

2012
February

Budget Outturn
Summary Report

Ministry of Finance
Budget General Directorate
Portugal

Budget Outturn

- Central Government and Social Security recorded a balance of 327 million euros on cash basis in January 2012. This result includes some State-owned Enterprises (SOE) that were reclassified into the Central Government in 2012.

Central Government and Social Security Consolidated Account - Comparison with the 2012 State Budget Report target

	January 2011	2012 (*)		€ Millions
		2012 target	January	Execution Rate (%)
Current revenue	4.947,3	64.535,7	4.986,6	7,7
Direct taxes	1.228,0	14.357,4	997,5	6,9
Indirect taxes	1.680,5	23.021,7	1.770,9	7,7
Social security contributions	1.609,0	17.774,3	1.623,5	9,1
Other current revenue	429,7	9.382,2	594,7	6,3
(of which: transfers from other subsectors GG)	2,4	83,2	3,7	4,4
Capital revenue	185,2	2.150,5	111,4	5,2
(of which: transfers from other subsectors GG)	1,4	20,6	0,1	0,6
Effective revenue	5.132,5	66.686,2	5.098,0	7,6
Current expenditure	4.763,2	69.121,3	4.402,7	6,4
Public consumption	1.619,7	24.406,3	1.554,7	6,4
Employees	993,3	12.390,0	915,9	7,4
Purchase of goods and services and other current expenditure	626,4	12.016,3	638,7	5,3
Subsidies	104,2	1.568,8	62,8	4,0
Interests and other charges	106,3	9.168,2	134,7	1,5
Current transfers	2.933,1	33.978,1	2.650,6	7,8
(of which: transfers to other subsectors GG)	200,6	1.961,7	182,0	9,3
Capital expenditure	296,1	5.019,2	367,9	7,3
Investments	11,4	2.764,4	140,0	5,1
Capital transfers	283,8	2.225,7	225,1	10,1
(of which: transfers to other subsectors GG)	206,3	1.362,1	158,9	11,7
Other capital expenditure	0,8	29,1	2,7	9,4
Effective expenditure	5.059,3	74.140,5	4.770,6	6,4
Overall balance	73,2	-7.454,4	327,4	
<i>Memo item:</i>				
Current balance	184,1	-4.585,6	583,9	
Primary current expenditure	4.656,9	59.953,1	4.268,0	7,1
Primary current balance	290,4	4.582,5	718,6	
Capital balance	-110,9	-2.868,7	-256,5	
Primary expenditure	4.953,0	64.972,3	4.635,9	7,1
Primary balance	179,5	1.713,8	462,1	

Source: Ministry of Finance

(*) In 2012 some State-owned Enterprises are included in the Central Government due to a statistical reclassification.

No comparable information is provided due to the enlargement of Public Administration perimeter in 2012 to some State-owned Enterprises.

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- Excluding those SOE, Central Government and Social Security would have recorded an improvement of 117 million euros in comparison with January 2011. This result reflects a drop in State's deficit of 306 million euros, partly offset by a lower surplus of the Autonomous Services and Funds subsector (-108 million euros) and Social Security (-81 million euros).
- The deficit for State subsector was 436 million euros in January 2012. Revenue Year-on-Year (YOY) change was -6.1%, while YOY expenditure reduction was 12.7%.
- Autonomous Services and Funds, which integrate in 2012 some SOE as above mentioned, recorded a surplus in January of 534 million euros. Excluding those enterprises, the balance would have been 397 million euros. Those reclassified entities recorded a surplus 137.3 million euros, which reflects a transfer from Budget State to RTP¹ in order to repay loans.
- National Health Service (NHS) consolidated accrual surplus was 41 million euros, up just 3 million euros than a year earlier. This result reflects a stronger reduction in expenditure than in receipts, mostly the decrease in spending on health care contracts agreed with NHS hospitals was deeper than the reduction in transfers from the State Budget to NHS.
- Social Security surplus was 229 million euros, around 81 million euros lower than January 2011. This result may be explained by increase in expenditure higher than revenue rise (6.2% and 1.2%, 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	3.173	2.981	3.915	3.417	-742	-436	-6,1	-12,7
Autonomous Funds and Services without SOE's	January	1.979	1.803	1.473	1.406	505	397	-8,9	-4,6
SOE	January		364		226		137		
Social Security	January	1.994	2.017	1.684	1.788	310	229	1,2	6,2

- Regional Government and Local Government recorded different results in 2011, i.e. a deficit of 19 million euros for the first subsector and a surplus of 196 million euros for the Local Government. However, both subsectors improved balances when compared with 2010.

