

Pre-Budget Statement

September 2025

No map for the road ahead



**Irish Fiscal
Advisory Council**

ABOUT US

The Fiscal Council is responsible for providing an honest and independent assessment of how the Government is managing the public finances and the economy.

This includes tracking how it is complying with rules designed to keep the public finances safe. It also includes approving the Government's economic forecasts to ensure they are realistic.



Key messages

The Irish economy is performing well. It does not require assistance from budgetary policy.

Large spending overruns are continuing this year. These need to be incorporated into budget 2026 forecasts.

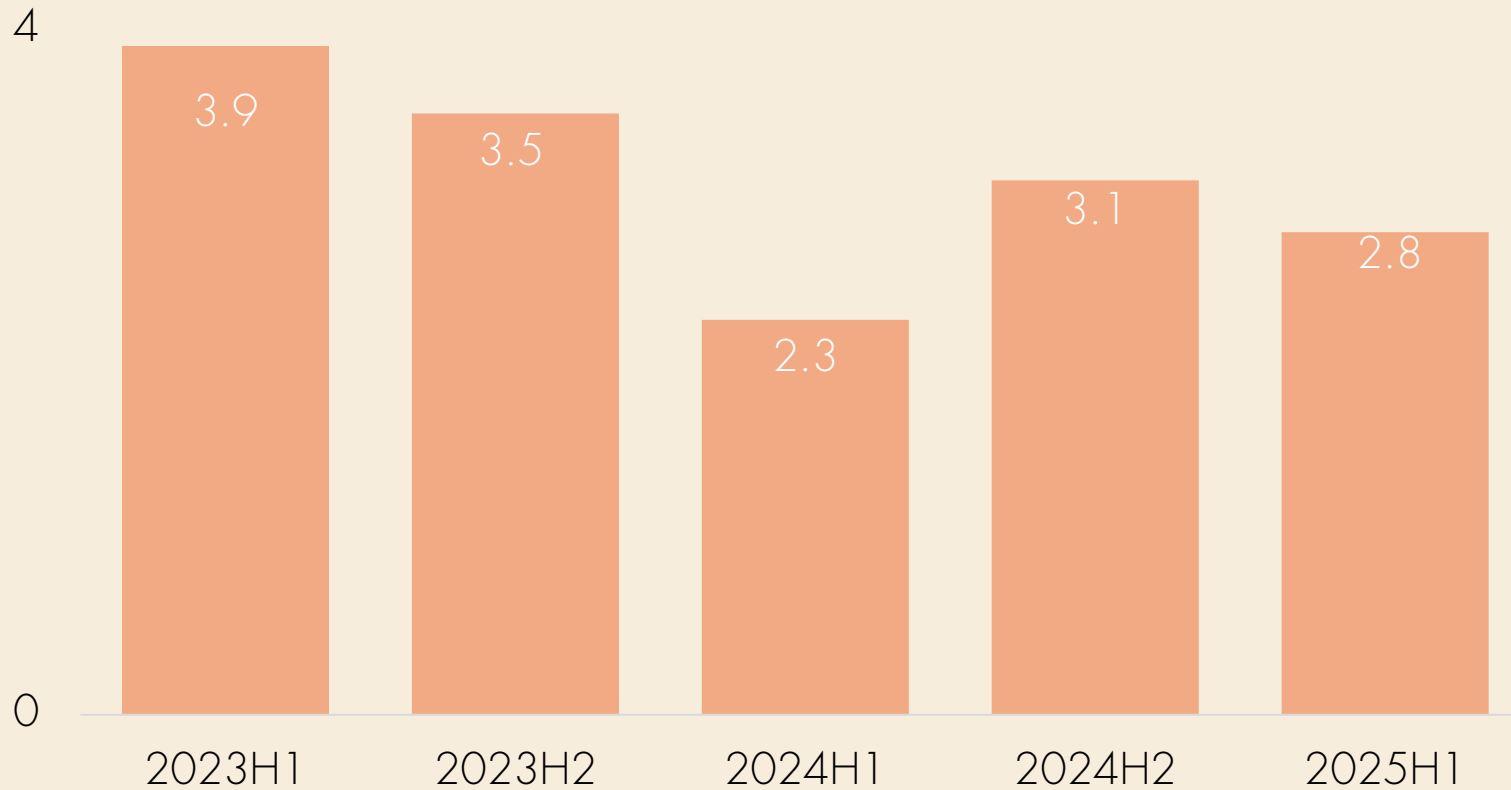
Budgetary policy is already providing unnecessary support. Underlying deficits are getting wider.

There is no map for the road ahead. No domestic budgetary rule or guide. No revised medium-term fiscal plan has been submitted to the EU.

The economy is still performing well

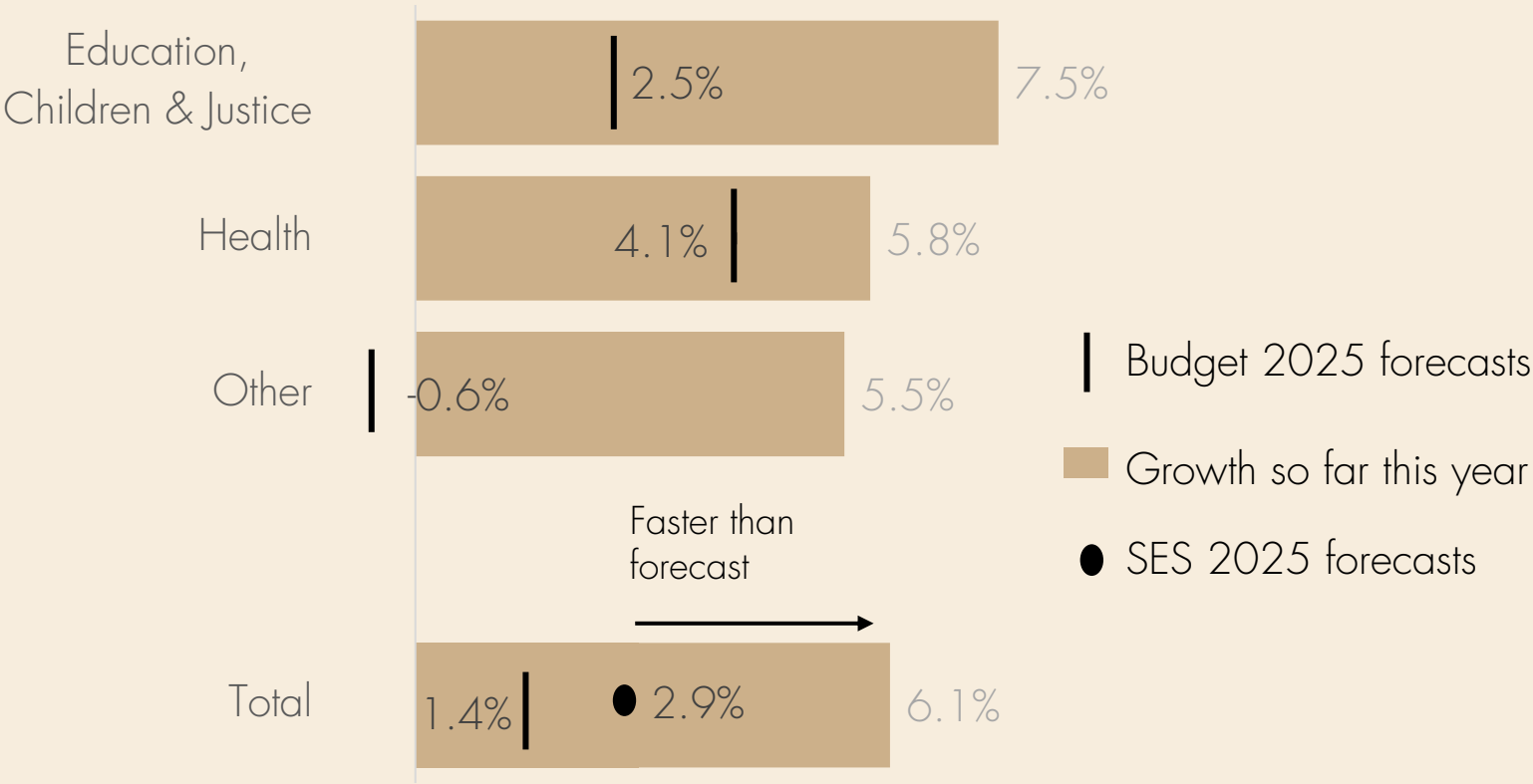
Employment is growing at a fast pace

Employment growth, year-on-year percentage growth



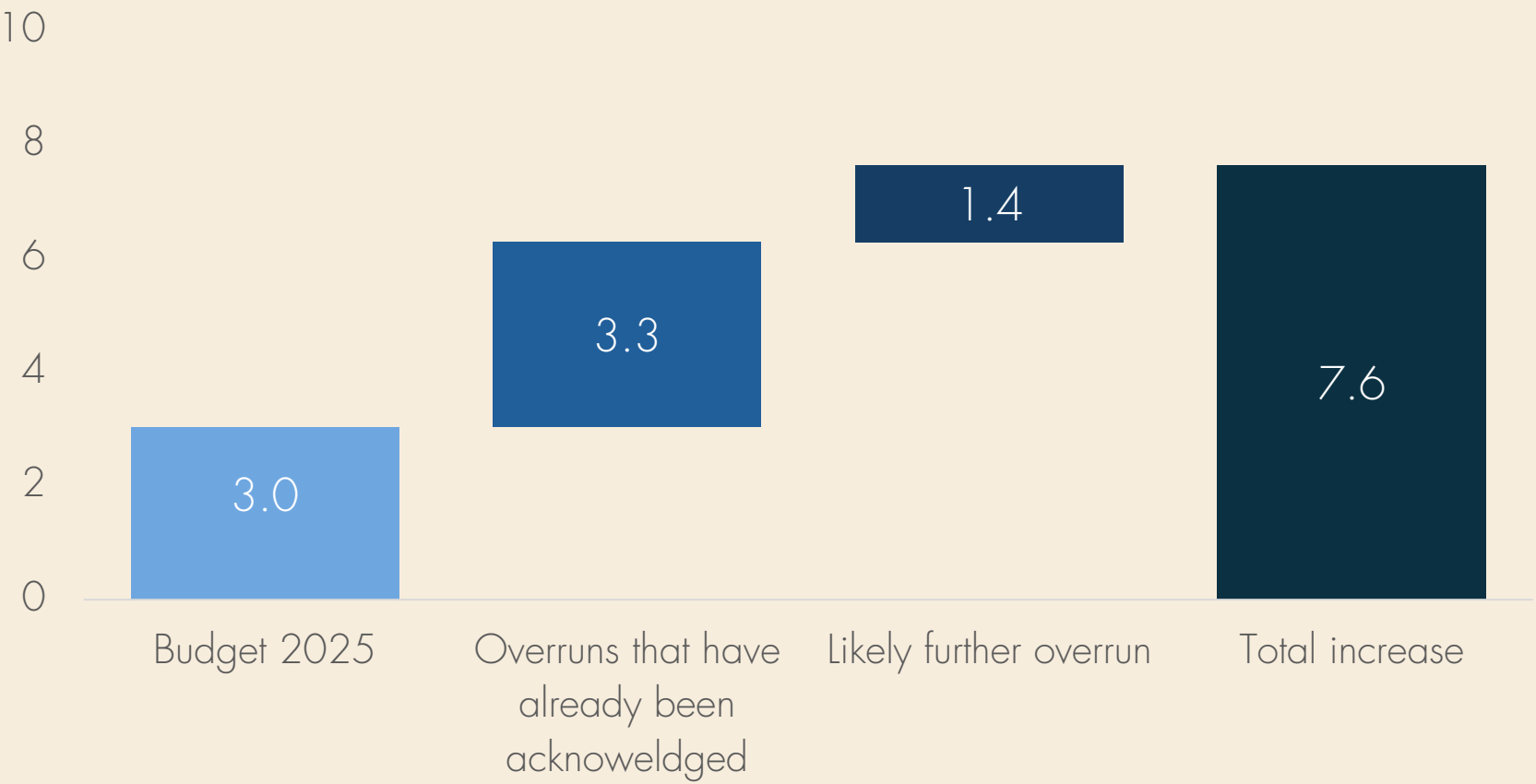
Large spending overruns are likely

% change year on year



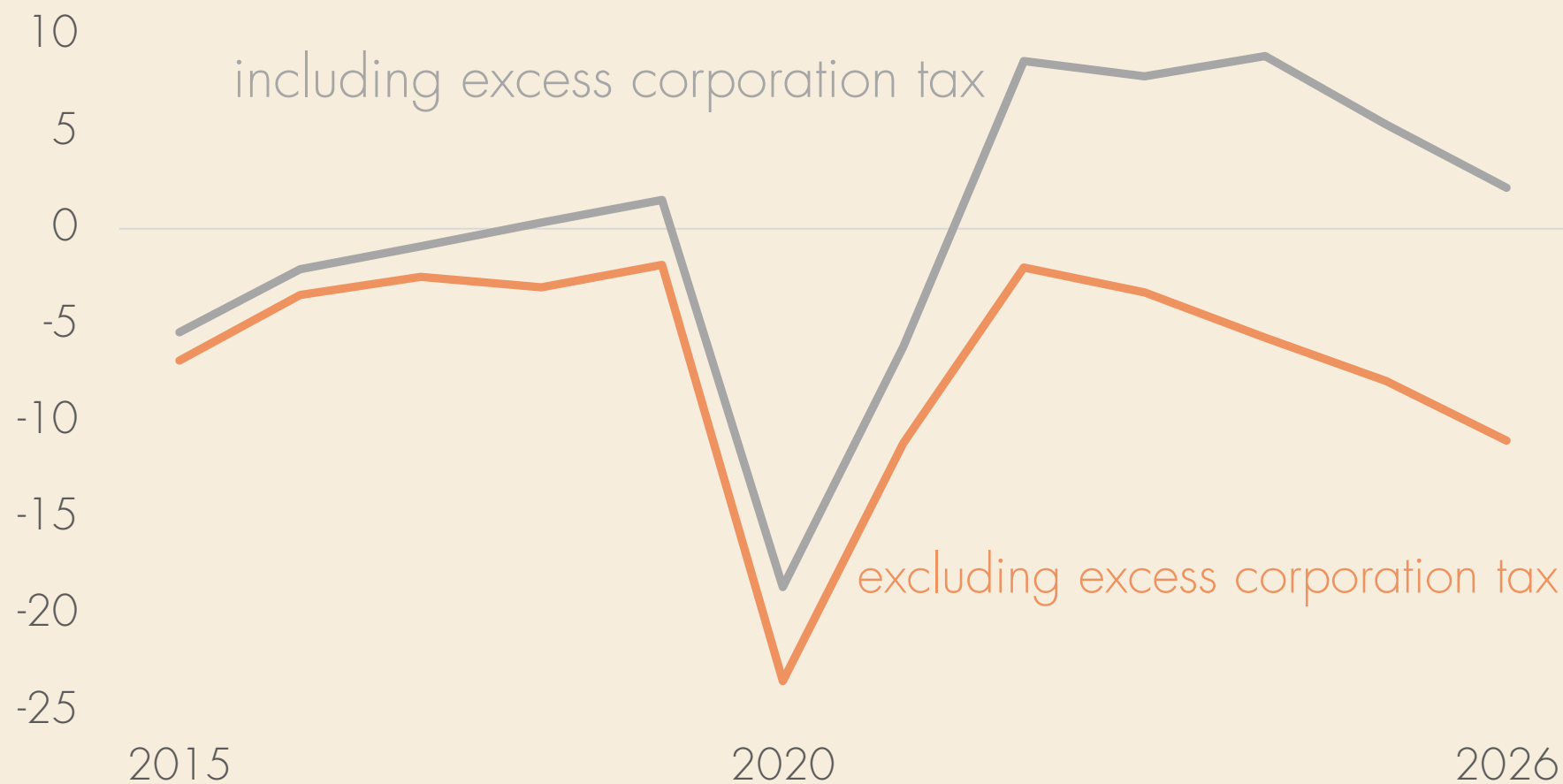
Spending increases this year are beyond what was planned

€ billion increases in gross voted spending



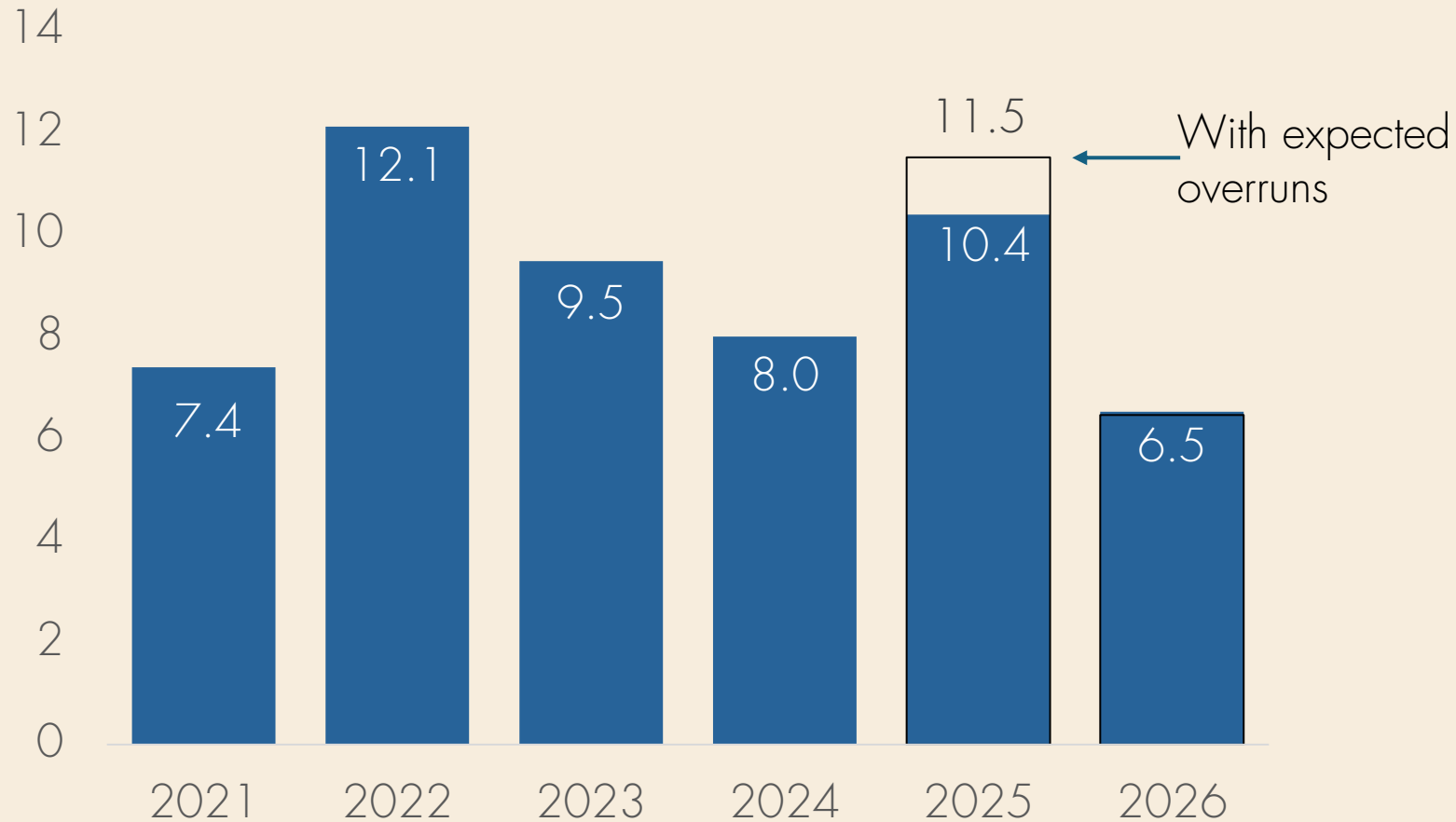
Without excess corporation tax, the public finances are in deficit

€ billions, general government balance



Spending is set to grow at a fast pace

% growth in net policy spending



Budgetary policy needs to smooth the swings in the economy

Budgetary policy should be less generous when the economy is performing well.

So that we can be more generous in a downturn (when the economy needs support).

Budgetary policy is already providing support.

No map for the road ahead

No revised medium-term plan

The Programme for Government committed to publishing a revised plan with the SES. This did not happen.

If taken seriously, the plan could bring a medium-term focus to budgetary policy

No domestic budgetary rule

No limit on what is sustainable for the public finances.

Our advice

1. **A smaller budget package than currently planned.** The Irish economy does not require additional support from budgetary policy.
2. **Set realistic spending forecasts in Budget 2026.** Recent forecasts have ignored previous overruns
3. **Publish a revised medium-term fiscal plan alongside the budget.** This had previously been promised for during the summer.
4. **Set a domestic budgetary rule/guide.** This would set a limit on what is sustainable for the public finances
5. **Continue saving into two savings funds.** These can help offset the costs of an ageing population and climate change