5. English Summary

The Danish economy was hit by the international economic recession in 2008 causing significant reductions in production and employment. However expansionary fiscal and monetary policy in most countries has helped the world economy to recover, and production in Denmark is estimated to increase by approx. 2 per cent throughout the past year. Gradually, the growth in production is expected to become self-sustaining in 2011, cf. *Economic Survey*, August 2010.

In order to support growth and employment fiscal policy has been eased in 2009 and 2010. The policy stimulation has dampened the increase in unemployment, but it has also contributed to the largest deficit on the general government finances since the mid-1980's. In light of the large deficits central government debt is expected to increase from 11 per cent of GDP in 2008 to 26½ per cent of GDP in 2011.

The deficit on the general government budget balance in 2010 and 2011 are expected to exceed the reference value of 3 per cent of GDP in the *Stability and Growth Pact* of the European Union. On this basis Denmark has received a recommendation adopted by the EU Council of Finance Ministers (ECOFIN) to tighten fiscal policy by 1½ per cent of GDP during the period 2011-2013. The general government budget deficit is estimated at 4.6 per cent of GDP in 2010 and 4.4 per cent of GDP in 2011.

The government and *Danish People's Party* have in May 2010 agreed to restore Danish economy with the *Fiscal Consolidation Agreement*. The agreement consolidates general government finances by DKK 24½bn corresponding to 1½ per cent of GDP from 2011-2013. Measures include expenditure cuts as e.g. higher personal income taxes and reforms on the labour market. The Fiscal Consolidation Agreement meets the recommendation received from ECOFIN.

The central government budget proposal for 2011 reflects the *Fiscal Consolidation Agreement*. In line with the agreement, additional funds have been allocated to the health care sector and education etc., which is financed by budgetary cuts in other areas. The health care sector is allocated DKK 2bn extra, and additionally DKK 1.1bn are allocated the Globalization Fund to research and education.

5.1 General government finances

The estimates for the general government finances in 2010 and 2011 are based on the short term projections for the Danish economy, cf. *Economic Survey,* August 2010.

The estimates for 2010 are derived from the central government budget for 2010, a status for the central government spending in 2010 and the local government budgets for 2010. With respect to 2011 the estimates are primarily based on the central government budget proposal and the agreements with local governments on the economy in 2011. For both 2010 and 2011 the estimates also reflect political agreements settled in the spring 2010, e.g. the *Fiscal Consolidation Agreement* and adjustments in relation to the *Spring Package 2.0*.

According to revised data on general government finances from Statistics Denmark, the general government balance deficit amounted to DKK 47bn in 2009 or 2.8 per cent of GDP, *cf. table 5.1*.

Table 5.1
General government budget balance, 2004-2011

	2004	2005	2006	2007	2008	2009	2010	2011
DKK bn, current prices								
May 2010	27.7	77.6	82.3	80.6	59.8	-46.7	-88.2	-78.6
August 2010	**27.7**	**77.6**	**82.3**	**80.6**	**59.8**	**-47.0**	**-80.1**	**-78.7**
- Central government	27.8	82.7	89.7	85.1	67.2	-32.8	-	-
- Local governments	-0.3	-5.5	-7.8	-4.5	-7.1	-12.7	-	-
- Social funds	0.2	0.4	0.3	0.0	-0.3	-1.5	-	-
August 2010 (per cent of GDP)	**1.9**	**5.0**	**5.0**	**4.8**	**3.4**	**-2.8**	**-4.6**	**-4.4**

Note: The specification of the central and local government budget balances does not fully reflect that the central government through transfers to local governments bears the risk of fluctuations in expenditures and revenues due to the business cycles.

Compared to 2008 the general government budget balance is expected to weaken from a surplus of 3.4 per cent of GDP to a deficit of 4.6 per cent of GDP in 2010. Almost half of the weakening in the budget balance reflects discretionary fiscal policy, e.g. lower personal taxes due to the tax reform in the *Spring Package 2.0* as well as considerable growth in public consumption and investment expenditures. Moreover, weak cyclical conditions reduce the budget balance through increased expenditures (e.g. unemployment benefits) and decreased tax revenues (e.g. VAT and income taxes).

