 2015, and, lastly, Other Current Expenditure rose by 1.7%.

Expenditure on Investments and Capital Transfers, however, which represented 8.6% of the total, rose by 1.7% compared with 2015, i.e. by 25 million euros.

By institutions, the Basque Government once again posted a negative budgetary balance, whereas the provincial administrations (Provincial Councils and Local Entities) registered positive balances. Specifically, the Basque Government posted a negative balance of 400 million euros, although this was an improvement of 84 million euros on the 2015 figure. The three provinces maintained positive balances; Álava and Bizkaia were up by 24.6 million euros and 179.6 million euros respectively, whereas the balance for Gipuzkoa was down by 10.9 million euros.

**Table 2. Consolidated Data of the Basque Administration. 2016. Thousand euros**

	CONSOLIDATED TOTAL	BASQUE GOV.	ARABA/ÁLAVA	BIZKAIA	GIPUZKOA
CURRENT INCOME	15.403.962	9.111.756	2.499.098	7.832.008	4.863.893
CURRENT EXPENDITURE	14.037.343	8.870.408	2.320.835	7.178.904	4.569.990
<b>BALANCE OF CURRENT TRANSACTIONS</b>	<b>1.366.619</b>	<b>241.348</b>	<b>178.263</b>	<b>653.104</b>	<b>293.903</b>
CAPITAL INCOME	269.707	174.156	22.021	45.834	66.846
CAPITAL EXPENDITURE	1.436.176	815.817	91.047	303.885	264.577
<b>NON-FINANCIAL BUDGETARY BALANCE</b>	<b>200.150</b>	<b>-400.313</b>	<b>109.237</b>	<b>395.053</b>	<b>96.172</b>
<b>OUTSTANDING DEBT (Pending repayment 12-31-16)</b>	<b>11.423.993</b>	8.765.242	624.607	1.346.728	687.416

Source: Eustat. Public Sector Budgetary Statistics

The outstanding debt of the Basque Administrations stood at 11,423.9 million euros on 31 December 2016. The new liabilities acquired in 2016 increased to 1,437.8 million, while depreciations amounted to 960.4 million.

The outstanding debt of the Basque Government at the end of 2016 accounted for 76.7% of total outstanding debt, followed by Bizkaia (11.8%), Gipuzkoa (6.0%) and lastly Álava with the remaining 5.5%.

**For further information:**

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