

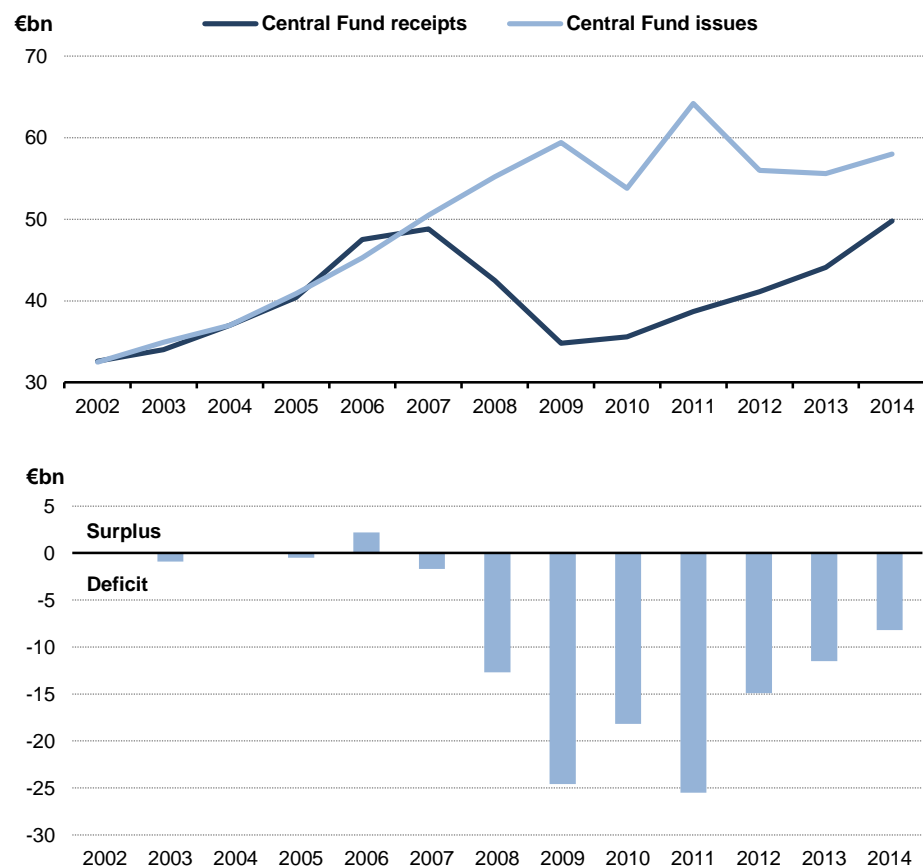
1 Exchequer Financial Outturn for 2014

- 1.1** All revenues of the State are paid into the Central Fund of the Exchequer unless otherwise determined by law.¹ Central Fund receipts include tax revenues and the proceeds of borrowing undertaken on behalf of the State by the National Treasury Management Agency (NTMA). Issues from the Central Fund are used mainly to fund expenditure on State services, and to service State debt.
- 1.2** The annual Finance Accounts present the receipts into and issues from the Central Fund together with details relating to NTMA borrowing and information about certain liabilities and assets of the State. This report summarises the transactions on the Central Fund and highlights some key trends. Because the Finance Accounts do not include a balance sheet, the summary position in relation to key assets and liabilities at year end is also set out.

Exchequer Deficit

- 1.3** The movement in the Central Fund receipts and issues over the period 2002 to 2014 and the surplus or deficit for each of those years is set out in Figure 1.1. In 2014, the deficit was €8.2 billion, €3.3 billion less than the deficit in 2013.

Figure 1.1 Central Fund receipts and issues and surplus/deficit, 2002 to 2014



¹ Examples of State revenue which is not paid directly into the Central Fund include Pay Related Social Insurance receipts which are paid into the Social Insurance Fund and the proceeds of motor tax which are paid into the Local Government Fund.

