

Treasury finances January-October 2002

Figures for Treasury finances for the first ten months of 2002 are now available. They are on a cash basis and therefore not comparable to the Treasury accounts or the fiscal budget, both of which are presented on an accruals basis.

The cash deficit from operations amounted to 14.4 billion kronur, compared to a deficit of 1.2 billion kronur at the end of October 2001. This was mostly foreseen in the cash budget projection, which estimated the cash deficit at 3.5 billion kronur below the actual outturn, the difference being solely accounted for by lower income than estimated from the sale of assets. Financial transactions were in surplus by 7.1 billion kronur compared with an 0.8 billion deficit a year earlier. The main difference comes through the sale of assets in Landsbanki of 5 billion kronur. Further, incoming repayments of outstanding claims increased by 3.1 billion kronur compared to October last year.

Total revenue amounted to 191 billion kronur, an increase of about 9.5 billion kronur from last year or 5 per cent. Tax revenue increased less, by 3.3 per cent. The difference stems entirely from increased revenue through the sale of assets.

Total expenditure amounted to 202.1 billion kronur, increasing by 19.4 billion kronur or 10.6 per cent from last year. Expenditure exceeded the budget estimates by 4.9 billion, or 2.5 per cent. Social affairs expenditure amounted to 124.3 billion kronur, accounting for 62 per cent of total Treasury expenditure. The most significant part is health care with 51.4 billion kronur, increasing by 6.2 billion from last year. Social security outlays amounted to 39.1 billion kronur, an increase of 3.9 billion from last year. Expenditures on economic affairs amounted to 30.1 billion, increasing by 1 billion or close to 4 per cent from the previous year. Interest payments amounted to 17 billion kronur, rising by 1.1 billion kronur over a year ago.

Treasury finances January-October 2002 (Millions of kronur, cash basis)

| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue..... | 132,616 | 153,208 | 168,973 | 181,448 | 190,965 |
| - Asset sales | -648 | -389 | -38 | 2 | -3,252 |
| Expenditure..... | 131,227 | 141,940 | 158,594 | 182,677 | 202,111 |
| Cash from operations..... | 742 | 10,882 | 10,341 | -1,227 | -14,398 |
| Financial transactions..... | 4,582 | 3,039 | -955 | -888 | 7,054 |
| Net financial balance..... | 5,324 | 13,921 | 9,384 | -2,115 | -7,346 |
| Debt redemption..... | -25,086 | -26,289 | -34,117 | -22,294 | -28,557 |
| Domestic..... | -15,272 | -12,887 | -20,583 | -7,490 | -10,598 |
| Foreign..... | -9,814 | -13,402 | -13,534 | -14,804 | -17,959 |
| Pension fund prepayments..... | 0 | -2,639 | -5,000 | -11,250 | -7,500 |
| Gross borrowing requirement..... | -19,761 | -15,007 | -29,730 | -35,660 | -43,403 |
| New borrowing..... | 18,001 | 9,601 | 28,710 | 64,105 | 43,464 |
| Domestic..... | 20,834 | -2,994 | 6,967 | 12,279 | 11,367 |
| Foreign..... | -2,832 | 12,595 | 21,743 | 51,826 | 32,097 |
| Overall cash balance..... | -1,760 | -5,404 | -1,022 | 28,448 | 61 |

Treasury revenue January-October 2002
(Millions of kronur, cash basis)

