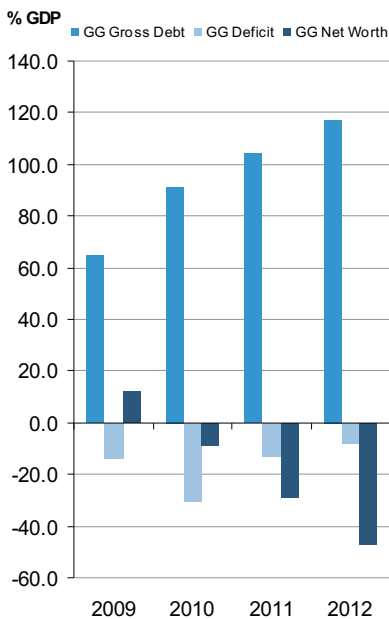




## Government Finance Statistics-Annual 2009-2012(October 2013 Headline Results)

**Figure 1: General Government Deficit, Debt and Net Worth**



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### General Government Deficit, Debt and Net Worth 2011-2012

End of year	General Government Surplus/Deficit		General Government Gross Debt		General Government Net Worth	
	€m	% GDP	€m	% GDP	€m	% GDP
2011	-21,358	-13.1	169,226	104.1	-46,913	-28.9
2012	-13,511	-8.2	192,458	117.4	-77,352	-47.2

### Government deficit of 8.2% of GDP in 2012

General Government experienced a deficit of €13,511 million (8.2% of GDP) in 2012 - an improvement on the 2011 deficit of €21,358 million (13.1% of GDP). Government revenue increased from €55,331 million in 2011 to €56,524 million in 2012 while there was a decline in expenditure from €76,557 million to €69,812 million over the same period. The 2012 deficit has been substantially revised since first estimates were published in April of this year, mainly due to a change arising from the sale of mobile telephone licences by the State (see **Changes since April results** overleaf).

### General Government Gross Debt at 117.4% of GDP in 2012

The gross debt of General Government stood at €192,458 million at the end of 2012 - up from €169,226 million at the end of 2011. The corresponding percentages of GDP were 117.4 % and 104.1%, respectively.

Factoring in financial assets of €73,696 million and non-financial assets of €57,865 million yields a General Government Net Worth of -€77,352 million (-47.2% of GDP) at the end of 2012. The corresponding end 2011 net worth was -€46,913 million (-28.9% of GDP).

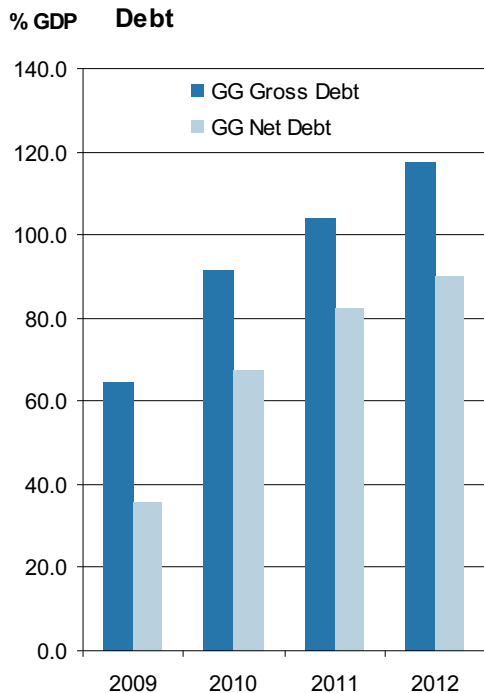
This headline release represents the second official publication by CSO of annual Government Finance Statistics results for years 2009 to 2012, following the first release in April 2013.

Because audited accounts for many government bodies become available between April and October, this second release allows us to present more final data for 2012 than the provisional outturn published in April.

The data published in the April and October releases are consistent with the General Government Deficit and Debt levels for 2009 to 2012 reported to Eurostat at end-March and end-September under the EU regulation governing the Excessive Deficit Procedure.

For more information contact Ciaran Judge at 01 498 4360 or Rod O'Mahony at 01 498 4304.

