

21 December 2018 | 1100 hrs | 201/2018

In the period January-November 2018, Government's Consolidated Fund registered a deficit of €35.2 million.

Government Finance Data: January-November 2018

Between January and November 2018, recurrent revenue rose by €218.5 million and amounted to €3,925.9 million. This represented a 5.9 per cent increase from the €3,707.4 million reported in revenue during the corresponding period in 2017. The increase was primarily the result of higher Income Tax (€109.5 million). Further increases were also registered under Value Added Tax (€82.0 million), Social Security (€74.9 million), Licences, Taxes and Fines (€47.5 million) and Customs and Excise Duties (€4.9 million). On the other hand, drops in revenue were mainly recorded in Grants (€47.2 million), Fees of Office (€32.3 million), Central Bank of Malta (€15.0 million), Reimbursements (€3.8 million), Rents (€1.4 million) and Dividends on Investment (€0.6 million).

Total expenditure by the end of November 2018 stood at €3,961.2 million, reflecting a 9.3 per cent increase from 2017. Increased outlays reported under recurrent expenditure and capital expenditure were the main catalysts for this rise in total expenditure.

Recurrent expenditure totalled €3,369.1 million, €212.7 million higher than the corresponding amount reported by the end of November 2017. The main contributor to this increase was a €80.4 million rise reported under Programmes and Initiatives. Furthermore, rises in outlay were also registered by Contributions to Government Entities (€56.3 million), Personal Emoluments (€49.0 million) and Operational and Maintenance Expenses (€26.9 million). The main developments in the Programmes and Initiatives category involved added outlays due to state contribution (€29.8 million which also features as revenue), social security benefits (€15.6 million), tax relief measures (€11.2 million), church schools (€10.0 million), solid waste management strategy (€7.3 million), residential care in private homes (€6.9 million), feed in tariff (€5.7 million), child care for all (€4.4 million), health concession agreements (€3.2 million), cancer treatment (€2.9 million), Jobsplus programmes (€2.6 million) and Malta Freeport interest payments (€2.5 million). The rise in expenditure was slightly offset by a reduced outlay recorded under EU presidency 2017 (€27.5 million).

The interest component of the public debt servicing costs amounted to €185.1 million, a €12.1 million drop from the €197.1 million reported in 2017.

Government's capital expenditure registered an increase of €137.8 million from the same period last year and amounted to €407.0 million. This was mainly the result of higher outlay on EU structural funds 2014-2020 (€43.6 million), road construction and improvements (€27.3 million), EU cohesion funds 2014-2020 (€26.6 million), investment incentives (€12.8 million), EU internal security fund - borders and visa (€8.7 million) and EU European agricultural fund for rural development 2014-2020 (€6.9 million).

The difference between total revenue and expenditure resulted in a deficit of €35.2 million being reported in the Government's Consolidated Fund by the end of November 2018, compared to a surplus of €84.6 million in the same period in 2017. The main catalysts in the difference were increased outlays in both recurrent and capital expenditure (Table 1).

Table 4 and Table 5 present the Consolidated Fund year to date and monthly data respectively in ESA 2010 codes according to the EU Council Directive 85/2011 requirements.

By the end of November 2018, Central Government Debt stood at €5,199.6 million, a €199.3 million drop from the corresponding month last year. This was the result of lower Malta Government Stocks and Foreign Loans that decreased by €371.8 million and €10.4 million respectively. Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €13.6 million. On the other hand, Treasury Bills added €97.7 million, the 62+ Malta Government Savings Bond added €93.0 million, and Euro coins issued in the name of the Treasury increased by €5.7 million (Table 6) ■

