



Rialtas na hÉireann
Government of Ireland

The Budget in Brief

A Citizen's Guide to
Budget 2022

Prepared by the Department of Public Expenditure and Reform and
the Department of Finance
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Welcome to The Budget in Brief

This guide provides a high-level overview of Budget 2022.

Each year, 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 2022. 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. If you would like to know more about Budget 2022, the website www.gov.ie/budget has more in-depth material available to download.

Budget 2022





What is the Budget?

Each October, the Minister for Finance and the Minister for Public Expenditure & Reform announce the Government's spending, tax and borrowing plans for the following year.

This is called the budget.

The budget covers all of Government spending and revenues. It includes all Government Departments, Agencies and Non-Commercial State Bodies as well as the 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 July the **Summer Economic Statement** is published. It provides an updated assessment of 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 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 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. 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 the Minister for Public Expenditure and Reform present 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.

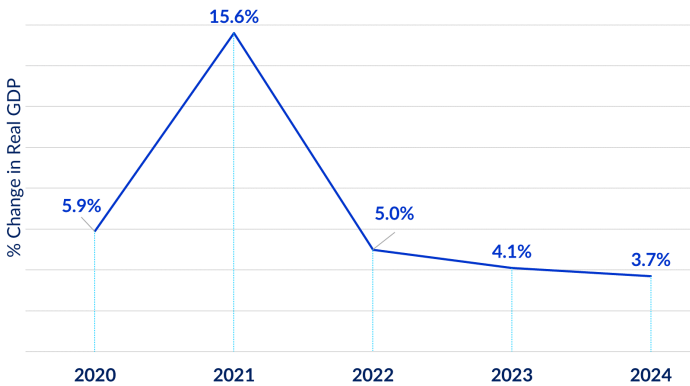
Emerging from the Pandemic

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.

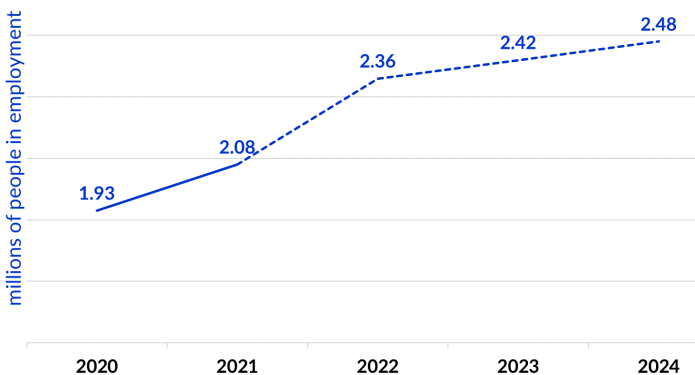
As a result of stronger than expected exports from multinational corporations, the economy is expected to grow by **15.6%** this year.

Growth is expected to continue in 2022, with the economy expected to expand by **5%**.



Labour Market

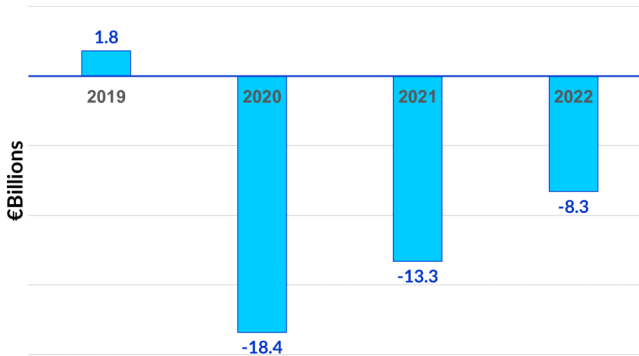
Employment will continue to recover over the next year. It is expected that **2.36** million people will be in employment in 2022.



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.

Responding to the pandemic has had a major impact upon what the State spends and the money it collects. This year it is projected that there will be a general government deficit of **€13.3 billion** and a deficit of **€8.3 billion** in 2022.

