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Final 2012 Budget Draft Optimistic

By The Moscow Times

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The Cabinet will on Wednesday review the final draft of the federal budget for next year before sending it to the State Duma by the end of the month.

The Finance Ministry has boosted proposed spending to 12.7 trillion rubles ($403.2 billion), or by 15 percent from this year.

It reduced the planned deficit to 1.5 percent from the July estimate of 2.7 percent because it hopes for a higher oil price and better tax collection. The government presented the previous draft budget in July.

The ministry now bases budget revenues on the assumption that a barrel of Urals, the main Russian crude export blend, will sell for a more optimistic $100 on average. The number was $93 a barrel in July.

Besides reducing the deficit, the new oil price and tax revenue expectations allowed the government to add 460 billion rubles to its spending next year, a government official said

Tuesday.

By comparison, spending on the police force nationwide will amount to 187 billion rubles next year. The federal budget is taking over these expenditures next year as part of an effort by President Dmitry Medvedev to raise public security.

Regional budgets, which fund the police now, will give up revenues that total 151 billion rubles to federal coffers as part of the change, the official said on the customary condition of anonymity for pre-Cabinet briefings.

The sovereign Reserve Fund will swell to 1.8 trillion rubles as of January and will grow by another 600 billion rubles by the end of next year, the official said.

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