

Table 1**Treasury operating statement**

Accruals basis, millions of krónur	Accounts ² 2009	Accounts ² 2010	Budget 2011	Estimate 2011	Proposal 2012
Tax revenue.....	384.092	416.909	431.912	441.404	466.766
Personal income tax.....	109.947	121.700	114.000	124.300	123.000
Corporate income tax.....	31.112	18.413	26.400	24.700	31.300
Social security taxes.....	44.757	61.748	64.572	66.903	63.207
Net wealth taxes.....	5.321	9.662	10.658	11.358	14.005
Value added tax.....	121.248	123.976	132.000	132.300	142.100
Other taxes on goods and services.....	57.085	65.346	69.898	67.148	72.489
Other taxes	14.621	16.065	14.384	14.695	20.665
Other current revenue.....	52.913	40.988	32.248	32.592	38.754
Dividends income.....	1.197	1.936	2.226	1.161	3.157
Interest income.....	44.107	29.255	20.701	21.473	21.128
Other property income.....	1.103	2.408	2.636	3.888	8.096
Other revenue.....	6.506	7.389	6.685	6.070	6.372
Revenue from sales of assets.....	1.081	19.675	600	600	7.600
Revenue and cost sharing transfers.....	1.429	1.125	7.704	8.132	8.354
Total revenue.....	439.516	478.697	472.464	482.727	521.474
The Presidency, Althingi and Supreme Court.....	3.847	3.734	3.541	3.686	3.382
Office of the Prime Minister.....	1.211	1.020	882	1.155	1.002
Ministry of Education, Science and Culture.....	61.749	60.846	57.134	59.097	61.781
Ministry for Foreign Affairs.....	11.761	12.600	9.969	10.688	9.745
Ministry of Fisheries and agriculture.....	18.986	19.440	18.632	18.957	19.378
Ministry of Interior.....	77.117	69.966	59.906	62.103	61.240
Ministry of Welfare.....	232.420	259.075	209.390	228.063	225.346
Ministry of Finance.....	71.170	91.114	61.606	56.725	61.256
Ministry of Industry.....	6.228	5.650	4.954	5.370	5.320
Ministry of Economic Affairs.....	3.014	2.955	3.310	3.427	3.721
Ministry for the Environment	6.938	7.481	6.831	8.264	8.594
Interest expenditure.....	84.342	68.102	73.654	67.313	78.400
Total expenditure ¹.....	578.782	601.982	509.808	524.848	539.165
Primary balance.....	-99.031	-84.437	15.608	3.719	39.581
Interest balance.....	-40.235	-38.847	-52.953	-45.840	-57.272
Total balance.....	-139.266	-123.285	-37.345	-42.121	-17.691

¹ Adjusted for merging of ministries in 2011² Revenue and expenditure have not been adjusted for the transfer of services for disabled people from the state to local governments

Total revenue, % of GDP	29,4%	31,1%	28,8%	29,4%	29,6%
Tax revenue, % of GDP	25,7%	27,1%	26,3%	26,9%	26,5%
Primary revenue, % of GDP	26,4%	29,2%	27,5%	28,1%	28,4%
Total expenditure, % of GDP	38,7%	39,1%	31,1%	32,0%	30,6%
Primary expenditure, % of GDP	33,1%	34,7%	26,6%	27,9%	26,2%
Interest expenditure, % of GDP	5,6%	4,4%	4,5%	4,1%	4,5%
Interest balance, % of GDP	-2,7%	-2,5%	-3,2%	-2,8%	-3,3%
Primary balance, % of GDP	-6,6%	-5,5%	1,0%	0,2%	2,2%
Total balance, % of GDP	-9,3%	-8,0%	-2,3%	-2,6%	-1,0%
GDP	1.495.293	1.539.511	1.641.219	1.641.219	1.760.658

Table 2**Treasury cash flow and capital transactions**

In billions of krónur	Accounts 2009	Accounts 2010	Budget 2011	Estimate 2011	Proposal 2012
Operating activities					
Current balance.....	-139,3	-123,3	-37,3	-42,1	-17,7
Operating items not affecting cash flow.....	26,3	15,9	-0,2	7,5	0,1
Change in operating assets and liabilities:					
Receivables, change	-32,3	-24,5	-7,9	-18,1	-20,6
Payables, change	3,4	7,1	-0,2	-0,1	-0,1
Cash flow from operating activities.....	-141,8	-124,8	-45,6	-52,7	-38,4
Capital transactions					
Lending, long term.....	-73,6	-22,7	-18,6	-125,0	-15,1
Installments of loans granted.....	199,1	103,8	8,6	133,0	8,0
Contrib. to Gov. Employees Pension Fund.....	-1,3	-1,2	0,0	0,0	0,0
Equity contributions and purchase of stocks.....	-137,2	-9,5	-2,0	-2,3	-1,0
Sales of stocks and holdings.....	0,0	0,0	0,2	0,2	7,2
Capital transactions, total.....	-13,0	70,4	-11,8	5,9	-0,9
Net financial balance.....	-154,8	-54,3	-57,4	-46,8	-39,3
Credit transactions					
Short term loans, change.....	9,0	-10,6	0,0	0,0	0,0
New long term loans.....	427,7	408,0	267,0	266,0	115,0
Debt redemption.....	-239,8	-240,6	-235,0	-195,0	-104,0
Effect of exchange diff. on cash and bank accounts.....	0,1	-11,4	0,0	0,0	0,0
Changes in credit transactions.....	197,1	145,4	32,0	71,0	11,0
Cash balance.....	42,3	91,0	-25,4	24,2	-28,3
Per cent of GDP					
Cash flow from operating activities.....	-9,5	-8,1	-2,8	-3,2	-2,2
Net financial balance.....	-10,4	-3,5	-3,5	-2,9	-2,2
Cash balance.....	2,8	5,9	-1,5	1,5	-1,6
Gross Domestic Production.....	1.495,3	1.539,5	1.641,2	1.641,2	1.760,6

Table 3**Treasury revenue**

Accruals basis, millions of krónur	Accounts 2009	Accounts 2010	Budget 2011	Estimate ¹ 2011	Proposal 2012
I Tax revenue	384.092	416.909	431.912	441.404	466.766
Taxes on income and profits	150.868	150.143	147.846	156.446	162.668
Individuals	109.947	121.700	114.000	124.300	123.000
Personal income tax	88.612	93.782	89.300	94.600	96.000
Other taxes on income and profits	21.336	27.918	24.700	29.700	27.000
Corporations	31.112	18.413	26.400	24.700	31.300
Other	9.809	10.030	7.446	7.446	8.368
Tax on central gov't capital gains	4.655	4.805	2.200	2.200	2.610
National Broadcasting Service charge	3.738	3.695	3.730	3.760	4.090
Tax for the Nursing Home Constr. Fund	1.416	1.530	1.516	1.486	1.668
Social security taxes	44.757	61.748	64.572	66.903	63.207
Net wealth taxes	5.321	9.662	10.658	11.358	14.005
Taxes on goods and services	178.333	189.321	201.898	199.448	214.589
Value added taxes	121.248	123.976	132.000	132.300	142.100
General excise taxes	21.103	26.803	29.976	28.336	31.324
Excise tax on motor vehicles	1.641	1.817	1.900	2.200	2.700
General excise tax on petrol	3.260	4.392	4.720	4.400	4.560
Special excise tax on petrol	7.731	7.272	7.630	7.290	7.840
Special excise tax on diesel oil	6.198	6.417	6.830	6.400	6.810
Other turnover taxes	7.982	8.759	8.169	8.199	8.503
Motor vehicle tax	5.308	5.942	6.380	6.250	6.600
Diesel weight tax/kilometer tax	849	617	810	650	700
Misc. charges	3.013	3.327	3.484	3.424	3.452
Other taxes	4.813	6.035	6.937	7.249	12.297
II Other current revenue	52.913	40.988	32.248	32.592	38.754
Dividends and rental income	1.197	1.936	2.226	1.161	3.157
Interest income	44.107	29.255	20.701	21.473	21.128
Other property income	1.103	2.408	2.636	3.888	8.096
Charges and licences.....	4.532	5.081	5.205	4.540	4.773
Other.....	1.973	2.308	1.480	1.530	1.600
III Revenue from sales of assets.....	1.081	19.675	600	600	7.600
V Cost sharing transfers.....	1.429	1.125	7.704	8.132	8.354
Total revenue, accruals basis	439.516	478.697	472.464	482.727	521.474
Total revenue, cash basis	415.842	462.143	454.407	464.554	500.048

¹ Budget plus supplementary budget.

Table 4**Treasury expenditure by economic activity**

Accruals basis, millions of krónur	Accounts ¹ 2009	Accounts ² 2010	Budget 2011	Estimate ³ 2011	Proposal 2012
Current expenditure	210.791	215.585	197.202	201.527	210.001
Wages.....	119.883	119.323	111.263	114.762	119.956
Government employee's pension fund liabilities.....	432	8.178	5.434	5.434	5.434
Capital gains tax.....	4.655	4.805	2.200	2.200	2.610
Other current expenditure	125.604	122.349	112.474	114.400	118.229
Service charges	-39.782	-39.069	-34.168	-35.270	-36.229
Interest	84.342	68.102	73.654	67.313	78.400
Transfer payments	236.830	224.864	218.007	234.082	230.664
Old age and disability insurance	46.297	45.708	47.608	56.424	57.206
Unemployment Insurance Fund	25.538	24.275	23.014	25.975	20.521
Health insurance	25.990	24.455	21.792	25.307	25.163
Interest cost rebates	10.429	11.721	17.700	18.200	17.325
Municipal Equalisation Fund	11.802	14.700	13.804	14.355	15.132
Agricultural support payments	10.709	10.809	10.994	10.994	11.540
Tax write-offs	27.551	15.075	10.000	10.000	10.000
Parental Leave Fund	10.274	9.230	9.607	8.418	8.455
Welfare support payments	9.603	8.932	9.427	10.641	11.195
Child benefits	10.085	10.342	9.200	8.000	8.262
Student Loan Fund	6.820	8.969	8.236	7.636	7.762
Equalisation of disability burden in private pension funds ..	2.187	2.644	2.439	2.454	2.620
Parishes and churchyards	2.857	2.631	2.394	2.373	2.301
Other transfer payments	36.688	35.374	31.793	33.306	33.182
Maintenance	8.408	8.894	7.933	7.875	7.982
Maintenance of roads	4.760	4.721	4.679	4.679	4.679
Other	3.647	4.173	3.254	3.196	3.303
Capital expenditure	31.355	19.986	9.500	10.293	8.667
Road construction	15.405	11.776	5.976	6.326	5.976
Universities and higher education	1.165	1.159	954	954	991
Hospitals and health centres	1.568	1.161	569	525	642
Airfields	902	327	229	0	0
Treasury Loan Guarantees	3.505	0	0	0	0
Other capital expenditure	8.810	5.562	1.771	2.488	1.059
Capital transfer payments	7.057	64.552	3.514	3.759	3.452
Harbour construction	744	374	527	527	407
Snow avalanche obstructions	638	590	715	1.160	1.180
Subsidies for rental apartments	1.100	436	236	80	118
Cultural institutions	415	209	903	903	664
Housing Financing Fund	0	33.000	0	0	0
Government guaranteed debt	0	27.457	0	0	0
Other capital transfer payments	4.161	2.486	1.133	1.089	1.083
Total expenditure	578.782	601.982	509.808	524.848	539.165

¹ Figures have been adjusted for the reclassification of the National Broadcasting corp. and churchyards as current expenditure instead of transfers.

² Figures for 2009 and 2010 have not been adjusted for the transfer of the services for disabled people from the state to local governments.

³ Budget plus supplementary budget.

Table 5**Classification of the Functions of Government ¹**

Accruals basis, millions of krónur	Accounts ² 2009	Accounts ² 2010	Budget 2011	Estimate ³ 2011	Proposal 2012
General public services	28.178	29.586	26.854	28.430	27.603
Public order and safety	24.137	21.479	20.110	22.103	21.260
Education	46.893	48.488	45.244	46.591	49.166
Health services	119.340	115.270	110.130	116.636	118.336
Social security and welfare services	129.616	129.242	121.849	133.285	128.301
Housing and community amenities	5.969	38.083	4.169	4.950	5.115
Recreation, culture, and religion	17.398	15.297	14.638	15.206	15.006
Fuel and energy	2.320	2.389	2.223	2.299	2.291
Agriculture, forestry, fishing, and hunting	18.874	19.271	18.491	18.732	19.154
Mining, manufacturing and construction	2.401	2.032	1.874	1.895	1.831
Transportation and communication	36.224	29.069	20.710	20.701	19.935
Other industries	15.120	38.167	10.194	10.948	11.357
Expenditures not classified by major group	132.312	113.608	113.325	103.074	119.810
Samtals	578.782	601.982	509.808	524.848	539.165

¹ According to the COFOG standard published by the United Nations (Classification of the Functions of Government).

² Figures in 2009 and 2010 have not been adjusted for the transfer of the services for disabled people from the state to local governments.

³ Budget plus supplementary budget.

Table 9

Central government debt and assets ¹

Stock figures in millions of krónur, year-end values	2003	2004	2005	2006	2007	2008	2009	2010	Estimate 2011	Proposal 2012
Gross debt.....	277.186	252.990	196.146	292.528	311.011	931.324	1.176.436	1.285.074	1.386.476	1.405.993
Treasury notes, bills and bonds.....	108.980	107.814	107.114	113.747	125.947	309.349	438.206	496.009	552.907	586.715
Recapitalisation of CBI.....	0	0	0	0	0	270.005	159.308	163.468	169.795	159.656
Recapitalisation of commercial and savings banks ³	0	0	0	0	0	0	186.479	226.213	246.213	246.213
Other domestic liabilities ¹¹	3.977	3.888	3.624	3.604	30.713	34.422	35.859	58.255	53.575	51.618
Debt to increase foreign currency reserve in CBI ²	21.752	14.822	0	94.610	91.200	221.572	281.270	281.318	300.900	299.028
Foreign debt.....	142.477	126.466	85.408	80.567	63.151	95.976	75.314	59.811	63.086	62.763
Total claims.....	118.024	97.019	136.485	242.715	253.656	549.002	437.191	326.132	536.334	545.444
Long term credit.....	76.381	51.633	71.496	169.678	174.441	471.912	361.343	248.032	454.634	459.744
Indexed to domestic prices.....	59.409	47.698	69.959	73.614	81.845	80.271	78.256	78.802	77.868	85.381
In foreign currency.....	5.472	3.935	1.537	1.454	1.396	2.004	1.929	0	0	0
For foreign currency reserve in CBI.....	11.500	0	0	94.610	91.200	213.964	223.904	117.253	320.505	318.437
Subordinated loans to banks ³	0	0	0	0	0	0	57.254	51.977	56.261	55.926
Securities lending taken over.....	0	0	0	0	0	175.673	0	0	0	0
Taxes due and short-term claims ⁴	41.643	45.386	64.989	73.037	79.215	77.090	75.848	78.100	81.700	85.700
Cash at hand, net ⁵	16.848	24.384	50.814	92.384	104.299	184.192	226.456	311.289	148.286	123.212
Shares and other equity⁶	90.825	94.607	87.423	102.671	191.880	197.755	334.056	342.933	344.733	345.533
Net debt.....	159.162	155.971	59.661	49.813	57.355	382.322	739.245	958.942	850.142	860.549
Claims as a percentage of debt.....	42,6	38,3	69,6	83,0	81,6	58,9	37,2	25,4	38,7	38,8
Net financial position (excluding financial assets)⁷....	-142.314	-131.587	-8.847	42.571	46.944	-198.130	-512.789	-647.653	-701.856	-737.337
Net financial position (including financial assets)⁸....	-51.489	-36.980	78.576	145.242	238.824	-375	-178.733	-304.720	-357.123	-391.804

Table continued on next page

Table 9**Central government debt and assets ¹**

Percentage of GDP¹⁰	2003	2004	2005	2006	2007	2008	2009	2010	Estimate 2011	Proposal 2012
Gross debt.....	32,8	28,0	19,2	23,9	23,3	54,8	75,7	83,8	84,9	81,0
Of which: foreign debt.....	19,5	16,3	8,6	14,1	11,6	16,5	22,9	23,0	21,9	20,6
Of which: Debt due to foreign currency reserve.....	2,6	1,7	0,0	7,6	6,9	11,5	18,0	19,0	18,1	17,0
Total claims.....	9,0	5,5	6,8	13,9	13,1	27,2	23,2	16,5	27,5	26,2
Of which: In foreign currency.....	2,0	0,5	0,2	7,7	7,0	11,2	18,2	11,4	22,7	21,3
Of which: Loans due to foreign currency reserve.....	1,4	0,0	0,0	7,6	6,9	11,1	14,4	7,9	19,3	18,1
Short term credit, net.....	4,9	4,8	6,2	6,1	5,9	4,8	4,9	5,0	5,0	5,0
Net debt.....	18,9	17,8	6,1	3,9	4,3	22,8	47,6	62,2	52,4	49,8
Assets⁹.....	26,5	22,8	26,3	36,3	40,9	55,8	64,2	63,6	62,9	58,3
Net financial position (excluding financial assets)⁷.....	-16,9	-15,2	-1,3	3,8	3,4	-11,3	-33,0	-42,2	-43,3	-42,6
Net financial position (including financial assets)⁸.....	-6,3	-5,2	7,1	12,4	17,7	1,0	-11,5	-20,2	-22,0	-22,7

Explanations

Liabilities due to IceSave are not included with the Treasury debt. Loans from IMF and Norway are made to the CBI and not included here.

Liabilities of public employee's pension fund are not included (340 bia.kr. at the end of 2009).

¹ Accrued but unpaid interests are included.

² Assuming that bilateral loans to support foreign currency fund will be issued in stages during 2009-2010.

³ The Treasury finances the recapitalisation of the banks by issuing bonds.

⁴ Taxes due, short-term credit and debts

⁵ Cash at hand comprises the Treasury's fund at the CBI and deposits in foreign banking institutions.

⁶ Stocks, shares and equity owned in corporations, banks and financial institutions.

⁷ Net financial position comprising net debt and cash at hand.

⁸ Net financial position comprising net debt, cash at hand and equity

⁹ Treasury claims, cash at hand, shares, and equity.

¹⁰ End year positions calculated to yearly average price levels using CPI and foreign exchange index.

¹¹ Increase in domestic loans in the year-end of 2010 are explained by the state's takeover of government guaranteed debt.

Table 10

	Budget 2011 ¹	Estimate 2011 ²	Budget 2012 ²
I. Main economic aggregates, change in volume - %			
Private consumption	2,6	3,1	3,3
Public consumption	-4,3	-2,6	-0,8
Gross fixed investment	14,9	15,0	14,5
National expenditure	2,4	3,5	4,0
Export of goods and services	1,0	2,1	3,3
Imports of goods and services	2,0	3,8	4,9
Gross domestic product	1,9	2,5	3,1
Current account balance, % of GDP	-3,7	-7,4	-6,0
II. Wages- and price level, average change - %			
Disposable income pr. capita	-1,0	1,8	-1,0
Purchasing power of disposable income pr. capita	-6,4	-9,4	-6,4
Consumer price index	2,3	3,9	3,7
Nominal wage index	4,4	6,2	5,0
Nominal exchange rate index	-2,1	1,1	0,9
Unemployment, % of workforce	7,3	7,2	6,0

¹ Revised macroeconomic forecast issued in November 2010

² Macroeconomic forecast issued in July 2011

Divergence
from budget

0,5

1,7

0,1

1,1

1,1

1,8

0,6

-3,7

0,0

2,8

-3,0

1,6

1,8

3,2

-0,1

Table 11

	Budget 2011 ¹	Estimate 2011 ²	Budget 2012 ²
Main economic aggregates, billions of krónur			
Private consumption	852,5	838,1	900,7
Public consumption	385,8	401,7	411,4
Gross fixed investment	240,8	237,2	284,1
National expenditure	1.477,5	1.477,8	1.597,2
Export of goods and services	892,7	956,9	1.033,4
Imports of goods and services	741,4	793,5	869,9
Gross domestic product	1.628,8	1.641,2	1.760,7
Current account balance	-59,2	-121,0	-105,0

¹ Revised macroeconomic forecast issued in November 2010.

² Macroeconomic forecast issued in July 2011.