

S9. Net policy spending

This section looks at government spending in terms of “net policy spending” — a measure of spending that attempts to assess the Government’s overall fiscal policy stance.

Policy spending shows the level of overall general government spending excluding temporary factors like one-offs and spending on unemployment benefits that are not likely to be long-lasting. “Net” policy spending recognises the role of tax changes. For instance, new tax-raising measures can be used to fund spending increases. A rise in net policy spending is offset by tax-raising measures but is added to by tax cuts.

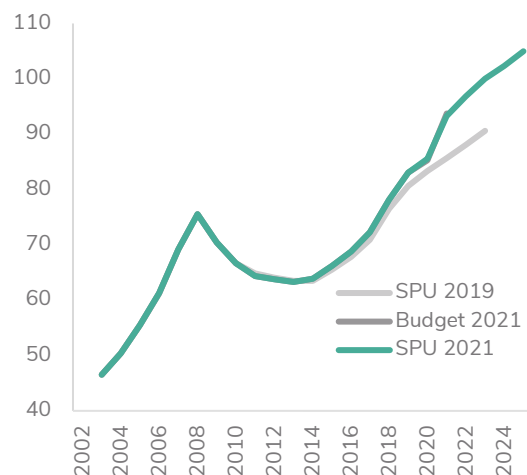
Recent net policy spending

€ millions

	Levels				Changes		
	2019	2020	2021	2022	2020	2021	2022
Total Expenditure	87,285	104,200	108,575	105,765	16,915	4,375	-2,810
- Interest	-4,457	-3,685	-3,360	-3,665	772	325	-305
- One-offs (incl. temporary unemployment costs)	263	-14,916	-11,960	-5,275	-15,179	2,956	6,685
= Policy Spending	83,091	85,599	93,255	96,825	2,508	7,656	3,570
- Discretionary revenue-raising measures	-958	-960	65	-650	-3	1,025	-715
= Net Policy Spending *	82,134	84,639	93,320	96,175	1,548	7,721	2,920

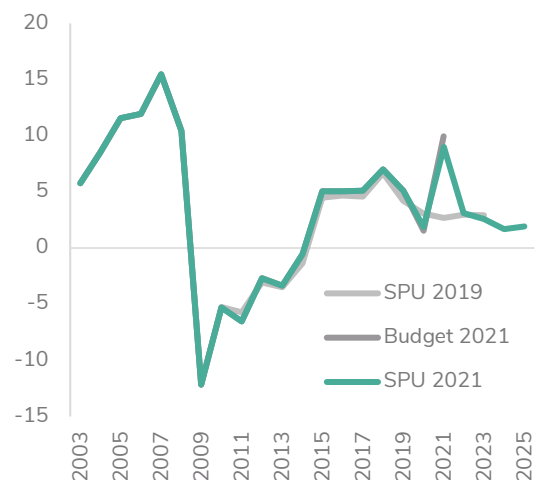
Policy spending levels

€ billions



Net policy spending growth

% change year-on-year



Sources: Department of Finance (SPU 2021 forecasts); and Fiscal Council workings.

Notes: Net Policy Spending is general government expenditure less interest costs, one-off expenditure items, and the estimated costs associated with cyclical unemployment. Given the extensive changes in unemployment benefits associated with the pandemic, recent calculations include “non-core” social protection spending increases as the basis for the temporary/cyclical increase in unemployment benefits. This is included in “one-offs” along with other Covid-19 and Brexit supports. * Changes in net policy spending are the difference between net policy spending in 2021 as compared to policy spending in 2020.