

**Press Release**

**Pre-Budget Statement, BUDGET 2025**

**Fiscal Council says Government is adding to prices and may have to reverse its promises.**

The State's budgetary watchdog has warned the Government is adding needless pressure to the economy. It says the Government is continuing to breach its tax-and-spend rule. And this comes at a time when Ireland is posting record jobs numbers.

The Fiscal Council released its pre-budget submission this morning. The Council was set up to give an honest and independent view of how the Government manages its budget.

The Council notes the unprecedented strength of Ireland's workforce. Employment is at record rates. Wages are finally starting to outpace price increases. This is providing much-needed relief to households after years of high costs.

But with jobs rates so high, there are pressures. Prices remain high even if falling energy prices have brought some relief. Looking at the data, the Council highlights how domestic prices continue to rise rapidly. This includes rent, food services, and medical costs.

The Council describes the Government's "everything now" approach as needlessly adding to these pressures. The approach has seen the Government expand in all areas of its budget. This means tax cuts, higher day-to-day spending, and a continued ramp-up in capital plans.

The Council says that the Government is adding unnecessary fuel to the fire by not prioritising. Drawing on Central Bank research, it says the breaches of the rule have added €1,000 to yearly household expenses. This looks set to be a lasting increase.

The Government's Budget package is already large. Overruns and untargeted cost-of-living supports could see the Budget rise to double pre-Covid packages.

As well as adding to pressures, the Council says the Government risks having to reverse its promises later on. The boasts of a surplus are misleading. The surplus is entirely driven by taxes from a handful of foreign multinationals. Without these, Ireland would be facing a large and growing deficit. This would be further exacerbated by overruns. The Government might be forced to renege on its promises if things change suddenly. For example, if corporation tax revenues suddenly shrank or if exceptional job numbers reversed. A reversal like this could come at a time when the economy most needs support. This, the Council says, would repeat Ireland's past mistakes.

How can it solve this? The Council says the Government simply needs to stick to the rule. This will help keep living costs down for households. It will also help avoid needless job losses in the next downturn.

As for infrastructure deficits, the Government needs to look beyond just providing more money. One option is to focus on areas that require less workers. It can also look at

planning, regulations, and ways to encourage the private sector. This includes giving private investors more certainty and more incentive to play their part.

Commenting on the report, Seamus Coffey, the Council's Chair noted: "The Government continues to make big promises. This is driving up prices and making it harder for people to afford the basics. Price increases may have slowed, but there are many areas where pressures remain high. If we are to learn from past mistakes, now is the time for the Government to stick to its own rule rather than to have to hit reverse later on, and potentially in the next recession".

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