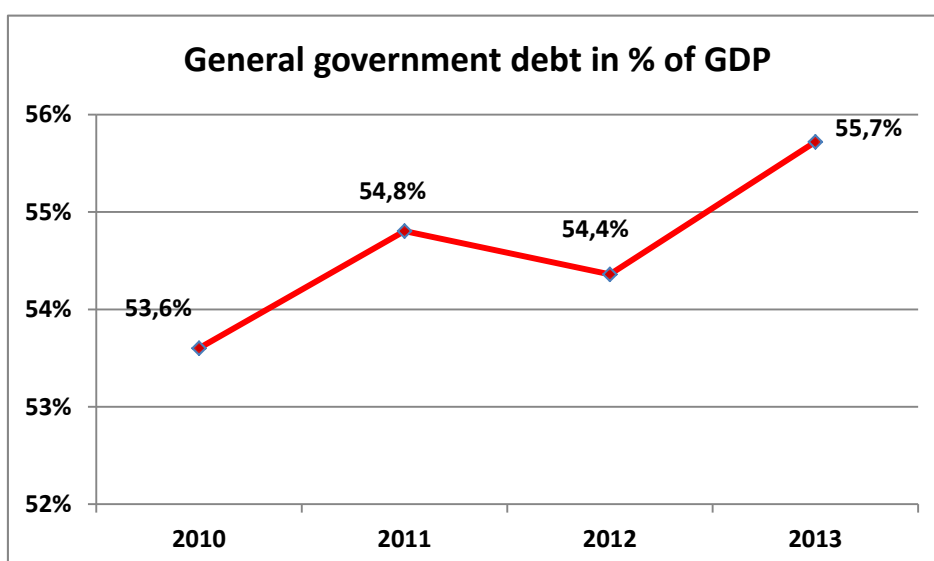
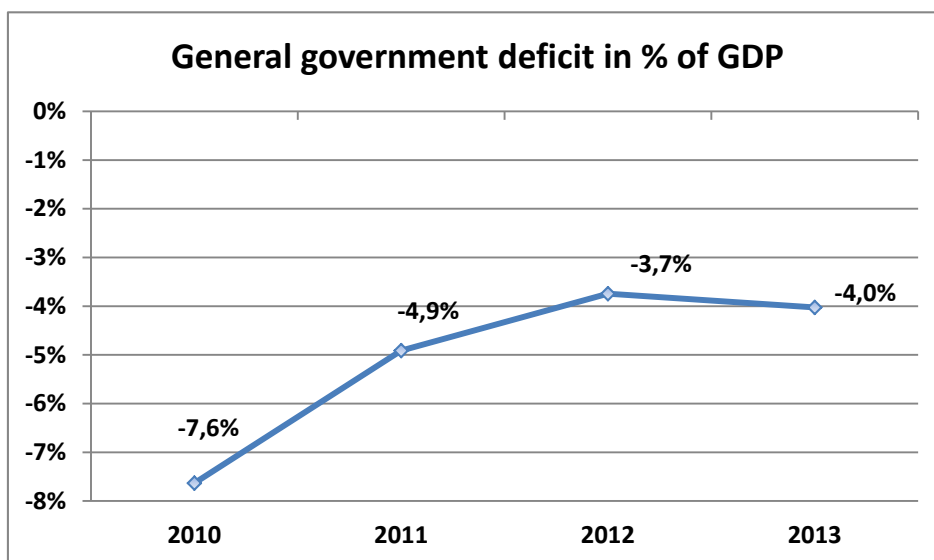


General government deficit and debt in 2013

On 30 September 2014, in accordance with the Council Regulation (EC) No. 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing European Community with amendments, the President of the CSO provided the general government deficit and debt data (EDP notification) to the European Commission (Eurostat).

According to the EDP notification, in 2013 the general government deficit was equal to 66 933 mln zł (-4,0% of GDP), while the general government debt amounted to 926 103 mln zł (55,7% of GDP).



General government deficit and debt in years 2010-2013 (mln zł)

Specification	2010	2011	2012	2013
Gross Domestic Product (GDP)	1 437 357	1 553 582	1 615 894	1 662 052
General government deficit/surplus	-109 728	-76 321	-60 497	-66 933
% of GDP	-7,6%	-4,9%	-3,7%	-4,0%
<i>Central government deficit/surplus</i>	-88 609	-63 243	-59 482	-59 488
% of GDP	-6,2%	-4,1%	-3,7%	-3,6%
<i>Local government deficit/surplus</i>	-18 040	-11 730	-4 475	-2 816
% of GDP	-1,3%	-0,8%	-0,3%	-0,2%
<i>Social security deficit/surplus</i>	-3 079	-1 348	3 460	-4 629
% of GDP	-0,2%	-0,1%	0,2%	-0,3%
General government debt	770 451	851 418	878 403	926 103
% of GDP	53,6%	54,8%	54,4%	55,7%

Data for years 2010-2013 have been revised in relation to the previously published due to implementation of:

- European System of National and Regional Accounts in the European Union introduced by the Regulation (EU) No. 549/2013 of the European Parliament and of the Council of 21 May 2013 (ESA2010),
 - Commission Regulation (EU) No. 220/2014 of 7 March 2014 amending Council Regulation (EC) No. 479/2009 as regards references to the European System of National and Regional Accounts in the European Union,
 - Manual on Government Deficit and Debt, Implementation of ESA2010 (MGDD, 2014 edition),
 - other methodological changes, and
- for the year 2013 – due to use of updated source data.

The key methodological changes arising from the implementation of ESA2010¹ affecting the general government statistics in Poland include:

- research and development recognized as capital formation,
- weapon systems recognized as capital formation,
- small tools, which are used in production for more than one year without fixed threshold, recognized as capital formation,
- land improvements recognized as a separate asset,
- change in treatment of VAT – based third EU own resources,
- allocation of output of the Central Bank,
- including in the general government expenditures capital transfer in the amount of provisions for standardised guarantees,
- rules for the classification of units into the general government sector.

The definition of the general government debt remained unchanged. However, in connection with the Regulation No. 220/2014, the definition of interests, and consequently, definition of the general government deficit used for the Excessive Deficit Procedure (EDP) have been harmonized with the provisions of ESA2010 – they do not include interest flows on swap transactions.

¹ The detailed description of changes is included in the CSO press release available on the website <http://stat.gov.pl/obszary-tematyczne/rachunki-narodowe/> (in Polish only).

The Manual on Government Deficit and Debt (MGDD) specifies the principles of ESA with regard to the general government statistics. Its latest release (August 2014) is adopted to ESA2010. With regard to the principles of classification of institutional units to the general government sector, the attention should be paid to the revised provisions concerning government control, changes in the concept of market institutional unit, clarified provisions concerning, inter alia, classification of non-profit institutions, hospitals, supervisory authorities, protection funds. New guidelines also provide, in particular cases, classification of institutions engaged in financial intermediation into general government sector, as well as recording as taxes levies paid to the protection funds.

The list of units classified to the general government sector, according to ESA2010 methodology is available on the CSO website <http://stat.gov.pl/en/topics/national-accounts/>.

Other methodological changes introduced by the CSO in consultation with the European Commission, which have impact on general government statistics concern, among others, improved method of calculating output and allocation of taxes¹.

Changes in sector delimitation as well as the way of recording of levies paid to protection funds have the biggest impact on the general government deficit and debt in 2010-2012. In 2013, additionally, revision results from the use of more updated data sources.

As a result of implemented changes, especially the implementation of ESA2010 and of the new MGDD, the general government deficit decreased in 2010-2012 respectively by: 1 142 mln zł, 893 mln zł, 1 184 mln zł In 2013 the deficit decreased by 3 718 mln zł, of which due to methodological revisions: by 1 568 mln zł, and due to the use of more updated data sources by 2 150 mln zł Whereas general government debt decreased in 2010-2013 respectively by: 6 932 mln zł, 7 789 mln zł, 8 470 mln zł and 6 406 mln zł (the decrease by 8 509 mln zł due to methodological changes and simultaneously the increase by 2 102 mln zł due to updated data sources). At the same time the revision slightly influenced the relations of general government deficit to GDP. In mentioned period, index decreased by 0,2 percentage points in 2010-2012 and by 0,3 percentage points in 2013. More significant changes were observed for relation of general government debt to GDP. They amounted from 1,2 percentage points in 2012 to 1,4 percentage point in 2011.

