

**SYTUACJA SPOŁECZNO-GOSPODARCZA  
KRAKOWA W 2008 R.**

*SOCIO-ECONOMIC SITUATION  
OF KRAKÓW IN 2008*

## Socio-economic situation of Kraków in 2008

### POPULATION

At the end of December 2008 the population of Kraków amounted to 754.6 thous. people what means that there were 2308 persons per km<sup>2</sup>. Such a high density of population is characteristic for big cities. Since 2000 the number of population of Małopolska<sup>1</sup> has shown a little declining tendency. In the year under discussion it decreased by 0.3% in relation to size as of the end of 2007. As of 31 XII 2008 the population of Kraków constituted 23.0% of total population of the voivodship. The feminization rate amounted to 114 (females per 100 males). Since 2003 it has stayed at the unchanged level. In the Małopolskie voivodship there were 106 females per 100 males.

The pre-working age population (aged 0-17) accounted for 15.5% of total population, i.e., less per annum by 0.2 percentage point, and working age population (aged 18-59/64) - 66.0%, i.e., less by 0.3 percentage point. However, the share of the post-working population (aged 60/65 and more) in total population augmented by 0.5 percentage point to 18.5%. There were 52 non-working age persons per 100 persons of working age (in years 2003-2007 - 51). The observed changes are connected with the slow process of aging of the society.

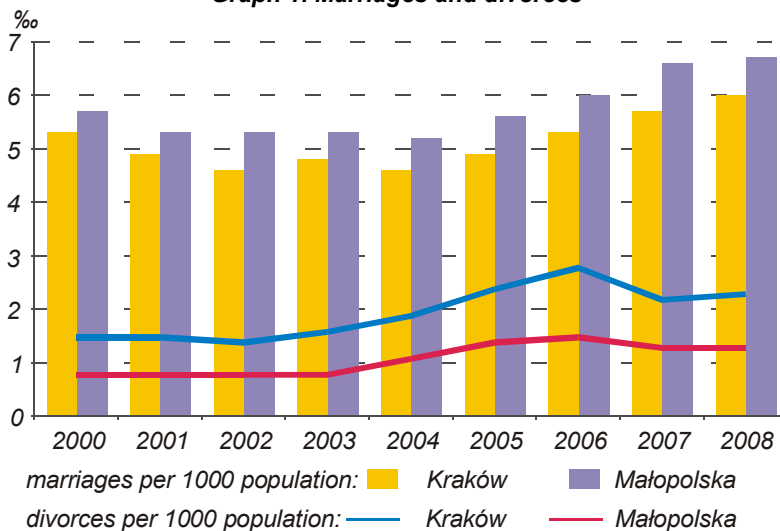
The decrease of the number of population occurred in spite of a registered in 2008 positive natural increase, which amounted to 421 persons, i.e., 0.6 per 1000 population (in the voivodship 2.2). In the previous years natural increase in the city was negative. In 2008 in Kraków, 7537 children were born, i.e., more by 782 than in the previous year. The rate of births was characterised by an upward tendency and reached 10.3‰ (a year before 9.2‰, three years before 8.8‰). In the year under discussion 7116 persons died, that is less by 51 than a year before, but more by 90 than in 2005. The rate of deaths amounted to 9.7‰ and it was minimally lower than in 2007.

In 2008 on the area of Kraków 4.4 thous. marriages were contracted, i.e., more by 4.9% than a year before. The intensity of marriages ratio had the lowest level among powiats - 6 new matrimonies per 1000 population, with simultaneously the highest number of divorces in the voivodship - 375 per 1000 newly contracted marriages. In the year under discussion 1.7 thous. marriages were dissolved by divorce, that is 2.3 divorces per 1000 population. After 5-year period of systematic growth and the decrease by almost 20% in 2007, the number of divorces increased again by 1.7% in 2008. In the year under discussion in Małopolska the intensity of marriages ratio amounted to 6.7‰, and the intensity of divorces ratio - 1.3‰.

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<sup>1</sup> Names "Małopolskie voivodship" and "Małopolska" are used interchangeably.

**Graph 1. Marriages and divorces**



Source: SO Kraków, own study.

Permanent net migration in the analysed year was negative and it amounted to minus 62 persons, what means a surplus of registered persons over deregistered persons. In years 2000-2007 there was a positive permanent net migration.

In 2008 in Kraków males lived on average 74.1 years (in the voivodship 72.9 years), however females 81.0 years (in Małopolska 80.9 years). In relation to 2005 life expectancy of males lengthened by one year, and of females - by 0.7 of a year.

## **LABOUR MARKET**

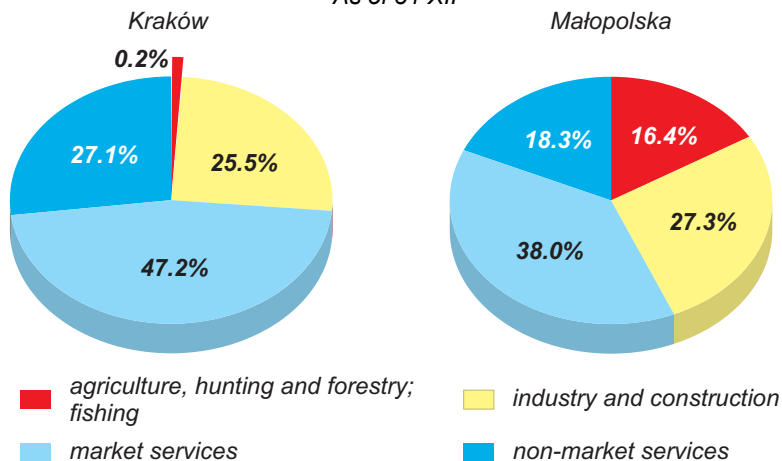
### **Employed persons**

For several years an improvement of the situation on the labour market has been observed due to an increasing number of employed persons and a decreasing registered unemployment. In 2008 by actual workplace and kind of activity<sup>2</sup> 277.2 thous. persons worked in Kraków, i.e., more by 2.3% than in 2007 and by 11.3% than in 2005. They constituted 40.6% of total employed persons in the voivodship. In private sector 177.1 thous. persons worked, i.e., 63.9%, and in public sector - over 100 thous. persons (36.1%). The increase of total number of employed persons was influenced mainly by the development of private sector, in which the number of employed persons augmented by 3.7% per annum. However, in public sector an insignificant diminution occurred (by 0.1%).

