

Final balance sheets of provincial governments 2008

Istat presents the results of financial flow calculations on the final balance sheets of provincial governments for fiscal year 2008,¹ which were calculated using data supplied by the Ministry of the Interior.

Revenue accounts by economic category

In 2008 total tax assessments as a net of clearing accounts, was equal to 13,892 million euros, reflecting a slight increase over the previous financial year (+0.2 percent) (Table 1). This figure represents a substantial reduction in capital revenue which is counterbalanced by growth in current revenue and revenue from the opening of lines of credit.²

In greater detail, the growth in current revenue (+2.4 percent relative to 2007, from 9,897 to 10,131 million euros) can be attributed to increases in non-tributary revenue (+16.5 percent) and contributions and transfers (+3.5 percent) coupled with a decline in tributary revenue (-0.5 percent).

The assessment of capital revenue dropped by 11.8 percent (from 3,260 million euros to 2,876 million), representing the combined effect of contractions in credit collection (-43.3 percent) and property transfers (-5.9 percent) plus an increase in the opening of new lines of credit (+26.3 percent), while transfers remained virtually unchanged (-0.1 percent).

For 2008, revenue related to financial management revealed changes in composition relative to the previous year. The impact of current revenue grew (from 71.4 to 72.9 percent), as did revenue from the opening of new lines of credit (from 5.1 to 6.4 percent), while a decline was registered in capital revenue (from 23.5 to 20.7 percent).

An examination of cash management reveals that total collections fell by 2.3 percent, from 13,870 to 13,548 million euros. Current revenue fell by 5.2 percent, in contrast to the 11.3 percent growth witnessed in capital revenue. Revenue from the opening of new lines of credit registered an appreciable contraction (-9.0 percent).

The results for economic items related to current revenue collection fell from 10,195 to 9,663 million euros. Non-tributary revenue collections grew (+8.8 percent), while collections from contributions and transfers (-10.9 percent) and tributary revenues (-1.8 percent) revealed negative changes.

Items related to capital account collections also presented non-homogeneous trends, rising from 2,668 to 2,969 million euros. Transfers rose (+28.2 percent) while both asset transfers (-49.7 percent) and credit collection (-2.3 percent) both fell.

Collection capacity, which is the ratio between accrual collections and assessments, fell by 0.2 percentage points relative to 2007 (from 67.3 to 67.1 percent). The current revenue indicator in particular was more stable than the previous year (80.1 percent for both years), while negative changes

¹ Definitive data were available for 103 provinces, whereas estimations were used for the province of L'Aquila. The autonomous provinces of Trento and Bolzano were excluded as their financial flows were already included in the survey on regional and Autonomous province final balance sheets. In Valle d'Aosta-Vallée d'Aoste, the regional government has the jurisdiction for functions that are assumed by provincial governments elsewhere.

² Values were rounded to the nearest million euros, which is why some addends might not coincide with the sums indicated in the tables. Also, please note that percentage variations and other indicators in the tables were calculated using unmodified data prior to rounding.

of 3.5 percentage points were detected for revenue from the opening of lines of credit (from 35.0 to 31.5 percent) and of 3.2 percentage points for capital revenue (from 35.5 to 32.3 percent).

Total current revenue was 10,131.45 million euros at the national level, reflecting a per capita value of 172.01 euros (+2.79 euros relative to the previous fiscal year) (Table 2).

The value of current per capita revenue was highest in the provinces of Basilicata (297.98 euros), followed by the provinces of Friuli-Venezia Giulia (255.56 euros) and Calabria (238.76 euros). At the bottom of the scale were the provincial governments of Sicilia, Puglia and Lazio, at 121.14, 139.89 and 141.39 euros respectively.

Expenditure account by economic category

Provincial governments adopted a total of 14,399 million euros of expenditure commitments during fiscal year 2008 (+2.4 percent compared with the previous year) (Table 3). Commitments for current expenditures rose by 3.2 percent relative to the previous fiscal year, climbing from 8,819 to 9,099 million euros, while commitments for capital expenditures rose 1.3 percent, from 4,576 to 4,635 million euros. A decrease was registered for loan repayment expenditures (from 669 to 665 million euros, or -0.6 percent).

