



CALCULATION OF FISCAL SPACE

1 GENERAL GOVERNMENT EXPENDITURE



Expenditure by/of:

Central Government;
State Government;
Local Government; and
Social security funds.

| 2018 | 2019 | 2020 |
|---------|---------|---------|
| €80.1bn | €83.0bn | €84.5bn |

2 CORRECTED EXPENDITURE AGGREGATE



Interest expenditure; and
Expenditure co-financed by the EU

- Adjust investment expenditure by using an average; and
- Adjust for cyclical unemployment expenditure.

| 2018 | 2019 | 2020 |
|---------|---------|---------|
| €73.2bn | €75.8bn | €77.6bn |

3 EXPENDITURE BENCHMARK RULE (STEP 1)

The **Reference Rate (%)** is a cap on annual corrected growth of public spending.

| 2019 | 2020 | 2021 |
|------|------|------|
| 4.5% | 4.6% | 4.6% |



GDP Deflator (%)
to take account of inflation.

| 2019 | 2020 | 2021 |
|------|------|------|
| 1.3% | 1.3% | 1.5% |

4 EXPENDITURE BENCHMARK RULE (STEP 2)



The **Convergence Margin (%)**
to ensure growth in net expenditure is
less than the **Reference Rate (%)**.

| 2019 | 2020 | 2021 |
|------|------|------|
| 0.6% | 0.0% | 0.0% |

5 EXPENDITURE BENCHMARK RULE (STEP 3)



Permitted Expenditure Growth (%)

| 2019 | 2020 | 2021 |
|------|------|------|
| 5.3% | 6.0% | 6.1% |

6 GROSS FISCAL SPACE (2019)



Permitted Expenditure Growth (%)
X (MULTIPLIED BY)
Corrected Expenditure Aggregate
(t-1, previous year)

| 2019 | 2020 | 2021 |
|--------|--------|--------|
| €3.9bn | €4.5bn | €4.8bn |

7 NET FISCAL SPACE (2019)



Gross fiscal space (= €3.9bn)



Discretionary Revenue Measures /
non-indexation of tax system (+€600m)



Pre-Committed Expenditure
(Budget 2018 carry over, public sector pay, demo-
graphic costs, capital expenditure) (-€2.3bn)



Rainy Day Fund contribution (-€500m)



Net fiscal space to be allocated, Budget
2019 (=€800m)



Extra available fiscal space under
Expenditure Benchmark (~€900m)

Sources: [Summer Economic Statement 2018](#), [IFAC Pre-Budget 2018](#) Statement and [NERI Research in Brief June](#)