



Rialtas na hÉireann
Government of Ireland

The Budget in Brief

A Citizen's Guide to Budget 2020

Prepared by Department of Public Expenditure and Reform and
Department of Finance

www.gov.ie

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Welcome to The Budget in Brief

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 2020. It has an easy-to-use format so that it can be used by a wide cross-section of society. This will enable citizens to take part in informed debate about the choices made by Government.

This guide provides a high-level overview of Budget 2020. 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 October of each year the Minister for Finance and Public Expenditure and Reform announces the Government's spending, tax and borrowing plans for the following year.

This is called the national budget. Money is allocated to different sectors to enable them to deliver goods and services to the public.

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

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.

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.

In June 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 October budget.

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.

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 (2020). 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).

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.

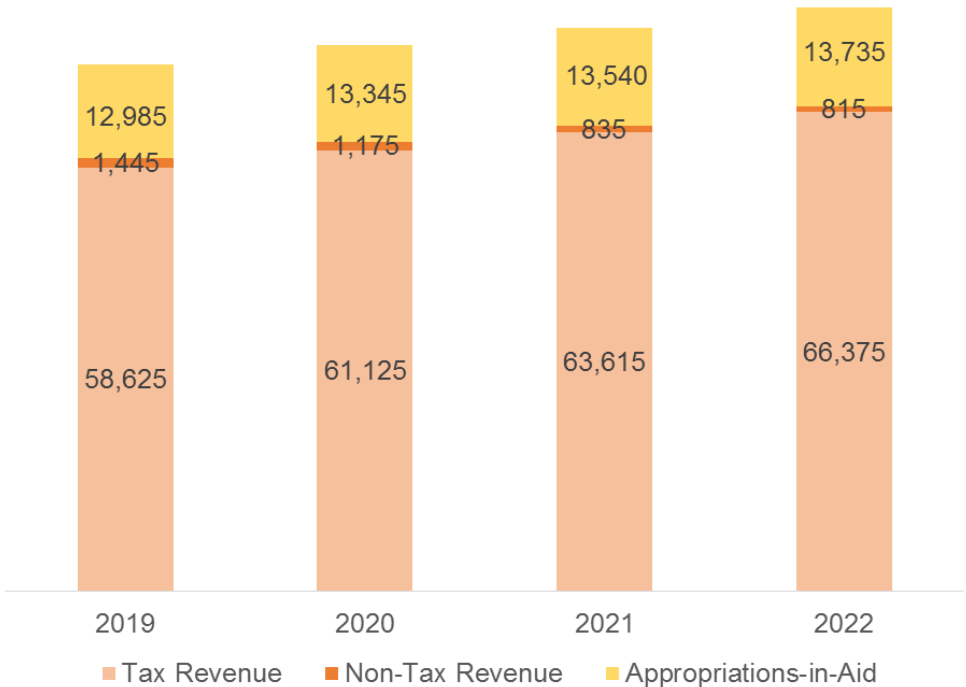
On **Budget Day** in early October the Minister for Finance and Public Expenditure and Reform presents the Budget Statement to Dáil Éireann. This speech sets out the changes Government proposes to make to taxes and spending in the following year. These proposals are debated. Any changes that are proposed to have immediate effect are voted on by Dáil Éireann as Financial Resolutions.

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.