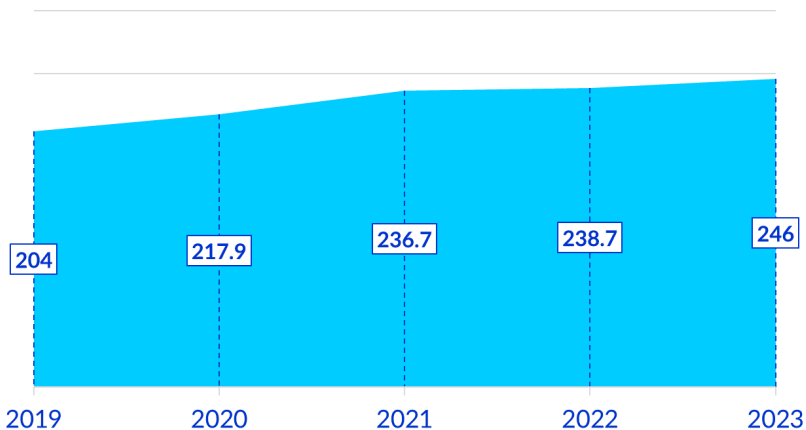


Debt

When expenditure is greater than revenue, the Government must borrow. It does this mainly by issuing bonds.

The stock of debt is expected to be **€238.7 billion** by end-2022.

Estimated debt amount in €Billion



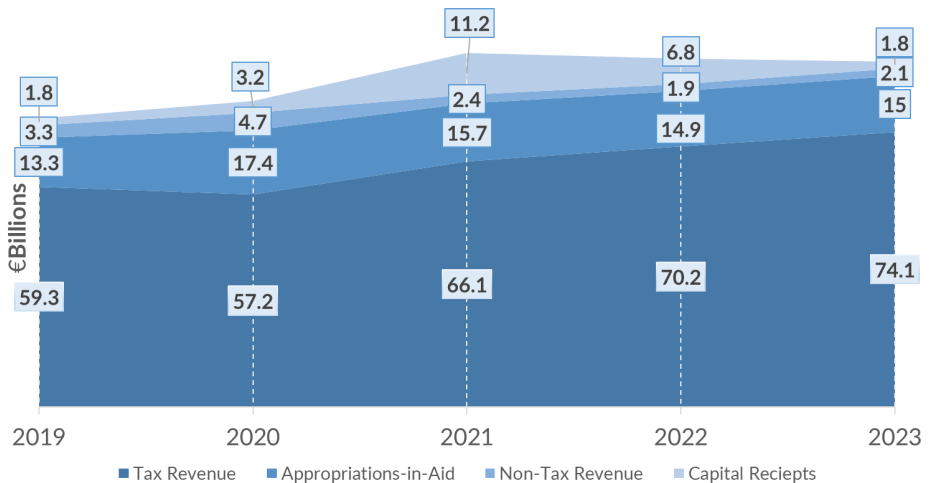
Where does the money come from?

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.

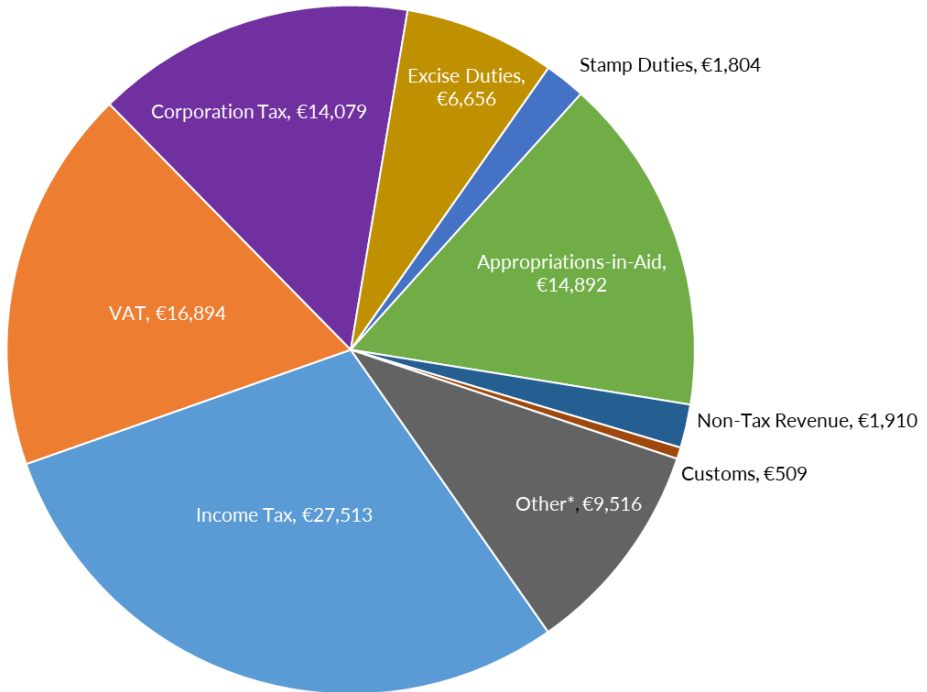
Government receives money from a number of sources:

- Tax revenue is paid by citizens and businesses.
- Non-Tax revenue comes from a number of sources including income from the Central Bank 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 2022 through tax revenue, non-tax revenue, capital receipts and appropriations-in-aid. The total revenue is **€93.8 billion**.



This chart shows the amount of revenue expected to be raised in 2022 (in €million) through tax revenue, non-tax revenue and appropriations-in-aid. The total revenue is **€93.8 billion**.



*Other includes: Capital Gains Tax €1,277, Motor Tax €910, Capital Acquisitions Tax €553 and Capital Receipts €6,775

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**”.

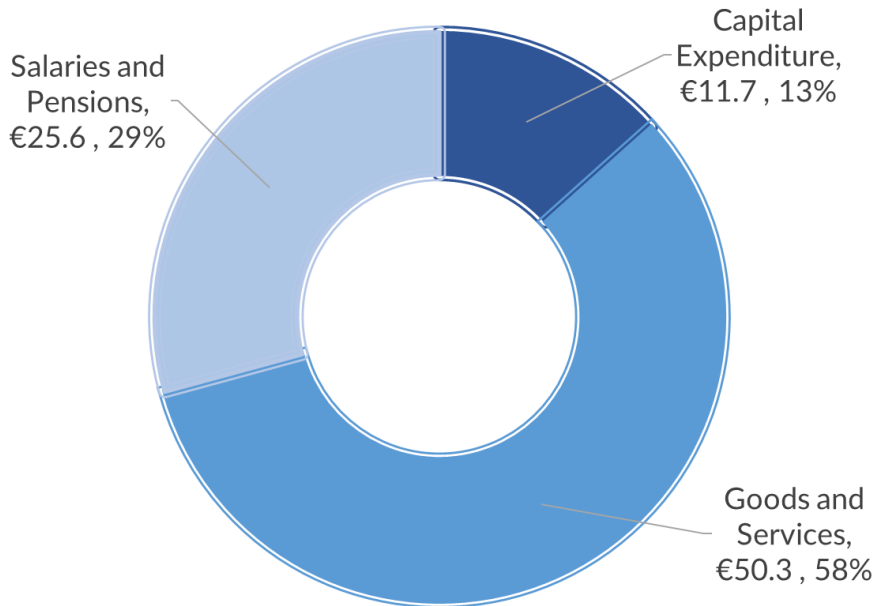


Voted expenditure

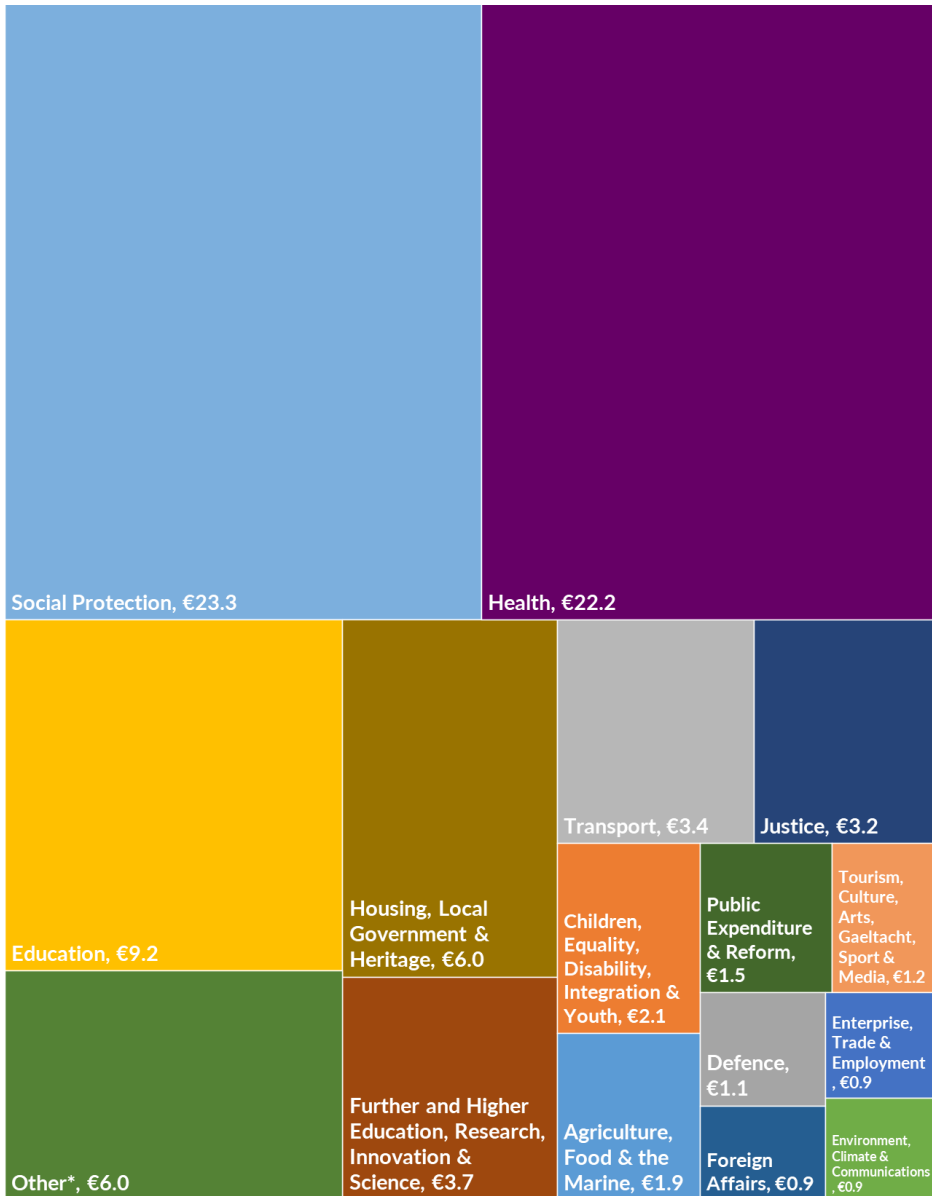
for 2022 will amount to **€87.6 billion**

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 **€13.9 billion** in 2022.

This chart shows how Voted Expenditure of **€87.6 billion** for 2022 is broken down between spending on goods and services, salaries and pensions and capital expenditure. The figures are in €Billions.



This figure illustrates how Voted Expenditure will be distributed across different policy areas in 2022 (in €billion).



Note: "Other" includes Rural & Community Development (€0.38 billion), Taoiseach (€0.27 billion) and Finance (€0.56 billion). It also includes all unallocated funding (€4.83 billion) Rounding may affect totals.

Responding to the challenge of Covid-19

Budget 2022 is providing **€7 billion** to support our people, our families, our communities and our businesses to respond to the challenge of Covid-19. For areas where there is a high degree of certainty on costs, nearly **€3 billion** euro has been allocated to Departments. Additional funding of just over **€4 billion** has been placed in a contingency fund in case it is needed.



€600 million has been provided to extend the Employment Wage Subsidy Scheme until April 2022 and **€100** million to extend the Pandemic Unemployment Payment to end January 2022. **€400** million is set aside for other job seekers payments and related supports and Department of Social Protection Schemes.



€800 million for the Department of Health's continued response to Covid-19 to cover costs associated with vaccination, test & trace and PPE and the HSE Winter Plan.



€150 million for the Education sector to provide for measures including additional higher education and training places, student supports and the continued safe operation of schools.



€200 million to support the operation of public transport while demand continues to be reduced.



€200 million across the Tourism, Culture and Arts, Gaeltacht, Sport and Media Programmes, including support for Regional Culture Centres and the Arts Council, Business Continuity Grants to assist the hard hit tourism and hospitality sectors and Live Entertainment Support Grants to support a sustainable live entertainment sector.

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 **€41** 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 13th October) and all other fuels on 1st May 2022.

Fuel Type	Typical Fuel Bundle	Current level of Carbon Tax @ €33.50	Impact of €7.50 Increase in Budget 2022
Petrol	60 litre fill	€5.72	€1.28
Diesel	60 litre fill	€6.62	€1.48
Kerosene	900 litre tank	€86.67	€19.40
Peat	12.5kg bale	€0.87	€0.20
Coal	40kg bag	€4.01	€0.89
Natural Gas	11,000 kWh*	€75.66	€16.85

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



It is estimated that increases to the Carbon Tax will raise **€412 million** in 2022.

Money raised through Carbon Tax will only be spent on schemes working towards climate action. This new spending will provide for new grants and low interest rate loans that will help people to invest in the energy efficiency of their home. It will provide assistance for our farmers to adapt to greener and more sustainable methods. And critically, the spending will protect the most vulnerable in society from the impact of the increases in the carbon tax.

Next year the money available from the carbon tax will be used to fund:



€202 million Investment in Residential & Community Energy Efficiency

It is estimated that this investment in 2022 will support over 22,000 home energy upgrades (including solar PV), including over 6,000 homes to a Building Energy Rating (BER) of B2 and over 4,500 free upgrades to the homes of those in, or at risk of, energy poverty.



€174 million on Targeted Social Protection Interventions

It is estimated that this investment in 2022 will support over 22,000 home energy upgrades (including solar PV), including over 6,000 homes to a Building Energy Rating (BER) of B2 and over 4,500 free upgrades to the homes of those in, or at risk of, energy poverty.

As a result of these supports, 40% of households will see all of the cost of the carbon tax increase offset, with the poorest 30% of households being better off as a result of these measures.



€36 million for the Continuation of the 2020 & 2021 Carbon Tax Investment Programme

Ten programmes benefitted in 2020 from the increased funding provided by the carbon tax. These programmes will continue to be funded in 2022. They include investment in greenways and urban cycling, the rehabilitation of peatlands and a fund created to ensure that Ireland's climate transition is fair and that nobody is left behind.

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.

€165 billion
record level of
investment in the
NDP from 2021-2030

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Tionscadal Éireann
Project Ireland
2040

The NDP will support recent Government priorities detailed in plans such as Housing for All, Our Rural Future, the upcoming 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.

On the next page are some examples of projects that will be completed under the NDP.

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

€165 billion Capital Investment between 2021 to 2030

	<p>54,000 affordable homes for purchase or rent in the period 2022-2030.</p> <ul style="list-style-type: none"> • average of 4,000 Affordable Purchase homes each year • average of 2,000 Cost Rental Homes will be provided each year
	<p>Irish Water projected to invest in the region of €6 billion in water services infrastructure in the period 2021 to 2025 of which €4.5 billion will be Voted Exchequer funded.</p>
	<p>€35 billion investment in transport over the next decade – the largest investment in transport in the history of the state – will transform how we travel, connect communities and help us to halve our greenhouse gas emissions by 2030</p>
	<p>€360 million per annum (up to 2025) will be invested in walking and cycling infrastructure in cities, towns and villages across the country, including Greenways.</p>
	<p>Deliver an average of 150 to 200 school building projects annually over the period 2021 to 2025</p>
	<p>Commitment to increasing the share of renewable electricity generation up to 80% by 2030, a doubling of our ambition from the 2020 target</p>
	<p>Support the upgrade of at least 500,000 homes to a Building Energy Rating of B2 by 2030.</p>

Budget 2022- Key Measures



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Free GP care for children
aged six and seven



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Threshold for the Drug
Payment Scheme lowered
to **€100**



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€250 million
to tackle hospital waiting
lists



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Free contraception for
women aged 17-25



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€30 million
to allow patients greater
access to High-Tech drugs



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Expanding dental access
to medical card patients



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National Childcare
Scheme universal subsidy
extended to all children
aged up to 15



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€5 increase
in weekly social welfare
payments



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€5 increase
in weekly payments for
pensioners



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Living Alone Allowance to
be increased by **€3**



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Fuel Allowance increased
by **€5**



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Parent's Benefit increased
by **2 weeks to 7 weeks**
from July 2022



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Introduction of a Youth
Travel Card for those aged
between **19** and **23**



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Recruitment of up to **800**
new trainee Gardaí and
400 Garda staff



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11,820

new social homes will be delivered
through build, acquisition and leasing
programmes. **9,000** of these will be
new build homes



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€18 million
for the delivery of
Traveller accomodation



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11,000

grants to adapt the homes
of older people and people
with a disability



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14,800

new households to have their
housing needs met under the
Housing Assistance Payment and
Rental Accomodation Scheme, in addition
to supporting almost **82,000** existing tenancies
under these schemes



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1,165
additional SNA's, bringing
the total number of SNA's
to almost **19,200**



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An additional **350** teachers
to reduce school staffing
schedules by 1 point for all
primary schools



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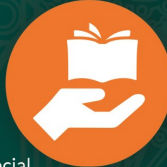
7,600
places in Further Education
and Training courses in key
skills areas of the economy



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980
additional special education
teachers working in special classes,
special schools and mainstream
settings to support children with special
educational needs



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Off-the-job training places
for **7,000** craft apprentices
impacted by Covid



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A **€200** increase in the
maintenance grant
payment in the Student
Support Scheme



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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 <http://gov.ie/budget> 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. So far this year 13 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/8930f-spending-review-2021/>

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beta This is a prototype - your feedback will help us to improve it.

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

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/>

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Collection

Public Service Performance Reports

From Department of Public Expenditure and Reform
Published on 4 May 2021
Last updated on 6 May 2021

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.

The Performance Report is also a key tool to support our Oireachtas Committees in scrutinising spending and engaging in a performance dialogue

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