

The public finances

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Outline

- Current receipts
 - Short term forecast revised down
 - Medium term level unchanged
- Current spending
 - Short term forecast unchanged
 - Medium term slightly higher
- Golden rule
 - Treasury expects to be met
 - Small margin of error

New measures

£ million

	2004-05	2005-06	2006-07	2007-08
Tax	-195	225	470	650

New measures

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Spend	520	590	695	995

New measures

£ million

	2004-05	2005-06	2006-07	2007-08
Tax	-195	225	470	650
Spend	520	590	695	995
Extra borrowing	715	365	225	335

Non-discretionary changes

	2004- 05	2005- 06	2006- 07	2007- 08	2008- 09
Current receipts	-2	-2	-1	0	-1/2

Non-discretionary changes

	2004- 05	2005- 06	2006- 07	2007- 08	2008- 09
Current receipts	-2	-2	-1	0	- $\frac{1}{2}$
Current spend	-0.8	-1	-2	$\frac{1}{2}$	$\frac{1}{2}$

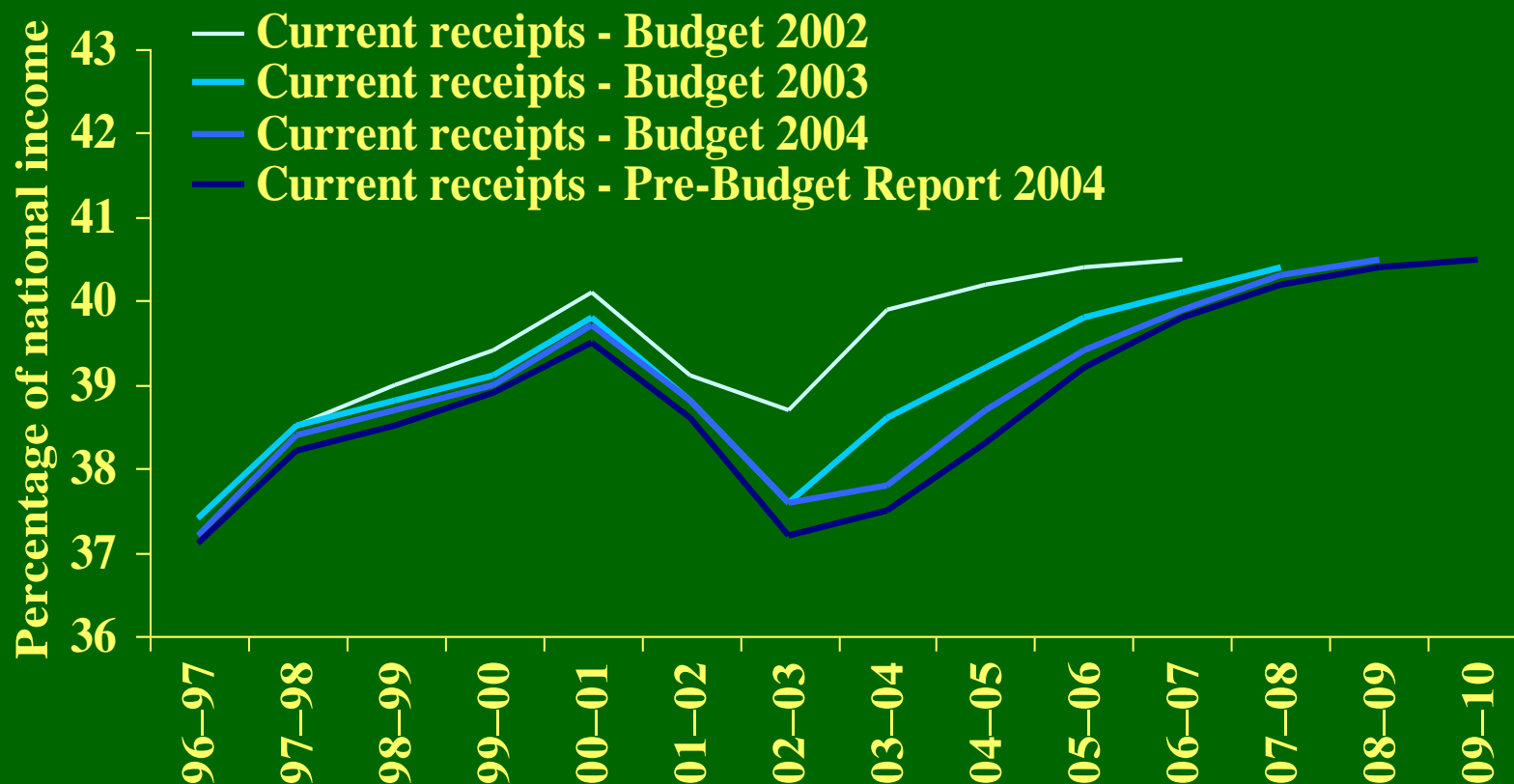
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Current receipts	-2	-2	-1	0	- $\frac{1}{2}$
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PSNI	-0.7	1 $\frac{1}{2}$	2	$\frac{1}{2}$	0

Non-discretionary changes

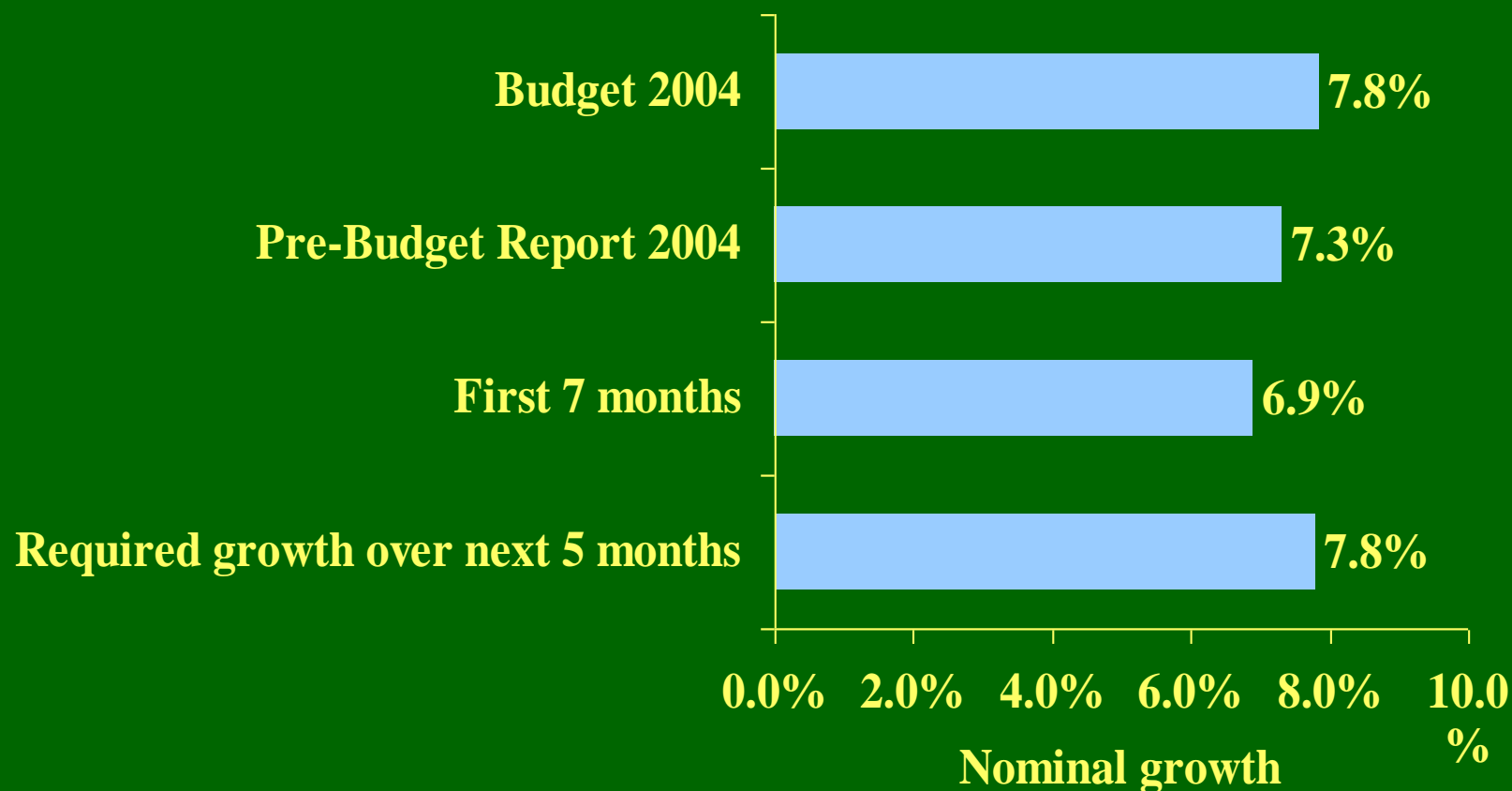
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PSNI	-0.7	1 $\frac{1}{2}$	2	$\frac{1}{2}$	0
TME	-1.5	$\frac{1}{2}$	0	1	$\frac{1}{2}$

