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In January-February 2016, Government's Consolidated Fund registered a deficit of €27.2 million.

## Government Finance Data: January-February 2016

Compared to the first two months of last year, recurrent revenue registered a decline of €64.0 million whilst total expenditure increased by €12.9 million, thereby widening the shortfall in the Government's Consolidated Fund by €76.9 million.

In January-February, recurrent revenue was recorded at €546.0 million, down from €610.0 million last year. The major contributors to the comparative decrease of 10.5 per cent were lower proceeds from Grants by €114.9 million. Conversely, major increases were recorded in Customs and Excise duties (€16.2 million), Social Security (€13.7 million), Licenses, Taxes and Fines (€8.7 million) and Value Added Tax (€6.4 million) (Table 1).

Compared to January-February last year, total expenditure went up by €12.9 million mainly as result of higher spending on recurrent expenditure partially outweighed by lower outlays on capital projects.

Recurrent expenditure stood at €504.7 million from €461.0 million last year. This was the result of higher Contributions to Government Entities by €20.8 million followed by added outlays on Programmes and Initiatives by €11.8 million. The major developments in the latter category involved higher social security benefits (€12.9 million) and an increase in the social security state contribution, which also features as revenue (€4.0 million). These were partially offset by lower EU Own Resources (€7.9 million). Personal Emoluments and Operational and Maintenance Expenses also registered increases by €5.7 million and €5.3 million respectively.

The interest component of the public debt servicing costs stood at €36.2 million, up from €35.9 million last year.

Government's capital expenditure witnessed a decline of €31.1 million, and was recorded at €32.3 million. This fall was primarily due to the closure of the EU funds programming period 2007-2013.

Table 3 illustrates the Government Expenditure by COFOG category. The Classification of the Functions of Government (COFOG) classifies government expenditure data by the purpose for which the funds are used.

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At the end of February 2016, Central Government Debt stood at €5,651.6 million, up by €452.3 million over the corresponding period last year. This was the result of higher Malta Government Stocks and Treasury Bills, which added €325.7 million and €129.2 million respectively. On the other hand, Foreign Loans went down by €10.6 million. Holdings by Government funds in Malta Government Stocks remained almost at the same level of last year. The Euro coins issued in the name of the Treasury went up by €8.1 million when compared to the coin stock as at the end of February 2015, and totalled €68.2 million (Table 4) ■

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The advance release calendar may be consulted at [www.nso.gov.mt](http://www.nso.gov.mt)

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Table 1. Revenue/Expenditure categories: Year to date

Description	Jan-Feb 2014	Jan-Feb 2015	Jan-Feb 2016	Jan-Feb 2016 / Jan-Feb 2015	
				Change	% change
	€ 000				
<b>(a) Total Recurrent Revenue</b>	<b>482,795</b>	<b>610,007</b>	<b>545,980</b>	<b>-64,027</b>	<b>-10.5</b>
Customs and Excise Duties	24,145	25,603	41,815	16,212	
Licences, Taxes and Fines	39,540	45,074	53,780	8,706	
Income Tax	144,154	153,519	155,481	1,962	
Value Added Tax	125,437	130,460	136,878	6,418	
Fees of Office	5,479	4,140	7,675	3,535	
Reimbursements	2,568	1,847	4,094	2,247	
Public Corporations	0	0	0	0	
Central Bank of Malta	20,000	20,000	20,000	0	
Rents	3,687	5,420	6,025	605	
Dividends on Investment	0	0	0	0	
Interest on loans made by Government	2	4	1	-3	
Social Security	94,077	95,365	109,019	13,654	
Grants	21,109	124,236	9,318	-114,918	
Miscellaneous Receipts	2,597	4,339	1,895	-2,444	
<b>(b) Total Expenditure</b>	<b>557,297</b>	<b>560,333</b>	<b>573,207</b>	<b>12,874</b>	<b>2.3</b>
<i>Recurrent Expenditure</i>	459,248	461,020	504,668	43,649	9.5
Personal Emoluments	100,660	107,622	113,370	5,747	
Operational and Maintenance Expenses	27,369	30,029	35,300	5,271	
Programmes and Initiatives	287,549	279,555	291,380	11,825	
Contributions to Government Entities	43,670	43,813	64,619	20,806	
<i>Interest</i>	36,385	35,883	36,217	333	0.9
<i>Capital Expenditure</i>	61,663	63,430	32,322	-31,108	-49.0
<b>(a-b) Consolidated Fund Surplus/Deficit</b>	<b>-74,502</b>	<b>49,675</b>	<b>-27,227</b>	<b>-76,902</b>	<b>-154.8</b>
<b>(c) Financial Transactions</b>					
<i>Revenue</i>					
Loans	0	0	0	0	
Repayment of Loans	0	0	11,984	11,984	
Receipts from Sale of Shares	0	700	889	189	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	0	0	0	0	
Equity Acquisition	0	0	12,484	12,484	
Repayment of Loan	0	0	0	0	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories: Monthly

