



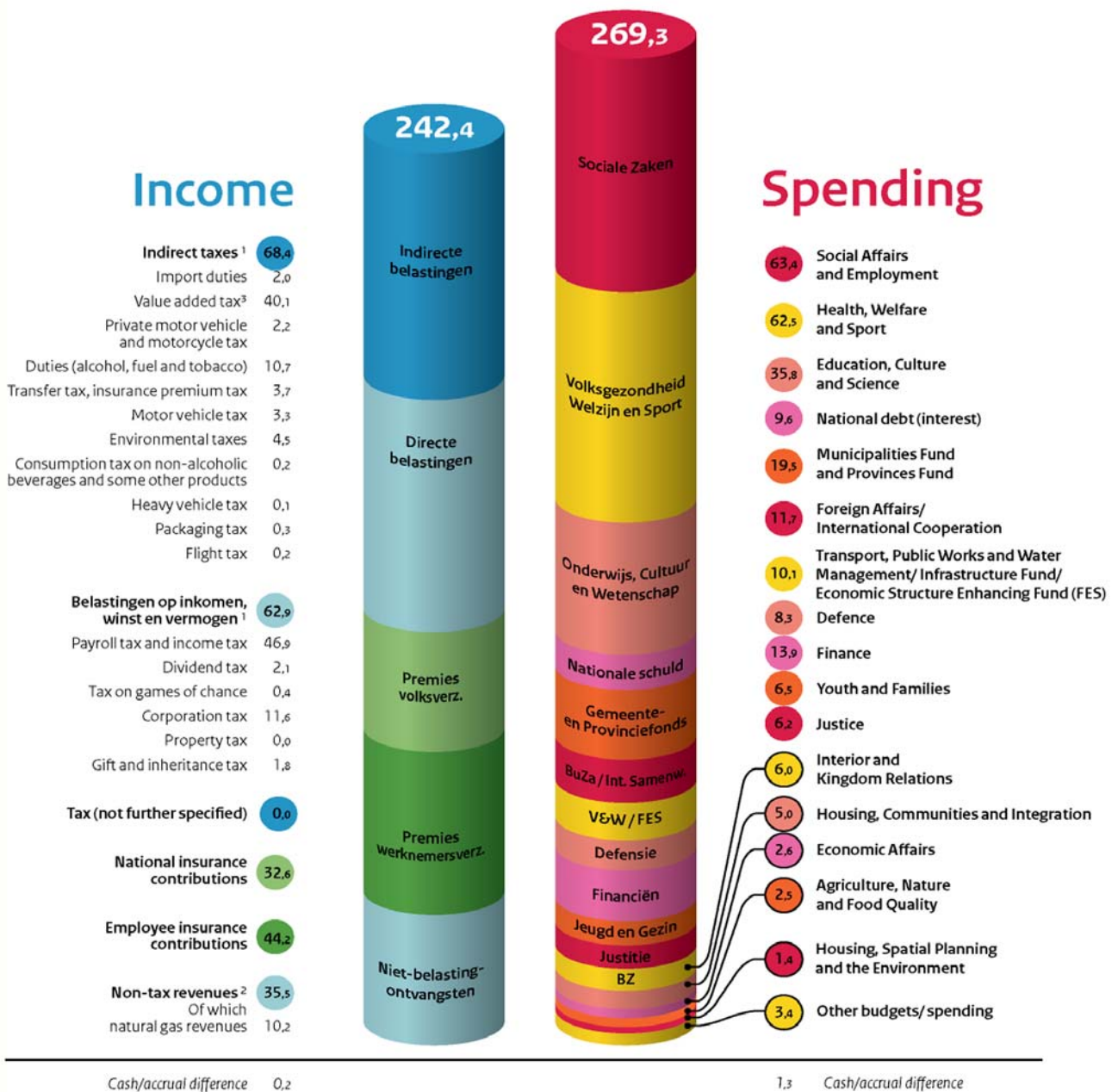
Fact sheet

May 2010

Facts and Figures National Financial Annual Report 2009

National government income and spending 2009

all amounts in billion €



Footnotes

1. On cash basis
2. On transaction basis
3. The sales tax is presented on EMU basis to give a good impression of the development from 2008 to 2009. Due to the taken measurement companies which normally transfer their VAT monthly can now chose to transfer their VAT quarterly. This has no consequences for the VAT receipts on EMU basis, but it has consequences for the VAT receipts on cash basis. A development in cash basis subsequently gives a distorted impression.

Altered presentation of income and expenditure

Public sector expenditures and income consist of national government spending (budget spending and contribution-financed spending) and the expenditures and income of local governments. Examples of contribution-financed spending are expenditures for the National Old Age Pensions Act (AOW), for healthcare (Healthcare Insurance Act) and for the Exceptional Medical Expenses Act (AWBZ). Due to this altered presentation, social security has now become the largest item of all national government expenditures.

National government spending

National government spending can be deduced from total public sector spending. Total national government spending can be calculated by adding budget spending, contribution-financed spending and payments out of the budget by the government to social security funds. The same calculation can be made for national government income.

