

22 February 2019 | 1100 hrs | 028/2019

By the end of January 2019, Government's Consolidated Fund registered a deficit of €55.0 million.

Government Finance Data: January 2019

During the first month of 2019, recurrent revenue rose by €19.4 million and amounted to €302.4 million. This represented a 6.8 per cent increase from the €283.0 million reported in revenue during the same month in 2018. The increase was primarily the result of a €13.7 million rise in Social Security. Further increases were also registered under Income Tax (€8.7 million), Value Added Tax (€8.5 million), Reimbursements (€2.3 million), Licences, Taxes and Fines (€2.2 million), Rents (€2.0 million), Miscellaneous Receipts (€1.8 million) and Dividends (€0.2 million). Conversely, decreases were mainly recorded in Customs and Excise Duties (€10.0 million), followed by Grants (€7.5 million), Central Bank of Malta (€2.0 million) and Fees of Office (€0.5 million).

Total expenditure in January 2019 stood at €357.4 million, showcasing a 20.7 per cent increase from the corresponding month in 2018.

Recurrent expenditure stood at €319.2 million, €50.7 million higher than the corresponding amount reported in January 2018. The main contributor to this increase was a €37.1 million rise reported under Programmes and Initiatives. Furthermore, rises in outlay were also registered by Contributions to Government Entities (€7.9 million), Personal Emoluments (€3.4 million) and Operational and Maintenance Expenses (€2.2 million). The main developments in the Programmes and Initiatives category involved added outlays due to EU own resources (€13.7 million), state contribution (€4.5 million that also features as revenue), health concession agreements (€4.2 million), provision of spare capacity - electricity (€3.5 million), medicines and surgical materials, and extension of the school transport network (both €2.9 million).

The interest component of the public debt servicing costs amounted to €12.9 million, a €5.4 million drop from the €18.3 million reported in 2018.

Government's capital expenditure registered an increase of €15.9 million from the same period last year and amounted to €25.3 million. The rise in outlay was due to added expenditure reported on investment incentives (€5.0 million), road construction and improvements (€4.6 million), tomorrow schools (€3.6 million), EU structural funds 2014-2020 (€2.3 million) and cattle sheds (€1.8 million). Conversely, drops in capital expenditure were registered under improvements to buildings and equipment (€1.1 million) and ICT (€1.0 million).

The difference between total revenue and expenditure resulted in a deficit of €55.0 million being reported in the Government's Consolidated Fund by the end of January 2019, compared to a deficit of €13.1 million in the same period in 2018. The main catalysts in the difference were increased outlays in both recurrent and capital expenditure (Table 1).

Table 3 presents the Consolidated Fund year to date data in ESA 2010 codes according to the EU Council Directive 85/2011 requirements.

During January 2019, Central Government Debt stood at €5,414.7 million, a €28.4 million rise from the corresponding month last year. This was primarily the result of higher Treasury Bills (€195.0 million) and the 62+ Malta Government Savings Bond (€92.9 million). Euro coins issued in the name of the Treasury also rose by €6.1 million. On the other hand, Malta Government Stocks and Foreign Loans decreased by €240.7 million and €7.9 million respectively. Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €17.0 million (Table 4) ■

Table 1. Revenue/Expenditure categories: Year to date

Description	January 2017	January 2018	January 2019	January 2019 / January 2018	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	261,165	283,032	302,403	19,372	6.8
Customs and Excise Duties	27,822	26,254	16,289	-9,965	
Licences, Taxes and Fines	28,837	32,119	34,306	2,187	
Income Tax	79,904	96,401	105,123	8,722	
Value Added Tax	33,394	37,043	45,504	8,461	
Fees of Office	6,145	4,748	4,227	-521	
Reimbursements	2,158	399	2,747	2,348	
Central Bank of Malta	10,000	7,000	5,000	-2,000	
Rents	3,221	0	2,042	2,042	
Dividends on Investment	0	0	200	200	
Interest on loans made by Government	0	0	0	0	
Social Security	44,146	58,058	71,729	13,671	
Grants	24,595	20,602	13,065	-7,537	
Miscellaneous Receipts	944	407	2,171	1,764	
(b) Total Expenditure	277,027	296,138	357,355	61,217	20.7
<i>Recurrent Expenditure</i>	249,482	268,494	319,176	50,683	18.9
Personal Emoluments	58,405	66,202	69,648	3,446	
Operational and Maintenance Expenses	19,396	17,351	19,559	2,207	
Programmes and Initiatives	145,599	153,209	190,291	37,082	
Contributions to Government Entities	26,082	31,732	39,679	7,948	
<i>Interest</i>	17,537	18,323	12,920	-5,403	-29.5
<i>Capital Expenditure</i>	10,009	9,321	25,259	15,938	171.0
(a-b) Consolidated Fund Surplus/Deficit	-15,862	-13,106	-54,952	-41,845	-319.3
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	0	0	0	
Repayment of Loans	0	0	0	0	
Receipts from Sale of Shares	889	889	889	0	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	0	0	0	0	
Equity Acquisition	0	500	308	-192	
Repayment of Loan	0	0	172	172	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Government Expenditure by COFOG category

