

PUBLIC ADMINISTRATION ACCOUNTS 2023

The deficit of the Public Administrations in the Basque Country rose to 3,337 million euros in 2023, 3.6% of GDP

The Basque Administrations recorded a deficit of 203 million euros

The **Public Administrations** (Basque Administrations, Provincial State Administration and Provincial Social Security) registered a deficit of 3,337 million euros, which was an increase of 365 million in respect of 2022, 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).

The **non-financial resources** managed in 2023 totalled 34,878 million euros, 6.7% more than in 2022, whilst **non-financial spending** grew by 7.1% to 38,214 million euros. As a result, the funding requirement stood at 3,337 million, 12.3% higher than the previous year.

Non-financial resources and spending of the Public Administrations of the Basque Country (thousands of euros). 2022-2023

| | 2022 | 2023 | 2023/2022 (%) |
|--|-------------------|-------------------|---------------|
| Revenue | 32,697,202 | 34,877,543 | 6.7 |
| Market output and output for own final use | 1,222,677 | 1,341,299 | 9.7 |
| Payments for other non-market production | 730,051 | 688,110 | -5.7 |
| Taxes on production and imports (to be collected) | 10,145,120 | 10,135,834 | -0.1 |
| Property income | 228,127 | 496,721 | 117.7 |
| Taxes according to income, patrimony, etc. | 8,650,716 | 9,587,521 | 10.8 |
| Social contributions | 10,385,496 | 11,214,080 | 8.0 |
| Other current transfers | 1,027,191 | 1,044,936 | 1.7 |
| Capital taxes (to be collected) | 197,835 | 229,404 | 16.0 |
| Investment aid (to be collected) | 95,855 | 72,380 | -24.5 |
| Other capital transfers (to be collected) (1) | 14,134 | 67,257 | 375.8 |
| Expenditure | 35,669,423 | 38,214,436 | 7.1 |
| Pay to salaried workers | 8,891,428 | 9,173,964 | 3.2 |
| -Intermediate consumption | 4,790,322 | 4,999,518 | 4.4 |
| Subsidies (to be paid) | 1,406,416 | 952,678 | -32.3 |
| Other taxes on production | 37,568 | 40,785 | 8.6 |
| Property income | 211,312 | 311,574 | 47.4 |
| Current taxes on income, wealth (payable) | 2,469 | 2,212 | -10.4 |
| Social benefits other than social transfers in kind | 14,288,857 | 15,604,270 | 9.2 |
| Social transfers in kind: production purchased on the market | 2,494,398 | 2,616,542 | 4.9 |
| Other current transfers | 882,884 | 933,627 | 5.7 |
| Gross capital formation | 1,942,464 | 2,738,291 | 41.0 |
| Capital transfers (to be paid) | 702,501 | 849,031 | 20.9 |
| Net acquisitions of non-financial non-produced assets | 18,805 | -8,055 | -142.8 |
| Net saving | -1,505,755 | -1,220,460 | -18.9 |
| Net lending (+) / net borrowing (-) | -2,972,221 | -3,336,894 | 12.3 |

(1)includes capital transfers unlikely to be collected

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The breakdown of **non-financial resources** showed different trends. Among the three most significant items, which accounted for 88.7% of the total, was *Social Security Contributions*, which continued to be the largest item (32.2% of the total) and posted a rise of 8.0%, i.e. 829 million more, reaching 11,214 million in 2023. *Taxes on Income, Assets and Other Components*, which represented 27.5% of resources, grew by 10.8% to 9,588 million. In contrast, the amount corresponding to *Taxes on Production and Imports*, which accounted for 29.1% of resources, fell by 0.1% to stand at 10,136 million. This drop was primarily caused by the decrease in income from VAT and tax on Capital Transfers and Documented Legal Acts.

The other items recorded an overall positive performance. Specifically, total revenue from *Market Output and Payments for Other Output* (5.8% of resources) increased by 3.9%. *Other Current Transfers* (3.0% of resources) rose by 1.7%. *Income from Property* (1.4% of the total) registered growth of 117.7%, primarily due to the increase in income from interest, which reached 497 million in 2023. *Taxes on Capital* rose by 16.0% to stand at 229 million. Lastly, the remaining capital transfers (*Investment Aid and Other Capital Transfers*) saw an overall increase of 27%, with a total of 140 million euros in 2023.

