

**2012**  
**March**

Budget Outturn  
Summary Report

Ministry of Finance  
Budget General Directorate  
Portugal



## Budget Outturn

- Central Government and Social Security recorded a balance of 539 million euros on cash basis in 2012 until February. The surplus would have been 450 million euros in comparable terms, *i.e.* excluding State-owned Enterprises (SOE) that were reclassified into the Central Government in 2012, which compares with 951 million euros in same period of 2011. The main factors underlying this evolution are the following:
  - Increase in other current revenues explained by the auction for the fourth generation mobile services as well as transfers from European Social Fund to Social Security. However, the capital receipts decreased due the base effect of the factoring revenue accounted by the *Caixa Geral de Aposentações*<sup>1</sup>, IP in 2011 related with the process of transfer of *PT Comunicações*<sup>2</sup> pension funds, which is taking place from 2010 until 2012;
  - Increase in the social transfers from Social Security, mostly pensions – including retired people belonging to the scheme of banking regime that has been integrated in the Social Security - and expenditure with unemployment benefits.
  
- Regarding monthly implementation in February it is important to analyse in comparable terms:
  - Other current revenues include 272 million euros in 2012 in result of the auction for the fourth generation mobile services;
  - Decrease in capital transfers justified by the amount received by the *Caixa Geral de Aposentações*, IP in 2011 as mentioned before.
  - The increase in employee salaries due to incomplete reporting in 2011 of the North Regional Health Administration. The change in this expenditure of the Central Government and Social Security would have been -4.1% without this effect;
  - Increase in interests explained by the payment of coupon in February of a new Fixed Rate Bond (OT) launched in February 2011. Furthermore, there were no payments in February 2011 of coupons of that kind of security.
  - Current transfers, mostly transfers to European Union, which reveals the base effect of two monthly payments in January 2011 instead of one in each month as in 2012, as well as the increase in social transfers;
  - Capital transfers include an amount to *RTP – Rádio e Televisão de Portugal, S.A.*<sup>3</sup> in order to repay loans of that entity.

<sup>1</sup> Public body that administrates the Portuguese civil servants pension scheme.

<sup>2</sup> Portugal Telecom is a telecommunications operator.

<sup>3</sup> Rádio e Televisão de Portugal, the portuguese public television station.

# Budget Outturn

Central Government and Social Security Consolidated Account - Comparison 2012 versus 2011

€ Millions

	Comparable Universe - Central Government and Social Security (SOEs not Included)					Implementation in Real Universe	
	February 2012			Jan - Feb 2012		Jan - Feb 2012	
	Monthly Execution	YOY Change Rate (%)	Monthly Execution Degree (%)	Accumulated Execution	Accumulated YOY Change Rate (%)	Central Government and Social Security (SOEs Included)	Accumulated Execution Degree (%)
<b>Current revenue</b>	<b>5.505,2</b>	<b>7,8</b>	<b>8,8</b>	<b>10.276,7</b>	<b>2,2</b>	<b>10.620,3</b>	<b>16,5</b>
Direct taxes	830,1	6,4	5,8	1.827,6	-9,0	1.827,6	12,7
Indirect taxes	2.281,9	-7,1	10,2	3.997,7	-3,4	4.111,6	17,9
Social security contributions	1.330,5	-0,7	7,5	2.954,0	0,2	2.954,0	16,6
Other current revenue	1.062,7	100,6	13,6	1.497,3	56,0	1.727,1	18,4
(of which: transfers from other subsectors GG)	3,1	-5,0	3,7	6,8	19,5	6,8	8,2
<b>Capital revenue</b>	<b>93,1</b>	<b>-61,3</b>	<b>5,1</b>	<b>198,0</b>	<b>-53,5</b>	<b>205,4</b>	<b>9,6</b>
Sale of investment good	-0,4	-121,6	-0,3	0,3	-96,6	1,1	0,7
(of which: transfers from other subsectors GG)	1,3	46,9	6,2	1,4	-38,5	1,4	6,8
<b>Effective revenue</b>	<b>5.598,3</b>	<b>4,7</b>	<b>8,7</b>	<b>10.474,7</b>	<b>0,0</b>	<b>10.825,7</b>	<b>16,2</b>
<b>Current expenditure</b>	<b>4.982,5</b>	<b>15,5</b>	<b>7,5</b>	<b>9.308,1</b>	<b>2,5</b>	<b>9.566,3</b>	<b>13,8</b>
Public consumption	1.676,8	-0,5	7,4	3.148,7	-4,7	3.408,5	14,0
Employees	926,5	1,3	7,9	1.801,4	-5,6	1.911,3	15,4
Purchase of goods and services and other current expenditures	750,3	-2,7	6,8	1.347,3	-3,6	1.497,2	12,5
Subsidies	75,6	89,3	4,9	136,6	-5,2	140,5	9,0
Interests and other charges	293,2	536,0	3,6	422,8	177,4	446,7	4,9
Current transfers	2.936,9	15,5	8,5	5.600,0	2,3	5.570,6	16,4
(of which: transfers to other subsectors GG)	148,5	9,7	6,0	343,3	2,2	312,0	15,9
<b>Capital expenditure</b>	<b>356,0</b>	<b>129,7</b>	<b>9,8</b>	<b>716,8</b>	<b>58,9</b>	<b>720,4</b>	<b>14,4</b>
Investments	20,3	-18,9	2,1	28,0	-23,1	379,3	13,7
Capital transfers	330,0	156,1	12,5	682,6	65,4	331,4	14,9
(of which: transfers to other subsectors GG)	294,8	324,3	16,6	581,2	110,7	229,9	16,9
Other capital expenditure	5,7	402,5	19,7	6,2	214,3	9,7	33,4
<b>Effective Expenditure</b>	<b>5.338,5</b>	<b>19,4</b>	<b>7,6</b>	<b>10.024,8</b>	<b>5,2</b>	<b>10.286,7</b>	<b>13,9</b>
<b>Overall balance</b>	<b>259,8</b>			<b>449,9</b>		<b>539,1</b>	
<i>Memo item:</i>							
Current balance	522,7			968,6		1.054,0	
Primary current expenditure	4.689,3	9,9	8,0	8.885,3	-0,5	9.119,6	15,2
Primary current balance	815,8			1.391,4		1.500,7	
Capital balance	-262,9			-518,8		-514,9	
Primary Expenditure	5.045,3	14,1	8,1	9.602,1	2,4	9.839,9	15,1
Primary balance	552,9			872,6		985,8	

