6 Public Finances

Indicator 6.1	Trends in General Government Expenditure and Revenue, EU and ROI
Indicator 6.2	Government Revenue as % of GDP, EU and ROI, 2014
Indicator 6.3a	General Government Deficit as % of GDP, EU member states, 2014
Indicator 6.3b	Estimated General Government Structural Deficit as % of GDP, EU member states, 2014
Indicator 6.4	General Government Gross Debt as % of GDP, EU member states, 2014

Indicator 6.1 Trends in General Government Expenditure and Revenue, EU and ROI, 2003 to 2014

Indicator defined

Total General Government Expenditure and Revenue as a percentage of GDP

Data is the latest available as of 12 November 2015

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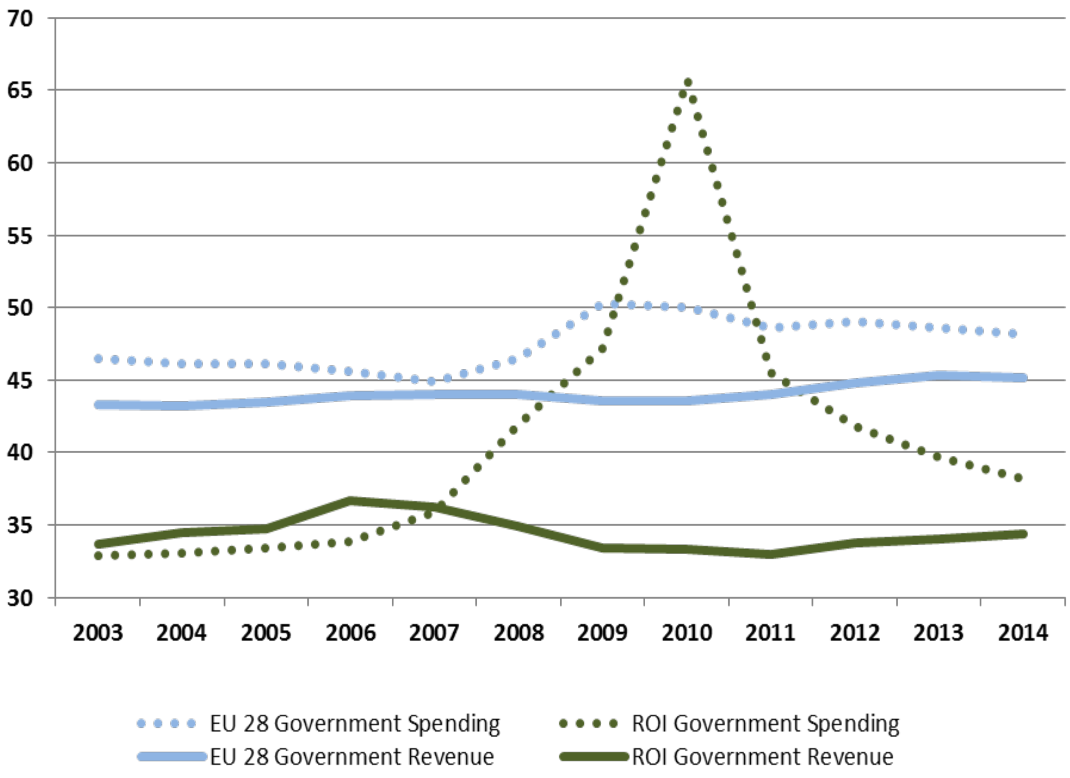
QEF Chart 6.1 General Government Expenditure and Revenue, % GDP, EU and Rep. Ireland, 2003 to 2014



Source: Eurostat Government Statistics (2015)

QEF Table 6.1 General Government Expenditure and Revenue, % GDP, EU and Rep. Ireland, 2003 to 2014

