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In the period January-August 2014, the deficit of the Government's Consolidated Fund amounted to €209.9 million.

## Government Finance Data: January-August 2014

Recurrent revenue registered an increase of €149.0 million, offset by higher expenditure of €162.0 million when compared to the corresponding period last year, thereby widening the shortfall between recurrent revenue and total expenditure by €13.0 million.

During the first eight months, recurrent revenue was recorded at €1,986.8 million, up by 8.1 per cent over last year. The main contributors to this increase were Value Added Tax (€45.6 million), Grants (€41.9 million), Income Tax (€36.3 million) and Social Security Contributions (€33.9 million). Conversely, Customs and Excise Duties registered a decline of €30.2 million (Table 1).

Recurrent expenditure increased by €123.2 million, mainly as a result of higher spending on Programmes and Initiatives (€56.0 million). The major increases registered in the Programmes and Initiatives category were recorded in the public service obligations (€14.9 million), social security state contribution, which also feature as revenue (€11.8 million), the contribution to church schools (€11.7 million), social security benefits (€4.6 million) and the ex-gratia grant scheme for motor vehicles (€3.2 million), among others. In addition, Personal Emoluments and Contributions to Government Entities increased by €32.6 million and €31.8 million respectively. Operational and Maintenance Expenditure went up by €2.8 million (Table 4).

The interest component of the public debt servicing costs for the period under review amounted to €151.8 million, an increase of €3.2 million from last year (Table 1).

Expenditure on Government's capital projects amounted to €254.1 million. The increase of €35.6 million was mainly brought about by a higher contribution towards the treasury clearance fund (€14.7 million), added outlays on roads (€14.4 million) and an increase in the EU agricultural fund for rural development (€5.2 million), among others. Conversely, a lower equity injection to the national air carrier was registered (Table 1).

At the end of August, Central Government debt stood at €5,390.6 million, up by €323.7 million over the corresponding period last year. This was the result of higher Long-term Borrowing, which added €351.0 million. On the other hand, Short-term and Foreign Borrowing went down by €40.1 million and €10.6 million respectively. As a result of consolidation, lower holdings by government funds in MGSs brought about an increase in debt of €18.5 million. The euro coins issued in the name of the Maltese Treasury went up by €4.9 million when compared to the coin stock as at the end of August 2013, and totalled €59.1 million (Table 3) ■

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

Description	Jan-Aug 2012	Jan-Aug 2013	Jan-Aug 2014	Jan-Aug 2014/ Jan-Aug 2013	
				Absolute Change	% change
€000					
<b>Recurrent Revenue</b>	<b>1,704,944</b>	<b>1,837,815</b>	<b>1,986,801</b>	<b>148,986</b>	<b>8.1</b>
<i>of which:</i>					
Grants	26,111	93,589	135,485	41,895	
Customs and Excise	107,541	127,064	96,905	-30,159	
Value added Tax	370,335	376,858	422,449	45,591	
Income Tax	516,273	592,733	629,051	36,317	
Social Security Contributions	363,394	389,519	423,464	33,945	
Others	321,290	258,051	279,447	21,396	
<b>Total Expenditure</b>	<b>1,972,563</b>	<b>2,034,730</b>	<b>2,196,700</b>	<b>161,970</b>	<b>8.0</b>
<i>consisting of:</i>					
Recurrent Expenditure	1,598,401	1,667,633	1,790,803	123,170	7.4
<i>of which:</i>					
Education	98,159	112,664	120,072	7,407	
Social Security Benefits	508,569	526,386	530,958	4,572	
Others	991,674	1,028,582	1,139,773	111,191	
Interest Payments	147,497	148,570	151,788	3,218	2.2
Capital Expenditure	226,665	218,527	254,109	35,582	16.3
<i>of which:</i>					
Productive Investment	68,343	74,056	56,810	-17,246	
Infrastructure	129,888	117,301	149,373	32,072	
Social	28,434	27,170	47,926	20,756	
<b>Balance of recurrent revenue and total expenditure</b>	<b>-267,619</b>	<b>-196,915</b>	<b>-209,899</b>	<b>-12,984</b>	<b>6.6</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	454,394	369,621	573,841	204,221	
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	5,787	5,661	29,863	24,202	
Equity Acquisition	11,000	11,696	13,755	2,059	
Repayment of Loan	80,364	149,816	263,375	113,559	
Loans	0	0	0	0	

Table 2. Government finance data: monthly

Description	August 2012	August 2013	August 2014	August 2014/August 2013	
				Absolute Change	% change
	€000				
<b>Recurrent Revenue</b>	<b>307,553</b>	<b>294,034</b>	<b>355,723</b>	<b>61,689</b>	<b>21.0</b>
<i>of which:</i>					
Grants	14,993	1,371	31,993	30,622	
Customs and Excise	12,276	22,697	14,958	-7,738	
Value added Tax	86,048	83,193	101,795	18,601	
Income Tax	110,441	112,245	118,396	6,151	
Social Security Contributions	53,855	58,967	59,185	218	
Others	29,940	15,562	29,397	13,835	
<b>Total Expenditure</b>	<b>241,893</b>	<b>231,967</b>	<b>256,123</b>	<b>24,155</b>	<b>10.4</b>
<i>consisting of:</i>					
Recurrent Expenditure	180,081	193,857	208,285	14,428	7.4
<i>of which:</i>					
Education	10,965	12,573	15,753	3,180	
Social Security Benefits	55,714	54,366	58,215	3,849	
Others	113,402	126,918	134,317	7,399	
Interest Payments	17,159	17,922	19,884	1,962	10.9
Capital Expenditure	44,653	20,189	27,954	7,765	38.5
<i>of which:</i>					
Productive Investment	22,138	2,347	3,238	892	
Infrastructure	20,493	13,654	18,010	4,356	
Social	2,023	4,188	6,706	2,518	
<b>Balance of recurrent revenue and total expenditure</b>	<b>65,661</b>	<b>62,067</b>	<b>99,600</b>	<b>37,534</b>	<b>60.5</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	0	0	178,970	178,970	
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	0	0	0	
Equity Acquisition	0	0	1,000	1,000	
Repayment of Loan	0	30,000	0	-30,000	
Loans	0	0	0	0	