Revenue projections

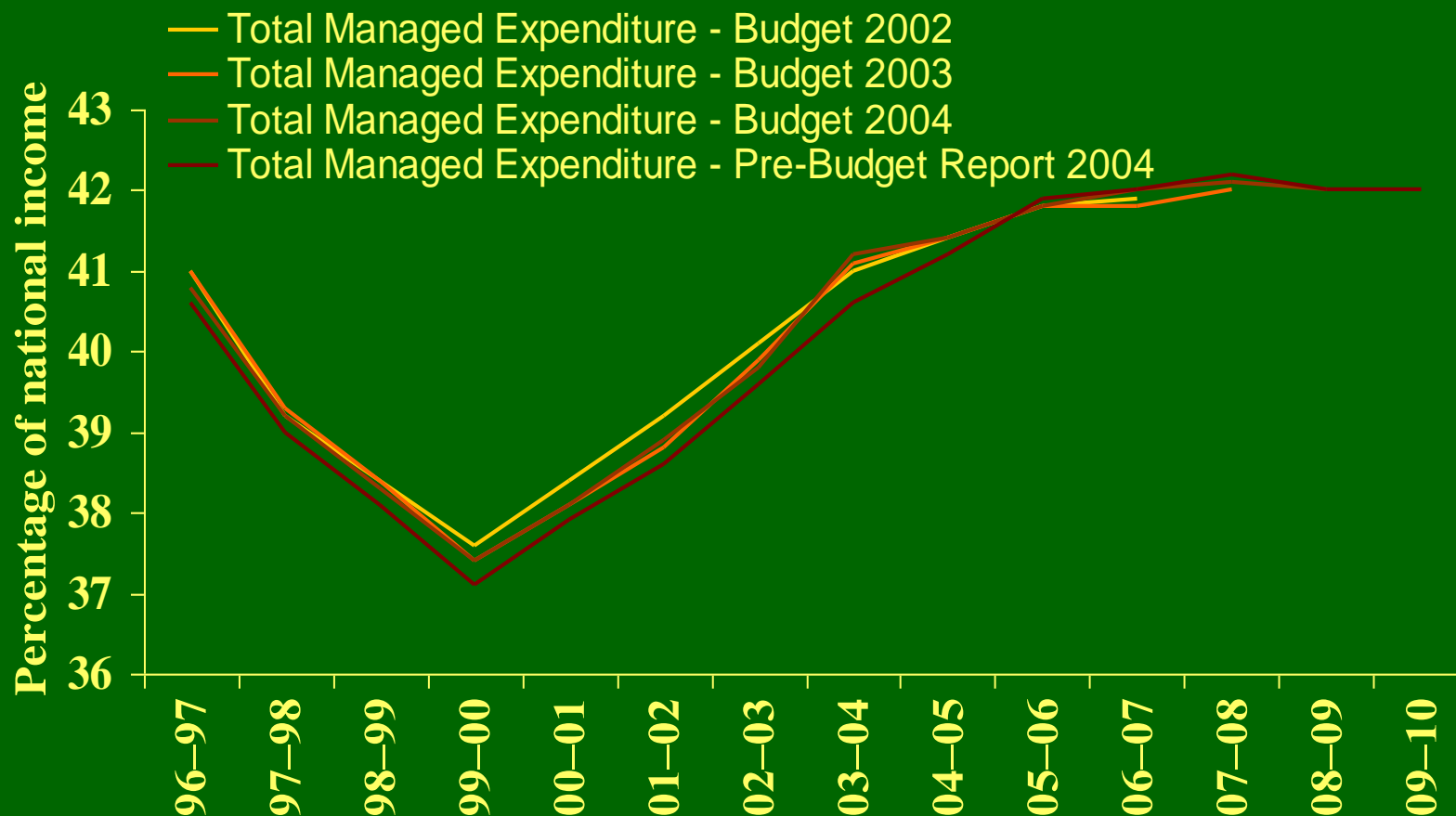


Receipts bouncing back?