<sup>2</sup> Excluding economic entities employing up to 9 persons and persons employed on private farms in agriculture.

In 2008 the most people worked in a sector of market services - 47.2% (towards 44.0% in 2005). Persons employed in industry and construction accounted for 25.5% of total employed persons (towards 26.3% three years before), and in non-market services - 27.1% (towards 29.4%). The graph 2 presents the comparison of Kraków with Małopolska as regards the structure of employed persons by economic sectors. A distinct domination of sectors connected with services is evident for Kraków.

**Graph 2. Structure of employed persons by economic sectors in 2008**  
As of 31 XII



S o u r c e: SO Kraków, own study.

### Registered unemployment

The number of registered unemployed persons in the Labour Office in Kraków decreased year in, year out. As of the end of December 2008 there were 10.6 thous., i.e., less by 26.2% than a year before and by 58.0% than in 2005. In total number of unemployed persons, women constituted 55.7%.

The unemployed persons registered at the end of 2008 in the city accounted for 10.9% of total unemployed persons in the voivodship. In years 2003-2008 in Małopolska the registered unemployment rate<sup>3</sup> decreased over twice (from 16.0% to 7.5%). This positive tendency was reflected especially in Kraków, where over the analysed five years the registered unemployment rate decreased three times (from 8.3% as of the end of 2003 to 2.8% as of the end of 2008). Kraków came in fifth among Polish cities with 300 thous. and over inhabitants with the lowest registered unemployment rate, after: Poznań (1.8%), Warszawa and Katowice (by 1.9%) and Gdańsk (2.6%).

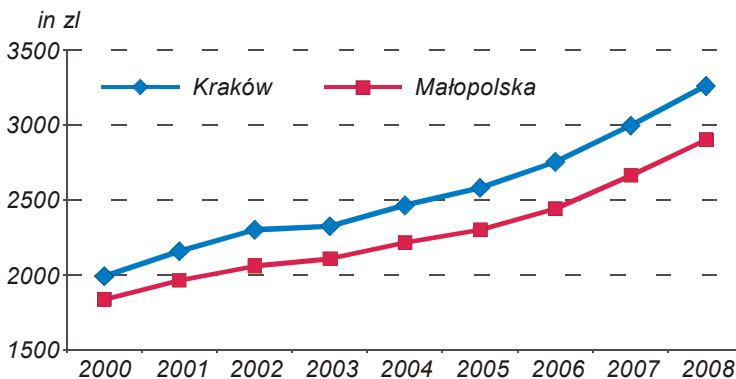
<sup>3</sup> The registered unemployment rate is the percentage share of the number of registered unemployed persons in the number of economically active civil population.

## WAGES AND SALARIES<sup>4</sup>

In 2008 average monthly gross wages and salaries in Kraków shaped at the level 3259.63 zł, i.e., more by 8.8% than in the previous year. It constituted 112.3% of the voivodship average. In public sector wages and salaries were bigger (3589.48 zł) than in private sector (3071.38 zł). Among economic sectors the highest average wages and salaries were recorded in non-market services - 3520.75 zł on average. A relatively high increase of average wages and salaries occurred while paid employment also significantly augmented. In 2008 average paid employment in Kraków amounted to 303.4 thous. persons and in relation to the previous year it was higher by 5.1%.

Since 2000 average monthly gross wages and salaries have systematically increased. The graph 3 presents an increase of earnings in Kraków and in the Małopolskie voivodship in years 2000-2008.

**Graph 3. Average monthly gross wages and salaries**



S o u r c e: SO Kraków, own study.

By NACE sections (PKD 2004) the highest average monthly wages and salaries in the city were paid for employees of: financial intermediation (5249.42 zł) and electricity, gas and water supply (4857.84 zł). However, wages and salaries lower than average were recorded, i.a. in the following sections: hotels and restaurants (2090.50 zł), agriculture, hunting and forestry; fishing (2475.56 zł), trade and repair (2572.91 zł).

## MUNICIPAL INFRASTRUCTURE

The municipal infrastructure in Kraków has improved in recent years. Water-line network (since 2005 the length of network increased by 183 km), sewerage network (by

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<sup>4</sup> It concerns economic entities employing more than 9 persons, excluding persons employed abroad, foundations, association and other organizations.

157 km) and gas-line network (by 37 km) have been expanded. As of December 2008 the length of the water-line distribution network amounted to 1348 km, which constituted 7.9% of network in Małopolska. In comparison to 2007 the length of network increased by 10.9% and in relation to 2005 by 15.7%. Consumption of water from water-line systems by households amounted to 35.9 hm<sup>3</sup> during last year and since several years it has remained almost at the same level. However, in calculations per capita, consumption of water decreased from 48.3 m<sup>3</sup> in 2005 to 47.4 m<sup>3</sup> in 2008. Consumption of water per capita in Kraków was almost twice higher than in Małopolska (26.6 m<sup>3</sup>).

The length of sewerage network (including collectors) in Kraków amounted to 1279 km (14.7% of sewerage network in the voivodship) as of 31 XII 2008. As in case of water-line network, the length of sewerage system has increased both in relation to 2007 and 2005, respectively by: 9.5% and 14.0%. 48866 dam<sup>3</sup> of waste water were discharged into sewerage network, i.e., 49.3% of waste water discharged in Małopolska. In comparison with previous years the amount of waste water discharged into network increased by 2.2% in relation to 2007 and by 2.7% in relation to 2005.

As of 31 XII 2008 gas-line network in Kraków had length of 1567 km and it was used by 249.0 thous. consumers. Average consumption of gas per capita amounted to 187.2 m<sup>3</sup> (122.3 m<sup>3</sup> in the voivodship) and slightly decreased in relation to previous years.

As of the end of December 2008 334.2 thous. consumers (28.5% of total consumers of electricity in Małopolska) consumed jointly 777,0 GW·h of electricity (29.5% of consumption in the voivodship). Annual consumption of electricity per capita amounted to 1027.2 kW·h (802.8 kW·h in the voivodship).

## **DWELLINGS**

As of the end of 2008, dwelling stocks of Kraków amounted to 311.2 thous. dwellings, what means the maintenance of an upward tendency and an increase by 2.2% in relation to the previous year and by 6.1% in comparison with the end of 2005. Dwelling stocks of Kraków constituted 29.4% of dwelling stocks in voivodship. Usable floor space of dwellings was 17.6 mln m<sup>2</sup> and the number of rooms - 983.1 thous.

