

The state of the central sub sector of the state budget in August 2012

Key data of the central sub sector of the state budget in August 2012

In the month of August 2012 the central sub sector of the state budget registered a deficit of 122.0bn HUF. Within that, the central state budget and social security funds registered deficits of 106.0bn HUF and 19.1bn HUF, respectively, while extra budgetary state funds recorded a surplus of 3.1bn HUF. In the month of August 2011 the deficit of the central sub sector of the state budget was 50.1bn HUF.

With regard to the end-of-August deficits in 2011 and 2012 of the central sub sector, excluding one-off items and calculated therefore on the same basis, this year's figure of 68.8 percent is much more favourable than the 85.0 percent of last year.

The central sub sector of the state budget at the end of August 2012 closed with a deficit of 559.5bn HUF, while at the end of August 2011 this deficit totaled 1544.6bn HUF

Central government budget

Revenues

The revenues of the central government budget for the month of August were 52bn HUF higher in comparison to the same month of the previous year. Among tax revenues, receipts from value added tax, excise taxes, personal income tax and duties surpassed the amount of last year. In addition, revenues of budgetary institutions, payments related to state property and interest payments came in also higher than in the corresponding period of last year.

Expenditures

Expenditures of the central government budget in the month of August – due primarily to special circumstances -- were almost 141bn HUF higher in comparison to the same month of last year. That fact that expenditures were higher compared to last year was due to higher expenditures related to state property, higher debt service related interest payments and higher expenditures regarding institutions of the local governments of

counties which since 1 May 2012 belong to central budgetary institutions. All these factors deem expenditure comparison impossible for the month of August this year and last. In addition to the aforementioned items, expenditures were also higher regarding one-off and standard provisions, expenditures at the National Family and Social Policy Fund (due to change of benefit payment obligations below a certain age limit), chapter administered professional appropriations (because of payments to EU programmes) as well as EU budget contributions.

Interest payment balance

Interest payments totaled 109.5bn HUF in August 2012, which was 60.4bn HUF more than in the corresponding period of the previous year. Interest revenues totaled 14.2bn HUF which was 2.3bn HUF higher than last year's figure. Net interest expenditures (95.3bn HUF) as a whole were 58.1bn HUF more than last year, which was the consequence of an interest payment schedule which was different this year compared to last year.

Social Insurance Funds

The 19.1bn HUF deficit in August 2012 of Social Insurance Funds originated from the deficits of 1.8bn HUF and 17.3bn HUF of the Pension Insurance Fund and the Health Insurance Fund, respectively. In the month of August 2011 the compound deficit of the Funds amounted to 34.9bn HUF. The balance which was more favourable than last year is largely attributable to higher revenues from social welfare taxes and contributions as well as healthcare services contributions. Higher revenues have also been the consequence of calculating revenues from the accident tax and public health product tax among the "other revenues" of the Health Insurance Fund. When comparing the two years it has to be noted that in August this year the Pension Insurance Fund received subsidies of almost 8.5bn HUF from the budget, whereas in 2011 there was no such support. The budgetary shortfall was complemented in the second half of 2011 from revenues of the Pension Reform and Debt Reduction Fund.

Extra budgetary state funds

The positive balance of 3.1bn HUF of extra budgetary state funds in the month of August was more favourable than in the same month of the previous year. Total revenues of the funds were 1.8bn HUF lower and expenditures were down by 3.2bn HUF compared to the corresponding period of the previous year. Within revenues, the difference was the result of the fact that while the 2011 revenues of the Research and Development Fund were boosted by 2.6bn HUF of budgetary subsidies, due to regulatory changes this year such support was not provided. As far as expenditures are concerned, they were lower at the Central Nuclear Financial Fund and the Research and Development Fund compared to the same month of the previous year.

Key cash flow data of the central sub sector of the state budget at the end of August are as follows:

	billion HUF		Index (%)	billion HUF		Index (%)
	Preliminary data for 2011 (1)	Actual data for the initial 8 months of 2011 (2)	Preliminary data=100 (2/1)	2012 statutory, amended estimates of (1)	Actual data for the initial 8 months of 2012 (2)	amended estimate=100 (2/1)
Central budget balance	-1 727,1	-1 384,3	80,2	-593,8	-648,5	109,2
revenue	8 342,2	5 224,0	62,6	9 549,0	5 830,6	61,1
expenditure	10 069,3	6 608,3	65,6	10 142,8	6 479,1	63,9
Balance of financial reserves	69,2	87,0	125,7	52,9	89,1	168,4
revenue	428,8	304,4	71,0	438,4	308,0	70,3
expenditure	359,6	217,4	60,5	385,5	218,9	56,8
Balance of Social Insurance Funds	-83,7	-247,3	295,5	-35,3	-0,1	0,3
revenue	4 451,6	2 722,1	61,1	4 449,7	3 016,2	67,8
expenditure	4 535,3	2 969,4	65,5	4 485,0	3 016,3	67,3
Total balance	-1 741,6	-1 544,6	88,7	-576,2	-559,5	97,1
revenue	13 222,6	8 250,5	62,4	14 437,1	9 154,8	63,4
expenditure	14 964,2	9 795,1	65,5	15 013,3	9 714,3	64,7
Adjusted balance, total*	-1 444,4	-1 227,3	85,0	-918,2	-631,5	68,8
revenue	12 655,2	8 069,2	63,8	14 095,1	9 082,8	64,4
expenditure	14 099,6	9 296,5	65,9	15 013,3	9 714,3	64,7

* The adjusted preliminary data of the year of 2011 and the figures of the, statutory, amended estimates for the year of 2012 are displayed in order to present a comparison. The items of adjustment are the following: the revenues for the year of 2011 of the Pension Reform and Tax Reduction Fund (459.0bn HUF), extra taxes of financial institutions and certain sectors (it totaled 358.0bn HUF in 2011 and 342.0bn HUF in 2012), the VAT refunds due to the verdict of the EU in 2011 (as a result of the dual impact of repaying the rolling liabilities due at the time of the court ruling and the change in reclaim regulations the shortfall in cash flow is almost 250.0bn HUF and according to the EU methodology it is 198.3bn HUF), the debt assumption for the MÁV Zrt. and local governments of counties in 2011 (altogether 246.0bn HUF), the extraordinary capital increase of the MBF Zrt. in 2011 (120.0bn HUF) as well as the purchase of MOL shares in 2011 (498.6bn HUF).