Source: Ministry of Finance

2011 execution doesn't include State-owned enterprises (SOE), as these entities were integrated in the Central Government in 2012 on the Autonomous Services and Funds subsector. For 2012 it is presented the real and comparable execution, excluding the SOE in order to obtain comparable universes.

The execution rate is calculated by reference to the initial budget

## Budget Outturn

- The balance for State subsector was -799 million euros in 2012 until February, which compares with a deficit of 274 million euros in the same period of 2011.
  - Receipts decreased 4.3%, reflecting a reduction of 5.3% in tax revenue that is about 2.6 pp. slighter than in January (-7.9%)
  - Spending increased 3.5% while primary expenditure decreased 0.3%. This result is determined by the transfer of 348 million euros to *RTP – Radio e Televisão de Portugal, S.A.* in order to repay loans. Expenditure and primary expenditure would have changed -1.6% and -5.5%, respectively, without the effect of that transfer.
  
- Autonomous Services and Funds<sup>4</sup> recorded a surplus of 924 million euros. Excluding those entities, the balance would have been 835 million euros, which is explained by the revenue coming from the auction for the fourth generation mobile services launched by the *Autoridade Nacional para as Comunicações - ANACOM*<sup>5</sup>, as well as the decrease of capital transfers to other subsectors of the general government. Those reclassified entities recorded a surplus 89 million euros, which reflects a transfer from Budget State to RTP<sup>6</sup> in order to repay loans.
  
- National Health Service (NHS) consolidated accrual deficit was 22 million euros until February, less 67 million euros than a year earlier. This result reflects a weaker reduction in revenue than in spending; mostly the reduction in transfers from the State Budget to NHS was deeper than the decrease in spending on health care contracts agreed with NHS hospitals.
  
- Social Security surplus was 413 million euros, around 68 million euros lower than February 2011. This result may be explained by increase in expenditure higher than revenue rise (8.1% and 5.3%, respectively).

Central Administration and Social Security Revenue, Expenditure and Budget Balance - 2012 / 2011								€ Millions	
	Time Frame	Revenue		Expenditure		Balance		YOY Change Rate (%)	
		2011	2012	2011	2012	2011	2012	Revenue	Expenditure
Central Government									
State	January-February	6.541	6.259	6.816	7.057	-274	-799	-4,3	3,5
Autonomous Funds and Services	January-February	3.836	3.849	3.092	3.014	744	835	0,4	-2,5
SOE	January-February		730		641		89		
Social Security	January-February	3.851	4.057	3.370	3.643	481	413	5,3	8,1

Note: Figure on cash basis, not consolidated.

Source: Ministry of Finance

<sup>4</sup> Autonomous Services and Funds subsector integrates in 2012 some SOEs that were reclassified as above mentioned.

<sup>5</sup> ANACOM is the regulator, supervisor and representative of the communications sector in Portugal.

<sup>6</sup> Rádio e Televisão de Portugal, the portuguese public television station.

## Budget Outturn

- Regional Government and Local Government recorded surplus in 2012 until February, 16 million euros for the first subsector and 33 million euros for the Local Government<sup>7</sup>.

Regional and Local Revenue, Expenditure and Budget Balance - 2012 / 2011

€ Millions

	Time Frame	Revenue		Expenditure		Balance		YOY Change Rate (%)	
		2011	2012	2011	2012	2011	2012	Revenue	Expenditure
Regional Government	January-February	323	284	253	268	70	16	-12,1	5,7
Local Government	January-February		694		661		33		

Note: Figure on cash basis, not consolidated.

Source: Ministry of Finance

<sup>7</sup> Data does not include information about SOEs that were reclassified.