Figure 1.2 Composition of Central Fund receipts and issues, 2010 to 2014^a

Receipts	2010	2011	2012	2013	2014
	€m	€m	€m	€m	€m
Tax revenue	31,753	34,027	36,646	37,806	41,282
Transfer from Local Government Fund	–	–	–	–	520
Other current revenues	2,687	2,520	2,765	2,676	2,446
Loans/advances repaid ^b	1,043	986	1,077	1,098	4,987
National Pensions Reserve Fund withdrawal	–	1,018	–	–	–
Sale of Irish Life plc	–	–	–	1,301	–
Sale of notes in Bank of Ireland	–	–	–	1,010	–
Sale of mobile phone licences	–	–	450	60	–
National Lottery licence receipts	–	–	–	–	405
Other capital receipts	138	116	150	113	131
Total receipts	35,621	38,667	41,088	44,064	49,771
Issues					
Issues for voted expenditure	46,434	45,711	44,950	43,072	42,224
Service of national debt	3,619	4,736	5,823	7,459	7,579
Contribution to EU budget	1,352	1,350	1,393	1,726	1,685
Oireachtas Commission	103	130	105	101	101
Share capital acquired in banks	725	2,300	1,300	–	–
Bank recapitalisation payments	–	5,268	–	–	–
Payments under Credit Institutions (Financial Support) Act 2008	–	–	–	1,035	75
Promissory notes repayment	–	3,085	25	25	25
Capital contribution to Irish Water	–	–	–	–	407
Transfer of Local Property Tax receipts to Local Government Fund	–	–	–	–	484
European Stability Mechanism capital contribution	–	–	510	510	255
Securities Market Programme related payment	–	–	–	–	31
Credit Union Fund	–	–	250	–	–
Loans/advances ^b	1,428	1,199	1,485	1,444	4,929
Other payments	105	406	139	195	165
Total issues	53,766	64,185	55,980	55,567	57,960
Deficit for the year	18,145	25,518	14,892	11,503	8,189

Source: Finance Accounts 2010 to 2014

Notes: a Transactions of the Exchequer Account and the Capital Services Redemption Account are consolidated. The latter account is maintained by the National Treasury Management Agency for servicing national debt and transactions of a normal banking nature.

b See Annex A for further detail.

Central Fund Receipts

- 1.4** Receipts into the Central Fund in 2014 totalled €49.8 billion. This represented an increase of €5.7 billion (13%) relative to 2013 receipts.
- 1.5** The year-on-year increase in receipts is distorted by a large increase in the level of repayment of Exchequer loans and advances. This is related to the use of the Central Fund to provide temporary funding for the Social Insurance Fund (SIF). Advances made to the SIF amounted to just over €4 billion in 2014 compared with €285 million in 2013. When these repayments are excluded from both years, the increase in receipts year-on-year is around €2 billion (4.5%).¹

Current Revenues

- 1.6** Tax and other current revenues amounted to €44.2 billion, an increase of €3.8 billion (9.3%) year-on-year.
- 1.7** Total tax revenue in 2014 was €3.5 billion higher than in 2013. The two largest increases were in respect of income tax receipts (€1.4 billion) and VAT receipts (€817 million).
- 1.8** Current non-tax revenues of the Central Fund in 2014 amounted to €3 billion. Significant components were
- €520 million paid to the Exchequer from the Local Government Fund, as provided for under the Local Government Reform Act 2014.²
 - €1.2 billion in Central Bank surplus income arising in 2013 and paid into the Central Fund in 2014. The higher than usual level of receipts was due to additional bank income associated with banking stabilisation measures.³
 - €475 million (€264 million in 2013) in dividends from State shareholdings in a range of bodies. The most significant were paid by the ESB (€269 million) and Ervia (€171 million).⁴
 - €200 million in interest received on contingent capital notes held in banks.
 - €179 million from credit institutions in respect of fees under the Eligible Liabilities Guarantee scheme. This was down from €576 million in 2013, following closure of the scheme to new liabilities during 2013.