The impact of the ESA2010 implementation (and other changes) on the general government deficit and debt level in 2010-2013

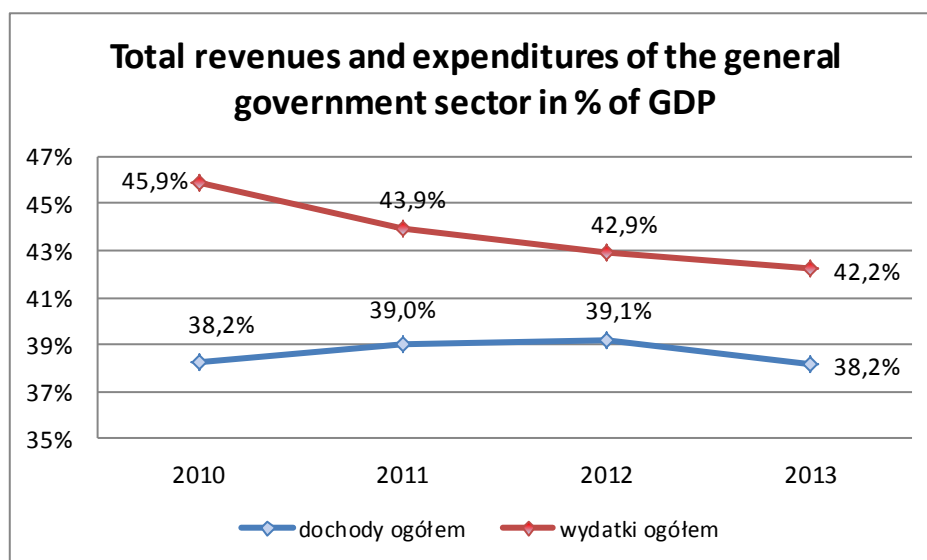
Specification	2010	2011	2012	2013
Deficit according to ESA95 (mln zł) ²	-110 870	-77 214	-61 681	-70 651
% of GDP	-7,8%	-5,1%	-3,9%	-4,3%
Deficit according to ESA2010 (mln zł)	-109 728	-76 321	-60 497	-66 933
% of GDP	-7,6%	-4,9%	-3,7%	-4,0%
Total nominal change of deficit (mln zł)	1 142	893	1 184	3 718
Change in deficit in %	-1,0	-1,2	-1,9	-5,3
Debt according to ESA95 (mln zł)	777 383	859 207	886 873	932 509
% of GDP	54,9%	56,2%	55,6%	57,0%
Debt according to ESA2010 (mln zł)	770 451	851 418	878 403	926 103
% of GDP	53,6%	54,8%	54,4%	55,7%
Total nominal change in debt (mln zł)	-6 932	-7 789	-8 470	-6 406
Change in debt in %	-0,9	-0,9	-1,0	-0,7

² Data according to the ESA95 come from the CSO press release concerning the general government deficit and debt in 2013, published 16 April 2014.

Together with the EDP notification, the CSO sent to the European Commission information about revenues and expenditures of the general government sector divided into transactions, according to the European System of National and Regional Accounts (ESA2010).

Revenues and expenditures of general government sector according to ESA2010 in years 2010-2013 (mln zł)

Specification	2010	2011	2012	2013
Total revenues	549 688	606 323	632 572	634 654
% of GDP	38,2	39,0	39,1	38,2
of which:				
Taxes on production and imports	196 223	214 461	209 816	211 195
Taxes on income, wealth	96 238	105 148	113 158	112 924
Property income	13 157	14 481	18 680	16 394
Social contributions	169 722	188 919	210 557	219 599
Total expenditures	659 416	682 644	693 069	701 587
% of GDP	45,9	43,9	42,9	42,2
of which:				
Intermediate consumption	93 259	90 074	95 381	97 785
Compensation of employees	158 572	164 477	167 503	171 279
Subsidies	13 078	11 920	11 578	11 217
Social benefits	237 838	243 547	256 897	270 333
Gross fixed capital formation	80 681	91 262	76 440	68 131



Information on general government deficit and debt of all EU Member States will be available in English on 21 October 2014 at 11 a.m. on the Eurostat website:

<http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home>.