

DÁIL ÉIREANN

AN COISTE UM FHORMHAOIRSIÚ BUISÉID
COMMITTEE ON BUDGETARY OVERSIGHT

Dé Céadaoin, 23 Meán Fómhair 2026

Wednesday, 23 September 2026

Tháinig an Roghchoiste le chéile ag 6.30 p.m.

The Select Committee met at 6.30 p.m.

Comhaltaí a bhí i láthair / Members present:

Richard Boyd Barrett,	
Máire Devine,	
Cormac Devlin,	
Mairéad Farrell,	
Johnny Guirke,	
Aindrias Moynihan,	
Joe Neville,	
Cian O'Callaghan,	
John Paul O'Shea,	
Edward Timmins.	

Teachta / Deputy Richard O'Donoghue sa Chathaoir / in the Chair.

Tháinig an roghchoiste le chéile i seisiún príobháideach, cuireadh an suí ar fionraí ar 6.33 p.m. agus cuireadh tús leis arís i seisiún poiblí ar 6.35 p.m.

The select committee met in private session, suspended at 6.33 p.m. and resumed in public session at 6.35 p.m.

Pre-Budget 2027 Engagement

An Cathaoirleach: I ask everyone to switch off their mobile phones or put them on silent. Before we begin, I will explain some limitations to parliamentary privilege and the practice of the Houses as regards reference witnesses may make to other persons in their evidence. Witnesses are protected by absolute privilege in respect of the presentations they make to the committee. This means that they have an absolute defence against any defamation action for anything they say at the meeting. However, they are expected not to abuse this privilege and it is my duty as Cathaoirleach to ensure that privilege is not abused. Therefore, if their statements are potentially defamatory regarding an identifiable person or entity, they will be directed to discontinue their remarks. It is imperative that they comply with any such direction.

Members are advised of the constitutional requirement that a member must be physically present within the confines of the Leinster House complex to participate in public meetings. In this regard, I ask any members participating via MS Teams to confirm that they are on the grounds of Leinster House prior to making their contribution to the meeting. Members are reminded of the long-standing parliamentary practice that they should criticise or make charges against any person or entity either by name or in such a way as to make him, her or it identifiable or otherwise engage in speech that might be regarded as damaging to the good name of the person or entity. Therefore, if their statements are potentially defamatory regarding an identifiable person or entity, they will be directed to discontinue their remarks. It is imperative that they comply with any such direction.

Today's engagement forms part of pre-budget 2027 scrutiny. This will lead into the publication of the committee's pre-budget 2027 report. I welcome the Tánaiste and Minister for Finance and the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation. From the Department of Finance, I welcome Mr. John McCarthy, chief economist-assistant secretary, economic division; and Mr. Leo Redmond, assistant principal. From the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation, I welcome Ms Niamh Callaghan, principal officer; and Mr. Luke Daly. The committee welcomes the opportunity to engage with them and I thank them for being here today. I invite the Tánaiste and Minister for Finance to make his opening statement.

Tánaiste and Minister for Finance (Deputy Simon Harris): I am pleased to be here with the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation and for the opportunity to discuss the economic and fiscal situation in advance of budget 2027. We are now just 13 days away from budget 2027 and as we continue our preparations, this is a good opportunity to reflect on the state of the Irish economy, the challenges we face and the opportunities we have.

Overall, the Irish economy is well positioned to withstand the current volatility in the global economy but it remains essential that we are flexible and adaptable and that we continue to pursue a budgetary strategy that reinforces resilience. The latest CSO figures show that

modified domestic demand expanded by just over 3% on annual basis in the first half of the year. At an aggregate level, the labour market remains healthy, although the pace of employment growth may have moderated in recent quarters. The unemployment rate has now been at or below 5% for the past four and a half years, which is the longest stretch of "full employment" in the history of the State.

The annual budget is the key tool the Government has to influence the economy, to implement our country's priorities and to shape, over time, the kind of Ireland we want to live in. With every budget we need to try to balance the needs of the present moment, while protecting our country and our economy for the future. We cannot mortgage our children's futures with the decisions we make in the here and now. This budget will be first to be delivered under the Government's medium-term fiscal and structural plan.

With that in mind, the Minister, Deputy Chambers, and I set out the parameters for the budget last July. We are providing an overall budgetary package of €8.5 billion, consisting of €1.5 billion in new permanent tax measures and €7 billion in additional public spending. We will have to use the resources we have to help people who work hard to get ahead. We want people to feel the benefit of hard work in their own pay packet. Our priority for this budget is to reward work; cut the costs of everyday life in key areas like childcare, and energy; and support retired and older people, carers and people with a disability, recognising the contribution they have made and the security they deserve. We need to do all of this in a responsible way that protects the public finances for the longer term.

Looking ahead, the outlook for the Irish economy is dominated by opposing external forces. Energy supplies continue to be disrupted by the conflict in the Middle East. The latest print shows annual inflation of 3.4% in August. Risks of a prolonged conflict have now increased, and multiple energy bottlenecks have emerged. The Government has provided more than €1.3 billion in temporary supports to assist with the increased cost of energy. As the committee will appreciate, no final decisions have been made and I will not be announcing any budget measures this evening. However, the Minister, Deputy Chambers, the Taoiseach and I have made clear that energy will, of course, be a focus in the forthcoming budget. We have also got to be honest. Anybody who tells the Irish people that this or any Government can fully insulate people from external energy shocks is not telling the truth. There is no government that can fully insulate people from the increased energy prices. It remains the case that the greatest economic intervention would be de-escalation in the Middle East. However, we can take decisions, and there are decisions within our control as a country, to try to assist people in the here and now.

We will be delivering a tax package that reflects the priorities we set out in the programme for Government. An overall tax package of €1.5 billion gives us the capacity to make a real difference without jeopardising the sustainability of our public finances over the longer term. We intend to continue to run budget surpluses. We will continue to invest a portion of corporation tax receipts in the Future Ireland Fund, and to save through the Infrastructure, Climate and Nature Fund. We will continue to build up our stock of infrastructure; this is in and of itself a form of saving because we are investing in assets that will generate a return in the years to come. Ireland has a strong economy. The job of Government is to make sure that strength is felt in people's everyday lives.

Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation (Deputy Jack Chambers): I am pleased to be here with the Tánaiste and Minister for Finance as part of the committee's pre-budget engagement to discuss preparations for budget 2027.

Budget 2027 marks the second budget of this Government and the first prepared under the Government's medium-term fiscal and structural plan. To ensure we can continue to deliver vital capital investment and public services, it is essential that we implement the medium-term plan, as agreed by Government, to safeguard our prosperity, competitiveness and living standards for the future. Sustained economic growth in recent years has enabled significant investment in public services and infrastructure, while also allowing us to support households and businesses through periods of higher costs. These investments have expanded access to public services and social supports, increased capacity across the public sector and are supporting the acceleration of infrastructure delivery.

As we look to budget 2027, Government must strike a careful balance between maintaining investment in Ireland's future and ensuring public spending remains sustainable over the medium to long term. Government's approach to expenditure in budget 2027 is built around two key pillars. First, we will continue to prioritise investment in critical infrastructure and housing. Protecting capital investment is essential if we are to address capacity constraints, maintain the competitiveness of our economy and support future economic growth. Second, we will moderate the rate of growth of current expenditure. Between the years of 2019 and 2025, total gross voted expenditure rose from just €67 billion to over €109 billion, an increase of €42 billion. This investment has underpinned the delivery of key public policy objectives, supporting high life expectancy, strong educational outcomes and a progressive social protection system that reduces income inequality. However, we must be ambitious about achieving more from the significant investment already made. Budget 2027 is an opportunity to make important decisions that deliver practical improvements in people's lives and living standards.

The summer economic statement sets out the fiscal parameters which are guiding the Estimates discussions with Departments at present. Budget 2027 will provide for total expenditure of €125.5 billion. This represents an increase of €7 billion or 5.9% on the 2026 ceiling. This is comprised of €105.2 billion in current expenditure and an increase of €5.9 billion on the 2026 ceiling. The expenditure ceiling will provide for significant funding commitments in areas such as social protection, public services, and public service pay. It also provides for €20.3 billion in capital expenditure, an increase of €1.1 billion on the 2026 ceiling. This will allow for a balanced approach that supports continued investment, protects fiscal sustainability and prepares Ireland for future challenges and opportunities.

