

**STATE BUDGET EXECUTION 2011**

**BULLETIN**

**12**

**DECEMBER**



**HELLENIC REPUBLIC  
MINISTRY OF FINANCE  
GENERAL ACCOUNTING OFFICE  
BUDGET DIRECTORATE**

STATE BUDGET EXECUTION 12 MONTHS - JANUARY - DECEMBER 2010 - 2011  
 (Fiscal basis - in mio €)

	2010	2011	Change 12 / Months 11/10	2011	2010	2011	2011	Annual change 11/10
	12 / Months /1	12 / Months /2		12 / Months target /3	Annual Outcome /1, 4	MTFS / 5	Realisation Estimates /3, 4	
	(1)	(2)	(3=2:1)	(4)	(5)	(6)	(7)	(8=7:5)
<b>Ordinary Budget</b>								
<b>1. Net Revenue(a+b+c-d)</b>	<b>50.857</b>	<b>49.993</b>	<b>-1,7</b>	<b>51.309</b>	<b>50.857</b>	<b>54.042</b>	<b>51.309</b>	<b>0,9</b>
a. Revenue before Tax Refunds	56.155	53.953	-3,9	55.212	56.155	57.012	55.212	-1,7
b. NATO revenue	24	26	9,3	40	24	40	40	67,5
c. Special revenue from licensing public rights /6	0	1.157		1.056	0	790	1.056	
d. Tax refunds	5.322	5.143	-3,4	5.000	5.322	3.800	5.000	-6,0
<b>2. Expenditures (a+b+c+d+e+f)</b>	<b>66.932</b>	<b>68.830</b>	<b>2,8</b>	<b>69.495</b>	<b>66.932</b>	<b>70.225</b>	<b>69.495</b>	<b>3,8</b>
a. Primary expenditure / 7	52.146	51.443	-1,3	51.790	52.146	52.009	51.790	-0,7
b. Transfers to hospitals for the settlement of part of their past debt /8	367	435	18,6	450	367	450	450	22,6
c. NATO expenditure (from special revenues)	33	13	-61,1	40	33	40	40	20,8
d. Military procurement programmes	1.017	400	-60,7	600	1.017	1.500	600	-41,0
e. Guarantees called to bodies classified outside the General Government /9	145	192	32,1	235	145	224	235	62,1
f. Interest payments	13.223	16.348	23,6	16.380	13.223	16.002	16.380	23,9
<b>Public Investment Program (P.I.B.)</b>								
<b>3. Revenue</b>	<b>3.072</b>	<b>3.807</b>	<b>23,9</b>	<b>3.365</b>	<b>3.072</b>	<b>3.925</b>	<b>3.365</b>	<b>9,5</b>
<b>4. Expenditure</b>	<b>8.454</b>	<b>6.608</b>	<b>-21,8</b>	<b>6.890</b>	<b>8.454</b>	<b>7.550</b>	<b>6.890</b>	<b>-18,5</b>
<b>5. State Budget Deficit (1-2+3-4)</b>	<b>21.457</b>	<b>21.638</b>	<b>0,8</b>	<b>21.712</b>	<b>21.457</b>	<b>19.808</b>	<b>21.712</b>	<b>1,2</b>

/1 The 12 months of 2010 coincides with the annual outcome of the same year.

/2 Preliminary Data.

/3 The 12-months target for 2011 coincides with the annual realisation estimates included in 2012 budget.

/4 According to the Budget of 2012.

/5 According to the data published in the Medium Term Fiscal Strategy.

/6 This revenue is included in the privatization program of the MTFS and it has also been calculated towards the financial targets achievement of the Economic Policy Program. In the previous budget execution bulletins, these figures were included in revenue before tax refunds.

/7 In the annual outcome of 2010 they are included advances to Local Governments amounting to 433 mil Euro, disbursed in the year 2009 and settled in 2010 and 952.5 mil Euro disbursed in the year 2010 and have not been settled fiscally in 2010.

/8 This amount does not affect the deficit of the current year 2011 because, according to the implemented ESA 95 methodology, it was included in the deficit of the respective years when it was created.

/9 Data concerning guarantees called were not published in the corresponding budget execution bulletins of 2010.