Description	February 2014	February 2015	February 2016	February 2016 / February 2015	
				Change	% change
€ 000					
<b>(a) Total Recurrent Revenue</b>	<b>284,667</b>	<b>333,572</b>	<b>336,583</b>	<b>3,011</b>	<b>0.9</b>
Customs and Excise Duties	8,858	14,319	20,108	5,789	
Licences, Taxes and Fines	17,857	22,600	29,337	6,738	
Income Tax	75,688	84,387	81,889	-2,498	
Value Added Tax	85,368	87,040	108,846	21,805	
Fees of Office	3,816	2,828	6,573	3,745	
Reimbursements	950	1,192	3,025	1,833	
Public Corporations	0	0	0	0	
Central Bank of Malta	10,000	10,000	10,000	0	
Rents	1,636	2,402	3,668	1,267	
Dividends on Investment	0	0	0	0	
Interest on loans made by Government	0	4	1	-3	
Social Security	58,903	59,011	64,782	5,771	
Grants	19,576	48,709	6,813	-41,896	
Miscellaneous Receipts	2,016	1,081	1,542	460	
<b>(b) Total Expenditure</b>	<b>270,208</b>	<b>295,989</b>	<b>314,983</b>	<b>18,994</b>	<b>6.4</b>
<i>Recurrent Expenditure</i>	227,667	240,916	284,643	43,727	18.2
Personal Emoluments	49,951	53,954	56,672	2,718	
Operational and Maintenance Expenses	16,520	15,659	18,269	2,611	
Programmes and Initiatives	131,050	154,977	162,769	7,793	
Contributions to Government Entities	30,147	16,326	46,933	30,606	
<i>Interest</i>	18,560	21,676	21,052	-625	-2.9
<i>Capital Expenditure</i>	23,981	33,397	9,288	-24,109	-72.2
<b>(a-b) Consolidated Fund Surplus/Deficit</b>	<b>14,459</b>	<b>37,583</b>	<b>21,600</b>	<b>-15,983</b>	<b>-42.5</b>
<b>(c) Financial Transactions</b>					
<i>Revenue</i>					
Loans	0	0	0	0	
Repayment of Loans	0	0	11,984	11,984	
Receipts from Sale of Shares	0	700	889	189	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	0	0	0	0	
Equity Acquisition	0	0	11,984	11,984	
Repayment of Loan	0	0	0	0	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 3. Government Expenditure by COFOG category

COFOG	Personal Emoluments			Operational and Maintenance Expenses			Programmes and Initiatives			Contributions to Government Entities		
	Jan-Feb 2014	Jan-Feb 2015	Jan-Feb 2016	Jan-Feb 2014	Jan-Feb 2015	Jan-Feb 2016	Jan-Feb 2014	Jan-Feb 2015	Jan-Feb 2016	Jan-Feb 2014	Jan-Feb 2015	Jan-Feb 2016
	€ 000s											
General public services	9,356	9,685	10,513	3,995	4,139	3,680	37,822	39,457	34,156	1,182	991	1,176
Defence	5,208	5,635	5,882	563	989	882	18	20	71	0	0	0
Public order and safety	11,963	12,846	13,140	1,965	2,062	1,309	2,507	1,550	736	1,339	1,207	1,371
Economic affairs	10,163	10,741	10,534	2,115	2,487	2,287	15,972	10,118	13,134	7,548	8,142	21,489
Environment protection	363	160	112	24	17	23	3,191	1,846	3,364	4,329	57	4,781
Housing and community amenities	558	419	398	324	119	103	0	6	0	61	78	1,130
Health	28,259	31,379	33,710	12,280	10,369	13,397	32,793	29,356	31,882	8,601	7,440	10,621
Recreation, culture and religion	844	1,203	1,142	163	252	188	2,439	2,265	662	2,198	2,095	3,068
Education	27,000	28,570	30,562	2,523	6,140	7,676	14,770	26,222	18,402	13,181	18,995	14,288
Social protection	6,947	6,984	7,377	3,416	3,455	5,754	178,037	168,715	188,973	5,231	4,807	6,694
<b>Total</b>	<b>100,660</b>	<b>107,622</b>	<b>113,370</b>	<b>27,369</b>	<b>30,029</b>	<b>35,300</b>	<b>287,549</b>	<b>279,555</b>	<b>291,380</b>	<b>43,670</b>	<b>43,813</b>	<b>64,619</b>
COFOG	Interest Expenditure			Capital Expenditure			Total expenditure					
	Jan-Feb 2014	Jan-Feb 2015	Jan-Feb 2016	Jan-Feb 2014	Jan-Feb 2015	Jan-Feb 2016	Jan-Feb 2014	Jan-Feb 2015	Jan-Feb 2016			
	€000s											
General public services	36,385	35,883	36,217	21,325	5,808	4,197	110,065	95,964	89,940			
Defence	0	0	0	41	10,206	0	5,829	16,850	6,835			
Public order and safety	0	0	0	311	2,486	915	18,086	20,152	17,472			
Economic affairs	0	0	0	20,021	21,081	17,554	55,820	52,569	64,998			
Environment protection	0	0	0	3,358	5,849	111	11,264	7,929	8,390			
Housing and community amenities	0	0	0	1,849	4,970	4,173	2,792	5,592	5,804			
Health	0	0	0	4,366	4,415	1,319	86,299	82,959	90,929			
Recreation, culture and religion	0	0	0	4,102	1,254	1,482	9,746	7,070	6,541			
Education	0	0	0	4,257	5,869	1,023	61,731	85,796	71,951			
Social protection	0	0	0	2,033	1,491	1,548	195,664	185,452	210,347			
<b>Total</b>	<b>36,385</b>	<b>35,883</b>	<b>36,217</b>	<b>61,663</b>	<b>63,430</b>	<b>32,322</b>	<b>557,297</b>	<b>560,333</b>	<b>573,207</b>			

