Rialtas na hÉireann
Government of Ireland

# The Budget in Brief
## Your Guide to Budget 2023

Prepared by the Department of
Public Expenditure and Reform
and Department of Finance
**gov.ie/budget | #Budget2023**

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# Welcome to the Budget in Brief

This guide provides a high-level overview of Budget 2023.

Each year at Budget time important decisions are made about how public money will be spent and the level of taxation needed to fund this.

This guide aims to explain how money will be raised and spent in 2023. It has an easy-to-use format so that it can be used by a wide cross-section of society. This will enable people to take part in informed debate about the choices made by Government.

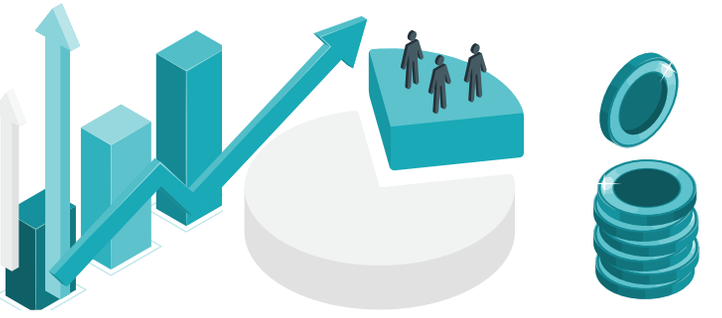
This guide provides a high-level overview of Budget 2023. If you would like to know more about any information found in this guide visit www.budget.gov.ie where a range of more in-depth material is available to download.

# What is the Budget?

In autumn of each year the Minister for Finance and Minister for Public Expenditure and Reform announce the Government's spending, tax and borrowing plans for the following year.

This is called the national budget.

The budget covers all of Government spending and revenues. It includes all Government Departments and agencies, non-commercial State bodies as well as Local Government sector.



# The Budget Process

### The Stability Programme Update

In April the Stability Programme Update is submitted to the European Commission. This outlines the economic background to the budget and sets out the Government's economic strategy over the next five years.

### National Economic Dialogue

In June the National Economic Dialogue is held. It is attended by Ministers, Members of the Oireachtas, business and employee representatives, social and voluntary groups, environmental groups, and other representative bodies. The Dialogue allows for the sharing of views about the competing economic and social priorities facing Government.

### Summer Economic Statement

In July the Summer Economic Statement is published. It provides an updated assessment of the how the economy and the public finances are doing and sets out the Government's strategy for the Budget. It allows for an open discussion about options and priorities in advance of the budget.

### Mid-Year Expenditure Report

In July the Mid-Year Expenditure Report reviews the Government's expenditure position to end-June across all spending areas. It sets out the up to date pre-Budget position.

### White Paper on Receipts & Expenditure

The weekend before the Budget the White Paper on Receipts & Expenditure is published by the Department of Finance. It sets out projected national revenues and spending for the current year, and also for the next year (2023). It sets out the opening position for the Budget, and figures are calculated on a pre-Budget basis (i.e. based on the current Budget, and not the Budget to be announced the following week).

### Budget Day

On Budget Day, the Minister for Finance and Minister for Public Expenditure and Reform present the Budget Statements to Dáil Éireann. They explain the changes Government proposes to make to taxes and spending in the following year. These proposals are debated. Any changes that are proposed to have immediate effect are voted on by Dáil Éireann as Financial Resolutions.

### Social Welfare and Pensions Bill & Finance Bill

The Social Welfare and Pensions Bill provides for changes in the social welfare code announced in the Budget and is usually enacted soon after Budget Day. The Finance Bill, which puts the tax measures announced in the Budget into law, must be enacted within four months of the passing of the Budget Day Financial Resolutions.

### Revised Estimates Volume

In December the Department of Public Expenditure and Reform publishes the Revised Estimates Volume. This book provides full details about spending in each Government Department and agencies as well as performance information.