Compared to the short term projection in May 2010 the deficit on the general government budget balance in 2009 is more or less unchanged, *cf. table 5.2*. The level of public consumption is higher than expected, primarily due to a higher than expected consumption level in local governments, which is offset by a lower investment level, lower expenditures on income transfers and higher revenues from personal taxes.

The budget deficit is reduced by DKK 8.1bn in 2010 and is more or less unchanged in 2011 compared to the May projection. The adjustments reflects changes in revenues from the pension yield taxation, which are expected to be higher than normal in 2010 and lower than normal in 2011. Furthermore, especially lower revenues from the North Sea activities, higher revenues from personal taxes etc. and lower income transfers have an impact on the budget balance the budget balance.

Table 5.2

Revision of the general government budget balance from May to August

	2009	2010	2011
DKK bn, current prices			
North Sea oil and gas exploration activities	-0.7	-3.0	-3.3
Corporate taxes excluding North Sea oil and gas exploration activities	0.1	0.2	1.2
Pension yield taxation	0.1	9.4	-4.6
Labour market contribution	-0.7	-0.2	0.2
Personal taxes etc.	1.6	0.1	6.0
Value Added Tax	0.5	0.1	-0.1
Vehicle registration tax	0.0	0.3	0.9
Other taxes and duties	0.3	0.2	-0.7
Public consumption expenditures	-4.3	0.0	-3.0
Public investment expenditures	1.8	0.0	0.2
Income transfers	0.9	1.5	2.7
Subsidies	-0.8	0.0	1.0
Net interest expenditures and dividends	0.0	-0.6	-0.4
Other expenditures and revenues	0.9	0.1	-0.2
Total revision of general government budget balance	**-0.3**	**8.1**	**-0.1**

Note: Negative numbers imply reductions of the surplus due to reduced revenues or increased expenditures, and positive numbers imply increases in the surplus due to increased revenues or decreased expenditures.

Compared to the May projection revenues *from the North Sea activities* are adjusted downwards by DKK 3bn in 2010 and DKK 3¼bn in 2011 reflecting a downward adjustment of the oil price in DKK.

The revenues from *the corporate tax* are approximately unchanged in 2010 and upward adjusted by DKK 1¼bn in 2011. This mainly reflects an institutional change of the taxation of gambling activities.

The revenues from *the pension yield taxation* are upward adjusted by DKK 9½bn in 2010 and downward adjusted by DKK 4½bn in 2011. The adjustments primarily reflect revised interest rate forecasts, which affect expected returns on financial assets.

The revenues from *personal taxes etc. and labour market contribution* are largely unchanged in 2010 and upward adjusted by DKK 6bn in 2011 due to the initiatives regarding personal income taxation in the *Fiscal Consolidation Agreement*.

Revenues from the *vehicle registration tax* are upward adjusted by DKK ¼bn in 2010 and by DKK 1bn in 2011 mainly reflecting a higher private consumption of cars than previously expected. In 2010 a downward adjustment in the price level of cars reduces the revenues.

Nominal *public consumption* expenditures are nearly unchanged in 2010 and increased by DKK 3bn in 2011 compared to the May estimates. In May an unchanged level of public consumption in 2011 was presupposed in line with *Denmark's Convergence Program 2009*. However, primarily based on the *Fiscal Consolidation Agreement*, a real growth of 0.6 per cent in public consumption in 2011 is estimated. The higher consumption expenditures are financed by reductions in other public expenditures, e.g. income transfers.

The nominal level of *public investment* expenditures are more or less unchanged in 2010 and increased by DKK ¼bn in 2011 compared to the presupposed technical estimates in May.

Expenditures on *income transfers* are adjusted downwards by DKK 1½bn in 2010 and by DKK 2¾bn in 2011 in light of a lower expected level of unemployment. Initiatives in the *Fiscal Consolidation Agreement* reduce expenditures on income transfers by approx. DKK ¾bn.