RECEIPTS - PAYMENTS NOT INCLUDED IN THE TABLE ABOVE

<b>Receipts</b>	<b>0</b>	<b>1.332</b>			<b>0</b>	<b>1.332</b>	<b>1.332</b>
- Revenue from Financial Transactions	0	1.332			0	1.332	1.332
<b>Payments</b>	<b>3.933</b>	<b>6.938</b>			<b>3.933</b>	<b>9.045</b>	<b>6.638</b>
- Expenditure by special bond issuance (Social Security Funds, repayment of unsettled hospital liabilities, etc.)	1.546	4.151			1.546	4.600	4.152
- Capital payments to the Financial Stability Fund	1.500	0			1.500	2.000	0
- participation in the share capital increase of various enterprises	60	1.533			60	1.200	1.240
- Guarantees called to bodies classified inside the General Government /9	827	1.254			827	1.245	1.246
<b>TOTAL STATE BUDGET RECEIPTS</b>	<b>53.929</b>	<b>55.132</b>			<b>53.929</b>	<b>59.299</b>	<b>56.005</b>
<b>TOTAL STATE BUDGET PAYMENTS</b>	<b>79.319</b>	<b>82.376</b>			<b>79.319</b>	<b>86.820</b>	<b>83.024</b>
<b>TOTAL BORROWING REQUIREMENTS /10</b>	<b>25.390</b>	<b>27.244</b>			<b>25.390</b>	<b>27.522</b>	<b>27.019</b>

/10 Total funding needs do not coincide with the total borrowing requirements of the state budget, because they include payments reciprocal to receipts of General Government bodies, thus they do not affect General Government balance.

Debt Assumption of General Government Bodies (informational item)	2.144
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According to the preliminary data available for the execution of the State Budget for the twelve months January – December 2011, on a fiscal basis, the deficit amounts to 21,638 million Euros compared to the new target of 21,712 million Euros set in the voted Budget for 2012. During the same period in 2010, the State Budget deficit amounted to 21,457 million Euros.

Total State Budget revenues (Ordinary and Investment Budget) are 873 million Euros below the new target, but total expenditures (Ordinary and Public Investment Budget) compensated for this revenue shortfall by amounting to 947 million Euros lower than the target.

Specifically, on a twelve-month basis (January – December 2011), net revenues of the ordinary budget amounted to 49,993 million Euros, declining by 1.7% in comparison to the respective period of 2010. The revenue shortfall can be mainly attributed to lower withholding personal income tax receipts due to the more favourable tax treatment as a result of the new tax law and reduction in taxable income. The shortfall against the new target for the same period can be attributed to delays in the receipt of tax revenue deriving from the strikes, in 29 and 30th of December, of Tax & Payment Office's (DOY) employees', as well as the extension granted for the settlement of tax obligations until January 20<sup>th</sup>, 2012.

Revenues from the Public Investment Budget increased by 23.9% or 735 million Euros vis-à-vis the corresponding twelve months of 2010, as well as compared to the target, by 443 million Euros.

It should be noted that this report on the execution of the State Budget provides revenue data for the twelve months of 2011 on a cash basis. However, in line with Eurostat methodology, total annual revenues are measured on a national account basis and include receipts from the first two months of 2012 also.

Equivalently, a share of the revenues for the first months of 2011 is included in the calculation on a national accounts basis of total annual 2010 revenues.

Ordinary budget expenditures increased by 1,899 million Euros or 2.8% in the twelve months of 2011 on a year-on-year basis. This is mainly due to a significant increase in interest expenditures of 3,125 million Euros or 23.6% thus far in 2011 relative to 2010.

On the contrary, State Budget primary expenditures (spending excluding interest) declined by 1.3% or 703 million Euros between January-December 2011 on a year-on-year basis, despite the increase in grants of 1,945 million Euros or 12.8% relative to 2010 for social insurance and health.

The main recipients of the increased transfers were:

Social Security Funds with an increase of 1,232 million Euros, (in particular the Wage Earners Fund (IKA) with 1,446 million Euros, the Insurance Fund of the Self Employed (OAE) with 70 million Euros and the Seamen Pension Fund (NAT) with 24 million Euros) due to shortfall in social security contributions;

The Greek Employment Organization (OAE) with an increase in transfers of 385 million Euros for unemployment benefits;

Hospitals with higher transfers of 558 million Euros (an additional 68 million Euros were disbursed for previous years' obligations settlement).

Public Investment Budget (P.I.B.) expenditures declined by 21.8% or 1,846 million Euros.

Furthermore, it should be noted that the above data correspond to the execution only of the State Budget and thus do not reflect all fiscal data that are taken into account when measuring the General Government deficit according to the ESA95 (Eurostat) classification, which is the benchmark for the assessment of the Economic Adjustment Programme of Greece.

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