Non-Financial Spending stood at 38,214 million euros, 2,545 million more than in 2022. Most items performed positively.

The largest amount corresponded to *Social benefits different from social transfers in kind* (including Social Security and social welfare benefits), which accounted for 40.8% of spending and increased by 9.2% (i.e. 1,315 million more than the previous year) to stand at 15,604 million in 2023. *Employee Remuneration*, which represented 24.0% of expenditure, was up 3.2%, reaching 9,174 million euros. *Intermediate Consumption* grew by 4.4% to nearly 5,000 million, i.e. 13.1% of spending. *Gross Capital Formation* (investment) recorded an increase of 41.0%, reaching 2,738 million euros in 2023, 7.2% of expenditure. *Social Transfers in Kind: production acquired on the market* (including health and education agreements) rose by 4.9% to 2,617 million, 6.8% of total spending. Finally, *Capital Transfers (to be paid) and Acquisitions of Other Assets* together grew by 16.6% to 841 million and accounted for 2.2% of expenditure.

Of the items that registered a drop, the most significant was *Subsidies (to be paid)*, which fell by 32.3% (i.e. down 454 million) to stand at 953 million in 2023. This decrease was primarily due to the reduction in spending on fuel and energy price subsidies.

From the **institutional** point of view, the **Basque Administrations** (which include the Basque Government, Provincial Councils, Municipal Entities and dependent entities categorised as Public Administration) saw their balance decline by 667 million euros, going from having a **funding capacity (surplus)** of 465 million in 2022, to having a **funding requirement (deficit)** of 203 million in 2023.

The **Provincial Administration** as a whole (State plus Social Security) registered an improvement in its balance of 303 million, with its **funding requirement (deficit)** going from 3,437 million in 2022 to 3,134 million in 2023.

Net Savings and Capacity (+) or Need (-) for funding of the Public Administrations of the Basque Country (thousands of euros). 2023

| | Revenue | Expenditure | Net saving | Net lending (+) / net borrowing (-) |
|--|-------------------|-------------------|-------------------|-------------------------------------|
| Public Administrations | 34,877,543 | 38,214,436 | -1,220,460 | -3,336,894 |
| State Administration + Provincialised Social Security | 13,975,741 | 17,109,797 | -2,663,434 | -3,134,056 |
| Provincialised State Administration | 2,892,456 | 2,647,528 | 717,285 | 244,928 |
| Provincialised Social Security | 11,083,284 | 14,462,268 | -3,380,718 | -3,378,984 |
| Basque Administration | 23,428,348 | 23,631,186 | 1,442,974 | -202,838 |
| Basque Government | 14,350,950 | 14,457,124 | 581,220 | -106,175 |
| Araba/Álava | 3,449,705 | 3,418,634 | 112,152 | 31,071 |
| Bizkaia | 11,076,281 | 11,243,774 | 512,547 | -167,493 |
| Gipuzkoa | 7,088,745 | 7,048,987 | 237,054 | 39,759 |

Bodies included, see methodology note

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As regards the **Basque Administrations**, in detail, the entities of the **Basque Government** as a whole saw their balance decline by 87 million euros, going from a negative balance of 19 million euros in 2022 to a negative balance of 106 million in 2023.

The Regional and Municipal Administration of **Álava** overall posted a positive balance of 31 million euros, 26 million down on the previous year. **Bizkaia** recorded a drop in its balance of 368 million euros, going from a positive balance of 201 million in 2022, to a negative balance of 167 million in 2023. **Gipuzkoa** also saw a decline, going from a positive balance of 226 million in 2022 to 40 million in 2023.

Meanwhile, the **Provincial State Administration** saw its balance rise by 613 million euros, going from a deficit of 368 million in 2022 to a funding capacity of 245 million in 2023. On the one hand, non-financial resources increased by more than 400 million, largely owing to the higher quota paid by the Basque Administrations in 2023. On the other, non-financial spending fell by 195 million euros, primarily due to the fact that in 2022 the State transferred 360 million euros to the Basque Country to finance extraordinary and temporary price subsidies for certain energy products, which does not apply in 2023.

With regard to **Provincial Social Security**, the funding requirement increased by 310 million euros to stand at 3,379 million in 2023.

Final Demand of the Public Administrations. Basque Country (thousands of euros). 2021-2023

| | 2021 | % | 2022 | % | 2023 | % |
|--|------------|-------|------------|-------|------------|-------|
| Expenditure on final consumption by Public Administrations | 14,201,693 | 90.2 | 15,150,467 | 88.6 | 15,895,191 | 85.3 |
| Gross Capital Formation of the Public Administrations | 1,540,341 | 9.8 | 1,942,464 | 11.4 | 2,738,291 | 14.7 |
| Internal Public Demand | 15,742,034 | 100.0 | 17,092,932 | 100.0 | 18,633,482 | 100.0 |

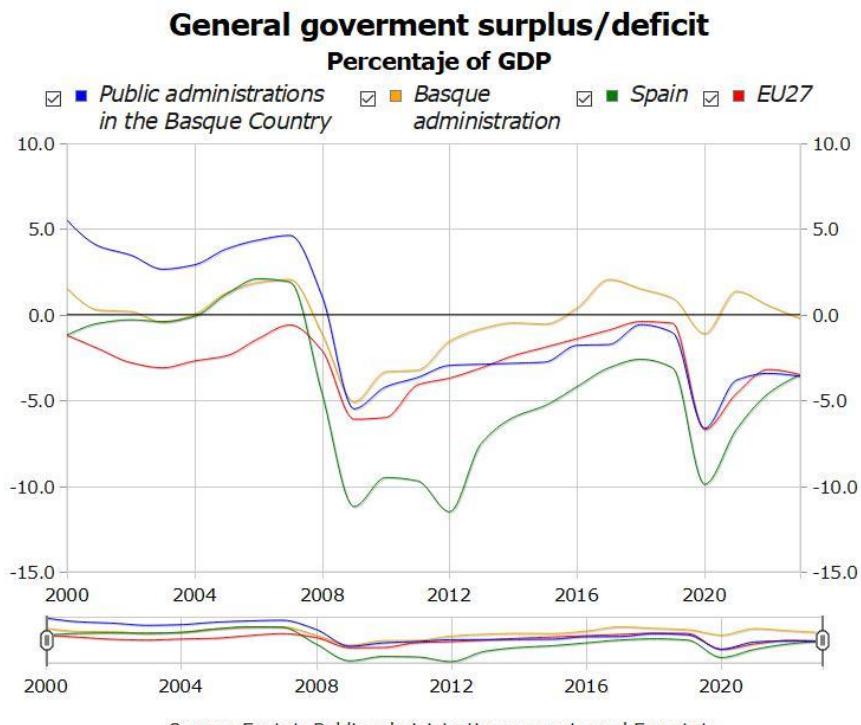
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In the **final expenditure structure** of the Public Administrations, Final Consumption Expenditure, which is the total expenditure by the administrations on the production of goods and services plus the purchase of goods and services produced by market producers which are supplied to households (social transfers in kind), represented 85.3% of Internal Public Demand in 2023, 3.3 percentage points down on the previous year. In contrast, Gross Capital Formation (Public Investment) increased its share of Internal Demand from 11.4% to 14.7%, reaching 2,738 million euros.

Institutionally, 95.2% of investments corresponded to the Basque Administrations, totalling 2,608 million, i.e. 770 million more than in 2022. Furthermore, the amount corresponding to the Provincial Administration as a whole, State plus Social Security, stood at 130 million euros, up 26 million on the previous year.

In terms of GDP, the deficit of the Public Administrations in the Basque Country represented 3.6%, i.e. it rose by 0.2 percentage points compared to the previous year.



This increase in the funding requirement of the Public Administrations was also seen in the average for the EU27, where the deficit as a percentage of GDP rose by 0.3 percentage points, going from 3.2% in 2022 to 3.5% in 2023. The deficit increased in countries such as France (from 4.7% to 5.4%), Germany (from 2.1% to 2.5%), Belgium (from 3.6% to 4.1%) and Finland (from 0.2% to 3.0%). In Spain, however, the deficit fell by 1.1 percentage points, going from 4.6% to 3.5% of GDP.

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