Cash/accrual difference

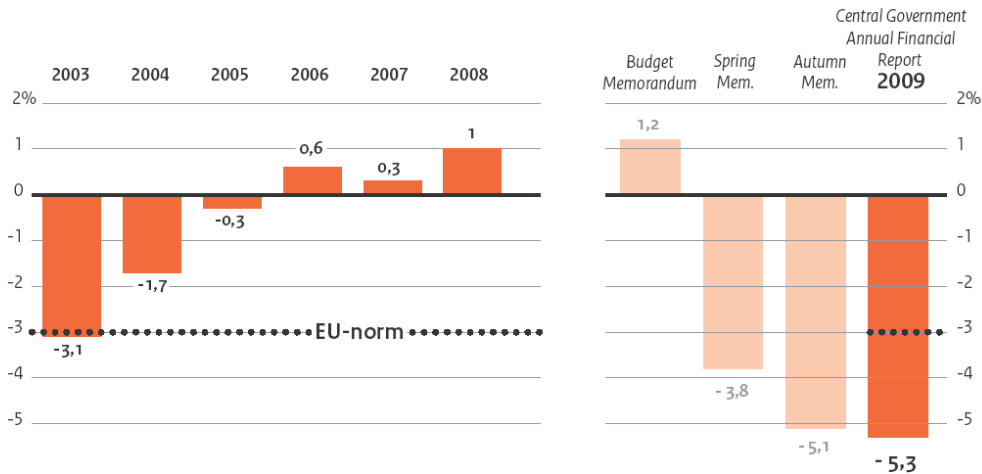
Most public sector expenditures and revenues are recorded on a cash basis: transactions are recorded in the period in which payment took place. To make the calculation on an accrual basis, a correction is made, termed the cash/accrual difference. The cash/accrual difference is shown as a separate item. The public sector is composed of the national government, the social security funds and the local governments.

Payments within the public sector

Payments are also made within the public sector, such as payments by the national government to the municipalities fund and the provinces fund. The national government recognises these payments as expenditures, whereas the lower tiers of government see them as income. These payments are not counted twice, which is why they are recorded separately.

Government deficit

in % GDP



Explanatory notes

Budget Memorandum 2009 – September 2008

The expected EMU balance for 2009 shows an improvement from 0.6 per cent of GDP in the Budget Memorandum 2008 to 1.2 per cent in the Budget Memorandum 2009. The improvement is mainly the result of higher expected revenues from taxes and social contributions, and higher natural gas revenues. Due to higher oil prices and the natural gas prices linked to that, the natural gas revenues are expected to increase.

Spring Memorandum – April 2009

The EMU balance deteriorates from a surplus of 1.2 per cent of GDP in the Budget Memorandum 2009 to a deficit of 3.8 per cent of GDP in the Spring Memorandum 2009. This deterioration is caused by the functioning of the automatic stabilizers on the income side. In addition to this, the natural gas revenues were adjusted due to lower oil prices.

Autumn Memorandum – September 2009

The EMU balance for 2009 results in a deficit of 5.1 per cent of GDP. This is a deterioration of 1.3 percentage points estimated at the time of the Spring Memorandum. The deterioration is caused by lower insurance contributions and tax revenues.

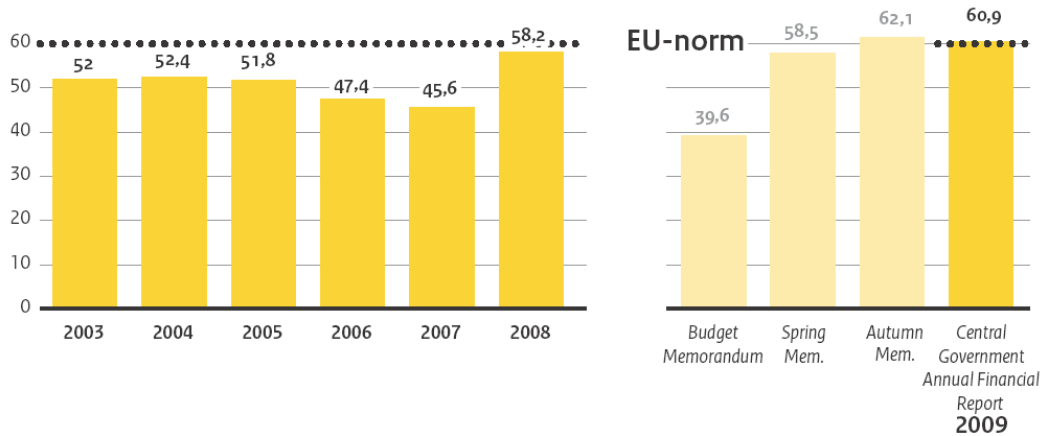
National Financial Annual Report – May 2010

The EMU balance for 2009 of -5.3 per cent of GDP corresponds with a negative balance of approximately 30bn euro. When the Budget Memorandum 2009 was drafted a negative balance of 1.2 per cent of GDP was expected, which would result in a total deterioration of approximately 37bn euro. Causes:

- a decline in revenues (27bn euro);
- extra government expenditures (7bn euro);
- an extra deficit for local government (3.2bn euro).

Government debt

in % GDP



Explanatory notes

Budget Memorandum 2009 – September 2008

The government debt dropped faster than expected. The debt in 2009 was estimated at 40 per cent GDP. The government estimated that the debt as percentage of GDP would drop in 2011 to the lowest level since the debt rates were followed (1814).

Spring Memorandum – April 2009

The higher government debt is due to the turbulence on the financial markets which resulted in necessary government interference. The government took a number of measures with the aim to safeguard the trust in the financial sector. For 2009 an EMU debt of 339.5bn euro or 59 per cent of GDP was foreseen.

Autumn Memorandum – September 2009

The EMU debt for 2009 is 62 per cent of GDP. This is a downswing of 2 percentage points. This downswing is mainly caused by the technical processing of securitised mortgage portfolio of ING, the so-called Alt-A portfolio.

National Financial Annual Report – May 2010

The debt in 2009 rose to 60.9 per cent of GDP (= 347bn euro). In the Budget Memorandum 2009 a debt was foreseen of 39.6 per cent, which led to the total debt downswing between the Budget Memorandum and the National Financial Annual Report of approximately 21.2 per cent of GDP (a downswing of approximately 101bn euro). Causes:

- a deterioration of the balance (37bn euro);
- interventions in the financial sector (approximately 63bn euro).