Budget in Brief 2023

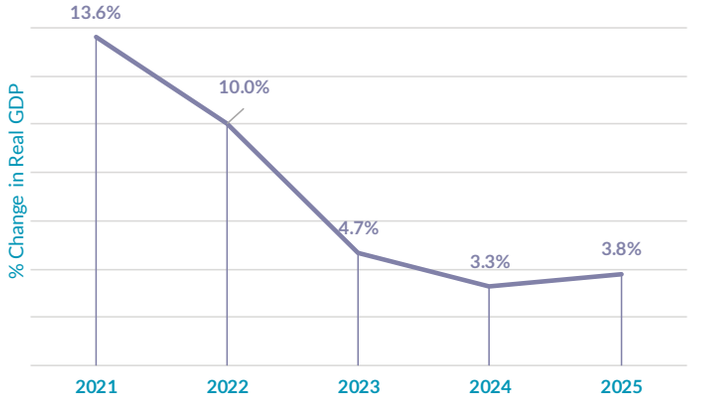
# How is the Economy doing?

## Gross Domestic Product

Real GDP is an inflation adjusted measure that reflects the value of all goods and services produced by an economy in a given year.

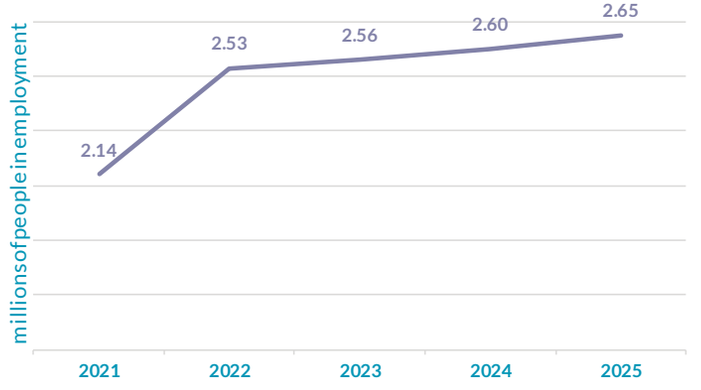
As a result of the strong growth and resilience of the multinational sector the economy is expected to grow by 10% this year.

Growth is expected to continue in 2023, with the economy expected to expand by 4.7%




## Labour Market

There are more people employed in Ireland than ever before. It is expected that over 2.5 million people will be in employment in 2023.



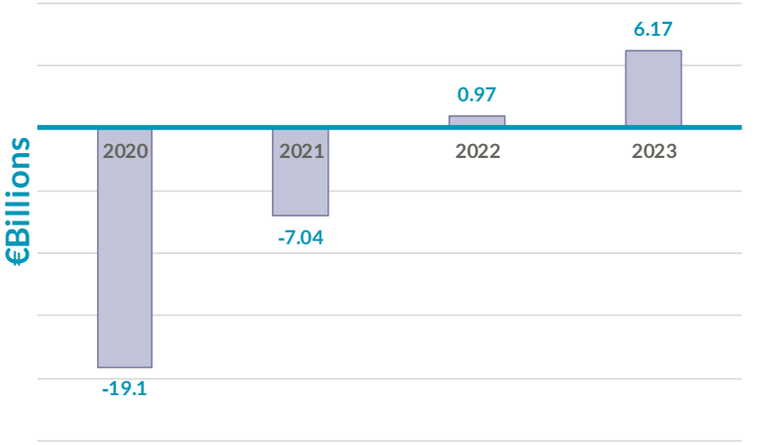





## Surplus

The money that the State spends on providing goods and public services must be balanced with revenue or income received by the State. If the State spends less money than it collects this is a budget surplus.

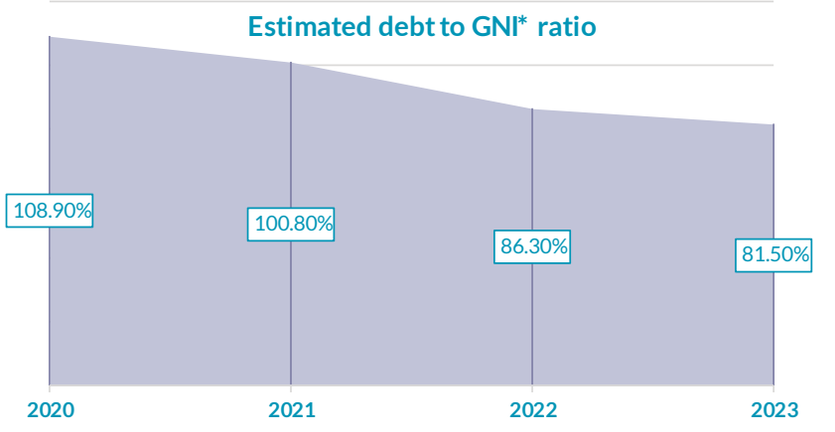
This year it is projected that there will be a general government surplus of €0.97 billion in 2022 and a surplus of €6.17 billion in 2023.