**Figure 2: General Government Gross and Net Debt**



## Changes since April results

### Treatment of sale of mobile phone licences

For the April estimates Government revenue from the sales of mobile phone licences was recorded as having been received in 2012, reflecting the fact that the contract was entered into in 2012. CSO subsequently obtained clarification from Eurostat, that as the date of the legal allocation of the licences (as opposed to the contract date) was in the first quarter of 2013, the correct statistical treatment is to record this revenue in 2013. The effect of this change of treatment is a worsening of the 2012 deficit in the amount of €723 million. This forms the main component of the change in the reported deficit from €12,461 million in April to €13,511 million in October.

### Updated data sources/processing

In many cases the April EDP estimates are based on preliminary output figures. Final audited accounts are available for a much greater proportion of Government bodies by the time of the October notification. Data from these accounts (where available) are used for the production of the current estimates.

In addition more detailed data sources have become available to us, in particular in relation to Local Authorities and Institutes of Technology, since the April EDP notification. On-going improvements to data processing systems are also reflected in these results, in particular in relation to taxes data and the use of Appropriation Accounts balance sheet data for Government Departments and Offices.

### Change in Net Worth

Change in the reported net worth of General Government since April is mainly explained by the higher reported deficit, offset by a somewhat larger increase in the value of fixed assets and equity held by Government.

### Revisions to GDP

The GDP figures used in the current publication are consistent with those published in the *National Income and Expenditure 2012*. This has some effect on the calculation of the percentages shown in this release when compared to the April version.

**Table 1 General Government transactions: revenue, expenditure, financing and deficit**

Description	ESA code	2009	2010	2011	€million 2012
<b>General Government transactions</b>					
<b>Revenue</b>	<b>TR</b>	<b>55,963</b>	<b>55,149</b>	<b>55,331</b>	<b>56,524</b>
Taxes and social contributions		47,853	46,314	47,763	49,104
Taxes	D2 + D5 + D91	35,854	34,831	37,624	39,453
Social contributions	D61	11,999	11,484	10,139	9,651
Sales of goods and services	P10	4,543	5,241	5,086	4,868
Investment income	D4	1,982	2,110	1,997	2,249
Current transfer revenue (excluding taxes)	D7	151	161	100	100
Capital transfer revenue (excluding taxes)	D9N	1,434	1,323	386	203
<b>Expenditure</b>	<b>TE</b>	<b>78,128</b>	<b>103,547</b>	<b>76,557</b>	<b>69,812</b>
Expense		74,712	100,885	75,175	69,095
Compensation of employees	D1	20,705	19,284	19,113	18,784
Use of goods and services plus taxes payable	P2 + D5 + D29	10,223	9,252	8,771	8,429
Depreciation (Consumption of fixed capital)	K1	2,658	2,647	2,623	2,423
Interest (excluding FISIM)	D41	3,290	4,984	5,190	5,912
Subsidies	D3	1,690	1,577	1,349	1,540
Social benefits	D62 + D631	28,471	28,410	28,952	28,960
Other current transfers	D7	2,091	1,874	1,784	1,798
Capital transfers	D9	5,585	32,857	7,392	1,249
Net operating balance		-18,748	-45,736	-19,844	-12,571
Net acquisition of non-financial assets	P5 + NP - K1	3,417	2,662	1,382	717
<b>Net lending (+) / net borrowing (-)</b>	<b>B9</b>	<b>-22,165</b>	<b>-48,398</b>	<b>-21,226</b>	<b>-13,288</b>
<i>equals</i>					
<b>Net acquisition of financial assets</b>		2,914	-7,753	3,528	10,175
Debt instruments	F2 + F33 + F4	5,154	-8,926	-393	8,774
Shares and other equity	F5	-2,357	1,430	3,583	1,815
Other financial assets	F34 + F61 + F62 + F7	117	-257	338	-414
<i>less</i>					
<b>Net incurrence of liabilities</b>		25,079	40,645	24,754	23,463
Debt instruments	F34 + F33 + F4	25,876	40,898	24,683	22,858
Other liabilities	F7	-797	-253	71	605
<b>General Government Deficit</b>					
Net lending / net borrowing	B9	-22,165	-48,398	-21,226	-13,288
Adjustment for swaps		-7	10	-133	-223
<b>General Government Surplus/Deficit</b>	<b>EDP_B9</b>	<b>-22,172</b>	<b>-48,388</b>	<b>-21,358</b>	<b>-13,511</b>

