

Law 4/2017 of 28th March

The Catalan Government's Budget

2017

A brief guide



Generalitat de Catalunya
Government of Catalonia
**Ministry of the Vice-presidency
and of the Economy and Finance**

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Presentation

*This guide aims to help
understand the documents
in the budget*

This guide to the 2017 Catalan Government's budget aims to make it more accessible to the public, giving citizens access to its vast, and sometimes complex, amount of information.

The first section focuses on the budgetary reform launched by the Catalan Government in 2006, which set the guidelines towards a results-focused budget.

The remaining sections address the regulation governing budget laws, the institutional scope of the Budget, as well as the budget's revenue and expenditures. We also provide a brief description of the documents made available with the budget.

The 2017 budget is only presented in electronic format. On the Generalitat's website, users can choose a "make your own book" option, which lets them create their own printable budget document by selecting the information most relevant to them.

A results-oriented budget

The 2017 Budget was drafted following the guidelines set in 2006, pointing towards a more results-focused Budget

The 2017 budget has been elaborated within the framework of a process of budgetary reform, which must improve and rationalise the process of elaborating the budget.

The budget objective is to explain expenditure purpose, the expected results and its cost

The main element that defines the reform is the focus on results, so that the budget becomes an effective tool for allocating, managing and controlling public resources. Besides determining how much money will be spent, who will spend it and what it will be spent on, the budget also outlines what are the resources spent on, at which cost and with which results.

Integration of the budgetary process with the strategic planning of the Generalitat materialized in the Government Plan for the 11th legislature

One of the main tools in results-focused budgeting is strategic planning (in all its different levels). Because when the budget stops being an annual mechanism to assign an ever-increasing level of resources, it is necessary to have a tool that provides criteria and priorities to allocate resources in a medium-term horizon. In the case of the Catalan Government that guidance is provided by the Government Plan for the 11th legislature approved by the government on April 19, 2016. In this framework, strategic planning of the Catalan Government is completed also with departmental plans and specific sectorial or interdepartmental plans that elaborate the different departments, individually or jointly. It is a system that integrates both processes, while strategic plans offer guideline, the budget supplies the annual resources to meet those goals.

The Budget's regulatory framework

Parliament approves the Law on Budgets in the constitutional and statutory framework and the regulations of public finances and budgetary stability.

The Catalan Government's Budget is drafted within the regulatory framework of the Spanish Constitution, the Catalan Statute of Autonomy, the Autonomous Regions Finance Act (LOFCA), and the Catalan Public Finance Act.

The budget of the Generalitat for 2017 is drafted according to the Catalan Statute of Autonomy, approved by the Fundamental Law

6/2006, of July 19. In the article 212 the Statute stipulates that it is the responsibility of the Catalan Executive to draft and implement the Government's budget, and that it is the responsibility of the Catalan Parliament to scrutinise it, amend it, pass it and monitor its implementation.

Article 29 of Decree 3/2002, of December 24, which passed the Catalan Public Finance Act, stipulates that the Government's budget should include its total expenditure and revenue, as well as those of public entities and companies.

The Catalan Government's budget is also drafted within the European and Spanish regulatory framework on budgetary stability, which regulates aspects related to public deficit and debt. In the first place, budget elaboration is subject to the Generalitat's 6/2012 Law, of May 17, of Budgetary Stability and, then, to Central Government's Fundamental Law 2/2012, of April 27 of Budgetary Stability and Financial Sustainability. Both laws comply with European Stability and Growth Pact.

The Budget Law includes revenue forecast and provision of expenditures, and regulates budgetary management as well as staff and financial operations

[The Law for the 2017 Budget](#) is divided into seven sections focused on: passing the budget and budgetary changes; regulation on budgetary management and public spending; expenditure on personnel; financial operations and lines of action for public credit; tax regulation; the role of local bodies in the revenues of the Central and Catalan governments; and regulation on budgetary management from the Catalan Parliament and other institutions. The Law also contains additional and final provisions.

In addition to the Budget law, the Government also submits to Parliament the [Law on fiscal, administrative, financial, and public sector measures and on the creation and regulation of taxes on large commercial establishments, on stays in tourist establishments, on radiotoxic elements, on packaged sugary beverages and on carbon dioxide emissions](#). This law incorporates some permanent provisions

related to revenue, expenditures or administration of Generalitat heritage, in particular those that refer to modification of the essential elements of tax figures.