Table 3. Government debt

Description	August 2012	August 2013	August 2014	August 2014/August 2013	
				Absolute Change	% change
	€000				
<b>Gross Government Debt</b>	<b>4,832,793</b>	<b>5,066,923</b>	<b>5,390,593</b>	<b>323,670</b>	<b>6.4</b>
<i>of which:</i>					
Treasury Bills	292,085	392,200	352,067	-40,133	
Government Stock	4,428,201	4,571,444	4,922,461	351,017	
Foreign Loans Outstanding	65,708	53,791	43,178	-10,613	
Domestic Loans with Commercial Banks	56,379	56,379	56,379	0	
MGSF investments in Government Debt	-58,541	-61,055	-42,579	18,476	
Euro Coins issued in the name of the Treasury	48,962	54,164	59,087	4,923	

Source: Central Bank of Malta

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

Description	Jan-Aug 2012	Jan-Aug 2013	Jan-Aug 2014	Jan-Aug 2014/Jan-Aug 2013	
				Absolute Change	% change
	€000				
<b>Revenue</b>					
Customs and Excise Duties	107,541	127,064	96,905	-30,159	
Licences, Taxes and Fines	156,174	144,108	161,313	17,205	
Income Tax	516,273	592,733	629,051	36,317	
Value added Tax	370,335	376,858	422,449	45,591	
Fees of Office	21,805	21,099	25,175	4,077	
Reimbursements	18,065	13,843	14,738	895	
Public Corporations	0	0	0	0	
Central Bank of Malta	42,000	36,000	37,000	1,000	
Rents	17,293	17,115	20,145	3,029	
Dividends on Investment	11,939	9,962	4,306	-5,656	
Repayment of and Interest on loans	569	1,408	1,031	-377	
Social Security Contributions	363,394	389,519	423,464	33,945	
Grants	26,111	93,589	135,485	41,895	
Miscellaneous Receipts	53,445	14,516	15,739	1,223	
<b>Total Recurrent Revenue</b>	<b>1,704,944</b>	<b>1,837,815</b>	<b>1,986,801</b>	<b>148,986</b>	<b>8.1</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	28,425	0	0	0	
Loans	454,394	369,621	573,841	204,221	
Repayment of Loans	0	30	0	-30	
<b>Total Non-recurrent Revenue</b>	<b>482,819</b>	<b>369,651</b>	<b>573,841</b>	<b>204,190</b>	
<b>Total Revenue</b>	<b>2,187,763</b>	<b>2,207,466</b>	<b>2,560,642</b>	<b>353,176</b>	<b>16.0</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	369,259	394,452	427,035	32,583	
Operational and Maintenance Expenditure	83,411	81,960	84,745	2,784	
Programmes and Initiatives	1,010,561	1,050,151	1,106,197	56,046	
Contributions to Government Entities	135,169	141,070	172,827	31,757	
<b>Total Recurrent Expenditure</b>	<b>1,598,401</b>	<b>1,667,633</b>	<b>1,790,803</b>	<b>123,170</b>	<b>7.4</b>

Table 5. Revenue/Expenditure categories: monthly

Description	August 2012	August 2013	August 2014	August 2014/August 2013	
				Absolute Change	% change
				€000	
<b>Revenue</b>					
Customs and Excise Duties	12,276	22,697	14,958	-7,738	
Licences, Taxes and Fines	18,979	9,461	20,965	11,503	
Income Tax	110,441	112,245	118,396	6,151	
Value added Tax	86,048	83,193	101,795	18,601	
Fees of Office	3,680	2,757	3,107	350	
Reimbursements	3,438	1,465	1,678	213	
Public Corporations	0	0	0	0	
Central Bank of Malta	0	0	0	0	
Rents	2,161	536	1,583	1,047	
Dividends on Investment	1,200	358	75	-283	
Repayment of and Interest on loans	1	0	0	0	
Social Security Contributions	53,855	58,967	59,185	218	
Grants	14,993	1,371	31,993	30,622	
Miscellaneous Receipts	481	985	1,989	1,004	
<b>Total Recurrent Revenue</b>	<b>307,553</b>	<b>294,034</b>	<b>355,723</b>	<b>61,689</b>	<b>21.0</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	0	0	0	0	
Loans	0	0	178,970	178,970	
Repayment of Loans	0	0	0	0	
<b>Total Non-recurrent Revenue</b>	<b>0</b>	<b>0</b>	<b>178,970</b>	<b>178,970</b>	
<b>Total Revenue</b>	<b>307,553</b>	<b>294,034</b>	<b>534,693</b>	<b>240,659</b>	<b>81.8</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	44,941	48,660	53,189	4,529	
Operational and Maintenance Expenditure	7,670	8,619	7,516	-1,103	
Programmes and Initiatives	107,348	116,963	121,238	4,275	
Contributions to Government Entities	20,122	19,615	26,342	6,726	
<b>Total Recurrent Expenditure</b>	<b>180,081</b>	<b>193,857</b>	<b>208,285</b>	<b>14,428</b>	<b>7.4</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 (ESA 2010) 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.