A central theme for budget 2027 will be ensuring that public spending delivers better services and better outcomes for our people, particularly as expenditure growth moderates over the medium term. The mid-year expenditure report, published by my Department in July, makes clear that we need to do more to maximise the impact of public spending. That is why Government must continue to prioritise and focus on reform and efficiency, so that every euro spent delivers the greatest possible impact. It is about reforming how we spend so we deliver more from the resources that are available. Our objective is to ensure that investment translates

into tangible improvements in services, infrastructure and quality of life that people can see and benefit from in their daily lives.

Government has already acted to strengthen expenditure management practices. Additional focus is being placed on demonstrating the outputs and outcomes achieved through investment, while recent circulars and directions from my Department have strengthened value-for-money obligations and escalation control processes. The focus of preparations for budget 2027 will, therefore, be twofold. There will be an enhanced focus on efficiency, reform and making the best use of existing resources across all Departments. Consistent with the Government decision in respect of the application of the expenditure levy, efficiency and reform proposals will be a central component of the Estimates process, which is ongoing. This reinforces the need to moderate expenditure growth and deliver efficiencies across Departments to accommodate priority policy measures within the fixed overall expenditure ceilings. There will also be a greater focus placed on pay and staffing. Effective management of the size and composition of the public service workforce is essential to ensuring that pay expenditure remains sustainable. By aligning staffing levels with service delivery priorities, streamlining processes, making greater use of digital technologies and deploying staff to areas of greatest need, organisations can strengthen front-line capacity and improve outcomes for citizens. The efficiency and reform proposals are being considered as part of the ongoing deliberative process for the budget. As with budget 2026, the expenditure report for 2027 will set out the key reforms and efficiencies that Departments are expected to deliver alongside their funding allocations. These wider submissions will be published following budget day.

Budget 2027 is about making responsible choices. It is about investing in public services and infrastructure, while ensuring that expenditure remains sustainable over the medium term. It is about supporting living standards, strengthening delivery and making sure that public money achieves its greatest possible impact. As we finalise the budget, my officials and I will continue to work closely with Departments to ensure that spending is affordable, targeted and focused on better outcomes for citizens. I look forward to engaging with the committee today along with the Tánaiste.

An Cathaoirleach: Thank you. Our first slot today is for Fianna Fáil.

Deputy Aindrias Moynihan: I thank the Ministers for their overviews. I want to ask about two areas. One is VAT on the farmer flat-rate addition, and the other is the well-being framework. On the farmer flat-rate addition, farmers selling livestock in the mart over the past year are seeing larger deductions from the mart. The flat-rate addition was dropped from 5.1% to 4.8% over the past year. The flat-rate addition is supposed to be a measure that would be friendly to farmers, aimed at facilitating smaller farmers who are not VAT-registered. Our agriculture committee had an opportunity to meet with the Department of Finance, Revenue and the mart representatives on the matter. In the way it has been operating over the past year, farmers have been seeing an increased deduction. They are upset about it. The marts appear to be collecting an additional €61 million. Is there really an additional €61 million coming into the Exchequer or is it passing through in some way or another? The whole concept of the flat-rate addition was to be supportive to farmers.

My first question is on whether there is really extra funding coming into the Exchequer from that. There are two rates - the livestock rate and the farmer flat-rate addition. They used to be coupled up to 2007. For some reason, they were decoupled in that year. It is because of the

difference between the two rates that this issue is emerging for farmers, meaning they are seeing this deduction. Why were the rates decoupled? Can they be bound together again or would there be a cost to the Exchequer in linking the livestock rate and the farmer flat-rate addition? Is that the kind of thing a Minister can only do through a budget? There is a mouthful in that but I would be interested to hear the Minister's view on it.

Deputy Simon Harris: I thank the Deputy for raising this issue. It has been extensively raised with me and my fellow Minister, Deputy Chambers, in our engagement with a number of farm representative bodies, including the IFA and the ICMSA. Now I have made the mistake of naming some of them and not all of them but it has arisen in the various engagements we have had. It was also an issue that came up at the ploughing championships. I do not know the truthful answer as to why the rates were decoupled in 2007 but I will look into that.

This is quite a technical area. The farmer flat-rate addition compensates farmers for VAT incurred on their purchases without having to register for VAT. Under the scheme, a farmer supplying agricultural products or services to a VAT-registered business is entitled to receive from that person, in addition to the amount payable for the supplies, the amount the Deputy described as the flat-rate addition.

In budget 2026, in line with the relevant macroeconomic data, the flat-rate addition was reduced to 4.5% and is now below the VAT rate charged on the sale of livestock. That has caused the challenge this year and certainly the frustration I hear from farmers this year.

The VAT rate applied to livestock is based on the super-reduced rate, whereby member states are permitted to apply a rate below the minimum allowed for reduced rates of 5%. It is currently set at 4.8% for the sale of livestock. Historically, this rate has been the same as, or lower than, the rate set for the farmer flat-rate addition scheme, which compensates farmers for VAT incurred on their purchases without having to register for VAT.

The flat-rate payment is subject to review every year. There is a review carried out on a technical basis by Revenue. My understanding is that the review is now almost complete. We will provide an update as part of the normal budget process and will announce any changes on budget day as part of budget 2027. Any changes arising from that will be legislated for in the finance Bill of this year. If the Government decides to amend the livestock rate, that will also be done as part of the normal budget process.

In plain English, for what is quite a technical issue that farmers raise with us regularly, Revenue carries out an analysis of the data each year and advises my Department. We then bring forward the proposal on budget day and legislate for any such proposal in the finance Bill. I have not yet received the data but I have a sense that some of the concerns of farmers may well be resolved this year as part of that technical exercise. I say that with the caveat that I have yet to receive the report from Revenue.

Deputy Aindrias Moynihan: Would it only be a budget-type decision or could it be done outside the budget?

Deputy Simon Harris: No. It is a decision we make each year on budget day and then provide for in the finance Bill.

Deputy Aindrias Moynihan: Would linking the two rates be the kind of thing that could solve the issue for farmers?

Deputy Simon Harris: I do not truthfully know the history as to why it was decided in 2007 to decouple the rates but, on foot of the Deputy raising it, I will consider it in advance of the budget. I will come back to the committee as well.

Deputy Aindrias Moynihan: If the Minister has any information on why the rates were originally decoupled, I would be interested in that.

Deputy Simon Harris: Yes.

Deputy Aindrias Moynihan: The other question is a very quick one. How will we see the well-being framework influence the budget decisions in the weeks ahead?

Deputy Simon Harris: I will ask John McCarthy, who prepares that for the Department, to give the Deputy an overview.

Mr. John McCarthy: I thank the Deputy for the question. We have done what we call our Beyond-GDP publication for about five or six years now. Within that, we have the well-being assessment. The intention is to continue doing that. A draft is being prepared. We will look at the usual issues: what is happening in terms of well-being and the overall framework; the distributional analysis of the budget, including who gains what at different income deciles; the carbon impact of the budget; and the equality impact of the budget. We will do and publish all of those well-being-type analyses the Deputy is referring to on budget day. The document will be published once again.

Deputy Aindrias Moynihan: As part of the budget documentation.

Mr. John McCarthy: Correct.

An Cathaoirleach: Deputy Timmins has seven minutes for questions.

Deputy Edward Timmins: I thank the Ministers for coming in. I have two or three questions for each of them and I will try to stick to the seven minutes.

I will question the Minister for public expenditure, Deputy Chambers, first. We have covered these subjects before. My first question is in relation to the credibility of the budget. We had officials from the Department of education before us a couple of months ago and, as the Minister knows, they more or less indicated the Department was left €416 million short of what it expected for 2026. Will the budget for 2027 be based on the 2026 budget, which, in my opinion, left the likes of the Department of education approximately €416 million short, or will it be based more on the real outcome that was always going to happen? I realise the figure went beyond €416 million, perhaps to €630 million or whatever, but will the budget for 2027 be based on the more realistic figure? For the sake of the credibility of our budget process, I ask that we start with accurate figures in the first place.

Deputy Jack Chambers: We have been before the finance committee discussing that. We are in the middle of an Estimates process and the Government will make a collective decision on the allocations and the distributional nature of the wider decisions.

As in previous years, we prioritised education across spending growth last year, which was moderating. We gave an initial increase of 10%. We increased that in-year because of the additional demands and we have gone through the reasoning behind that. Clearly, it will be a priority for the Government in 2027.