| | % increase from previous year | | | | | | |
|--|-------------------------------|----------------|----------------|-------------|-------------|-------------|-------------|
| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
| Total tax revenue..... | 157,170 | 168,632 | 174,113 | 16.0 | 10.8 | 7.3 | 3.3 |
| Taxes on income and profit..... | 44,073 | 53,397 | 54,509 | 19.8 | 20.9 | 21.2 | 2.1 |
| Personal income tax..... | 33,976 | 39,782 | 43,016 | 18.5 | 15.3 | 17.1 | 8.1 |
| Corporate income tax | 5,789 | 7,867 | 4,685 | 33.4 | 20.9 | 35.9 | -40.4 |
| Other taxes on income and profit | 4,308 | 5,748 | 6,808 | 10.8 | 97.3 | 33.4 | 18.4 |
| Social Security taxes..... | 15,555 | 17,333 | 18,789 | 6.9 | 8.6 | 11.4 | 7.6 |
| Net wealth taxes..... | 7,670 | 8,422 | 8,452 | 6.3 | 22.3 | 9.8 | 0.4 |
| Taxes on goods and services | 89,446 | 88,997 | 91,995 | 16.8 | 5.9 | -0.5 | 3.4 |
| Value added tax | 57,927 | 58,308 | 61,558 | 18.1 | 9.6 | 0.7 | 5.6 |
| Other indirect taxes | 31,521 | 30,688 | 30,433 | 14.6 | -0.2 | -2.6 | -0.8 |
| Of which: | | | | | | | |
| Excise tax on motor vehicles | 4,411 | 2,611 | 2,401 | 27.0 | -11.8 | -40.8 | -8.0 |
| Excise tax on petrol..... | 6,462 | 6,294 | 6,274 | 7.3 | 4.8 | -2.6 | -0.3 |
| Diesel weight tax..... | 3,660 | 3,952 | 3,828 | 11.9 | 2.3 | 8.0 | -3.1 |
| Tobacco and liquor taxes.... | 7,149 | 7,030 | 7,034 | 8.2 | 4.3 | -1.7 | 0.1 |
| Other indirect taxes..... | 9,839 | 10,801 | 10,896 | 19.7 | -1.6 | 9.8 | 0.9 |
| Other taxes..... | 426 | 483 | 368 | 70.7 | 21.9 | 13.4 | 7.6 |
| Other revenue..... | 11,803 | 12,817 | 16,852 | 10.1 | 3.7 | 8.6 | 31.5 |
| Total revenue..... | 168,972 | 181,448 | 190,965 | 15.5 | 10.3 | 7.4 | 5.2 |

Treasury borrowing amounted to 43.5 billion kronur for the first ten months of the year. Of this amount, 34.4 billion were long-term loans for the refinancing of foreign debt and to meet the short-term financing needs of the Treasury, thus offsetting foreign short-term debt which declined by 2.3 billion. Domestic borrowing amounted to 11.4 billion which is more than offset by repayments of 28.6 billion. A total of 7.5 billion was remitted to the Government Employees Pension Fund in order to lower future liabilities of the Treasury. The overall cash balance was in equilibrium, compared with a 28.4 billion surplus at the end of October 2001.

Treasury expenditure January-October 2002
(Millions of kronur, cash basis)

| | % increase from last year | | | | | | |
|------------------------------------|---------------------------|----------------|----------------|--------------|-------------|-------------|-------------|
| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
| Administration..... | 17,856 | 18,690 | 22,049 | 13.0 | 13.7 | 4.3 | 20.7 |
| General administration..... | 10,014 | 10,686 | 12,347 | 15.6 | 12.4 | 6.5 | 19.7 |
| Justice and law enforcement.... | 7,843 | 8,004 | 9,702 | 9.8 | 15.4 | 1.5 | 22.0 |
| Social affairs..... | 95,428 | 110,589 | 124,259 | 8.3 | 9.1 | 14.6 | 13.5 |
| Of which: Education and culture... | 20,449 | 23,561 | 26,372 | 10.2 | 9.8 | 14.2 | 12.4 |
| Health..... | 40,341 | 45,250 | 51,435 | 11.7 | 12.4 | 9.8 | 15.9 |
| Social security..... | 29,034 | 35,245 | 39,133 | 2.9 | 3.5 | 21.6 | 11.1 |
| Economic affairs..... | 24,867 | 29,071 | 30,142 | 8.8 | 6.0 | 18.8 | 3.8 |
| Of which: Agriculture..... | 7,146 | 8,757 | 9,118 | 6.4 | 1.4 | 23.5 | 1.8 |
| Communications..... | 11,373 | 13,006 | 13,556 | 9.7 | 8.0 | 17.9 | 5.0 |
| Interest expenditure..... | 14,683 | 15,910 | 16,969 | -14.0 | 54.3 | 10.3 | 7.3 |
| Other expenditure..... | 5,756 | 8,421 | 8,688 | 37.1 | 33.8 | 52.0 | 3.9 |
| Total expenditure..... | 158,595 | 182,677 | 202,111 | 7.6 | 13.0 | 15.0 | 11.6 |