In 2008 in Kraków 6.6 thous. dwellings (having 20.5 thous. rooms) with usable floor space of 424.2 thous. m<sup>2</sup> were completed. It constituted over 41% of total dwellings completed in the voivodship. In buildings for sale and rent 5.7 thous. dwellings with usable floor space of 326.2 thous. m<sup>2</sup> were completed. In private buildings 0.7 thous. dwellings were completed with usable floor space of 88.0 thous. m<sup>2</sup>. Average usable floor space of a dwelling amounted to 64.1 m<sup>2</sup> (towards 69.7 m<sup>2</sup> a year before and 66.6 m<sup>2</sup> three years before).

Since last four years there has been none dwelling completed in company construction, whereas for the second year in a row there has been none dwelling completed in co-operative construction and public building society construction.

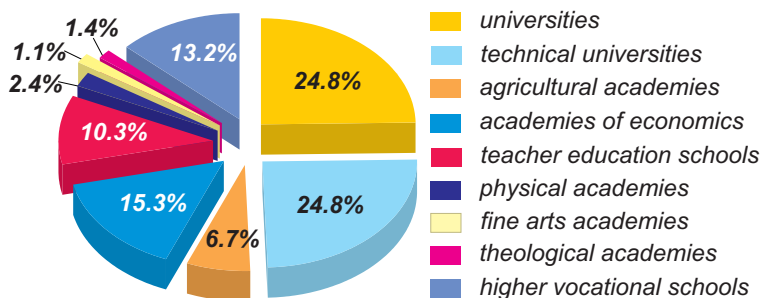
## EDUCATION<sup>5</sup>

Kraków as the capital of the region, the centre of cultural and scientific life of Małopolska and one of the oldest European university cities is characterised by well developed educational system. At the beginning of the school year 2008/09 in the city there were, i.a.:

- 267 pre-primary education establishments, attended by 21.6 thous. children (of which to 185 nursery schools - 19.6 thous. children),
- 146 primary schools (36.1 thous. pupils),
- 105 lower secondary schools (20.8 thous. pupils),
- 26 basic vocational schools (3.6 thous. students),
- 55 general secondary schools and 14 specialized secondary schools (respectively: 19.7 thous. and 1.2 thous. students),
- 35 technical secondary schools, including supplementary technical secondary and general art schools leading to professional certification (11.7 thous. students),
- 94 post-secondary schools (13.7 thous. students),
- 21 higher education institutions (188.0 thous. students),
- 73 schools for adults (6.7 thous. people supplementing their education).

Graduates of higher education institutions are the most wanted future inhabitants and employees. The graph 4 presents the structure of persons studying in Kraków by type of schools.

**Graph. 4. Structure of students of higher education institutions by type of schools in 2008**  
As of 30 XI



Source: SO Kraków, own study.

As regards the number of students, research personnel and ranking places of particular universities, Kraków is in the lead of Polish cities, just after Warszawa. In the academic year 2001/02 almost 140 thous. students studied in Kraków in care of 9.8 thous.

<sup>5</sup> Data from the Educational Information System, administered by the Ministry of National Education - with the exception of the higher education institutions.

academic teachers. In the academic year 2008/09 there were already more by over 48 thous. students and 1.4 thous. academic teachers.

A potential of scientific circles makes possible the development of modern economy based on knowledge. Among others, there are more and more schools equipped with computers, of which with the Internet access. The best equipped in computers were: primary schools (in 92.5%) as well as general secondary schools (89.3%) and technical secondary schools (85.3%).

## **HEALTH CARE AND SOCIAL WELFARE**

Basic health care was provided for population by in-patient health care facilities, out-patient health care institutions including occupational medicine and private medical practices financed by own resources of patients or on the basis of contracts with the National Health Fund. As of the end of December 2008 the number of doctors in the city amounted to 3.4 thous., there were 0.5 thous. dentists and almost 6 thous. nurses; 427 out-patient health care institutions functioned (i.e., more by 10 than a year before and by 36 than in 2005) as well as 22 general hospitals (less respectively by: 2 and 13). For several years the number of in-patients of general hospitals has increased; in 2005 - 2828 per 10 thous. population, and in 2008 - already 3144.

As of the end of 2008 the sale of medicines and medications on the area of Kraków was run by 279 pharmacies, i.e., similarly as a year before, but less by 20 than at the end of 2005. Within the space of three years the number of population per pharmacy increased from 2531 to 2705.

22 nurseries functioned, in which 3342 children stayed over 2008, i.e., more by 73 than a year before and by 302 than three years before. Since 2005 the number of places and children in nurseries has systematically augmented. At the end of 2005, 77.6 children per 1000 children up to age 3 stayed in nurseries and at the end of 2008 84.8. In Kraków there were 2/3 of total nurseries in Małopolska.

In 26 social welfare homes and facilities 2559 residents stayed, i.e., almost 30% of total residents in the Małopolskie voivodship. In the year under discussion the rate which expresses the number of residents of such centres per 10 thous. population reached the value 33.9. Within the space of recent years the number of residents of mentioned homes and facilities showed a slight upward tendency.

## **CULTURE**

Kraków is a main centre of cultural life in the region. Most culture institutions in the voivodship are located on its area.

Since 2005 the number of museums both in Kraków and in the voivodship has slightly increased. There were 42 museums and museum branches in Kraków as of the end of

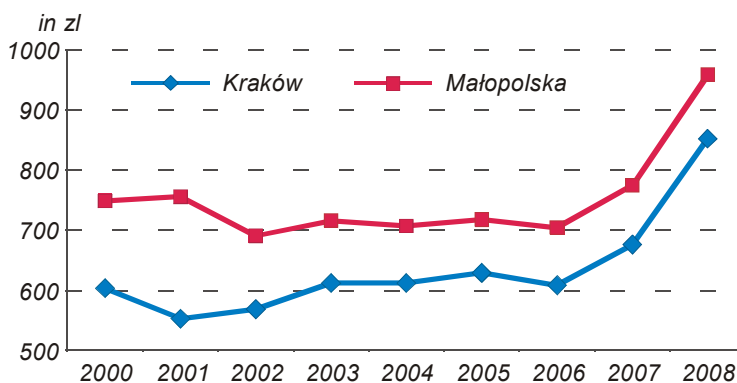


December 2008, which constituted almost 40% of such institutions in voivodship. Constantly growing number of visitors is undoubtedly positive phenomenon within museum activity. In 2008 museums of Kraków were visited by 2497.5 thous. persons, that was almost 10% more than in the previous year, and nearly 20% more than in 2005. Similar trend, but with considerably lesser dynamics, has been observed also in the voivodship's scale.

