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By the end of the third quarter of 2020, the Government's Consolidated Fund reported a deficit of €1,139.0 million.

Government Finance Data: January-September 2020

Between January and September 2020, recurrent revenue amounted to €2,930.3 million, a 17.8 per cent drop from the €3,563.7 million reported in revenue up to the end of September 2019. The largest decrease was reported under Income Tax (€225.6 million). Additional drops were also witnessed under Value Added Tax (€152.7 million), Grants (€84.7 million), Social Security (€75.6 million), Licences, Taxes and Fines (€71.3 million), Customs and Excise Duties (€57.1 million), Reimbursements (€9.8 million), Rents (€8.1 million) and Dividends on Investment (€2.8 million). In contrast, increases were recorded under Miscellaneous Receipts (€30.0 million) and Fees of Office (€24.4 million).

By the end of September 2020, total expenditure amounted to €4,069.4 million, 15.4 per cent higher than the corresponding period in 2019.

During the period under review, recurrent expenditure totalled €3,320.3 million, a rise of €295.4 million when compared to the €3,024.8 million reported in 2019. The main contributor to this increase was a €159.8 million rise reported under Programmes and Initiatives. Furthermore, increases in outlay were also registered by Contributions to Government Entities (€79.4 million), Operational and Maintenance Expenses (€39.2 million) and Personal Emoluments (€17.0 million). The main developments in the Programmes and Initiatives category involved added outlays towards Social security benefits (€63.2 million, of which €14.5 million were spent on COVID-19 social benefits), Medicines and surgical materials (€50.5 million), the Economic regeneration voucher scheme (€45.3 million), Church schools (€8.7 million), Feed-in-tariff (€8.1 million), Public service obligation for public transport (€7.8 million), Housing programmes (€7.0 million), Extension of the school transport network (€5.4 million) and Waiting lists for medical services (€5.1 million). The rise in expenditure was partially offset by drops reported under Social security state contribution (€32.9 million, also reported as revenue) and EU own resources (€9.9 million).

The interest component of the public debt servicing costs totalled €138.7 million, an €8.4 million decrease from the same period in 2019.

By the end of September 2020, Government's capital spending amounted to €610.4 million, €256.5 million higher than 2019, largely due to additional spending towards investment incentives (€251.1 million), which amounted to €275.2 million, including €237.0 million spent in relation to the COVID-19 Business Assistance programme. Property, plant and equipment spending also rose by €45.6 million. On the other hand, there were drops reported under Contribution towards Treasury clearance fund (€19.9 million) and in projects financed by EU Cohesion funds 2014 -2020 (€17.6 million).

The difference between total revenue and expenditure resulted in a deficit of €1,139.0 million being reported in the Government's Consolidated Fund at the end of September 2020. This represented an increase in deficit of €1,176.9 million when compared to the surplus of €37.9 million witnessed during the same period in 2019. This difference mirrors an increase in total expenditure, consisting of recurrent expenditure (€295.4 million), interest (-€8.4 million) and capital expenditure (€256.5 million), in addition to a drop in recurrent revenue (€633.3 million) (Table 1). Decreases in revenue and increases in expenditure reflect developments related to COVID-19.

At the end of September 2020, Central Government debt stood at €6,623.4 million, a €1,367.9 million rise from the previous year. Increases reported under Malta Government Stocks (€793.8 million) and Treasury Bills (€478.2 million) were the main reasons for the rise in debt. Higher debt was also reported under the 62+ Malta Government Savings Bond (€91.4 million) and Euro coins issued in the name of the Treasury (€2.3 million). In contrast, lower debt was registered under Foreign Loans (€0.1 million). Finally, lower holdings by government funds in Malta Government Stocks resulted in an increase in debt of €2.3 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 September by year