All economic items contributed to different degrees of growth in the current part of commitments except for transfers, which contracted by 2.1 percent relative to the previous fiscal year. Passive interest rose by 7.3 percent, expenditures for the purchase of goods and services by 5.0 percent and personnel expenses by 1.8 percent.

Capital commitments rose by 1.3 percent relative to the previous year. This result reflects positive variations in spending for investments in public works (+21.4 percent) and for participations and conferments (+7.5 percent), counterbalanced by contractions in expenditure items related to the granting of credits (-43.9 percent), transfers (-19.0 percent) and the purchase of movable property and equipment (-2.0 percent).

With respect to cash management, the total payments amounted to 13,541 million euros (+2.4 percent). The total for current payments was 9,036 million euros (+8.0 percent), for capital account expenditures was 3,836 million euros (-8.7 percent) and for loan repayment was 669 million euros (+1.5 percent).

Spending capacity, as represented by the ratio between accrual payments and commitments, remained unchanged as a whole at 53.1 percent.

The per capita value of current expenditures, which was 154.49 euros at the national level (Table 4), was highest in the provinces of Basilicata (282.07 euros, +32.16 euros), Friuli-Venezia Giulia (234.80 euros, +30.16 euros) and Umbria (226.18 euros, +31.44 euros). The lowest levels were found in the provinces of Sicilia (118.50 euros, +0.31 euros), Puglia (124.75 euros, +11.83 euros) and Veneto (126.32 euros, +8.65 relative to the previous fiscal year).

Expenditure accounts by functional category

Final expenditures in 2008 rose from 13,395 to 13,734 million euros, with a national-level structure that was analogous to the structure in 2007 (Table 5).

Spending for public education (+1.6 percentage points), transportation (+0.9 percentage points) and territorial management (+0.2 percentage points) registered increases. Expenditures held steady for **culture and cultural goods, tourism, sports and recreation** and the **social sector**. A decrease was witnessed in expenditures for **administration, management and control** (-2.1 percentage points), expenditures designated for **environmental protection** (-0.4 percentage points) and for **economic development** (-0.3 percentage points).

Economic-structural indicators

For assessing the economic-financial management of provincial governments, several different economic-structural indicators were broken down by geographical and regional sections (Table 6).

The **degree of tax autonomy**, which gauges how much tributary revenue weighs on current revenue, fell from 49.9 to 48.5 percent at the national level.

The **degree of financial autonomy**, which reflects the ratio of tributary and non-tributary revenue to current revenue, exhibited a decline of -0.5 percentage points at the national level, from 56.8 to 56.3 percent.

The **degree of tax dependence** represents the proportion of current revenue represented by direct transfers from the state. In 2008 this indicator declined from 10.3 to 9.8 percent (-0.5 percentage points) at the national level.

The **degree of regional dependence**, which represents the ratio between transfers from the Region for its own functions (or functions it delegates) and total current revenue, exceeds the tax transfer indicator by 22.2 percentage points at the national level.

The **degree of structural rigidity** of provincial governments dropped from 30.1 to 29.8 percent between 2007 and 2008.

The **incidence of personnel expenses**, which are calculated as how much personnel expenditures weigh on total current revenue, was 23.2 percent at the national level - down by 0.1 percentage points relative to the 2007 value.

Table 1 – Assessments, collections (in millions of euros) and collection capacity (percentage) of provincial governments by item. Years 2007 and 2008