The situation of art galleries looks a little different. Despite the fact that their number in Kraków since 2005 has increased by 12.2%, the number of visitors has decreased by 11.0%.

The interest in offer of public libraries measured by the number of borrowers and loans made has decreased last years. Since 2005 the number of library institutions in Kraków has been oscillated around 70, which is about 1/10 of total libraries in Małopolska. In 2008 such institutions had 204.8 thous. recorded borrowers. The number of borrowers has decreased by 4.3% during three years. Together with declining number of borrowers, the rate of loans per borrower has also decreased. In 2005 it amounted to 17.5, while 16.6 three years later.

**Graph 5. Audience of performances and concerts**



Source: SO Kraków, own study.

Cultural life of Kraków is also formed by theatres and music institutions which constitute the majority of such establishments in the voivodship. The number of performances and concerts as well as the audience has increased at the turn of last years. Since 2005 the number of performances and concerts has increased by 9.4%, while the audience has augmented by 35.5%, what presents the graph 5.

A visit in the cinema is the most common form of participation in consumption of institutionalized culture. The popularity of such form of cultural activity has increased last years. There were 12 cinemas in Kraków as of the end of December 2008, i.e., more than ¼ of cinemas in voivodship. Audience amounted to 2718.5 thous. during the year, that was a bit

more than a year before, but 32.6% more than in 2005. In the Małopolskie voivodship cinema audience augmented respectively by: 0.5% and 30.6%.

## **TOURISM**

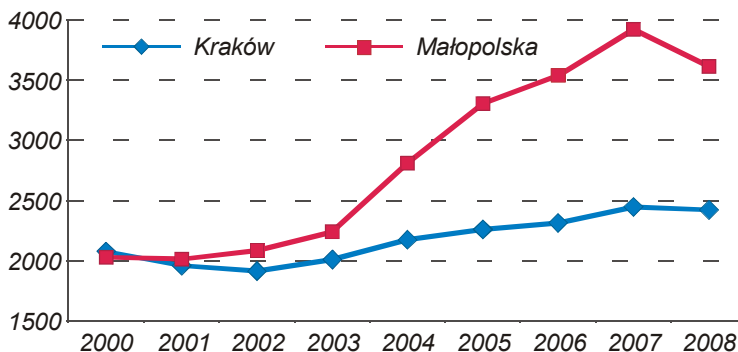
The Małopolskie voivodship with its capital in Kraków is the one of the most touristy developed regions in the country. At the end of July 2008 there were 173 collective tourist accommodation establishments operating in the city possessing 22.4 thous. lodging places. Kraków possessed almost 20% of total voivodship's boarding facilities of tourism, while its share in lodging places amounted to 32.6%.

There were 108 hotels in the city, i.e., more than a half of such facilities in the voivodship. Three-star (58) and two-star facilities (23) predominated, but it is worth to note that as many as 6 hotels had the highest - five-star standard.

After several years of constant growth in 2008 the number of tourists accommodated has decreased, of which especially foreign tourists. In the discussed period 1287.2 thous. tourists were accommodated for the night in the capital of Małopolska. They constituted 47.5% of total tourists accommodated for the night in the whole region. In annual terms total number of tourists accommodated decreased by 10.3%, and in case of foreign tourists by 16.6%. In the voivodship it was less respectively by: 4.2% and 15.4%.

In 2008 the number of nights spent amounted to 2735.0 thous., i.e., 7.8% less than in the previous year. The number of nights spent by foreign tourists decreased even more - by 13.3%. Similar situation occurred in the voivodship's scale where the number of nights spent decreased respectively by: 0.8% and 12.5%. Dynamics of nights spent (overnight stays) per 1000 population in Kraków and in Małopolska is presented on the graph 6.

**Graph 6. Nights spent (overnight stays) per 1000 population**



Source: SO Kraków, own study.

## ENVIRONMENTAL PROTECTION

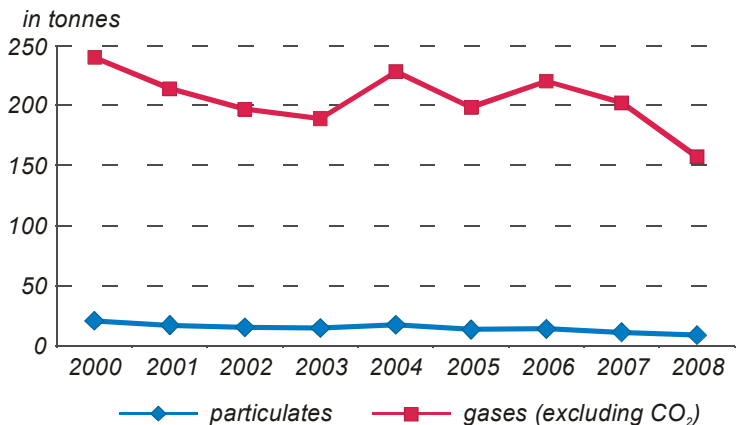
In 2008 in Kraków legally protected areas possessing unique environmental value amounted to 4856 ha what constituted 14.9% of area of the city as well as 0.6% of legally protected areas of the Małopolskie voivodship.

In the analysed year 77.5 hm<sup>3</sup> of water were withdrawn for needs of the national economy and population in Kraków, i.e., less by 3.8% than in 2007, but more by 3.1% than in 2005. The most of withdrawn water (82.0%) was intended for exploitation of water-line network. Simultaneously, 51.1 hm<sup>3</sup> of industrial and municipal waste water were discharged into waters or into the ground what means a decrease by 2.9% in comparison with the previous year and by 0.6% in relation to 2005. Almost 99% of waste water were treated, mainly in waste water treatment plants with increased biogene removal (disposal) - 95.8% of total waste water treated as well as in biological waste water treatment plants - 2.2% (in Małopolska mechanical treatment of waste water prevailed - 56.6% of total waste water were treated in such way and 33.1% were treated in treatment plants with increased biogene removal).

In Kraków there were 7 municipal waste water treatment plants (5 biological and 2 with increased biogene removal) which were roughly used by 91.5% of the city population.