COFOG	Personal Emoluments			Operational and Maintenance Expenses			Programmes and Initiatives			Contributions to Government Entities		
	Jan-17	Jan-18	Jan-19	Jan-17	Jan-18	Jan-19	Jan-17	Jan-18	Jan-19	Jan-17	Jan-18	Jan-19
	€ 000											
General public services	5,546	6,920	7,861	2,374	2,817	3,621	30,167	17,907	33,292	866	1,229	4,330
Defence	3,027	3,225	3,218	232	168	708	10	44	78	2	3	1
Public order and safety	6,589	7,324	8,603	752	886	1,469	438	268	422	1,110	1,146	913
Economic affairs	5,532	5,660	5,151	872	939	1,059	10,061	12,894	12,886	10,482	16,430	16,180
Environment protection	-0	4	16	27	12	10	719	2,076	2,872	20	461	4
Housing and community amenities	68	129	97	9	32	37	524	185	136	213	1,017	15
Health	18,186	20,114	21,383	6,643	3,938	4,609	10,334	15,355	24,098	4,211	4,061	7,347
Recreation, culture and religion	527	569	560	115	187	165	319	178	935	791	1,281	963
Education	15,212	18,208	18,644	5,209	5,346	3,894	15,894	15,651	20,882	2,483	1,062	3,725
Social protection	3,718	4,050	4,115	3,164	3,026	3,987	77,133	88,651	94,690	5,904	5,043	6,202
Total	58,405	66,202	69,648	19,396	17,351	19,559	145,599	153,209	190,291	26,082	31,732	39,679
COFOG	Interest Expenditure			Capital Expenditure			Total expenditure					
	Jan-17	Jan-18	Jan-19	Jan-17	Jan-18	Jan-19	Jan-17	Jan-18	Jan-19			
	€ 000											
General public services	17,537	18,323	12,920	447	707	1,513	56,936	47,903	63,536			
Defence	0	0	0	46	69	45	3,317	3,508	4,051			
Public order and safety	0	0	0	792	1,795	241	9,681	11,419	11,649			
Economic affairs	0	0	0	6,071	4,104	17,656	33,019	40,027	52,932			
Environment protection	0	0	0	49	-99	433	814	2,454	3,335			
Housing and community amenities	0	0	0	1	1	0	814	1,363	284			
Health	0	0	0	1,084	807	917	40,458	44,276	58,353			
Recreation, culture and religion	0	0	0	246	272	173	1,998	2,487	2,795			
Education	0	0	0	961	470	4,231	39,760	40,737	51,375			
Social protection	0	0	0	311	1,195	49	90,231	101,966	109,044			
Total	17,537	18,323	12,920	10,009	9,321	25,259	277,027	296,138	357,355			

Note: Totals may not add up due to rounding.

Table 3. Consolidated Fund data in ESA 2010 codes: Year to date

Description	ESA CODE	January 2017	January 2018	January 2019	January 2019 / January 2018	
					Change	% change
					€ 000	
1. Total Revenue		267,341	284,543	298,737	14,194	
Market Output	P11	8,428	3,713	4,858		
Taxes on Production and Imports	D2	82,700	88,579	88,447		
Property income receivable	D4	10,694	7,044	6,738		
Current taxes on income, wealth, etc	D5	85,153	102,035	113,739		
Social Contributions	D61	53,893	60,696	69,290		
Current transfers receivable	D7	491	362	665		
Capital transfers receivable	D9	25,982	22,115	15,000		
2. Total Expenditure		283,204	297,650	353,689	56,039	
Intermediate Consumption	P2	33,045	34,244	58,898		
Gross Capital Formation	P5g+NP	7,428	7,143	10,090		
Compensation of Employees	D1	70,378	78,093	80,299		
Property income payable	D4	19,447	19,008	14,233		
Subsidies	D3	5,064	8,533	7,661		
Social Benefits and social transfers in kind	D62+D632	76,716	82,054	85,625		
Current transfers payable	D7	71,047	68,575	96,707		
Capital transfers payable	D9	78	0	174		
(1-2) Consolidated Fund Surplus/Deficit		-15,862	-13,106	-54,952	-41,845	-319.3

Note: Totals may not add up due to rounding.

