

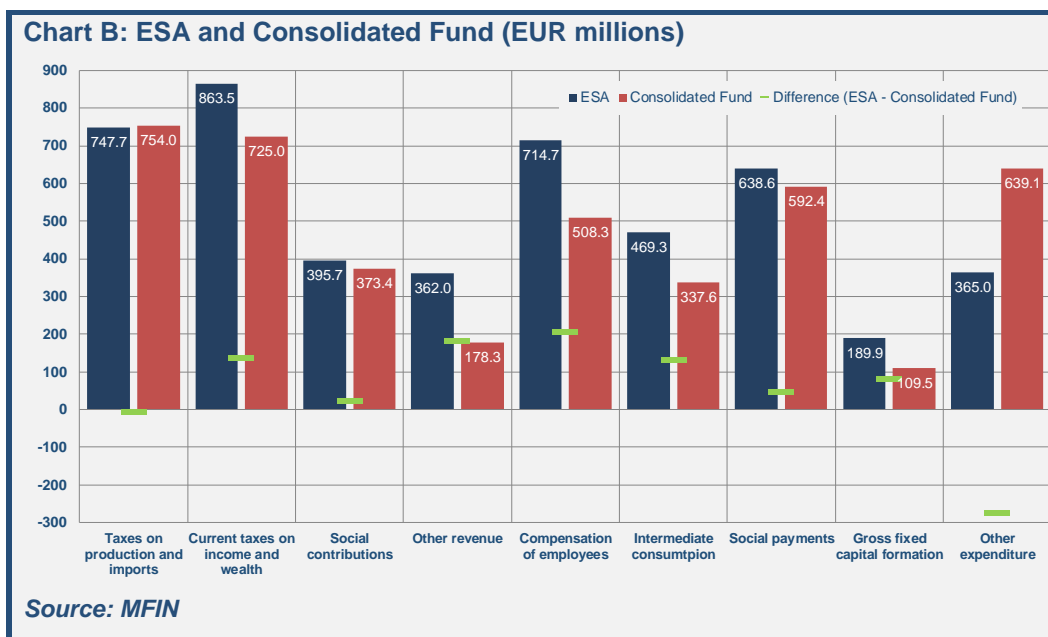
Spending on environmental protection amounted to 48.3% of the total. On the other hand, spending on economic affairs, and on general public services, which represent the two largest components of capital expenditure, amounted to 35.6% and 30.1% respectively. Defence and housing and community affairs 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).



5.3 The required fiscal outturn for the second half of 2019

The mid-year provisional performance (in ESA terms) indicates that in some cases, progress is in line with the annual target changes over 2018, but there is a bigger challenge to reach the stated targets in some other cases.

On the revenue side, it can be noted that the required second-half performance in social contributions and 'other' revenue is superior to that recorded during the first half (see Chart 5.3). On the other hand, the estimated and required performance in the remaining revenue categories during the first and second half is broadly similar.

On the expenditure front, the additional intermediate consumption recorded during the first half absorbed the bulk of the budgeted increase for the year (see Chart 5.4). 'Other' expenditure increased, in contrast with the planned decline for the year. These overshoots are however mitigated by the lower than-planned budget utilisation in the remaining expenditure categories.