

Minister Donohoe publishes paper outlining Ireland's budgetary response to Covid

From [Department of Finance](#); [Department of Public Expenditure and Reform](#)

Published on 26 November 2020

Last updated on 26 November 2020

The Minister for Finance, Paschal Donohoe TD, has today (Thursday) published 'Taking Stock: The Fiscal Response to Covid-19', which outlines the totality of the Irish Government's budgetary response to the pandemic. The Government has responded to pandemic-induced crisis in an unprecedented and extraordinary way. Making use of the three avenues available— direct public expenditure, the taxation system and 'below the line' supports such as credit guarantees — the total value of supports for both this year and next amounts to just under €38 billion, or 18½ per cent of national income (GNI*).

Commenting on the figures, Minister Donohoe said:

'The pandemic and the necessary restrictions that have been in place since March have taken a heavy toll on individuals and businesses all around the country — this is to say nothing of the pressure on our health service and the extraordinary work done by our frontline workers. Through no fault of their own, people have lost their jobs, businesses have had to close and towns and villages across the country have fallen silent as people did the right thing and stayed at home'.

"In such circumstances, the Government has stepped in to invest in healthcare capacity, protect people's incomes and support businesses. The suite of supports outlined in this document and the impact these have had on the public finances, show that the Government has not been found wanting in this regard.

"Recent news in relation to vaccines is very welcome, and we are cautiously optimistic that it may herald the beginning of the normalisation phase. We all want life to return to normal and once this happens, it will be necessary to normalise budgetary policy. Until then, the Government will continue to use the resources of the State to ensure that we protect the vulnerable, maintain living standards and support businesses."

The Minister for Public Expenditure and Reform, Michael McGrath T.D. said:

'The Government has adopted a counter cyclical approach to the crisis. In simple terms, this means that the State increased both current and capital expenditure at a time when private sector demand and investment were reduced. This strategy has significantly cushioned the economic blow the country would otherwise have suffered. It has supported household incomes and kept as many people as possible in employment'.

“Despite the extreme urgency of the situation, we have been able to allocate additional funding to the health service, which is not only addressing the immediate challenges of the pandemic but is also building long-term capacity which will allow us to provide better, faster and more targeted treatment for patients in the future.

“Delivering an enhanced capital budget has been a particular focus of Government since taking Office. In both the July Stimulus and the October Budget, we have increased the allocation for investment to underpin future growth and enhance regional development.”



Taking Stock - The Fiscal Response to COVID-19

[Download](#)

ENDS

Notes to editors:

- Given the characteristics of the Irish economy, GNI* is considered a more accurate reflection of national income than GDP
- The ‘Taking Stock’ document incorporates all tax, expenditure and related policy decisions taken to date, regardless of when any costs may arise.