ITEMS	ASSESSMENTS				COLLECTIONS (a)				COLLECTION CAPACITY (b)	
	2007	2008	Var. %	Comp. %	2007	2008	Var. %	Comp. %	2007	2008
Current revenue	9,897	10,131	2.4	72.9	10,195	9,663	-5.2	71.3	80.1	80.1
Tributary revenue	4,941	4,914	-0.5	35.4	4,976	4,887	-1.8	36.1	94.4	93.8
Revenue from contributions and transfers	4,275	4,424	3.5	31.8	4,581	4,080	-10.9	30.1	64.7	66.4
Non-tributary revenue	681	793	16.5	5.7	639	695	8.8	5.1	73.2	70.9
Capital account revenue	3,260	2,876	-11.8	20.7	2,668	2,969	11.3	21.9	35.5	32.3
Asset transfers	87	82	-5.9	0.6	290	146	-49.7	1.1	58.8	85.9
Capital account transfers	2,301	2,300	-0.1	16.6	1,639	2,101	28.2	15.5	27.0	21.1
Credit collection	872	494	-43.3	3.6	739	722	-2.3	5.3	55.6	75.5
Opening of lines of credit	700	885	26.3	6.4	1,007	916	-9.0	6.8	35.0	31.5
GENERAL REVENUE TOTAL (c)	13,857	13,892	0.2	100.0	13,870	13,548	-2.3	100.0	67.3	67.1

(a) Includes accrual collections and residual accounts.

(b) Collection capacity is calculated as the percentage ratio between accrual collections and assessments.

(c) As a net of clearing accounts.

Table 2 – Current revenue of provincial governments by category and region. Assessments.
Year 2008 (absolute values in millions of euros and per capita values in euros)

REGIONS	TRIBUTARY REVENUE		CONTRIBUTIONS AND TRANSFERS		NON-TRIBUTARY REVENUE		TOTAL	
	Absolute value	Per capita value	Absolute value	Per capita value	Absolute value	Per capita value	Absolute value	Per capita value
Piemonte	402.07	90.71	494.25	111.51	61.61	13.90	957.93	216.11
Lombardia	868.04	89.10	423.08	43.43	188.03	19.30	1,479.15	151.82
Liguria	158.47	98.12	161.66	100.09	25.01	15.49	345.13	213.70
Veneto	414.81	84.91	261.12	53.45	69.04	14.13	744.97	152.48
Friuli-Venezia Giulia	54.90	44.60	216.81	176.13	42.87	34.83	314.58	255.56
Emilia-Romagna	409.63	94.43	254.13	58.58	70.61	16.28	734.37	169.29
Toscana	370.01	99.79	411.43	110.96	89.70	24.19	871.14	234.95
Umbria	91.29	102.08	104.77	117.17	14.99	16.76	211.05	236.01
Marche	160.09	102.00	155.81	99.27	24.21	15.42	340.11	216.69
Lazio	522.93	92.94	229.73	40.83	42.92	7.63	795.58	141.39
Abruzzo	115.42	86.48	81.19	60.83	19.85	14.88	216.46	162.18
Molise	23.44	73.07	26.91	83.90	3.37	10.51	53.73	167.48
Campania	432.02	74.32	459.39	79.03	38.12	6.56	929.52	159.91
Puglia	303.21	74.32	243.48	59.68	24.00	5.88	570.69	139.89
Basilicata	41.65	70.51	128.13	216.96	6.21	10.51	175.99	297.98
Calabria	142.75	71.06	304.22	151.45	32.64	16.25	479.60	238.76
Sicilia	300.67	59.68	285.93	56.76	23.67	4.70	610.28	121.14
Sardegna	103.11	61.71	181.46	108.60	16.58	9.92	301.16	180.23
ITALY	4,914.50	83.44	4,423.51	75.10	793.44	13.47	10,131.45	172.01

Table 3 – Commitments, payments (in millions of euros) and spending capacity (percentage) of provincial governments by title and category. Years 2007 and 2008

