government expenditure have been revised up, with gross fixed capital formation (€600 million), compensation of employees (€150 million), subsidies (€150 million) and other (€100 million) being the most significant. Table A3 of *SPU 2018* gives some detail on the cause of these revisions for 2018 and indicates that all were due to new data (mainly 2017 outturns), apart from gross fixed capital formation, which is mainly attributed to the reclassification of Approved Housing Bodies.

Box F: Approved Housing Bodies

This box examines the reclassification of Approved Housing Bodies (AHBs). AHBs are non-profit entities which provide affordable rented housing. There are three tiers to such bodies (according to their size). Last year, the CSO conducted a review of the classification of tier-3 AHBs. In December 2017, the CSO published its decision.[42] It concluded that the tier-3 bodies be classified as part of the local government sector and, hence, part of the general government sector.

This classification change has been incorporated into general government data (back to 2014) by the CSO and is also reflected in the fiscal forecasts in *SPU 2018*. Revenue and expenditure of the fifteen tier-3 AHBs are now treated as part of general government revenue or expenditure. The consolidated impact of AHBs and local authorities on the deficit was €150 million in 2017. This impact is forecast to increase to €470 million in 2018, before falling slightly out to 2020 (€330 million). In 2021, however, it is forecast to have no further impact on the deficit. The reclassification of tier-3 AHBs increases the general government debt, with an impact of around €100 million. This impact is relatively small, as much of the debt of AHBs had already been included in general government statistics as it was obtained via the Housing Finance Agency, which is included in the general government sector.

The main impact of this reclassification can be seen in outturns and forecasts of general government gross fixed capital formation. Table A3 of the *SPU* highlights the changes in forecasts since *Budget 2018*. For 2018, the €600 million upward revision to general government gross fixed capital formation is mainly attributed to the reclassification of AHBs. Investment by AHBs is forecast to increase significantly in 2018 as part of *Rebuilding Ireland,* giving rise to the increasing deficit impact in 2018.

On the revenue side, the reclassification of AHBs has increased other revenue recorded in the general government sector, specifically "sales of goods and services". This is, however, relatively modest, as it comes mostly from local authorities, hence contributing only between €85 million and €95 million.

2019–2021 Expenditure

On the expenditure side, the publication of the National Development Plan (Department of Public Expenditure and Reform, 2018a) and the reclassification of Approved Housing Bodies have resulted in increased gross fixed capital formation forecasts compared to *Budget 2018*, with increases of between €295 million and €430 million per year (2019–2021). Forecasts from the National Development Plan show public capital investment at 3.8 per cent of GNI* in 2021, reaching the government's

[42] http://www.cso.ie/en/media/csoie/methods/nationalaccounts/AHB_Letter_to_ESTAT.pdf