Table 4. Central Government debt

Description	February 2014	February 2015	February 2016	February 2016 / February 2015	
				Change	% change
€000					
<b>Total Central Government Debt</b>	<b>5,095,033</b>	<b>5,199,325</b>	<b>5,651,626</b>	<b>452,301</b>	<b>8.7</b>
<i>of which:</i>					
Treasury Bills	363,667	210,440	339,650	129,210	
Malta Government Stocks	4,610,859	4,899,575	5,225,322	325,747	
Foreign Loans	50,955	40,406	29,773	-10,633	
Domestic Loans with Commercial Banks	56,379	56,379	56,379	0	
MGSF investments in Government Debt	-41,645	-67,579	-67,680	-101	
Euro Coins issued in the name of the Treasury	54,818	60,104	68,182	8,078	

Note: Totals may not add up due to rounding.

Chart 1. January-February Consolidated Fund Surplus/Deficit

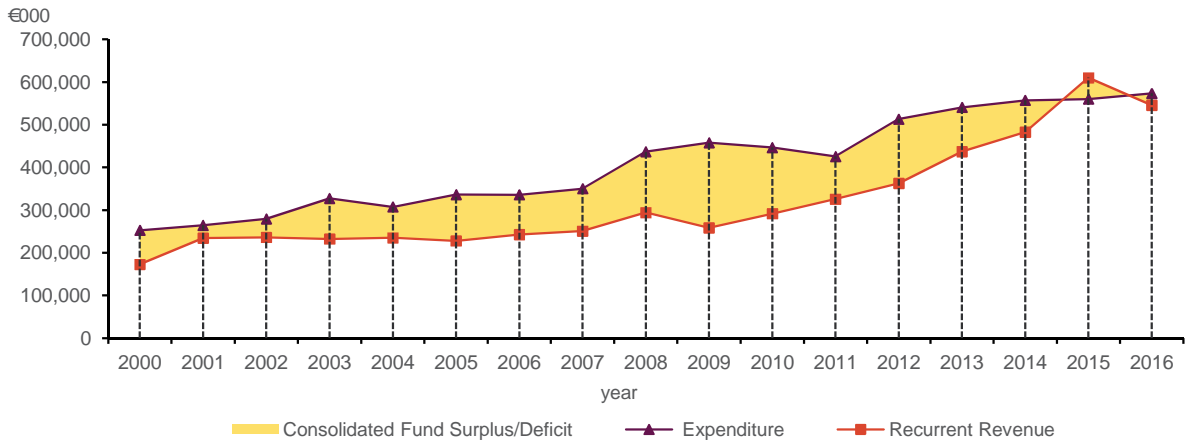
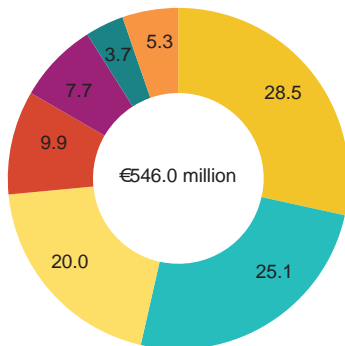
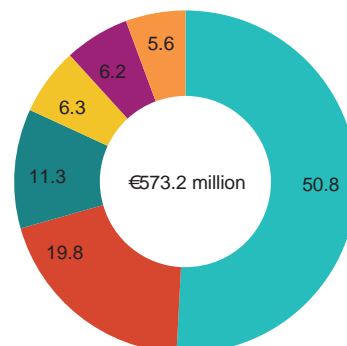


Chart 2. Recurrent Revenue by main category (%): January-February 2016



- Income Tax
- Value Added Tax
- Social Security
- Licences, Taxes and Fines
- Customs and Excise Duties
- Central Bank of Malta
- Others

Chart 3. Expenditure by main category (%): January-February 2016



- Programmes and Initiatives
- Personal Emoluments
- Contributions to Government Entities
- Interest
- Operational and Maintenance Expenses
- Capital Expenditure

## 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 2016 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. Data on Government Expenditure by the Classification of Functions of Government (COFOG) illustrated 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 1-58906-061-X).
7. Government Finance data for December 2015 will be published on 30 March 2016.
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>