Growth in net taxes and social security contributions in 2004–05

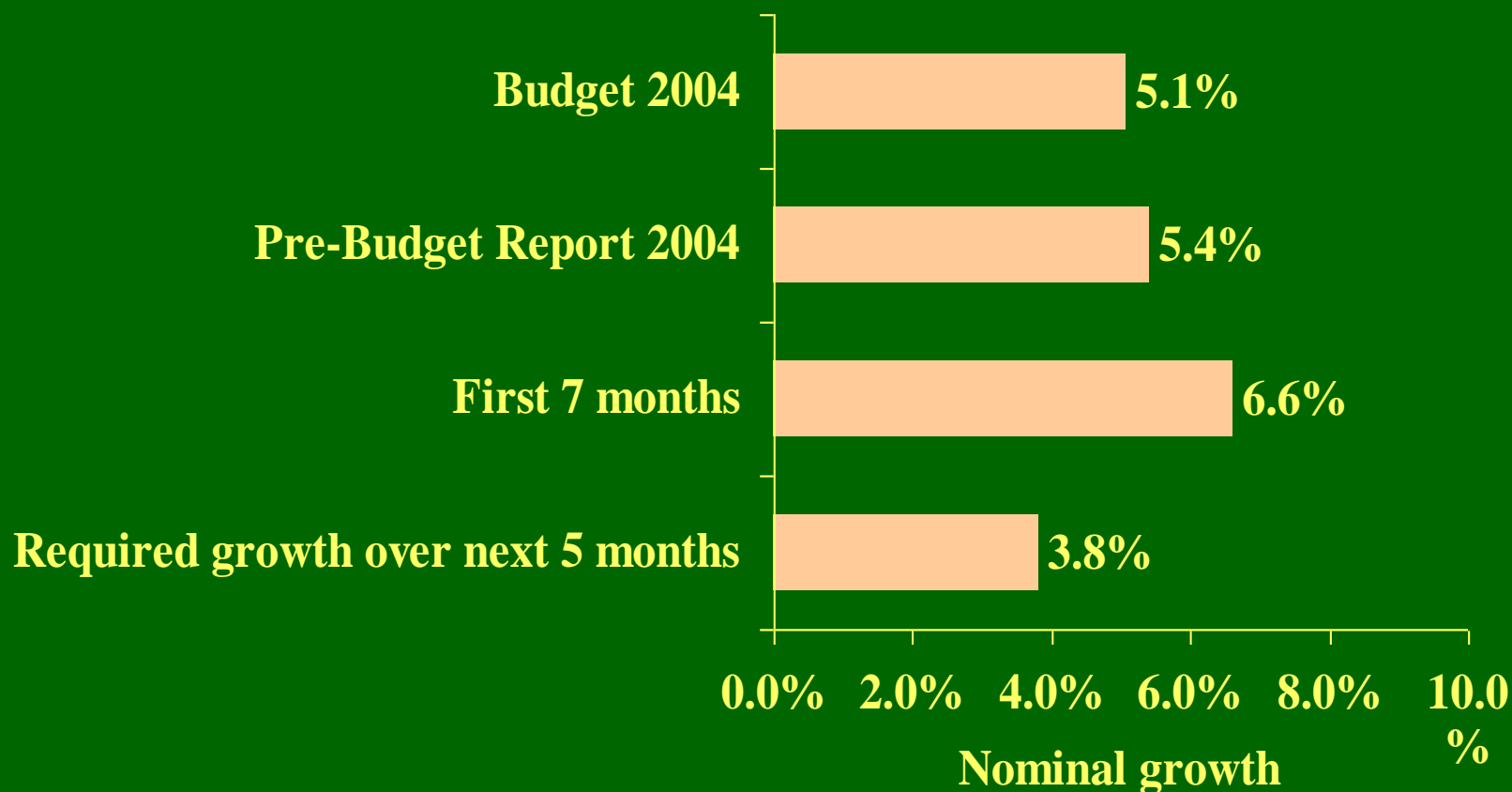


Spending projections



Current spending growth slowing?

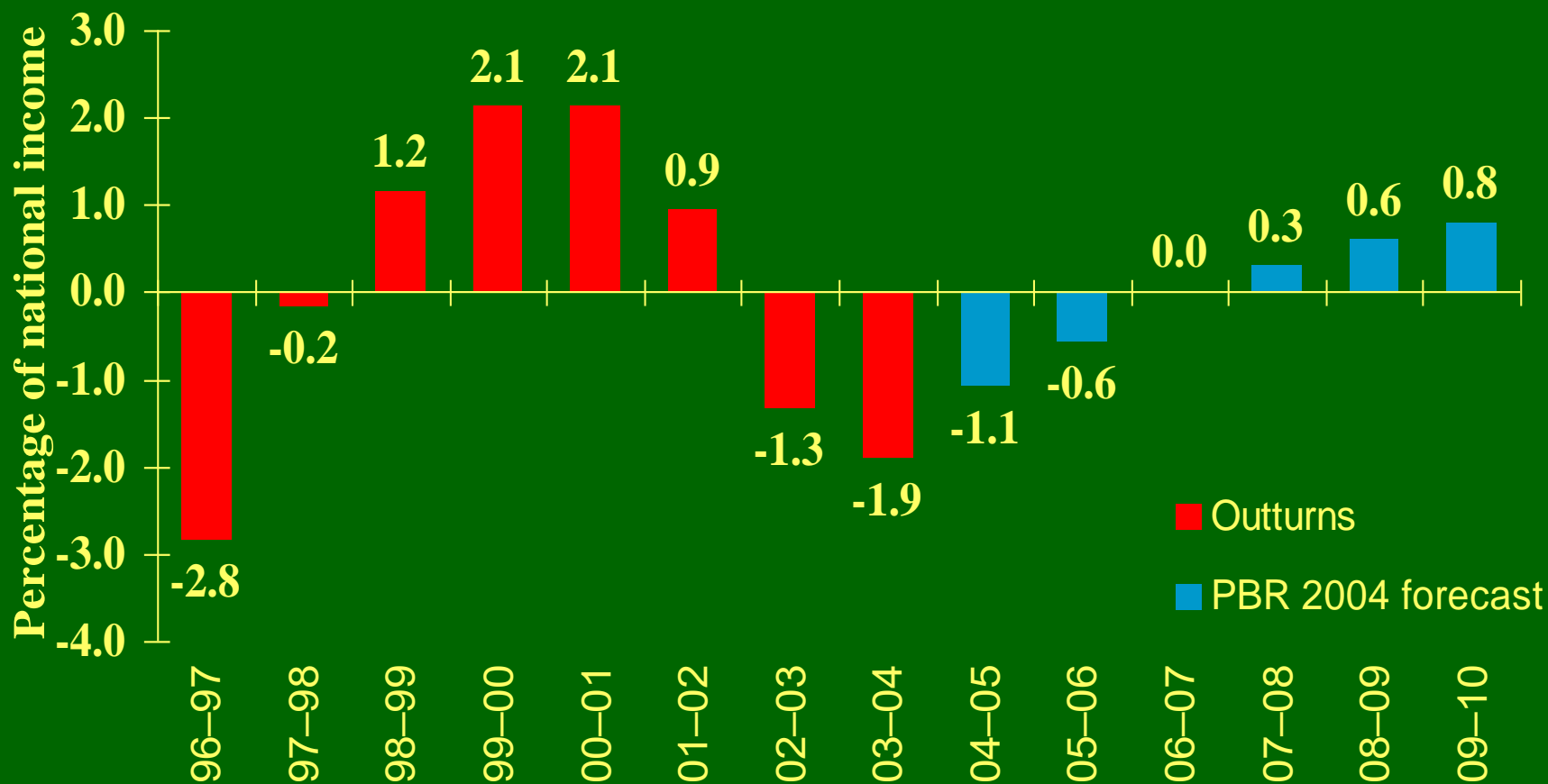
Growth in central government current spending, (including depreciation) in 2004–05



