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In the period January-September 2014, the deficit of the Government's Consolidated Fund amounted to €283.9 million.

## Government Finance Data: January-September 2014

Recurrent revenue registered an increase of €171.1 million, offset by higher expenditure of €183.6 million, when compared to the corresponding period last year, thereby widening the shortfall between recurrent revenue and total expenditure by €12.5 million.

During the first nine months, recurrent revenue was recorded at €2,227.3 million, up by 8.3 per cent over last year. The main contributors to this increase were Value Added Tax (€50.0 million), Income Tax (€45.7 million), Grants (€41.8 million) and Social Security Contributions (€37.6 million). Conversely, Customs and Excise Duties registered a decline of €30.0 million (Table 1).

Recurrent expenditure increased by €154.5 million, mainly as a result of higher spending on Programmes and Initiatives (€82.3 million). The major increases registered in the Programmes and Initiatives category were recorded in the public service obligations (€18.1 million), social security benefits (€14.9 million), social security state contributions, which also feature as revenue (€11.0 million), medicines and surgical materials (€8.3 million), allocations in respect to Local Councils (€8.2 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 €36.8 million and €31.2 million respectively. Operational and Maintenance Expenditure went up by €4.3 million (Table 4).

The interest component of the public debt servicing costs for the period under review amounted to €172.0 million, an increase of €6.5 million over last year (Table 1).

Expenditure on Government's capital projects amounted to €279.2 million. The increase of €22.5 million was mainly brought about by added outlays on roads (€21.1 million), the procurement of a helicopter (€11.9 million) and higher outlays towards the ICT core services agreement (€2.8 million), among others. Conversely, a lower equity injection to the national air carrier was registered.

At the end of September, Central Government debt stood at €5,347.4 million, up by €192.0 million over the corresponding period last year. This was the result of higher Long-term Borrowing, which added €271.3 million. On the other hand, Short-term and Foreign Borrowing went down by €114.1 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 €40.1 million. The euro coins issued in the name of the Maltese Treasury went up by €5.2 million when compared to the coin stock as at the end of September 2013, and totalled €59.5 million (Table 3) ■

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

Description	Jan-Sep 2012	Jan-Sep 2013	Jan-Sep 2014	Jan-Sep 2014/ Jan-Sep 2013	
				Change	% change
€000					
<b>Recurrent Revenue</b>	<b>1,921,419</b>	<b>2,056,245</b>	<b>2,227,318</b>	<b>171,073</b>	<b>8.3</b>
<i>of which:</i>					
Grants	63,531	93,751	135,592	41,841	
Customs and Excise	117,823	141,578	111,822	-29,755	
Value added Tax	388,320	404,017	454,031	50,014	
Income Tax	595,133	683,236	728,948	45,712	
Social Security Contributions	412,731	441,957	479,529	37,572	
Others	343,881	291,706	317,396	25,690	
<b>Total Expenditure</b>	<b>2,203,618</b>	<b>2,327,640</b>	<b>2,511,248</b>	<b>183,608</b>	<b>7.9</b>
<i>consisting of:</i>					
Recurrent Expenditure	1,792,243	1,905,506	2,060,037	154,531	8.1
<i>of which:</i>					
Education	110,351	126,576	135,774	9,197	
Social Security Benefits	561,164	623,651	638,575	14,923	
Others	1,120,728	1,155,279	1,285,689	130,410	
Interest Payments	168,011	165,460	172,005	6,545	4.0
Capital Expenditure	243,364	256,674	279,206	22,532	8.8
<i>of which:</i>					
Productive Investment	70,172	75,838	57,393	-18,445	
Infrastructure	141,431	145,409	169,510	24,101	
Social	31,762	35,427	52,303	16,877	
<b>Balance of recurrent revenue and total expenditure</b>	<b>-282,199</b>	<b>-271,395</b>	<b>-283,930</b>	<b>-12,535</b>	<b>4.6</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	510,582	449,321	573,841	124,521	
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	349,305	149,816	263,375	113,559	
Loans	0	0	0	0	

Table 2. Government finance data: monthly

Description	September 2012	September 2013	September 2014	September 2014/ September 2013	
				Change	% change
	€000				
<b>Recurrent Revenue</b>	<b>216,475</b>	<b>218,430</b>	<b>240,517</b>	<b>22,087</b>	<b>10.1</b>
<i>of which:</i>					
Grants	37,421	161	107	-54	
Customs and Excise	10,282	14,514	14,918	404	
Value added Tax	17,985	27,159	31,582	4,423	
Income Tax	78,859	90,503	99,897	9,394	
Social Security Contributions	49,337	52,438	56,065	3,627	
Others	22,592	33,655	37,949	4,294	
<b>Total Expenditure</b>	<b>231,055</b>	<b>292,910</b>	<b>314,549</b>	<b>21,639</b>	<b>7.4</b>
<i>consisting of:</i>					
Recurrent Expenditure	193,842	237,874	269,235	31,361	13.2
<i>of which:</i>					
Education	12,193	13,912	15,702	1,790	
Social Security Benefits	52,595	97,265	107,616	10,351	
Others	129,054	126,697	145,916	19,219	
Interest Payments	20,514	16,890	20,218	3,328	19.7
Capital Expenditure	16,699	38,147	25,097	-13,050	-34.2
<i>of which:</i>					
Productive Investment	1,829	1,782	583	-1,199	
Infrastructure	11,543	28,108	20,137	-7,971	
Social	3,328	8,257	4,377	-3,879	
<b>Balance of recurrent revenue and total expenditure</b>	<b>-14,580</b>	<b>-74,480</b>	<b>-74,031</b>	<b>449</b>	<b>-0.6</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	56,187	79,700	0	-79,700	
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	0	0	
Repayment of Loan	268,941	0	0	0	
Loans	0	0	0	0	