In 2008 the emission of gas pollutants (excluding carbon dioxide) by plants generating substantial air pollution amounted to 51.4 thous. tonnes, whereas the emission of particulates - 2.9 thous. tonnes. Over 66% of total emission of gas pollutants (excluding carbon dioxide) was carbon monoxide and 17.5% sulphur dioxide. Particulates in over 20% came from combustion of fuels.

**Graph 7. Emission of industrial air pollutants from plants generating substantial air pollution per 1 km<sup>2</sup> of area of the city**



Source: SO Kraków, own study.

*In 2008, per 1 km<sup>2</sup> of area of Kraków there were 157.3 tonnes of gas pollutants and 8.8 tonnes of particulates. In case of the voivodship these volumes were respectively fifteen and twenty two times lower.*

*98.7% of generated particulates and 0.4% of gas pollutants were retained in pollutant reduction systems. This trend has almost been unchanged during the last few years.*

*The amount of waste generated (excluding municipal waste) in Kraków during a year amounted to 2023 thous. tonnes, which constituted 23.6% of total waste generated in the Małopolskie voivodship. In relation to the previous year the amount of waste decreased by 25.7%, whereas in comparison with 2005 by 7.6%. 68.9% of generated waste was recovered, 6.8% was treated and 24.3% was temporarily stored on landfills. Non-reclaimed area of storage yards (excluding municipal waste) in Kraków covered an area of 275 ha, which constituted 33.5% of total land allocated to this in the voivodship. In relation to the previous year, this area increased by 0.1% but in comparison with 2005 it decreased by 5.8%.*

*In the discussed period outlays on fixed assets in environmental protection in Kraków amounted to 142.2 mln zł, i.e., 24.4% of total outlays borne in the voivodship (the largest share among all powiats). This expenditure constituted only 84.8% of last year's amount but in relation to 2005 it increased by 14.9%.*

*In 2008 Kraków allocated for water management 37.9 mln zł, i.e., 14.1% of total voivodship's outlays. This amount was higher both in relation to 2007 and 2005, respectively by: 1.8% and 31.0%.*

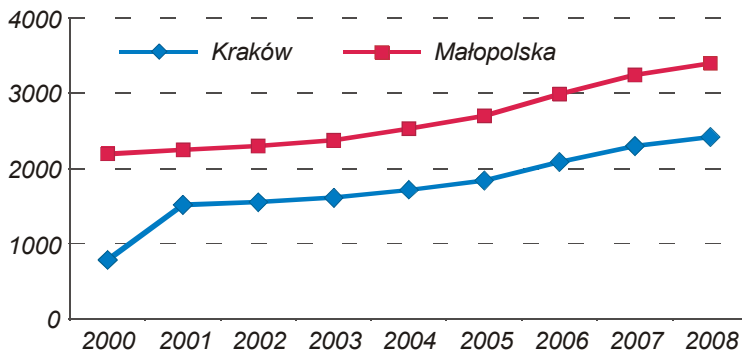
## **ENTITIES OF THE NATIONAL ECONOMY**

*The number of entities of the national economy in REGON register has been growing systematically. This increase is generated by the private sector, while the number of entities in public sector has been decreasing.*

*There were 105.6 thous. entities (excluding persons tending private farms in agriculture) from the area of Kraków in REGON register as of the end of December 2008, i.e., 35.0% of total entities in the Małopolskie voivodship. In relation to previous year their number augmented by 1.2%.*

*Legal persons and organizational entities without legal personality constituted 31.7% of total entities. Commercial companies and civil law partnerships (by 12.4 thous. entities) prevailed in this group. On the area of Kraków there were 2.4 thous. registered companies with foreign capital participation which constituted 71.2% of total such entities in Małopolska.*

**Graph 8. Commercial companies with foreign capital participation**  
As of end of period



Source: SO Kraków, own study.

In the period under discussion 72.2 thous. natural persons conducted economic activity, i.e., a bit more than a year before, but less than in previous years. These entities conducted activity mainly in the scope of sections (PKD 2004): trade and repair - 20.2 thous., real estate, renting and business activities - 15.3 thous. as well as transport, storage and communication - 7.6 thous.

## INDUSTRY AND CONSTRUCTION

In 2008 after several years of dynamic growth sold production of industry slowed down. Sold production of industrial enterprises<sup>6</sup> amounted to 20558 mln zł (at current prices), which constituted 37.0% of total sold production in Małopolska.

More than 80% of revenue from the sale of goods and services generated entities included to the section manufacturing, of which particularly enterprises manufacturing electrical machinery and apparatus as well as metal products. The increase of average paid employment (3.6%) as well as average wages and salaries (7.8%) in industry was slightly lower than in the voivodship where it amounted to respectively: 4.9% and 8.0%.

Construction and assembly enterprises<sup>7</sup> had recorded a dynamic growth of revenue from the sale of goods and services in recent years. In 2008 the value of revenue amounted to 3160.4 mln zł, i.e., 13.3% more than a year before and 63.7% more than in 2005.

Share of sold production of construction and assembly enterprises from the area of Kraków in production of construction and assembly enterprises of Małopolska amounted to 48.9% towards 52.8% in 2007.

<sup>6, 7</sup> Concerns economic entities employing more than 9 persons.

Revenue of enterprises engaged in building of construction and civil engineering the most dynamically increased in annual terms (by 14.9%), while enterprises engaged in building installations recorded a decrease of sales by 1.1%.

Value of construction and assembly production per employed person amounted to 167.5 thous. zł, i.e., by 2,2% more than in the previous year and by 35.8% more than in 2005.

## **TRADE**

As of the end of December 2008 on the area of Kraków there were 2058 shops and 85 petrol stations<sup>8</sup>. Such stores constituted almost 70% of total stores in the voivodship employing more than 9 persons. Specialised stores (908 facilities), which constituted 44.1% of total stores, dominated in the structure of stores by organizational forms. In the city there were also 54 supermarkets and 15 hypermarkets.

Among 152 permanent marketplaces operating in the Małopolskie voivodship at the end of 2008 17 were located in Kraków. Both in the voivodship and in its capital the number of permanent marketplaces almost hasn't changed in recent years in contrast to seasonal marketplaces which number has consequently diminished. Annual receipts from marketplace fees in Kraków amounted to 8716.3 thous. zł and were bigger by 22.4% than in the previous year, and in comparison to 2005 they augmented by 1.7%.

