

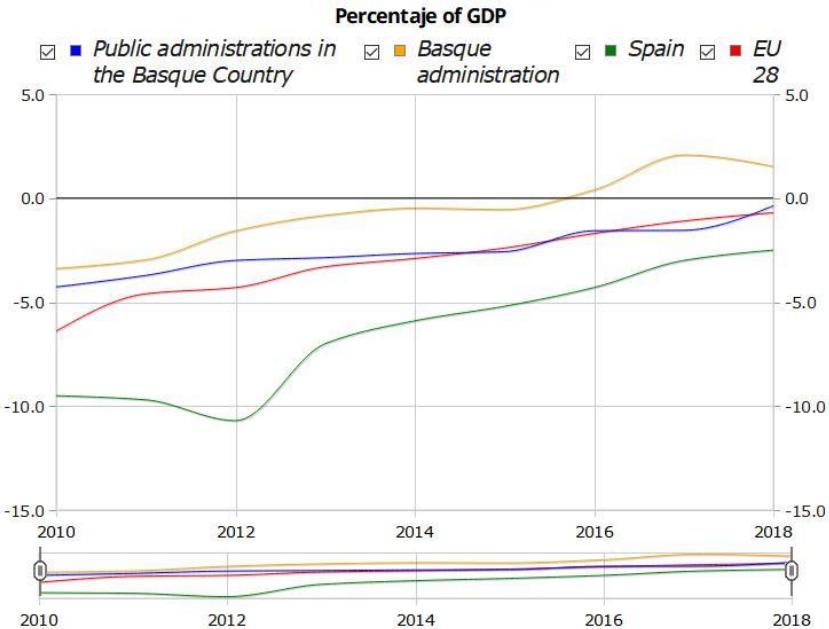
The deficit of the Public Administrations in the Basque Country stood at 0.4% of GDP in 2018

The deficit reached 283 million euros, decreasing 857 million euros in respect of 2017

In 2018 the Public Administrations (Basque Administrations, Provincial State Administration and Provincial Social Security) registered a deficit of 283 million euros, 75.2% less than the previous year, according to data prepared by Eustat, in accordance with the criteria established by the System of National and Regional Accounts of the European Union (ESA-2010). This amount represented 0.4% of GDP, that is, 1.1 percentage points down on the previous year.

Of the Public Administrations, the Basque Administrations (which include the Basque Government, Provincial Councils, Municipal Entities and entities dependent on all of those, categorised as public administration) have reduced their **funding capacity**, from 2.1 % of GDP in 2017, to 1.5% in 2018. The Provincial Administration (State plus Social Security) registered a positive evolution, reducing the **funding requirement** from 3.6% of GDP in 2017 to 1.9% in 2018

International comparison of General government surplus/deficit



Source: Eustat. Public administration accounts. SEC2010 and Eurostat

The positive evolution of the balance of Public Administrations as a whole was also registered in the surrounding countries. Thus, in the 28-country European Union the **deficit** in GDP percentage fell by 0.4 percentage points, passing from 1.1% in 2017 to 0.7% in 2018. In Spain the deficit decreased by 0.5 percentage points, going from 3.0% of GDP in 2017, to 2.5% in 2018.

The Public Administrations in the Basque Country managed Non-Financial Resources totalling 28,203 million euros in 2018, whilst Non-Financial Spending reached 28,486 million euros. Resources increased by 5.2% compared to 2017, whilst growth in non-financial spending was lower, standing at 1.9%.

Non-financial resources and spending of the Public Administrations of the Basque Country (thousands of euros). 2018

	2018	2018/2017 (%)
Non finance resources	28.202.734	5,2
Market output and output for own final use	1.110.336	3,4
Payments for other non-market production	612.843	-6,0
Taxes on production and imports (to be collected)	8.702.589	6,0
Property income	193.610	-7,8
Taxes according to income, patrimony, etc,	7.593.862	8,8
Social contributions	8.885.700	3,6
Other current transfers	879.061	-10,2
Capital taxes (to be collected)	209.681	18,4
Investment aid (to be collected)	65.336	-47,9
Other capital transfers (to be collected) (1)	-50.284	-70,1
Expenditure	28.485.706	1,9
Salaried remuneration	7.126.506	2,1
Intermediate consumption	4.029.039	2,6
Subsidies (to be paid)	35.742	-94,2
Other taxes on production	35.742	-4,5
Property income	268.318	0,4
Current tax on income (to be collected)	331	106,4
Social benefits other than social transfers in kind	11.640.276	3,6
Social transfers in kind: production purchased on the market	2.159.303	3,0
Other current transfers	779.238	5,6
Gross Formation of Capital	1.358.033	-0,5
Capital transfers (to be paid)	540.451	-20,5
Net acquisitions of non-financial non-produced assets	-27.805	-298,1
Net saving	669.175	811,1
Net lending (+) / net borrowing (-)	-282.973	-75,2

(1) Includes capital transfers unlikely to be collected

Source: Eustat. Public administration accounts. SEC2010

Within **Non-Financial Resources**, the largest sector was: *Social Security Contributions* (31.5% of the resources); followed by *Taxes on Production and Imports*, which accounted

for 30.9%; and *Taxes on Income, Assets and Other Components*, 26.9%. Growth was most pronounced in the latter, 8.8%, with regards to the previous year, that is, 613 million euros more than in 2017. *Taxes on Production and Imports* were up by 489 million, that is, by 6.0%. *Social security contributions* also experienced an important increase, 3.6%, equivalent to a further 310 million. As a whole, Non-Financial Resources increased by 1,384 million, compared to 2017, up 5.2%.