The Budget's institutional scope

From an institutional point of view, the Catalan Government's public action is carried out by the Government itself – Government Departments and higher and other bodies – as well as by other public entities, with different legal status.

The Catalan Government's Budget includes total revenue and expenditures of the Generalitat's public sector

The institutional scope of Generalitat's budget is determined by the Statute of Autonomy of Catalonia, which in 2012 article sets that the Catalan Government's budget includes total Generalitat's revenue and expenditure and also those of the entities depending. In budgetary terms the dependence is established by the majority shareholding criteria.

Generalitat's budget for 2017 includes 182 budgets for the Generalitat itself and for other entities that are partially or fully owned by the government and that determine the institutional scope of the public sector.

The 2017 budget includes in addition to the Generalitat's budget, the budgets of the 182 entities that depend on it, which allows display the whole of its public action

On the other side, the institutional scope relevant to verify compliance with the budgetary stability target comprises all the entities classified within the Generalitat's public Administration sector (PA-ESA), according to the European System of National and Regional Accounts (ESA). In addition to the Generalitat itself, there are 173 entities within the institutional scope of the Generalitat's public sector and another 19 entities, in which Generalitat does not have a majority stake, although is the administration that has the highest stake, which is the reason not to include them into the budget.

Number of entities included in the Catalan Government's 2017 Budget

Public sector	2017
Generalitat	1
Autonomous administrative entities and Catsalut	20
Autonomous commercial and financial entities	2
Public law companies	44
Trading companies	27
Consortiums	54
Foundations	34
Subtotal public sector	182
Subtotal non majority entities	
PA-ESA entities	
Autonomous administrative entities and Catsalut	1
Consortiums	12
Foundations	6
Subtotal PA ESA entities	19
Consortiums attached	2
Subtotal non majority entities	21
Total entities	203

The entities in which the Generalitat does not have a majority stake are presented separately according to the different control capacity which holds the Generalitat.

Budget structures

Establishing different categories for revenue and expenditures helps the Government prepare the Budget, Parliament to scrutinise and pass it, and it also makes it easier for the public to analyse it. Specific definitions also help the Budget's management and control centres.

Revenue

Revenue are structured by their economic and organic nature

Revenue is structured by their economic nature, within each entity, in accordance with their classification by chapter, article, concept and application.

Revenue chapters are divided into current, capital and financial revenue. Current revenue come from direct and indirect taxes, fees and sales of goods and services, and received current transfers; while capital revenue come from the disposal of investments and received capital transfers. The result of sum the current and capital revenue give the total non financial revenue. Financial revenue are made up of changes in financial assets and liabilities.

Expenditure

Expenditure is classified by entity, programme and economic structure

Expenditure in the Government's 2017 Budget is classified by entity, programme and economic structure.

Expenditure by entity

This classification shows which government body is responsible for carrying out any given function or activity and the level of funds allocated.

The Budget contains the planned expenditure for each entity, as well as details for each ministry (or section) and service, in the case of the Government. The entities are grouped by subsector (in accordance with their legal status), by group (in accordance with the ministry they are attached to), and by the corporate groups of Catalan Audiovisual Media and the Catalan Health Institute.

Expenditure by function and programme

The classification by programme shows what the resources are used for.

The 2017 Budget is divided into 106 programmes

In the Budget, a programme is a set of products, services and activities under the responsibility of a management centre, which uses resources to achieve specific, identifiable and measurable objectives.

The 2017 Budget is divided into 106 programmes grouped in 35 expenditure policies and 9 expenditure areas.

Expenditure by economic structure

Budget expenditures are structured, within each entity (and section and budget service) and programme, by their economic nature in accordance to classification by chapters, articles, concepts and applications.

Expenditure chapters are divided into current expenditure, capital expenditure and financial expenditure. Current expenditure comprises expenditures to run the organisation (personnel, purchasing, etc.), financial expenditures, as well as operational transfers and grants to third parties. Capital expenditures include investments and transfers to third parties in order to finance investments. The result of sum the current and capital expenditures is the volume of non-financial operations. Finally, financial operations are made up of changes in financial assets and liabilities.

Documentation of the Catalan Government's Budget for 2017

The [Law 4/2017, of 28 March, of the Catalan Government's Budget for 2017](#) comes with a series of documents that provide additional information to facilitate its comprehension.