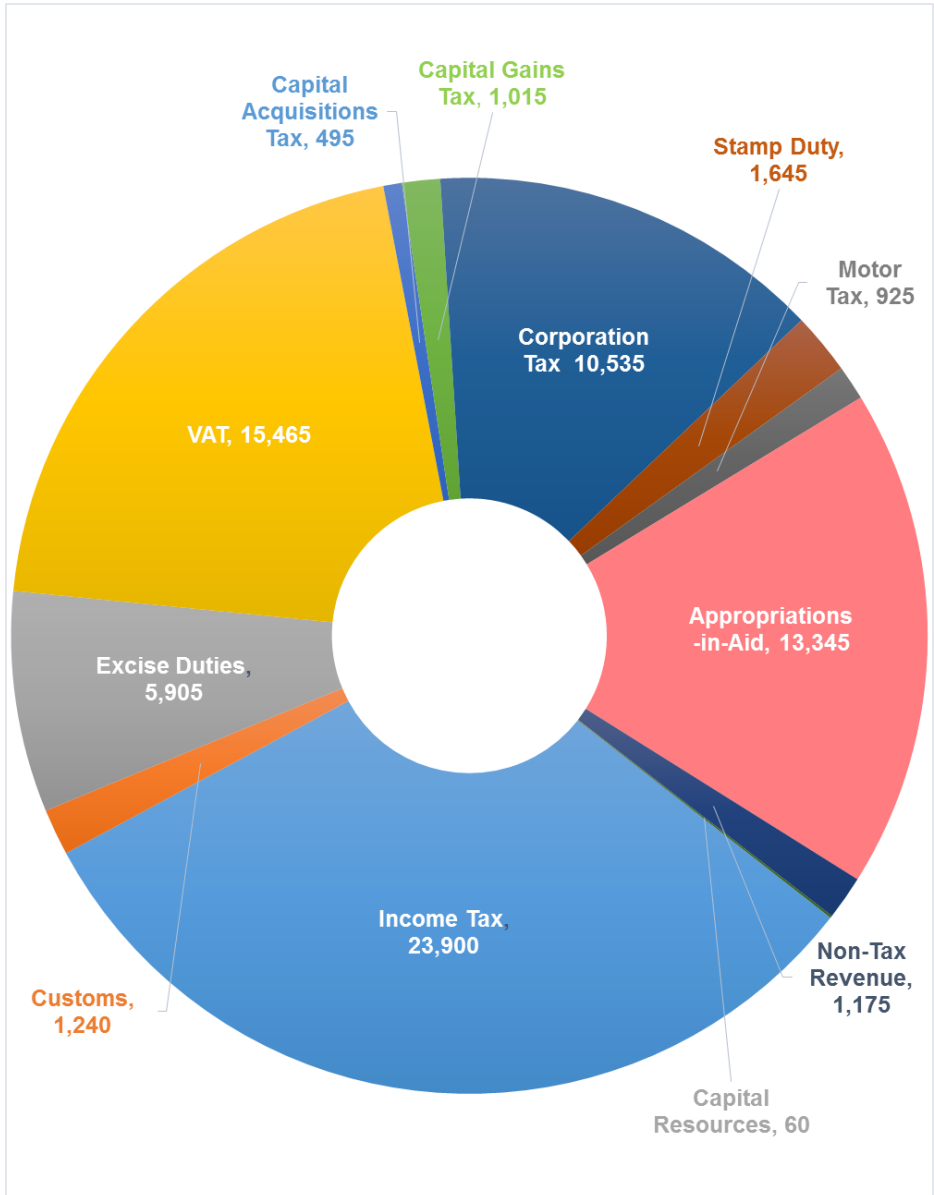
Where does the money come from?

All tax payments and other revenue received by the State are paid into a central fund called the Exchequer. Government expenditure is funded from here. Government receives money from a number of sources. Tax revenue is paid by citizens and businesses. Non-Tax revenue comes from a number of sources including income from the central bank, dividends from shares owned by Government and the National Lottery. Also some money is generated by Government Departments and bodies for their own use and is called “Appropriations-in-Aid”. When expenditure is greater than revenue the Government must borrow. It does this mainly by issuing bonds.

Breakdown of revenue by category (€million)




This chart shows the amount of revenue expected to be raised in 2020 (in €million) through tax revenue, non-tax revenue and appropriations-in-aid. The total revenue is €75.7 billion.



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 and bodies and includes the wages and pensions of public servants. Capital expenditure is spending on long term physical assets such as roads, bridges, hospital buildings and schools, and also on non-physical assets such as computer software.