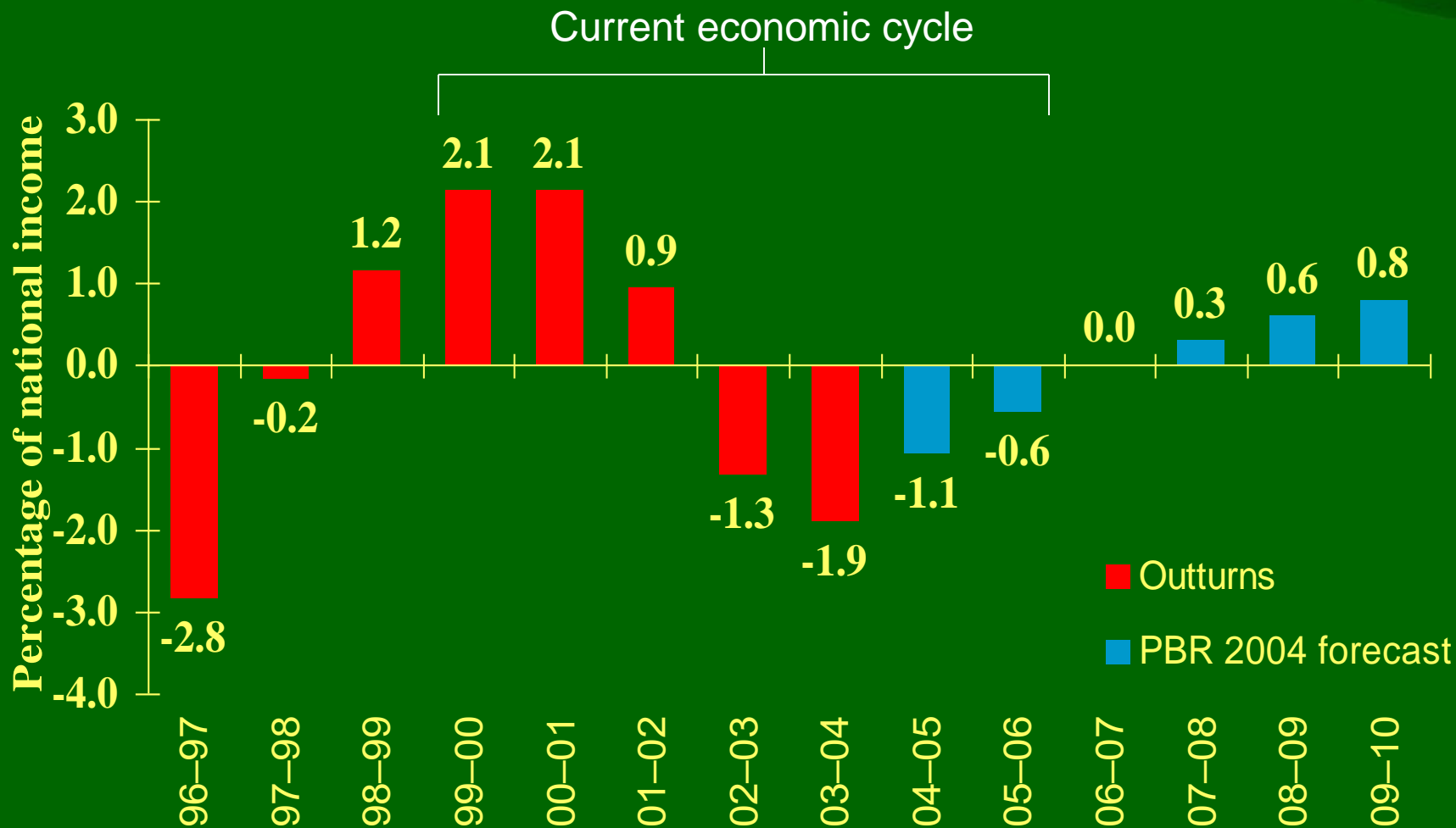
The Chancellor's fiscal rules

- Golden rule: only borrow to invest
 - Receipts cover current spending
 - Surplus or balance on current budget
 - Judged over the economic cycle
- Sustainable investment rule: debt at a 'stable and prudent' level, <40% of national income