The expenditure burden, i.e. the ratio of government expenditure to GDP, is estimated at 56.8 per cent of GDP in 2011, which reflects an increase of 3.0 percentage points since 2004, *cf. table 5.3*. The increase is primarily due to growth in public consumption, which in 2009 reaches the highest level ever just below 30 per cent of GDP. Also the share of income transfers is increased, *cf. Annex 2*. In 2010 the expenditure burden excl. interest expenditures is expected to reach the highest level ever at 57.9 per cent of GDP mainly due to a high level of public consumption and investments. Subsequently, fiscal consolidation reduces the expenditure burden from 2010 to 2011 reflecting the central government budget proposal.

Table 5.3

Expenditure, tax and revenue burden, 2004-2011

	2004	2005	2006	2007	2008	2009	2010	2011	Diff. 2004-2011
Per cent of GDP									
Expenditure burden[1)]	53.7	51.9	50.6	50.0	50.9	57.4	57.7	56.5	2.7
Tax burden	49.2	51.0	49.8	49.1	48.3	48.2	47.5	46.5	-2.6
Revenue burden[1)]	55.6	56.9	55.7	54.8	54.3	54.5	53.1	52.1	-3.5

1) The specification of total public expenditures and revenues deviates from the specification from Statistics Denmark. Total public expenditures reflect public consumption, which includes revenues from sales and calculated depreciation expenditure, and total revenues include calculated depreciation. The specification of public expenditure from Statistics Denmark does not include public sales, which are included in total revenues, and calculated depreciation is not included in public expenditures and revenues in the specification from Statistics Denmark. Thus, the expenditure and revenue burdens differ from the ascertained burdens based on the specifications according to Statistics Denmark.

The tax burden, i.e. the ratio of aggregate tax revenues to GDP, is estimated to decrease by 2.7 percentage point from 49.2 per cent of GDP in 2004 to 46.5 per cent of GDP in 2011. However, as there are differences in the impact of cyclical conditions affect GDP and the various tax bases, the tax burden is not a good indicator of the effect of economic policy on taxes.

The revenue burden, i.e. the ratio of general government revenues to GDP, is expected to decrease from 55.6 per cent of GDP in 2004 to 52.1 per cent of GDP in 2011 primarily due to the reduced tax burden.

Detailed information about the expenditure, tax and revenue burden can be found in annex 2.

5.2 Fiscal stance

The *fiscal effect* is an indicator of fiscal policy stance. The fiscal effect measures the impact of fiscal policy changes on economic activity.

The fiscal effect is estimated at 1.3 per cent of GDP in 2009, *cf. table 5.4*, primarily due to growth in public consumption. In 2010 the fiscal effect is estimated at 0.6 per cent of GDP, which among other things reflects a significant growth in public investments and the tax cuts included in the *Spring Package 2.0*.

Table 5.4
Fiscal effect, 2005-2011

	2005	2006	2007	2008	2009	2010	2011
Per cent of GDP							
Expenditures	0.2	0.4	-0.1	-0.3	1.1	0.3	-0.4
Revenues	0.1	0.1	0.0	0.0	0.2	0.3	-0.2
Fiscal effect	**0.3**	**0.5**	**-0.1**	**-0.3**	**1.3**	**0.6**	**-0.5**
Special Pension scheme (SP)	-	-	-	-	0.4	0.0	-0.3
Funds in certain individual saving accounts	-	-	-	-	-	0.1	-0.1

The fiscal effect does not include the release of the Special Pension (SP) funds or funds in certain individual saving schemes as these are private savings schemes. The release of the SP funds and funds in individual saving schemes is estimated to increase economic activity by an additional 0.4 per cent of GDP in 2009 and 0.1 per cent of GDP in 2010.

Discretionary fiscal policy, release of private savings and decreasing interest rates from 2008 are estimated to increase economic activity by approx. 3 per cent in 2010, *cf. table 5.5*.

Fiscal policy in 2009 and 2010 is expected to stimulate activity further in 2011. Thus, fiscal policy together with lower interest rates in 2009-2011 is expected to stimulate activity by approx. 1 per cent of GDP in 2011.

