

## ***The state of the central sub sector of the state budget in October 2012***

### **Key data of the central sub sector of the state budget in October 2012**

In the month of October 2012 the central sub sector of the state budget registered a deficit of 112.3bn HUF. Within that, the central state budget and Social Security Funds registered deficits of 100.6bn HUF and 42.9bn HUF, respectively, while state reserve funds recorded a surplus of 31.2bn HUF. In the month of October 2012 the deficit of the central sub sector of the state budget was attributable to the bringing forward to October the payment of income supplement and family benefits totaling 134.8bn HUF due to public holidays at the beginning of November. (As a consequence of the four-day public holiday at the beginning of November these payments had to be brought forward to the end of October in order to ensure that beneficiaries could surely receive them until 5 November. Consequently, the cash-flow account figure is lower in October and will be higher in November by precisely this amount.) Excluding these expenditures the central sub sector of the state budget would have closed with a surplus of 22.5bn HUF in the month of October. In October 2011 the surplus of the central sub sector of the state budget equaled 242.7bn HUF.

With regard to the end-of-October 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 78.2 percent is more favourable than the 92.3 percent of last year.

The central sub sector of the state budget at the end of October 2012 closed with a deficit of 658.1bn HUF, while at the end of October 2011 this deficit totaled 1327.8bn HUF.

### ***Central government budget***

#### ***Revenues***

The revenues of the central government budget for the month of October were 23.8bn HUF lower in comparison to the same month of the previous year. Among tax revenues of significant weight, receipts from value added tax and excise taxes were

significantly lower than last year, whereas those from personal income tax and duties surpassed the amount of last year. Revenues of budgetary institutions and chapter administered appropriations as well as interest payments came in also higher compared to the corresponding period of last year.

### ***Expenditures***

Expenditures of the central government budget in the month of October were almost 186bn 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 the National Family and Social Policy Fund (resulting from the change of benefit payment obligations below a certain age limit and the bringing forward of family benefits), budgetary institutions (due to bringing forward of income supplement benefits), special and normative provisions, housing subsidies, government guarantees redeemed and expenditures related to state property.

Revenues and expenditures at institutions of the local governments of counties taken over by the state significantly influenced the overall amount of revenues and expenditures at central budgetary institutions.

### ***Interest payment balance***

Interest payments totaled 99.8.bn HUF in October 2012, which was 27.8bn HUF less than in the corresponding period of the previous year. Interest revenues totaled 12.6bn HUF which was 4.1bn HUF higher than last year's figure. Net interest expenditures (87.2bn HUF) as a whole were 31.9bn HUF below the figure of last year.

### ***Social security funds***

The 42.9bn HUF deficit in October 2012 of Social Security Funds originated from the deficits of 6.7bn HUF and 36.2bn HUF of the Pension Fund and the Health Fund, respectively. In the month of October 2011 the compound surplus of the Funds amounted to 129.0bn HUF. When comparing the two years it has to be pointed out that in October 2011 the Pension Fund received the amount of 164.0bn HUF from the Pension Reform and Debt Reduction Fund, whereas this year a monthly subsidy of

8.5bn HUF is transferred to the Fund. Higher expenditures were the result of wage payments brought forward regarding medical and preventive care.

***Extra budgetary state funds***

The positive balance of 31.2bn HUF of extra budgetary state funds in the month of October was more favourable than in the same month of the previous year. Total revenues of the funds were 24.7bn HUF higher and expenditures were down by 1.5bn HUF compared to the corresponding period of the previous year. Within revenues, the vocational training contributions at the Labour Market Fund and budgetary subsidies came in higher.

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

	billion HUF		Index (%)	billion HUF		Index (%)
	Preliminary data for 2011 (1)	Actual data for the initial 10 months of 2011 (2)	Preliminary data=100 (2/1)	2012 statutory, amended estimates of (1)	Actual data for the initial 10 months of 2012 (2)	amended estimate=100 (2/1)
<b>Central budget balance</b>	<b>-1 727,1</b>	<b>-1 257,0</b>	<b>72,8</b>	<b>-593,8</b>	<b>-729,4</b>	<b>122,8</b>
revenue	8 342,2	6 789,6	81,4	9 549,0	7 403,9	77,5
expenditure	10 069,3	8 046,8	79,9	10 142,8	8 133,3	80,2
<b>Balance of financial reserves</b>	<b>69,2</b>	<b>80,2</b>	<b>115,9</b>	<b>52,9</b>	<b>132,9</b>	<b>251,2</b>
revenue	428,8	366,6	85,5	438,4	404,2	92,2
expenditure	359,6	286,4	79,6	385,5	271,3	70,4
<b>Balance of Social Insurance Funds</b>	<b>-83,7</b>	<b>-151,0</b>	<b>180,4</b>	<b>-35,3</b>	<b>-61,6</b>	<b>174,5</b>
revenue	4 451,6	3 558,9	79,9	4 449,7	3 745,0	84,2
expenditure	4 535,3	3 709,9	81,8	4 485,0	3 806,6	84,9
<b>Total balance</b>	<b>-1 741,6</b>	<b>-1 327,8</b>	<b>76,2</b>	<b>-576,2</b>	<b>-658,1</b>	<b>114,2</b>
revenue	13 222,6	10 715,3	81,0	14 437,1	11 553,1	80,0
expenditure	14 964,2	12 043,1	80,5	15 013,3	12 211,2	81,3
<b>Adjusted balance, total*</b>	<b>-1 444,4</b>	<b>-1 333,2</b>	<b>92,3</b>	<b>-918,2</b>	<b>-717,6</b>	<b>78,2</b>
revenue	12 655,2	10 210,9	80,7	14 095,1	11 358,8	80,6
expenditure	14 099,6	11 544,1	81,9	15 013,3	12 076,4	80,4

\* 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). In addition to the above, the adjusted data for January-October 2012 include expenditures totaling 134.8bn HUF resulting from the bringing forward of payments due to the public holiday at the beginning of November.