¹ See Chapter 15 for further details of advances to the Social Insurance Fund between 2012 and 2014.

² The Local Government Reform Act 2014 provided for the transfer of up to €600 million from the Local Government Fund to the Exchequer, on the request of the Minister for Finance, on or before 31 December 2014.

³ Chapter 3 provides detail on the proportion of Central Bank's income attributable to banking stabilisation measures.

⁴ Ervia was formerly known as Bord Gáis Éireann.

Capital Receipts

- 1.9** Capital receipts in 2014 amounted to €5.5 billion – €1.9 billion greater than 2013.
- 1.10** Excluding repayments of loans (including advances to the SIF), capital receipts in 2014 amounted to €536 million. This was €1.95 billion less than receipts in 2013 (€2.5 billion). The 2013 receipts included €2.3 billion from the disposals of Irish Life and of an investment in Bank of Ireland. Significant capital receipts in 2014 were
- €405 million in respect of a 20 year National Lottery licence
 - €115 million from the European Regional Development Fund (ERDF) – an increase of 42% (€34.2 million) as a result of a final payment from the EU Commission in respect of the closure of some ERDF 2000 – 2006 Operational Programmes.

Central Fund Issues

- 1.11** Issues from the Central Fund in 2014 amounted to €58 billion, which represents an increase of about €2.4 billion, or 4%, on the 2013 level. When advances to the Social Insurance Fund are excluded, the issues in 2014 amounted to €54 billion, 2.4% lower than in 2013. Significant components were
- Issues from the Fund for voted services were down by 2% when compared with 2013.
 - Payments related to servicing of borrowing undertaken by the NTMA were around €7.6 billion in 2014, 2% higher than 2013.
 - Capital funding of €407 million was paid to Irish Water.¹
 - €75 million was paid from the Central Fund under the Credit Institutions (Financial Support) Act 2008, arising from the winding up of the Irish Bank Resolution Corporation. €1,035 million had been paid in 2013 in relation to its winding up.

Local Property Tax Transfer

- 1.12** Local Property Tax (LPT) is collected by the Revenue Commissioners and remitted to the Exchequer as part of tax revenue receipts. Beginning in 2014, the Minister for Finance is required to pay an amount equivalent to the LPT, including any interest paid by taxpayers during the year, from the Central Fund to the Local Government Fund. Of the €491 million LPT receipts in 2014, €484 million was paid to the Local Government Fund in 2014 and the balance was paid in January 2015.

European Stability Mechanism

- 1.13** The European Stability Mechanism (ESM) has approved 'paid-in' capital of €80.2 billion, of which Ireland is required to contribute a share amounting to €1.274 billion.² Following payment of €255 million in April 2014, Ireland had contributed all of its share at that date.³
- 1.14** The Central Bank holds Greek government bonds as part of its Securities Market Programme. Under the Central Bank Act 2014, Ireland is to pay an amount equivalent to the income earned by the Central Bank on this portfolio to an account established by the ESM. The funds will be paid to Greece as financial assistance. The amounts paid will not exceed €126 million cumulatively and will be paid annually between 2014 and 2026. The first payment of €31 million was made in 2014.⁴

¹ See Chapter 11 for further details regarding capital contributions to Irish Water.

² Total 'paid-in' capital increased by €0.3 billion with effect from 1 January 2015, following the accession of Lithuania to the ESM on 1 January 2015.

³ The ESM capital structure has two levels. Paid-in capital is the term applied to an initial block to be contributed by ESM members. A further €622 billion in committed callable capital may be called in from ESM members in the future.

⁴ The Department of Finance has noted that, following the expiry of the Greek financial assistance programme on 30 June 2015, the euro area member states suspended the 2015 transfer of income from Securities Market Programme portfolios to the account established by the ESM.