Table 5.5

Effects of economic policy etc., 2009-2011

	2009	2010	2011
Per cent of GDP			
Fiscal effect (first year effects)	1.3	0.6	-0.5
Special Pension scheme (SP) and funds in certain individual savings accounts (first year effects)	0.4	0.1	-0.4
Fiscal policy	**1.7**	**0.7**	**-1.0**
Fiscal effect (multi year effects)	-	0.6	0.7
Interest rate changes since 2008	0.5	1.5	1.2
Economic policy effect	**2.1**	**2.8**	**0.9**

Note: Multi year effects are measured by the impact on economic activity of fiscal policy etc. from 2009. Deviations between the total sum and the sum of each activity contribution might be caused by rounding off.

In 2011 the first year fiscal effect is estimated at approx. -0.5 per cent of GDP due to the cease of temporary policy stimulation and fiscal consolidation in the central government budget proposal.

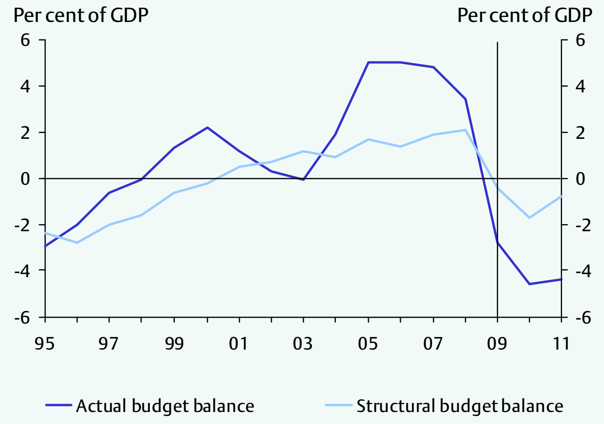
5.3 Structural budget balance

The structural budget balance is the actual general government balance adjusted for the estimated impact on the budget from the cyclical position of the economy and other temporary factors. In light of the major change in demand, production, employment etc. the calculation of the structural budget balance is more uncertain than usual.

Primarily due to expansionary fiscal policy the structural budget balance deficit is estimated at approx. ¼ per cent of GDP in 2009 and 1¾ per cent of GDP in 2010, *cf. figure 5.1*.

In 2011 a structural budget deficit is estimated at approx. ¾ per cent of GDP corresponding to a fiscal consolidation of 1 per cent of GDP compared to 2010. This reflects a planned reduction in public investments and the financing elements in the tax reform in the *Spring Package 2.0*. Furthermore, the *Fiscal Consolidation Agreement* contributes to the improvement of the structural balance.

Figure 5.1
Actual and structural budget balance 1995-2011



For the period 2004 to 2008 both cyclical conditions and the development in financial markets contributed to significantly higher actual budget surpluses compared to the calculated structural surpluses, *cf. figure 5.1*. Extraordinarily large surpluses from the pension yield taxation in 2004 and 2005 as well as favourable cyclical conditions in 2006-2008 contributed to higher actual surpluses. In light of the weakened cyclical conditions the estimated structural budget balance deficit is lower than the actual balance in the period 2009 to 2011.

Fiscal policy reduces the structural budget balance by 5¼ percentage point of GDP from 2002 to 2010 of which 3¾ percentage of GDP is due to policy in the period 2008 to 2010. This mainly reflects increases in public consumption and public investments as well as the tax reductions contained in *Spring Package 2.0*.

From 2002 to 2011 the estimated structural budget balance is reduced by 1.5 percentage points of GDP, *cf. table 5.6*. Among other things due to fiscal consolidation the structural balance is improved by nearly 1 percentage point of GDP from 2010 to 2011.