Regional and Local Revenue, Expenditure and Budget Balance - 2011 / 2010

€ Millions

	Time Frame	Revenue		Expenditure		Balance		YOY Change Rate (%)	
		2010	2011	2010	2011	2010	2011	Revenue	Expenditure
Regional Government	Q4	2.145	2.113	2.276	2.132	-131	-19	-1,5	-6,3
Local Government	Q4	7.122	7.062	7.062	6.866	60	196	-0,8	-2,8

Note: Figure on cash basis, not consolidated.

Source: Ministry of Finance

¹ Rádio e Televisão de Portugal, the portuguese public television station.

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General Government Consolidated Account 2011 (cash basis)

General government recorded a deficit of 5.6 billion euros on cash basis in 2011, having implicit an improvement when compared with the previous year as well as with budget 2012 estimate. As a percentage of GDP, the general government deficit was reduced by 6.7% in 2010 to less than half, about 3.3% in 2011.

This development resulted from implementation of fiscal consolidation measures, both on revenue side and expenditure side, partially offsetting the pro-cyclical effects in the revenue and expenditure. Overall, the effective revenue recorded an increase of 6.6% while the effective expenditure decreased by 1.9%. It should be noted that the reduction in primary expenditure was more marked, standing at 3.5%.

	General Government Consolidated Account (cash basis)		€ Millions	
	2010	2011	2011	
	Execution		Absolute change	Percentage change (%)
	(1)	(2)	(2)-(1)	(2)/(1)
Current revenue	63.250,0	66.005,2	2.755,2	4,4
Direct taxes	16.608,2	17.933,6	1.325,5	8,0
Indirect taxes	20.612,4	21.188,8	576,4	2,8
Social security contributions	17.908,8	18.149,7	240,9	1,3
Other current revenue	8.120,7	8.733,1	612,4	7,5
Capital revenue	4.170,8	5.873,3	1.702,6	40,8
Effective revenue	67.420,8	71.878,5	4.457,7	6,6
Current expenditure	73.278,9	72.373,0	-906,0	-1,2
Public consumption	31.739,0	29.874,1	-1.864,9	-5,9
Employees	18.269,8	16.670,0	-1.599,8	-8,8
Purchase of goods and services and other current expenditures	13.469,2	13.204,0	-265,1	-2,0
Subsidies	2.220,7	2.041,2	-179,5	-8,1
Interests and other charges	5.144,9	6.265,2	1.120,3	21,8
Current transfers	34.174,2	34.192,5	18,3	0,1
Capital expenditure	5.686,4	5.103,7	-582,8	-10,2
Investments	4.079,1	2.791,7	-1.287,4	-31,6
Capital transfers	1.443,5	2.232,2	788,7	54,6
Other capital expenditure	163,9	79,7	-84,1	-51,3
Effective expenditure	78.965,4	77.476,7	-1.488,7	-1,9
Overall balance	-11.544,6	-5.598,1	5.946,4	
Current balance	-10.028,9	-6.367,8	3.661,1	
Primary current expenditure	68.134,0	66.107,8	-2.026,2	-3,0
Primary current balance	4.884,0	-102,6	-4.986,6	
Capital balance	-1.515,7	769,7	2.285,3	
Primary expenditure	73.820,4	71.211,5	-2.609,0	-3,5
Primary balance	-6.399,7	667,0	7.066,7	

Source: Ministry of Finance

State subsector balance and local and regional administration balance recorded an improvement. In the first case the result is mostly explained by the transfer of credit institutions pension funds (about 3.3 billion euros). On the other side Central Government's Autonomous Services and Funds (ASF) and Social Security recorded a surplus below of the value achieved in 2010. As concerned ASF, this outcome is mostly attained by factoring revenues accounted by the Caixa Geral de Aposentações², IP related with the process of transfer of PT Comunicações³ pension funds, which started on December 2010 and is taking place until 2012, as well as a reduction of the purchase of current goods and services and employees' compensation, essentially

² Public body that administrates the Portuguese civil servants pension scheme

³ Portugal Telecom is a telecommunications operator.



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by the NHS. The social security outcome is explained by a more pronounced reduction recorded in revenues than the decrease reported in spending.

Note that the general government balance taken by reference under the Excessive Deficit Procedure (EDP), differs from the cash basis balance, presented here, by including adjustments to the universe of entities of Public Administrations and methodological adjustments, including the reclassification of some financial assets and the accounting for the variation of debts to suppliers.