[Revenue and expenditure](#)

Revenue details are ordered by their economic nature, while expenditures are organised by programme structure and economic nature. (Data set available in [Excel](#))

[Summary of revenue and expenditure](#)

In order to facilitate the analysis of the budget information the following summaries are presented:

- Entities with own legal personality integrated into the budgets of Generalitat public sector, showing whose group and subsector are belong.
- Revenue and expenditures of public sector, by chapters and subsectors; the budgets from different entities grouped by subsectors, and the consolidated budgets of the corporate groups of Catalan Audiovisual Media (CCMA) and the Catalan Health Institute (ICS).
- Revenue summaries of public sector including economic articles and subsectors.
- Expenditures summaries of Generalitat subsector, of the public sector, of the various groups and of the corporate groups CCMA and ICS, including combinations derived from the economic classification and by programs of the budget.
- Regarding the public administration sector (PA-ESA) revenue and expenditure summaries are arranged by article and subsector, while expenditures are also presented by programme and subsector.

All summaries take into account the flow of funds between different government bodies, and also show consolidated data once these flows have been eliminated.

Explanatory report

This report includes information on the preparation budget framework of the 2017, the institutional scope, the budget structures and the regulatory framework. It also offers a summary of key budget figures and the main strategic priorities.

Economic and financial report

This document describes the state and evolution of the Catalan economy and the state of Catalonia's public sector at the central, regional and local government levels.

Programme reports

Each group (13 departmental groups, non-departmental funds and higher bodies and other) and programme has an annual report that shows a double perspective: the group perspective, which means the global strategic view of the group for the programme, and the perspective of the different managers (departments' services and depending entities) that participate in the implementation of the projects and services in the context of the programme. The annual report includes a brief summary of the situation, the mission of the programme, a statement of objectives, a list of activities carried out, monitoring indicators, a summary of expenditures by budget headings and the number of budgeted job positions. In 2015 there is also a new model of report that replaces the standard report for those situations when an entity obtains resources from a group different to the one to which the entity belongs in order to develop an assignment that the group makes to the entity through a budgetary programme that does not belong to the plan of the group to which the entity is attached.

Real investments annex

This book includes a detailed summary of real investments outlined in the 2017 Budget, showing the territory where the investment is located. It also includes information on other investments with specific financing systems and their areas of application.

Personnel annex

For each entity or budgetary service, this section includes the number of personnel, classified by type of staff, programme and county.

Financial reports of trading companies and other public sector bodies

These reports include an estimate for the close of 2016 and a forecast for 2017 of the balance sheet at 31 December and of the profit and loss account for public-law bodies, trading companies, consortia and foundations included in the institutional scope of public sector budget of the Generalitat.

Budgets and financial reports of non-majority share holding entities (classified as PA-ESA)

This book contains the detail of the budget credits and the financial statements of entities in which the Generalitat does not have a majority share, which is why it does not have the effective control capacity in the governing bodies, nevertheless they have been classified in the public Administration sector in terms of the European System of National and Regional Accounts (EAS).

Annual report on tax relief

This book contains an estimate of the Generalitat's decline in tax revenue collection due to tax incentives, such as deductions in personal income tax, oriented toward economic and social policy objectives. The information is classified by instruments and by expenditure policies.

Annual report on subsidies

This report includes detail on subsidies, both current and capital, budgeted for the Generalitat, showing the expenditure programme it is linked to, its recipients and whether the subsidy is given on the basis of a public call.

Annual report on leases and property purchases

It contains information about leases and property purchases planned for 2017.

[Settlement of the 2015 Budget](#)

The link of 2015 General Account presents the settlements of the 2017 Budget of the Generalitat, the Catalan health service (CatSalut), the autonomous administrative bodies and the annual accounts of consortiums attached to the Generalitat and from the ICS.

[Execution, on October 31st, 2016 of the 2016 Budget](#)

The link contains the 2016 Budget execution, of the Generalitat, CatSalut, ICS, and the autonomous administrative bodies.

[Law on fiscal, administrative, financial, and public sector measures and on the creation and regulation of taxes on large commercial establishments, on stays in tourist establishments, on radiotoxic elements, on packaged sugary beverages and on carbon dioxide emissions](#)

In parallel to the Budget Law, this law includes permanent items that affect revenue, expenditure and assets.