Table 5.6
Structural budget balance (per cent of GDP), 2002-2011

	Structural Balance (corrected for SP)		Change due to					
	Level	Yearly change	Fiscal policy[1)]	Pension yield taxation	Net Interest	North Sea oil and gas	Special items[2)]	Other
2002	0.7							
2003	1.2	0.5	0.1	0.0	0.3	0.2	0.1	-0.2
2004	0.9	-0.3	-1.3	0.0	0.3	0.2	0.0	0.6
2005	1.7	0.8	-0.3	0.1	0.3	0.1	0.0	0.6
2006	1.4	-0.3	-0.5	0.1	0.2	0.1	-0.1	0.0
2007	1.9	0.5	0.3	0.0	0.2	0.1	-0.1	0.1
2008	2.1	0.2	0.2	0.0	0.1	0.1	-0.1	-0.1
2009	-0.4	-2.5	-2.6	0.1	0.0	-0.1	-0.1	0.1
2010	-1.7	-1.3	-1.1	0.0	0.0	-0.2	0.0	0.0
2011	-0.8	0.9	1.3	0.1	-0.1	-0.1	0.0	-0.3
Total		**-1.5**	**-3.9**	**0.4**	**1.3**	**0.4**	**-0.3**	**0.8**

1) Due to different methods of calculation the fiscal policy effects differ from the effects used in the calculation of the fiscal effect.
2) Special items include among other things various net current and capital transfers.

5.4 Central government finances

The central government budget proposal for 2011 reflects revenues of DKK 633¾bn and expenditures of DKK 685½bn The current, investment and lending account, i.e. the CIL-account[1], thus amounts to a deficit of DKK 51¾bn in 2011 corresponding to 2.9 per cent of GDP, *cf. table 5.7*.

In 2010 a CIL-deficit of DKK 102bn is expected corresponding to 5.9 per cent of GDP.

[1] The CIL-account differs from the national account based on the central government balance with respect to the accruals concept (e.g. taxes), the treatment of financial transactions etc. In addition, some institutions that are part of the central government accounts are not considered part of the central government sector in the national accounts, and some institutions that are not part of the central government accounts are considered part of the central government sector.

Table 5.7
CIL-account, 2010-2011

	2010			2011 August (Budget proposal)
	May	August	Diff.	
DKK bn, current prices				
Total revenues	572.9	568.9	-4.0	633.7
Total expenditures	672.3	670.9	-1.5	685.4
CIL-account	**-99.5**	**-102.0**	**-2.5**	**-51.7**
CIL-account (per cent of GDP)	**-5.8**	**-5.9**	**-0.1**	**-2.9**

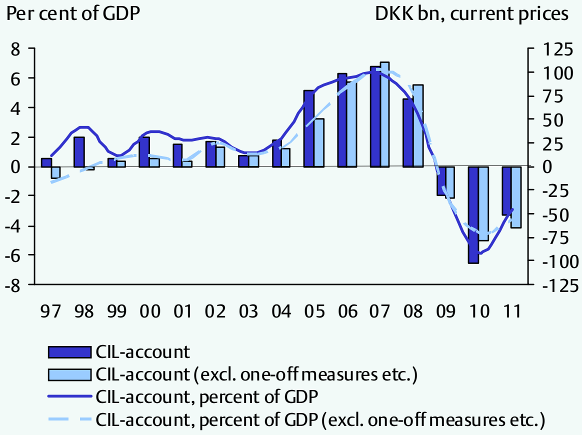
The large CIL-account deficit in 2010 reflects fiscal policy and the weak cyclical conditions, which lead to lower revenues from taxes and duties, while expenditures on e.g. unemployment benefits increase. The decrease in the CIL-account deficit from 2010 to 2011 primarily reflects higher expected revenues.

Compared to the projection in May the CIL-account deficit is upwards adjusted by DKK 2½bn in 2010, reflecting a downward adjustment in expected revenues of DKK 4bn and a downward adjustment in expenditures of DKK 1½bn. The lower expected revenues is primarily due to lower revenues from personal taxes in light of expected surpluses in small companies, while a downward adjustment in expected unemployment reduces expected expenditures.

The CIL-account is to a varying degree affected by one-off measures from year to year, *cf. figure 5.2*. Corrected for one-off measures etc., the deficit on the CIL-account is estimated at DKK 79bn in 2010 (-4½ per cent of GDP) and DKK 64¾bn in 2011 (-3½ per cent of GDP).

