

European Commission – Eurostat
Statistical Office of the European Communities
Unit ESTAT-C3
Office E3 - 829
BECH Building – 5, rue Alphonse Weicker
L – 2920 Luxembourg
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Dear Sir/Madam,

We enclose the Irish response to the questionnaire for the first reporting during 2011 of government deficits and debt levels.

The data underpinning the report have been compiled in consultation with the CSO. We can confirm that this Return has been prepared in good faith, on the basis of the best available sources and estimates, and in compliance with the requirements of ESA95. The GDP figures are consistent with the latest estimates published by the CSO.

2010 GGB outturn

The first estimated outturn for the **2010 General Government Balance deficit of €49,903 million or 32.4% of the revised GDP published by the CSO in March**. This includes €30,830 million issued in Promissory Notes to re-capitalise various financial institutions, which have been treated in the accounts as capital transfers, and also interest of €61 million payable on these Promissory Notes which is accrued to 2010.

Excluding these banking related measures, the underlying estimate for the GGB is a **deficit of €18,512, or 12.0% of GDP**. In nominal terms, this underlying estimate represents an increase of €337 million over the Budget Day forecast and an increase of 0.5% of GDP, mainly as a result of the lower revised nominal GDP figure for 2010 produced by the CSO.

2009 GGB outturn

The outturn for the **2009 General Government Balance (GGB)** is a headline **deficit of €2,795 million or 14.3% of the revised GDP published by the CSO in March**, which shows an improvement of €163 million compared to the September 2010 forecast deficit of €2,958 million or 14.4% of the estimated GDP at that time. The underlying position, excluding the capital injection to our banks is 11.8% of GDP or €18,795 million.

The principal causes of the changes in the level of the GGB in 2009 were as follows:

- An improvement in the accrual of VAT, income tax and excise duty of €49 million.
- A worsening in the accrual adjustment for voted expenditure of €23 million;
- An improvement in the balance of local authorities of €127 million;
- An worsening in the balance of non-market public corporations by €148 million, which includes a dis-improvement in the balance of Irish Rail of €24 million;
- An improvement in the accrual adjustment for payments from the exchequer to other central government bodies of €10 million;
- The removal of the accrual adjustment for nursing home charges of €80 million, as this was already captured in the HSE accounts;
- An improvement in the balance of the social insurance fund of €15 million;
- An improvement in the accrual of national debt interest of €71 million.

General Government Debt

General Government Debt as a percentage of GDP is estimated to have been some 96.2% of GDP at end-2010, based on the latest revised level of GDP.

We are currently preparing notes in conjunction with the CSO in response to various EDP action points and we will send these to you in the coming days.

Finally, we would like to point out that the data contained in the attached tables does not in any way take account of the information that has been put into the public domain today [31st March 2011] in relation to the stress testing of the Irish Banking system. In due course, the implications of this comprehensive announcement will be analyzed and this will be reflected in subsequent reporting under this process.

Publication

As is the norm, once we have finalised the technical matters in the coming days with your services, we have no objection to publication by Eurostat of the EDP reporting tables. We intend to publish the full set of EDP tables on the Department of Finance website at www.finance.gov.ie once they are agreed by Eurostat.

Yours faithfully,

Patrick Quill
Budget, Taxation and
Economic Division
Dept. of Finance

Ciarán Counihan

Sources of information

Net Lending/Borrowing of Central Government

2007-2011: Budget Booklets; Revised Estimates for the Public Services; Finance Accounts (all published by the Department of Finance); Appropriation Accounts (presented by the Comptroller and Auditor General); National Income and Expenditure 2010 and unpublished information assembled by the Department of Finance.

2009-2011: Budget Booklets; Revised Estimates for the Public Services (as above); Local Authority Estimates (published by the Department of the Environment and Local Government); and unpublished internal sources within the Department and the National Treasury Management Agency.

Gross Debt of General Government

2007-2010 Finance Accounts and National Treasury Management Agency: Annual Report and Accounts 2007 to 2010. Debt of non-Central Government sector obtained from unpublished returns submitted to the Department of Finance by the bodies concerned.

2011 Provisional outturn data and unpublished internal forecast prepared by the Department of Finance in consultation with the National Treasury Management Agency and bodies in the non-Central Government sector.