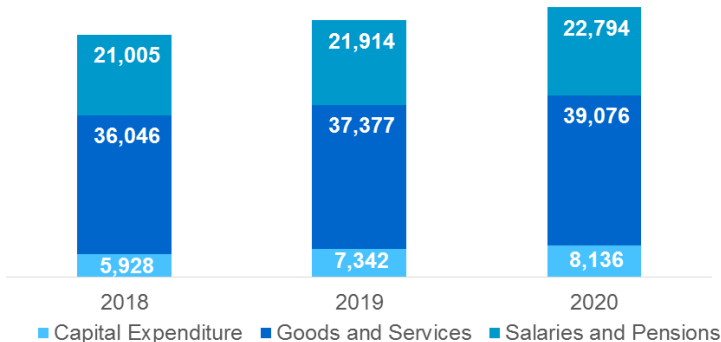


Voted expenditure
for 2020 will amount to **€70 billion**

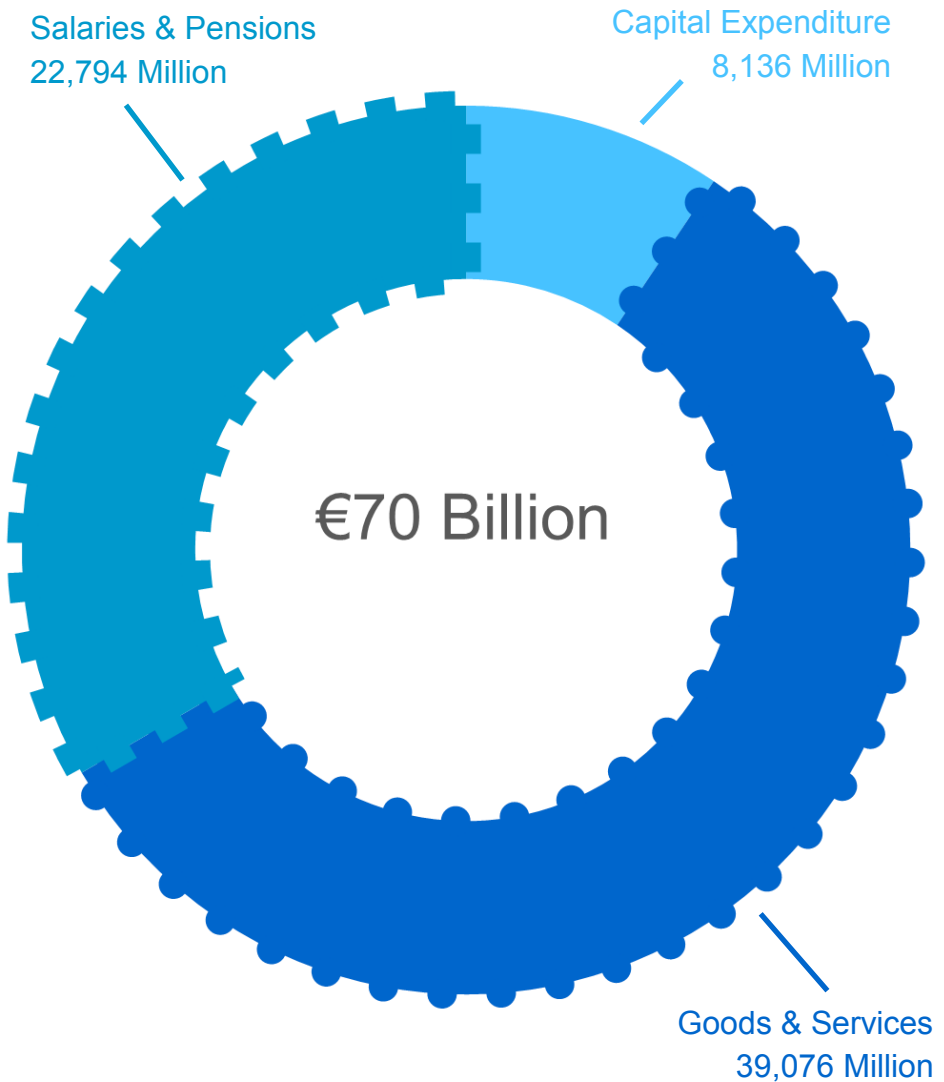
The expenditure that is approved by the Dáil during the budget process is ‘voted expenditure’.

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. Non-Voted expenditure will amount to €10.2 billion in 2020.

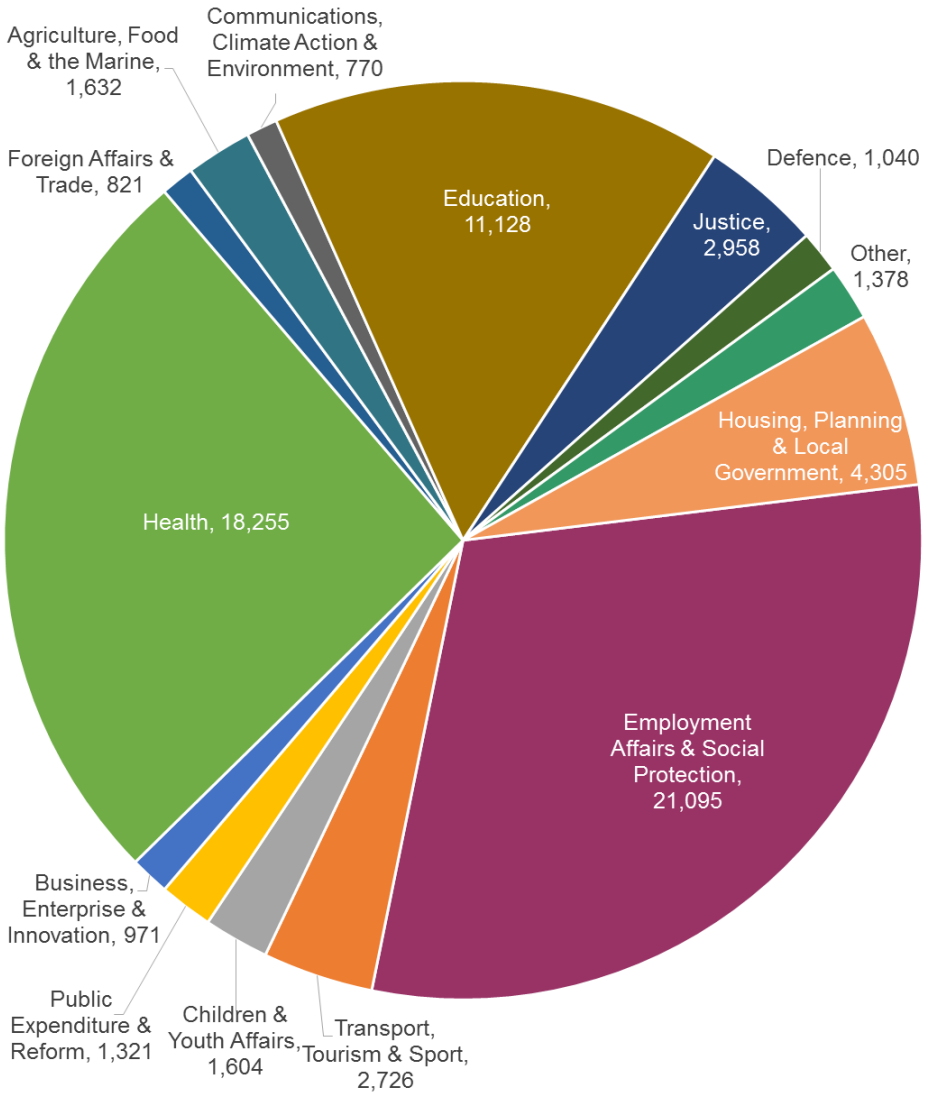
Voted Expenditure in the past three years (in €million)



This chart shows how Voted Expenditure of €70 billion for 2020 is broken down between spending on goods and services, salaries and pensions and capital expenditure.



This chart shows how Voted Expenditure will be distributed across different policy areas (in € million) in 2020.



108,000

Children will be enrolled in the Early Childhood Care and Education Programme



936,940

Students provided with primary and Post-primary education



Over 600,000

People covered by GP visit cards



355,000

People provided With Illness, Disability and Carer's benefit



677,000

Older people provided with pension payments



14,789

Members of An Garda Síochána by end 2020



137,000

Farmers supported through agriculture schemes



What are we doing about Brexit?