The corrections in 2010 and 2011 are primarily due to the revenues from pension yield taxation which are influenced by a change in the timing of payments.

Figure 5.2
Central government CIL-account 1997-2011



5.5 Central government financing requirement and debt

Central government debt measured as a percentage of GDP is estimated to increase from 18 per cent of GDP in 2009 to 26½ per cent of GDP in 2011 corresponding to an increase by 8¼ percentage points, *cf. table 5.8*. Measured in nominal terms central government debt is estimated to increase from DKK 301½bn in 2009 to DKK 473bn in 2011 corresponding to an increase of DKK 171½bn during this period.

The increase in debt from 2009 to 2011 primarily reflects a higher deficit on the CIL-account.

Table 5.8
Central government debt, 2009-2011

	2009	2010	2011	Diff. 09-11
End of year, nominal value (current prices)				
Domestic debt	487.9	559.7	613.8	125.9
Foreign debt	139.6	114.3	114.2	-25.4
The central government's account in Danmarks Nationalbank	-193.2	-140.9	-133.1	60.2
Fund holding of bonds	-132.7	-128.1	-122.0	10.7
Fund credit balance in Danmarks Nationalbank	-17.7	0.0	0.0	17.7
Central government debt, DKK bn	**301.5**	**405.0**	**472.9**	**171.4**
Central government debt, per cent of GDP	**18.1**	**23.4**	**26.5**	**8.3**

The yearly change in central government debt (net of capital gains and borrowing) corresponds to the net balance. The difference between the net balance and the CIL-account reflects among other things cash flow movements and central government relending.

The net financing requirement in 2010 is estimated at DKK 109½bn, *cf. table 5.9*. Compared to the estimate in May this is an upward adjustment in the financing requirement of approx. DKK 7bn primarily reflecting a lower deficit on the CIL-account and a change in expected projection of the cash flow movements.

In 2011 the net financing requirement is estimated at DKK 71¼bn. The deficit primarily reflects an expected deficit on the CIL-account as well as larger expected relending of DKK 15¾bn.

In the light of this central government debt is expected to increase by DKK 103½bn from 2009 to 2010 and further DKK 68bn from 2010 to 2011 corresponding to an increase of approx. 10 per cent of GDP in total.

Table 5.9

CIL-account and net financing requirement, 2009-2011

	2009	2010		2011
	Final	May	August	August (Budget proposal)
DKK bn				
CIL-account	**-29.8**	**-99.5**	**-102.0**	**-51.7**
Total relending	-82.0	-2.7	-2.4	-15.6
Differences between posted revenues and expenditures and cash flow	-1.8	-0.5	-5.2	-3.9
Net financing requirement (-net balance)	**110.0**	**102.7**	**109.6**	**71.2**

To obtain a more uniform description of the issuing need of state bonds across countries, the domestic and foreign borrowing requirement of the central government was changed in *Budget Outlook* and *Economic Survey*, May 2010. The new principles, which are also to be implemented in other countries, result from discussions among EU and OECD member states to get a more accurate review of the refinancing requirement throughout the year. Further information can be found in *Budget Outlook* and *Economic Survey*, May 2010.

In 2010 the domestic borrowing requirement of the central government is increased by approx. DKK 6bn compared to the May projection to a level of DKK 113bn, *cf. table 5.10*. This primarily reflects a larger domestic net financing requirement.

The domestic borrowing requirement in 2011 is estimated at 142bn reflecting the domestic net financing requirement and repayments of treasury bills and long term debt.

Table 5.10
Domestic borrowing requirement 2010 and 2011

	2010		2011
	May	August	August (Budget proposal)
DKK bn			
Domestic net financing requirement	99	106	71
Repayment of long term debt[1)]	56	56	41
Repayment of treasury bills[2)]	0	0	30
Deposits on the central government's account in Danmarks Nationalbank	-48	-49	0
Domestic borrowing requirement	107	113	142

1) Repayment of long term debt includes the net purchase of bonds by funds, net payments from currency swaps, and acquisitions beyond the year.
2) Repayment of treasury bills corresponds to outstanding in the program at the beginning of the year.