## **CATERING<sup>9</sup>**

Dynamic development of region as well as society becoming more and more rich are ones of factors enabling development of the catering offer. In recent years the number of catering establishments in Kraków has dynamically increased. As of the end of December in the city 588 catering establishments functioned, which number doubled in comparison to 2005. Among total catering establishments there were 194 restaurants, i.e., almost a half of such establishments in the voivodship. A network of food stands has been developing especially resiliently. In 2005-2008 their number increased from 40 to 201.

## **FINANCES OF ENTERPRISES**

For last several years the economic and financial situation of surveyed enterprises<sup>10</sup> has improved, though the year 2008 brought deterioration of financial results as well as economic indices in comparison to the previous year.

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<sup>8, 9</sup> Concerns economic entities employing more than 9 persons.

<sup>10</sup> Data concern economic entities keeping accounting ledgers employing more than 9 persons. Data do not include banks, insurance companies, brokerage houses and brokerage offices, investment and pension societies, National Investment Funds, higher education institutions, independent public health care facilities, cultural institutions with legal personality and private farms in agriculture.

In 2008 revenues from total activity per annum increased more slowly than costs of obtaining them, what caused an increase of the cost level indicator from 95.3% to 96.3%. A decrease of net profit combined with an increase of net loss caused deterioration of net financial result from 3820.9 mln zł to 3124.3 mln zł.

Profitability rate of net turnover amounted to 3.0% towards 4.0% in 2007. Positive net financial result was shown by 81.6% of surveyed enterprises, in the voivodship - in 82.3%.

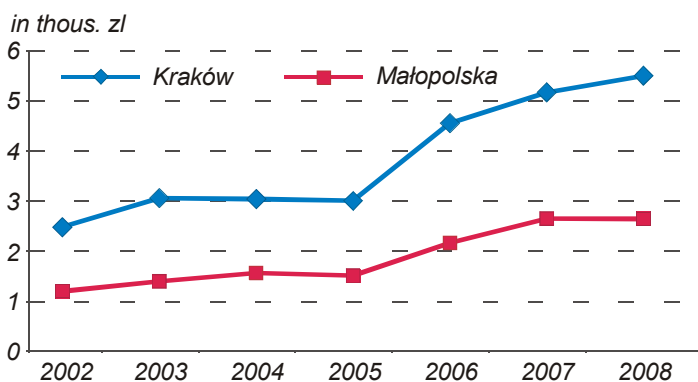
The value of current assets has systematically increased. At the end of 2008 it amounted to 31112.4 mln zł, i.e., more by 21.1% than in the previous year and more by 90.5% than in 2005. The value of current assets in the voivodship's scale had increased similarly, but less dynamically.

## INVESTMENTS

In years 2005-2008 investment outlays in enterprises augmented systematically, though at the end of this period the pace of increase slowed down slightly. In 2008 enterprises employing more than 9 persons invested in Kraków 4163.0 mln zł (at current prices), which constituted 48.0% of total investment outlays in the voivodship.

Share of private sector amounted to 77.5%. The highest outlays on investments were borne by entities from sections (PKD 2004): trade and repair (1212.0 mln zł), real estate and business activities (699.0 mln zł) as well as manufacturing (586.4 mln zł).

**Graph 9. Investment outlays in enterprises per capita**



*Note.* Due to keep the comparability of data, years 2000-2001 have not been shown on the graph.

*Source:* SO Kraków, own study.

## **FIXED ASSETS**

*In 2008 the gross value of fixed assets (at current book-keeping prices) in enterprises having seat in Kraków amounted to 41370.1 mln zł, of which 31868.1 mln zł, i.e., 77.0% belonged to entities of private sector. In relation to 2007 gross value of fixed assets augmented by 7.2% and in comparison to 2005 it increased by 20.6%. Gross value of fixed assets in enterprises from the area of Kraków constituted 50.0% of value of fixed assets of enterprises from Małopolska.*

*Relatively the biggest value of fixed assets was recorded in manufacturing - 23.0% and in trade and repair - 21.0% of total.*

## **PUBLIC FINANCE**

*In 2008 revenue of the city of Kraków budget amounted to 2990.8 mln zł, i.e., by 6.5% more than a year before. Own revenue with the share of 71.9% dominated in the structure of revenue. General subsidy from the state budget accounted for 19.4% of total revenue and appropriated allocations constituted 8.7%.*

*The biggest share in own revenue had a corporate and personal income tax - jointly 45.8% and a tax on real estate - 15.1%. More than 95% of general subsidy from the state budget fell on educational tasks, whereas among appropriated allocations 63.5% fell on government administration tasks.*

*Appropriated allocations increased the most (by 11.4%) per annum among the individual elements making up the city's budget revenue. General subsidy from the state budget was higher by 8.8% and the own revenue by 5.3%.*

*In the discussed period the amount of expenditure of the city of Kraków budget amounted to 3155.5 mln zł, thus it increased by 4.9%. Current expenditure constituted 80.2% of total expenditure and property expenditure 19.8%.*

*Among current expenditure the most (35.0%) was spent on the purchase of materials and services and 30.5% on wages and salaries. In the category of property expenditure almost a whole (99.9%) was allocated for investment expenditure.*

*The amount of current expenditure increased by 11.5% in annual terms, whereas property expenditure decreased by 15.6%.*

*Average income from the city budget per capita amounted to 3954 zł and increased per annum by 6.5%, while the amount of expenditure per capita reached the value of 4171 zł, i.e., by 4.8% higher than in 2007.*

*In 2008 a budget deficit of the city of Kraków amounted to 164.7 mln zł.*



## **REGIONAL ACCOUNTS**

*GDP per capita is an indicator of economic development level and wealth of a region. For last several years the pace of increase of GDP per capita in Kraków amounted to circa 10% per year. Value of GDP volume generated in Kraków per capita is one of the highest in Poland. In this respect, Kraków is in the fourth place (after Warszawa, Poznań and the legnicko-głogowski subregion) among all (66) subregions in the country. In 2007 there were 48924 zł per inhabitant of the capital of Małopolska, i.e., more by 58.5% than the country average and more by 84.7% than in the voivodship.*

*Participation of Kraków in generating the value of GDP generated in the voivodship is considerable and in 2007 it amounted to 42.7%.*

*In 2007 the main participation in gross value added had entities conducting activity in the scope of trade and repair; hotels and restaurants as well as of transport, storage and communication (26.9%), financial intermediation; real estate, renting and business activities (25.9%), industry (21.1%), other service activities (18.8%) and construction (7.2%).*