Current budget surpluses

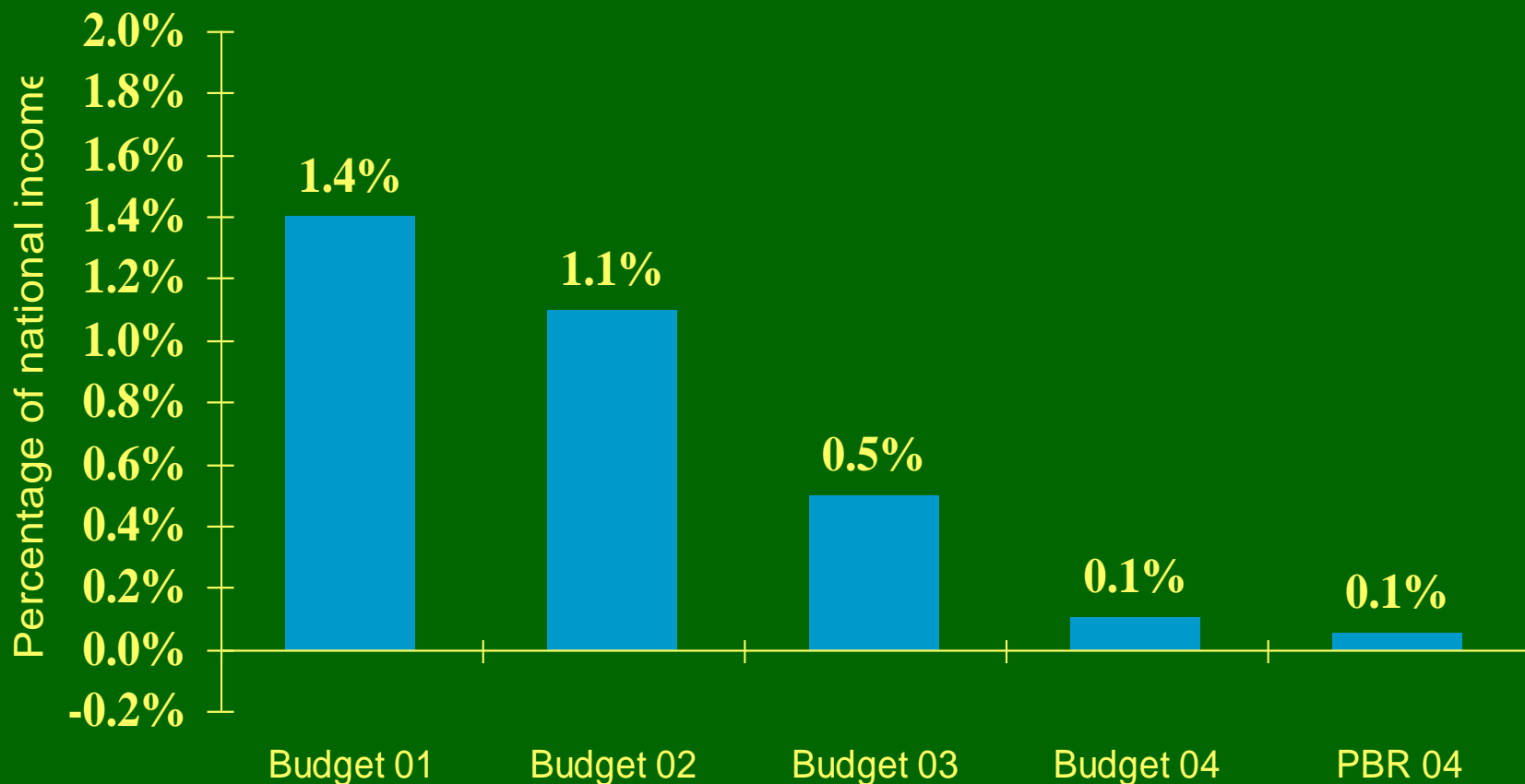


Current budget surpluses



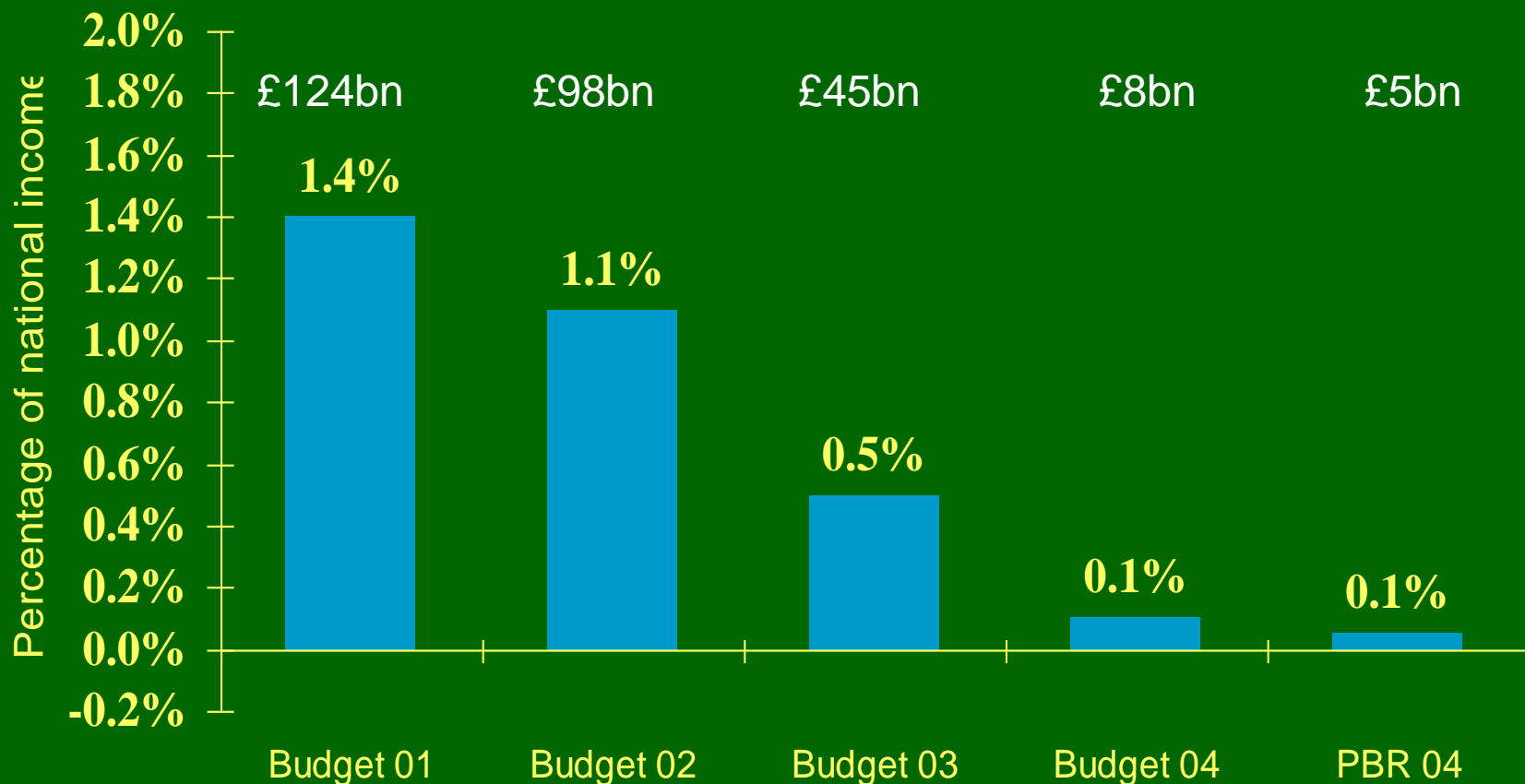
Meeting the golden rule? (1)

Average current budget surplus 1999–2000 to 2005–06, as a share of national income