Table 2 General Government: Net Worth, Gross and Net Debt

Description	ESA code	€million			
		2009	2010	2011	2012
<b>General Government net worth</b>					
<b>Net worth at market value, excluding pension liabilities</b>	NW	20,069	-14,218	-46,913	-77,352
<i>equals</i>					
<b>Non-financial assets at market value</b>	NFA	61,020	58,425	57,148	57,865
<i>plus</i>					
<b>Financial net worth at market value, excluding pension liabilities</b>	FNW	-40,951	-72,643	-104,061	-135,217
<i>equals</i>					
Financial assets at market value		72,488	65,181	63,008	73,696
EDP debt instruments	AF2 + AF33 + AF4	41,868	32,770	30,950	40,479
Shares and other equity	AF5	21,794	23,916	22,870	24,524
Other financial assets	AF34 + AF61 + AF62 + AF7	8,826	8,495	9,188	8,693
<i>less</i>					
Liabilities at market value		113,439	137,824	167,069	208,913
EDP debt instruments	AF2 + AF33 + AF4	108,031	132,647	161,048	201,529
Other liabilities	AF34 + AF61 + AF62 + AF7	5,408	5,177	6,021	7,384
<i>Memo: Estimated pension liabilities of government</i>		116,000	116,000	116,000	116,000
<i>Memo: Net worth, including pension liabilities</i>		-95,931	-130,218	-162,913	-193,352
Contingent liabilities		287,666	163,376	153,258	125,327
<i>Memo: Net worth, including pension liabilities and contingent liabilities</i>		-383,597	-293,594	-316,171	-318,679
<b>General Government: changes in net worth</b>					
<b>Opening net worth</b>		46,979	20,069	-14,218	-46,913
Net acquisition of non-financial assets	P5 + NP - K1	3,417	2,662	1,382	717
Net lending/net borrowing	B9	-22,165	-48,398	-21,226	-13,288
<b>Change in net worth due to other economic flows</b>	Kx	-8,162	11,449	-12,852	-17,868
Other changes in non-financial assets		-11,694	-5,257	-2,660	0
Other changes in financial assets		3,079	446	-5,701	513
Other changes in liabilities		453	16,260	-4,491	-18,381
<b>Closing net worth</b>		20,069	-14,218	-46,913	-77,352
<b>General Government Debt (GGDebt)</b>					
Debt instrument liabilities at market value		108,031	132,647	161,048	201,529
+ Difference between face value and market value		-3,487	11,517	8,178	-9,071
<b>Gross General Government Debt (face value)</b>		104,544	144,164	169,226	192,458
<i>less</i> EDP debt instrument assets		-41,868	-32,770	-30,950	-40,479
<b>Net General Government Debt (face value)</b>		62,676	111,394	138,276	151,979

## Background Notes

**Introduction** This release contains the headline results from the second Excessive Deficit Procedure notification by Ireland in 2013. These data remain provisional until the official publication by Eurostat of deficit and debt levels for all EU member states on Monday 21 October.

**Government Finance Statistics – Concepts and Definitions** Government Finance Statistics (GFS) form the basis for fiscal monitoring in Europe, in particular in relation to the Excessive Deficit Procedure (EDP). European GFS, including EDP statistics are produced according to the legally binding accounting rules of the *European System of Accounts 1995* (ESA95). The *Manual on Government Debt and Deficit* (MGDD) provides further guidance on the implementation of ESA95 in the context of GFS.

The ESA 95 regulation sets out both a methodology for the compilation of National Accounts and a programme of transmission of key economic aggregates which are a subset of the full set of accounts set out in ESA 95. In relation to GFS aggregates of interest include: general government revenue and expenditure, general government surplus/deficit, general government consolidated gross debt and their main components.