Table 1. Revenue/Expenditure categories: Year to date

| Description | Jan-Nov 2016 | Jan-Nov 2017 | Jan-Nov 2018 | Jan-Nov 2018 / Jan-Nov 2017 | |
|--|------------------|------------------|------------------|--------------------------------|---------------|
| | | | | Change | % change |
| | € 000 | | | | |
| (a) Total Recurrent Revenue | 3,286,036 | 3,707,388 | 3,925,917 | 218,529 | 5.9 |
| Customs and Excise Duties | 249,504 | 279,132 | 284,002 | 4,870 | |
| Licences, Taxes and Fines | 287,702 | 299,447 | 346,954 | 47,507 | |
| Income Tax | 1,076,193 | 1,226,125 | 1,335,672 | 109,547 | |
| Value Added Tax | 669,194 | 760,609 | 842,563 | 81,953 | |
| Fees of Office | 60,547 | 108,029 | 75,751 | -32,278 | |
| Reimbursements | 23,980 | 43,171 | 39,371 | -3,800 | |
| Central Bank of Malta | 50,000 | 50,000 | 35,000 | -15,000 | |
| Rents | 28,275 | 29,885 | 28,475 | -1,410 | |
| Dividends on Investment | 20,898 | 28,737 | 28,144 | -593 | |
| Interest on loans made by Government | 97 | 50 | 49 | -1 | |
| Social Security | 687,168 | 752,960 | 827,887 | 74,927 | |
| Grants | 95,579 | 99,642 | 52,398 | -47,244 | |
| Miscellaneous Receipts | 36,900 | 29,603 | 29,652 | 49 | |
| (b) Total Expenditure | 3,346,243 | 3,622,766 | 3,961,164 | 338,398 | 9.3 |
| <i>Recurrent Expenditure</i> | 2,881,345 | 3,156,424 | 3,369,083 | 212,659 | 6.7 |
| Personal Emoluments | 656,482 | 695,749 | 744,769 | 49,020 | |
| Operational and Maintenance Expenses | 155,523 | 161,924 | 188,865 | 26,941 | |
| Programmes and Initiatives | 1,742,027 | 1,946,709 | 2,027,077 | 80,367 | |
| Contributions to Government Entities | 327,312 | 352,041 | 408,372 | 56,330 | |
| <i>Interest</i> | 205,712 | 197,144 | 185,067 | -12,077 | -6.1 |
| <i>Capital Expenditure</i> | 259,186 | 269,198 | 407,013 | 137,816 | 51.2 |
| (a-b) Consolidated Fund Surplus/Deficit | -60,207 | 84,622 | -35,246 | -119,869 | -141.7 |
| (c) Financial Transactions | | | | | |
| <i>Revenue</i> | | | | | |
| Loans | 597,902 | 357,409 | 93,527 | -263,883 | |
| Repayment of Loans | 12,184 | 0 | 0 | 0 | |
| Receipts from Sale of Shares | 1,094 | 889 | 889 | 0 | |
| Other extraordinary receipts | 0 | 0 | 91,000 | 91,000 | |
| <i>Expenditure</i> | | | | | |
| Contribution to Sinking Fund | 14,863 | 27,462 | 26,659 | -803 | |
| Equity Acquisition | 12,484 | 41,441 | 63,513 | 22,072 | |
| Repayment of Loan | 481,669 | 361,544 | 362,862 | 1,318 | |
| Loans | 0 | 0 | 0 | 0 | |

