

# **REPORT**\*

on

*the state of the central sub sector of the state budget in April 2012*

**May 2012**

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\* The key facts and figures of the central sub sector of the state budget in monthly breakdown can be found at the website of the Hungarian State Treasury (<http://www.allamkinostar.gov.hu>).

## SUMMARY

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

In April 2012 the central sub sector of the state budget registered a surplus of 289.3bn HUF. Within that, the central state budget and extrabudgetary state funds registered surpluses of 283.8bn HUF and 11.3bn HUF, respectively, whereas social security funds registered a deficit of 5.8bn HUF. In the month of April in 2011 the surplus of the central sub sector of the state budget was 75.9bn HUF.

The central sub sector of the state budget at the end of April 2012 had a deficit of 228.2bn HUF, while at the end of April 2011 this deficit totaled 666.2bn HUF.

With regard to the *pro-rata temporis* deficits of the central sub sector for the years of 2011 and 2012 excluding one-off items, which are therefore calculated on the same base, the figure of 27.6 percent registered this year is substantially more favourable than last year's 50.2 percent.

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

#### ***Revenues***

The revenues of the central government budget for the month of April were 204.0bn HUF higher in comparison to the same month of the previous year. Among revenues, primarily tax revenues – especially revenues from sales taxes, excise taxes and the personal income tax – surpassed the amount of last year. In addition, revenues of budgetary institutions and chapter administered appropriations came in also higher than in the corresponding period of last year.

#### ***Expenditures***

The expenditures of the central government budget in the month of April were 22.0bn HUF higher in comparison to the same month of last year. With regard to expenditures, mainly the expenditures of budgetary institutions were higher in comparison to the corresponding period of last year. In addition, the expenditures of the National Family and Social Policy Fund (due to extra welfare assignments because of age limit changes), redeemed government guarantees, contributions to the EU and expenses concerning state property were higher than last year's figure.

As far as the revenues and expenditures of central budgetary institutions are concerned, the revenues and expenditures of institutions, which had been taken over by the state from the local governments of counties, played a key part.

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

Interest payments totaled 25.4bn HUF in April 2012, which was 23.9bn HUF less than in the corresponding period of the previous year. Interest revenues totaled 8.9bn HUF which was 1.6bn HUF less than last year's figure. Net interest expenditures (16.5bn HUF) as a whole were 22.3bn HUF less than last year.

#### ***Social Insurance Funds***

The 5.8bn HUF deficit in April 2012 of Social Insurance Funds originated from the deficit of 9.6bn HUF of the Pension Insurance Fund and the surplus of 3.8bn HUF of the Health Insurance Fund. In April 2011 the compound deficit of the Funds amounted to 31.1bn HUF. The deficit which was lower than last year is largely attributable to the higher revenues of the Health Insurance Fund from social welfare taxes and contributions which are the result of the increase of private health insurance contributions and 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 April 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 surplus of 11.3bn HUF of extra budgetary state funds in the month of April was more favourable than in the same month of the previous year. Total revenues of the funds were 4.7bn HUF higher and expenditures were 0.9bn HUF lower. With regard to revenues, subsidies to training expenses at the National Employment Fund were higher than last year's amount, due primarily to new regulations. With regard to expenditures, they were lower at the Central Nuclear Financial Fund and the Research and Technological Innovation Fund in comparison to the corresponding month of the previous year.

The key cash flow data of the central subsector of the state budget are as follows:

	billion HUF		Index (%)	billion HUF		Index (%)
	Preliminary data for 2011	Actual data for the first 4 months of 2011	Preliminary data=100	2012 estimates of the Budget Act	Actual data for the first four months of 2012	Estimate=100
Central budget balance	<b>-1 718,3</b>	<b>-586,5</b>	<b>34,1</b>	<b>-593,8</b>	<b>-271,0</b>	<b>45,6</b>
revenue	8 329,9	2 618,5	31,4	9 452,8	2 881,3	30,5
expenditure	10 048,2	3 205,0	31,9	10 046,6	3 152,3	31,4
Balance of financial reserves	<b>67,2</b>	<b>49,8</b>	<b>74,1</b>	<b>52,9</b>	<b>54,4</b>	<b>102,8</b>
revenue	426,6	143,4	33,6	438,4	158,2	36,1
expenditure	359,4	93,6	26,0	385,5	103,8	26,9
Balance of Social Insurance Funds	<b>-83,3</b>	<b>-129,5</b>	<b>155,5</b>	<b>-35,3</b>	<b>-11,6</b>	<b>32,9</b>
revenue	4 452,4	1 351,5	30,4	4 449,7	1 493,3	33,6
expenditure	4 535,7	1 481,0	32,7	4 485,0	1 504,9	33,6
<b>Total balance</b>	<b>-1 734,4</b>	<b>-666,2</b>	<b>38,4</b>	<b>-576,2</b>	<b>-228,2</b>	<b>39,6</b>
revenue	13 208,9	4 113,4	31,1	14 340,9	4 532,8	31,6
expenditure	14 943,3	4 779,6	32,0	14 917,1	4 761,0	31,9
<b>Adjusted balance, total</b>	<b>-1 437,2</b>	<b>-721,4</b>	<b>50,2</b>	<b>-918,2</b>	<b>-253,3</b>	<b>27,6</b>
revenue	12 641,5	4 058,2	32,1	13 998,9	4 507,7	32,2
expenditure	14 078,7	4 779,6	33,9	14 917,1	4 761,0	31,9

\* The adjusted preliminary data of the year of 2011 and the figures of the 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 250.0bn HUF and according 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).