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In the period January-May 2014, the deficit of the Government's Consolidated Fund amounted to €238.9 million.

## Government Finance Data: January-May 2014

During the first five months, recurrent revenue registered an increase of €58.0 million while expenditure went up by €106.1 million when compared to the corresponding period last year, thereby widening the shortfall between recurrent revenue and total expenditure by €48.1 million.

During January-May 2014, recurrent revenue was recorded at €1,154.1 million, up by 5.3 per cent over last year. The main contributors to this increase were Value Added Tax (€26.7 million), Social Security Contributions (€21.1 million) and Income Tax (€17.5 million). Conversely, Customs and Excise Duties registered a decline of €8.4 million (Table 1).

Recurrent expenditure increased by €114.1 million, mainly as a result of higher spending on Programmes and Initiatives (€57.0 million) and Contributions to Government Entities (€28.4 million). The major increases registered in the Programmes and Initiatives category were recorded in medicines and surgical materials (€16.5 million), EU Own Resources (€9.6 million), and the contribution to Church Schools (€4.0 million). In contrast, social security benefits went down by €12.2 million. In addition, Personal Emoluments and Operational and Maintenance Expenditure increased by €18.7 million and €10.0 million respectively (Table 4).

The interest component of the public debt servicing costs for the period under review rose to €92.3 million from €91.8 million last year (Table 1).

Expenditure on Government's capital projects amounted to €149.5 million. The fall of €8.4 million over the corresponding period last year was mainly the result of a lower equity injection to the national air carrier (€25.0 million) which was partially outweighed by higher spending on capital projects under the EU Cohesion Funds.

At the end of May, Central Government debt stood at €5,283.8 million, up by €219.3 million over the corresponding period last year. This was the result of higher Long-term and Short-term Borrowing, which added €199.8 million and €17.7 million respectively. On the other hand, foreign borrowing went down by €10.6 million. As a result of consolidation, lower holdings by government funds in MGSs brought about an increase in debt of €8.1 million. The euro coins issued in the name of the Maltese Treasury went up by €4.4 million when compared to the coin stock as at the end of May 2013, and totalled €56.1 million (Table 3) ■

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Table 1. Government finance data: year-to-date

Description	Jan-May 2012	Jan-May 2013	Jan-May 2014	Jan-May 2014/ Jan-May 2013	
				Absolute Change	% change
€000					
<b>Recurrent Revenue</b>	<b>1,007,987</b>	<b>1,096,095</b>	<b>1,154,140</b>	<b>58,046</b>	<b>5.3</b>
<i>of which:</i>					
Grants	8,974	62,123	60,318	-1,804	
Customs and Excise	71,353	64,358	55,958	-8,399	
Value added Tax	229,092	236,232	262,940	26,708	
Income Tax	285,199	320,287	337,748	17,461	
Social Security Contributions	223,095	236,801	257,943	21,142	
Others	190,274	176,294	179,233	2,939	
<b>Total Expenditure</b>	<b>1,242,435</b>	<b>1,286,897</b>	<b>1,393,031</b>	<b>106,134</b>	<b>8.2</b>
<i>consisting of:</i>					
Recurrent Expenditure	1,026,266	1,037,244	1,151,308	114,063	11.0
<i>of which:</i>					
Education	62,315	70,865	75,481	4,615	
Social Security Benefits	330,506	339,947	327,700	-12,246	
Others	633,445	626,432	748,126	121,694	
Interest Payments	91,857	91,805	92,256	451	0.5
Capital Expenditure	124,312	157,847	149,467	-8,380	-5.3
<i>of which:</i>					
Productive Investment	36,435	68,316	45,276	-23,039	
Infrastructure	66,790	72,819	84,492	11,673	
Social	21,087	16,713	19,699	2,986	
<b>Balance of recurrent revenue and total expenditure</b>	<b>-234,449</b>	<b>-190,802</b>	<b>-238,891</b>	<b>-48,089</b>	<b>25.2</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	274,703	369,621	214,872	-154,749	
Repayment of Loans	0	30	0	-30	
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	28,425	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	0	0	25,000	25,000	
Equity Acquisition	11,000	11,696	12,755	1,059	
Repayment of Loan	80,364	119,816	24,459	-95,357	
Loans	0	0	0	0	