Year	EU 28 Expenditure	Rep. Ireland Expenditure	EU 28 Revenue	Rep. Ireland Revenue
2003	46.5	32.9	43.3	33.7
2004	46.1	33.1	43.2	34.5
2005	46.1	33.4	43.5	34.7
2006	45.6	33.9	43.9	36.7
2007	44.9	35.9	44.0	36.2
2008	46.5	41.9	44.0	34.9
2009	50.3	47.2	43.6	33.4
2010	50.0	65.7	43.6	33.3
2011	48.6	45.5	44.0	33.0
2012	49.0	41.8	44.8	33.8
2013	48.6	39.7	45.3	34.0
2014	48.2	38.2	45.2	34.4

Source: Eurostat Government Statistics (2015)

Interpretation

Public expenditure relating to bank recapitalisation is included in the figures for Government spending in the above table and chart for each of the three years 2009, 2010 and 2011.

The level of government revenue and the level of government spending in the Republic of Ireland are both substantially lower than the average for the EU 28 when measured as a percentage of GDP.

Technical Notes

Total General Government Revenue includes taxes and other receipts of public authorities

Source(s)

Eurostat online database available at: http://epp.eurostat.ec.europa.eu (t_gov_a)

Indicator 6.2 Government Revenue as % of GDP, EU member states, 2014

Indicator defined

Total General Government Revenue as % of GDP

Data is the latest available as of 12 November 2015

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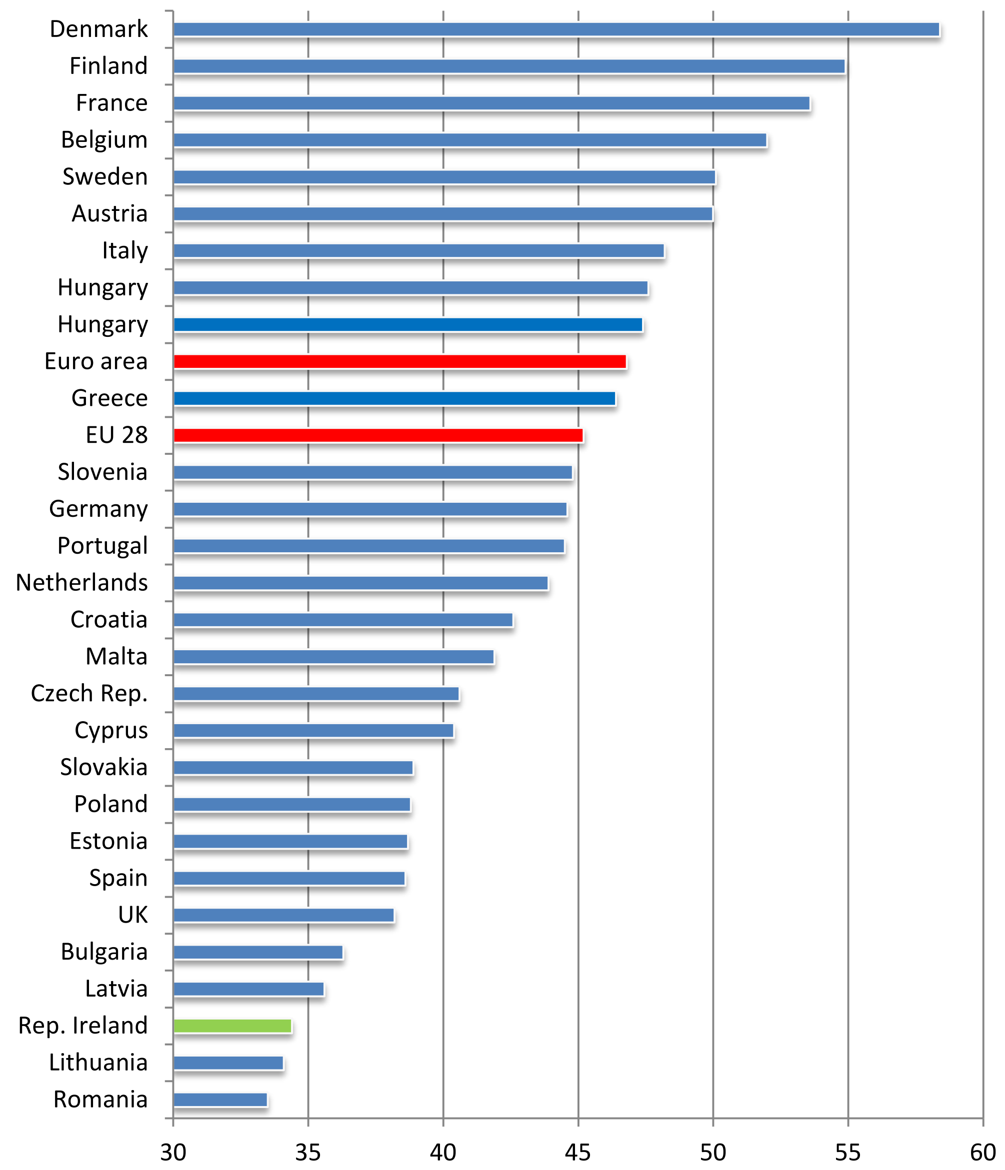
QEF Chart 6.2 General Government Revenue as % GDP, EU and Rep. Ireland, 2014