## **KRAKÓW AND OTHER CITIES**

*The comparison of Kraków with other Polish cities with 300 thous. and over inhabitants allows to grasp its advantages and disadvantages. Any city can compete with Warszawa, which is a centre as a capital. A domination of Kraków over other cities, if occurs, lies in long-lasting tendencies (hardly reversible), i.a. in demographic processes, strength of academic circles, intellectual and economic potential.*

*Analysing selected data on cities, one can state that Kraków:*

- came in second as regards the number of population (Warszawa - 1709.8 thous. inhabitants, Kraków - 754.6 thous., Łódź - 747.2 thous.),*
- the bigger density of population was only in: Warszawa, Łódź and Lublin,*
- had positive natural increase, like Gdańsk, Poznań, Lublin and Warszawa,*
- considering deaths per 1000 population, the lower rate was recorded only in Lublin, and infant deaths per 1000 live births - less only in Bydgoszcz, in other cities - higher,*
- only in Warszawa there was more employed persons<sup>11</sup>, that means the second place before the city of Wrocław; the average paid employment in the enterprise sector<sup>12</sup> similarly, but the third place was occupied by Katowice,*
- as regards the average monthly wages and salaries in the enterprise sector<sup>13</sup>, Kraków came in fifth (with an amount of 3191,63 zł) after cities, such as: Katowice (4362,39 zł), Warszawa (4206,41 zł), Gdańsk (3996,08 zł), Poznań (3576,07 zł), before: Szczecin (3135,02 zł) and Wrocław (3177,44 zł),*

- was characterised by an average for discussed cities number of registered unemployed persons (10.6 thous. persons) and a relatively low registered unemployment rate - 2.8%,
- with over 311 thous. dwellings in dwelling stocks it came in third after Warszawa and Łódź, and in second (after the capital) as regards the number of dwellings completed during the year - 6.6 thous.,
- had the second place (after Warszawa), with regard to the number of schools, pupils and students, also nursery schools and children attending pre-primary education establishments,
- came in third, after Warszawa and Łódź, regarding the number of:
  - pharmacies,
  - stationary social welfare facilities,
  - places in social welfare homes and facilities,
  - public libraries,
- showed the same number of cinemas, as Poznań (12), but less than Warszawa (23),
- approached to Warszawa as regards the number of bed places of tourism (22.4 thous. towards 24.6 thous. in the capital) and considerably outrun other cities (third position: Gdańsk - 10.8 thous.),
- with regard to the number of tourists accommodated it was in the strict lead after Warszawa,
- as the only one city, apart the capital, it had over a hundred entities of the national economy in the REGON register (Warszawa - 324.3 thous., Kraków - 105.6 thous.).

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<sup>11, 12, 13</sup> It concerns economic entities employing more than 9 persons.

## CHARACTERISTICS OF KRAKÓW AGAINST A BACKGROUND OF SELECTED EU CITIES WITH THE CONSIDERATION OF ITS ADVANTAGES AND DISADVANTAGES<sup>14</sup>

Kraków is the capital of the Małopolskie voivodship and the second most populated city in Poland after Warsaw. It is the most touristic place in Poland due to traditionally being one of the leading centres of Polish academic, cultural and artistic life.

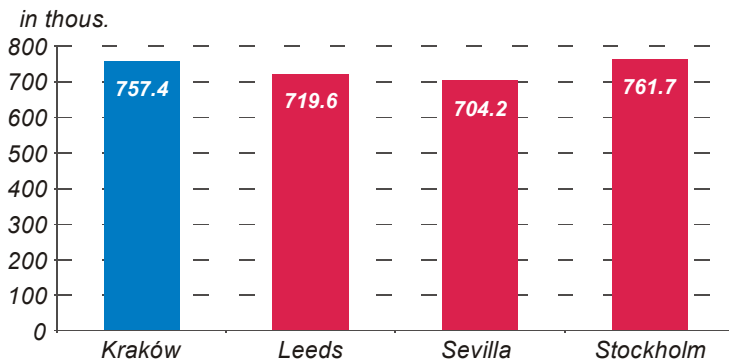
In this study, Kraków is compared to three cities of the European Union which have similar amount of population with Kraków. These cities are Leeds from the United Kingdom, Stockholm from Sweeden and Sevilla from Spain. Kraków is compared to these three cities and its weak and strong points are implied in this context.

The data used in this study is derived from the Urban Audit. Following a pilot project for the collection of comparable statistics and indicators for European cities the first full-scale European Urban Audit took place in 2003, for the then 15 countries of the European Union. In 2004 the project was extended to the 10 new Member States plus Bulgaria, Romania and Turkey. Under Eurostat coordination, the work of the Urban Audit involves all national statistical offices as well as some of the cities themselves. The Urban Audit contains almost 300 statistical indicators presenting information on matters such as demography, society, the economy, the environment, transport, the information society and leisure.

The reference year of the study is 2004. When certain data is not available for 2004, data for 2001, 1996 and 1991 is used.

As mentioned before, Kraków and these three cities have similar populations. The population of Kraków is 757,430, Leeds is 719,600, Sevilla is 704,203 and Stockholm is 761,721.

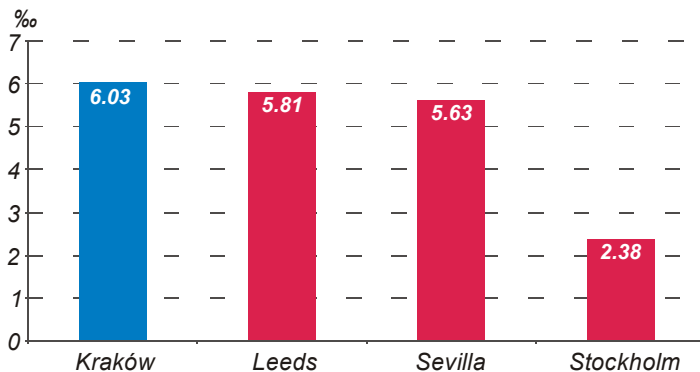
**Graph 10. Population in 2004**



<sup>14</sup> Prepared by: Barış Uçar - Turkish Statistical Institute.

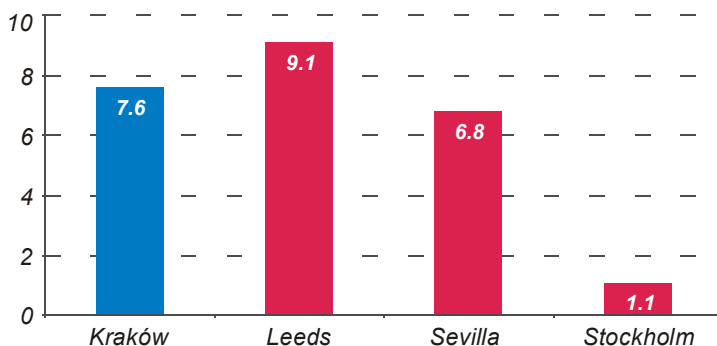
When the infant mortality rates in the four cities are compared we see that Kraków has the highest infant mortality rate among these cities. The infant mortality rate for Kraków in 2004 is 6.03 for each 1000 live births. Stockholm has the lowest figure in this regard. The infant mortality rate for Stockholm is 2.38.

**Graph 11. Infant mortality rate (per 1000 live births) in 2004**



Another health indicator, number of hospital beds per 1000 residents shows that Kraków is the second best among the four cities. In Kraków an average of 7.6 beds are available per 1000 residents. For Leeds this figure is 9.1 and for Stockholm it is 1.1. It should be taken into consideration that the figure for Leeds reflects the year 1996 and for Sevilla, the year 2001.

**Graph 12. Number of hospital beds per 1000 residents**



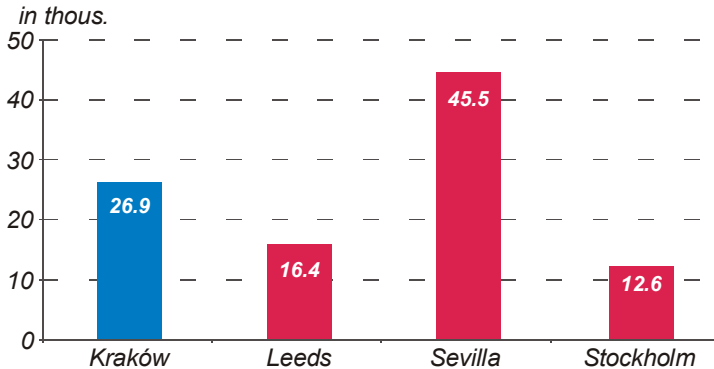
In Kraków percentage of elected city representatives which are women is 20.9 %. In this issue Kraków has the lowest figure. In Leeds this percentage is 27.3 and in Sevilla it is 36.4. In Stockholm this percentage is as high as 50.5.

Total number of recorded crimes per 1000 population per year is 68.7 in Kraków. Crime level is the lowest in Sevilla with 36 crimes per 1000 residents per year. And the crime

level is the highest in Stockholm. Here, per year 206.8 crimes are committed per 1000 population. The figure for Leeds belongs to the year 2001 and it is 65.4 which is quite similar to that of Kraków.

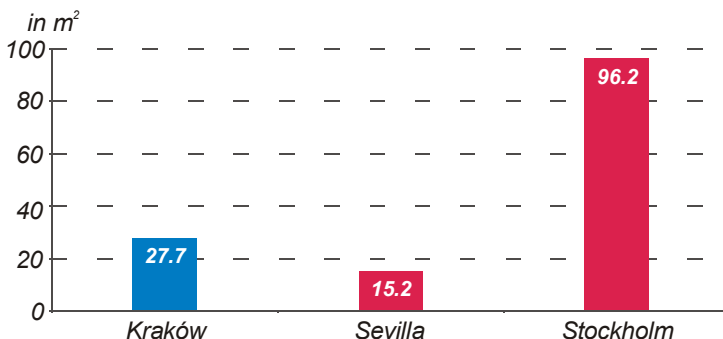
Number of unemployed is the highest in Sevilla. Here, the number of unemployed is 45,545. Sevilla is followed by Kraków where the number of unemployed is 26,900. In Leeds there are 16,400 unemployed and in Stockholm there are 12,640. But it should be kept in mind that the data for Stockholm regards 2001.

**Graph 13. Number of unemployed persons**

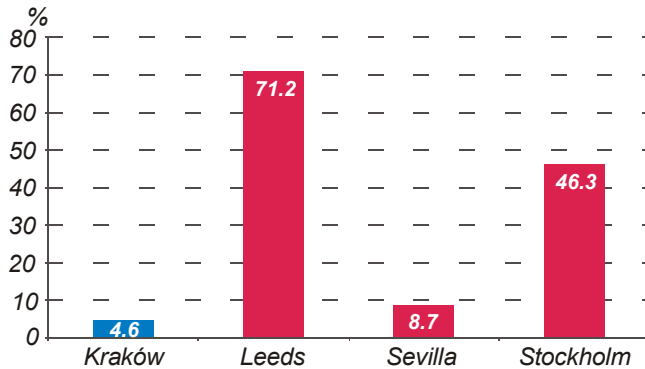


For green space to which the public has access there is no data available for Leeds in Urban Audit. In Kraków green space to which the public has access is 27.7 m<sup>2</sup> per capita which is more than that of Sevilla's. The available data for Sevilla regards to 2001 and it is 15.2 m<sup>2</sup>. These figures for Kraków and Sevilla are much lower than that of Stockholm. In Stockholm, green space to which the public has access is 96.2 m<sup>2</sup> per capita. Proportion of the area in green space is the lowest in Kraków. It is 4.6 % for Kraków. This proportion is the highest in Leeds with 71.2 %. In Stockholm the proportion is 46.3 % and in Sevilla it is 8.7 %.

**Graph 14. Green space to which the public has access per capita**



**Graph 15. Proportion of green space in total area**



*Kraków is the second among these four cities in the number of theatres by its 16 theatres. There are a total of 40 theatres in Stockholm. In Sevilla there are 11 theatres and in Leeds there are only 7 theatres. The figure for Leeds is for 2001. When we consider museums, Kraków is the second and Stockholm is the first in this ranking also. In Stockholm there are 51 museums and in Kraków there are 39 museums. The other two cities have relatively low figures in this issue. In Leeds there are 11 museums and in Sevilla there are only 6 museums. Here again the figure for Leeds regards 2001. It is Kraków where there are more public libraries than others. In Kraków there are 83 public libraries. Kraków is followed by Stockholm where there are 73 public libraries. In Leeds there are 59 public libraries and in Sevilla there are only 12.*

**Graph 16. Theatres, museums, public libraries**