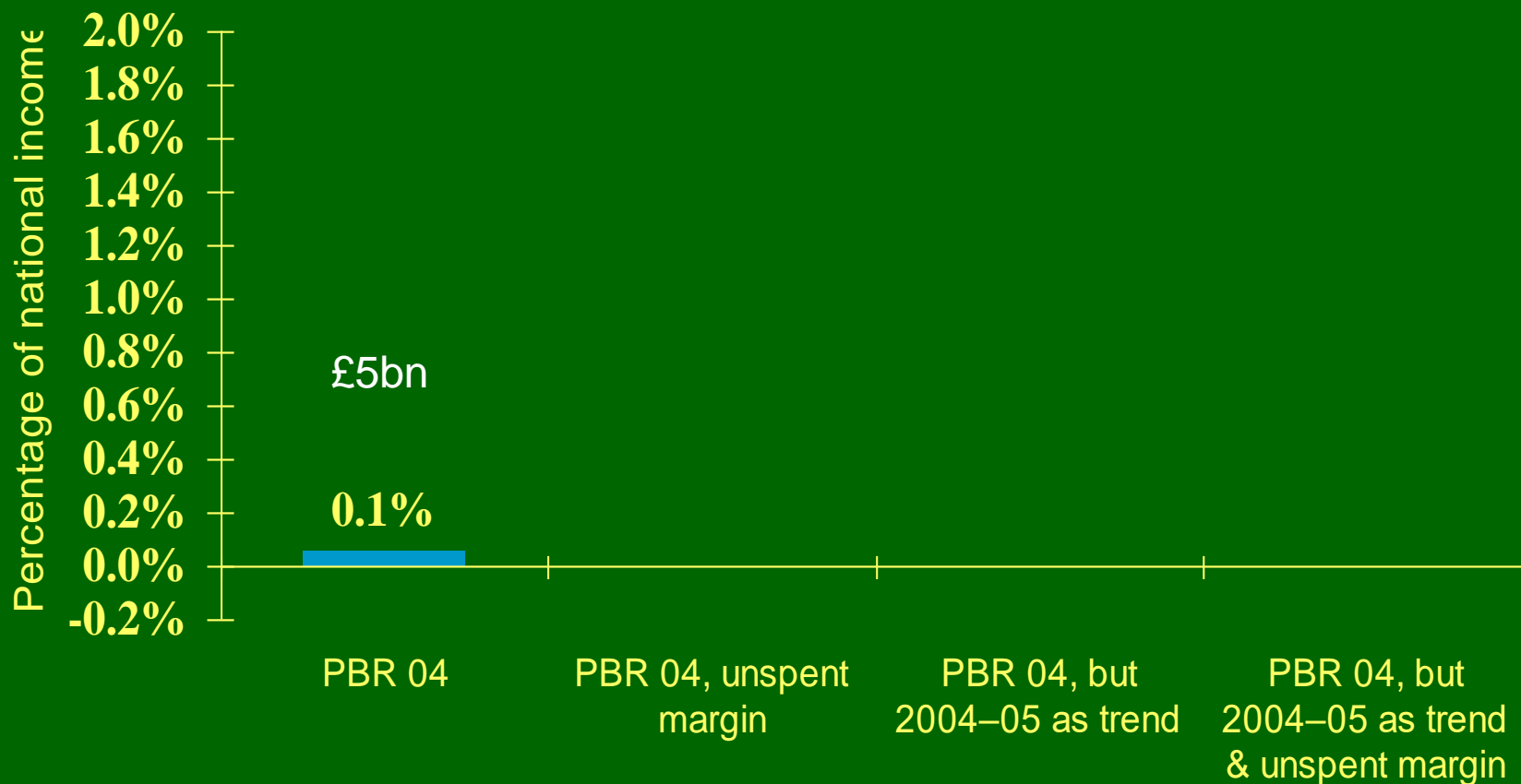
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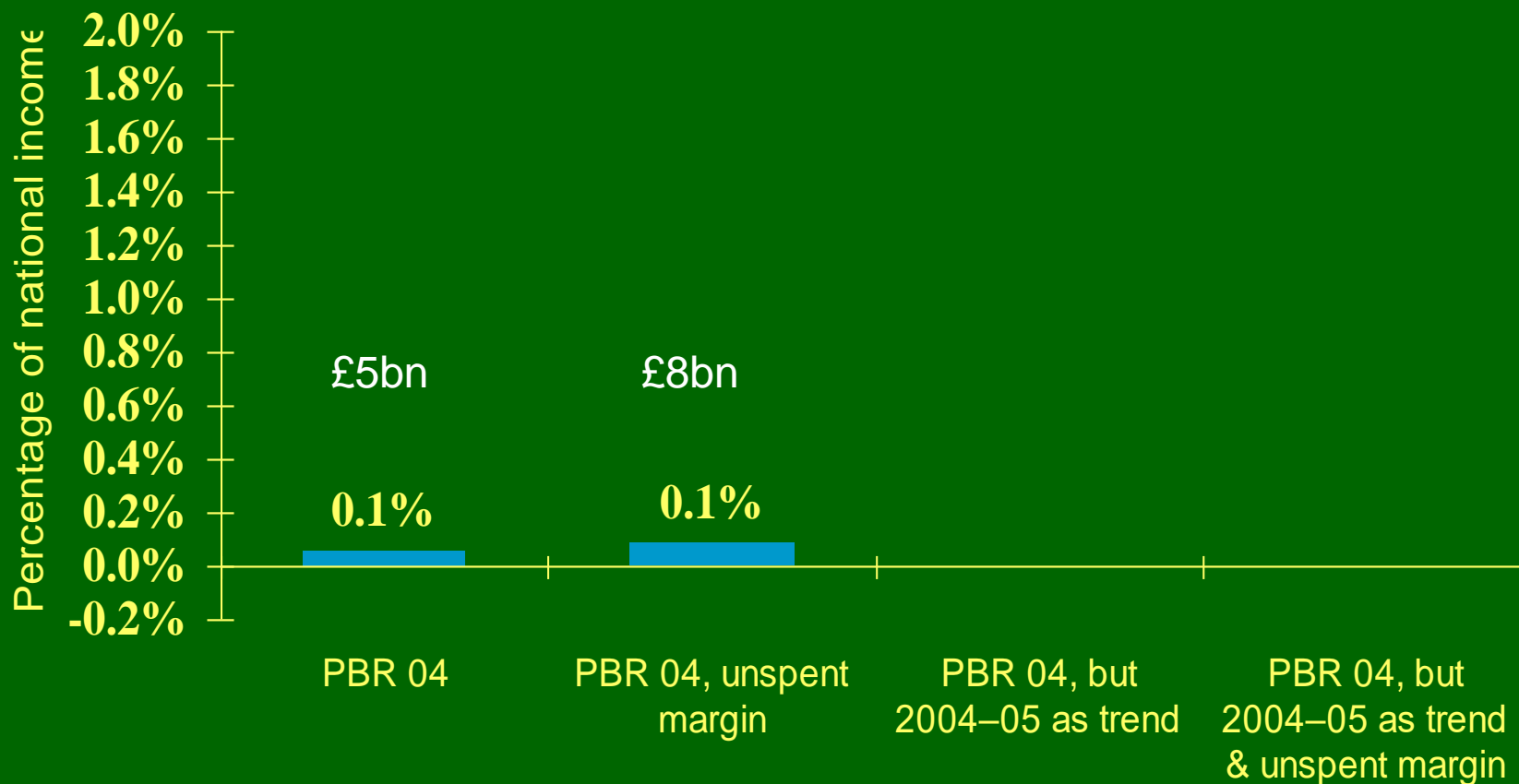
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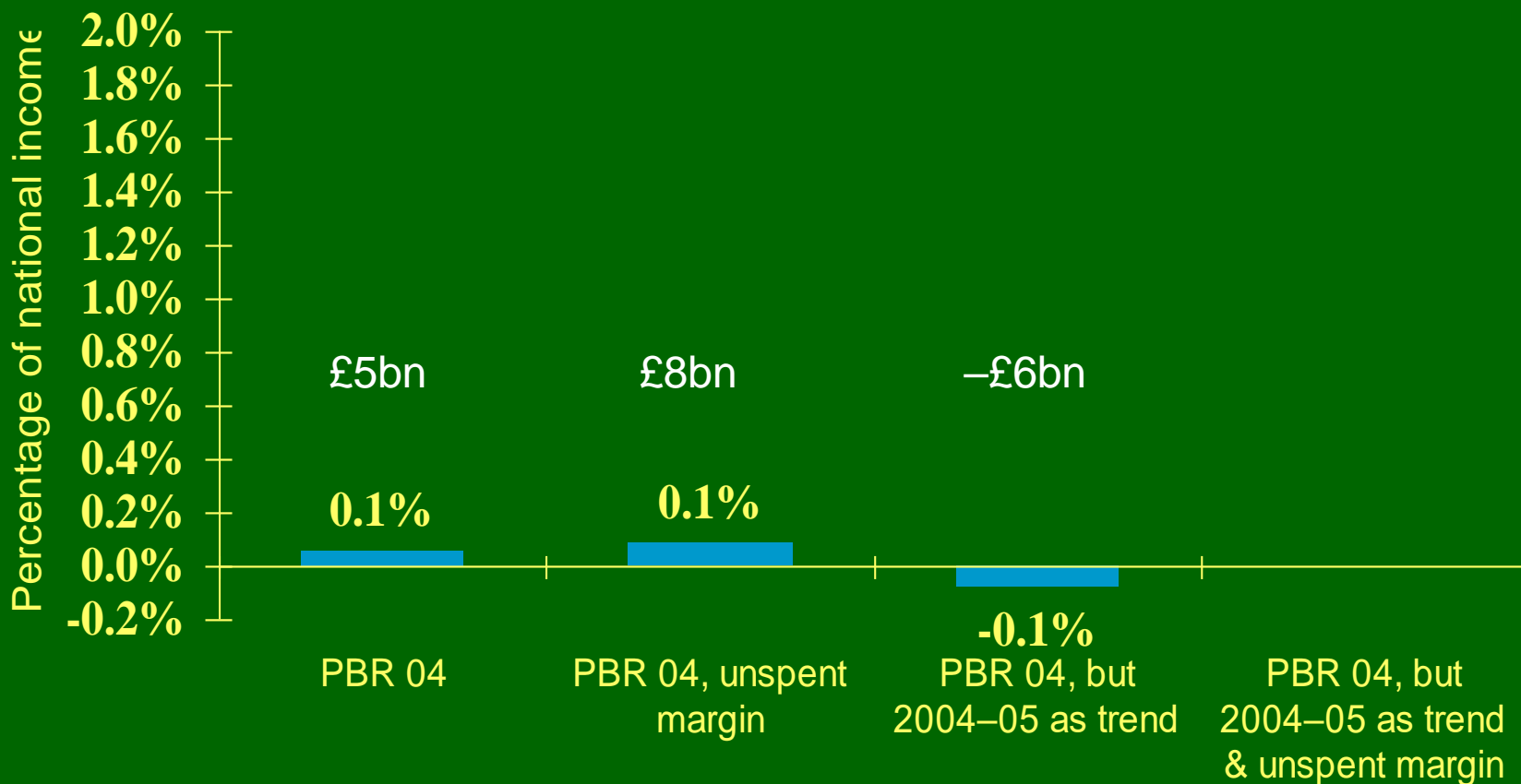
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