ITEMS	COMMITMENTS				PAYMENTS (a)				SPENDING CAPACITY (b)	
	2007	2008	Var. %	Comp. %	2007	2008	Var. %	Comp. %	2007	2008
Current expenditures	8,819	9,099	3.2	63.2	8,367	9,036	8.0	66.7	65.0	67.7
Personnel	2,309	2,351	1.8	16.3	2,203	2,374	7.7	17.5	85.7	88.7
Purchase of goods and services	3,871	4,064	5.0	28.2	3,739	3,963	6.0	29.3	58.3	60.4
Current transfers	1,889	1,849	-2.1	12.8	1,691	1,889	11.7	14.0	44.5	48.2
Passive interest	487	522	7.3	3.6	485	524	8.1	3.9	97.8	98.5
Other current expenses	264	313	18.6	2.2	249	286	14.9	2.1	69.7	67.6
Capital account expenditures	4,576	4,635	1.3	32.2	4,200	3,836	-8.7	28.3	24.0	18.0
Investments in public works	2,725	3,307	21.4	23.0	2,622	2,423	-7.6	17.9	8.3	6.5
Movable property, equipment, etc.	147	144	-2.0	1.0	155	143	-7.8	1.1	19.1	21.6
Capital transfers	774	627	-19.0	4.4	617	700	13.5	5.2	10.8	11.4
Participations and conferments	68	73	7.5	0.5	77	63	-18.5	0.5	80.0	64.7
Granting of credits and advances	862	483	-43.9	3.4	730	507	-30.5	3.7	81.9	96.9
Loan repayment	669	665	-0.6	4.6	659	669	1.5	4.9	95.8	98.8
GENERAL EXPENDITURES TOTAL (c)	14,064	14,399	2.4	100.0	13,226	13,541	2.4	100.0	53.1	53.1

(a) Includes accrual payments and residual accounts. (b) Spending capacity is calculated as the percentage ratio between accrual payments and commitments. (c) As a net of clearing accounts.

Table 4 – Current expenditures of provincial governments by category and region. Commitments. Year 2008
(absolute values in millions of euros and per capita values in euros)

REGIONS	PERSONNEL EXPENSES		PURCHASES OF GOODS AND SERVICES		OTHER CURRENT EXPENDITURES		TOTAL	
	Absolute value	Per capita value	Absolute value	Per capita value	Absolute value	Per capita value	Absolute value	Per capita value
Piemonte	189.89	42.84	442.09	99.74	273.10	61.61	905.09	204.19
Lombardia	282.04	28.95	524.32	53.82	501.29	51.45	1,307.65	134.22
Liguria	77.15	47.77	184.34	114.14	48.08	29.77	309.56	191.67
Veneto	125.00	25.59	266.89	54.63	225.24	46.10	617.13	126.32
Friuli-Venezia Giulia	55.91	45.42	163.07	132.48	70.03	56.89	289.02	234.80
Emilia-Romagna	188.57	43.47	224.30	51.71	254.91	58.76	667.78	153.94
Toscana	188.39	50.81	380.99	102.75	211.27	56.98	780.65	210.54
Umbria	58.01	64.87	62.13	69.48	82.11	91.83	202.26	226.18
Marche	89.05	56.74	134.93	85.96	100.20	63.84	324.18	206.54
Lazio	214.82	38.18	294.53	52.34	201.93	35.89	711.28	126.41
Abruzzo	69.94	52.40	65.63	49.17	54.61	40.92	190.18	142.49
Molise	21.00	65.46	21.06	65.65	8.62	26.86	50.67	157.96
Campania	166.19	28.59	499.71	85.96	125.28	21.55	791.18	136.11
Puglia	121.71	29.83	262.99	64.46	124.26	30.46	508.96	124.75
Basilicata	44.12	74.71	100.60	170.33	21.87	37.03	166.59	282.07
Calabria	140.53	69.96	107.86	53.70	167.00	83.14	415.39	206.80
Sicilia	247.58	49.14	226.58	44.98	122.81	24.38	596.97	118.50
Sardegna	70.73	42.33	102.14	61.13	91.87	54.98	264.74	158.43
ITALY	2,350.64	39.91	4,064.16	69.00	2,684.50	45.58	9,099.30	154.49

Table 5 – Final expenditure of provincial governments by geographic section and function. Commitments. Years 2007 and 2008) (in millions of euros)

FUNCTIONS	NORTH-WEST		NORTH-EAST		CENTRE		SOUTH AND ISLANDS		ITALY	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Administration, management and control	1,196	898	710	856	765	717	1,090	1,104	3,762	3,576
Public education	760	806	389	437	481	504	691	850	2,320	2,597
Culture and cultural goods	67	68	39	44	63	73	110	110	279	295
Tourism, sports and recreation	62	64	46	51	53	55	110	107	271	277
Transport	306	371	266	303	319	321	398	443	1,289	1,437
Territorial management	813	834	486	493	530	528	1,156	1,230	2,985	3,086
Environmental protection	264	226	131	117	208	252	346	329	950	925
Social sector	102	104	43	45	67	72	120	124	333	345
Economic development	310	281	161	239	216	287	520	390	1,206	1,197
TOTAL (a)	3,879	3,653	2,272	2,586	2,702	2,808	4,542	4,688	13,395	13,734

(a) The total differs from the Table 3 total because it is a net of expenditures for loan repayment.