For budgetary purposes, the Budget is framed on the assumption of a no deal Brexit. This means that the forecasts in the Budget are based on projections of what the economy will look like after a no deal Brexit. A no-deal Brexit is expected to have a significant negative impact on Ireland's public finances



€170 million will be spent in 2020 to help prepare for the challenges of Brexit.

This money will be spent on:

- Making sure that businesses and enterprises can manage the challenges of Brexit, and will focus on engaging with more global markets
- Making sure that particularly vulnerable agri-food sector can adapt to Brexit challenges, and can thrive in the long-term
- Making sure that Irish interests are supported at home and abroad in the context of Brexit.



€185 million

to comply with rules & regulations

€185 million will be needed in 2020 to provide necessary upgrades at Dublin Port, Rosslare Europort and Dublin Airport . It will also be used to ensure necessary regulatory and customs staff are in place.



€650 million

Brexit Contingency Fund

Brexit Contingency funding of €650 million is available, if needed, in the event of a no-deal Brexit.

As there is no certainty yet on the timeline or likely impact of the United Kingdom withdrawal from the European Union the money will not be made available until it is required. This will be assessed at different stages during the year.

If there is a 'No Deal' €220 million will be made available immediately.

Of this, €110 million will be targeted to help vulnerable but viable businesses.

Supports will include:

- €45 million **Transition Fund**;
- €42 million **Rescue and Restructuring Fund**;
- €8 million **Transformation Fund** for Food and Non-Food businesses;
- €5 million extra for **Micro Finance Ireland**;

- €5 million for a **Local Enterprise Offices Emergency Brexit Fund**;
- €2m extra for **Intertrade Ireland**; and
- €3m extra for **Regulatory Bodies**.

€110m will be provided through the Department of Agriculture, Food and the Marine to support our beef sector and food companies

- €85 million will be provided for **beef farmers**;
- €14 million for **fisheries**;
- €6 million for other **livestock farmers** and **mushroom sector**; and
- €5 million for the **food and drinks processing** industry.

€40 million will be available, if necessary, to support **Tourism**.

Spending the remaining balance of the contingency fund will be considered closer to the time.



If needed, €365 million will also be provided for extra Social Protection expenditure on the **Live Register and related schemes** with a further €45 million being made available to assist people to **transition to new employment opportunities**.

What does Budget 2020 mean for me?

What does Budget 2040 mean for me?

Free GP care
extended to under
8's
(from September)



Free dental care
for under 6's
(from September)



Living alone
allowance to be
increased by €5
(benefitting over
200,000 people)



Qualified child
allowance for weekly
social welfare
payments increased
(€2 increase for under 12, €3
increase for 12 and over)



Up to **700**
Garda recruits
in 2020



An additional **15,750**
households will be
accommodated
under the Housing
Assistance Payment.



€1.5 billion
Allocated to build,
acquire & lease
additional social
housing units.



Over 1,600
additional posts in
schools including
over 1,000 SNAs
and 400 special
education teachers.



1million
additional
home support
hours funded



€150

Increase in the
Earned Income Credit
for the Self-Employed
from €1,350 to €1,500



€100

Increase in the
Home Carer Credit
from €1,500 to
€1,600



Extension of
reduced rate of
USC for medical
card holders until
1 January 2021



50c

Increase in excise
per pack of 20
cigarettes



Help to Buy
Scheme extended
to end 2021



Living City
Initiative extended
to end 2022



Increase in Stamp Duty
on non-residential
property from
6% to 7.5%



Extension of
microbreweries
production threshold
for relief to 50,000
hectolitres



Carbon Tax and Climate Action

There will be a €6 increase on the current rate of Carbon Tax applied per tonne of carbon dioxide emission. This will bring the rate from €20 per tonne to €26.

The increase will be applied to petrol and auto diesel from mid-night on 8th October and all other fuels on 1st May 2020.

