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In the period January-June 2014, the deficit of the Government's Consolidated Fund amounted to €265.2 million.

## Government Finance Data: January-June 2014

During the first six months, recurrent revenue registered an increase of €106.8 million while expenditure went up by €130.9 million when compared to the corresponding period last year, widening the shortfall between recurrent revenue and total expenditure by €24.0 million.

During January-June 2014, recurrent revenue was recorded at €1,414.3 million, up by 8.2 per cent over last year. The main contributors to this increase were Grants (€32.6 million), Value Added Tax (€31.0 million) and Social Security Contributions (€27.4 million). Conversely, Customs and Excise Duties registered a decline of €6.1 million (Table 1).

Recurrent expenditure increased by €118.1 million, mainly as a result of higher spending on Programmes and Initiatives (€66.5 million). The major increases registered in the Programmes and Initiatives category were recorded in the public service obligations (€11.9 million), the social security state contribution, which also feature as revenue (€7.1 million), social security benefits (€6.7 million), medicines and surgical materials (€6.8 million), feed-in tariff (€5.0 million), EU own resources (€4.8 million), the contribution to church schools (€4.0 million) and the ex-gratia grant scheme for motor vehicles (€3.2 million). In addition, Personal Emoluments and Contributions to Government Entities increased by €24.6 million and €21.2 million respectively. Operational and Maintenance Expenditure went up by €5.8 million (Table 4).

The interest component of the public debt servicing costs for the period under review amounted to €111.2 million, at the same level recorded last year (Table 1).

Expenditure on Government's capital projects amounted to €191.5 million. The increase of €12.8 million was mainly brought about by higher outlays on roads (€15.3 million), external borders fund (€8.5 million), and EU Structural Funds (€6.3 million). These were partially outweighed by a lower equity injection to the national air carrier (Table 1).

At the end of June, Central Government debt stood at €5,484.2 million, up by €438.9 million over the corresponding period last year. This was the result of higher Long-term and Short-term Borrowing, which added €379.8 million and €71.3 million respectively. On the other hand, foreign borrowing went down by €10.6 million. As a result of consolidation, higher holdings by government funds in MGSs brought about a decrease in debt of €6.3 million. The euro coins issued in the name of the Maltese Treasury went up by €4.8 million when compared to the coin stock as at the end of June 2013, and totalled €57.1 million (Table 3) ■

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

Description	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2014/ Jan-Jun 2013	
				Absolute Change	% change
€000					
<b>Recurrent Revenue</b>	<b>1,203,471</b>	<b>1,307,508</b>	<b>1,414,347</b>	<b>106,839</b>	<b>8.2</b>
<i>of which:</i>					
Grants	9,231	68,370	100,954	32,584	
Customs and Excise	81,592	75,574	69,457	-6,116	
Value added Tax	250,274	258,771	289,763	30,992	
Income Tax	350,732	411,511	425,554	14,043	
Social Security Contributions	269,285	283,500	310,852	27,352	
Others	242,357	209,782	217,766	7,984	
<b>Total Expenditure</b>	<b>1,487,813</b>	<b>1,548,687</b>	<b>1,679,552</b>	<b>130,866</b>	<b>8.5</b>
<i>consisting of:</i>					
Recurrent Expenditure	1,222,051	1,258,653	1,376,797	118,145	9.4
<i>of which:</i>					
Education	75,132	86,269	90,830	4,561	
Social Security Benefits	390,429	405,527	412,253	6,727	
Others	756,491	766,857	873,714	106,857	
Interest Payments	109,391	111,244	111,215	-29	0.0
Capital Expenditure	156,371	178,790	191,540	12,750	7.1
<i>of which:</i>					
Productive Investment	45,355	69,747	48,486	-21,261	
Infrastructure	89,059	88,363	110,404	22,041	
Social	21,958	20,680	32,650	11,970	
<b>Balance of recurrent revenue and total expenditure</b>	<b>-284,342</b>	<b>-241,178</b>	<b>-265,205</b>	<b>-24,027</b>	<b>10.0</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	454,394	369,621	394,871	25,251	
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	5,666	29,863	24,197	
Equity Acquisition	11,000	11,696	12,755	1,059	
Repayment of Loan	80,364	119,816	25,750	-94,066	
Loans	0	0	0	0	

Table 2. Government finance data: monthly

Description	June 2012	June 2013	June 2014	June 2014/June 2013	
				Absolute Change	% change
€000					
<b>Recurrent Revenue</b>	<b>195,484</b>	<b>211,413</b>	<b>260,207</b>	<b>48,793</b>	<b>23.1</b>
<i>of which:</i>					
Grants	257	6,247	40,635	34,389	
Customs and Excise	10,239	11,216	13,499	2,283	
Value added Tax	21,183	22,539	26,823	4,284	
Income Tax	65,533	91,224	87,807	-3,417	
Social Security Contributions	46,190	46,699	52,909	6,210	
Others	52,083	33,488	38,534	5,045	
<b>Total Expenditure</b>	<b>245,378</b>	<b>261,790</b>	<b>286,521</b>	<b>24,732</b>	<b>9.4</b>
<i>consisting of:</i>					
Recurrent Expenditure	195,785	221,409	225,490	4,081	1.8
<i>of which:</i>					
Education	12,817	15,404	15,349	-54	
Social Security Benefits	59,922	65,580	84,553	18,973	
Others	123,046	140,425	125,588	-14,837	
Interest Payments	17,534	19,439	18,959	-480	-2.5
Capital Expenditure	32,059	20,942	42,073	21,130	100.9
<i>of which:</i>					
Productive Investment	8,920	1,431	3,210	1,778	
Infrastructure	22,268	15,544	25,912	10,369	
Social	871	3,967	12,951	8,984	
<b>Balance of recurrent revenue and total expenditure</b>	<b>-49,893</b>	<b>-50,376</b>	<b>-26,315</b>	<b>24,062</b>	<b>-47.8</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	179,691	0	180,000	180,000	
Repayment of Loans	0	0	0	0	
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	0	5,666	4,863	-803	
Equity Acquisition	0	0	0	0	
Repayment of Loan	0	0	1,291	1,291	
Loans	0	0	0	0	

