



# Irish Fiscal Advisory Council

Press Release: Finance Minister game highlights resources available to next government

Under embargo until 5 November 2024

**Ireland's next government looks set to be flush with resources. But the cost of simply maintaining current services and sticking to pre-existing commitments could devour much of this.**

The Fiscal Council today published “Finance Minister — The Game”. It allows players experience what it's like to be the Finance Minister in government for the next five years. While the Council doesn't have a role to play in costing manifestos or specific measures, it can assess the likely resources and pressures faced in the coming years.

The Fiscal Council cautions it can't promise it will be a fun game!

At first glance, Ireland's next Finance Minister looks set to have an abundance of resources. Public debt is thankfully getting lower, we're at record rates of employment, and Ireland is taking in extraordinary amounts of corporation tax.

Sticking to what the Council thinks will be sustainable, there could be as much as an additional €7½ billion every year to play with. This is in terms of new spending increases and tax cuts, while keeping the economy and public finances safe.

However, as the game shows, some rises in costs will be hard to avoid. Ireland's ageing population will eat up nearly €1½ billion as more people draw pensions and avail of health and long-term care services. Capital projects already planned take up close to another €1½ billion. Then you have the rising costs of buying goods and services used by the public sector adding another €1 billion.

After that, it depends on what you choose to do. If you simply made sure that welfare payments and public sector pay kept up with general wage rises, that would mean another €3 billion. This would leave as little as half a billion left over each year for new measures.

A temptation might be to not increase taxes, even though this would sustainably fund more spending. While much of the focus is on new spending, the next government could also look at existing spending. Finding savings in some of the €130 billion already being spent could generate more resources. Failing that, the next finance minister might be tempted to dip further into risky corporation tax receipts to plug the funding gap.

Commenting on the game and budgetary resources calculator, Seamus Coffey, the Council’s Chairperson noted:

“We have a lot to look forward to in the coming years. But given Ireland’s ageing population, and large existing commitments, we shouldn’t get too carried away.

“If we want to make sure that the new things we do in terms of taxes and spending can be done on a continuing basis, they need to be financed sustainably. Otherwise, we will store up problems for when we enter the next recession — exactly the time that you don’t want to be cutting back.”

The table below sets out additional detail on the resources available and the potential pressures faced.

## Resources and potential pressures

€ billions

	2026	2027	2028	2029	2030	Annual average
<b>Starting resources</b> (5% increases + pre-legislated tax increases)	<b>6.9</b>	<b>7.2</b>	<b>7.7</b>	<b>7.4</b>	<b>7.8</b>	<b>7.4</b>
<b>Hard-to-avoid pressures</b>						
Demographics	1.7	1.5	1.4	1.2	1.2	1.4
Cost pressures (goods and services price increases)	1.1	1.1	1.1	1.1	1.2	1.1
Pre-committed capital spending increases	1.4	1.0	2.2	1.3	0.6	1.3
<b>Costs if fully indexed to wage increases</b>						
Pensions	0.7	0.8	0.8	0.9	0.9	0.8
Welfare	0.3	0.4	0.4	0.5	0.5	0.4
Public sector pay	1.6	1.5	1.8	2.0	2.1	1.8
<b>Total potential pressures</b>	<b>6.9</b>	<b>6.3</b>	<b>7.7</b>	<b>6.9</b>	<b>6.4</b>	<b>6.8</b>
<b>Leftover</b>	<b>0.0</b>	<b>0.9</b>	<b>0.0</b>	<b>0.5</b>	<b>1.4</b>	<b>0.6</b>
<b>Potential increases in resources under existing policy</b>						
PRSI increases legislated for	0.48	0.48	0.65	0	0	0.3
Carbon tax increases legislated for	0.16	0.16	0.16	0.16	0.16	0.2
Potential addition to resources if income tax system is not indexed	1.0	1.0	1.0	1.0	0.9	1.0

Note: The pre-legislated tax increases added to starting resources are the PRSI increases of 0.15pp in 2026 and 2027, and 0.2pp in 2028 plus the carbon tax increases of about €7.50 per tonne every year.