### *Non-Tax Revenue*

Non-tax related income streams have become more significant in recent years, reflecting in part the State's heavy involvement in the banking sector (See Box B). Specifically, General Government revenues relating to activities undertaken to support financial institutions in Ireland have increased from €0.8 billion in 2008 to an estimated €2.6 billion in 2011.[31] These sources of income need to be closely monitored. For the first eight months of 2012, Exchequer non-tax revenues amounted to €2.4 billion. This represented a year-on-year increase of close to 50 per cent, partly as a result of timing factors[32] and interest on contingent capital notes, which were received for the first time in July 2012. Given their increased importance, a detailed breakdown of the components of non-tax revenues and explanations behind their evolution are warranted in both *Budget* and *SPU* publications.

**Box B: Banking Related Revenues in the Exchequer Data**

Significant income streams arise from the State's involvement in the banking sector. Some of these income streams are included as part of non-tax related income, which has increased as a share of total Exchequer revenue from 1.3 per cent in 2007 to 7.5 per cent in 2011.

Half-year figures for non-tax revenues are split into broad banking and non-banking categories in Figure B1. Within the banking category, the major item is Central Bank Surplus Income. In June 2012, the Central Bank of Ireland (CBI) transferred just under €1 billion to the Exchequer arising from profits made in 2011. The CBI received net interest income of €1.6 billion in 2011 (inflows of €3.7 billion and outflows of €2.1 billion). Of the inflows, €1.6 billion in interest was earned on the extension of exceptional liquidity assistance (ELA). There has also been significant income relating to the Credit Institutions Scheme in recent years. The latter generated €0.5 billion in the first half of 2012.[33]

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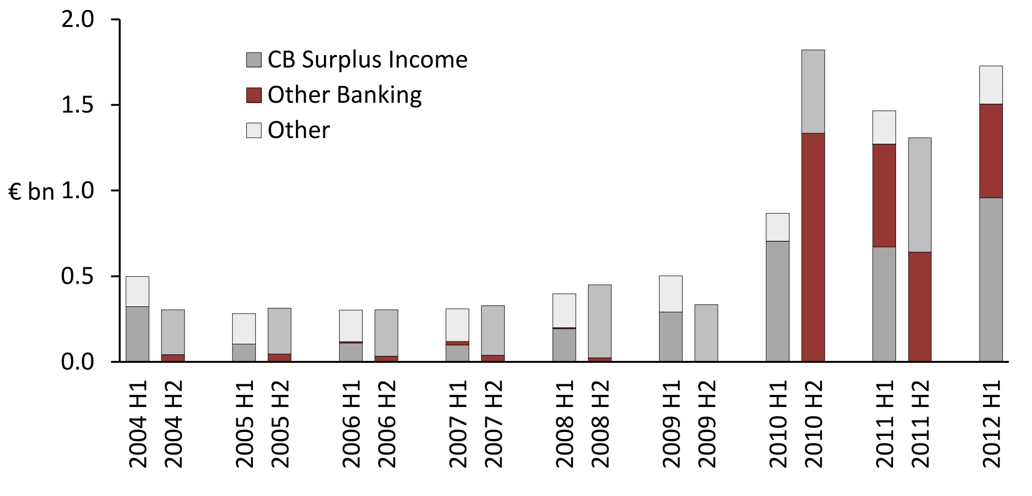
[31] See Eurostat Financial Summary Tables for Ireland.

[32] There were three bank guarantee payments in the year to August 2012 compared to two a year previously.

[33] The Credit Institutions (Eligible Liabilities Guarantee) Scheme was introduced by the Minister for Finance to maintain the stability of the financial system. Institutions covered under the scheme are required to pay a fee to participate in the scheme. More details are available from: http://www.ntma.ie/ELGScheme/CreditInstitutionsELGScheme.php

Figure B1: Half-Year Figures for Exchequer Non-Tax Revenue




*Source: Exchequer Returns.*
*Note: Other banking is defined here as income from the 'Credit Institutions Scheme' plus other smaller banking related receipts.*

### *Expenditure*

In terms of Exchequer expenditure, there are underlying pressures in the Health and Social Protection budgets. These two areas, combined with Education, account for just over 80 per cent of net voted expenditure.[34] Figure 3.2a shows the excess of current spending for Health and Social Protection relative to Government targets on a monthly basis. As of end-August the combined overrun, adjusted to reflect some technical factors, was estimated to be about €640 million, or 2.3 per cent of voted current spending. Over half of the overspend in Social Protection reflected weaker than expected PRSI receipts. The technical factors refer to adjustments to allow for a reclassification of PRSI receipts, which had the effect of increasing net voted spending by the Department of Social Protection. Furthermore, an earlier than expected receipt from the UK Department of Health reduced the overrun in the Health budget.

[34] Government expenditure is partly organised into "votes" which are approved by the Dáil each year, following the publication of the *Revised Estimates Volume* (*REV*). Total Government expenditure also includes non-voted items, such as interest payments on Government debt. A further distinction arises between gross and net expenditures. The former includes expenditure by the Social Insurance Fund, National Training Fund and also "appropriations-in-aid", which are receipts retained by Departments and Agencies, to use towards their overall spend, whereas net spending is the overall drawdown of money from the Exchequer. According to the REV, total voted expenditure in 2012 is projected to be approximately €44 billion, with gross spending of €56 billion.