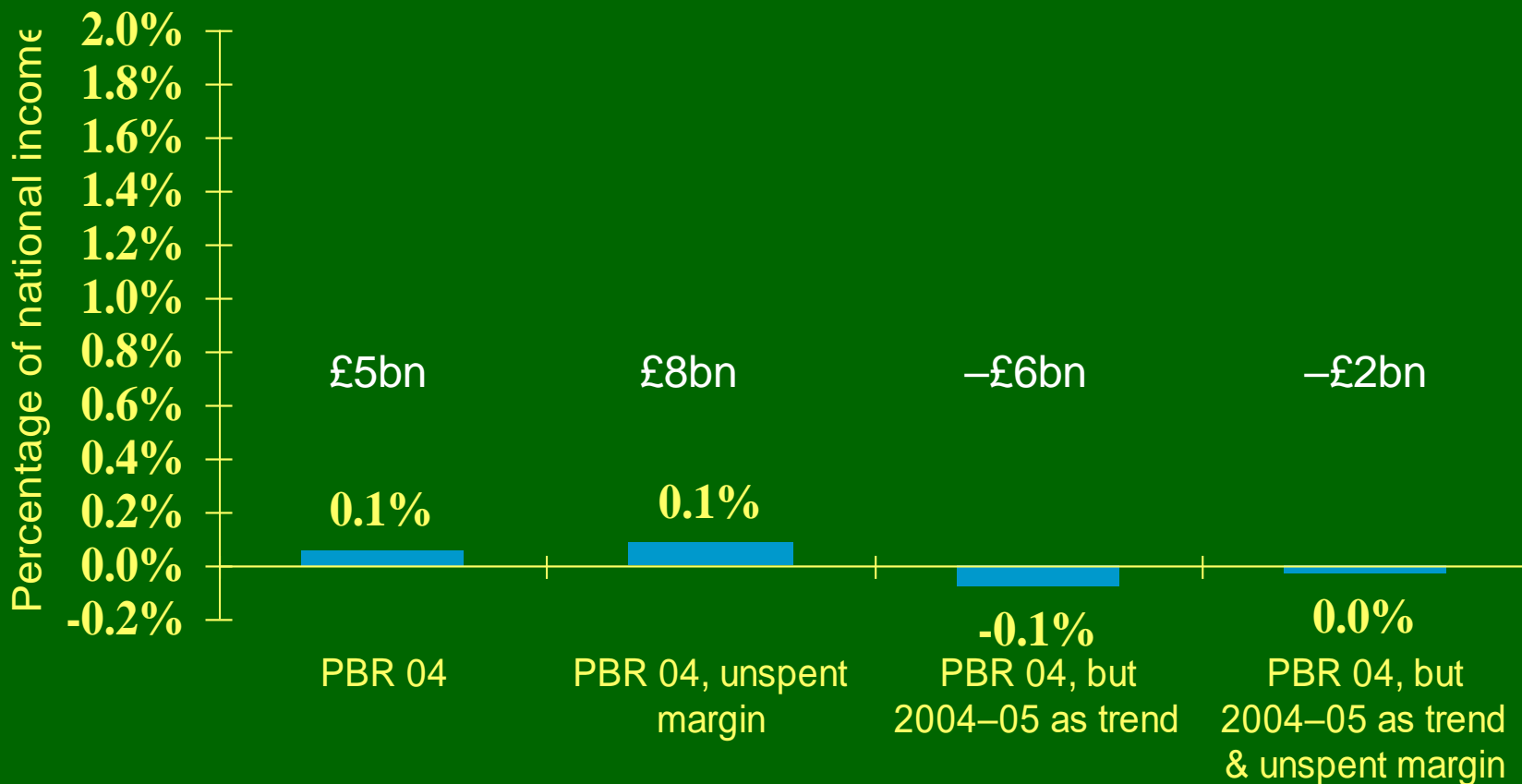
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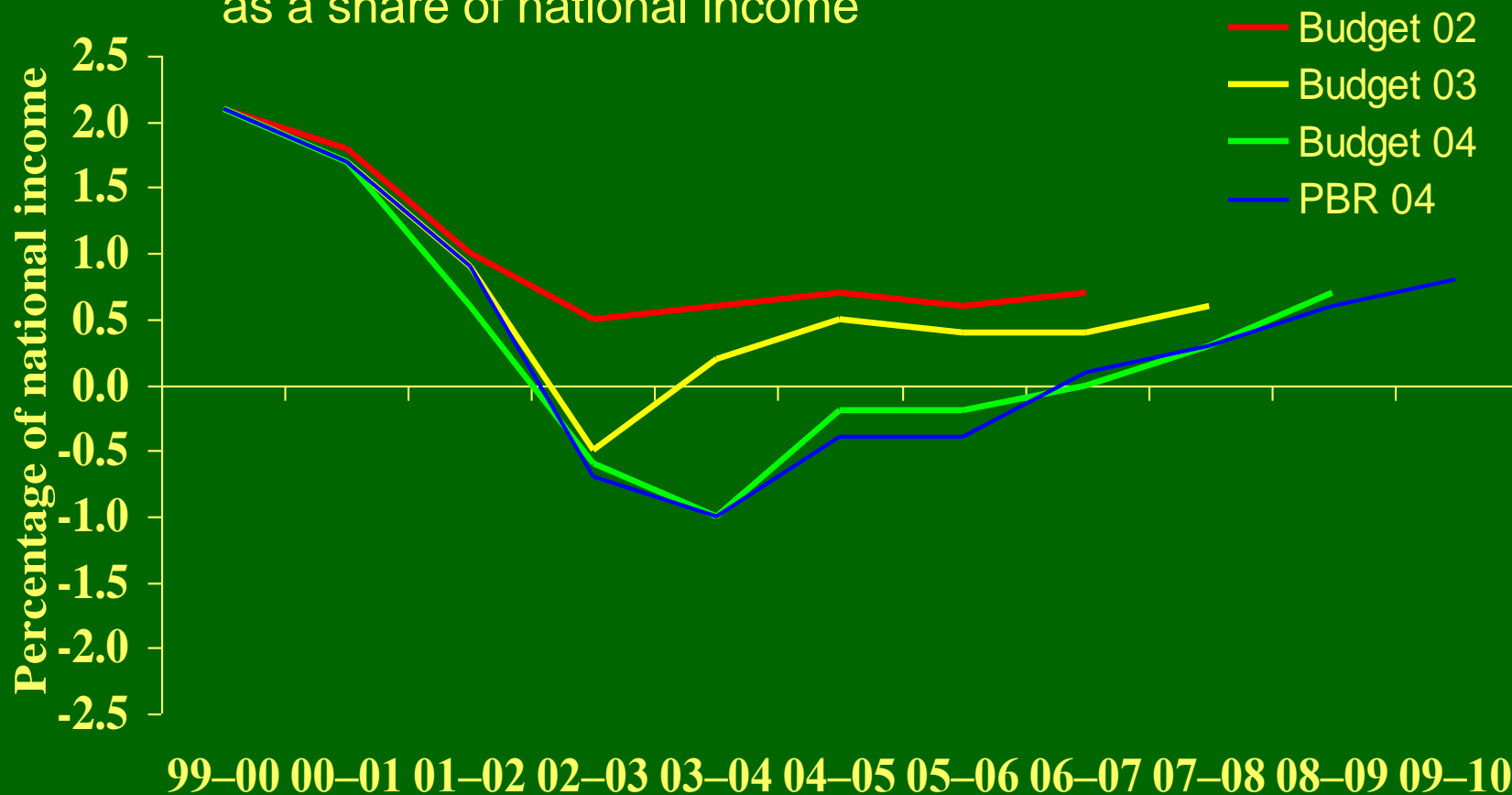
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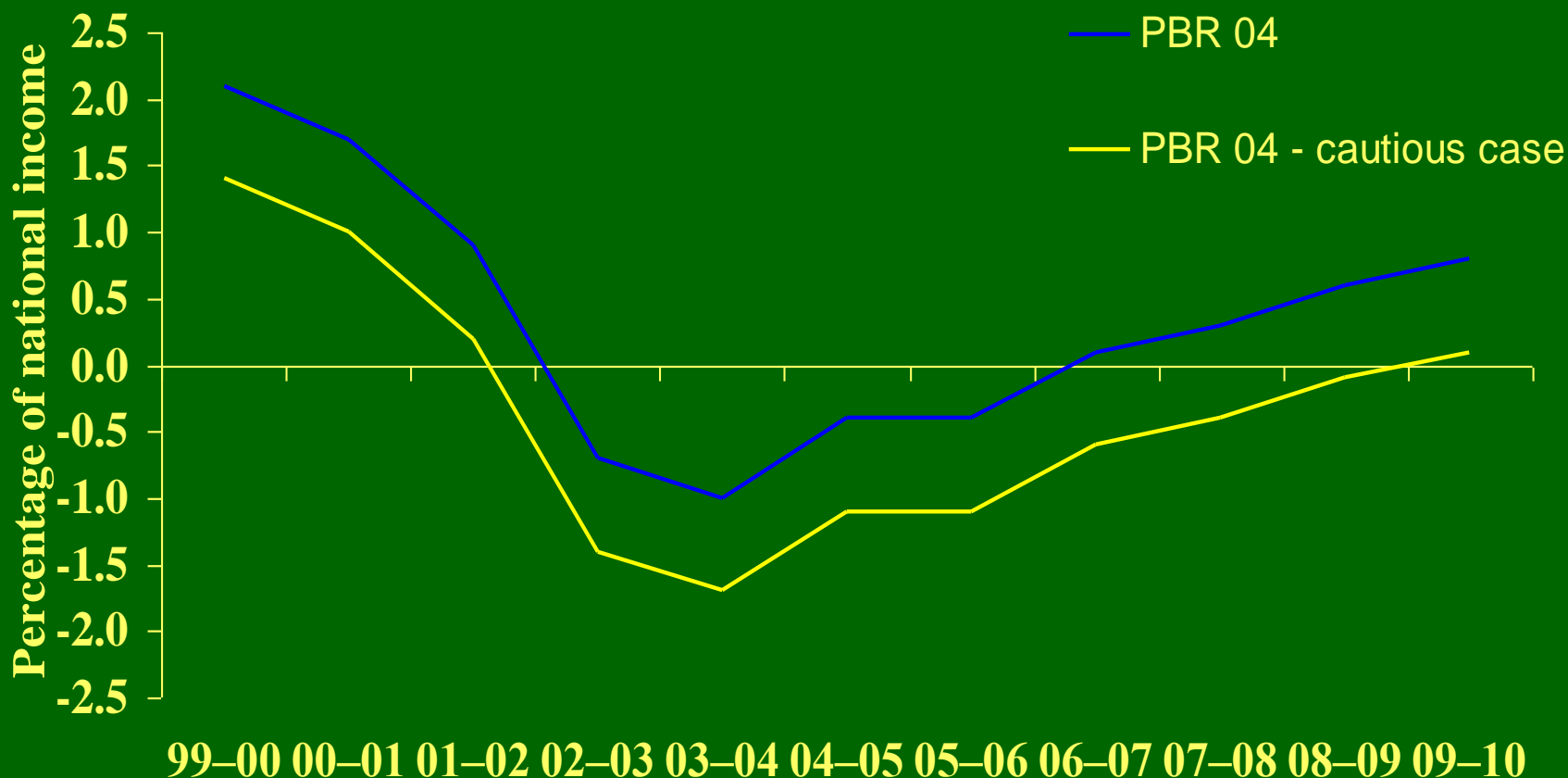
Meeting the golden rule? (2)

Cyclically adjusted current budget surplus,
as a share of national income



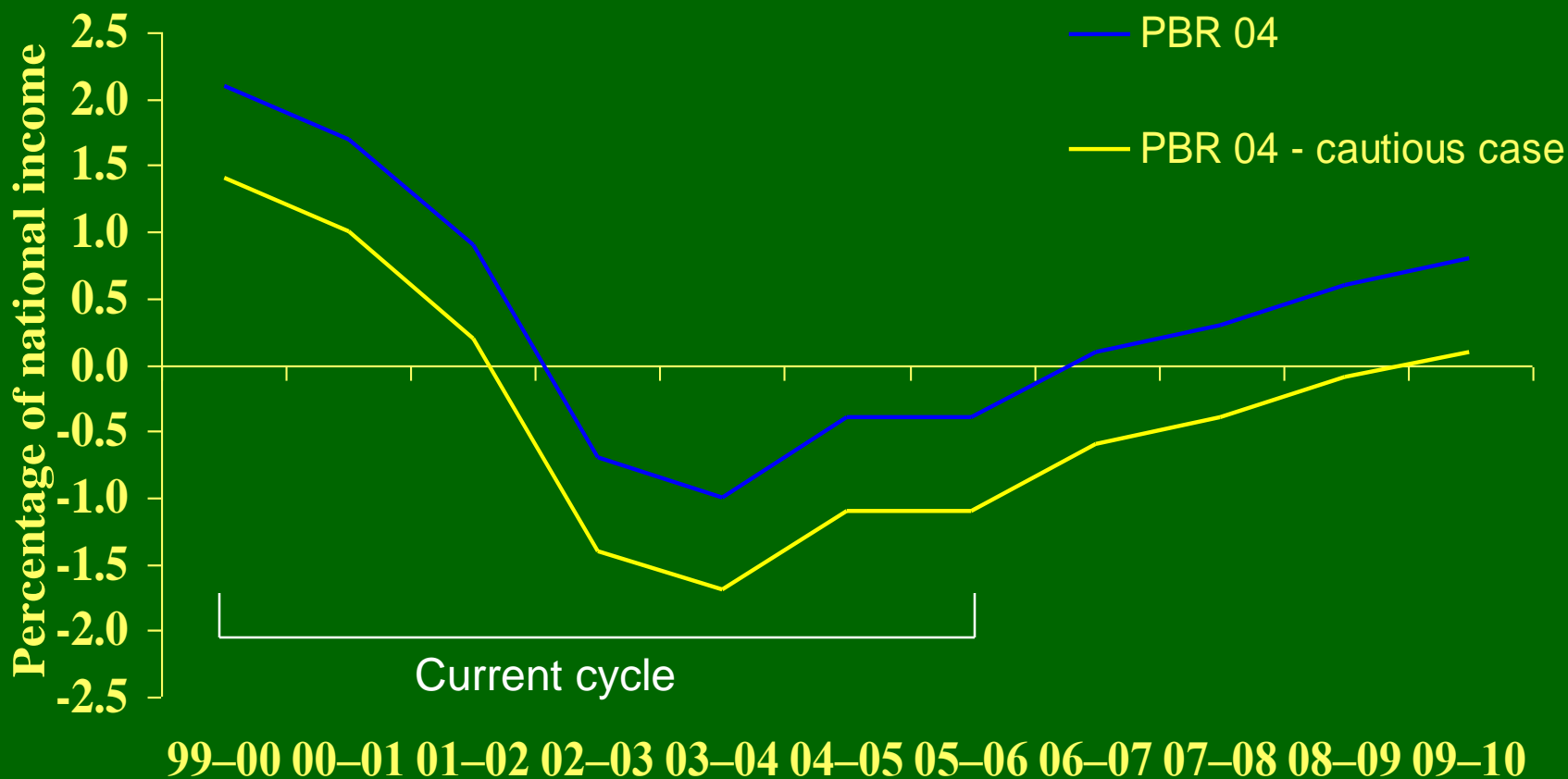
Meeting the golden rule? (2)

Cyclically adjusted current budget surplus,
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Meeting the golden rule? (2)

Cyclically adjusted current budget surplus, as a share of national income



Meeting the golden rule? (2)

Cyclically adjusted current budget surplus, as a share of national income

