

EXPLANATORY NOTES

1. **Basis of figures**

The figures shown for receipts and expenditure in 2005 are projected outturns and reflect present knowledge. They are subject to revision when the end-year figures become available. Fully audited details for 2005 will be available in the *2005 Finance Accounts* and *2005 Appropriation Accounts* to be published not later than 30 September 2006.

2. **Revenue**

The estimate of revenue for 2006 is based on the tax law in force at present.

3. **Expenditure**

The *Estimates for Public Services (Abridged Version) & Summary Public Capital Programme 2006* (AEV), was published on 17 November 2005. The 2006 figures in this document are the same figures as those published in the AEV. The 2005 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 2006.

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 2006 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.

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 8).

7. **Carryover of Capital Allocations**

In accordance with Section 91 of the Finance Act 2004, Departments and Offices can carry over to the following year unspent capital of up to 10% of their voted capital allocations. The 2005 forecast outturn includes an amount of €286 million which will be issued from the Exchequer and credited to the Paymaster General Account of each Department concerned for spending in 2006. The provisional outturn in the Revised Estimates Volume 2006 will reflect actual expenditure.

8. **General Government Balance (Table 1(a))**

The projected outturn for the General Government Balance (GGB) in 2005 is a surplus of €439 million or 0.3% of GDP. The GGB forecast for 2006, on a pre-Budget basis, consistent with the Exchequer Balance published in this paper, is for a surplus of €1,295 million or 0.8% of GDP (see Table 1(a) on page 4).

The GGB measures the fiscal performance of the whole General Government sector, which includes the Exchequer, the Social Insurance Fund (SIF), the non-commercial state-sponsored bodies, the National Pensions Reserve Fund (NPRF), the Local Authorities and the Vocational Education Committees (VECs). The Health Boards were also included prior to their dissolution at the start of 2005; the Health Service Executive, which replaced them, is part of the Exchequer.

As a result, transactions within the General Government sector do not count towards the GGB: for example, a payment from the Exchequer to the National Pensions Reserve Fund does not alter the General Government Balance.

The delimitation of the General Government sector, and the determination of the correct ESA95 accounting treatment of General Government transactions, are matters for settlement by Eurostat (the Statistical Office of the European Union).

It should be noted that the forecast GGB for 2005 includes the full projected cost of the repayment of certain nursing home charges (€1bn or 0.6% of GDP). This follows a Eurostat decision in August 2005 that all repayments due in respect of these charges, regardless of when they are actually disbursed, should be recorded as expenditure in 2005, the year in which the State's liability was established by the courts. This treatment is consistent with other cases at EU level.

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