Table 3. Government debt

Description	June 2012	June 2013	June 2014	June 2014/June 2013	
				Absolute Change	% change
				€000	
<b>Gross Government Debt</b>	<b>4,794,884</b>	<b>5,045,280</b>	<b>5,484,207</b>	<b>438,927</b>	<b>8.7</b>
<i>of which:</i>					
Treasury Bills	256,054	335,899	407,167	71,268	
Government Stock	4,428,201	4,601,444	4,981,272	379,828	
Foreign Loans Outstanding	65,749	53,800	43,165	-10,635	
Domestic Loans with Commercial Banks	56,379	56,379	56,379	0	
MGSF investments in Government Debt	-58,541	-54,555	-60,883	-6,328	
Euro Coins issued in the name of the Treasury	47,042	52,313	57,107	4,794	

Source: Central Bank of Malta

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

Description	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2014/Jan-Jun 2013	
				Absolute Change	% change
				€000	
<b>Revenue</b>					
Customs and Excise Duties	81,592	75,574	69,457	-6,116	
Licences, Taxes and Fines	114,405	114,111	118,652	4,541	
Income Tax	350,732	411,511	425,554	14,043	
Value added Tax	250,274	258,771	289,763	30,992	
Fees of Office	16,008	16,180	18,237	2,057	
Reimbursements	13,299	10,448	10,727	279	
Public Corporations	0	0	0	0	
Central Bank of Malta	42,000	36,000	37,000	1,000	
Rents	14,091	13,992	15,947	1,955	
Dividends on Investment	8,739	4,604	3,731	-873	
Repayment of and Interest on loans	567	1,407	1,031	-376	
Social Security Contributions	269,285	283,500	310,852	27,352	
Grants	9,231	68,370	100,954	32,584	
Miscellaneous Receipts	33,248	13,039	12,440	-599	
<b>Total Recurrent Revenue</b>	<b>1,203,471</b>	<b>1,307,508</b>	<b>1,414,347</b>	<b>106,839</b>	<b>8.2</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	28,425	0	0	0	
Loans	454,394	369,621	394,871	25,251	
Repayment of Loans	0	30	0	-30	
<b>Total Non-recurrent Revenue</b>	<b>482,819</b>	<b>369,651</b>	<b>394,871</b>	<b>25,220</b>	
<b>Total Revenue</b>	<b>1,686,290</b>	<b>1,677,159</b>	<b>1,809,218</b>	<b>132,059</b>	<b>7.9</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	279,796	296,966	321,604	24,637	
Operational and Maintenance Expenditure	67,043	63,319	69,095	5,776	
Programmes and Initiatives	772,227	785,835	852,374	66,539	
Contributions to Government Entities	102,984	112,532	133,725	21,193	
<b>Total Recurrent Expenditure</b>	<b>1,222,051</b>	<b>1,258,653</b>	<b>1,376,797</b>	<b>118,145</b>	<b>9.4</b>

Table 5. Revenue/Expenditure categories: monthly

Description	June 2012	June 2013	June 2014	June 2014/June 2013	
				Absolute Change	% change
				€000	
<b>Revenue</b>					
Customs and Excise Duties	10,239	11,216	13,499	2,283	
Licences, Taxes and Fines	16,050	17,805	16,428	-1,377	
Income Tax	65,533	91,224	87,807	-3,417	
Value added Tax	21,183	22,539	26,823	4,284	
Fees of Office	2,793	2,130	2,661	532	
Reimbursements	2,910	1,951	1,913	-39	
Public Corporations	0	0	0	0	
Central Bank of Malta	0	6,000	7,000	1,000	
Rents	5,419	3,344	5,090	1,745	
Dividends on Investment	0	1,082	1,356	274	
Repayment of and Interest on loans	1	214	98	-116	
Social Security Contributions	46,190	46,699	52,909	6,210	
Grants	257	6,247	40,635	34,389	
Miscellaneous Receipts	24,909	961	3,987	3,026	
<b>Total Recurrent Revenue</b>	<b>195,484</b>	<b>211,413</b>	<b>260,207</b>	<b>48,793</b>	<b>23.1</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	0	0	0	0	
Loans	179,691	0	180,000	180,000	
Repayment of Loans	0	0	0	0	
<b>Total Non-recurrent Revenue</b>	<b>179,691</b>	<b>0</b>	<b>180,000</b>	<b>180,000</b>	
<b>Total Revenue</b>	<b>375,175</b>	<b>211,413</b>	<b>440,207</b>	<b>228,793</b>	<b>108.2</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	50,269	53,224	59,162	5,938	
Operational and Maintenance Expenditure	8,773	13,111	8,895	-4,216	
Programmes and Initiatives	108,485	130,495	140,029	9,535	
Contributions to Government Entities	28,259	24,580	17,404	-7,176	
<b>Total Recurrent Expenditure</b>	<b>195,785</b>	<b>221,409</b>	<b>225,490</b>	<b>4,081</b>	<b>1.8</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.