Source: Eurostat Government Statistics (2015)

QEF Table 6.2 Government Revenue as a % of GDP, 2014

Country	%	Country	%
Romania	33.5	Portugal	44.5
Lithuania	34.1	Germany	44.6
Rep. Ireland	**34.4**	Slovenia	44.8
Latvia	35.6	**EU 28**	**45.2**
Bulgaria	36.3	Greece	46.4
UK	38.2	**Euro area**	**46.8**
Spain	38.6	Hungary	47.4
Estonia	38.7	Hungary	47.6
Poland	38.8	Italy	48.2
Slovakia	38.9	Austria	50.0
Cyprus	40.4	Sweden	50.1
Czech Rep.	40.6	Belgium	52.0
Malta	41.9	France	53.6
Croatia	42.6	Finland	54.9
Netherlands	43.9	Denmark	58.4

Source: Eurostat Government Statistics (2015)

Interpretation

Measured as a percentage of GDP, the Republic of Ireland had the third lowest level of government revenue in the European Union in 2014. Irish government revenue in 2014 was 10.8 percentage points below the EU 28 average and 12.4 percentage points below the EU 15 average.

Gross National Income (GNI) can be used as an alternative to GDP when comparing countries. However, where using GNI it is necessary to deduct an estimate for corporate taxes on repatriated profits which appears as part of GDP but not GNI.

Technical Notes

Total General Government Revenue includes taxes and other receipts of public authorities

Source(s)

Eurostat online database available at: http://epp.eurostat.ec.europa.eu (t_gov_a)

Indicator 6.3a General Government Deficit as % of GDP, EU member states, 2014

Indicator defined

Total General Government Deficit as % of GDP

Data is the latest available as of 12 November 2015

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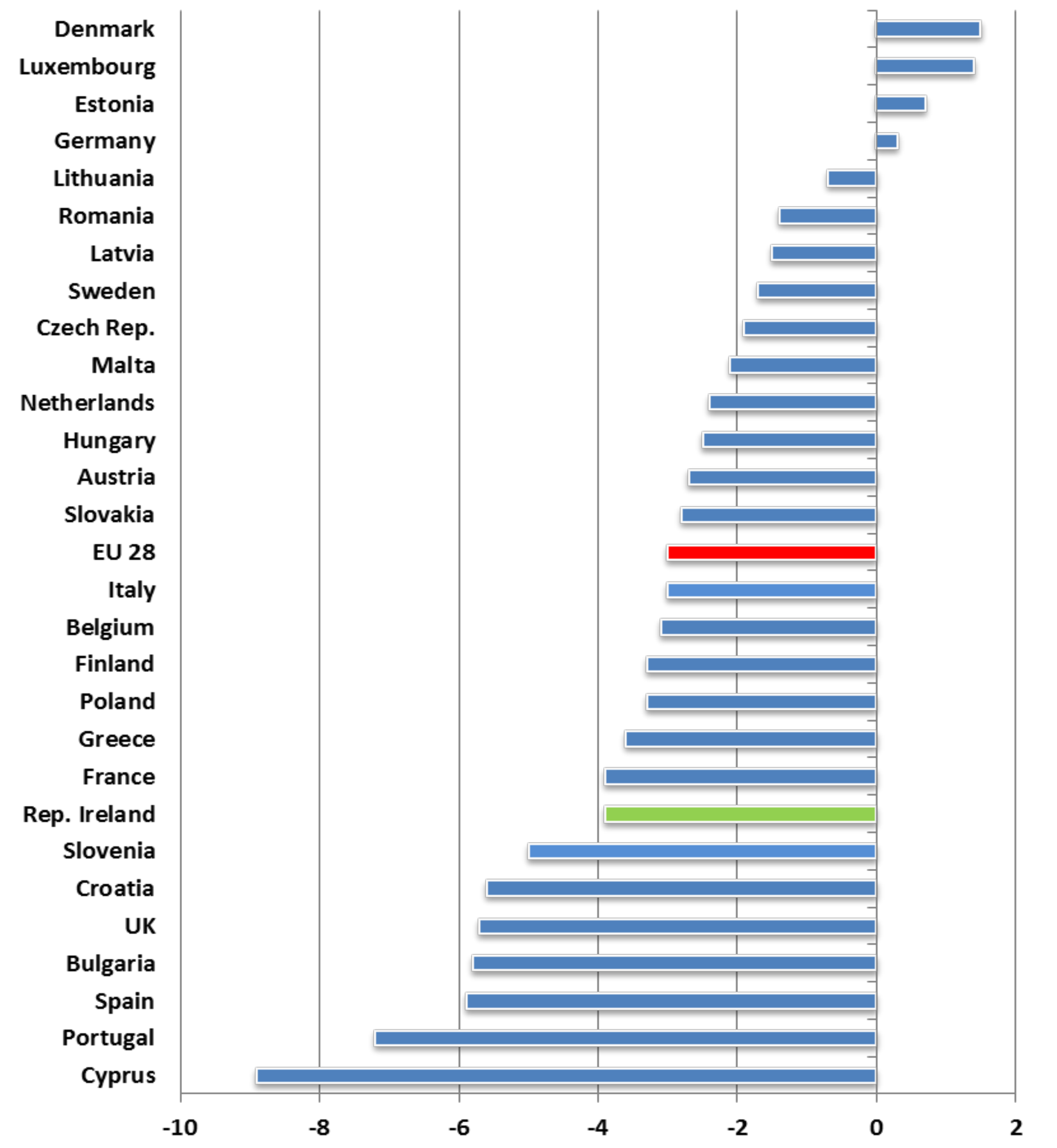
QEF Chart 6.3a General Government Deficit as a % of GDP, 2014



Source: Eurostat Government Statistics (2015)

QEF Table 6.3a General Government Deficit as % of GDP, 2014

Country	%	Country	%
Cyprus	-8.9	Slovakia	-2.8
Portugal	-7.2	Austria	-2.7
Spain	-5.9	Hungary	-2.5
Bulgaria	-5.8	Netherlands	-2.4
UK	-5.7	Malta	-2.1
Croatia	-5.6	Czech Rep.	-1.9
Slovenia	-5.0	Sweden	-1.7
Rep. Ireland	**-3.9**	Latvia	-1.5
France	-3.9	Romania	-1.4
Greece	-3.6	Lithuania	-0.7
Poland	-3.3	Germany	0.3
Finland	-3.3	Estonia	0.7
Belgium	-3.1	Luxembourg	1.4
Italy	-3.0	Denmark	1.5
EU 28	**-3.0**		

Source: Eurostat Government Statistics (2015)

Interpretation

The Maastricht rules require EU member states to have a government deficit of no more than 3% of GDP. The latest estimates of the General Government Balance (the headline deficit) for 2014 shows that 14 out of 28 member states were in excess of this figure. In the case of the Republic of Ireland, in 2014, the 'headline' government deficit is estimated to be 3.9%. This was the joint eighth highest rate in the EU.

Technical Notes

The General Government Deficit (or General Government Balance) is the difference between General Government Expenditure and General Government Revenue in any given year. An excess of expenditure over revenue is expressed as a percentage of GDP and is shown as a negative value.

Source(s)

Eurostat online database available at: http://epp.eurostat.ec.europa.eu (t_gov_dd)

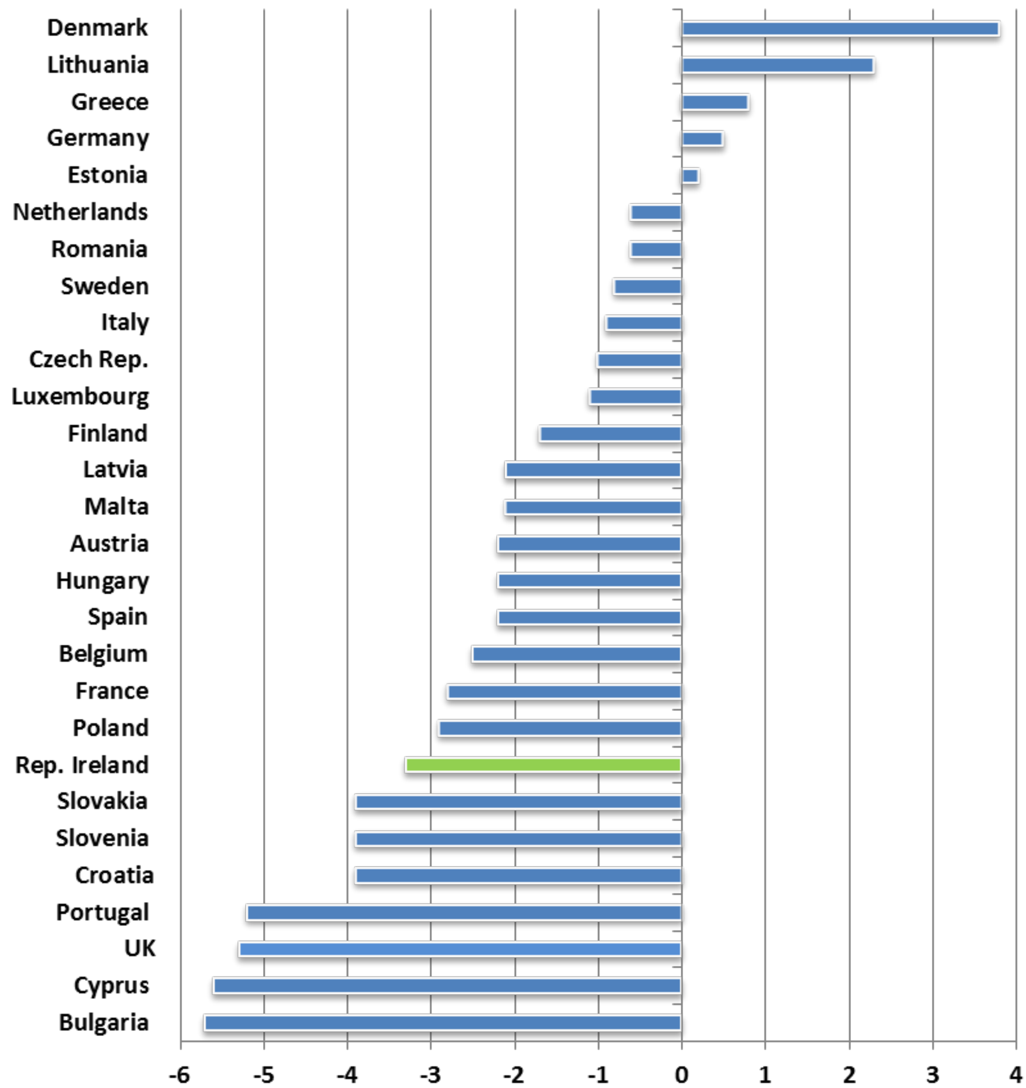
Indicator 6.3b Commission Estimated Structural Balances, % of potential GDP, EU member states, 2014

Indicator defined

Total General Government Structural Deficit as % of GDP

Data is the latest available as of 12 November 2015

QEF Chart 6.3b General Government Structural Deficit, % of GDP, 2014 (Commission Estimate)



Source: Eurostat Commission (2015)

QEF Table 6.3b Commission Estimated Structural Balances, % of potential GDP, 2014

Country	%	Country	%
Bulgaria	-5.7	Malta	-2.1
Cyprus	-5.6	Latvia	-2.1
UK	-5.3	Finland	-1.7
Portugal	-5.2	Luxembourg	-1.1
Croatia	-3.9	Czech Rep.	-1.0
Slovenia	-3.9	Italy	-0.9
Slovakia	-3.9	Sweden	-0.8
Rep. Ireland	**-3.3**	Romania	-0.6
Poland	-2.9	Netherlands	-0.6
France	-2.8	Estonia	0.2
Belgium	-2.5	Germany	0.5
Spain	-2.2	Greece	0.8
Hungary	-2.2	Lithuania	2.3
Austria	-2.2	Denmark	3.8

Source: Eurostat Government Statistics (2015)

Interpretation

One of the rules contained in the 2012 EU Fiscal Compact stipulates that a Government's 'structural deficit' should not exceed 0.5% of potential GDP for countries that have a debt-to- GDP ratio in excess of 60%.

Technical Notes

The structural balance cannot be observed directly. Calculation is based on the estimated gap between 'potential output' in the economy - where the economy is at its potential capacity - and the actual level of output. Potential output is estimated with reference to a number of factors such as the spare capacity in an economy, the level of technology in a country, the total stock of capital and the potential supply of labour. The measure of the potential supply of labour, and therefore the structural deficit, depends on what economists refer to as the 'Non-Accelerating Wage Rate of Unemployment' (NAWRU) – i.e. the level of unemployment for which wages do not accelerate. The difference between actual and potential GDP is referred to as the 'output gap'. The value of the output gap is negative when potential GDP exceeds actual GDP. Economists use the estimated output gap to derive a value for the cyclical component of the deficit with the residual component identified as 'structural'.

Source(s):

European Commission (2015) Cyclical Adjustment on Budget Balances – Autumn 2015: **http://ec.europa.eu/economy_finance/db_indicators/gen_gov_data/adjustment/index_en.htm**

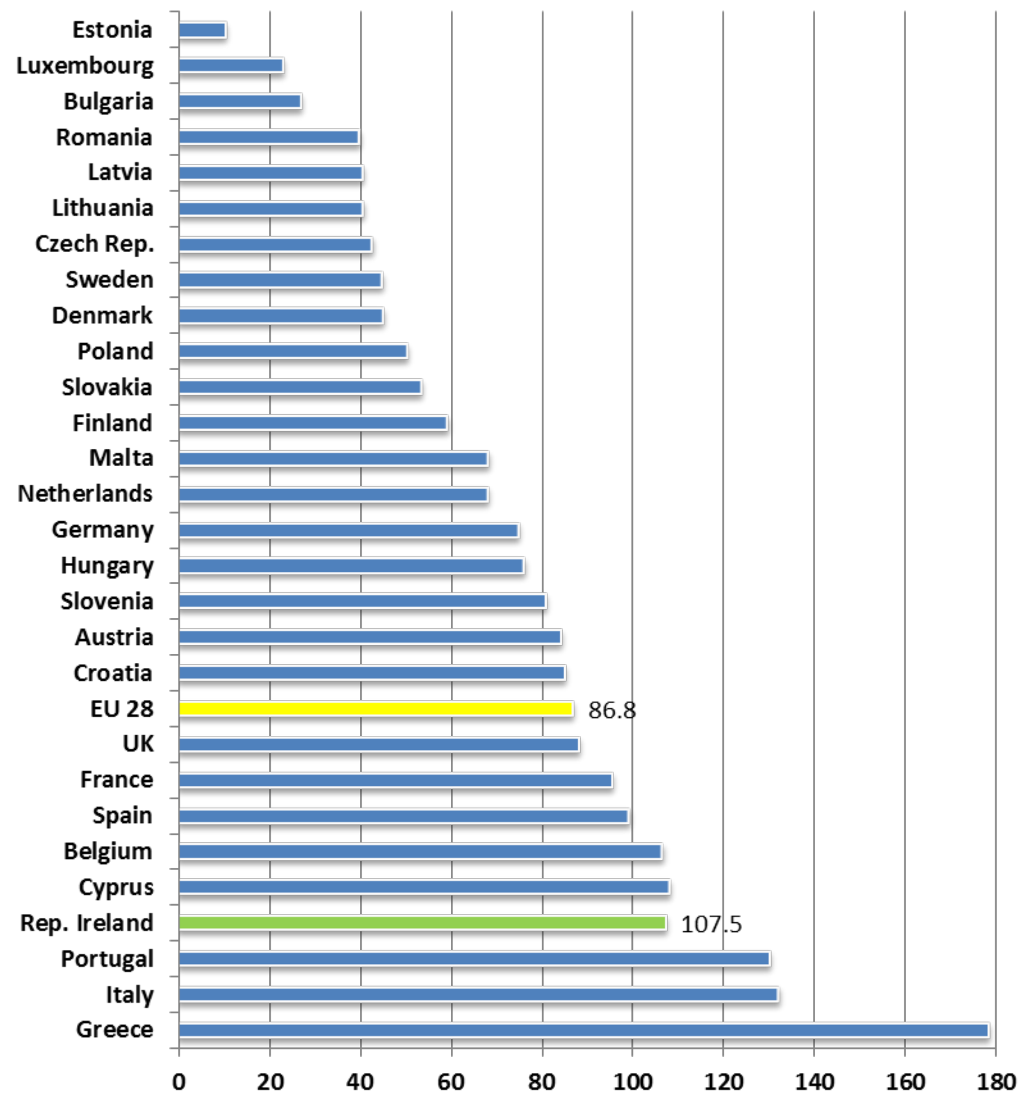
Indicator 6.4 General Government Gross Debt as % of GDP, EU member states, 2014

Indicator defined

Gross General Government Debt as % of GDP

Data is the latest available as of 12 November 2015

QEF Chart 6.4 Gross General Government Debt as a % of GDP, 2014



Source: Eurostat Government Statistics (2015)

QEF Table 6.4 General Government Gross Debt as % of GDP, 2014

Country	%	Country	%
Greece	178.6	Netherlands	68.2
Italy	132.3	Malta	68.3
Portugal	130.2	Finland	59.3
Rep. Ireland	**107.5**	Slovakia	53.5
Cyprus	108.2	Poland	50.4
Belgium	106.7	Denmark	45.1
Spain	99.3	Sweden	44.9
France	95.6	Czech Rep.	42.7
UK	88.2	Lithuania	40.7
EU 28	**86.8**	Latvia	40.6
Croatia	85.1	Romania	39.9
Austria	84.2	Bulgaria	27
Slovenia	80.8	Luxembourg	23
Hungary	76.2	Estonia	10.4
Germany	74.9		

Source: Eurostat Government Statistics (2015)

Interpretation

A rule contained in the 2012 EU Fiscal Compact stipulates that where the gross general government debt-to-GDP ratio exceeds 60% countries must reduce it by 1/20 of the excess per annum. In 2014, the Republic of Ireland at 107.5% of GDP was one of 16 EU member states above the 60% threshold.

Technical Notes

Gross General Government Debt is defined as the total consolidated gross debt at nominal value at the end of the year in the following categories of government liabilities (as defined in ESA2010): currency and deposits, debt securities and loans.

Source(s)

Eurostat online database available at: http://epp.eurostat.ec.europa.eu (t_gov_dd)