EU Member States are required to report government deficit/surplus and debt data biannually under the EDP (before 1 April and 1 October in year N) for years N-4 to N-1 calendar years as well as a forecast for the current year. The data are reported in harmonised tables, which provide a consistent framework for the presentation of this data by Member States. The tables provide a structure for linking national budgetary aggregates with government deficit and debt.

Detailed statistics on Government revenue and expenditure are also provided to Eurostat under the ESA95 transmission programme. For annual data the main tables reported are:

Table 0200 Main aggregates of general government,  
Table 0900 Detailed tax receipts by sector  
Table 1100 General government expenditure by function.

These data are available on the Eurostat website.

Total general government expenditure and revenue are defined according to Commission Regulation (EC) No 1500/2000 of 10 July 2000 on general government expenditure and revenue. They comprise specific categories of ESA 95.

**Definition of general government and its subsectors** The general government sector of the economy, is defined in ESA95, paragraph 2.68: ‘All institutional units which are other non-market producers [institutional units whose sales do not cover more than the 50% of the production costs, see ESA95 paragraph 3.26] whose output is intended for individual and collective consumption, and mainly financed by compulsory payments made by units belonging to other sectors, and/or all institutional units principally engaged in the redistribution of national income and wealth. General government comprises the sub-sectors central government (S.1311), state government (S.1312 - where applicable), local government (S.1313), and social security funds (S.1314).

As part of the GFS production process CSO is required to define the General Government and public sectors for Ireland. In this context, the public sector includes all bodies that are directly or indirectly controlled by a Government department or office, or by a local authority. General Government, in turn, includes all public sector bodies that are also mainly financed by Government bodies. The decision rules governing the classification of bodies to the public and General Government sectors are set out in detail in the Manual on Government Deficit and Debt. A detailed explanation of the application of these rules and the most up-to-date list of public sector and (including general government bodies) for Ireland are shown at <http://www.cso.ie/en/surveysandmethodology/nationalaccounts/>

**General Government Deficit/Surplus** (GG Deficit) is the standard European measure of the fiscal balance, which is used to monitor compliance with the Stability and Growth Pact. It is the difference between the revenue and the expenditure of the general government sector. The government deficit data related to the EDP (EDP B.9) differs from the deficit according to ESA95 (B.9) in the treatment of interest relating to swaps and forward rate agreements.

**General Government Debt** (GG Debt) is defined in the EU regulations implementing the Maastricht Treaty as the gross debt liabilities of the consolidated General Government sector, at nominal value.

‘Gross’ means that the value of any financial assets held by General Government cannot be deducted from the GGDebt. In Ireland’s case, this means that the liquid assets which are deducted from the ‘gross’ National Debt in arriving at the audited National Debt cannot be deducted from the GGDebt.

‘Debt liabilities’ are defined as the ESA categories AF.2 (Currency and deposits), AF.33 (Securities other than shares, excluding financial derivatives), and AF.4 (loans).

This definition excludes liabilities in derivatives (AF.34), equity liabilities (AF.5), pension and insurance liabilities (AF.6) and accounts payable (AF.7).

‘Consolidated’ means that any money owed by one entity within General Government to another is excluded from the total GGDebt.

‘Nominal value’ is defined in the governing regulation as face value. If debt is sold at a discount, it is the undiscounted value of the instrument, rather than the amount actually received, that is shown in the GGDebt. In other statistical contexts, ‘nominal value’ means face value plus any interest accrued but not paid; however, such interest is excluded from GGDebt by definition.

ESA 95 codes and an explanation of each are shown below for the main components of Government revenue and expenditure as well as for types of financial flows. More detailed codes and technical definitions can be seen in the ESA 95 manual available at <http://circa.europa.eu/irc/dsis/nfaccount/info/data/esa95/en/esa95en.htm>.

**Reclassification  
of Public  
Universities and  
Fee-Paying  
Schools**

Since the publication of Government Deficit and Debt data in April 2012, the seven public universities and certain publicly funded fee-paying secondary schools have been reclassified from the *Non-profit institutions serving households* (NPISH) economic sector to the *Non-financial corporations* economic sector. This change has been made following an analysis by the CSO that these entities are ‘market producers’ – that is, they cover a majority of their costs through their own sales of education and research services. While not affecting the overall deficit this has resulted in a number of reclassifications within the expenditure of General Government.