Non-Financial Spending stood at 28,486 million euros, that is, 527 million more than in 2017. The highest expenditure was in the sector of *Social benefits different from social transfers in kind* (including pensions), which represented 40.9% of expenditure and increased by 401 million euros in respect of the previous year, up 3.6%. Employee remuneration, which represented 25.0% of expenditure, increased by 2.1%; the next largest sector, Intermediate consumption (14.1% of expenditure), also registered growth of 2.6% compared to 2017. In contrast, Gross Capital Formation and Capital Transfers (to be paid), which together accounted for 6.7% of expenditure, fell by 146 million. Another smaller sector that also fell was Subsidies, 2.0% of expenditure, which decreased by 43 million in respect of 2017.

From the institutional point of view, in the Basque Country the **Provincial State Administration** obtained a positive balance or funding requirement of 658 million euros, improving the balance of the previous year, in which it obtained a funding capacity of 635 million euros as a result of the imputation in national accounts of the integral amount of the liquidation of the quota of previous financial years agreed in 2017 in favour of Provincial Councils and Basque Government. This does not apply in 2018. On the other hand, **Provincial Social Security** registered a funding requirement of 2,113 million in 2018, 78 million more than in 2017.

Net Savings and Capacity (+) or Need (-) for funding of the Public Administrations of the Basque Country (thousands of euros). 2017

	Non finance resources	Expenditure	Net saving	Net lending (+) / net borrowing (-)
Public Administrations	28.202.734	28.485.706	669.175	-282.973
State Administration + Provincialised Social Security	11.431.138	12.886.541	-1.258.053	-1.455.404
Provincialised State Administration	2.740.807	2.082.915	856.705	657.892
Provincialised Social Security	8.690.330	10.803.626	-2.114.758	-2.113.296
Basque Administration	19.537.340	18.364.909	1.927.228	1.172.431
Basque Government	11.492.037	10.960.603	1.009.951	531.434
Araba/Álava	2.945.757	2.888.700	53.637	57.057
Bizkaia	9.389.361	9.029.205	609.655	360.156
Gipuzkoa	5.966.007	5.742.222	253.985	223.785

Bodies included, see methodology note 2014

Source: Eustat. Public administration accounts. SEC2010

Regarding the **Basque Administrations**, they went from having a funding capacity of 1,530 million in 2017 to 1,172 million in 2018.

The funding capacity of entities of the Basque Government as a whole decreased by 564 million euros, going from having a funding capacity of 1,095 million euros in 2017 to 531 million euros in 2018, due to the aforementioned imputation in national accounts of the integral amount of the liquidation of the quota of previous financial years in favour of the Basque Administrations, which does not apply in 2018.

The regional and municipal Administrations of the three provinces also obtained a positive balance. The positive balance in the Regional and Municipal Administration of Álava as a whole decreased by 42 million euros, from 99 million in 2017 to 57 million in 2018. Bizkaia, in turn, increased its positive balance from 189 million in 2017 to 360 million in 2018. The funding capacity for Gipuzkoa as a whole also increased, going from 146 million in 2017 to 224 million in 2018.

Final Demand of the Public Administrations. Basque Country (thousands of euros). 2014-2018

	2014	%	2015	%	2016	%	2017	%	2018	%
Expenditure on final consumption by Public Administrations	11.216.772	88,1	11.518.530	90,1	11.744.297	89,9	12.026.710	89,8	12.321.209	90,1
Gross Capital Formation of the Public Administrations	1.519.573	11,9	1.272.477	9,9	1.321.586	10,1	1.364.658	10,2	1.358.033	9,9
Internal Public Demand	12.736.345	100,0	12.791.007	100,0	13.065.883	100,0	13.391.368	100,0	13.679.242	100,0

Source: Eustat. Public administration accounts. SEC2010

In the **final expenditure structure** of the Public Administrations, *Final Consumption Expenditure*, which is the total expenditure by the administrations on the production of goods and services plus the purchase of goods and services produced by market producers which are supplied to households (social transfers in kind), represented 90.1% of the Internal Public Demand in 2018 and Gross Capital Formation accounted for 9.9%. Institutionally, 91.2% of investments corresponded to the Basque Administrations, with an increase of 2.6% compared to 2017, going from 1,207 million in 2017 to 1,239 million in 2018, and the remaining 8.8% to the Provincial Administration as a whole, State plus Social Security, which decreased by 24.4%, going from 157 million in 2017 to 119 million in 2018.

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