

Embargo:

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2ND SUPPLEMENTARY BUDGET PROPOSAL OF 2022

GOVERNMENT DRAWS UP 2ND SUPPLEMENTARY BUDGET WORTH 59.4 TRILLION WON TO IMPROVE PEOPLE'S LIVELIHOOD

1. Background

The government has drawn up its 2nd supplementary budget worth 59.4 trillion won this year, of which 36.4 trillion won is allocated to improve people's livelihoods.

- Compensate small business owners hit hard by the pandemic (26.3 trillion)
- Ensure proper pandemic control and support the gradual transition to the general healthcare system (6.1 trillion)
- Work to stabilize people's livelihood and to deal with challenges such as inflation and natural disasters (3.1 trillion)
- Increase the reserve funds to prepare for potential risks to the economy (1 trillion)

The remaining 23.0 trillion won is earmarked to improve local government finance by utilizing excess tax revenues.

2. Source of Finance

The government plans to finance a 59.4 trillion won worth of the 2nd supplementary budget of 2022 without government bond issuance. The expenditure plan is designed to make use of 8.1 trillion won available financial resources including budget surpluses and public fund reserves, 7.0 trillion won financed through expenditure restructuring, and 44.3 trillion won of excess tax revenues¹.

3. 2nd Supplementary Budget of 2022

(trillion won, %)

	2021 Budget		2022 Budget			Change
	Original	Extra	Original	Extra		(B-A)
				1 st (A)	2 nd (B)	
Total Revenue (y-o-y, %)	482.6 (0.2)	514.6 (6.8)	553.6 (14.7)	553.6 (14.7)	608.3 (26.0)	54.7
Total Expenditure (y-o-y, %)	558.0 (8.9)	604.9 (18.1)	607.7 (8.9)	624.3 (11.9)	676.7 (21.3)	52.4
Consolidated Fiscal Balance (% to GDP)	-75.4 (-3.7)	-90.3 (-4.4)	-54.1 (-2.5)	-70.8 (-3.3)	-68.5 (-3.2)	2.3 (0.1%p)
Consolidated Fiscal Balance Minus Social Security	-112.5 (-5.6)	-126.6 (-6.2)	-94.1 (-4.4)	-110.8 (-5.2)	-108.8 (-5.1)	1.9 (0.1%p)
Government Debt (% to GDP)	956.0 (47.3)	965.3 (47.3)	1,064.4 (50.0)	1,075.7 (50.1)	1,067.3 (49.6)	-8.4 (-0.5%p)

¹ Excess tax revenues worth 53.3 trillion won, of which 44.3 trillion won is allocated for supplementary budget and 9.0 trillion won is for the government debt repayment

4. 2nd Supplementary Budget Proposal of 2022

(trillion won)

Supplementary budget		
General Expenditure	36.4	
1) Provide Financial support for small business owners	(26.3)	<ul style="list-style-type: none"> - Compensate small businesses ranging from 6-10 million won, proportional to the sales revenue and degree of damage caused by the quarantine measures (23.0 trillion) - Make adjustments² in compensation measures to better compensate small businesses (1.5 trillion) - Provide financial assistance for new loans, refinancing, and debt restructuring (1.7 trillion) - Support for small businesses to recover and build self-reliance (0.1 trillion)
2) Reinforce quarantine measures against the pandemic	(6.1)	<ul style="list-style-type: none"> - Increase financial support for Covid-19 testing, treatment expenses, and living expenses (3.5 trillion) - Help transition to the general healthcare system by providing Covid-19 medicine, establishing a rapid medical response system, and supporting research on infectious diseases such as antibody testing, lesions etc. (2.6 trillion)
3) Stabilize the prices and people's livelihood	(3.1)	<ul style="list-style-type: none"> - Support vulnerable groups with emergency relief grants, financial assistance, energy vouchers, etc. (1.7 trillion) - Work to stabilize employment and income for dependent self-employed workers, taxi drivers and artists (1.1 trillion) - Work to stabilize prices of agricultural, livestock, and fisheries products and processed foods (0.3 trillion) - Improve wildfire response capabilities (0.1 trillion)
4) Increase the reserve funds	(1.0)	<ul style="list-style-type: none"> - Increase the reserve funds to prepare for potential risks to the economy such as Covid-19 resurgence, natural disasters, etc. (1 trillion)
Expenditure to increase local government subsidies	23.0	<ul style="list-style-type: none"> - Grant local subsidies and local education subsidies to promote local economies and regionally balanced education
Total	59.4	

The 2nd supplementary budget proposal of 2022 will be submitted to the National Assembly on May 13 after proceeding through the cabinet meeting held on May 12.

² Expand damage coverage from 90% to 100% and increase the minimum compensation from 0.5 to 1 million won