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories: Monthly

| Description | November 2016 | November 2017 | November 2018 | November 2018 / November 2017 | |
|--|----------------|----------------|----------------|-------------------------------|---------------|
| | | | | Change | % change |
| | € 000 | | | | |
| (a) Total Recurrent Revenue | 378,868 | 425,310 | 429,933 | 4,622 | 1.1 |
| Customs and Excise Duties | 24,902 | 24,737 | 18,704 | -6,032 | |
| Licences, Taxes and Fines | 27,367 | 21,279 | 26,029 | 4,751 | |
| Income Tax | 75,593 | 124,961 | 130,926 | 5,966 | |
| Value Added Tax | 145,587 | 136,393 | 146,729 | 10,337 | |
| Fees of Office | 7,931 | 22,873 | 9,928 | -12,945 | |
| Reimbursements | 2,957 | 2,359 | 2,384 | 25 | |
| Central Bank of Malta | 8,000 | 8,000 | 7,000 | -1,000 | |
| Rents | 1,299 | 5,584 | 3,779 | -1,805 | |
| Dividends on Investment | 1,050 | 2,214 | 0 | -2,214 | |
| Interest on loans made by Government | 0 | 1 | 0 | 0 | |
| Social Security | 65,149 | 74,178 | 80,962 | 6,784 | |
| Grants | 17,535 | 13 | 720 | 707 | |
| Miscellaneous Receipts | 1,498 | 2,719 | 2,770 | 51 | |
| (b) Total Expenditure | 334,224 | 344,992 | 440,892 | 95,901 | 27.8 |
| <i>Recurrent Expenditure</i> | 286,796 | 297,330 | 349,900 | 52,570 | 17.7 |
| Personal Emoluments | 58,475 | 67,193 | 66,740 | -452 | |
| Operational and Maintenance Expenses | 9,505 | 7,441 | 28,101 | 20,660 | |
| Programmes and Initiatives | 174,347 | 178,296 | 204,016 | 25,720 | |
| Contributions to Government Entities | 44,469 | 44,401 | 51,044 | 6,643 | |
| <i>Interest</i> | 18,712 | 15,491 | 10,073 | -5,418 | -35.0 |
| <i>Capital Expenditure</i> | 28,716 | 32,170 | 80,919 | 48,749 | 151.5 |
| (a-b) Consolidated Fund Surplus/Deficit | 44,643 | 80,319 | -10,960 | -91,278 | -113.6 |
| (c) Financial Transactions | | | | | |
| <i>Revenue</i> | | | | | |
| Loans | 0 | 0 | 0 | 0 | |
| Repayment of Loans | 0 | 0 | 0 | 0 | |
| Receipts from Sale of Shares | -37 | 0 | 0 | 0 | |
| Other extraordinary receipts | 0 | 0 | 0 | 0 | |
| <i>Expenditure</i> | | | | | |
| Contribution to Sinking Fund | 0 | 10,000 | 0 | -10,000 | |
| Equity Acquisition | 0 | 39,340 | 479 | -38,860 | |
| Repayment of Loan | 186,352 | 263,164 | 57 | -263,107 | |
| Loans | 0 | 0 | 0 | 0 | |

Note: Totals may not add up due to rounding.