The domestic borrowing requirement for 2010 is expected to be financed by an issue of approx. DKK 30bn in treasury bills and DKK 83bn in government bonds. By the end of June the target for government bonds issues for 2010 was reached. Further issues of government bonds will thus contribute to the borrowing requirement in 2011, if issues of treasury bills have reached the target of DKK 30bn by the end of the year.

The foreign borrowing requirement in 2010 is expected to be unchanged compared to the May projection at a level of DKK 16bn, *cf. table 5.11*. In 2011 a foreign borrowing requirement of DKK 38bn is expected reflecting among other things repayment of commercial papers and long term debt.

Table 5.11
Foreign borrowing requirement 2010 and 2011

	2010		2011
	May	August	August (Budget proposal)
DKK bn			
Net Foreign financings requirement	4	4	0
Repayment of long term debt[1)]	36	37	33
Repayment of commercial papers (CP)[2)]	5	5	5
Deposits on the central government's account in Danmarks Nationalbank	-29	-29	0
Foreign borrowing requirement	16	16	38

1) Repayment of long term debt includes net payments from currency swaps and acquisitions beyond the year.
2) Repayment of commercial papers corresponds to outstanding in the program at the beginning of the year.

Annex 1

Table 1

General government finances, 2009-2011

	2009			2010			2011		
	May	Aug	Diff.	May	Aug.	Diff.	May	Aug.	Diff.
DKK bn, current prices									
Public consumption	492.1	496.4	4.3	509.5	509.5	0.0	515.6	518.6	3.0
Income transfers	285.2	284.3	-0.9	305.8	304.3	-1.5	317.2	314.5	-2.7
Investment	35.7	33.9	-1.8	43.1	43.1	0.0	38.2	38.0	-0.2
Interest expenditure	41.2	41.3	0.2	35.2	36.1	0.9	35.6	37.7	2.0
Subsidies	43.0	43.8	0.8	45.1	45.1	0.0	45.9	44.9	-1.0
Other expenditures[1)]	54.6	53.9	-0.7	58.9	58.7	-0.1	56.6	55.8	-0.8
Total expenditure	**951.7**	**953.6**	**1.9**	**997.6**	**996.8**	**-0.8**	**1009.1**	**1009.5**	**0.4**
Personal income taxes[2)]	372.2	373.9	1.6	352.0	352.1	0.1	364.9	370.9	6.0
Labour market Contributions	80.4	79.7	-0.7	80.2	80.0	-0.2	81.5	81.7	0.2
Corporate taxes	40.1	39.6	-0.6	47.8	45.8	-2.0	51.3	50.1	-1.2
Pension yield taxation	9.9	10.0	0.1	18.7	28.1	9.4	8.1	3.5	-4.6
VAT	168.0	168.4	0.5	173.6	173.6	0.1	179.0	178.9	-0.1
Vehicle registration tax	12.5	12.5	0.0	13.4	13.7	0.3	15.2	16.1	0.9
Other duties	98.0	98.3	0.2	106.4	105.9	-0.5	110.7	109.7	-1.0
Other taxes[3)]	16.4	16.4	0.0	16.9	17.6	0.6	17.3	17.5	0.2
Interest revenues	35.0	35.1	0.1	25.9	26.2	0.3	25.5	27.2	1.7
Gross operating surplus	33.2	33.2	0.0	34.5	34.5	0.0	35.4	35.1	-0.3
Other revenues[4)]	39.4	39.5	0.2	40.0	39.3	-0.7	41.5	40.0	-1.6
Total revenue	**905.0**	**906.7**	**1.6**	**909.3**	**916.7**	**7.4**	**930.5**	**930.7**	**0.2**
General government budget balance	**-46.7**	**-47.0**	**-0.3**	**-88.2**	**-80.1**	**8.1**	**-78.6**	**-78.7**	**-0.1**
Net interest Expenditure	6.2	6.2	0.0	9.4	10.0	0.6	10.1	10.5	0.4
General government primary balance[5)]	-40.5	-40.8	-0.2	-78.9	-70.2	8.7	-68.5	-68.3	0.2

Note: The specification of total public expenditures and revenues deviates from the specification from Statistics Denmark. Total public expenditures reflect public consumption, which includes revenues from sales and calculated depreciation expenditure, and total revenues include calculated depreciation. The specification of public expenditure from Statistics Denmark does not include public sales, which are included in total revenues, and calculated depreciation is not included in public expenditures and revenues in the specification from Statistics Denmark.

1) Other expenditures include capital transfers, transfers to the Faroe Islands and Greenland and Danish EU-contributions.

2) Personal income taxes include withholding taxes, tax on imputed income from owner occupied dwellings, specific taxes from households, tax on estates of deceased persons and other personal taxes.

3) Other taxes include social security contributions (labour market supplementary pension scheme contributions, unemployment insurance contributions and early retirement contributions).

4) Other revenues include profits from public enterprises, current and capital transfers from other domestic sectors and EU, and imputed (calculated) revenues such as contributions to civil servants' earned pension.

5) The general government primary balance states the balance of the general government finances before net interest expenditures.

Annex 2

Table 2
Expenditure, tax and revenue burden, 2004-2011

	2004	2005	2006	2007	2008	2009	2010	2011	Diff. 2004-2011
Per cent of GDP									
Public consumption	26.5	26.0	25.9	26.0	26.7	29.9	29.5	29.0	2.5
Income transfers	17.1	16.5	15.6	15.2	15.1	17.1	17.6	17.6	0.5
Investment	1.8	1.8	2.0	1.9	1.8	2.0	2.5	2.1	0.4
Interest expenditure	3.1	2.6	2.2	2.0	1.8	2.5	2.1	2.1	-1.0
Other expenditure	5.2	5.0	4.9	5.0	5.4	5.9	6.0	5.6	0.4
Expenditure burden[1)]	**53.7**	**51.9**	**50.6**	**50.0**	**50.9**	**57.4**	**57.7**	**56.5**	**2.7**
Personal income taxes	21.2	21.2	21.2	21.6	21.4	22.5	20.4	20.8	-0.5
Labour market Contributions	4.4	4.4	4.4	4.5	4.6	4.8	4.6	4.6	0.2
Pension yield taxation	1.6	2.4	0.8	0.3	0.5	0.6	1.6	0.2	-1.4
Corporate taxes	3.2	3.9	4.4	3.8	3.4	2.4	2.6	2.8	-0.4
Value added tax	9.8	10.1	10.3	10.4	10.1	10.1	10.1	10.0	0.2
Other duties	7.8	7.9	7.8	7.6	7.3	6.8	7.1	7.2	-0.6
Other taxes	1.2	1.1	1.0	1.0	1.0	1.0	1.0	1.0	-0.2
Tax burden	**49.2**	**51.0**	**49.8**	**49.1**	**48.3**	**48.2**	**47.5**	**46.5**	**-2.6**
Interest revenue	1.7	1.5	1.5	1.6	1.7	2.1	1.5	1.5	-0.2
Other non-tax revenue	4.9	4.6	4.6	4.3	4.5	4.4	4.3	4.2	-0.7
Tariffs etc. to the EU	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	0.0
Revenue burden[1)]	**55.6**	**56.9**	**55.7**	**54.8**	**54.3**	**54.5**	**53.1**	**52.1**	**-3.5**

1) The specification of total public expenditures and revenues deviates from the specification from Statistics Denmark. Total public expenditures reflect public consumption which includes revenues from sales and calculated depreciation expenditure and total revenues include calculated depreciation. The specification of public expenditure from Statistics Denmark does not include public sales which are included in total revenues and calculated depreciation is not included in public expenditures and revenues in the specification from Statistics Denmark. Thus the expenditure and revenue burden differ from the ascertained burdens based on the specifications according to Statistics Denmark.