END-MARCH 2010 EXCHEQUER RETURNS

The following statement was issued today (Friday 2nd April 2010) by the Minister for Finance, Mr. Brian Lenihan, T.D.

At end-March 2010, an **Exchequer deficit of €3,942 million** was recorded. This compares to an Exchequer deficit of €3,721 million for the first 3 months of last year. While tax revenue, at €7,236 million was €266 million or 3½ per cent behind profile, total net voted expenditure at €10,739 million was €225 million or 2 per cent less than profiled, thus leaving the overall Exchequer balance generally in line with expectations.

Commenting on the returns the Minister for Finance, Mr. Brian Lenihan, T.D. said:

"The Exchequer deficit at end-March 2010, at €3.9 billion, is generally in line with expectations for this point of the year.

At end-March, €7¼ billion in tax receipts has been collected, some 3½ per cent behind profile for the period and 15 per cent below what was collected in the first quarter of 2009. However, a substantial year-on-year decline had been anticipated in the early stages of 2010 and for the year as a whole, the Budget day forecast of €31 billion, which represents a 6 per cent year-on-year decline, is still a valid target. The widely held view is that the economy will return to growth in the second half of the year and this should improve tax performance.

Overall net voted expenditure at €10.7 billion is down €1 billion year-on-year reflecting the ongoing tight control of public expenditure. Net voted expenditure was some €225 million less than planned; however, this is largely due to timing issues. Departments are expected to adhere to the allocations for 2010 as set out in the Revised Estimates Volume 2010, published on 18 February last.

Tax and expenditure performance to date are broadly in line with my Budget plan. My Department continues to analyse the emerging trends and at this stage of the year I have no reason to change my outlook.

In overall terms it is clear that the budgetary policy decisions taken by the Government in recent months are having the intended impact on the public finances and will aid in the restoration of much needed confidence in Ireland. In terms of international confidence, this is most clearly seen in the cost that Ireland has to pay to borrow – the premium, or spread, over Germany which Ireland pays on its bonds is now about half the rate it was this time last year."

End-March Exchequer Returns – Notes for Editors

- The Exchequer deficit was €3,942 million at end-March 2010 compared to €3,721 million at end-March 2009. This is broadly in line with expectations.

- Tax receipts collected in the first three months are some €1.27 billion less than the same period last year and are 3½ per cent down on profile to end-March. Net voted expenditure is some €1.1 billion lower than last year.

Tax Revenue

- In relation to tax revenue performance, €7,236 million in tax receipts was collected by the end of March. Performance to end-March is €266 million weaker than planned, however, while trends will continue to be analysed, it is too soon to draw any firm conclusions from the first 3 months tax data. In year-on-year terms, taxes to end-March are down 15 per cent.

- A significant year-on-year decline in tax receipts was expected in the initial months of 2010. This decline is expected to moderate as the year progresses with overall tax revenues forecast to end the year 6 per cent down on 2009. The revenue target for 2010 is just over €31 billion.

Net Voted Expenditure

- Total net voted expenditure at end-March 2010 was €10,739 million, representing a decline of €1 billion or 9.2 per cent year-on-year. The Revised Estimates Volume, published on 18 February, projected an overall reduction in total net voted spending in 2010 of 1.9 per cent.

- Net voted current expenditure has been reduced from €10,336 million in the first quarter of 2009, to €9,717 million in the same period in 2010, a €619 million decrease. Net voted current expenditure is down €115 million or 1.2 per cent on profile.

- Net voted capital expenditure has also seen a decline from €1,487 million at end-March 2009 to €1,022 million at end-March 2010, a €465 million decrease. Net voted capital expenditure is down €110 million or 9.7 per cent on profile.

- The decline against profile for both net voted current and capital expenditure is largely due to timing issues. The significant year-on-year reductions are mainly due to both the expenditure policy changes implemented over the past 12 months and also, to a smaller extent, to timing issues.