

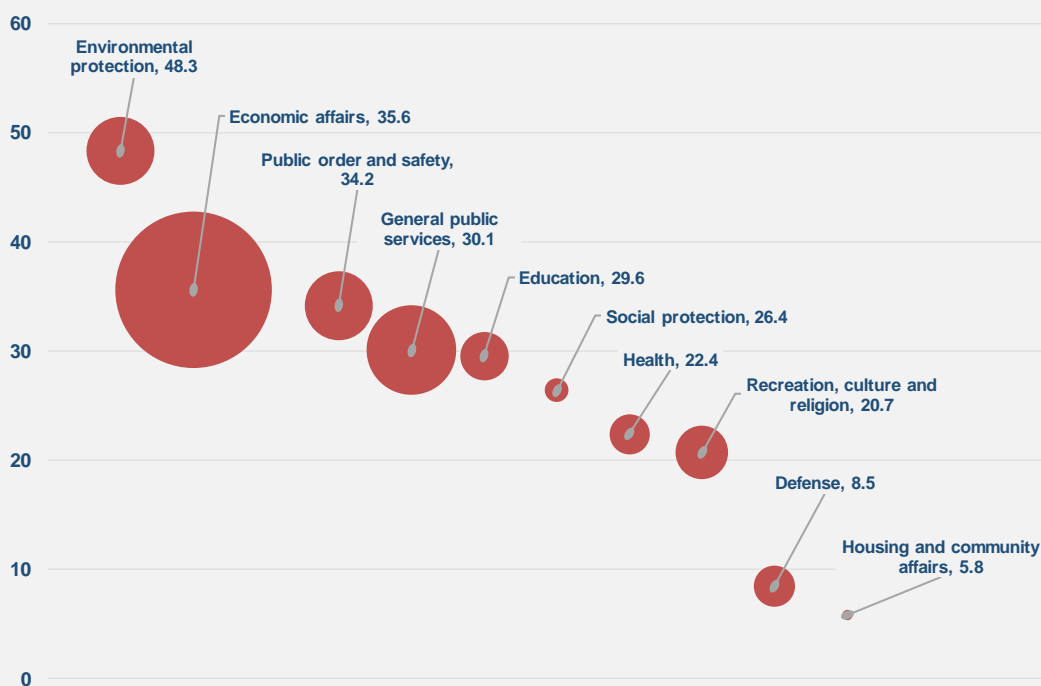
On the other hand, the utilisation of funds for gross fixed capital formation was 36.2% of the budgeted amount (see Box 5.1). However, in absolute terms it is above the level recorded a year earlier, and it is also higher than the 31.8% budget utilisation recorded in 2018. Indeed, intra-year progress in this expenditure component can be rather uneven. Capital transfers were down on a year earlier, utilising only 29.3% of the budgeted amount. On the contrary, 'other' expenditure amounted to 58.9% of the annual budget, which is higher than the 36.2% recorded in 2018.

Box 5.1: Progress in capital expenditure

The Consolidated Fund provides information about the utilisation of capital expenditure by function. However, patterns are only indicative as this is compiled on a cash basis and has different coverage and thus not directly comparable to the ESA data.

During the first six months of 2019, progress was rather uneven across functions (see Chart A).

Chart A: Utilisation of the capital budget by function (%)



Note: the size of the circles shows the relative size of the amount budgeted for the year (the larger the circles the larger the budgeted amounts). The economic functions are ranked in descending order according to the utilisation of the budget in percentage terms.

Source: MFIN

Spending on environmental protection amounted to 48.3% of the total. On the other hand, spending on economic affairs, and on general public services, which represent the two largest components of capital expenditure, amounted to 35.6% and 30.1% respectively. Defence and housing and community affairs utilised the least, in percentage terms. However, these components account for a small share in total capital expenditure, thus exerting a small impact on the overall aggregate.

According to the provisional ESA estimates, the fiscal balance recorded a deficit of €8.5 million during the first half of 2019, compared to the fiscal surplus target for the whole of 2019 of €120.3 million. Meanwhile the Consolidated Fund showed a deficit of €156.2 million during the first six months of 2019, compared to the €33.3 million surplus target for the whole of 2019 indicated in the Approved Estimates (see Box 5.2). However, the six-monthly outturn is not necessarily indicative for the year in view of uneven revenue collection and spending patterns.

Box 5.2: Reconciliation between the ESA and the Consolidated Fund data

ESA data for the first six months of 2019 shows total revenue and total expenditure which are respectively €338.2 million and €190.5 million higher than indicated in the Consolidated Fund, giving rise to the difference between the fiscal balance as compiled under both methodologies.

On the revenue side, current taxes on income and 'other' revenue exhibit the largest differences, being larger under ESA (see Chart B). In the first case this mainly reflects arrears, while in the second case, this mainly reflects the 70% of the revenues associated with the IIP (which in both cases are included in the ESA, but not in the Consolidated Fund). On the other hand, the additional ESA expenditure under the various main components mainly reflects the operations of the EBUs. This effect is partially mitigated by netting off certain expenditure which represent transfers within the public sector (this explains the lower ESA expenditure under the 'other' category compared to the figures in the Consolidated Fund).