**Table 6 – Economic-structural indicators for provincial governments by region.
Commitments. Years 2007 and 2008 (percentage values)**

REGIONS	Degree of tax autonomy		Degree of financial autonomy		Degree of tax dependence		Degree of regional dependence		Degree of structural rigidity		Incidence of personnel expenses	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Piemonte	45.4	42.0	51.0	48.4	4.3	4.4	43.5	44.8	25.8	24.2	20.8	19.8
Lombardia	56.4	58.7	67.7	71.4	2.9	2.2	28.3	25.1	24.4	24.9	18.4	19.1
Liguria	50.2	45.9	58.2	53.2	2.2	1.6	35.7	41.0	29.7	27.5	24.4	22.4
Veneto	62.3	55.7	69.5	64.9	4.5	7.2	25.4	27.5	27.6	26.9	18.2	16.8
Friuli-Venezia Giulia	19.6	17.5	28.7	31.1	1.2	1.1	69.5	67.2	19.9	21.7	15.9	17.8
Emilia-Romagna	60.9	55.8	67.9	65.4	0.9	0.7	29.5	30.9	34.4	41.2	26.2	25.7
Toscana	46.1	42.5	55.9	52.8	3.3	4.1	37.6	39.0	28.7	27.8	22.3	21.6
Umbria	48.3	43.3	54.8	50.4	7.1	8.2	37.5	38.6	44.3	30.8	28.7	27.5
Marche	46.8	47.1	53.8	54.2	6.5	5.6	38.7	38.5	31.7	31.1	26.6	26.2
Lazio	64.0	65.7	69.5	71.1	7.6	4.3	22.2	23.3	33.6	34.5	26.0	27.0
Abruzzo	48.0	53.3	55.5	62.5	20.2	19.9	18.1	10.9	37.1	41.2	29.4	32.3
Molise	42.7	43.6	48.9	49.9	45.5	46.3	3.6	3.6	44.0	45.7	37.7	39.1
Campania	43.7	46.5	47.9	50.6	19.0	18.7	32.4	30.2	25.2	20.6	16.9	17.9
Puglia	57.2	53.1	61.0	57.3	15.4	13.1	21.4	28.7	27.0	25.4	22.8	21.3
Basilicata	26.1	23.7	29.4	27.2	27.0	27.0	42.8	40.5	31.9	28.5	28.4	25.1
Calabria	30.6	29.8	36.6	36.6	30.3	28.6	31.9	34.0	38.2	38.0	30.3	29.3
Sicilia	48.4	49.3	51.6	53.1	32.4	33.4	15.5	13.2	44.2	48.5	38.7	40.6
Sardegna	37.9	34.2	42.1	39.7	13.5	14.3	42.4	43.9	30.3	27.8	23.7	23.5
ITALY	49.9	48.5	56.8	56.3	10.3	9.8	31.4	32.0	30.1	29.8	23.3	23.2

1. Degree of tax autonomy = tributary revenue / current revenue.

2. Degree of financial autonomy = tributary revenue + non-tributary revenue current revenue.

3. Degree of tax dependence = contributions and state transfers / current revenue.

4. Degree of regional dependence = transfers from the Region for its own or delegated functions / current revenues.

5. Degree of structural rigidity = personnel expenses + loan repayments / current revenue.

6. Incidence of personnel expenses = personnel expenses / current revenue.

Information note

The data published in this note are provisional and result from calculations on the balance sheet certificates of 104 provincial governments, which represent this study's universe of observation. The governments cited in the premise were not included in this universe. Data collection was conducted directly by the Ministry of the Interior, which supplied Istat with information for subsequent corrections, processing and calculations.

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