Table 4. Central Government debt

Description	January 2017	January 2018	January 2019	January 2019/ January 2018	
				Change	% change
€ 000					
Total Central Government Debt	5,498,545	5,386,338	5,414,728	28,389	0.5
<i>of which:</i>					
Treasury Bills	278,200	192,000	387,000	195,000	
Malta Government Stocks	5,206,454	5,093,496	4,852,749	-240,747	
62+ Malta Government Savings Bond	0	99,624	192,528	92,905	
Foreign Loans	19,371	8,950	1,087	-7,863	
Domestic Loans with Commercial Banks	0	0	0	0	
MGSF investments in Government Debt	-77,754	-85,966	-102,953	-16,987	
Euro Coins issued in the name of the Treasury	72,274	78,235	84,316	6,081	

Note: Totals may not add up due to rounding.

Chart 1. January Consolidated Fund Surplus/Deficit

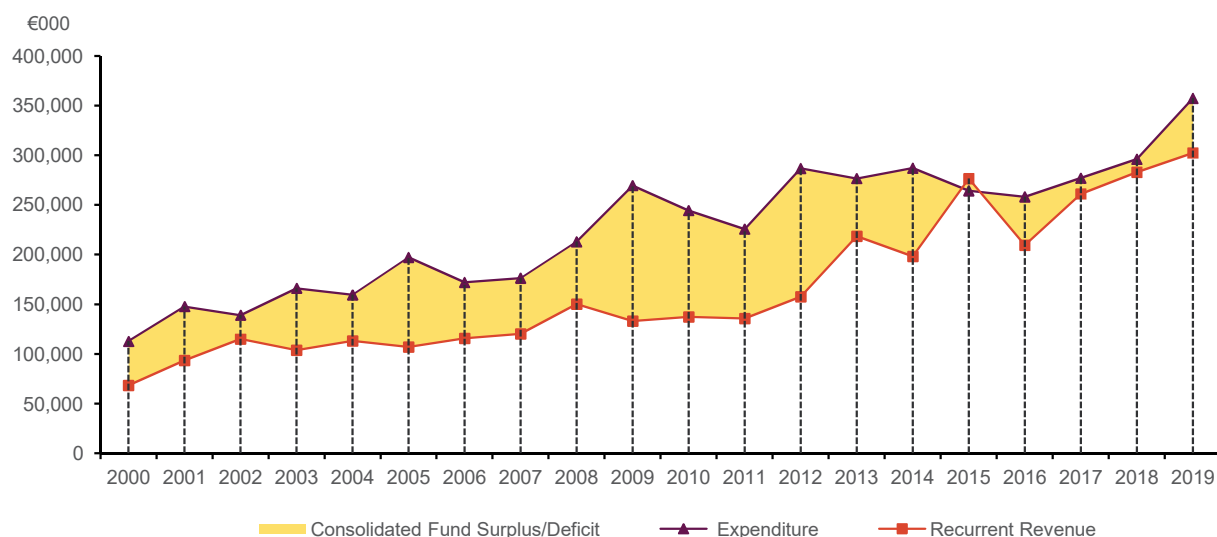


Chart 2. Recurrent Revenue by main category (%): January 2019

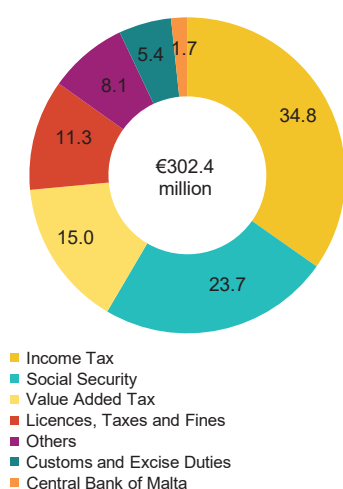
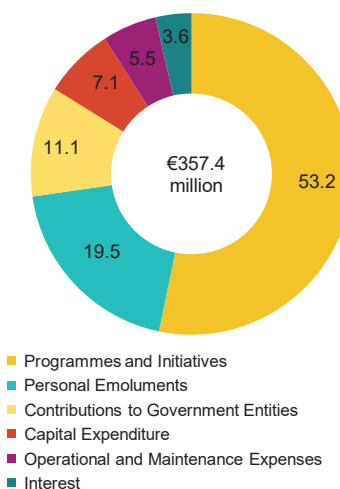


Chart 3. Expenditure by main category (%): January 2019



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 2019 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-
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. References to this News Release are to be cited appropriately.
10. A detailed news release calendar is available on:
https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx