

**Embargo:**

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## 2<sup>ND</sup> SUPPLEMENTARY BUDGET PROPOSAL OF 2021

### GOVERNMENT DRAWS UP 2<sup>ND</sup> SUPPLEMENTARY BUDGET WORTH 33 TRILLION TO SPEED UP RECOVERY FROM PANDEMIC

The government has drawn up its 2<sup>nd</sup> supplementary budget of this year, worth 33.0 trillion won, to help those left behind in the recovery from the pandemic, as well as ensure proper control of the disease, including fast vaccination rollouts and broad coverage. A total of 36.0 trillion won, including the supplementary budget, is planned to be spent as 3.0 trillion won of this year's original budget will be utilized for housing and other basic livelihood support.

#### 1. Source of Finance

The government will make use of the 2020 tax revenues, budget surpluses and reserves in public funds, the total of which amounts to 35.0 trillion won.

35.0 trillion won = 31.5 trillion won of tax revenues + 1.7 trillion won of budget surpluses + 1.8 trillion won from public fund reserves

35.0 trillion won = 33.0 trillion won to finance the 2<sup>nd</sup> extra budget + 2.0 trillion won to repay government debt

Of the 33.0 trillion won extra budget, 20.8 trillion won is allocated to the central government and 12.2 trillion won to local governments.

#### 2. Second Supplementary Budget of 2021

(trillion won, %)

	2020 Budget		2021 Budget			Change (B-A)
	Original	Extra (4 budgets)	Original	Extra		
				1st (A)	2nd (B)	
Total Revenues (y-o-y, %)	481.8 (1.2)	470.7 (-1.1)	482.6 (0.2)	483.0 (0.3)	<b>514.6 (6.8)</b>	31.6 -
- Tax Revenues (y-o-y, %)	292.0 (-0.9)	279.7 (-5.1)	282.7 (-3.2)	282.7 (-3.2)	<b>314.3 (7.6)</b>	31.5 -
Total Expenditures (y-o-y, %)	512.3 (9.1)	554.7 (18.1)	558.0 (8.9)	572.9 (11.8)	<b>604.7 (18.0)</b>	31.8 -
Consolidated Fiscal Balance (% to GDP)	-30.5 (-1.5)	-84.0 (-4.4)	-75.4 (-3.7)	-89.9 (-4.5)	<b>-90.1 (-4.4)</b>	-0.2 (0.1%p)
Government Debt (% to GDP)	805.2 (39.8)	846.9 (43.9)	956.0 (47.3)	965.9 (48.2)	<b>963.9 (47.2)</b>	-2.0 (-1.0%p) <sup>1</sup>
Government Debt Growth	82.0	123.7	109.1	118.9	<b>116.9</b>	-2.0

1. -1.0%p = (-0.1%p due to the supplementary budget) + (-0.9%p due to revised growth outlook)

### 3. Second Supplementary Budget Proposal including Spending Proposal for Original Budget

A total of 36.0 trillion won spending proposal = 33.0 trillion won worth of the supplementary budget proposal + 3.0 trillion won worth of spending proposal which will be financed with the original budget

(trillion won)

<b>Supplementary budget proposal</b>	<b>33.0</b>	
1. COVID-19 relief packages	(13.4)	<ul style="list-style-type: none"> <li>- Small business support to compensate for business losses caused by lockdowns (3.9 trillion won<sup>1</sup>)</li> <li>- Relief payments for bottom 80 percent plus extra reliefs for low income earners (8.4 trillion won)</li> <li>- 10 percent cashback rewards to boost consumption, given for the more than 3 percent spending increase from the previous month (1.1 trillion won)</li> </ul>
2. Effective control of the disease	(4.4)	<ul style="list-style-type: none"> <li>- Rapid vaccine rollouts and broad vaccination coverage (2.0 trillion won)</li> <li>- Testing and quarantine, and rewards for the private medical institutions which have been working on the frontline against the pandemic (2.2 trillion won)</li> <li>- Support for clinical trials and other vaccine development efforts (0.2 trillion won)</li> </ul>
3. Strong employment support and social safety nets	(2.6)	<ul style="list-style-type: none"> <li>- Job market support, such as public job creation programs, job retention incentives, job training subsidies and measures to improve employment security (1.1 trillion won)</li> <li>- Comprehensive package for young adults, which covers jobs, housing and others (1.8 trillion won<sup>2</sup>)</li> <li>- Measures to boost tourism and leisure activities, such as consumption-boosting vouchers and incentives to job creation in those sectors (0.3 trillion won<sup>3</sup>)</li> <li>- Emergency loan programs for small businesses, as well as emergency reliefs for low-income households (0.6 trillion won<sup>4</sup>)</li> </ul>
4. Measures to boot local economies	(12.6)	<ul style="list-style-type: none"> <li>- Local market gift certificates and fresh food vouchers (0.4 trillion won)</li> <li>- Subsidies to local governments, including education subsidies (12.2 trillion won)</li> </ul>
<b>Spending proposal to be financed with original budget</b>	<b>3.0</b>	
Housing and other basic livelihood support	(3,0)	<ul style="list-style-type: none"> <li>- Housing support for young adults and low income households (0.9 trillion won)</li> <li>- Support for disabled, teen parents and people with bad credit (2.1 trillion won)</li> </ul>
<b>Total</b>	<b>36.0</b>	

1. Including 0.6 trillion won set aside for future losses in case of extra lockdowns

2. Overlaps of 0.4 trillion won with other employment measures and 0.5 trillion won with the original budget

3. An overlap of 0.1 trillion won with other employment and young adult support measures

4. An overlap of 0.2 trillion won with other employment and young adult support measures

The 2<sup>nd</sup> supplementary budget proposal of 2021 will be submitted to the National Assembly on July 2 after proceeding through the cabinet meeting.