

## EXPLANATORY NOTES

### 1. **Basis of figures**

The figures shown for receipts and expenditure in 2004 are projected outturns and reflect present knowledge. They are subject to revision when the end-year figures become available. Fully audited details for 2004 will be available in the *2004 Finance Accounts* and *2004 Appropriation Accounts* to be published not later than 30 September 2005.

### 2. **Revenue**

The estimate of revenue for 2005 is based on the tax provisions in force at present.

### 3. **Expenditure**

*The Estimates for Public Services (Abridged Version) & Summary Public Capital Programme 2005* (AEV), was published on 18 November 2004. The 2005 figures in this document are the same as those published in the AEV. The 2004 forecast outturn figures are consistent with those published in the AEV and are provisional figures as notified by Departments and Offices. End-year issues figures will be available early in January 2005.

### 4. **Appropriations-in-Aid**

Voted expenditures are shown net of Appropriations-in-Aid. These are receipts which, with the agreement of the Dáil, may be retained by a Department or Office to offset expenditure instead of being paid into the Exchequer Account of the Central Fund. Details of gross voted expenditure by Departments are contained in the 2005 AEV.

### 5. **PRSI**

PRSI contributions are paid into the Social Insurance Fund (SIF) and do not form part of the revenues paid into the Central Fund as is explained in the following paragraphs.

Disbursements by the Department of Social and Family Affairs fall under three main categories, namely,

- (a) payments out of the SIF which are related to the entitlement of persons under their insurance/PRSI/benefit record, e.g. unemployment benefit, contributory pensions, etc.,
- (b) payments to persons who have ceased to qualify or have never qualified under their insurance/PRSI/benefit record to be paid out of the SIF, e.g. unemployment assistance, non-contributory pensions, etc. and
- (c) other payments such as grants to organisations.

The amount voted by the Dáil to the Department of Social and Family Affairs is composed of payments falling under (b) and (c) above, together with any sum needed by the SIF if the resources of the Fund are less than the total sum to be paid out of the Fund in any year.

In the past, an Exchequer contribution has been required to meet the shortfall on the SIF. However, no Exchequer contribution has been required since 1997.

### 6. **Prefunding of future pensions liabilities**

The National Pensions Reserve Fund Act 2000 provides for prefunding part of the future cost of social welfare and public service pensions and the setting aside of 1% of estimated Gross National Product (GNP) annually for this purpose (see Note 7 on page F. 9).

### 7. **Carryover of Capital Allocations**

In accordance with Section 91 of the Finance Act 2004, Departments and Offices can carryover to the following year unspent capital of up to 10% of their voted capital expenditure. The 2004 forecast outturn includes an amount of €248 million which will be issued from the Exchequer and credited to the Paymaster General Account of each Department concerned for spending in 2005. The provisional outturn in the Revised Estimates Volume 2005 will reflect actual expenditure.

**8. General Government Balance**

The projected outturn for the General Government Balance (GGB) in 2004 is for a surplus of €1,356 million or 0.9% of GDP. The pre-Budget GGB forecast for 2005, consistent with the Exchequer Balance published in this paper, is for a surplus of €318 million or 0.2% of GDP (see page F. 5).

The General Government is a wider definition of Government because in addition to the Exchequer it includes the Local Government, the Social Insurance Fund, Non-Commercial Semi-state bodies and the National Pensions Reserve Fund. Thus, a payment from the Exchequer to the National Pensions Reserve Fund does not alter the General Government Balance.

The determination of which items qualify under the GGB rules (ESA 95) is a matter for settlement by Eurostat (the Statistical Office of the European Union).

**9. Irish Language Version**

This document is published in the Irish language and in the English language. The Irish version is available on the Department of Finance website [www.finance.gov.ie](http://www.finance.gov.ie)