## Debt Ratio

GNI* measures the size of the economy. The Debt to GNI* ratio shows Debt as a percentage of GNI*.

The debt to GNI* ratio is expected to be 81.5% by the end of 2023



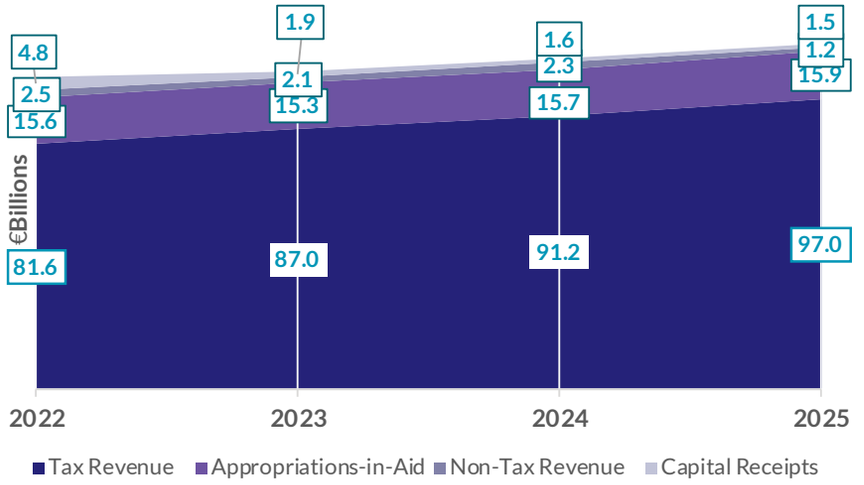
# Where does the money come from?

All tax payments and other revenues received by the State are paid into a central fund, called "the Exchequer". Government expenditure is funded from the Exchequer.

Government recieves money from a number of sources:

- Tax revenue is paid by people and businesses.
- Non-Tax revenue comes from a number of sources including income from the Central Bank of Ireland, dividends from shares owned by Government and the National Lottery.
- Some money is generated by Government Departments and bodies for their own use. This is called "Appropriations-in-Aid".
- Capital receipts can include receipts from the EU and loan repayments to the Exchequer

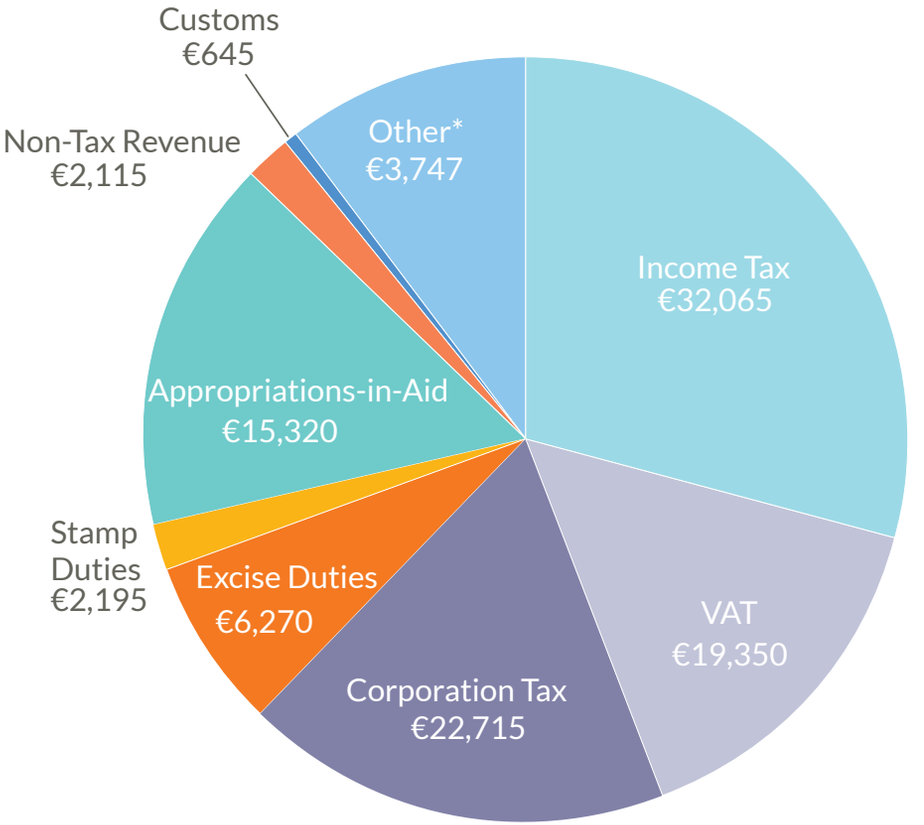
This chart shows the amount of revenue expected to be raised in 2023 through tax revenue, non-tax revenue, capital receipts and appropriations-in-aid. The total revenue is **€106.3 billion.**








This chart shows the amount of revenue expected to be raised in 2023 (in €million) through tax revenue, non-tax revenue and appropriations-in-aid. The total revenue is **€106.3 billion.**




*Other includes: Capital Gains Tax €2.165, Motor Tax €905, Capital Acquisitions Tax €675 and Capital Receipts €1.09. Rounding may affect total figures.

# How is the Money Spent?

Money raised by the Government is spent on delivering public goods and services.

It can be divided into current and capital expenditure.

**Current expenditure** covers day-to-day spending by Government Departments, Agencies and Non-Commercial State Bodies and includes the wages and pensions of public servants .

**Capital expenditure** includes spending on long-term physical assets (such as roads, bridges, hospital buildings and schools) and on non-physical assets (such as computer software).

The expenditure that is approved by the Dáil during the budget process is called **"Voted Expenditure".**

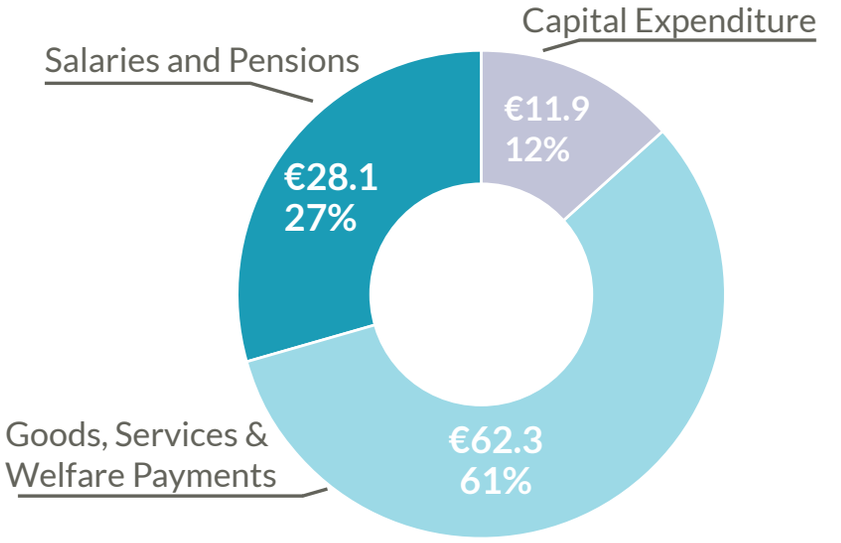
**2023**
**Voted Expenditure**
**€90.4 Billion**





This chart shows how Voted Expenditure of €90.4 billion for 2023 is broken down between spending on goods and services, salaries and pensions and capital expenditure.

The figures are in €Billions.

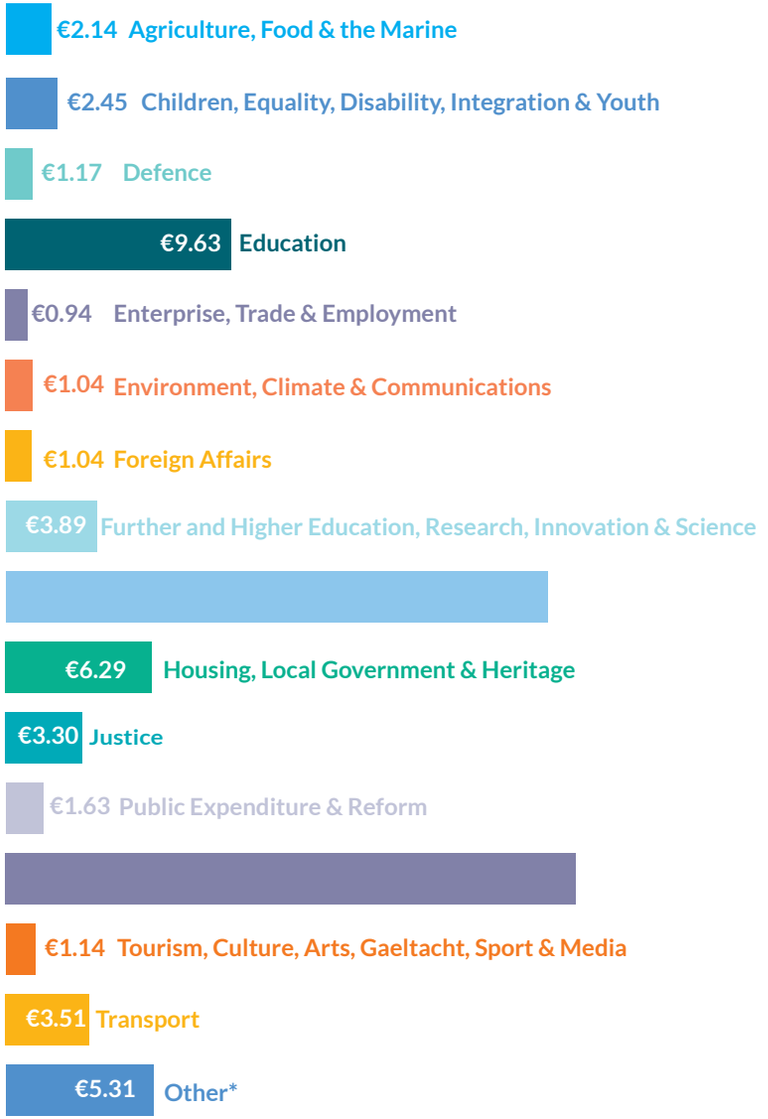



**Non-Voted expenditure** is not subject to annual Dáil approval but is allowed for under existing laws. It includes spending such as interest on the National Debt and Ireland's contribution to the EU Budget. It also includes costs such as the Houses of the Oireachtas and the salaries of judges.

Deposits into the "National Reserve Fund" are classified non-Voted Expenditure. This fund aims to save money for the future in case it is needed for an unforeseen emergency. Next year, €4 billion will be saved in the National Reserve Fund.

**2023**
**Non-Voted Expenditure**
**€13.6 Billion**

This figure illustrates how Voted Expenditure will be distributed across different policy areas in 2023 (in €billion).




* *Note: "Other" includes Rural & Community Development (€0.39 billion), Taoiseach (€0.25 billion) and Finance (€0.57 billion). It also includes all unallocated funding (€2.7 billion), Public Sector Pay Deal (€1.4 billion), Shared Island Fund & ERDF (€0.18). Rounding may affect totals.*





# Responsive Expenditure Measures

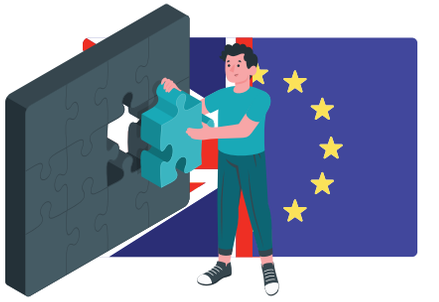
Budget 2023 is providing €4.5 billion to respond to exceptional challenges such as providing humanitarian supports to refugees arriving from Ukraine and also meeting COVID-19 and Brexit related spending needs.

## €2 billion

providing humanitarian support to refugees from Ukraine such as accomodation, welfare payments and education.

## €1.7 billion

to continue to respond to Covid-19 and includes projects funded by the National Recover and Resiliance Plan.



## €0.8 billion

for other responsive measures such as supporting sectors dealing with adverse consequences of Brexit under the Brexit Adjustment Reserve

# The Cost of Living

## What is inflation?

Inflation is an increase in the level of prices of the goods and services that households buy. How quickly prices go up is called the rate of inflation.

The Consumer Price Index or CPI measures the overall change in the prices of goods and services that people typically buy over time.

As everyone has different tastes and spending habits, the CPI measures prices for a huge range of items. It also measures price changes for services e.g. hairdressing, taxi fares, insurance etc.

## Why are inflation rates rising?

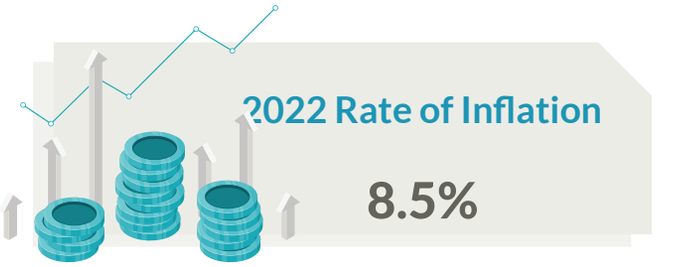
The rapid increase in inflation is being driven by global supply chain constraints, as well as the impact of Russia's invasion of Ukraine.

Pandemic restrictions caused disruptions for the production and distribution of goods. As restrictions eased and economies reopened, demand for goods increased, but severe supply chain bottlenecks arose which resulted in upward pressure on prices in industries everywhere.

As countries across Europe gradually phase out their supply of Russian gas, the price of oil has rapidly increased. This, in turn, causes energy prices to increase sharply. Rising energy prices mean higher production costs for companies which leads to price increases for consumers. This leads to high levels of inflation across sectors including household bills, food and retail.








## What is being done about the cost of living?

Over €3 billion in expenditure and taxation measures have already been rolled out in 2022 to help households struggling with rising costs of living.

## Budget 2022 provided:

- €1.7 billion in measures including Social Protection rate increases, a health affordability package and tax packages.

## Additional temporary supports since Budget 2022:

- €200 Electricity Credit for domestic accounts
- €225 Fuel Allowance lump sum payment
- 20% reduction in Public Transport Fares
- €100 Increase in the Back to School Clothing and Foot wear allowance
- School Meals Programme extended to an additional 310 schools
- Waiver of School Transport Scheme fees
- Excise duty and energy VAT reductions; and a range of other measures.

# 2022 - Once-Off Cost of Living Supports

## Support for Households €2.5 billion

**NOV** — €200 Electricity Credit

**JAN** — €200 Electricity Credit

**MAR** — €200 Electricity Credit

**All Households c. 2 million recipents**

**NOV** — DOUBLE MONTH Child Benefit — **c. 1.2k children**

**NOV** — €400 LUMP SUM Fuel Allowance — **c. 370 k recipents**

**NOV** — €500 LUMP SUM Carers Support Grant & Disability Payment — **c. 350k recipents**

**OCT** — DOUBLE WEEK All Weekly Welfare Schemes

**CHRISTMAS BONUS** All Eligible Recipents

**c. 1.4 - 1.5 million recipents**

**NOV** — €500 LUMP SUM Working Family Payment — **c. 47k recipents**





**NOV** — €200 LUMP SUM Living Alone Allowance — **c. 230k recipents**

**NOV** — €500 PAYMENT PhD Researchers — **c. 3 - 4k recipents**

**NOV** — €8 MILLION Student Assistance fund — **Eligible recipents**

**NOV** — DOUBLE PAYMENT SUSI Grant — **c. 50k recipents**

**OCT** — €1,000 REDUCTION Student Contribution — **c. 98k recipents**

**NOV** — €1,000 INCREASE Postgraduate Tuition Fee Contribution Grant — **c. 2.4k recipents**

## Support for Business - €1.4 Billion

**€200 MILLION** Ukraine Emergency Response Scheme

**€1.2 BILLION** Business Energy Support Scheme

## Support for Communities - €340 million Funding for:

- Local Authorities
- Schools
- Sports Bodies & Community Organisations

- Health Funded Bodies
- Culture Arts Gaeltacht
- Higher & Further Education Bodies

# Climate Action

There will be a €7.50 increase on the current rate of Carbon Tax applied per tonne of carbon dioxide emission. This will bring the rate up to €48.50 per tonne. Carbon tax will increase by the same amount in every budget until 2029.

The increase will be applied to petrol and auto diesel from midnight on budget night (i.e., from 27 September) and all other fuels on 1 May 2023.

## 2023 Carbon Tax Rate Increase Impact for Fuel Bundles[1]

| Fuel Type | Typical Fuel Bundle | Impact of €7.50 increase (VAT incl.) |
|---|---|---|
| Petrol | 60 lire fill | €1.28 |
| Diesel | 60 litre fill | €1.48 |
| Kerosene | 900 litre fill tank | €19.41 |
| Peat | 12.5kg bale | €0.19 |
| Coal | 40 kg bag | €0.90 |
| Natural Gas | 11,000 kWh | €16.98 |

[1]*Average annual household usage of Natural Gas is estimated at 11,000 kilowatt hours (kWh). This table assumes the rate of VAT applying to all heating fuels is 13.5%. The rate of VAT applied to Natural Gas was reduced from 13.5% to 9% with effect from 1 May 2022 on a temporary basis. The standard rate of VAT of 23% applies to petrol and auto diesel.*

**€623 million**

raised through carbon tax will fund:

- **€291M** investment in residential & community energy efficiency
- **€218M** on targeted social protection interventions.
- **€81M** on incentivising farming in a greener more sustainable way
- **€33M** for the Carbon Tax Investment Programme

A detailed outline of the use of Carbon tax funds is available at www.gov.ie/budget if you want to learn more.



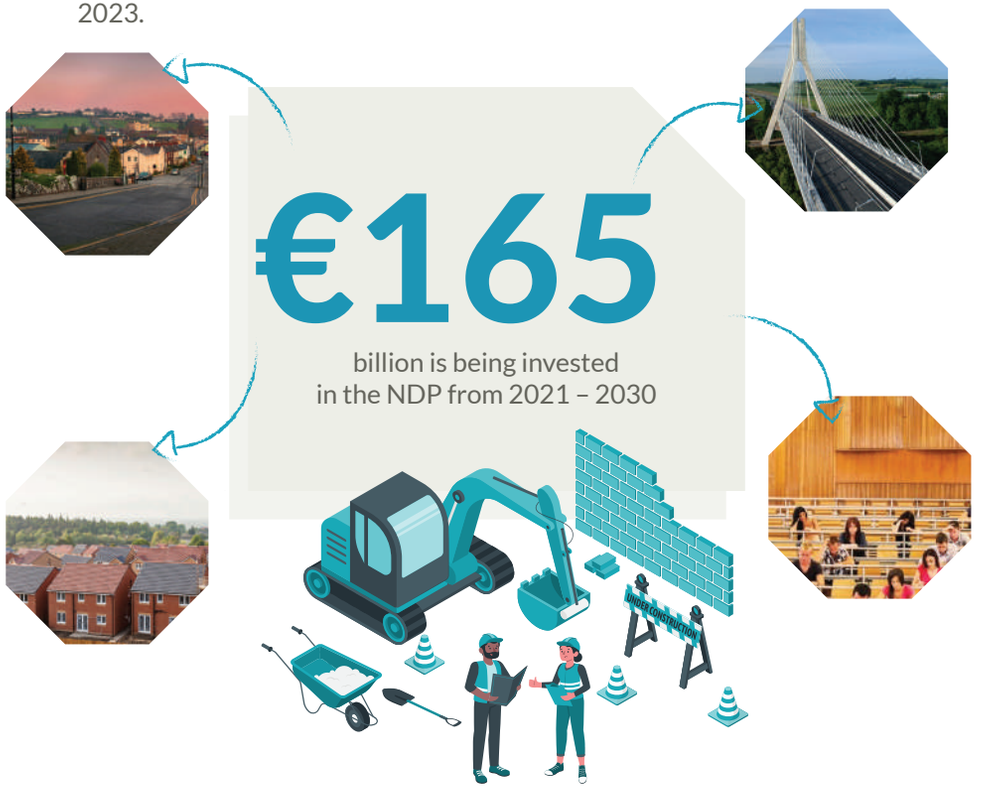


# Capital Investment

As part of Project Ireland 2040, the National Development Plan (NDP) sets out the Government's over-arching investment strategy for the period 2021-2030. This newly-revised plan is bigger, greener, more regionally balanced and with much higher levels of investment in housing and climate action.

The NDP will support recent Government priorities detailed in plans such as Housing for All, Our Rural Future, the Climate Action Plan as well as other sectoral strategies. It is estimated that approximately 80,000 average annual construction jobs will be sustained by this NDP investment.

In line with the NDP, €11.7 billion of capital expenditure is planned for 2023.