Table 3. Government debt

Description	September 2012	September 2013	September 2014	September 2014/ September 2013	
				Change	% change
	€000				
<b>Gross Government Debt</b>	<b>4,683,208</b>	<b>5,155,461</b>	<b>5,347,438</b>	<b>191,977</b>	<b>3.7</b>
<i>of which:</i>					
Treasury Bills	320,378	422,650	308,567	-114,083	
Government Stock	4,216,979	4,651,144	4,922,461	271,317	
Foreign Loans Outstanding	65,676	53,724	43,135	-10,588	
Domestic Loans with Commercial Banks	56,379	56,379	56,379	0	
MGSF investments in Government Debt	-25,055	-82,710	-42,579	40,131	
Euro Coins issued in the name of the Treasury	48,852	54,275	59,475	5,200	

Source: Central Bank of Malta

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

Description	Jan-Sep 2012	Jan-Sep 2013	Jan-Sep 2014	Jan-Sep 2014/ Jan-Sep 2013	
				Change	% change
	€000				
<b>Revenue</b>					
Customs and Excise Duties	117,823	141,578	111,822	-29,755	
Licences, Taxes and Fines	171,946	160,744	175,911	15,168	
Income Tax	595,133	683,236	728,948	45,712	
Value added Tax	388,320	404,017	454,031	50,014	
Fees of Office	23,859	24,959	29,923	4,963	
Reimbursements	19,794	17,108	17,748	640	
Public Corporations	0	0	0	0	
Central Bank of Malta	42,000	42,000	44,000	2,000	
Rents	18,554	18,981	22,614	3,634	
Dividends on Investment	13,251	10,914	5,118	-5,796	
Repayment of and Interest on loans	570	1,408	1,120	-288	
Social Security Contributions	412,731	441,957	479,529	37,572	
Grants	63,531	93,751	135,592	41,841	
Miscellaneous Receipts	53,907	15,593	20,962	5,369	
<b>Total Recurrent Revenue</b>	<b>1,921,419</b>	<b>2,056,245</b>	<b>2,227,318</b>	<b>171,073</b>	<b>8.3</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	28,425	0	0	0	
Loans	510,582	449,321	573,841	124,521	
Repayment of Loans	0	30	0	-30	
<b>Total Non-recurrent Revenue</b>	<b>539,006</b>	<b>449,351</b>	<b>573,841</b>	<b>124,490</b>	
<b>Total Revenue</b>	<b>2,460,425</b>	<b>2,505,596</b>	<b>2,801,160</b>	<b>295,564</b>	<b>11.8</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	419,532	449,133	485,907	36,774	
Operational and Maintenance Expenditure	91,458	90,708	94,991	4,283	
Programmes and Initiatives	1,126,103	1,200,630	1,282,904	82,274	
Contributions to Government Entities	155,151	165,036	196,236	31,200	
<b>Total Recurrent Expenditure</b>	<b>1,792,243</b>	<b>1,905,506</b>	<b>2,060,037</b>	<b>154,531</b>	<b>8.1</b>

Table 5. Revenue/Expenditure categories: monthly

Description	September 2012	September 2013	September 2014	September 2014/ September 2013	
				Change	% change
	€000				
<b>Revenue</b>					
Customs and Excise Duties	10,282	14,514	14,918	404	
Licences, Taxes and Fines	15,772	16,635	14,598	-2,037	
Income Tax	78,859	90,503	99,897	9,394	
Value added Tax	17,985	27,159	31,582	4,423	
Fees of Office	2,054	3,861	4,747	887	
Reimbursements	1,729	3,265	3,010	-255	
Public Corporations	0	0	0	0	
Central Bank of Malta	0	6,000	7,000	1,000	
Rents	1,262	1,865	2,470	604	
Dividends on Investment	1,312	952	812	-140	
Repayment of and Interest on loans	1	0	89	89	
Social Security Contributions	49,337	52,438	56,065	3,627	
Grants	37,421	161	107	-54	
Miscellaneous Receipts	462	1,077	5,223	4,146	
<b>Total Recurrent Revenue</b>	<b>216,475</b>	<b>218,430</b>	<b>240,517</b>	<b>22,087</b>	<b>10.1</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	0	0	0	0	
Loans	56,187	79,700	0	-79,700	
Repayment of Loans	0	0	0	0	
<b>Total Non-recurrent Revenue</b>	<b>56,187</b>	<b>79,700</b>	<b>0</b>	<b>-79,700</b>	
<b>Total Revenue</b>	<b>272,663</b>	<b>298,130</b>	<b>240,517</b>	<b>-57,613</b>	<b>-19.3</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	50,272	54,681	58,872	4,191	
Operational and Maintenance Expenditure	8,047	8,748	10,246	1,499	
Programmes and Initiatives	115,542	150,479	176,707	26,228	
Contributions to Government Entities	19,982	23,966	23,409	-557	
<b>Total Recurrent Expenditure</b>	<b>193,842</b>	<b>237,874</b>	<b>269,235</b>	<b>31,361</b>	<b>13.2</b>

## Methodological Notes

1. Data 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.