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During the first half of 2020, the Government's Consolidated Fund reported a deficit of €895.6 million.

## Government Finance Data: January-June 2020

By the end of June 2020, recurrent revenue declined by €345.2 million and totalled €1,819.3 million. This represents a 15.9 per cent drop in comparison to the €2,164.5 million in revenue reported during the first six months of 2019. Income Tax exhibited the largest decrease (€128.2 million). Additional drops were also witnessed under Value Added Tax (€86.5 million), Social Security (€58.6 million), Licences, Taxes and Fines (€54.4 million), Customs and Excise Duties (€35.4 million), Grants (€17.0 million), Rents (€8.4 million) and Reimbursements (€7.8 million). Conversely, increases were reported under Miscellaneous Receipts (€32.0 million), Fees of Office (€15.0 million) and Dividends on Investment (€4.0 million).

Between January and June 2020, total expenditure amounted to €2,715.0 million, 17.0 per cent higher than the corresponding period in 2019.

During the period under review, recurrent expenditure totalled €2,235.0 million, €228.1 million higher than the €2,006.9 million reported during the first half of 2019. The main contributor to this increase was a €111.2 million rise reported under Programmes and Initiatives. Furthermore, increases in outlay were also registered by Contributions to Government Entities (€77.7 million), Operational and Maintenance Expenses (€26.4 million) and Personal Emoluments (€12.8 million). The main developments in the Programmes and Initiatives category involved added outlays towards Medicines and surgical materials (€43.6 million), Social security benefits (€43.3 million, of which €13.6 million were spent on social benefits related to COVID-19), Church schools (€20.8 million), Allocation in respect of local councils (€11.3 million), Extension of the school transport network (€6.0 million), Solid waste management strategy (€5.3 million), Street lighting (€4.9 million), Public service obligation for public transport, Compensation payments (both €4.7 million) and Feed-in-tariff (€4.3 million). In contrast, drops were recorded in Social security state contribution (€26.5 million, also reported as revenue) and EU own resources (€9.7 million).

The interest component of the public debt servicing costs totalled €93.1 million, a €1.1 million drop from the same period in 2019.

By the end of June 2020, capital spending of €386.9 million was recorded. This represents a rise of €167.4 million from 2019, largely due to additional spending towards Investment incentives (€138.0 million), which amounted to €162.0 million, including €154.0 million spent in relation to the COVID-19 Wage Supplement. Further increases were recorded in Property, plant and equipment (€28.1 million), Road construction and improvements (€10.5 million), Wasteserv Malta (€8.9 million), Maritime facilities and Improvements to museums and historical sites (both €3.5 million) and the EU Agricultural fund for rural development 2014-2020 (€3.4 million). On the other hand, there were drops reported under both the EU Structural (€13.1 million) and Cohesion (€12.7 million) funds 2014-2020.

The difference between total revenue and expenditure resulted in a deficit of €895.6 million being reported in the Government's Consolidated Fund by the end of June 2020. This represented an increase in deficit of €739.5 million when compared to the deficit of €156.2 million witnessed during the same period in 2019. This difference mirrors an increase in total expenditure, consisting of recurrent expenditure (€228.1 million), interest (-€1.1 million) and capital expenditure (€167.4 million), in addition to a drop in recurrent revenue (€345.2 million) (Table 1). Decreases in revenue and increases in expenditure reflect developments related to COVID-19.

By the end of June 2020, Central Government debt stood at €6,376.6 million, an €895.7 million rise from June 2019. Increases reported under Treasury Bills (€522.2 million) and Malta Government Stocks (€379.9 million) were the main reasons behind the rise in debt. Euro coins issued in the name of the Treasury contributed to a higher debt of €3.6 million. In contrast, lower debt was registered under the 62+ Malta Government Savings Bond (€2.9 million) and Foreign Loans (€0.1 million). Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €7.0 million (Table 6) ■

Statistics in this News Release should be interpreted in the context of the COVID-19 situation.

Table 1. Revenue/Expenditure categories: January to June by year

Description	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2020 / Jan-Jun 2019	
				Change	% change
	€ 000				
<b>(a) Total Recurrent Revenue</b>	<b>1,898,322</b>	<b>2,164,501</b>	<b>1,819,335</b>	<b>-345,166</b>	<b>-15.9</b>
Customs and Excise Duties	146,211	153,539	118,177	-35,362	
Licences, Taxes and Fines	186,479	202,158	147,765	-54,393	
Income Tax	594,301	685,178	556,985	-128,193	
Value Added Tax	391,240	448,100	361,628	-86,473	
Fees of Office	36,623	40,251	55,250	15,000	
Reimbursements	19,000	22,484	14,719	-7,765	
Central Bank of Malta	28,000	20,000	20,000	0	
Rents	13,147	23,262	14,892	-8,370	
Dividends on Investment	20,583	8,635	12,660	4,025	
Interest on loans made by Government	31	37	7	-30	
Social Security	423,649	470,647	412,068	-58,579	
Grants	27,201	71,547	54,537	-17,010	
Miscellaneous Receipts	11,856	18,663	50,648	31,985	
<b>(b) Total Expenditure</b>	<b>2,040,231</b>	<b>2,320,667</b>	<b>2,714,977</b>	<b>394,310</b>	<b>17.0</b>
<i>Recurrent Expenditure</i>	1,796,600	2,006,941	2,235,028	228,088	11.4
Personal Emoluments	407,039	441,597	454,364	12,767	
Operational and Maintenance Expenses	91,421	104,838	131,250	26,412	
Programmes and Initiatives	1,096,378	1,237,636	1,348,885	111,249	
Contributions to Government Entities	201,762	222,870	300,530	77,659	
<i>Interest</i>	100,965	94,218	93,085	-1,132	-1.2
<i>Capital Expenditure</i>	142,666	219,509	386,864	167,355	76.2
<b>(a-b) Consolidated Fund Surplus/Deficit</b>	<b>-141,909</b>	<b>-156,166</b>	<b>-895,642</b>	<b>-739,477</b>	<b>473.5</b>
<b>(c) Financial Transactions</b>					
<i>Revenue</i>					
Loans	93,527	179,713	700,000	520,287	
Repayment of Loans	0	0	171	171	
Receipts from Sale of Shares	889	889	889	0	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	16,659	20,025	10,025	-10,000	
Equity Acquisition	58,034	308	26,980	26,672	
Repayment of Loan	129,188	56,834	203,674	146,840	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories in June by year

Description	June 2018	June 2019	June 2020	June 2020 / June 2019	
				Change	% change
€ 000					
<b>(a) Total Recurrent Revenue</b>	<b>320,400</b>	<b>337,884</b>	<b>310,438</b>	<b>-27,446</b>	<b>-8.1</b>
Customs and Excise Duties	27,176	28,513	23,135	-5,378	
Licences, Taxes and Fines	25,838	37,212	21,962	-15,250	
Income Tax	114,904	103,701	118,261	14,559	
Value Added Tax	51,401	43,390	27,629	-15,761	
Fees of Office	10,709	9,560	10,008	448	
Reimbursements	1,899	7,201	3,663	-3,537	
Central Bank of Malta	7,000	5,000	5,000	0	
Rents	990	3,425	1,353	-2,072	
Dividends on Investment	5,289	3,000	5,250	2,250	
Interest on loans made by Government	16	17	6	-11	
Social Security	73,414	79,257	69,572	-9,685	
Grants	10	14,472	20,217	5,744	
Miscellaneous Receipts	1,756	3,136	4,382	1,246	
<b>(b) Total Expenditure</b>	<b>384,328</b>	<b>426,646</b>	<b>532,671</b>	<b>106,025</b>	<b>24.9</b>
<i>Recurrent Expenditure</i>	357,069	370,319	436,630	66,311	17.9
Personal Emoluments	71,694	76,738	80,903	4,165	
Operational and Maintenance Expenses	11,505	13,729	49,822	36,092	
Programmes and Initiatives	236,832	253,779	253,862	84	
Contributions to Government Entities	37,038	26,073	52,043	25,970	
<i>Interest</i>	15,786	17,808	19,353	1,545	8.7
<i>Capital Expenditure</i>	11,473	38,519	76,687	38,168	99.1
<b>(a-b) Consolidated Fund Surplus/Deficit</b>	<b>-63,927</b>	<b>-88,762</b>	<b>-222,232</b>	<b>-133,471</b>	<b>150.4</b>
<b>(c) Financial Transactions</b>					
<i>Revenue</i>					
Loans	93,527	0	0	0	
Repayment of Loans	0	0	171	171	
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	16,659	10,025	10,025	0	
Equity Acquisition	0	0	0	0	
Repayment of Loan	7,251	15,264	43,972	28,708	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 3. Government Expenditure by COFOG category: January to June by year

COFOG	Personal emoluments			Operational and Maintenance Expenses			Programmes and Initiatives			Contributions to Government Entities		
	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020
	€ 000											
General public services	45,277	49,203	49,336	16,708	24,718	49,820	91,835	147,767	138,996	8,868	15,896	21,489
Defence	20,280	20,175	20,635	2,261	3,205	3,692	287	456	356	134	116	146
Public order and safety	45,519	51,380	45,416	5,545	8,969	5,156	2,891	3,657	3,810	4,573	5,270	22,316
Economic affairs	31,622	30,668	31,795	4,911	6,085	12,247	76,455	75,894	89,504	59,037	82,704	91,724
Environment protection	0	2,205	2,410	160	145	8	12,413	28,074	25,413	15,647	11,989	11,518
Housing and community amenities	661	649	805	151	325	242	4,757	2,569	7,523	3,067	1,681	7,116
Health	123,496	138,241	146,735	28,003	29,128	25,994	103,631	117,943	164,601	27,242	28,040	36,953
Recreation, culture and religion	3,367	3,550	3,314	721	913	2,671	3,435	6,312	6,829	11,619	12,132	17,667
Education	110,549	117,664	125,107	14,933	8,599	8,818	75,649	91,283	121,101	53,661	41,957	61,640
Social protection	26,268	27,862	28,813	18,029	22,752	22,601	725,025	763,680	790,751	17,913	23,086	29,960
<b>Total</b>	<b>407,039</b>	<b>441,597</b>	<b>454,364</b>	<b>91,421</b>	<b>104,838</b>	<b>131,250</b>	<b>1,096,378</b>	<b>1,237,636</b>	<b>1,348,885</b>	<b>201,762</b>	<b>222,870</b>	<b>300,530</b>
COFOG	Interest Expenditure			Capital Expenditure			Total Expenditure					
	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020
	€ 000											
General public services	100,965	94,218	93,085	21,427	31,648	30,335	<b>285,080</b>	<b>363,449</b>	<b>383,061</b>			
Defence	0	0	0	201	1,888	1,105	<b>23,162</b>	<b>25,838</b>	<b>25,933</b>			
Public order and safety	0	0	0	8,587	20,917	7,424	<b>67,116</b>	<b>90,194</b>	<b>84,122</b>			
Economic affairs	0	0	0	79,678	112,986	277,051	<b>251,701</b>	<b>308,336</b>	<b>502,320</b>			
Environment protection	0	0	0	6,909	28,875	25,696	<b>35,129</b>	<b>71,288</b>	<b>65,045</b>			
Housing and community amenities	0	0	0	211	89	2	<b>8,847</b>	<b>5,313</b>	<b>15,689</b>			
Health	0	0	0	7,341	4,693	20,311	<b>289,714</b>	<b>318,046</b>	<b>394,594</b>			
Recreation, culture and religion	0	0	0	7,451	7,514	11,228	<b>26,593</b>	<b>30,422</b>	<b>41,710</b>			
Education	0	0	0	8,474	9,059	9,186	<b>263,266</b>	<b>268,561</b>	<b>325,852</b>			
Social protection	0	0	0	2,388	1,839	4,525	<b>789,623</b>	<b>839,219</b>	<b>876,651</b>			
<b>Total</b>	<b>100,965</b>	<b>94,218</b>	<b>93,085</b>	<b>142,666</b>	<b>219,509</b>	<b>386,864</b>	<b>2,040,231</b>	<b>2,320,667</b>	<b>2,714,977</b>			

Table 4. Consolidated Fund data in ESA 2010 codes: January to June by year

Description	ESA code	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2020 / Jan-Jun 2019	
					Change	% change
					€ 000	
<b>1. Total Revenue</b>		<b>1,801,406</b>	<b>2,030,717</b>	<b>1,696,632</b>	<b>-334,085</b>	
Market Output	P11	45,317	51,268	69,107		
Taxes on Production and Imports	D2	688,975	754,028	602,543		
Property income receivable	D4	52,226	41,495	31,118		
Current taxes on income, wealth, etc	D5	624,842	725,011	584,606		
Social Contributions	D61	349,519	373,447	342,271		
Current transfers receivable	D7	6,748	11,280	2,556		
Capital transfers receivable	D9	33,778	74,189	64,429		
<b>2. Total Expenditure</b>		<b>1,943,315</b>	<b>2,186,883</b>	<b>2,592,274</b>	<b>405,391</b>	
Intermediate Consumption	P2	212,689	337,617	414,488		
Gross Capital Formation	P5g+NP	63,169	109,535	116,190		
Compensation of Employees	D1	479,655	508,262	533,816		
Property income payable	D4	103,501	94,642	61,923		
Subsidies	D3	36,569	43,650	199,209		
Social Benefits and social transfers in kind	D62+D632	583,170	592,381	662,757		
Current transfers payable	D7	461,138	484,347	583,459		
Capital transfers payable	D9	3,423	16,449	20,433		
<b>(1-2) Consolidated Fund Surplus/Deficit</b>		<b>-141,909</b>	<b>-156,166</b>	<b>-895,642</b>	<b>-739,477</b>	<b>473.5</b>

Table 5. Consolidated Fund data in ESA 2010 codes in June by year

Description	ESA code	June 2018	June 2019	June 2020	June 2020 / June 2019	
					Change	% change
					€ 000	
<b>1. Total Revenue</b>		<b>299,897</b>	<b>310,419</b>	<b>292,605</b>	<b>-17,814</b>	
Market Output	P11	13,839	15,497	15,558		
Taxes on Production and Imports	D2	101,288	104,224	71,318		
Property income receivable	D4	10,231	8,358	5,962		
Current taxes on income, wealth, etc	D5	117,823	110,006	122,475		
Social Contributions	D61	55,244	55,255	55,466		
Current transfers receivable	D7	142	1,182	216		
Capital transfers receivable	D9	1,331	15,897	21,610		
<b>2. Total Expenditure</b>		<b>363,825</b>	<b>399,181</b>	<b>514,837</b>	<b>115,657</b>	
Intermediate Consumption	P2	34,314	55,866	102,127		
Gross Capital Formation	P5g+NP	7,016	12,461	15,758		
Compensation of Employees	D1	83,757	87,936	94,660		
Property income payable	D4	16,430	17,964	21,821		
Subsidies	D3	265	10,072	43,255		
Social Benefits and social transfers in kind	D62+D632	143,559	151,152	121,439		
Current transfers payable	D7	78,484	61,028	115,171		
Capital transfers payable	D9	0	2,702	606		
<b>(1-2) Consolidated Fund Surplus/Deficit</b>		<b>-63,927</b>	<b>-88,762</b>	<b>-222,232</b>	<b>-133,471</b>	<b>150.4</b>

Table 6. Central Government debt in June by year

Description	June 2018	June 2019	June 2020	June 2020 / June 2019	
				Change	% change
€ 000					
<b>Total Central Government Debt</b>	<b>5,480,323</b>	<b>5,480,928</b>	<b>6,376,620</b>	<b>895,692</b>	<b>16.3</b>
<i>of which:</i>					
Treasury Bills	335,000	332,800	855,000	522,200	
Malta Government Stocks	4,965,196	4,878,329	5,258,247	379,917	
62+ Malta Government Savings Bond	192,956	291,248	288,336	-2,912	
Foreign Loans	1,243	1,027	902	-125	
MGSF investments in Government Debt	-94,546	-108,453	-115,453	-7,000	
Euro coins issued in the name of the Treasury	80,474	85,977	89,590	3,613	

Note: Totals may not add up due to rounding.

Chart 1. Consolidated Fund Surplus/Deficit: January to June by year

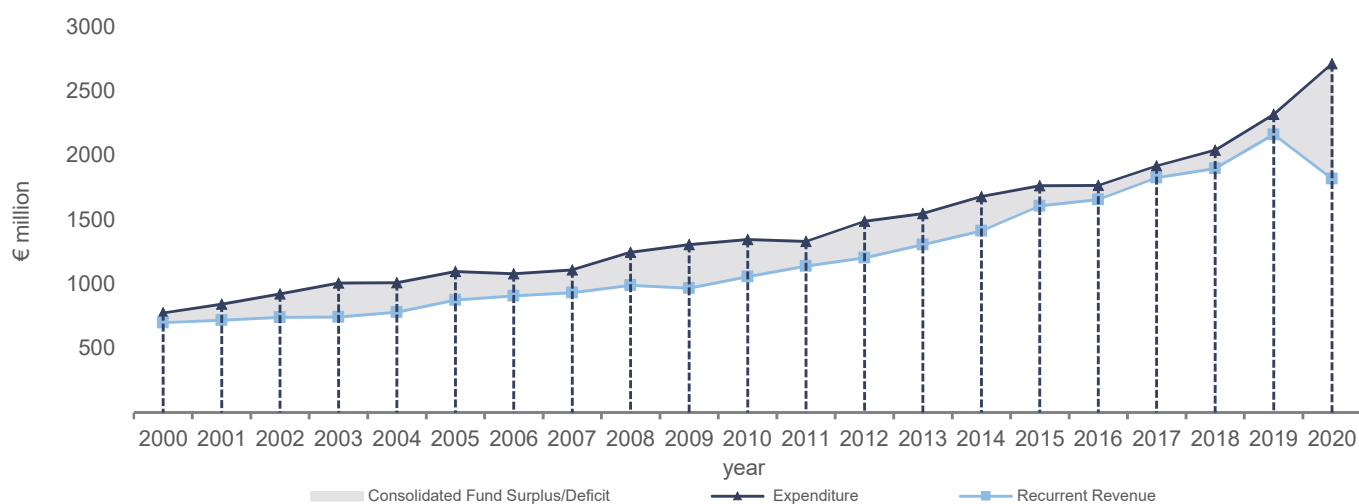


Chart 2. Recurrent Revenue by main category (%): January to June 2020

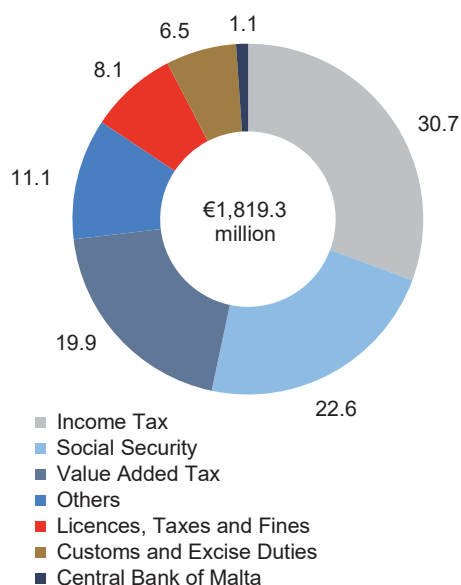
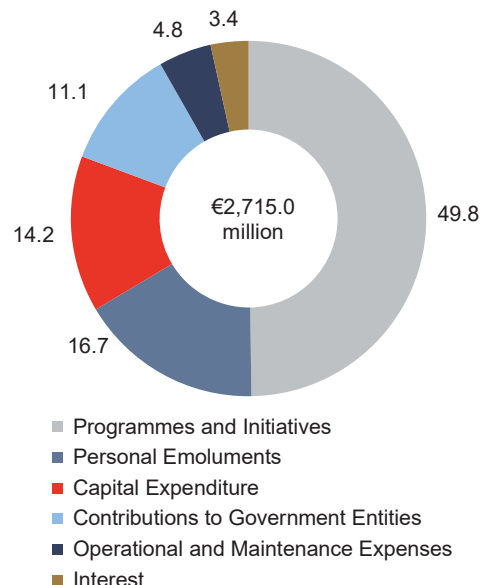


Chart 3. Expenditure by main category (%): January to June 2020



## Methodological Notes

1. Data in this news release is compiled in order to provide users with regular up-to-date information on the Consolidated Fund of Government. Data are sourced as follows:
  - i. Revenue and Expenditure, and Public Debt Servicing → The Consolidated Fund, the transactions of which are consolidated at the Treasury.
  - ii. Central Government Debt (excluding EBUs and Local Councils) → Central Bank of Malta and the Treasury.

All allocations provided from the Consolidated Fund are either authorised by Parliament under an Appropriation Act, or are permanently appropriated by Parliament under other relevant legislation. On the other hand, the Treasury Clearance Fund contains all those Funds and Accounts the expenses in respect of which are initially defrayable out of public funds and are eventually repayable from the Consolidated Fund or other sources.

2. In this release Revenue and Expenditure categories are recorded in accordance with their presentation in the 2020 Financial Estimates.
3. This news release follows the guidelines set out in the European System of Accounts (ESA 2010) Manual on Government Deficit and Debt. Therefore, the difference between the recurrent revenue and expenditure as listed in Table 1 is essentially the cash-based position as far as the Central Government's Consolidated Fund is concerned. In this respect, financial transactions, such as proceeds from loans, proceeds from sale of financial assets, and revenue from other accounts of Government are not taken into consideration. Likewise, direct loan repayments, contributions to sinking funds, acquisition of equity, as well as transfers into other accounts of Government, are excluded from the total expenditure.
4. The debt position includes the actual debt which is held by Government. On the other hand, any investments made by Government in its own funds are excluded from the total debt. As from December 2007, the Euro coins issued in the name of the Treasury are considered as a currency liability pertaining to the Central Government.
5. The revenue and expenditure figures are based on actual cash transactions, and are therefore not normally subject to revision. Although revisions to debt data are uncommon, it is prudent to consider debt figures for the three months preceding the reference period as provisional. Any revisions to the data are carried out at the first opportunity and published accordingly in the subsequent news release.
6. The Enhanced Economic Governance package adopted by the European Parliament and Council in November 2011 included requirements on the collection and dissemination of fiscal data, through the Council Directive 2011/85/EU. The requirements in the government finance statistics domain included a methodological reconciliation table (showing the transition between monthly data used for national policy purposes and ESA-quarterly data used to produce national accounts and EU fiscal surveillance).
  - a. The Reconciliation Table may be accessed at:  
[http://nso.gov.mt/en/nso/Sources\\_and\\_Methods/Unit\\_A2/Public\\_Finance/Pages/Council-Directive-852011.aspx](http://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Pages/Council-Directive-852011.aspx)
  - b. Refer to the ESA 2010 Glossary at:  
[https://nso.gov.mt/en/nso/Sources\\_and\\_Methods/Unit\\_A2/Public\\_Finance/Documents/ESA10\\_Glossary.pdf](https://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Documents/ESA10_Glossary.pdf)
  - c. Refer to the other Government Finance Statistics data requirements at:  
[https://nso.gov.mt/en/Services/Council\\_Directive/Pages/Council-Directive-85\\_2011.aspx](https://nso.gov.mt/en/Services/Council_Directive/Pages/Council-Directive-85_2011.aspx)
7. Data on Government Expenditure by the Classification of Functions of Government (COFOG) classifies government expenditure data by the purpose for which the funds are used. COFOG data in Table 3 refers to the total expenditure of the Consolidated Fund and is not fully consistent with the General Government sector expenditure by function and in ESA 2010 methodology, that is compiled by NSO on an annual basis with a delay of one year. The functions are in line with the COFOG classifications as published in the Government Finance Statistics Manual 2001 (ISBN 1-58906-061-X).
8. Tables 4 and 5 present the Consolidated Fund year to date and monthly data in ESA 2010 codes according to the EU Council Directive 85/2011 requirements.
9. More information relating to this news release may be accessed at:  
Statistical Concepts: <http://nso.gov.mt/metadata/concepts.aspx>  
Statistical Database: <http://nso.gov.mt/statdb/start>
10. Any quotations from this news release are to be cited and/or referenced.
11. A detailed news release calendar is available on:  
[https://nso.gov.mt/en/News\\_Releases/Release\\_Calendar/Pages/News-Release-Calendar.aspx](https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx)