

# Budget Outturn Summary Report 2013

*April*

Ministry of Finance

Budget General Directorate

**DGOrçamento**

**Budget Outturn Summary Report**  
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**Budget General Directorate**

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## OVERALL BALANCE

- Until April **General Government overall balance** according to the Economic and Financial Assistance Programme (EFAP) criteria, namely the Technical Memorandum of Understanding (TMU) criteria, reached € - 2407 million.

Chart 1 – Limits and implementation of General Government

	Dec. 2012	Mar. 2013	April 2013	June 2013	Sept. 2013
€ Millions					
<b>EFAP limits</b>	<b>-9.028</b>	<b>-1.900</b>		<b>-4.500</b>	<b>-6.000</b>
<b>General Government Balance (cash basis)</b>	<b>-7.060</b>	<b>-1.434</b>	<b>-2.548</b>		
<b>Central Government</b>	<b>-7.932</b>	<b>-1.469</b>	<b>-2.527</b>		
State	-8.923	-1.852	-2.978		
Autonomous Services and Funds excluding reclassified SOE	1.848	773	772		
Reclassified State Owned Enterprises	-857	-390	-322		
<b>Regional Government</b>	<b>-266</b>	<b>4</b>	<b>70</b>		
Madeira	-255	3	41		
Açores	-11	1	30		
<b>Local Government</b>	<b>725</b>	<b>-103</b>	<b>-150</b>		
Municipalities reported	648	-98	-144		
<b>Social Security</b>	<b>413</b>	<b>135</b>	<b>58</b>		
Adjustments underlying to the Technical Memorandum of Understanding					
Guarantees, loans and capital injections	-93	-1	-1		
Supplementary transfer to the National Health Service	1.500				
Pension funds	-2.784	-48	-48,1		
Adjustment for the arrears settled - Local Administration (€1 billion credit facility)	13	132	191		
<b>General Government Balance (criteria of the EFAP)</b>	<b>-8.424</b>	<b>-1.350</b>	<b>-2.407</b>	<b>0</b>	<b>0</b>
<b>Gap (General Government Balance (criteria of the EFAP) minus EFAP Limit)</b>	<b>604</b>	<b>550</b>			

**Notes:**

Updated amounts with information available until April

Source: Ministry of Finance

- **Central Government and Social Security balance** reached € -2468.6 million (€ -1868.4 million until April 2012), the primary balance being € -1011 million (€ -438.4 million until April 2012). This year-on-year evolution is mostly a result of the reinstatement of the 13<sup>th</sup> month by twelfths – with impact on pensions paid by *Caixa Geral de Aposentações (CGA)*<sup>1</sup> and Social Security and on employees compensation - and the increase of the unemployment subsidies and employment support. The revenue had a positive performance, supported in particular by the increase of direct taxes (+17.9%) and contributions to social protection systems.
- **Central Government overall balance** amounted to € -2527.0 million (€ -2.143.7 million until April 2012) while primary balance reached € -1070.1 million (€ -714.9 million until April 2012). The evolution of the overall balance is mostly a result of YOY change of transfers to Social Security and pensions payments by CGA - in this case as a result of the 13<sup>th</sup> pension payment by twelfths - , partially offset by the monthly positive

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



## 1. Summary

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performance of fiscal revenue (which increased 7.7% when compared to April of 2012) and by the contributory revenue to CGA.

- **Social Security** overall surplus attained € 58.4 million (€ 275.3 million until April 2012). This evolution reflects the faster increase of expenditure than revenues in 3.1pp, mostly in which concerns pensions, unemployment subsidies, employment support and job training actions financed by the European Social Fund.
- **Local and Regional Government** presented a balance of € -79.8 million, to which Regional Government contributed with a surplus of € 70.3 million and Local Government contributed with a deficit of € 150.1 million. This resulted is influenced by the plan to pay delay debts of Local Government to suppliers. In the absence of that effect, the overall balance would have been of € 110.9 million.

## 2. Central Government and Social Security

### OVERALL BALANCE

- Until April of 2013 **Central Government and Social Security balance** attained € -2468.6 million (€ -1868.4 million until April 2012). On its turn, primary balance was € -1011 million (€ -438.4 million in the same period of the previous year). Regarding April monthly implementation, it was observed an improvement of overall balance and primary balance in € 300.4 million and € 139.6 million respectively.

Chart 2 - Central Government and Social Security Consolidated Account

Period: January to April	€ Millions									
	Budget	2012		2013		YOY Change Rate (%)		YOY Change Rate Contrib. (p.p.)	YOY change rate implicit to Budget (%)	Accumulated Execution Degree (%)
	2013	Monthly Execution	Accumulated Execution	Monthly Execution	Accumulated Execution	Execution	Accumulated			
<b>Current revenue</b>	<b>65.470,4</b>	<b>4.307,2</b>	<b>18.958,8</b>	<b>4.649,2</b>	<b>19.509,6</b>	<b>7,9</b>	<b>2,9</b>	<b>2,8</b>	<b>8,5</b>	<b>29,8</b>
Tax	36.925,9	2.369,3	10.509,1	2.489,0	10.870,0	5,1	3,4	1,9	8,8	29,4
Direct taxes	16.578,6	963,2	3.819,5	1.141,0	4.501,7	18,5	17,9	3,5	21,5	27,2
Indirect taxes	20.347,3	1.406,1	6.689,6	1.348,1	6.368,3	-4,1	-4,8	-1,6	0,2	31,3
Social security contributions	18.232,2	1.286,8	5.571,3	1.369,4	5.792,1	6,4	4,0	1,1	8,1	31,8
Other current revenue	10.312,3	651,1	2.878,4	790,8	2.847,5	21,5	-1,1	-0,2	8,1	27,6
(of which: transfers from other GG subsectors)	82,1	5,4	17,9	5,7	15,4	5,8	-13,8	0,0	23,8	18,7
<b>Capital revenue</b>	<b>2.475,7</b>	<b>130,7</b>	<b>516,9</b>	<b>71,0</b>	<b>450,2</b>	<b>-45,7</b>	<b>-12,9</b>	<b>-0,3</b>	<b>-57,6</b>	<b>18,2</b>
Sale of investment good	181,9	0,3	3,2	8,6	14,8	3.172,0	359,0	0,1	1.128,3	8,1
Capital transfers	1.225,3	125,8	340,5	56,1	304,4	-55,4	-10,6	-0,2	-73,2	24,8
(of which: transfers from other GG subsectors)	61,0	1,7	3,2	1,7	5,6	-3,0	73,9	0,0	703,8	9,1
Other capital revenue	1.068,5	4,6	173,1	6,2	131,0	35,1	-24,4	-0,2	-15,1	12,3
<b>Effective revenue</b>	<b>67.946,1</b>	<b>4.437,9</b>	<b>19.475,7</b>	<b>4.720,1</b>	<b>19.959,8</b>	<b>6,4</b>	<b>2,5</b>		<b>2,7</b>	<b>29,4</b>
<b>Current expenditure</b>	<b>71.828,4</b>	<b>5.505,4</b>	<b>19.995,8</b>	<b>5.527,3</b>	<b>21.352,4</b>	<b>0,4</b>	<b>6,8</b>	<b>6,4</b>	<b>3,8</b>	<b>29,7</b>
Public consumption	25.278,4	1.820,6	7.048,1	1.867,5	7.253,6	2,6	2,9	1,0	3,2	28,7
Employees	12.818,0	957,5	3.845,5	1.020,9	4.017,1	6,6	4,5	0,8	9,2	31,3
Purchase of goods and services and other current expenditures	12.460,4	863,1	3.202,5	846,5	3.236,5	-1,9	1,1	0,2	-2,2	26,0
Subsidies	1.800,6	113,1	345,2	224,9	621,1	98,9	79,9	1,3	-10,5	34,5
Interests and other charges	8.373,8	685,9	1.430,0	525,0	1.457,6	-23,4	1,9	0,1	5,2	17,4
Current transfers	36.375,6	2.885,8	11.172,6	2.909,9	12.020,2	0,8	7,6	4,0	4,7	33,0
(of which: transfers to other GG subsectors)	2.311,0	205,2	648,0	233,5	745,9	13,8	15,1	0,5	25,1	32,3
<b>Capital expenditure</b>	<b>4.021,8</b>	<b>366,7</b>	<b>1.348,2</b>	<b>326,7</b>	<b>1.075,9</b>	<b>-10,9</b>	<b>-20,2</b>	<b>-1,3</b>	<b>-10,7</b>	<b>26,8</b>
Investments	2.212,9	147,0	662,6	84,7	481,0	-42,4	-27,4	-0,9	-7,9	21,7
Capital transfers	1.727,5	221,1	672,3	237,3	584,9	7,3	-13,0	-0,4	-15,0	33,9
(of which: transfers to other GG subsectors)	980,2	168,8	476,2	170,9	401,1	1,2	-15,8	-0,4	-24,8	40,9
Other capital expenditure	81,3	-1,3	13,3	4,7	10,0	-450,2	-24,6	0,0	20,3	12,3
<b>Effective Expenditure</b>	<b>75.850,2</b>	<b>5.872,1</b>	<b>21.344,1</b>	<b>5.854,0</b>	<b>22.428,4</b>	<b>-0,3</b>	<b>5,1</b>		<b>2,9</b>	<b>29,6</b>
<b>Overall balance</b>	<b>-7.904,0</b>	<b>-1.434,2</b>	<b>-1.868,4</b>	<b>-1.133,8</b>	<b>-2.468,6</b>					
Adjustments related to EFAP										
Guarantees, loans and capital injections	-88,2	-4,3	-15,9	-0,2	-0,9					
Pension funds	-48,1			0,0	-48,1					
<b>Overall Balance (criteria of the EFAP)</b>	<b>-7.992,2</b>	<b>-1.438,5</b>	<b>-1.884,3</b>	<b>-1.134,1</b>	<b>-2.517,5</b>					
Primary expenditure	67.476,4	5.186,3	19.914,1	5.329,0	20.970,8	2,8	5,3			31,1
Current balance	-6.357,9	-1.198,2	-1.037,0	-878,2	-1.842,8					
Capital balance	-1.546,1	-236,0	-831,4	-255,7	-625,8					
Primary balance	469,7	-748,4	-438,4	-608,8	-1.011,0					
Financial assets net of reimbursements of which revenue from:	16.808,8	140,4	918,8	833,3	2.296,0	493,6	149,9			13,7
Disposal of Capital Shares	1.000,0	0,0	160,0	0,0	0,0	-	-100,0			0,0
Financial liabilities net of amortizations	24.123,5	7.140,8	7.557,2	848,9	2.398,2	-88,1	-68,3			9,9

#### Notes:

The execution rate is calculated by reference to the initial budget excluding freezing  
The YOY change rate is calculated by comparing the initial budget with 2012 provisory implementation  
The negative values are the result of consolidation operations

Source: Ministry of Finance

## 2. Central Government and Social Security

### EXPENDITURE

- **Central Government and Social Security** expenditure increased 5.1%, 2.7 p.p. less than the previous month. Primary expenditure increased 5.3% which compares to 6.2% until March. For this evolution contributed mainly the dilution of the April contribution to the European Union budget advanced payment effect and the slowing down of State direct debt interest and other charges expenditure and financial charges of State owned enterprises of transportation reclassified into the general government perimeter.

**Compensation of employees** increased 4.5% compared to April to 2012 (3.7% until March), mostly explained by the reinstatement of the 13th monthly salary of public employees, paid by twelfths. The acceleration observed is due to the regularization of charges related to contributions to CGA and to Social Security by several central government bodies.

**Purchase of goods and services and other current expenditures** in cumulative terms increased 1.1%, which compares to 2.2% in the previous month, this evolution being mainly attributable to the increase of the amounts associated with the regularization in budget expenditure of the advanced funds assigned by the Social Security on account of the European Social Fund.

**Interest and other charges** expenditure increased 1.9% until April (25.3% until March), explained by the slowing down of interest and other charges of State direct debt interest expenditure (1.4% until April which compares to 14.7% until March). This result is mainly explained by the dilution effect of the merger in the first quarter of financial charges on borrowings under the EFAP, particularly under the European Financial Stability Facility.

**Current transfers** recorded a slowing down of 2.3 p.p. when compared to the result observed until March (by memory 9.9%). This result is justified by the dilution of the anticipation to March of the financial contribution to the EU budget of April effect and also the regularization of a debt according to the last adjustment of Gross National Income. On the other hand, persists the pressure on the evolution of this expenditure component associated with the payment by twelfths of the 13th month to the beneficiaries of the pension system run by the CGA, IP and the general system of Social Security and also the social expenditure with unemployment subsidies and employment support.

**Subsidies** increased 79.7% until April 2013, comparing to 70.7% until March, which is attributable to the acceleration of the expenditure of Social Security with job training actions financed by the European Social Fund and also the effect of the reclassification to this expenditure item which in 2012 was classified as current transfers.

The deeper reduction of **investment** expenditure (-27.4% until April which compares to -23.2% until March) is mostly justified by the different implementation pattern of investment made by *Parque Escolar E.P.E.*<sup>2</sup> as well as the volume of payments of road concessions by *Estradas de Portugal, SA*<sup>3</sup>.

The decrease on **Capital Transfers** (-13% until April compared with -22.9% until March) still reflects the base effect of the 2013 monthly transfer to the Regional Government of Madeira under the Legal frame-

<sup>2</sup> *Parque Escolar* is a corporation governed by public law corporate and has for object the planning, management, development and execution of the modernisation programme for the public network of secondary and other schools under the responsibility of the Ministry of Education.

<sup>3</sup> *Estradas de Portugal* is a governmental agency (state owned enterprise) responsible for administering the roads in Portugal.



work of Regional Finances to pay the Region debts to suppliers, while in 2013 it is being transferred on a quarterly basis (since the region is under an economic assistance programme). Therefore, in April was transferred the amount of the second quarter of 2013 which made the (YOY) change recover.

### REVENUE

- **Revenue** until April of 2013 increased 2.5% (YOY), an acceleration of 1.2 p.p. when compared to the first quarter of 2013. This evolution has the contribution of the dilution of the base effect of 2012 associated with the sale of rights to use 4th generation frequencies and the increase of fiscal revenue.
- **Tax revenue** increased by 3.4% until April, 0.4 p.p. more when compared to the results observed in the previous month. This improvement has the contribution of the year on year monthly increase of net State tax revenue by 7.7%, particularly due to the increase of 31.3% of monthly personal income tax (IRS) net revenue. Thus, until April, the State subsector accumulated net tax revenue increased about € 578 million over the amount collected in the same period of 2012, which represents an increase of 5.8% year on year.
- Net revenues from **direct taxes** increased 17.9% over the same period of 2012, representing an improvement of 0.2 p.p. when compared to March (by memory, 17.7%), mainly due to the increased personal income tax (IRS) revenue.
- Net **indirect taxes** revenue presents a variation of -4.8% (YOY), which represents an improvement of 0.2 p.p. when compared to the previous month (by memory, -5%). For this recovery contributed the ongoing monthly increase of net collection of Value Added Tax (VAT) to -0.3%, -0.6% until March.
- The acceleration of **revenue contributions to Social Security systems** by 0.8 p.p. (+3.2% in the first quarter) is attributable to the evolution of contributions to the CGA, IP. On the other hand, the evolution of the contributions revenue of the contributions to the general system of Social Security decreased 0.4% until April, which represents an inflexion of the behavior in March (increase of 0.2%).
- **Non-tax revenue** is still recovering in April (-2.9% until April, which compares to -6.8% until March and with -23.3% until February), which is justified by the dilution of the 2012 base effect associated with the sale of rights to use 4th generation frequencies. This effect was balanced by the slowing down of Security Social revenue from the European Social Fund.