

**Pre-Supplementary Budget Aggregates
including the adjustments to Voted Expenditure since Budget 2009**

Set out below are the current working projections for key economic and budgetary aggregates in 2009 based on existing Government policy and emerging trends. After the Minister for Finance has delivered his Supplementary Budget to Dáil Éireann on 7 April the detailed post budgetary economic and fiscal forecasts will be published on the Department of Finance's website (www.finance.gov.ie).

Table 1: Pre-Supplementary Budget Economic and Fiscal Summary Forecasts for 2009

	Addendum to Stability Programme Update January 2009	Pre-Budget Estimate April 2009
GDP (volume)	-4.5%	-6¾%
GNP (volume)	-4.0%	-6.9%
Inflation: CPI	-1.0%	-4%
HICP	+0.5%	-1½%
Net Capital Voted Expenditure	€7¾ billion	€7.4 billion
Net Current Voted Expenditure	€42½ billion	€42 billion
Tax Revenue	€37 billion	€34 billion
Exchequer Balance	€18 billion	€23 billion
General Government Balance (as % of GDP)	-9½%	-12¾%

Adjustments to Voted Expenditure

Overview

Since *Budget 2009* estimated Total Voted expenditure for 2009 has increased by just over €1.3 billion in Gross terms, and has fallen by €675 million in Net terms. The main driver of changes to expenditure has been the cost associated with rising unemployment. Since *Budget 2009* in October, Live Register related costs are estimated to have increased gross expenditure by just under €2 billion. This is offset by the gross savings of €785 million (including capital) agreed by Government. However, this does not allow for bulk of the pension related deduction, which impacts on net expenditure. The Net impact of the savings agreed by Government on February 3, together with other estimating adjustments, is €1,746 million. Accordingly, Net Voted expenditure is €675 million lower than was published in the October Budget. Further details are set out below.

Budget 2009 position

Gross Total Voted expenditure as published in *Budget 2009* in October 2008 was forecast to be €64 billion, of which €55.8 billion was current expenditure and €8.2 billion was capital. This represented a 1.8% increase above the estimate of the 2008 outturn at that time; however, the 2008 outturn has since been revised downward and, using the updated provisional outturn data for 2008, would now represent an increase of 2.6% in Gross Total Voted expenditure (4.3% increase on Gross Current voted expenditure).

Net Total Voted expenditure as published in *Budget 2009* was forecast to be €50 billion, of which €42.3 billion was current expenditure and €7.8 billion was capital.

Addendum to the Stability Programme Update

New expenditure projections were prepared in the context of the Addendum to the Stability Programme Update published in January to reflect changing labour market conditions and higher unemployment related expenditures. This led to additional expenditure pressures of €575 million on both the Department of Social & Family Affairs and the Social Insurance Fund. An additional amount of €150 million was also allocated to the Department of Agriculture, Fisheries and Food for the costs associated with the Pig Meat Crisis in December 2008.

Pre-Supplementary Budget Position

The savings agreed by Government on February 3, together with other minor estimating adjustments, lead to further savings in 2009 of €437 million in Gross Voted Current expenditure and €300 million in Capital. In Net terms, which reflects the savings from the pension-related levy, the Current reduction is €1.45 billion.

These reductions are offset by additional expenditure pressures of €1,387 million arising from the further deterioration in the labour market. Receipts from the Health Levy are also been forecast to fall by €160 million in this context. Taken together, these factors lead to a pre-Supplementary Budget figure for Gross Voted Total expenditure of €65.4 million (a 4.8% year-on-year increase), or €49.4 million in Net terms (a 0.2% increase). This corresponding increases for Gross Current and Net Current expenditure are 7.5% and 2.7% respectively.

The pre-Supplementary Budget figures are set out in detail in the attached tables.