Exchequer Assets and Liabilities

- 1.15** The finance accounts do not include a balance sheet, notwithstanding the substantial levels of Exchequer financial assets and liabilities that exist. Exchequer borrowing is considered in Chapter 2, Government Debt.

Cash and Financial Assets

- 1.16** The 2014 deficit of €8.2 billion and net debt repayments in the year of €653 million were met through funds held at the start of the year. As a result, balances in the Exchequer account at the Central Bank and other Exchequer financial assets fell by just over 37% in 2014 (see Figure 1.3).
- 1.17** At the end of 2014, the balance on the Central Bank Exchequer account was €4.1 billion, a reduction of €300 million on the balance at the end of 2013. Over the same period, the balance of Exchequer deposits in commercial banks (including collateralised deposits and tri-party repurchase agreements) fell by 50%, from just over €11 billion to €5.5 billion.¹

Figure 1.3 Movements in Exchequer cash and financial asset balances, 2010 to 2014

Movements in Exchequer cash

	2010	2011	2012	2013	2014
	€m	€m	€m	€m	€m
Balance at 1 January	21,816	16,164	17,692	23,850	23,601
Movement in year					
Net Exchequer borrowing/ (repayment) in year ^a	12,493	27,046	21,050	11,254	(653)
Exchequer (deficit)	(18,145)	(25,518)	(14,892)	(11,503)	(8,189)
Balance at 31 December	16,164	17,692	23,850	23,601	14,759

Total cash and financial assets

	2010	2011	2012	2013	2014
	€m	€m	€m	€m	€m
Central Bank Exchequer account	11,399	13,099	15,280	4,432	4,089
Capital Services Redemption Account ^b	600	–	–	–	–
Bank deposits ^c	580	30	3,020	11,068	5,540
Non-Irish treasury bills	–	–	1,045	3,041	1,474
Loans to Housing Finance Agency	3,585	3,848	3,982	3,704	3,145
Collateral funding	–	715	523	1,356	511
Balance at 31 December	16,164	17,692	23,850	23,601	14,759

Source: Finance Accounts 2010 to 2014

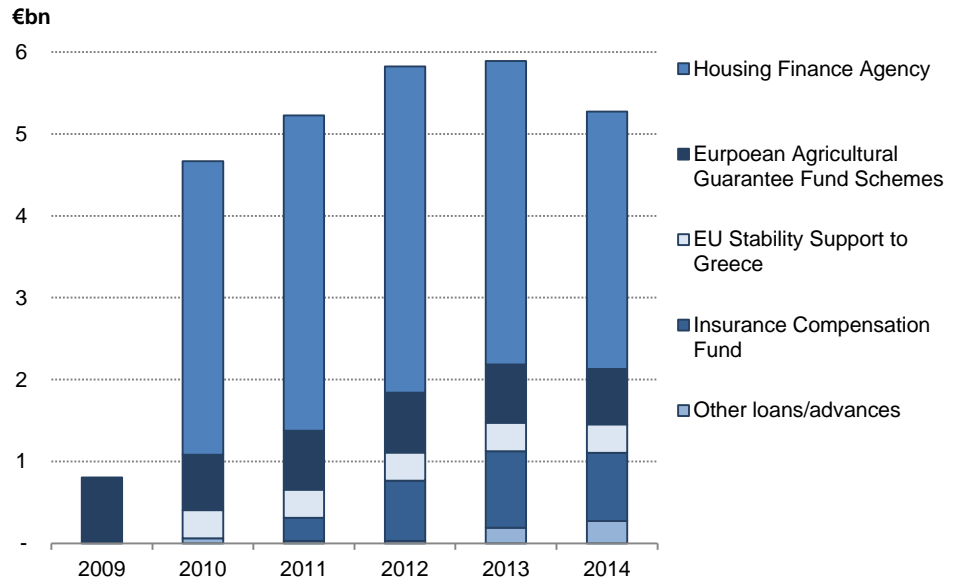
- Notes:
- a 2012 and 2013 exclude government bond issues of €3.5 billion, to meet the cost of the promissory note payment of €3.06 billion to Irish Bank Resolution Corporation, and floating rate bonds of just over €25 billion issued to replace Irish Bank Resolution Corporation promissory notes.
 - b The balance in the account at year end was less than €500,000 in each year, except 2010.
 - c Includes collateralised deposits and tri-party repurchase agreements.

¹ See Chapter 2 on Government Debt for further details regarding tri-party repurchase agreements.

Exchequer Loans and Advances

1.18 Loans and advances provided from the Central Fund, and outstanding at the end of 2014, comprised lending of €3.1 billion to the Housing Finance Agency and other loans totalling €2.13 billion. The outstanding balances for the major categories of loans and advances at year end are shown in Figure 1.4.

Figure 1.4 End-year balances on Central Fund loans and advances, 2009 to 2014



Source: Finance Accounts 2009 to 2014

Annex A Loans and advances, 2011 to 2014

	2011 €m	2012 €m	2013 €m	2014 €m
Housing Finance Agency				
Opening balance	3,585	3,848	3,982	3,704
Net movement in the year	263	134	(278)	(559)
Closing balance	3,848	3,982	3,704	3,145
European Agricultural Guarantee Fund				
Opening balance	673	720	730	715
Repayments	(673)	(720)	(730)	(715)
Loans issued	720	730	715	677
Closing balance	720	730	715	677
Social Insurance Fund				
Opening balance	110	55	–	15
Repayments	(254)	(355)	(285)	(4,015)
Advances	199	300	300	4,000
Closing balance	55	–	15	–
Insurance Compensation Fund				
Opening balance	–	280	735	933
Repayments	–	–	–	(100)
Loans issued	280	455	198	–
Closing balance	280	735	933	833
EU Stability Support to Greece				
Opening balance	346	346	346	346
Repayments	–	–	–	–
Loans issued	–	–	–	–
Closing balance	346	346	346	346
Irish Water				
Opening balance	–	–	–	–
Repayments	–	–	–	–
Loans issued	–	–	–	54
Closing balance	–	–	–	54
Other ^a				
Opening balance	49	19 ^b	17	165
Repayments	(59)	(2)	(83)	(157)
Loans issued	–	–	231	198
Closing balance	(10)	17	165	206

Source: Finance Accounts 2011 to 2014

Notes: a Other comprises loans/advances repaid and issued in relation to NAMA, the Risk Equalisation Fund, the Local Loans Fund and salary advances to/from the PMG supply account.

b The opening balance relating to the Local Loans Fund was restated for 2012 due to the dissolution of Ulysses Plc, a securitisation vehicle in relation to local loans.

Social Insurance Fund

Funds are advanced on a monthly basis to the Social Insurance Fund and subsequently repaid to the Central Fund. In 2014, loan repayments amounted to €4.015 billion. The repayments were in respect of borrowings of €4 billion in 2014 and an outstanding balance of €15 million relating to a 2013 loan. At end-2014, there was a nil balance outstanding.

PMG Supply Account

Due to the unavailability of bank clearing systems on Thursday 1 January 2015, provision was made under Section 3 of the Appropriation Act 2013 for advances to be made from the Central Fund to the Paymaster General supply account in order to fund commercial bank accounts in respect of salaries to be paid from voted monies on Thursday 2 January 2015. Advances of just over €198 million made in December 2014 were repaid to the Central Fund in January 2015.

Insurance Compensation Fund

€933 million had been advanced to the Insurance Compensation Fund by end-2013. €100 million was repaid to the Central Fund in 2014, following a determination by the Minister for Finance that the Insurance Compensation Fund was in a position to repay this amount, leaving a balance outstanding at that date of €833 million.