Table 3. Government Expenditure by COFOG category

| COFOG | Personal Emoluments | | | Operational and Maintenance Expenses | | | Programmes and Initiatives | | | Contributions to Government Entities | | |
|----------------------------------|----------------------|----------------|----------------|--------------------------------------|----------------|----------------|----------------------------|------------------|------------------|--------------------------------------|----------------|----------------|
| | Jan-Nov 2016 | Jan-Nov 2017 | Jan-Nov 2018 | Jan-Nov 2016 | Jan-Nov 2017 | Jan-Nov 2018 | Jan-Nov 2016 | Jan-Nov 2017 | Jan-Nov 2018 | Jan-Nov 2016 | Jan-Nov 2017 | Jan-Nov 2018 |
| | € 000 | | | | | | | | | | | |
| General public services | 67,441 | 73,434 | 85,257 | 25,998 | 28,678 | 35,562 | 164,071 | 221,627 | 208,755 | 8,711 | 8,412 | 19,713 |
| Defence | 33,257 | 35,358 | 36,950 | 5,486 | 8,089 | 6,210 | 359 | 585 | 511 | 0 | 191 | 244 |
| Public order and safety | 73,327 | 76,872 | 86,980 | 9,331 | 10,346 | 17,378 | 3,699 | 4,685 | 5,728 | 7,497 | 7,424 | 7,960 |
| Economic affairs | 60,847 | 63,299 | 54,082 | 14,086 | 11,879 | 9,930 | 120,641 | 135,293 | 145,047 | 82,055 | 96,343 | 112,014 |
| Environment protection | 766 | 702 | 1,144 | 160 | 270 | 347 | 21,093 | 23,043 | 32,482 | 20,859 | 22,698 | 39,318 |
| Housing and community amenities | 2,263 | 625 | 1,184 | 803 | 89 | 366 | 8 | 6,708 | 5,620 | 2,122 | 9,067 | 5,903 |
| Health | 198,952 | 214,296 | 225,719 | 57,320 | 54,297 | 61,872 | 133,185 | 175,147 | 181,249 | 47,605 | 43,910 | 48,754 |
| Recreation, culture and religion | 7,485 | 5,792 | 6,181 | 363 | 1,179 | 1,272 | 9,889 | 11,000 | 11,503 | 19,399 | 21,933 | 30,644 |
| Education | 169,408 | 180,147 | 200,077 | 18,341 | 20,070 | 22,367 | 108,132 | 114,846 | 131,947 | 98,212 | 110,596 | 107,379 |
| Social protection | 42,735 | 45,225 | 47,196 | 23,636 | 27,028 | 33,561 | 1,180,949 | 1,253,775 | 1,304,236 | 40,851 | 31,468 | 36,444 |
| Total | 656,482 | 695,749 | 744,769 | 155,523 | 161,924 | 188,865 | 1,742,027 | 1,946,709 | 2,027,077 | 327,312 | 352,041 | 408,372 |
| COFOG | Interest Expenditure | | | Capital Expenditure | | | Total expenditure | | | | | |
| | Jan-Nov 2016 | Jan-Nov 2017 | Jan-Nov 2018 | Jan-Nov 2016 | Jan-Nov 2017 | Jan-Nov 2018 | Jan-Nov 2016 | Jan-Nov 2017 | Jan-Nov 2018 | | | |
| | € 000 | | | | | | | | | | | |
| General public services | 205,712 | 197,144 | 185,067 | 25,359 | 24,545 | 54,649 | 497,292 | 553,840 | 589,003 | | | |
| Defence | 0 | 0 | 0 | 7,786 | 7,065 | 5,019 | 46,888 | 51,289 | 48,935 | | | |
| Public order and safety | 0 | 0 | 0 | 21,027 | 25,485 | 40,097 | 114,881 | 124,812 | 158,143 | | | |
| Economic affairs | 0 | 0 | 0 | 126,442 | 132,950 | 198,819 | 404,071 | 439,763 | 519,891 | | | |
| Environment protection | 0 | 0 | 0 | 4,233 | 9,962 | 37,909 | 47,112 | 56,675 | 111,199 | | | |
| Housing and community amenities | 0 | 0 | 0 | 9,262 | 2,296 | 473 | 14,458 | 18,783 | 13,547 | | | |
| Health | 0 | 0 | 0 | 10,394 | 10,386 | 17,580 | 447,456 | 498,036 | 535,174 | | | |
| Recreation, culture and religion | 0 | 0 | 0 | 21,238 | 25,689 | 21,486 | 58,375 | 65,592 | 71,086 | | | |
| Education | 0 | 0 | 0 | 26,809 | 25,670 | 27,423 | 420,903 | 451,328 | 489,193 | | | |
| Social protection | 0 | 0 | 0 | 6,636 | 5,150 | 3,557 | 1,294,808 | 1,362,646 | 1,424,993 | | | |
| Total | 205,712 | 197,144 | 185,067 | 259,186 | 269,198 | 407,013 | 3,346,243 | 3,622,766 | 3,961,164 | | | |