In every Estimate proposal made to me, and probably since the foundation of the State, there is usually a figure proposed far in excess of what is available within the broader fiscal parameters. We obviously have to make a broader judgment on the distributional decision-making around that. Obviously, front-line services are a priority.

Deputy Edward Timmins: That is fine. I am conscious of time. Are we making any further progress in terms of more long-term budgeting? We get a detailed one-year budget but we do not really get a lot of detail on future budgets over five or ten years. I am aware there is the fiscal framework and so on but I would like us to move more towards planning spending over the longer term.

Deputy Jack Chambers: We have published expenditure ceilings for capital out to 2030 and broader ceilings on capital out to 2035, which will be subject to a further national development plan, NDP, review. We have sectoral investment plans underpinning that. On day-to-day spending, however, different demands emerge in-year which need to inform budgetary decisions on an annualised basis. That is the nature of the annual budget we have. Government priorities can change during an Administration.

It is important to work on a capital spending basis because that gives multi-annual certainty to sectors of the economy. It is also about how we plan our workforce. An annualised approach also drives reform and efficiencies.

Deputy Edward Timmins: My last question is on the cost-control measures. I know we went through the circular that was issued, and a couple of other circulars, and they are all very worthy documents, but I would like to see us do more in terms of cost control and actual measures that are showing results. We are not doing enough of that or drilling down enough. We obviously have Accounting Officers who are responsible in each Department but a lot more work could be done on cost control. I mean simple things such as overtime reports and consultancy reports, so that these costs are being watched, as they are through management accounts in a company. I would like to see a lot more of that.

Lastly, we should not penalise Departments that do not spend their money. There is a psychology of spending money towards the year end because Departments fear they will be penalised. I would like to see some way of reversing that psychology so that there is actually an incentive to save money and not spend it towards year end, without the fear of losing the money in the next budget.

I am very conscious that I am giving the Minister a really short time to answer because the Minister for Finance has to come in as well.

Deputy Jack Chambers: We made a decision in-year on burden-sharing. That decision, with an efficiency levy, has created a focus on efficiencies and reforms, where decisions are made on non-pay elements of expenditure in different Departments and on better management of pay and numbers, in respect of which there should be greater discipline in managing the broader cost and expenditure environment.

On capital, there is an incentive not to accelerate spend because there is a provision for capital carry over into the following year, which allows-----

Deputy Edward Timmins: I understand the capital bit, thank you.

I have a couple of questions for the Tánaiste. I welcome the flagging of an increase in the threshold for income tax. I do not know what it is going to be but perhaps it will go up from €44,000 to €46,000. This is something that I raised here exactly a year ago but we did not get any satisfaction. On the issue of credits, does the Tánaiste have any thoughts on income tax credits? Obviously lower-paid people earning below €44,000 will not benefit if the threshold for the top rate of tax increases. I would like to see something similar. Increasing the thresholds would be worth €400 per person, if it goes to that, but I will not pre-empt what the Tánaiste is going to do. I would like to see something along the same scale, somewhere in the order of €400 in tax credits for everyone, €200 each for the PAYE and single person's tax credit, giving a total of €400 so that it is along the same lines as the benefits for those earning over €44,000.

Deputy Simon Harris: I think it was quite a straightforward thing to do, in many ways, to flag what we are likely to do on income tax because it is set out in the programme for Government that, to paraphrase, all other things being equal, we would maintain a progressive taxation system and look each year at the issue of bands and credits. As the Deputy rightly said, we did not do that last year and we explained the policy rationale for that but it is very important that not only in this budget but, all other things being equal, in the next four budgets this Government has left to deliver, this is the direction of travel. We should try to demystify or anchor income tax policy for the next number of years. The programme for Government does intend to do that. The Deputy is also right that it says both bands and credits, for the reasons that he outlined. There is a strong rationale for increasing bands. There is a recognition, even across what used to be termed the social partners, of the importance of the issue of bands. Otherwise, as there is wage growth in the economy, as people work overtime or get a promotion and their careers progress, they end up paying more tax. We are still paying the higher rate of tax below the average income but the credits are also important from a progressivity point of view and the Deputy can expect a mix of both.

An Cathaoirleach: Thank you. Deputy Guirke is next.

Deputy Johnny Guirke: I thank the witnesses for coming in today. I have a couple of questions but am not sure who can answer them. The Irish Cancer Society has made a pre-budget submission. It highlighted this morning that on average people with cancer lose approximately €16,200 in income per year. It is shocking that people with cancer are means tested for a medical card. Will this budget provide a medical card for all cancer patients? When people get sick, they are still met with the same bills and mortgage repayments as well as increased costs for medication. Many people end up in mortgage and rent arrears. Can the Ministers commit today to scrapping the means test for cancer patients in this year's budget and will they ensure that cancer patients have automatic access to a medical card?

Deputy Jack Chambers: I thank the Deputy for that question. We really value the input of the Irish Cancer Society to wider policy. We are in the middle of an Estimates process with the Department of Health. Policy measure suggestions from any NGO or organisation like the Irish Cancer Society are considered by the Minister for Health and by me in the context of the Estimates process. I will give the Deputy the same answer on this as I would on any issue which is that until we settle the wider health budget, I cannot comment on what is or is not possible in the context of what will be available for 2027.

Deputy Johnny Guirke: Seven in ten young adults are talking about leaving Ireland. We know the challenges young people face with not being able to afford rent or to buy a home and

with some of the highest insurance costs, while they are generally on a low wage. What are the Government's plans in the budget to help the seven out of ten young people in Ireland who are talking about leaving?

Deputy Simon Harris: To be honest, we have to stress test that data a little bit based on the actual reality in terms of migration figures in Ireland. I know there are real challenges and pressures facing people. There is a cost-of-living challenge. Young people want to see more homes built. The Government will continue to do a number of things that we can never take for granted. When I first entered Dáil Éireann in 2011, the unemployment rate was 15% and it was very hard to get a job in this country. We are now at full employment for the longest time in the history of our State, namely four and a half years. We do need to make sure we never take for granted that reality and that we do not make it harder for young people to actually get jobs. What we will be doing in the first instance is making sure we continue to pursue pro-enterprise policies that enable people to provide high-quality, well-paid jobs in this country. We have taken a number of measures that young people want to see in relation to helping them to buy their own home, including a commitment to the help to buy scheme for the lifetime of this Government. Different parties have different views on that but this Government backs the help to buy scheme. We are looking favourably on the renter's tax credit. The Taoiseach spoke about that during the week. There is a commitment in the programme for Government in relation to the renter's tax credit. We allowed for the maintenance of it last year for the lifetime of this Government but the programme for Government commits to giving consideration to its rate each year and whether there is a possibility of increasing it. That is a matter for budget day. The key thing we have to do is continue to build more homes. I accept this country has challenges but so do lots of countries.

An Cathaoirleach: I am sorry to interrupt but the voting block has been called in the Dáil Chamber. I propose we suspend for 30 minutes to allow members to take part in the voting block.

Sitting suspended at 7.06 p.m. and resumed at 8.17 p.m.

An Cathaoirleach: I propose that we resume our session with the remaining speakers. We have a strict timelimit of seven minutes. The committee was due to finish at 8.30 p.m. but we will go over time. Before we proceed, I want to double-check the witnesses are okay to stay after 9 p.m. so that everyone gets an opportunity to speak for seven minutes. Thank you.

Deputy Guirke has four minutes.

Deputy Johnny Guirke: I have two questions - maybe one question for each Minister. With thousands of households facing elevated mortgage rates, will the budget extend and expand targeted mortgage interest relief to cover tracker, fixed and variable rate for borrowers trapped by high interest repayments?

Deputy Simon Harris: I am conscious of the issue the Deputy raises but in the interest of time, these are issues that we will decide between now and budget day, and announce them on budget day. We will give consideration to all of these issues in the round but we will not be making an announcement or a decision on that until budget day. I am sorry I cannot be more expansive this evening on that one.

Deputy Johnny Guirke: Publicans are facing significant increases in operating costs, including for energy, labour and water, while many are now operating on extremely narrow margins. What assessment has the Government made of the financial pressures facing the pub sector? What measures could be considered in budget 2027 to support the long-term viability of rural pubs?

Deputy Jack Chambers: I thank the Deputy. The Minister, Deputy Burke, has done extensive work on the cost of doing business and the Government is considering some of the recommendations in the context of input costs within the economy. To make a general point on containment, it is not just about responding to input costs with tax or expenditure on the other side. It is about discipline in not adding new policies so that we have more sustainability in respect of the broader cost base. However, we are conscious of the impact of cost increases for businesses. The work of the Estimates process is ongoing in that regard.

Deputy Johnny Guirke: There is not much point in asking questions about the budget because we are not getting answers. Will the Government commit to reducing childcare fees for parents in this budget rather than making incremental changes that fail to offset operating costs for providers?

Deputy Jack Chambers: We have said that childcare is a priority. I said that in the Dáil earlier today and yesterday in relation to the wider cost-of-living issues, which, in fairness, the Deputy's party and others have raised. We are engaging with the Minister, Deputy Foley, on that in terms of the Estimates process and the wider programme for Government, but we have yet to come to a conclusion on it.

Deputy Cian O'Callaghan: CIÉ and An Post pensioners are suffering under the cost-of-living crisis the same as everybody else. CIÉ pensioners have been waiting almost two decades for any increase to their pensions. They have been promised an increase but it has not been paid. What is causing the delay? When are CIÉ pensioners going to get the increase in their pensions that has been promised to them? Likewise, it has been agreed that An Post pensioners will get an increase, but it has not been paid to them. When is that payment going to come through? I asked the Minister these questions this time last year and he promised swift action. We are here a year later and the pensioners are still waiting.

Deputy Jack Chambers: I appreciate the Deputy raising that. Many of us have former CIÉ and An Post workers across our constituencies. There was an issue last year with that process concluding with the line Department, the Department of Transport, the actuarial analysis and the work of NewERA. All of the consents required that have come to me have been approved. I will come back to the committee on the actual payment of it, which is a matter for CIÉ itself and the Department of Transport, and I will revert to the Deputy on the particular issue he raised. The respective consent processes that have come to me from the engagement the Department of Transport has had with the semi-State bodies and the pension requests have been approved. I will come back on the specific issue of why the pensioners have not been paid. I do not have a note on that here.

Deputy Cian O'Callaghan: I would urge urgency on this. To wait 18 or 19 years for any increase in a pension is utterly unacceptable.

The issue of multi-annual funding was touched on earlier. We are all conscious of the Before We Die campaign by families with adults with intellectual disabilities. One of the points they

make is that they need suitable, good-quality accommodation for their family members, for their sons and daughters. They make the point that having family members put into private, for-profit accommodation hundreds of miles away, often in isolated areas, is not a good model. It is very expensive as well.

One of the points the not-for-profit sector makes is that the lack of multi-annual funding for it means it is very hard for it to expand the provision of services it would like to provide because it has no certainty. The sector has made a very strong request for multi-annual funding so it can provide more high-quality services with good outcomes and better value for money. The Minister is always talking about efficiencies and reforms. This is an efficiency and reform that could deliver better outcomes and better value for money. Why is the Minister not progressing multi-annual funding specifically for the not-for-profit sector? The sector has asked the Minister to set up a working group to examine how this could be operated and implemented. Will the Minister do that?

Deputy Jack Chambers: There are two parts to that. First, we have multi-annual funding when it comes to capital expenditure for the disability sector. We need to ensure the Department, with the HSE, plans the distribution of that by prioritising residential places. The first aspect of the question reflects the need to ensure that we have greater State provision with the not-for-profit sector. I share the Deputy's view that it is a much more affordable and sustainable way to deliver residential places. The first part of that is to ensure provision of the residential beds through capital expenditure, and then it is a matter of prioritising the staffing alongside that over a series of years, which can be planned. The Estimates process, on an annualised basis, is around the day-to-day spending, but I share the Deputy's view that too much is presently concentrated in the for-profit sector at a higher cost. A more sustainable expenditure path in this area is through not-for-profit or State provision of residential beds.

We have responded to some of that on the capital side in terms of what we have agreed with the Department. I engage with the sector as well, so I accept we need better engagement with it in trying to deliver in this area. I am aware that the Taoiseach, the Tánaiste and others are looking to engage further with the campaign in responding to the issues it has raised. We all have an obligation to do more in that area.

Deputy Cian O'Callaghan: There is no agreement on public sector pay in place at the moment. I am very conscious that low-paid and middle-income public sector workers, and workers outside the public sector, are struggling under the cost-of-living crisis in trying to make ends meet. How is provision being made in the budget for a public sector pay agreement when negotiations on a new agreement have not concluded or even started? There obviously need to be significant resources allocated for that for next year.

Deputy Jack Chambers: We will make provision for it and set that out on budget day. Previously, we had pay agreements that concluded around December and we had budgets in October that made provision for a wider public sector deal. The State has been and will continue to be a good employer. Over the three years from 2024 to 2026, we had a public sector pay agreement in excess of 9% when inflation was about 6%. Looking at the longer trend in inflation from 2019 to this year, we very much prioritised low-income workers, with their pay increases exceeding levels of inflation.

We want to have a fair, equitable and affordable pay deal. I encourage the trade unions to engage and ultimately negotiate a pay agreement. The responsible way to plan for this is to make provision for a new pay agreement and I will be doing that in the budget.

Deputy Cian O'Callaghan: I encourage the Minister to engage with the unions. Specifically on the budgeting, how will provision be made in the absence of an agreement? How will that provision be calculated?

Deputy Jack Chambers: We will make provision for it and set out the detail when it is agreed by the Government. There will be provision for a successor pay agreement within our fiscal parameters and on budget day.

An Cathaoirleach: Due to the co-operation of the Ministers, I am going to let the rota go forward. I will move my own slot to the very end because some people want to get away. I will let Deputy Neville go next.

Deputy Joe Neville: I thank the Ministers for coming in and staying this late in the evening. I have a quick question for the Tánaiste. There has been a lot of discussion about changes to income tax and bands. What methods is he considering in relation to income tax and adjustments for the budget? I am not asking him for specific numbers, but what methods are being considered with the budget 13 days away?

Deputy Simon Harris: We will make the final decisions as a Government in advance of the budget and, as the Deputy said, I will unveil them on budget day in 13 days' time. The programme for Government is instructive on this because it sets out the agreed approach the Government will take to income taxation measures in terms of bands and credits while continuing to maintain a progressive tax system.

It is important to acknowledge, though, that we are living in a country where approximately the top 20% of taxpayer units contribute approximately 80% of the income tax and universal social charge, USC, yield.

While a progressive income tax system is an important policy goal, we need to be very conscious of the fact that income tax is concentrated around a relatively small number of income tax payers. We need to be very careful that we do not do anything to further narrow the tax base. We did not have a personal tax package last year and, therefore, it is important that we make progress in relation to bands and credits. Bands help in the sense that one pays the higher rate of tax in Ireland still below the average annual income. One paid the higher rate of tax at just over €33,000 in 2015; it is now up to €44,000. The credits are important from a progressivity point of view. There are a blend of band and credit moves.

Deputy Joe Neville: For clarity, what percentage of the workforce pays at the highest band compared with five or ten years ago? Has there been a shrinkage in the number contributing to the higher band? The Minister referenced that 20% pay 80% of the tax. Is that correct?

Deputy Simon Harris: That is right.

Deputy Joe Neville: Was that number similar ten or 15 years ago or has it continued to shrink?

Deputy Simon Harris: It is a very useful question. We will send the committee fully accurate data but broadly we believe it to be similar. It is interesting to reflect that one third of

income recipients are now outside the income tax net. We need to be conscious that it is often made up of retired people and part-time workers. At the upper end, the top 20% of taxpayer units, those earning over €74,500, contribute around 80% of the income tax and USC yield. A stark statistic is that 5% of income tax payers pay around 15% of total tax and ten corporate tax payers pay nearly one fifth of the total tax. In other words, a third of the total tax receipts in Ireland are down to ten firms and 5% of income tax payers. We need to be very conscious of not doing anything that further narrows the tax base but we also need to be conscious that when people look at income tax changes and talk about progressivity, we are starting from a system where already one third of people do not pay any income tax.

Deputy Joe Neville: On the SSIA, or the modern equivalent, I am conscious like the Minister of the money sitting on deposit. The last number I heard - I am sure it has grown since - was €174 billion. It is probably closer to €190 billion now because it keeps growing. Has the Department modelled what the take-up might be of the scheme?

Deputy Simon Harris: We are currently doing a scenario analysis. I will not deem the success or failure of this scheme based on the take-up rate in the first year. I keep making the point that this is a major cultural change. This is not a light-bulb moment or a get-rich-quick scheme - far from it. It is something we want to look back on in five, ten, 15 or 20 years and say that helped to make families more resilient. I accept the figures can change. As the Deputy said, there is around €170 billion in household deposits. Around €146 billion of that is in current or demand accounts, €16 billion in deposits with maturity of up to two years and €8 billion in deposits that are redeemable at notice. We will announce the final details of the scheme on 6 October. We will legislate for it in the finance Bill but the actual accounts are not likely to be open until around next summer which works well because it provides an important window in terms of the financial literary piece and for competition which will be important too.

Deputy Joe Neville: I and many others have raised deemed disposal. It has been a topic of considerable discussion. Does the Minister have any further thoughts ahead of the budget or does it continue to be looked at?

Deputy Simon Harris: Deemed disposal is a policy structure that is somewhat out of date. It was an anti-avoidance measure brought in in a different environment. If we move beyond it, we still need anti-avoidance measures and guardrails but the funds reports and the retail and investment roadmap I published over the summer indicate wanting to move beyond it. How much of that we can do in one budget remains to be seen in terms of the total tax package. I expect we will be able to make some progress but over the course of this Government, we are clear in wanting to move beyond deemed disposal for a variety of reasons which have been well articulated by stakeholders through the funds report. I find the policy rationale for moving to a better situation on deemed disposal to be pretty compelling. How much we can do in one budget will be a matter for the whole of the Government to consider as we try to knit all these pieces together.

Deputy Joe Neville: I fully understand. The Minister for public expenditure-----

An Cathaoirleach: You have 30 seconds including the answer.

Deputy Joe Neville: I was quite struck by the number the Minister for public expenditure stated on public spending and how much it has increased since 2019. I think it was 62% or €42 billion. How much has been spent on staff?

Deputy Jack Chambers: We have in excess of 70,000 more public sector workers, which is mainly reflected in positive areas on the front line in healthcare, education and disability services. That has been the wider growth. The wider cost between pay agreements and increases in numbers is in excess of €12 billion per year.

An Cathaoirleach: I call Deputy Devine.

Deputy Máire Devine: We live in a rich country but young people cannot afford live in it. We touched earlier on the potential exodus, some seeking adventure, which is par for the course, but the majority just say they need to go to live a better life. The Minister for Finance spoke about jobs and we are doing well with full employment. I have heard anecdotally that it is not as secure. I see it in my own kids. Young people have insecure work, zero hours, split shifts - all the things that undermine workers' rights and job security. It is an insult to young people that this is what they are expected to put up with. Is that the future? Is there anything the Government can do to solidify and get pride back in having workers' rights and union membership upheld? All that was fought for seems to be dwindling quite a lot over the past couple of decades but it seems to be more so now with young people using their feet and leaving.

I was at the Before we Die conference which was spoken about on Saturday. It was just amazing. The saddest thing I heard was an older woman in her eighties saying to me, "I want my 55-year-old son to die before I do because there is nothing for him". We need to get the HSE and the Department together. This is urgent. There are 100,000 people living with intellectual disabilities in this country. It needs to be addressed for residential purposes and independent living with not-for-profit-organisations because it just is not working out whatsoever.

On the public sector, are we looking at winter of discontent? The INMO, IMO, PNA and ICTU have all voted in favour of an October strike and industrial unrest. The Minister for public expenditure addressed that the public pay deal has been stopped since June but it would be prudent to sit around the table and try to thrash out another deal, agreed by all.

On the Irish Men's Sheds Association, I have been in close contact with the Dublin 12, Dublin 8, Ballyfermot and Crumlin men's sheds. They are essential. We support women's and sister sheds and a lot of women-focused activity. Men are 49% of the population. They have their own issues but we also have issues in common. The budget was cut this year.

A lot of them are struggling just to pay overheads. The Minister, Deputy Calleary, informed the Irish Men's Sheds Association earlier this month that the grant will not proceed and the next grant is probably not until next year at some stage. They are pleading with the Minister to please reinvest in them and find some money somewhere to cover the expenditure for this year because they need to keep the doors open. They offer a great service for men in mental health and education and just being together and having company. It is a really important social cohesion initiative. I would love to see it being supported.

Deputy Simon Harris: The Deputy is right to acknowledge there is some softening in employment growth in the Irish economy. That is true, and we are beginning to see that in the data. We are at technical full employment in Ireland for four and a half years - the longest period in the history of the State - but there are some signs of a softening in private sector employment. Deputy Devine is right that we should not gloss over it.

I have a different view of the world in terms of workers' rights. We have taken a number of decisions in Ireland to protect, enhance and support workers' rights. Fundamentally, we want to ensure we reward work in this budget. We would help all workers, including young workers, by reducing the income tax burden. There are particular issues that young people face around housing and rent. I touched on some of them earlier. They are some of the things we want to pursue in terms of helping and supporting them. We also want to continue to invest in education and skills. I am open to correction on this but I saw some data in relation to the number of young people going to Australia in a recent period compared to a previous period. In fairness, the Deputy called it a potential exodus but I certainly would reject the idea that there is an exodus of people leaving the country. It is a challenging time for younger people in many ways but we are going to pursue policies that continue to invest in their future - in education and increasing housing supply but also making sure they have jobs. Therefore, we also have to listen to businesses, particularly SMEs, in terms of what they need to do to be able to continue to create jobs.

Deputy Jack Chambers: I agree with what the Tánaiste said in response to Deputy Devine's initial point. There is significant net inward migration and a lot of people coming back as well. I will not repeat what I said to Deputy O'Callaghan, except to say we want to make further progress in this area. We acknowledge the Before We Die campaign. That is why a significant priority was given to disability funding in 2026, which is delivering residential beds. We need to ensure that the capital area delivers more capacity as well with the HSE and the not-for-profit sector. We want to work on that issue. I know it is a real anxiety and concern to many elderly parents who want to care for their loved ones.

In response to the point on a public pay deal, I have been absolutely clear that we should avoid disruption. We want to make provision for public sector workers. We have demonstrated that we have been a good employer. We have given fair pay to public sector workers in the last series of agreements and we are open to discussions from now. We have been open to discussions in recent weeks and months. A decision has been made by the leadership of the trade union movement to ballot for industrial action rather than to engage in constructive discussions. I urge them to come into discussions and to go through their respective issues and get to a pay agreement. The Government wants a successor pay agreement and will make provision for one. We should avoid unnecessary disruption of wider sectors of the economy and of people who rely on services. That is completely unnecessary. It is in the hands of the union leaders to avoid that.

I do not have a brief on the funding in year for men's sheds, except to say that we acknowledge their huge central importance across communities in Ireland. Both the Minister, Deputy Calleary, and the Minister of State, Deputy Buttimer, are committed to continuing to support them. I just do not have the specific detail on the funding position the Deputy referenced.

Deputy John Paul O'Shea: I thank the Ministers for their contributions. I have a couple of quick questions, as I know we are running short on time. The first question is for the Tánaiste. He mentioned that the overall tax package of €1.5 billion gives us the capacity to make a real difference without jeopardising the sustainability of our public finances over the longer term. Could he advise what fiscal headroom the Department has identified to support this package, and what safeguards are being put in place to ensure that the tax reductions do not create any difficulties for the Exchequer in the future?

Deputy Simon Harris: I thank Deputy O'Shea very much. There are a couple of things. This is the first budget that will be delivered under the Government's medium-term fiscal framework, and it needs to be seen in terms of both sides of the ledger - the ability to somewhat moderate increased public expenditure growth levels at the same time as recognising that we have to use the tax system to grow the economy, and that we have get the balance right in relation to that. We are talking about €1.5 billion in new permanent measures.

The detail of the income tax package will be for budget day but, roughly speaking, a personal income tax package is probably in the region of €1.2 billion. The economic cost of not doing that would mean that workers end up paying higher tax next year. There is scope to do that. I reiterate the point that I made earlier: we need to be very careful that we do not take measures to further narrow the tax base. Some of the personal taxation proposals I hear from other parties, as is their right, would take significant numbers of people out of the tax base altogether, which would worry me at a time when income tax is concentrated around such a small number of people. How we are going to prepare for the future is to continue to run budget surpluses and continue to invest in our two funds - the Future Ireland Fund, and to save into the Infrastructure, Climate and Nature Fund, and also by spending on capital. Not all spending is the same. It is also an investment and a saving for the future. There are three things - the surplus, the funds and the capital investment. They are three safeguards for the future of the Irish economy.

Deputy John Paul O'Shea: An indication was given about increasing the point at which the 40% rate of income tax applies. What assessment has been made on the impact that would have on middle income workers and their families?

Deputy Simon Harris: The truthful answer is that it depends on how we decide to slice and dice the personal income tax package fundamentally. Again, I will come back to the point on the effect of not doing it. The first thing moving bands will do is make sure people do not accidentally slip into the higher rate of tax next year either through wage growth, working a few hours extra, or career progression. That is the first benefit. Second, there will be a material benefit for a person who was paying a rate of 40% and now they are paying 20% on a proportion of their salary but where we decide to pitch the bands will depend on that final level.

Third, it needs to be read alongside the credits as well because credits will benefit all workers, which is important from the point of view of progressivity and fairness. We will need to make a call in government in the next few days about how much we do on the bands, how much we do on the credits and how we knit together the personal income tax package. That will do two things. First, it will help with the cost of living. Social welfare is very important for many people. I know Deputy O'Shea chairs the social protection committee but there are other people who also need a bit of assistance with the cost of living and we cannot do that through the social welfare system for all citizens. Allowing people to keep some of their own

money is helping them with the cost of living. Second, it is important in terms of boosting labour supply at a time of full employment and making sure that work always pays. They are two sound economic reasons. The final detail of how much an individual person will benefit will be for budget day. I agree with the comments the Minister, Deputy Chambers, has made, which is that there is a limitation of what we can do on the tax side. People will need to view this budget in the round. Certain measures that we may decide to take on other areas, like childcare for example, as we have highlighted, alongside income tax will obviously have a benefit for a family.

Deputy John Paul O'Shea: It is good to see that the three are going hand in hand - the thresholds, the credits and the bands. That is important.

My final question is for the Minister, Deputy Chambers, about multi-annual funding. We have agreed multi-annual funding for many of our sectors, including health and disabilities. Is there an appetite to do that for the community and voluntary sector, for example? I know from chairing the Joint Committee on Social Protection, Rural and Community Development that a lot of the community and voluntary sector depends on annual budgeting, including for staffing. A lot of them depend on short-term contracts because they do not have a commitment. Has the Minister given that any thought in terms of Departments, in particular in the community and voluntary sector?

Deputy Jack Chambers: Yes. They have raised this in pre-budget engagement. Fundamentally, though, we are seeking to moderate wider spending. There are choices for the Government in how we achieve that. There is a need for a much more enhanced control environment and credibility of delivering against the budget allocation for every sector, both in terms of agencies and the public service. In fairness, many in the public service but also in the community and voluntary sector do that. I have had it said to me that the annualised nature of funding presents difficulty in terms of staff retention but the challenge is where we get a level of expenditure beyond what was allocated in certain areas, which undermines the ability to do that for other areas.

Deputy John Paul O'Shea: Will there not be an opportunity to say a core element of that will be for core functions or staffing and then anything outside of that can be agreed on that basis? Many community and voluntary organisations are providing a public service and a very good one, but many of them do not have the reliance on having a public service contract.

Deputy Jack Chambers: Some of them have service level agreements that go beyond a year. Certain service level agreements are beyond one year. That has been said to me by the community and voluntary sector, but I would go back to the point that we also need flexibility within Departments. Ministers require that if, for example, there was significant contraction in the global economy and we had to reprioritise levels of spend. The broader assumptions are unclear, so we have to manage that.

An Cathaoirleach: I call Deputy Farrell.

Deputy Mairéad Farrell: I apologise; I thought Deputy Boyd Barrett was next.

An Cathaoirleach: I can let him go before the Deputy if she wants.

Deputy Mairéad Farrell: No, that is fine; I am happy enough. I have a number of questions but they are specific questions for a budget. I hope we can get through them and answer them. If not, I ask that the Minister would come back.

In relation to the €1 billion, the amount allocated to a contingency reserve in budget 2026, will that be subtracted from the summer economic statement's current expenditure ceiling of €99.3 billion, to provide a current expenditure starting point of €98.3 billion in budget 2027?

Deputy Jack Chambers: Of the €1 billion we have allocated for contingency funding, most of it relates to one-off funding.

Deputy Mairéad Farrell: Yes.

Deputy Jack Chambers: It comes back for reallocation in 2027.

Deputy Mairéad Farrell: Is that, then, going to be part of the €5.9 billion?

Deputy Jack Chambers: We are providing an additional €1 billion within the pipeline.

Deputy Mairéad Farrell: It will be a €1 billion contingency again.

Deputy Jack Chambers: We will have a new €1 billion within the €5.9 billion and the €1 billion that is unallocated is available for reallocation.

Deputy Mairéad Farrell: I want to make this as plain and clear as possible for me. That €1 billion that will be the Minister's new contingency fund will be part of his €5.9 billion.

Deputy Jack Chambers: Correct.

Deputy Mairéad Farrell: That is great. Does that mean that if the Minister decided in the morning that instead of having that as €1 billion and he wanted it as €750 million or €500 million - say €500 million, just to make it easy - would that mean then that he would have €500 million additional for other measures?

Deputy Jack Chambers: We know there may be one-off, temporary expenditure demands in 2027 that would have to be accounted for as well. There are already known one-off measures that are temporary in 2027, but clearly-----

Deputy Mairéad Farrell: That will make up that €1 billion.

Deputy Jack Chambers: Not necessarily. I am not saying it will make it up.

Deputy Mairéad Farrell: Okay.

Deputy Jack Chambers: That still has to be decided in the Estimates process.

Deputy Mairéad Farrell: From my understanding, say, for example, the Minister decided he did not want the €1 billion in the contingency and he decided to change that to €500 million, he would have €500 million to-----

Deputy Jack Chambers: There would be €500 million in the contingency.

Deputy Mairéad Farrell: However, the Minister could use the additional €500 million for other things.

Deputy Jack Chambers: That is for the Estimates. We have €5.9 billion in total, and we have to decide what way-----

Deputy Mairéad Farrell: I get that. I do not know if I am being clear but on the €1 billion that is part of the €5.9 billion, if the Minister decides to change that to €500 million, he would have that €500 million as part of the €5.9 billion that he could then use for other things.

Deputy Jack Chambers: Correct.

Deputy Mairéad Farrell: That is what I understood.

On the €2.1 billion allocated in budget 2026 to Ukraine, can the Minister confirm that there will be a similar, albeit likely reduced, allocation for 2027 again as part of the €5.9 billion current expenditure?

Deputy Jack Chambers: That is currently being assessed as part of the Estimates process for 2027. Any credible savings that are identified that do not obviously have an expenditure implication would be available for reallocation in 2027 because it is in the existing expenditure base.

Deputy Mairéad Farrell: For my understanding, again, I want to be clear on this. Let us say, for example, the Department of justice - let us just make up a figure - is getting €1 billion for-----

Deputy Jack Chambers: Let us say it has €100 million of savings.

Deputy Mairéad Farrell: Somewhere else.

Deputy Jack Chambers: That is available for reallocation for 2027.

Deputy Mairéad Farrell: Into the Ukrainian-----

Deputy Jack Chambers: No, it is available for reallocation generally. If it does not have an expenditure implication in 2027, that €100 million would otherwise be available for reallocation for decision by Government in 2027 because it is in the existing expenditure base.

Deputy Mairéad Farrell: For full clarity - as an example to make it easy - say the Minister is putting the €1 billion for Ukraine. That is part of the €5.9 billion, is that correct?

Deputy Jack Chambers: No. That is already provided for in the existing expenditure base. If there is an assessment made that there is a projected saving within that, that saving can be reallocated within the existing base.

Deputy Mairéad Farrell: Yes.

Deputy Jack Chambers: It is not in addition to the existing base. It could be reallocated to that area if there was a demand for it, or indeed to another area.

Deputy Mairéad Farrell: I get that. I thank the Minister. I am so conscious of the time so I thank him for that. Does he have an estimate in regard to Ukraine?

Deputy Jack Chambers: It is still being worked on between officials in my Department and the Department of justice.

Deputy Mairéad Farrell: There is no kind of range at all at the moment that the Minister is willing to give.

Deputy Jack Chambers: It has not been settled.

Deputy Mairéad Farrell: If it is not, it is okay.

Deputy Jack Chambers: Once that concludes, we will be able to set out what it is.

Deputy Mairéad Farrell: That is okay. I was just wondering if the Minister could give it to us now.

I do not think the Tánaiste will have this figure now. My question relates to the €178 million of moneys raised by the cap on market revenue. Has that all been spent or not and if it has not, could he please give this committee that response tomorrow?

Deputy Simon Harris: I will say "Yes" to the second bit.

Deputy Mairéad Farrell: That is okay.

Deputy Simon Harris: Mr. John McCarthy will get us a note on that.

Deputy Mairéad Farrell: I have one more question and we still have a little bit of time. In relation to the €1 billion, the Minister said some of the one-offs are known. What are they?

Deputy Jack Chambers: There is an additional Friday, I believe-----

Deputy Mairéad Farrell: Yes.

Deputy Jack Chambers: -----which has to be paid for us. That is just one example in 2027.

Deputy Mairéad Farrell: Does the Minister mind giving me all the examples he might have?

Deputy Mairéad Farrell: That is just one example but it is the main temporary expenditure driver in the context of one-offs for 2027.

Deputy Mairéad Farrell: That is the main one for 2027.

Deputy Jack Chambers: Yes. There is an extra Friday, so we have to pay for it.

Deputy Mairéad Farrell: Yes, and then obviously we do not have the EU Presidency. I am out of time anyway, but could we definitely get that on the €178 million? Sometimes I am told we are going to get something and we do not, so if we do not-----

Deputy Simon Harris: I will make sure it is emailed.

Deputy Mairéad Farrell: -----I will find the Ministers tomorrow. Is that okay?

Deputy Simon Harris: The Deputy can find me tomorrow through the committee.

Deputy Mairéad Farrell: The Tánaiste is in the Chamber tomorrow so-----

Deputy Simon Harris: The Deputy knows where to find me.

Deputy Mairéad Farrell: -----I will definitely be sitting beside him. I thank the Tánaiste. I will see that tomorrow.

Deputy Richard Boyd Barrett: I am sorry I was late. I have read through the submissions and apologise if I am covering ground that has been covered. The big issue - and the Minister is probably not going to tell us that much - is the public sector pay demands. What does he think has led to public sector workers balloting by more than 90% in almost every case for industrial action because of his failure to engage with them on the pay issue first? He insists on talking about everything else before pay when workers have balloted to that extent because they are angry about the impact of the cost of living, and that they want the Minister to address pay in the first instance and give them pay increases that deal with the cost-of-living crisis.

Deputy Jack Chambers: We want to have a negotiated pay agreement and that means that we engage with trade unions and representatives of public sector workers without precondition. We engage on all the matters and come to a conclusion on pay and respective matters. There is a well-established process on how that occurs. There was preliminary engagement and following that at the end of June or early July, there was a decision made by the trade union leaders to ballot for industrial action.

I have been consistent in saying from then to now that officials are available for talks and that is ultimately how this will get resolved. Balloting and industrial action are only delaying a pay deal. We will make provision for a pay deal. Our record is clear in regard to making fair and sustainable pay deals, prioritising low-paid workers in the public sector but also expanding public services. The number of special needs assistants, SNAs, has gone from 15,000 to 25,000 in the past number of years.

I can go through various other elements of public service provision, which has expanded significantly, as has the public pay bill, which we have prioritised in successive budgets. I have been clear to any public sector worker that we want to continue to deliver fair pay and a good deal, and that will only happen through negotiation. Ultimately, right now, trade unions are balloting rather than engaging.

Deputy Richard Boyd Barrett: That is because the Minister would not discuss pay up-front. Is that not the reason?

Deputy Jack Chambers: Obviously, any discussion will always involve pay in the broader negotiation.

Deputy Richard Boyd Barrett: They wanted it discussed up-front. They wanted commitments that the pay that was lost because the last deal expired at the beginning of this year, and we still have not got a deal, would be addressed, and the pay loss would be dealt with in the context of inflation and cost.

Deputy Jack Chambers: If they had engaged for the last two months, we would be further on and perhaps would have a deal, but they decided to ballot instead.

Deputy Richard Boyd Barrett: Because the Minister would not discuss pay at the outset. Is that not right?

Deputy Jack Chambers: No, I do not accept that. We had preliminary discussions. That forms the basis for having formal negotiations but, at that point, they decided to withdraw and ballot for industrial action.

Deputy Richard Boyd Barrett: They probably learned the lesson of the hauliers and the contractors, who went out and protested, disrupted things and got some results, that when a Government is not really listening to them and has failed low-paid workers-----

Deputy Jack Chambers: That is untrue. The Deputy obviously has not studied the evidence concerning low-paid public sector workers.

Deputy Richard Boyd Barrett: There is the Working Life on Low Pay report. Has the Minister read that? Is he looking at the position of low-paid workers?

Deputy Jack Chambers: I am looking at it. The starting salary for a clerical officer, a teacher and a nurse has far exceeded inflation in recent years.

Deputy Richard Boyd Barrett: A survey has just come out that seven out of ten young people are considering leaving. According to the Working Life on Low Pay report, 23%, or one in four, are earning less than two thirds of the median weekly wage. Almost one in three, or 31.6%, of those in full-time jobs earn less than the real living wage would pay.

Deputy Jack Chambers: The Deputy is asking about the public sector pay agreement. If we take the lowest paid public servants, pay was increased by 36% between 2019 and 2025, significantly in excess of inflation. Starting pay for a teacher and nurse has increased by 23.6% and 28.3%, respectively. Starting pay for a clerical officer in the Civil Service has increased by 33%. The public sector wage agreements for the lowest paid have more than exceeded inflation. Maybe some of what the Deputy is referencing relates to the broader economy. Our record is clear around pay agreements and around being fair in delivering fair pay agreements. I want to ensure that continues.

Deputy Richard Boyd Barrett: I do not think we would have more than 90% of public sector workers balloting for industrial action if they felt they were getting a good deal. Of course, the Minister can throw out those figures, but the question is what this actually allows. What does it get you? Does it allow you to pay your rent? Does it allow you to pay your bills? Are you struggling? It is clear to the people balloting to that extent for industrial action that---

Deputy Jack Chambers: We have high levels of retention in the public service. The Central Statistics Office figures show that average public sector earnings between quarter 2 of 2019 and quarter 2 of 2026 increased by 31%. Over the same period, consumer prices rose by 26%. Public service workers typically earn much more than their private sector counterparts. We have been a good employer. We will continue to be a good employer, and we will give a fair deal to public sector workers. I am sincere about that and will make provision for that in the budget. However, the only way we can get to the point of certainty for public sector workers is if the trade union leadership enters talks. We are willing to do that. It is on it to de-escalate and ensure we get a fair pay agreement. That is what the Government wants to do.

Deputy Richard Boyd Barrett: We will have to agree to disagree on that. I think the Minister should accede to the request that pay be addressed at the outset.

An Cathaoirleach: Thank you. We will keep the best until last. It is my slot now. I have a couple of questions. These are quick-fire questions, so I do not want long answers. The first question is on fuel. Regarding the taxation on fuel, a percentage model is used. Is that correct?

Deputy Simon Harris: I am not sure what the Chair means by that.

An Cathaoirleach: On a percentage model, all taxes, the NORA levy and carbon tax are based on a percentage of the cost. If the cost of fuel goes up, all of those percentages go with it. Is that correct?

Deputy Simon Harris: For VAT but not for excise.

An Cathaoirleach: The Government does not import fuel into this country. Those like Fuels for Ireland import fuel into this country.

Deputy Simon Harris: That is correct.

An Cathaoirleach: When Fuels for Ireland imports fuel into the country, all the different taxes go on the fuel at source. When it leaves Fuels for Ireland and goes to the distributors, the VAT element is then put on. Is that correct?

Deputy Simon Harris: Yes, VAT is.

An Cathaoirleach: When it goes from the distributors to the filling stations, they put on their couple of cent for providing the fuel at filling stations, which makes up the cost. We keep talking about the Middle East. Personally, I am not happy with what is happening in the Middle East. However, when we are looking at the rising fuel cost here, we will take it that a base of 50% of the cost of fuel is taxable.

Deputy Simon Harris: It is not, though. It is a lower figure than that.

An Cathaoirleach: On petrol it is up, and on white diesel it is down. There are two different figures.

Deputy Simon Harris: I do not want to interrupt the Chair, but the figures I have as of 21 September are that, for a litre of petrol, we are talking about 45% made up of tax, for diesel it is 37%, for MGO it is 23% and for kerosene it is 22%.

An Cathaoirleach: We will use the base of 45%. Six months ago, fuel was €1.70 at the pumps. This time last year, it was €1.56, and six months ago, it was roughly just under €1.70, at €1.68 or €1.69. Today, it is at €2.20, and I saw €2.23 today in different places. The 45% is based on €2.20 or €2.25. Based on the European guidelines, what the Government signed up for means that it charges a tax on fuel based on environmental grounds.

Deputy Simon Harris: The ETS.

An Cathaoirleach: That agreement states that the Government has to charge a minimum tax. It does not say anything about the Government changing the tax based on it. Going back to what I had suggested in earlier encounters that we had, I am looking to help everybody in this country. I had economists here in front of me last week. One economist said to me that if a cap was put on fuel, the rich people in Ireland would benefit. This came from an economist. I am blown away by it because the rich people in Ireland can afford an electric car if they want to buy one. If we look at the tax base of people with vehicles bought in this country between 2010 and 2018, they cannot afford to upgrade the vehicle. Therefore, some 80% of people are caught in a trap where if fuel goes up, their costs go up.

To help everyone, if a cap was put in at a time when we had a surge in fuel prices, even if it was done on a quarterly basis, and if we used something like €1.70 as a base, the Government would lose no tax base because €1.70 was what it had six months ago. It already has its taxes - the 45% up to €1.70 - and after that, the base will pay the increased cost on the fuel, which would bring it to today's rate at the pumps, and we would be down to €1.97. The Government would still have the same tax base that it had six months ago. It has to have its taxes, based on what it needs. In the interim, to help everyone in this country - everyone who is working, not working or cannot work - if we put in something even on a quarterly basis while there is a fluctuation, there would be no loss of taxation to this country for that time, so long as it was put in at €1.70. Is it something we could look at on a quarterly basis to help everyone?

The knock-on effect would be huge. It is like a game of chess. You move here, and it goes up. It is moving everywhere.

I get increased prices for transport costs and stuff that I do in my business on a daily basis. It is no longer weekly. They are given to me daily when I order stuff. I mean transport costs and goods costs. To help everyone and not take away from the tax base, could it be capped on a quarterly basis so we are not interfering with budgets? It can be revisited quarterly. Is it something that can work?

Deputy Simon Harris: You are the Chair, so if you can give me a little bit of latitude I will try to answer a couple of questions.

An Cathaoirleach: I will.

Deputy Simon Harris: I want to answer your question directly, but if you look at the cost of petrol and diesel across European forecourts, Ireland is not in the top ten for petrol or diesel. I have to say that to give some context. Lots of Irish people would have been on holidays in European countries and they would have seen it is hell of a lot higher. There is a view the Government is at nothing here but the Government has actually gone further than EU rules allow us in reducing excise on diesel, so that is an important piece of context. We do not agree on the price cap model because it effectively transfers the risk from the forecourt to the Exchequer. I take the point you are making, Chair, but we have done more. There is this idea the Government is taking in a load of extra tax but the Government has given out more in terms of the measures we have put in place on excise and other measures than we have taken in in extra VAT and the likes and I can produce data to show that. I will produce the absolutely accurate data but off the top of my head, it is about €3 million to €4 million extra a week we are taking in but we have already spent well over €1 billion on fuel supports.

I am genuinely taken by the point that you make that this does not affect everybody equally and I think it is true. When you look at some of the measures, taking the example of what the Minister, Deputy O'Brien, did earlier this year on the scrappage scheme, it showed a real appetite by people. There was not a rural-urban divide, by the way. One of the counties that saw the biggest surges in EVs in the past month was Roscommon and the other was Cavan and those are two pretty rural counties. When the Minister brought the scrappage scheme into place, we saw a lot of people saying they would take it up. We have a piece of work to do to see what levers we can pull to help the people who are trying to transition.

We are not going to announce the budget tonight. I am conscious there are other things. Deputy Farrell already asked and I do not want to be unfair but there are other things we are

going to genuinely look at. We have all said it. The Minister, Deputy Chambers, said it, the Taoiseach said it and I have said it. With some of the measures we have put in place around excise, we are going to have to give consideration to what a proper trajectory looks like, because the situation certainly has not improved and has worsened. On some of the supports for farmers and hauliers, we are having good, engaged discussions across government now. I am saying to people who I know are frustrated, who are to the pin of their collar and who are concerned, let us wait for the budget and let us have this little bit of space between now and budget day to see what we can do. That said, we have got to be really honest with people. There is no government in the entire world that can insulate people fully from this.

An Cathaoirleach: I understand.

Deputy Simon Harris: If you look at France, a country that is eight times the size of our economy, its total package of supports is €1.3 billion. That is not adjusted. The total package is €1.3 billion. For Ireland, so far, it is €1.25 billion. We are eight times smaller as an economy. This is frustrating for people but we have to look at temporary, tailored, targeted measures. We have got to look at how we can help people most at risk of fuel poverty this winter.

An Cathaoirleach: Out of the €87 million put into the fuel rebate for the agricultural sector and the contractors, there was a deficit left over because a lot of people did not apply for it. Some people did not apply for it because they might have been late on a VAT repayment themselves. They were not tax-compliant because they had to do a wage increase. They had RCT. They had VAT that had to be repaid. There is auto-enrolment. Running costs have gone up with inflation. They were trying to keep their businesses alive and some of them fell slightly behind in their tax returns, which is very easy to do. The older companies withstood this better than the newer companies. People who tried to upgrade their vehicles and things ended up having repayments plus all these costs down on top of them, so they were not able to withstand it. The people who were driving the older vehicles, the older trucks and so on, were able to withstand it better because they did not have the repayment on top of all the other increases that happened. If we look at this on a basis of trying to help people, people did not take that up. Why can we not come up with another system? This goes back to my capping system again. Instead of giving people back the rebate, give it back to them on an income tax basis at the end of the year, which would bring all the people who fell behind with their taxes into a base where we will have more people tax compliant at the end of the year. It is something to try to get those people, who are trying to claw their way back to where they were, to get back up. They cannot get back up.

Deputy Simon Harris: It is for the Minister, Deputy Chambers, to speak to the expenditure side but more broadly, I will say what I heard from people on the issue of energy over the past number of weeks and months. What I have heard from the farming community is fuel and fertiliser are the big concerns. What I have heard from motorists and the general public is about excise and what is going to happen to petrol. This is bearing in mind we cannot insulate people, but they ask what the Government's contribution to that will be. Then we have heard particular concerns, which all of us in government and opposition have spoken about, to do with home heating oil and gas. The Government needs to look at all this in the round. I do not say this to be in any way disrespectful to your suggestion, Chair, but people are less concerned about the modality by which we do this and more concerned about the impact of the measures we take. We have got to look at this. The only other thing I would say on this in advance of budget day

is we have got to be prepared as a country to give ourselves the flexibility to be agile because the point was made about the petrol. It is in my head that the day we went on recess - and I am open to correction - diesel was around €1.74 a litre.

An Cathaoirleach: Yes.

Deputy Simon Harris: Then four weeks later we saw a boom. Trying to predict where we are going to be in six months, with the best word in the world, is really hard to do. We have to adopt a degree of flexibility and agility on all of this. We are working through all this in a whole variety of forms, but we are also being honest with people that there are limitations to what any government can do. Sometimes if a government does the wrong thing, it ends up chasing inflation and making the situation worse. The Minister, Deputy Chambers, may wish to add something.

Deputy Jack Chambers: The Tánaiste has covered it there. Revenue engages with different operators and businesses generally in the economy and compliance is important. As for the scheme not being drawn down, no scheme should just be a race to spend either.

An Cathaoirleach: Help is needed.

Deputy Jack Chambers: A general point is we need to have discipline on every cent we allocate and that applies in every area.

An Cathaoirleach: That is fine.

This concludes the session. I thank the Ministers and officials for attending and for spending the extra time after this.

Cuireadh an roghchoiste ar athló ar 9.17 p.m. go dtí 3.30 p.m. Dé Máirt, 29 Meán Fomháir 2026.

The select committee adjourned at 9.17 p.m. until 3.30 p.m. on Tuesday, 29 September 2026.