3 April 2023

General government sector balance ended up with a deficit in the 4th quarter of 2022

Government deficit and debt – the fourth quarter of 2022

**In the Q4 2022, the general government sector balance ended up with a deficit corresponding to 5.8% of GDP. The government debt ratio increased by 2.1 percentage points (p. p.), year-on-year (y-o-y), to 44.1% of GDP.**

In the Q4 2022, the general government sector deficit reached CZK 103.8 billion, which means that it worsened by CZK 7.0 billion in the year-on-year comparison. All sub-sectors of the general government sector fell to a deficit. The highest proportion in that belongs, as usually, to the central government, which ended up with a deficit of CZK 67.2 billion that improved, however, by CZK 6.1 billion, y-o-y. The local government sector balance ended up with a deficit of CZK 19.2 bn, which worsened by CZK 6.0 bn, y-o-y, and social security funds (health insurance companies) ended up with a deficit of CZK 17.3 bn.

*“The general government sector ended up with a deficit of CZK 103.8 billion in the fourth quarter of 2022. Expenditure on social benefits contributed the most to the result. The government debt ratio increased by 2.1 p. p., y-o-y, and reached 44.1% of GDP,”* Helena Houžvičková, Director of the Government and Financial Accounts Department of the Czech Statistical Office (CZSO), stated.

The general government sector balance, Q4 2020 – Q4 2022

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| Period | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 |
| CZK bn | -137.5 | -131.1 | -40.1 | -42.7 | -96.8 | -69.0 | -8.7 | -66.0 | -103.8 |
| % of GDP | -9.0 | -9.5 | -2.6 | -2.7 | -6.0 | -4.5 | -0.5 | -3.8 | -5.8 |

*Note: Data in the table are not seasonally adjusted and cannot be compared quarter-on-quarter.*

The total government revenues increased by 9.2%, y-o-y, and reached 40.3% of GDP. Especially the following contributed to the y-o-y increase in revenues: growth of revenues from received social contributions, interest received, and taxes on income. The total government expenditure increased by 8.9%, y-o-y, and reached 46.1% of GDP. The following expenditure increased the most: expenditure on social benefits, compensation of employees, and interest paid.

The nominal debt of the general government increased by CZK 430.4 bn to CZK 2 997.1 bn. The government debt ratio increased from 42.0% to 44.1% of GDP, year-on-year; the influence of the nominal change of the debt was +6.3 p. p., while the increasing nominal GDP contributed to a decrease in indebtedness by –4.2 p. p. In the quarter-on-quarter comparison, the debt increased by CZK 13.8 bn, which means that the debt ratio increased by 0.2 p. p. An increase in the nominal GDP contributed to a decrease in the indebtedness by –1.2 p. p.

Regarding the debt structure, mainly the following increased, year-on-year: issued debt securities (CZK +239.3 bn) and received loans (CZK +184.9 bn).

**Debt of the general government sector, Q4 2020 – Q4 2022**

The general government sector balance after seasonal adjustment as well as adjustment for calendar effects ended up with a deficit of CZK 68.3 bn, which corresponded to 3.9% of GDP. The general government sector balance improved by CZK 11.6 bn, q-o-q. The development of the general government sector balance adjusted by seasonal and calendar effects is shown in the chart below.

**Seasonally adjusted general government sector balance, Q4 2020 – Q4 2022**

Notes:

*Quantification of fiscal indicators of government deficit and debt mentioned above is based on the ESA2010 methodology. Data published in this news release are methodologically consistent with the data used for the statistics of the excessive deficit procedure (EDP) purposes and for the assessment of how Maastricht convergence criteria are met.*

*The government surplus/deficit is represented by the item B.9 “net borrowing (−) or net lending (+)” in the system of national accounts. It refers to the ability of the general government sector to finance other sectors of the economy (+) or the need of the general government sector to be financed (−) by other sectors of the economy in the given period.*

*The general government debt is the amount of consolidated liabilities of the general government sector comprising the following items: received deposits, issued debt securities, and received loans. In case of foreign exchange debt instruments hedged against the currency risk, the value in CZK is obtained by means of the contractual exchange rate.*

*The general government sector balance is compared with the amount of the GDP in the given quarter at current prices. The amount of the consolidated general government debt is compared with the sum of quarterly GDP for the last four quarters at current prices. Fiscal indicators of quarterly government deficit and debt are published within the Transmission programme (Table 25 and Table 28) on the website* [*General government sector*](https://apl.czso.cz/pll/rocenka/rocenka.indexnu_gov?mylang=EN) *in the “GDP, National Accounts” section. Unless otherwise stated, data are not seasonally adjusted as well as they are not adjusted for calendar effects. Time series of seasonally adjusted sector accounts for the government sector (the item of net lending / net borrowing)* [*Time series of seasonally adjusted sector accounts for S.13*](https://apl.czso.cz/pll/rocenka/rocenkavyber.kvart_qsa?mylang=EN&oblast=@RU)*.*

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| *The Next News Release will be published on:* | *3 July 2023* |