Table 4. Consolidated Fund data in ESA 2010 codes: Year to date

| Description | ESA CODE | Jan-Nov | Jan-Nov | Jan-Nov | Jan-Nov 2018 / Jan-Nov 2017 | |
|--|----------|------------------|------------------|------------------|--------------------------------|---------------|
| | | 2016 | 2017 | 2018 | Change | % change |
| | | € 000 | | | | |
| 1. Total Revenue | | 3,108,343 | 3,520,549 | 3,714,273 | 193,724 | |
| Market Output | P11 | 83,663 | 149,579 | 94,784 | | |
| Taxes on Production and Imports | D2 | 1,149,484 | 1,278,510 | 1,416,554 | | |
| Property income receivable | D4 | 74,947 | 75,841 | 73,189 | | |
| Current taxes on income, wealth, etc | D5 | 1,124,973 | 1,275,677 | 1,389,760 | | |
| Social Contributions | D61 | 541,794 | 619,057 | 662,827 | | |
| Current transfers receivable | D7 | 37,649 | 12,385 | 24,351 | | |
| Capital transfers receivable | D9 | 95,832 | 109,500 | 52,806 | | |
| 2. Total Expenditure | | 3,168,549 | 3,435,926 | 3,749,519 | 313,593 | |
| Intermediate Consumption | P2 | 358,372 | 397,428 | 464,218 | | |
| Gross Capital Formation | P5g+NP | 103,364 | 128,668 | 171,662 | | |
| Compensation of Employees | D1 | 773,565 | 827,682 | 875,312 | | |
| Property income payable | D4 | 197,040 | 193,758 | 190,349 | | |
| Subsidies | D3 | 85,992 | 76,055 | 73,304 | | |
| Social Benefits and social transfers in kind | D62+D632 | 959,538 | 1,007,605 | 1,018,050 | | |
| Current transfers payable | D7 | 664,070 | 794,535 | 901,101 | | |
| Capital transfers payable | D9 | 26,609 | 10,194 | 55,523 | | |
| (1-2) Consolidated Fund Surplus/Deficit | | -60,207 | 84,622 | -35,246 | -119,868 | -141.7 |

Table 5. Consolidated Fund data in ESA 2010 codes: Monthly

| Description | ESA CODE | November | November | November | November 2018 / November 2017 | |
|--|----------|----------------|----------------|----------------|----------------------------------|---------------|
| | | 2016 | 2017 | 2018 | Change | % change |
| | | € 000 | | | | |
| 1. Total Revenue | | 362,074 | 409,980 | 406,466 | -3,514 | |
| Market Output | P11 | 8,461 | 25,533 | 9,589 | | |
| Taxes on Production and Imports | D2 | 191,273 | 176,585 | 188,644 | | |
| Property income receivable | D4 | 9,978 | 13,625 | 9,855 | | |
| Current taxes on income, wealth, etc | D5 | 80,421 | 128,687 | 135,067 | | |
| Social Contributions | D61 | 52,416 | 63,438 | 60,814 | | |
| Current transfers receivable | D7 | 544 | 260 | 908 | | |
| Capital transfers receivable | D9 | 18,981 | 1,852 | 1,590 | | |
| 2. Total Expenditure | | 317,431 | 329,662 | 417,426 | 87,764 | |
| Intermediate Consumption | P2 | 36,316 | 35,805 | 72,745 | | |
| Gross Capital Formation | P5g+NP | 8,660 | 18,383 | 26,953 | | |
| Compensation of Employees | D1 | 68,281 | 80,854 | 77,787 | | |
| Property income payable | D4 | 18,878 | 15,601 | 10,220 | | |
| Subsidies | D3 | 27,659 | 9,984 | 1,060 | | |
| Social Benefits and social transfers in kind | D62+D632 | 84,273 | 98,059 | 87,918 | | |
| Current transfers payable | D7 | 70,706 | 69,767 | 115,093 | | |
| Capital transfers payable | D9 | 2,657 | 1,208 | 25,650 | | |
| (1-2) Consolidated Fund Surplus/Deficit | | 44,643 | 80,319 | -10,960 | -91,278 | -113.6 |

Table 6. Central Government debt

| Description | November 2016 | November 2017 | November 2018 | November 2018 / November 2017 | |
|---|------------------|------------------|------------------|-------------------------------|-------------|
| | | | | Change | % change |
| € 000 | | | | | |
| Total Central Government Debt | 5,521,730 | 5,398,918 | 5,199,605 | -199,313 | -3.7 |
| <i>of which:</i> | | | | | |
| Treasury Bills | 271,000 | 192,400 | 290,100 | 97,700 | |
| Malta Government Stocks | 5,209,845 | 5,103,835 | 4,732,049 | -371,786 | |
| 62+ Malta Government Savings Bond | 0 | 99,639 | 192,682 | 93,044 | |
| Foreign Loans | 21,919 | 11,500 | 1,087 | -10,413 | |
| Domestic Loans with Commercial Banks | 0 | 0 | 0 | 0 | |
| MGSF investments in Government Debt | -52,729 | -86,617 | -100,195 | -13,578 | |
| Euro Coins issued in the name of the Treasury | 71,695 | 78,161 | 83,882 | 5,721 | |

Note: Totals may not add up due to rounding.

