



MINISTRY
FOR NATIONAL ECONOMY

Flash report of the general government budget in May of 2011

In May, the central government expenditure figure was HUF 41.2 billion lower than had been a year earlier

The general government deficit excluding local governments stood at HUF 724.2 billion at the end of May 2011 or making 105.4 per cent of the annual projection. In 2010, the deficit of the central government level made up HUF 736.2 billion by the end of May or 84.6 per cent of the annual target. In the relevant period, the deficit of the central government level had been HUF 99.2 billion. In this context, the 2011 balance improved by HUF 41.2 billion.

The general government deficit was HUF 58 billion in May as a result of deficits of HUF 40.1 and HUF 24.4 billion of the central government budget and social security funds, respectively while the extrabudgetary funds had a surplus of HUF 6.5 billion.

The key reasons of 2011 May-end balance:

- The deficit situation of the general government budget in 2011 is partially influenced by the unusual inflow timing of certain government receipts. In particular, the amount of HUF 528.8bn HUF from the Pension Reform and Deficit Reduction Fund can only be accounted for in the second six months.
- The Government Decision no. 1025/2011 (II.11.) concerning the measures aimed at the general government balance to be kept as well as the measures for spending cuts in relation to the amendment to budget law with savings at HUF 250.3 billion in total will result in lower deficit in the second six months on the most part.

These measures, as a whole, will secure the deficit target of 2.94 per cent to be achieved as set in the 2011 budget.

If the deficit figure at the end of May (HUF 724.2 billion) is adjusted for the pro-rata receipts from private pension funds, the deficit should fall to HUF 503.9 billion or 73.3 per cent of the annual projection.

Deficit details in May:

Revenues

Relative to the same month of the previous year, the revenues of the central government budget were HUF 9.5 billion less than had been a year earlier. In this context, personal income tax receipts and payments by the central government agencies as well as by chapter-administered technical appropriations were lower than expected.

Expenditures

Expenditures of the central government budget were HUF 48.3 billion less in this May than had been in the same month of 2010. The greatest difference is due to central government agencies and chapter-managed technical appropriations, partly as a result of timing, and transformation of remaining funds on the basis of the Government Decrees no. 1099/2010 (IV.23.) and 1126/2010 (V.19.), which increased expenditures in 2010.

Interest payment balance

Interest payments made up HUF 39.1 billion in May 2011 or HUF 16.3 billion less than the pro-rata figure of last year. Interest received made HUF 8.8 billion or HUF 1.8 billion less than a year earlier.

Net interest paid totaled HUF 30.3 billion or HUF 14.5bn HUF less than a year earlier on the whole. Due to the characteristics of financing schedules, the timing of interest payments varies from year to year. That is the reason why although the amount of public debt and yields were higher than had been a year ago in the March-May period, interest payments were lower relative to 2010.

Social security funds

As far as the HUF 24.4 billion deficit of social security funds is concerned, it must be considered that in May 2011 the contribution receipts of the Pension Insurance Fund now include the entire contributory payment.

On the other hand, while the Pension Insurance Fund received support on various titles from the central government budget in 2010, these forms were abolished by May 2011. The missing support will be added from the revenues of the Pension Reform and Deficit Reduction Fund in the second six months.

Extrabudgetary funds

The amount of HUF 6.5 billion in surplus of extrabudgetary funds was more favourable than the figure of the same month last year. The total revenues of these funds were HUF 8.4 billion higher and expenditures were HUF 10.2 billion lower than before. Most revenue surplus came as generated beyond the projection at the Labour Market Fund, but the Fund also received additional support from the government budget for financing public employment schemes.

The key cash flow data of the central government level at the end of May are the following:

	in billion HUF		Index (%)	in billion HUF		Index (%)
	Balance of 2010	Balance 2010, January-May	Previous balance=100	2011 target, as stipulated by law	Balance of 2011,	Target=100
Balance of state budget	-835,7	-728,6	87,2	-613,3	-613,3	102,2
Revenue	8 464,7	3 267,6	38,6	8 280,9	3 252,3	39,3
Expenditure	9 300,4	3 996,2	43,0	8 894,2	3 878,9	43,6
Balance of extrabudgetary funds	61,6	27,3	44,3	14,6	56,3	385,6
Revenue	409,4	179,7	43,9	424,7	175,3	41,3
Expenditure	347,8	152,4	43,8	410,1	119,0	29,0
Balance of social security funds	-95,7	-34,9	36,5	-88,7	-153,9	173,5
Revenue	4 299,9	1 811,9	42,1	4 445,6	1 698,5	38,2
Expenditure	4 395,6	1 846,8	42,0	4 534,3	1 852,4	40,9
SUM TOTAL	-869,8	-736,2	84,6	-687,4	-724,2	105,4
Revenue	13 174,0	5 259,2	39,9	13 151,2	5 126,1	39,0
Expenditure	14 043,8	5 995,4	42,7	13 838,6	5 850,3	42,3
ADJUSTED TOTAL BALANCE*				-687,4	-503,9	73,3

*Having adjusted for the pro-rata revenues of 528.8bn HUF from the Pension Reform and Deficit Reduction Fund.

The quarterly changes of the deficit of the central government level in 2011, relative to projections, are the following:

Heading	Target	Fact	Projection*		
	2011	Quarter I.	Quarter II.	Quarter III.	Quarter IV.
Balance, in HUF billion	-687,4	-742,1	-468,5	220,6	302,6
Accumulated balance, in HUF billion		-742,1	-1 210,6	-990,0	-687,4
Balance relative to target, in percentage		108,0	68,2	-32,1	-44,0
Cumulative balance relative to target, in percentage		108,0	176,1	144,0	100,0

*These expenditures do not include the debt assumption of MÁV and BKV liabilities by the state and the expenses of taking over PPP projects

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