Specifically, the changes shift expenditure from D.7 (transfers to NPISH) to a combination of

- P.2 (government purchases of goods and services), for certain research grants deemed to represent sales of services
- D.31 (product subsidies), for subventions directly linked to student numbers
- D.39 (other subsidies on production) for general subventions to promote research etc.)
- D.6313 (social benefits in kind provided via market producers) for payments to universities that directly replace student fees that would otherwise be payable by the students themselves (the ‘free fees’ initiative).

**Main  
Components of  
General  
Government  
Expenditure and  
Revenue**

P.2 Intermediate consumption – value of goods and services used in the process of production, excluding fixed assets

P.5 Gross capital formation

P.51 Gross fixed capital formation - acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by productive activity. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year

P.52 Changes in inventories

P.53 Acquisitions less disposals of valuables

D.1 Compensation of employees – the total remuneration of government employees

D.11 Wages and salaries, in cash and in kind

D.12 Employers social contributions – actual (D.121) and imputed (D.122)

D.29 Other taxes on production (payable) all taxes that enterprises incur as a result of engaging in production, independently of the quantity or value of the goods and services produced or sold. These include taxes on use or ownership of land or buildings, taxes on use of fixed assets, taxes on total wage bill and payroll, taxes on international transactions related to production.

D.3 Subsidies (payable) - current unrequited payments which general government or the Institutions of the European Union make to resident producers, with the objective of influencing their levels of production, their prices or the remuneration of the factors of production

D.4 Property income (payable) - the income receivable by the owner of a financial asset or a tangible non-produced asset in return for providing funds to, or putting the tangible non-produced asset at the disposal of, another unit

D.41 Interest (payable) - excludes settlements under swaps and forward rate arrangements, as these are treated as financial transactions in the ESA 95

D.5 Current taxes on income, wealth, etc, (payable) - all compulsory, unrequited payments, in cash or in kind, levied periodically by general government and by the rest of the world on the income and wealth of units in the economy, and some periodic taxes which are assessed neither on income nor wealth

D.6 Social contributions - transfers to households, in cash or in kind, intended to relieve them from the financial burden of a number of risks or needs, made through collectively organised schemes, or outside such schemes by government and non-profit institutions. These include payments from general government to producers which individually benefit households and which are made in the context of social risks or needs

D.62 Social benefits in cash - social benefits and pensions paid in cash;

D.631 Social transfers in kind, via market producers - can be subdivided into those where beneficiary households actually purchase the goods and services themselves and are then reimbursed, and those where the relevant services are provided directly to the beneficiaries

D.7 Other current transfers

D.9 Capital transfers - involve the acquisition or disposal of an asset, or assets, by at least one of the parties to the transaction.

K.1 Consumption of fixed capital - the amount of fixed assets used up, during the period under consideration, as a result of normal wear and tear and foreseeable obsolescence, including a provision for losses of fixed assets as a result of accidental damage which can be insured against.

### **Categories of Financial Flows**

F.1 Monetary gold and special drawing rights (SDRs)

F.11 Monetary gold

F.12 Special drawing rights (SDRs)

F.2 Currency and deposits

F.21 Currency

F.22 Transferable deposits

F.29 Other deposits

F.3 Securities other than shares

F.33 Securities other than shares, excluding financial derivatives (F.331 - Short-term, F.332 - Long-term )

F.34 Financial derivatives

F.4 Loans

F.41 - Short-term loans

F.42 - Long-term loans

F.5 Shares and other equity

F.51 Shares and other equity, excluding mutual funds shares (F.511 - Quoted shares, F.512 - Unquoted shares, F.513 - Other equity )

F.52 Mutual funds shares

- F.6 Insurance technical reserves
  - F.61 Net equity of households in life insurance reserves and in pension funds reserves
    - F.611 - Net equity of households in life insurance reserves
    - F.612 - Net equity of households in pension funds reserves,
  - F.62 - Prepayments of insurance premiums and reserves for outstanding claims
- F.7 Other accounts receivable/payable
  - F.71 Trade credits and advances
  - F.79 Other