Opening Statement to the Oireachtas Committee on Budgetary Oversight

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Introduction

I would like to thank the Chair for the invitation to Ibec to appear before the Committee this afternoon and the members of the Committee for their time. Ibec and our members are grateful for the opportunity to appear before the Committee today as part of your post-Budget examination.

Overview

Ibec welcomed Budget 2027 for delivering a focus on driving innovation, protecting and creating jobs, and increasing investment in critical skills. The measures demonstrate sensible ambition. There are several measures which will particularly support business activity in the country including:

- Unlocking €150 million of National Training Fund resources for AI training and broader €360 million skills investment
- Increasing income tax bands and rates supporting labour market and consumer activity
- Cutting the rate of CGT from 33% to 31%
- Improvements in the R&D tax credit for outsourcing and recognition of costs
- Introducing changes to PRSI to help offset increases in labour costs
- 'Real time' reporting changed to monthly reporting
- The introduction of a savings and investment scheme in 2027

Economic backdrop outlook

The budget took place against a strong economic backdrop. The Irish economy continues to expand driven by consumer spending, which has so far proven robust to inflation, and investment levels which have been buoyed by both the National Development Plan and AI related spending. The recent budget will add further impetus to that growth.

Ireland is in a structurally different position to the rest of Europe, in an era of rising borrowing costs. Relative to countries which have already produced a draft budget plan for 2027, Ireland's policy measures are very expansionary. The most recent Irish budget package represents an expansion of about €1,600 per person. This is compared to other countries with published 2027 budgets like Finland and Netherlands of less than €100 per person and countries like France and Austria which are proposing significant cuts. This reflects Ireland's unique fiscal position expecting a surplus of €9.5 billion in 2027 and net debt of 41% of national income. This has been wholly supported by exceptional corporate tax receipts.

Budget 2027 forecasts are that Ireland will collect €39 billion in corporate tax alone in 2027 following the implementation of Pillar 2 rules. This means that we will collect more corporate tax in 2027 than we collected from all tax heads combined thirteen years ago. This source of funding has obvious risks but for now will continue to rise as the new minimum tax receipts arrive and capital allowances on imported intangible assets continue to run down.

The strength and resilience of the Irish economy in the face of ongoing shocks remains remarkable. Delivering on Budget 2027's investments in infrastructure, skills and AI readiness will be critical to having the same to say in the next ten years.

Ensuring we make the most of our opportunities

We particularly welcomed Budget 2027's strong emphasis on workforce transition and praised the decision to unlock €150 million from the National Training Fund (NTF) and €360 million for wider training investments. Given the scale of workplace change driven by AI, the employer-funded NTF is an essential resource to ensure workers and workplaces are adequately supported to meet both the challenges and opportunities of AI.

Our strong fiscal position gives us resilience to global shocks and the unlocking of the NTF in Budget 2027 gives us an opportunity to ensure workers and business are prepared for the future. It is absolutely critical that these funds are maximised in terms of their potential use. That they fund skills programmes which are operating well and which have been proven to work, like Skillnet Business Networks, Springboard+, micro-credentials and micro-qualifications, and Skills to Advance. These investments in lifelong learning will be as important in the oncoming period of technological change as investments in the broader education system were in decades past.