If you would like more information on the NDP, visit www.gov.ie/2040

# Budget 2023 - Key Measures

- €12 increase in the Weekly Social Welfare Rate for working age recipients
- €12 increase in weekly payments for Pensioners
- €40 per week increase in the Working Family Payment threshold
- €2 increase in the weekly rate for a Qualified Child
- GP Visit Cards for those on/below the median income (340,000 additional people)
- Abolition of all Inpatient Hospital Charges



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- Free contraception for all women aged between 16 and 30
- Drug Payment Scheme threshold to remain at lower rate of €80 in 2023
- National Childcare Scheme hourly subsidy increased from 50c to €1.40
- Funding to provide access to IVF Treatments
- a one-point reduction in the primary staffing schedule from 24:1 to bring it to 23:1
- Over 1,190 SNAs and 680 Special Education Teachers

# Budget 2023 - Key Measures

- Free School Book Scheme for Primary School Pupils from autumn 2023
- 1,000 new Garda and 430 Garda Staff
- €500 increase in post-graduate contribution grant for eligible families
- Over 2,500 additional places on craft & consortia led apprenticeships
- Supporting 4,500 places on craft apprenticeship programmes
- 20% fare reduction on public transport continued to end 2023



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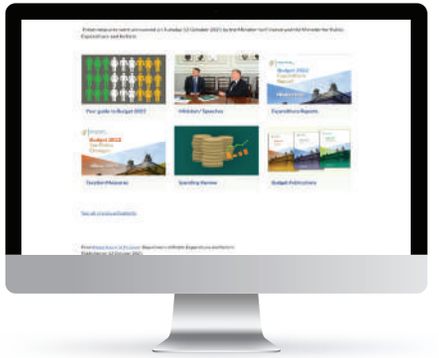
- Funding to support 8,800 new HAP tenancies and 800 RAS tenancies
- 9,100 new build social homes
- 5,500 new affordable homes for sale and rent
- 6,500 new social homes supported through Social Housing Current Expenditure Programme
- Funding to deliver 37,000 home energy upgrades
- Increase in eligibility for Fuel Allowance

# Where can I find out more?

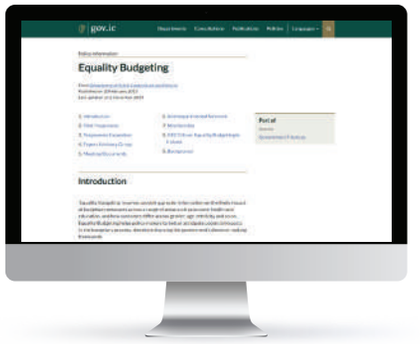
## Budget website

This guide provides an overview of the spending and taxation decisions that have been made in the budget. If you would like to read some more detailed information and analysis, or even read the Ministers' Budget day speeches to the Dáil, visit www.gov.ie/budget to find out more



## Public Service Performance Reporting

The Public Service Performance Reports give an overview on what is being delivered with public funds. They provide a clear and accessible picture of how public funds have been allocated, how those funds have been used and the impact of this spending on our society. If you would like to read any of the Public Service Performance Reports visit https://www.gov.ie/en/collection/61d3f-public-service-performance-reports/

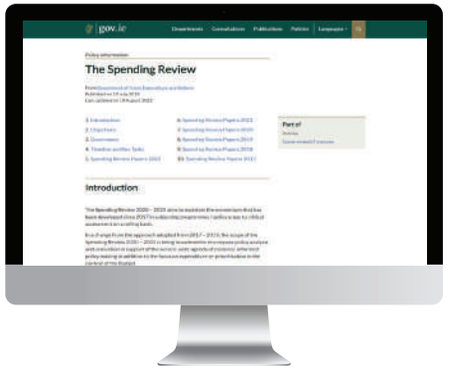







## Spending Review

Through the Spending Review process expenditure is reviewed to ensure that taxpayers' money is spent in the most effective and efficient way. This also contributes to the information that is available to Government to support budgetary decisions. So far this year 7 Spending Review papers have been published. Additional papers will be published in the coming weeks. To read any Spending Review Paper, visit https://www.gov.ie/en/collection/32ecd-spending-review-2022/




## Where Your Money Goes

The 'Where Your Money Goes' website is an easy-to-use tool for examining government expenditure. The data is presented in a variety of interactive charts. Visit www.whereyourmoneygoes.gov.ie and check it out.

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Government of Ireland

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