The table below shows the likely price increases of some commonly used consumer fuels



For your Vehicle

	Unit	Increased Cost*
Petrol	Litre	€0.02
Auto Diesel	Litre	€0.02



For your home

	Unit	Increased Cost*
Kerosene (Heating)	900 Litre fill	€15.50
Coal	40kg	€0.72
Peat Briquettes	12.5kg bale	€0.16
Gas (Heating)	11,000 kwh**	€13.58

*Figures subject to rounding to nearest cent

**Estimated annual household usage according to the Commission for the Regulation of Utilities



€90 million

Is expected to be raised by the
Carbon Tax in 2020

The €90 million raised by increasing carbon tax will be ring-fenced to protect those most exposed to higher fuel and energy costs, to support a just transition for displaced workers and to invest in new climate action. This means that the money is guaranteed to be spent only on schemes working towards climate action.

Protecting the vulnerable

Fuel Allowance Increase of €2 per week	€21 million
Energy Poverty Efficiency Upgrades	€13 million

A Just Transition

Aggregated Housing Upgrade Scheme	€20 million
Peatlands Rehabilitation	€5 million
Just Transition Fund	€6 million

Investing in the Low Carbon Transition

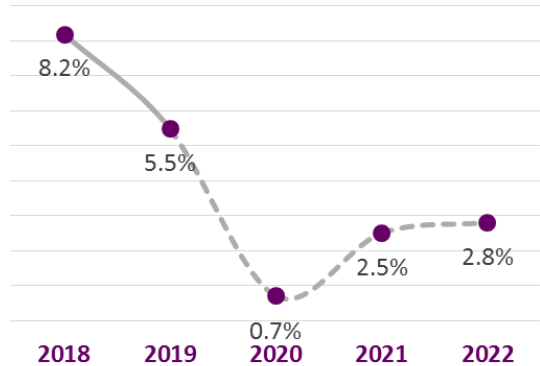
Greenways/Urban Cycling	€9 million
Continuation of Electric Vehicle Grants	€8 million
Further Investment in EV Charging Infrastructure	€3 million
Overseas Development Aid – Green Climate Fund	€2 million
Green Agricultural Pilots	€3 million

How is Ireland doing?

Gross Domestic Product (GDP)

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

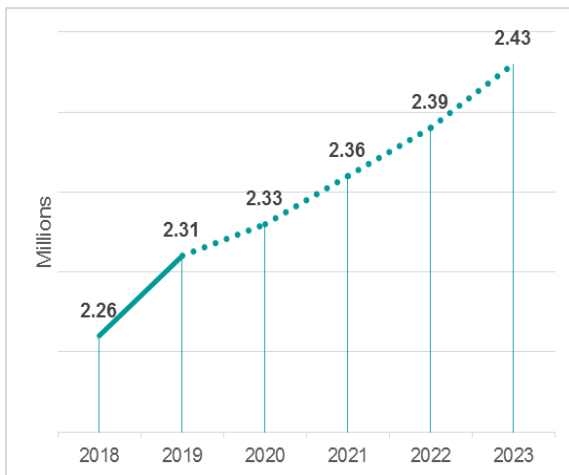
Trend of GDP growth from 2018 and projections for coming years



0.7% is the projected growth of GDP compared to 2019.

Labour Market

Numbers of people employed from 2018 and projections for coming years



2.3 million is the number of people currently employed in Ireland.

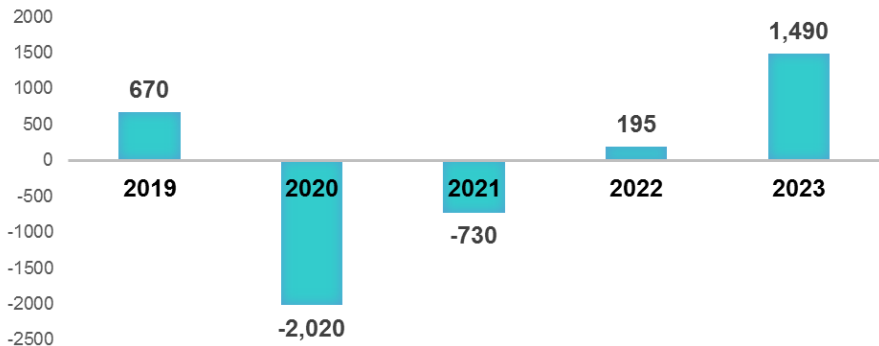
More people are currently employed in Ireland than have ever been before. The unemployment rate has fallen to 5.2%

Deficit

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 more money than it collects this is a budget deficit. To cover the budget deficit the State must borrow money.

The total budget deficit for 2020 is expected to be **€2 billion**.

Deficit projections for the coming years (€million)

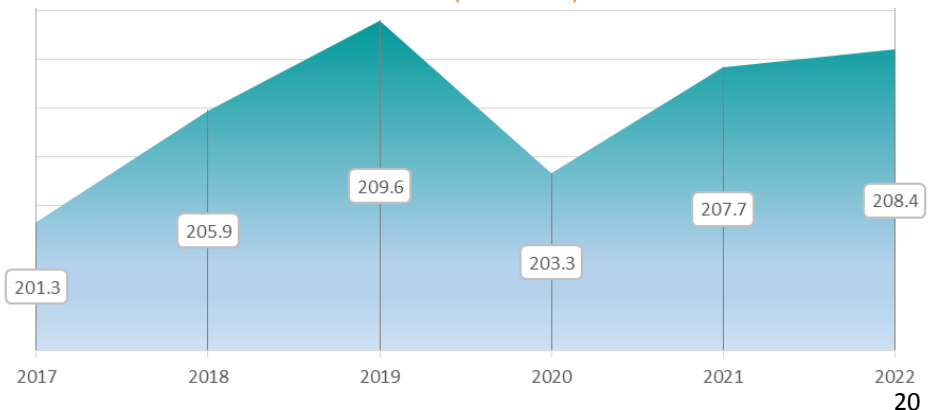


Debt

If the State borrows money, this must be paid back with interest. This means that less money is available for public services, so it is a priority of Government to reduce public debt.

The level of debt for 2020 is expected to be **€198.5 billion**.

The estimated debt amount (in €billion) from 2019 onwards



Where can I find out more?

Budget website

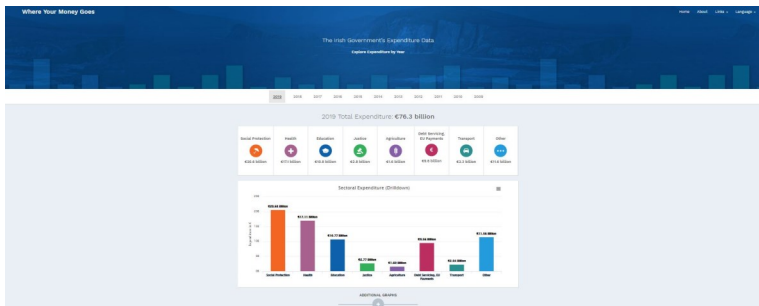
This guide provides an overview of the spending and taxation decisions that have been made in the budget. If you would like to read some more detailed information and analysis, or even read the Ministers Budget day speech to the Dáil, visit www.budget.gov.ie to find out more.



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.



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. 12 spending review papers have been published today.

To read any spending review paper, visit www.gov.ie/en/policy-information/7dc2b1-spending-review

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Policy Information

The Spending Review

Published: 19 July 2018
From: Department of Public Expenditure and Reform

Introduction

The Spending Review process aims to improve how public expenditure is allocated across all areas of Government. Announced in Budget 2017, it aims to place evidence at the heart of policy making, by systematically examining existing spending programmes with a view to assessing their efficiency and effectiveness, and to support the re-allocation of funding to meet expenditure

Part of
Policy
Government Finances

Equality Budgeting

Equality Budgeting is about utilising the State's resources to tackle inequality in all its various guises. The introduction of Equality Budgeting is bringing greater awareness to the impacts of budgetary decisions and greater transparency to the areas which need attention.

To learn more about this initiative visit www.gov.ie/en/policy-information/aec432-equality-budgeting

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Policy Information

Equality Budgeting

Published: 20 February 2019
From: Department of Public Expenditure and Reform

1. Introduction
2. Pilot Programme
3. Programme Expansion
4. Expert Advisory Group
5. Meeting Documents
6. Background

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