Description	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2020 / Jan-Sep 2019	
				Change	% change
	€ 000				
(a) Total Recurrent Revenue	3,128,698	3,563,678	2,930,340	-633,338	-17.8
Customs and Excise Duties	242,473	246,614	189,481	-57,134	
Licences, Taxes and Fines	287,747	292,539	221,224	-71,315	
Income Tax	1,054,254	1,210,964	985,361	-225,603	
Value Added Tax	639,440	695,795	543,112	-152,683	
Fees of Office	61,211	62,042	86,477	24,435	
Reimbursements	30,703	34,862	25,101	-9,761	
Central Bank of Malta	28,000	25,000	25,000	0	
Rents	22,801	32,048	23,975	-8,073	
Dividends on Investment	24,644	18,697	15,910	-2,787	
Interest on loans made by Government	48	88	8	-80	
Social Security	662,337	733,377	657,760	-75,617	
Grants	51,668	169,022	84,286	-84,736	
Miscellaneous Receipts	23,372	42,630	72,646	30,015	
(b) Total Expenditure	3,125,841	3,525,807	4,069,363	543,556	15.4
<i>Recurrent Expenditure</i>	2,701,093	3,024,827	3,320,267	295,440	9.8
Personal Emoluments	612,436	663,479	680,528	17,048	
Operational and Maintenance Expenses	139,472	153,199	192,363	39,164	
Programmes and Initiatives	1,634,150	1,833,250	1,993,079	159,829	
Contributions to Government Entities	315,035	374,899	454,298	79,399	
<i>Interest</i>	158,516	147,068	138,679	-8,389	-5.7
<i>Capital Expenditure</i>	266,232	353,912	610,417	256,505	72.5
(a-b) Consolidated Fund Surplus/Deficit	2,858	37,871	-1,139,023	-1,176,895	-3,107.6
(c) Financial Transactions					
<i>Revenue</i>					
Loans	93,527	359,713	1,244,791	885,078	
Repayment of Loans	0	0	421	421	
Receipts from Sale of Shares	889	889	889	0	
Other extraordinary receipts	91,000	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	26,659	20,025	10,025	-10,000	
Equity Acquisition	63,034	18,308	26,980	8,672	
Repayment of Loan	362,786	403,914	416,366	12,452	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories in September by year

Description	September 2018	September 2019	September 2020	September 2020 / September 2019	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	384,574	373,494	405,493	31,999	8.6
Customs and Excise Duties	37,778	32,608	59,934	27,326	
Licences, Taxes and Fines	33,418	30,438	18,924	-11,514	
Income Tax	133,374	139,739	149,449	9,710	
Value Added Tax	81,711	39,561	64,190	24,629	
Fees of Office	8,603	8,414	2,250	-6,164	
Reimbursements	2,799	6,587	4,551	-2,035	
Central Bank of Malta	0	5,000	5,000	0	
Rents	753	4,256	3,856	-400	
Dividends on Investment	1,312	7,312	500	-6,812	
Interest on loans made by Government	16	17	0	-17	
Social Security	83,105	90,653	87,873	-2,780	
Grants	586	335	247	-88	
Miscellaneous Receipts	1,119	8,574	8,719	144	
(b) Total Expenditure	378,596	419,554	458,301	38,747	9.2
<i>Recurrent Expenditure</i>	305,757	358,065	355,138	-2,927	-0.8
Personal Emoluments	71,230	78,255	76,029	-2,225	
Operational and Maintenance Expenses	18,795	16,482	14,253	-2,229	
Programmes and Initiatives	172,426	208,269	232,779	24,510	
Contributions to Government Entities	43,306	55,059	32,076	-22,983	
<i>Interest</i>	19,392	20,581	17,350	-3,230	-15.7
<i>Capital Expenditure</i>	53,448	40,909	85,813	44,904	109.8
(a-b) Consolidated Fund Surplus/Deficit	5,977	-46,060	-52,808	-6,748	14.6
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	80,000	200,000	120,000	
Repayment of Loans	0	0	250	250	
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	10,000	0	0	0	
Equity Acquisition	0	8,000	0	-8,000	
Repayment of Loan	70,386	225,198	138,766	-86,432	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

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

COFOG	Personal emoluments			Operational and Maintenance Expenses			Programmes and Initiatives			Contributions to Government Entities		
	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2020
	€ 000											
General public services	68,834	74,528	73,702	25,799	35,708	69,136	162,824	206,409	180,805	14,338	31,667	37,865
Defence	30,348	30,568	31,710	4,617	5,073	4,416	400	640	573	217	199	286
Public order and safety	69,558	79,664	66,560	8,946	12,643	7,013	4,388	5,456	4,354	6,691	7,735	33,534
Economic affairs	47,434	45,400	46,831	7,576	8,916	18,171	112,324	109,030	173,434	90,877	115,568	132,147
Environment protection	0	3,540	4,325	281	184	86	22,991	44,875	40,203	18,935	18,453	19,817
Housing and community amenities	989	994	1,184	262	485	346	5,144	4,728	8,158	5,794	5,817	7,072
Health	186,123	205,999	222,734	45,338	44,794	46,957	140,466	178,164	235,932	39,503	41,831	57,752
Recreation, culture and religion	5,064	5,249	4,929	1,021	1,401	2,948	8,262	9,487	9,025	22,089	21,578	22,469
Education	164,987	175,978	185,668	18,297	11,552	12,034	103,880	138,573	154,455	90,610	95,688	96,838
Social protection	39,098	41,559	42,885	27,337	32,442	31,255	1,073,470	1,135,887	1,186,141	25,981	36,362	46,521
Total	612,436	663,479	680,528	139,472	153,199	192,363	1,634,150	1,833,250	1,993,079	315,035	374,899	454,298
COFOG	Interest Expenditure			Capital Expenditure			Total Expenditure					
	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2020			
	€ 000											
General public services	158,516	147,068	138,679	41,033	51,901	54,723	471,344	547,280	554,910			
Defence	0	0	0	1,138	3,471	3,332	36,720	39,953	40,317			
Public order and safety	0	0	0	11,833	27,667	13,644	101,416	133,165	125,105			
Economic affairs	0	0	0	141,997	194,154	443,786	400,209	473,068	814,368			
Environment protection	0	0	0	21,316	42,177	27,947	63,523	109,228	92,378			
Housing and community amenities	0	0	0	440	127	25	12,629	12,151	16,784			
Health	0	0	0	12,971	6,846	30,482	424,401	477,635	593,858			
Recreation, culture and religion	0	0	0	13,211	11,015	13,830	49,647	48,731	53,200			
Education	0	0	0	19,593	13,551	15,197	397,367	435,343	464,192			
Social protection	0	0	0	2,698	3,002	7,451	1,168,584	1,249,252	1,314,253			
Total	158,516	147,068	138,679	266,232	353,912	610,417	3,125,841	3,525,807	4,069,363			

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

Description	ESA code	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2020 / Jan-Sep 2019	
					Change	% change
1. Total Revenue		2,965,210	3,339,302	2,730,910	-608,392	
Market Output	P11	74,162	80,842	106,161		
Taxes on Production and Imports	D2	1,121,952	1,168,922	914,826		
Property income receivable	D4	61,680	57,862	44,967		
Current taxes on income, wealth, etc	D5	1,098,942	1,264,559	1,026,880		
Social Contributions	D61	536,744	577,506	535,575		
Current transfers receivable	D7	23,175	14,360	3,266		
Capital transfers receivable	D9	48,555	175,251	99,234		
2. Total Expenditure		2,962,352	3,301,430	3,869,933	568,503	
Intermediate Consumption	P2	337,200	488,337	620,302		
Gross Capital Formation	P5g+NP	106,832	173,218	158,233		
Compensation of Employees	D1	720,286	765,949	808,166		
Property income payable	D4	163,614	133,333	94,992		
Subsidies	D3	57,409	64,159	304,336		
Social Benefits and social transfers in kind	D62+D632	846,308	867,186	960,439		
Current transfers payable	D7	712,041	777,543	867,508		
Capital transfers payable	D9	18,661	31,706	55,957		
(1-2) Consolidated Fund Surplus/Deficit		2,858	37,871	-1,139,023	-1,176,895	-3,107.6

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

Description	ESA code	September 2018	September 2019	September 2020	September 2020 / September 2019	
					Change	% change
1. Total Revenue		354,696	336,121	373,030	36,908	
Market Output	P11	8,424	16,198	4,102		
Taxes on Production and Imports	D2	148,282	93,697	139,118		
Property income receivable	D4	1,402	11,226	7,798		
Current taxes on income, wealth, etc	D5	137,019	145,643	151,938		
Social Contributions	D61	56,365	66,002	67,832		
Current transfers receivable	D7	1,018	627	400		
Capital transfers receivable	D9	2,185	2,728	1,843		
2. Total Expenditure		348,718	382,182	425,838	43,656	
Intermediate Consumption	P2	40,298	54,141	65,193		
Gross Capital Formation	P5g+NP	19,162	19,799	11,012		
Compensation of Employees	D1	75,815	90,125	90,955		
Property income payable	D4	21,113	14,025	9,994		
Subsidies	D3	8,015	6,504	43,608		
Social Benefits and social transfers in kind	D62+D632	81,091	93,775	108,286		
Current transfers payable	D7	89,846	97,448	94,196		
Capital transfers payable	D9	13,380	6,365	2,593		
(1-2) Consolidated Fund Surplus/Deficit		5,977	-46,060	-52,808	-6,748	14.6

Table 6. Central Government debt in September by year

Description	September 2018	September 2019	September 2020	September 2020 / September 2019	
				Change	% change
€ 000					
Total Central Government Debt	5,239,341	5,255,427	6,623,351	1,367,924	26.0
<i>of which:</i>					
Treasury Bills	325,500	279,300	757,500	478,200	
Malta Government Stocks	4,732,049	4,711,890	5,505,722	793,833	
62+ Malta Government Savings Bond	192,787	290,608	382,006	91,399	
Foreign Loans	1,184	968	839	-129	
MGSF investments in Government Debt	-95,796	-115,453	-113,153	2,300	
Euro coins issued in the name of the Treasury	83,617	88,116	90,438	2,322	

Note: Totals may not add up due to rounding.

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

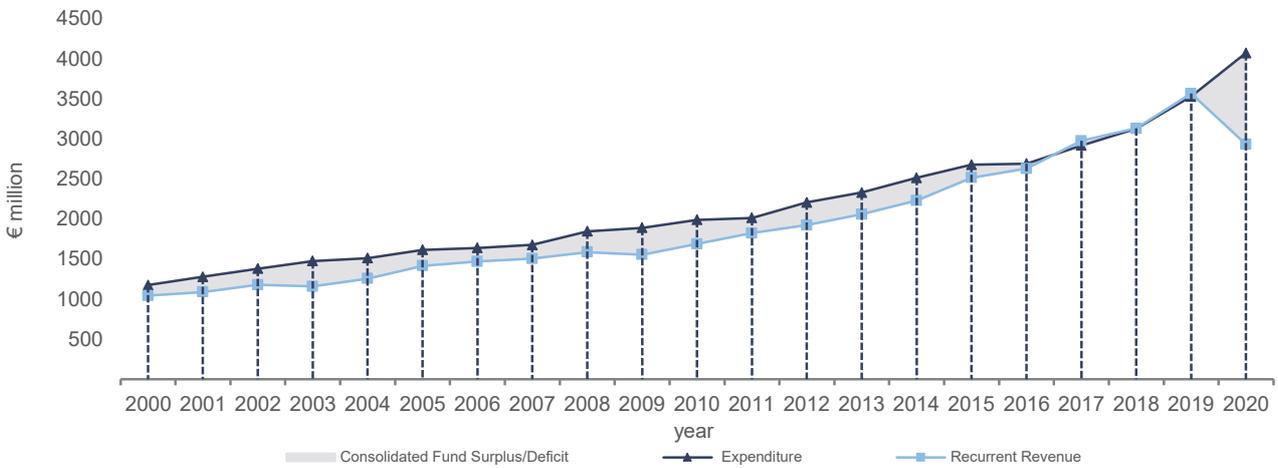


Chart 2. Recurrent Revenue by main category (%): January to September 2020

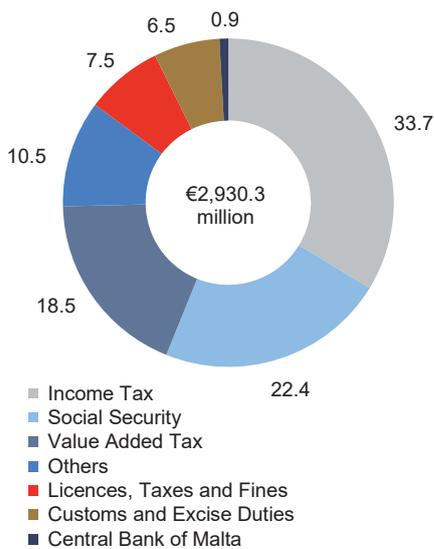
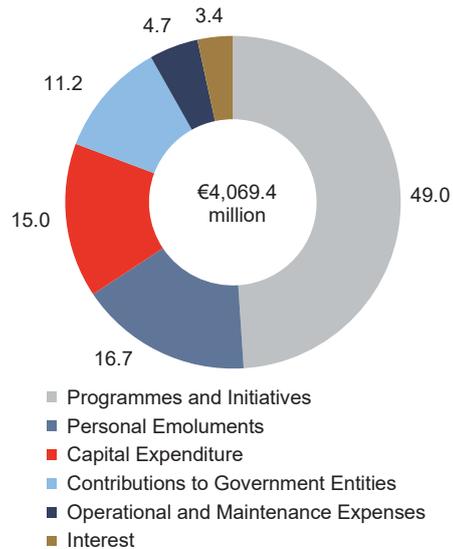


Chart 3. Expenditure by main category (%): January to September 2020



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
 - 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
 - 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
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