

**2011
December**

General Government Budgetary Outturns
Summary Report

Ministry of Finance and Public Administration
Budget General Directorate
Portugal

General Government Budgetary Outturns

- Central Government and Social Security recorded a deficit of 7.9 billion euros on cash basis until November 2011, having implicit a 3.4 billion euros improvement, when compared with the same period of 2010. Consolidated revenue's implementation rate reached 87.4%, 0.2 p.p. higher than expenditure.

**Consolidated Balance of Central Government and Social Security
(January to November) - Comparison with the 2011 State Budget Report target** € Millions

	Target State Budget Report 2011	Implementation January to November 2011	Degree of Implementation
Revenue	61.420	54.219	88,3%
Tax Revenue	34.643	31.555	91,1%
Capital Revenue	2.229	1.394	62,5%
Overall Revenue	63.650	55.613	87,4%
Expenditure	67.558	60.176	89,1%
Interest payments	6.323	6.002	94,9%
Capital Expenditure	5.264	3.335	63,3%
Overall Expenditure	72.823	63.511	87,2%
Budget Balance	-9.173	-7.898	

Note: Figures on cash basis

Source: Ministry of Finance

- State subsector deficit was 9.9 billion euros until November 2011, having underlying an improvement of 3.1 billion euros when compared with the same period of previous year. Revenue increased 5.9%, more 0.7 pp. regarding the previous month, which is mostly explained by the collection of the one-time surcharge in the context of the personal income tax (IRS). Overall expenditure decrease (-2.5%) was lower than the one observed in October (-3.6%).
- Central Government's Autonomous Services and Funds recorded a surplus of 1.0 billion euros, more 574 million euros than the same period of 2010, which is explained by an increase of revenue (1.2%) and a decrease of expenditure (1.5%). This outcome is mostly attained by factoring revenues accounted by the Caixa Geral de Aposentações, IP (CGA)¹ related with the process of transfer of PT Comunicações² pension funds, which is taking place between 2010 and 2012, as well as a reduction of health spending related to National Health Service (NHS).
- NHS consolidated accrual balance was -273 million euros until November, reflecting a YOY positive variation of 148 million euros. This outcome reflects a reduction in spending deeper than the one observed in revenue in 1.4 p.p.. The decrease in spending of pharmacy bill, diagnostic and therapeutic services charges as well as health care contracts agreed with NHS hospitals was deeper than the reduction in NHS major revenue, namely transfers from the State Budget.

¹ Public body that administrates the Portuguese civil servants pension scheme.

² Portugal Telecom is a telecommunications operator.

General Government Budgetary Outturns

- Social Security surplus reached 963 million euros until November, 241 million euros less when compared with the same period of the previous year. This result is the consequence of a decrease on Social Security revenues deeper than the reduction observed on expenditure. The decrease of European Social Funds revenues contributed to the Social Security balance drop in comparison with October.

General Government Sub-Sectors' Revenue, Expenditure and Budget Balance

€ Million

	Time Frame	Revenue		Expenditure		Budget Balance		Year-on-Year Change Rate (%)	
		2010	2011	2010	2011	2010	2011	Revenue	Expenditure
		Central Government							
State	January to November	32.229	34.141	45.181	44.043	-12.952	-9.902	5,9	-2,5
Autonomous Funds and Services	January to November	21.717	21.973	21.251	20.932	467	1.041	1,2	-1,5
Social Security	January to November	21.586	21.328	20.382	20.365	1.204	963	-1,2	-0,1

Note: Figures on cash basis, not consolidated

Source: Ministry of Finance

- Regional Government balance reached a surplus 40 million euros until October, it represents a strong improvement comparing to September (-19 million euros). Local Government reached a surplus, although lower than the previous quarter.

General Government Sub-Sectors' Revenue, Expenditure and Budget Balance

€ Million

	Time Frame	Revenue		Expenditure		Budget Balance		Year-on-Year Change Rate (%)	
		2010	2011	2010	2011	2010	2011	Revenue	Expenditure
		Regional Government	January to October	-	1.728	-	1.688	-	40
Local Government	III rd Quarter	5.133	5.071	4.988	4.884	145	187	-1,2	-2,1

Note: Figures on cash basis, not consolidated

Source: Ministry of Finance

- Comparison of implementation data with the underlying 2011 State Budget Report target is as follows:

General Government Budgetary Outturns

Revenue and Expenditure versus 2011 State Budget Report (Year-on-Year Change Rate in %)

		State	Autonomous Funds and Services	Regional Government	Local Government	Social Security
Overall Revenue	SB 2011	6,7	-7,8	-0,2	-1,2	1,0
	Execution	5,9	1,2	7,6	-1,2	-1,2
Tax Revenue	SB 2011	4,6	0,9	2,9	-1,8	2,5
	Execution	5,7	2,1	4,2	-6,8	2,5
Overall Expenditure	SB 2011	-1,5	-2,7	-2,8	-2,5	0,0
	Execution	-2,5	-1,5	5,5	-2,1	-0,1
Primary Expenditure	SB 2011	-4,0	-2,7	-3,0	-2,6	0,0
	Execution	-5,4	-1,5	4,8	-2,5	-0,1

Note: Figures relate to implementation of SB until November 2011, with exception of the Local and Regional Government (third quarter).

Source: Ministry of Finance