Chart 1. January-November Consolidated Fund Surplus/Deficit

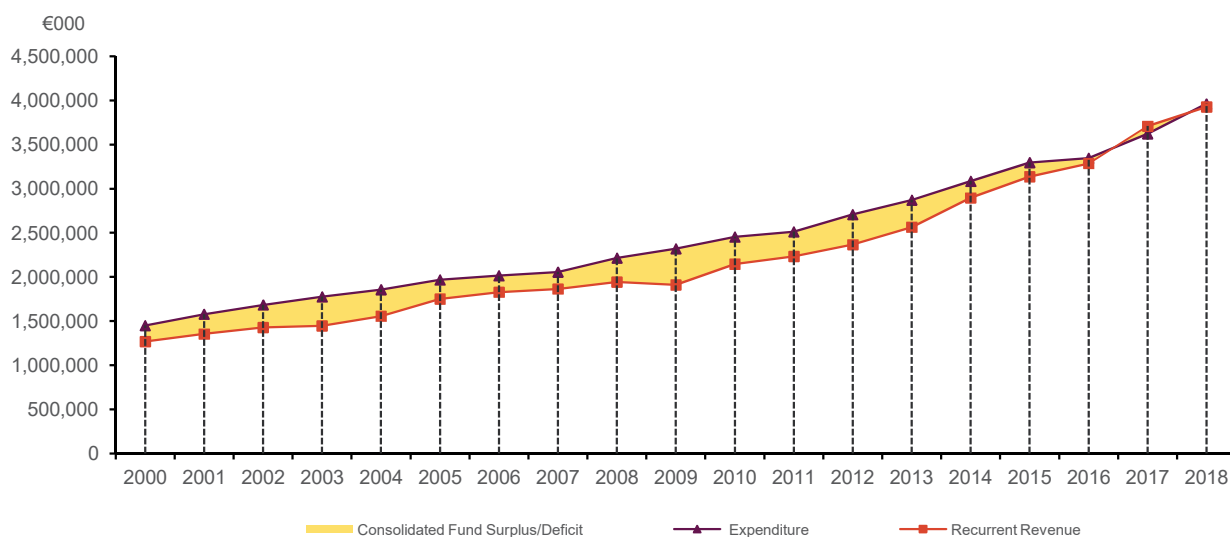


Chart 2. Recurrent Revenue by main category (%): January-November 2018

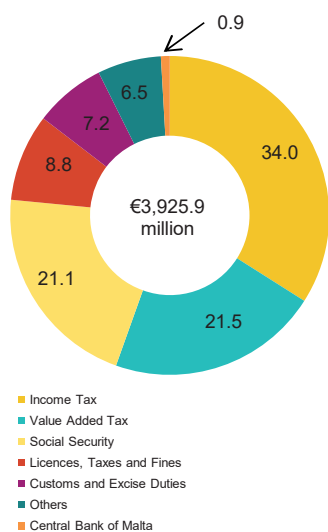
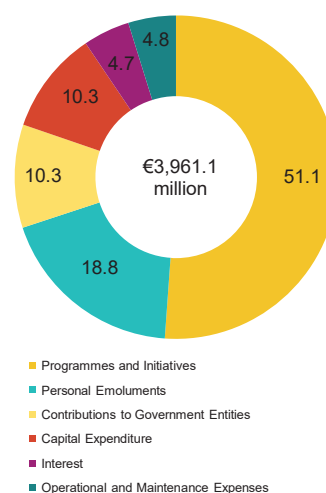


Chart 3. Expenditure by main category (%): January-November 2018



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 2018 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. 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>
9. Any quotations from this news release are to be cited and/or referenced.
10. A detailed news release calendar is available on:
https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx