

Presentation to NOAC

Covid fiscal supports overview

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An Roinn Caiteachais
Phoiblí agus Athchóirithe
Department of Public
Expenditure and Reform

OVERVIEW OF FISCAL SUPPORTS – WHERE ARE WE NOW?

- Overall Government Expenditure Ceiling of **€87.8 billion for 2021** –an increase of over €17bn over the original pre-Covid 2020 expenditure allocations
- Reflects additional funding provided to respond to the challenges of **Covid-19 and Brexit**
- €6.5bn for Covid-19 supports reflected in Departmental Estimates – including €3.2 billion in Social Protection payments and €1.9 billion to support the health service respond to Covid-19.
- €5.4 billion set aside in reserve:
 - **€3.4bn Recovery Fund** - for specific, targeted measures to be introduced to support the economy responding to Brexit and Covid-19
 - **€2bn Contingency Reserve** - to meet a number of potential Covid-19 costs that may arise over during 2021 in the areas of health, education and social protection

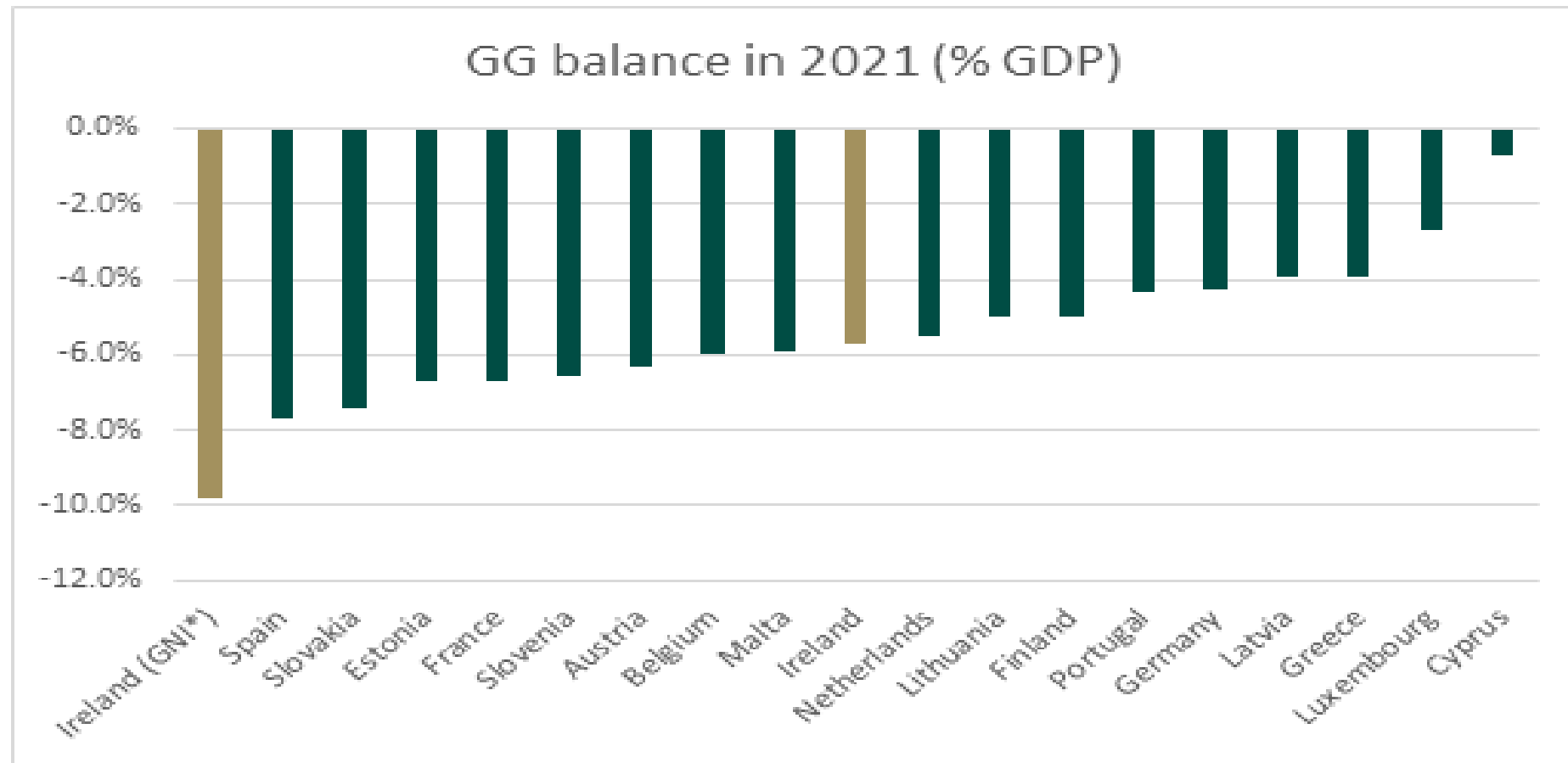


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KEY ASPECTS OF BUDGET 2021

- Additional funding also provided for core services to allow for sustainable incremental improvements in our public services and social supports.
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- €75.8bn allocated to Departments in Budget 2021 for core expenditure programmes. Core current spending growth of €3.8bn (+6%), driven by increased allocations in key priority areas of:
 - Health (+€1.9bn, 10.7%)
 - **Housing, Local Government and Heritage (+€0.2bn, 10.5%)**
 - Education (+€0.4bn, 5.3%)
- Core capital spending growth of €1.6bn (+19%), driven by increased allocations to:
 - **Housing (+€0.5bn, 22.1%)**
 - Transport (+€0.6bn, 32.5%)
 - Environment, Climate and Communications (+€0.2bn, 63.7%)

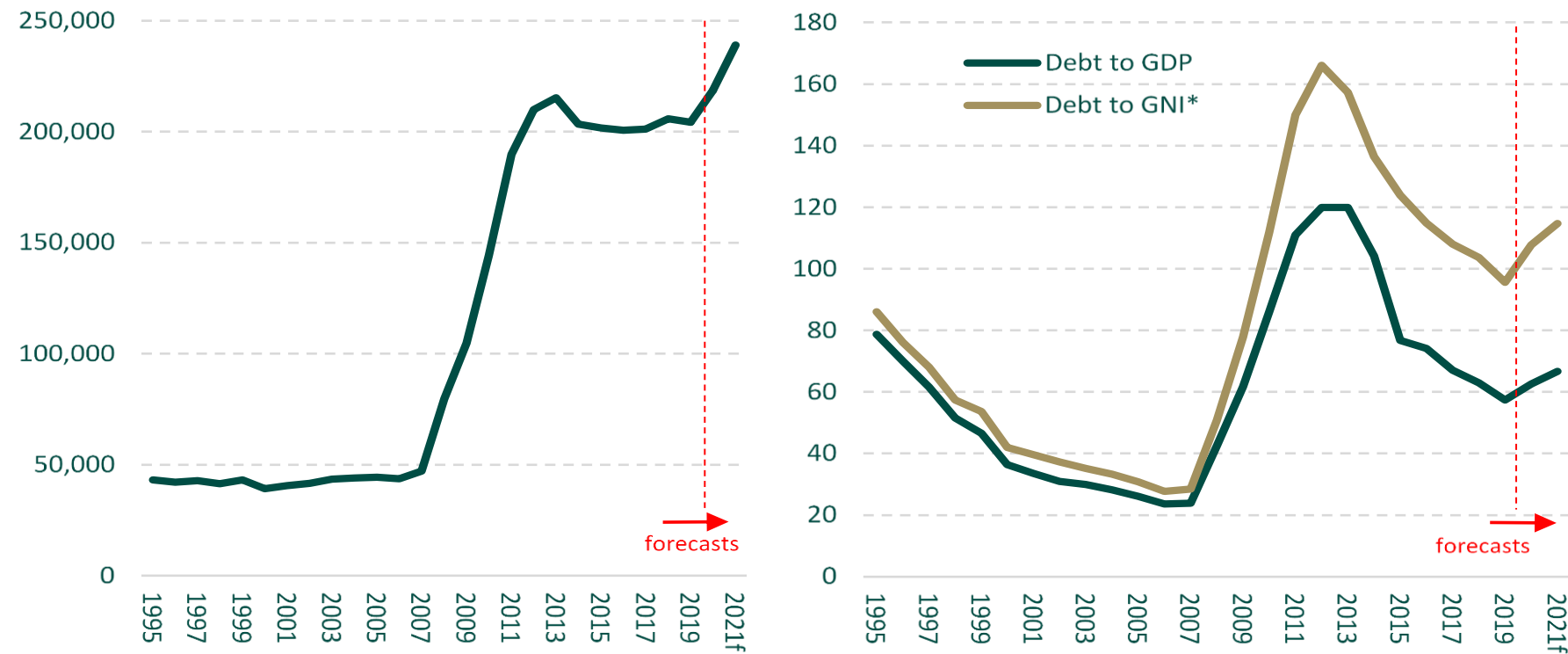
Projected General Government Deficit as % GDP 2021





Gross General Government Debt

Gross public debt, € millions and gross public debt, per cent GDP and GNI*



Source: CSO (outturn) and Department of Finance (Budget 2021 forecasts).

WHAT HAPPENED IN 2020? HOW DID WE GET HERE?

- Pre covid planned expenditure of €70bn in 2020
- Expenditure outturn **€85.5bn**
- Pre covid estimated Exchequer surplus of c. €2bn in 2020
- Finished with a deficit of c. **€19bn**; overspend combined with tax receipts c. €6bn lower than forecast

Covid expenditure allocations

	2020	2021	Total
Social Protection	10.37	3.18	13.55
of which: Pandemic Unemployment Payment	5.09	0.65	
EWSS/TWSS	4.53	1.2	
Other (illness benefit, activation measures, etc.)	0.75	1.33	
Health	2.54	1.88	4.42
of which: capacity, equipment, PPE, testing	2.54		
Education	0.32	0.31	0.63
of which: Roadmap for Reopening Schools	0.14	0.23	
Further and Higher Education	0.32	0.17	0.49
Business, Enterprise & Innovation	0.94	0.26	1.2
of which: Liquidity supports and Business Restart Grants	0.49		
July Stimulus including additional funds for Restart Grants	0.45		
Housing, Local Government and Heritage	1.1	0.05	1.15
of which: Commercial Rates Waiver	0.9		
Transport/Tourism/Sport	0.57	0.44	1.01
of which: Public Service Obligation	0.46	0.39	
Other	0.64	0.39	1.03
Total allocated	16.80	6.68	23.48
Contingency		1.97	1.97
Recovery Fund*		3.24	3.24
TOTAL DIRECT EXPENDITURE	16.80	11.89	28.69

Covid related fiscal support

• Expenditure	€28.7bn
• Tax	€4.1bn
• Contingency (loans, venture capital)	€5bn
• TOTAL	€37.8bn

Commercial rates waiver

- Primarily aimed at helping small businesses and most affected sectors e.g. hospitality. One of a suite of enterprise supports.
- Biggest rate payers, multinationals, selected sectors not eligible
- Initial waiver for Q2 2020 announced in May
- As part of stimulus package announcement in July the waiver was extended to cover Q3, with total transfer to LAs of €600m
- On Budget day the waiver was extended to Q4 – total cost of €900m
- Also covers other LA income losses (parking, tourism etc.)
- Government agreed in December that there would be a waiver in Q1 2021 – this will be a more limited measure at a cost of €160m