Table 2. Government finance data: monthly

Description	May 2012	May 2013	May 2014	May 2014/May 2013	
				Absolute Change	% change
				€000	
<b>Recurrent Revenue</b>	<b>259,302</b>	<b>268,256</b>	<b>273,022</b>	<b>4,767</b>	<b>1.8</b>
<i>of which:</i>					
Grants	4,500	9,772	38,452	28,680	
Customs and Excise	29,425	27,290	11,736	-15,553	
Value added Tax	70,443	78,203	79,479	1,276	
Income Tax	69,480	65,516	53,518	-11,998	
Social Security Contributions	51,170	54,782	58,124	3,342	
Others	34,283	32,694	31,714	-980	
<b>Total Expenditure</b>	<b>261,507</b>	<b>276,064</b>	<b>273,689</b>	<b>-2,374</b>	<b>-0.9</b>
<i>consisting of:</i>					
Recurrent Expenditure	222,604	221,121	221,585	464	0.2
<i>of which:</i>					
Education	13,712	14,824	13,614	-1,210	
Social Security Benefits	56,497	59,980	60,998	1,018	
Others	152,395	146,317	146,973	655	
Interest Payments	21,810	21,550	20,046	-1,504	-7.0
Capital Expenditure	17,093	33,392	32,058	-1,334	-4.0
<i>of which:</i>					
Productive Investment	2,743	18,552	6,149	-12,403	
Infrastructure	12,090	11,357	20,385	9,028	
Social	2,260	3,483	5,523	2,040	
<b>Balance of recurrent revenue and total expenditure</b>	<b>-2,205</b>	<b>-7,808</b>	<b>-667</b>	<b>7,141</b>	<b>-91.5</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	0	169,999	0	-169,999	
Repayment of Loans	0	0	0	0	
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	28,425	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	0	0	0	0	
Equity Acquisition	11,000	0	0	0	
Repayment of Loan	80,364	112,566	0	-112,566	
Loans	0	0	0	0	

Table 3. Government debt

Description	May 2012	May 2013	May 2014	May 2014/May 2013	
				Absolute Change	% change
				€000	
<b>Gross Government Debt</b>	<b>4,625,499</b>	<b>5,064,536</b>	<b>5,283,842</b>	<b>219,306</b>	<b>4.3</b>
<i>of which:</i>					
Treasury Bills	261,454	349,199	366,867	17,668	
Government Stock	4,248,510	4,601,444	4,801,272	199,828	
Foreign Loans Outstanding	65,211	53,822	43,180	-10,642	
Domestic Loans with Commercial Banks	56,379	56,379	56,379	0	
MGSF investments in Government Debt	-52,341	-48,055	-39,983	8,073	
Euro Coins issued in the name of the Treasury	46,286	51,748	56,128	4,380	

Source: Central Bank of Malta

Table 4. Revenue/Expenditure categories: year-to-date

Description	Jan-May 2012	Jan-May 2013	Jan-May 2014	Jan-May 2014/ Jan-May 2013	
				Absolute Change	% change
				€000	
<b>Revenue</b>					
Customs and Excise Duties	71,353	64,358	55,958	-8,399	
Licences, Taxes and Fines	98,355	96,306	102,224	5,918	
Income Tax	285,199	320,287	337,748	17,461	
Value added Tax	229,092	236,232	262,940	26,708	
Fees of Office	13,215	14,051	15,576	1,525	
Reimbursements	10,389	8,497	8,815	318	
Public Corporations	0	0	0	0	
Central Bank of Malta	42,000	30,000	30,000	0	
Rents	8,671	10,648	10,858	210	
Dividends on Investment	8,739	3,522	2,375	-1,147	
Repayment of and Interest on loans	566	1,193	933	-260	
Social Security Contributions	223,095	236,801	257,943	21,142	
Grants	8,974	62,123	60,318	-1,804	
Miscellaneous Receipts	8,339	12,078	8,453	-3,625	
<b>Total Recurrent Revenue</b>	<b>1,007,987</b>	<b>1,096,095</b>	<b>1,154,140</b>	<b>58,046</b>	<b>5.3</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	28,425	0	0	0	
Loans	274,703	369,621	214,872	-154,749	
Repayment of Loans	0	30	0	-30	
<b>Total Non-recurrent Revenue</b>	<b>303,128</b>	<b>369,651</b>	<b>214,872</b>	<b>-154,779</b>	
<b>Total Revenue</b>	<b>1,311,115</b>	<b>1,465,746</b>	<b>1,369,012</b>	<b>-96,734</b>	<b>-6.6</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	229,528	243,742	262,442	18,700	
Operational and Maintenance Expenditure	58,271	50,209	60,200	9,991	
Programmes and Initiatives	663,743	655,341	712,345	57,004	
Contributions to Government Entities	74,725	87,952	116,321	28,369	
<b>Total Recurrent Expenditure</b>	<b>1,026,266</b>	<b>1,037,244</b>	<b>1,151,308</b>	<b>114,063</b>	<b>11.0</b>

Table 5. Revenue/Expenditure categories: monthly

Description	May 2012	May 2013	May 2014	May 2014/May 2013	
				Absolute Change	% change
				€000	
<b>Revenue</b>					
Customs and Excise Duties	29,425	27,290	11,736	-15,553	
Licences, Taxes and Fines	19,866	16,166	18,924	2,758	
Income Tax	69,480	65,516	53,518	-11,998	
Value added Tax	70,443	78,203	79,479	1,276	
Fees of Office	2,477	4,547	4,572	25	
Reimbursements	5,141	890	1,644	754	
Public Corporations	0	0	0	0	
Central Bank of Malta	0	0	0	0	
Rents	2,229	4,333	3,965	-367	
Dividends on Investment	3,739	2,952	2,300	-652	
Repayment of and Interest on loans	2	1	0	-1	
Social Security Contributions	51,170	54,782	58,124	3,342	
Grants	4,500	9,772	38,452	28,680	
Miscellaneous Receipts	829	3,805	308	-3,497	
<b>Total Recurrent Revenue</b>	<b>259,302</b>	<b>268,256</b>	<b>273,022</b>	<b>4,767</b>	<b>1.8</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	28,425	0	0	0	
Loans	0	169,999	0	-169,999	
Repayment of Loans	0	0	0	0	
<b>Total Non-recurrent Revenue</b>	<b>28,425</b>	<b>169,999</b>	<b>0</b>	<b>-169,999</b>	
<b>Total Revenue</b>	<b>287,726</b>	<b>438,255</b>	<b>273,022</b>	<b>-165,233</b>	<b>-37.7</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	45,626	43,297	51,631	8,334	
Operational and Maintenance Expenditure	16,981	14,502	10,555	-3,947	
Programmes and Initiatives	149,208	141,112	131,301	-9,812	
Contributions to Government Entities	10,789	22,209	28,098	5,889	
<b>Total Recurrent Expenditure</b>	<b>222,604</b>	<b>221,121</b>	<b>221,585</b>	<b>464</b>	<b>0.2</b>

## Methodological Notes

1. The data contained in this news release are 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 of which are initially defrayable out of public funds and are eventually repayable from the Consolidated Fund or other sources.

2. This news release follows the guidelines set out in the European System of Accounts (ESA95) Manual on Government Deficit and Debt. Therefore, the shortfall between revenue and expenditure as listed in Tables 1 and 2, is essentially the cash-based deficit position as far as the Central Government's Consolidated Fund is concerned. In this respect, revenue that has no impact on the deficit, such as proceeds from loans, proceeds from sale of financial assets, and revenue from other accounts of Government, is 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.
3. 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.
4. 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.
5. In this release Revenue and Expenditure categories are recorded in accordance with their presentation in the 2014 Financial Estimates.
6. Totals may not add up due to rounding.
7. Further detail, including time series data, is accessible through the online statistical database: [http://www.nso.gov.mt/statbase/data\\_table\\_catalogue.aspx](http://www.nso.gov.mt/statbase/data_table_catalogue.aspx). Registration for accessing the StatDB is required; however this is free-of-charge.