

29 April 2016 | 1100 hrs | 072/2016

In January-March 2016, Government's Consolidated Fund registered a deficit of €123.3 million.

Government Finance Data: January-March 2016

Compared to the first quarter of last year, recurrent revenue registered a decline of €29.8 million whilst total expenditure increased by €8.2 million, thereby widening the shortfall in the Government's Consolidated Fund by €38.0 million.

In January-March, recurrent revenue was recorded at €744.9 million, down from €774.7 million last year. The major contributors to the comparative decrease of 3.8 per cent were lower proceeds from Grants by €113.9 million. Conversely, major increases were recorded in Income Tax (€25.3 million), Social Security (€22.4 million), Customs and Excise duties (€12.1 million), Licenses, Taxes and Fines (€10.2 million) and Value Added Tax (€9.1 million) (Table 1).

In the first quarter of 2016, total expenditure stood at €688.2 million up from €660.0 million last year mainly as result of higher spending on recurrent expenditure and interest payments. These were partially outweighed by lower outlays on capital projects.

Recurrent expenditure stood at €758.1 million from €715.4 million last year. This increase was primarily the result of higher Contributions to Government Entities by €21.8 million. Personal Emoluments and Operational and Maintenance Expenses also registered increases by €9.1 million and €6.4 million respectively. Programmes and Initiatives went up by €5.4 million due to higher social security benefits (€9.7 million) and a rise in the social security state contribution, which also features as revenue (€5.1 million). These were partially offset by lower EU Own Resources (€7.4 million) and medicine and surgical materials (€2.0 million).

The interest component of the public debt servicing costs stood at €58.0 million, up from €56.3 million last year.

Government's capital expenditure witnessed a decline of €36.3 million, and was recorded at €52.1 million. This fall was primarily due to the closure of the EU funds programming period 2007-2013 mainly reflected in lower outlays on sewage, agriculture and education. Other declines were recorded in the external borders fund and the acquisition of property for public purposes.

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.

Compiled by:

Unit A2: Public Finance

Further information on data:

Mr Mark GALEA

T. +356 2599 7240

E. mark.b.galea@gov.mt

At the end of March 2016, Central Government Debt stood at €5,558.7 million, up by €193.2 million over the corresponding period last year. This was the result of higher Treasury Bills and Malta Government Stocks which added €159.5 million and €87.6 million respectively. On the other hand, Domestic Loans and Foreign Loans with commercial banks went down by €56.4 million and €10.6 million respectively. As a result of consolidation, lower holdings by government funds in Malta Government Stocks resulted in a rise in debt of €5.1 million. The Euro coins issued in the name of the Treasury went up by €8.0 million when compared to the coin stock as at the end of March 2015, and totalled €68.4 million (Table 4) ■

Kindly indicate source when quoting from this release.

The advance release calendar may be consulted at www.nso.gov.mt

Issued by: **Dissemination Unit, National Statistics Office, Lascaris, Valletta VLT 2000, Malta.**

T. +356 2599 7219 F. +356 2599 7205 E. nso@gov.mt

<https://twitter.com/NSOMALTA/> | <https://www.facebook.com/nsomalta/>

Table 1. Revenue/Expenditure categories: Year to date

Description	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2016 / Jan-Mar 2015	
				Change	% change
	€ 000				
(a) Total Recurrent Revenue	637,797	774,689	744,865	-29,824	-3.8
Customs and Excise Duties	32,966	51,165	63,267	12,102	
Licences, Taxes and Fines	57,419	67,637	77,842	10,205	
Income Tax	182,947	170,551	195,841	25,290	
Value Added Tax	148,024	157,826	166,973	9,147	
Fees of Office	7,391	6,167	9,125	2,958	
Reimbursements	5,250	4,707	5,702	995	
Public Corporations	0	0	0	0	
Central Bank of Malta	30,000	30,000	30,000	0	
Rents	5,260	7,025	7,989	964	
Dividends on Investment	0	75	714	639	
Interest on loans made by Government	6	72	2	-70	
Social Security	142,469	146,858	169,220	22,362	
Grants	21,299	124,318	10,414	-113,904	
Miscellaneous Receipts	4,765	8,290	7,777	-513	
(b) Total Expenditure	863,370	860,024	868,188	8,165	0.9
<i>Recurrent Expenditure</i>	712,872	715,358	758,097	42,739	6.0
Personal Emoluments	157,990	168,105	177,195	9,090	
Operational and Maintenance Expenses	38,592	42,663	49,031	6,368	
Programmes and Initiatives	443,749	436,276	441,715	5,440	
Contributions to Government Entities	72,541	68,314	90,156	21,841	
<i>Interest</i>	53,804	56,275	58,035	1,761	3.1
<i>Capital Expenditure</i>	96,694	88,391	52,055	-36,336	-41.1
(a-b) Consolidated Fund Surplus/Deficit	-225,573	-85,335	-123,323	-37,988	44.5
(c) Financial Transactions					
<i>Revenue</i>					
Loans	159,922	168,287	199,733	31,446	
Repayment of Loans	0	0	11,984	11,984	
Receipts from Sale of Shares	0	700	1,131	431	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	25,000	0	0	0	
Equity Acquisition	1,059	1,059	12,484	11,425	
Repayment of Loan	24,459	0	137,172	137,172	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories: Monthly

Description	March 2014	March 2015	March 2016	March 2016 / March 2015	
				Change	% change
	€ 000				
(a) Total Recurrent Revenue	155,002	164,681	198,885	34,203	20.8
Customs and Excise Duties	8,821	25,562	21,452	-4,109	
Licences, Taxes and Fines	17,879	22,562	24,062	1,499	
Income Tax	38,794	17,031	40,359	23,328	
Value Added Tax	22,587	27,366	30,095	2,729	
Fees of Office	1,913	2,027	1,450	-577	
Reimbursements	2,682	2,860	1,608	-1,252	
Public Corporations	0	0	0	0	
Central Bank of Malta	10,000	10,000	10,000	0	
Rents	1,573	1,605	1,964	359	
Dividends on Investment	0	75	714	639	
Interest on loans made by Government	5	68	1	-67	
Social Security	48,393	51,493	60,201	8,708	
Grants	190	81	1,095	1,014	
Miscellaneous Receipts	2,168	3,951	5,882	1,931	
(b) Total Expenditure	306,073	299,691	294,981	-4,710	-1.6
<i>Recurrent Expenditure</i>	253,623	254,338	253,429	-909	-0.4
Personal Emoluments	57,329	60,482	63,825	3,343	
Operational and Maintenance Expenses	11,222	12,634	13,732	1,097	
Programmes and Initiatives	156,201	156,720	150,335	-6,385	
Contributions to Government Entities	28,871	24,501	25,537	1,036	
<i>Interest</i>	17,418	20,391	21,819	1,427	7.0
<i>Capital Expenditure</i>	35,031	24,961	19,733	-5,228	-20.9
(a-b) Consolidated Fund Surplus/Deficit	-151,071	-135,010	-96,096	38,913	28.8
(c) Financial Transactions					
<i>Revenue</i>					
Loans	159,922	168,287	199,733	31,446	
Repayment of Loans	0	0	0	0	
Receipts from Sale of Shares	0	0	242	242	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	25,000	0	0	0	
Equity Acquisition	1,059	1,059	0	-1,059	
Repayment of Loan	24,459	0	137,172	137,172	
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-Mar 2014	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016
	€ 000s											
General public services	14,876	15,347	17,099	5,663	6,807	6,880	54,959	48,778	44,724	1,684	1,529	1,780
Defence	7,996	8,610	9,056	792	1,551	1,262	20	23	110	0	0	0
Public order and safety	18,326	19,630	20,581	2,917	2,818	2,285	3,313	2,533	1,121	1,910	1,853	2,199
Economic affairs	15,592	16,482	16,083	2,854	3,683	4,854	22,862	20,366	19,757	11,137	12,949	23,629
Environment protection	602	233	179	36	35	31	4,624	4,689	4,607	6,245	3,776	4,804
Housing and community amenities	859	644	608	431	209	169	0	6	0	88	1,054	1,173
Health	45,881	50,266	53,693	15,472	15,256	16,967	41,537	39,677	39,152	12,106	10,783	14,460
Recreation, culture and religion	1,567	1,933	1,748	230	448	227	3,435	4,712	1,780	3,854	3,326	4,090
Education	41,271	43,633	46,390	5,635	7,235	8,519	25,473	29,345	33,056	26,642	25,018	27,197
Social protection	11,019	11,327	11,758	4,562	4,620	7,837	287,526	286,146	297,407	8,874	8,026	10,824
Total	157,990	168,105	177,195	38,592	42,663	49,031	443,749	436,276	441,715	72,541	68,314	90,156
COFOG	Interest Expenditure			Capital Expenditure			Total expenditure					
	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016
	€000s											
General public services	53,804	56,275	58,035	22,784	8,808	5,092	153,769	137,543	133,380			
Defence	0	0	0	222	12,886	4,120	9,030	23,070	14,548			
Public order and safety	0	0	0	598	1,001	6,855	27,063	27,835	33,042			
Economic affairs	0	0	0	45,249	24,649	19,773	97,694	78,129	84,502			
Environment protection	0	0	0	4,327	8,895	307	15,834	17,629	9,800			
Housing and community amenities	0	0	0	2,416	8,974	4,204	3,793	10,887	6,155			
Health	0	0	0	5,120	4,975	1,924	120,118	120,957	126,196			
Recreation, culture and religion	0	0	0	5,573	4,725	2,181	14,659	15,144	10,027			
Education	0	0	0	6,951	11,329	3,822	105,972	116,561	118,934			
Social protection	0	0	0	3,456	2,149	3,777	315,437	312,269	331,603			
Total	53,804	56,275	58,035	96,694	88,391	52,055	863,370	860,024	868,188			

Table 4. Central Government debt

Description	March 2014	March 2015	March 2016	March 2016 / March 2015	
				Change	% change
€ 000					
Total Central Government Debt	5,235,865	5,365,482	5,558,675	193,193	3.6
<i>of which:</i>					
Treasury Bills	367,200	208,140	367,650	159,510	
Malta Government Stocks	4,746,322	5,067,862	5,155,439	87,577	
Foreign Loans	50,899	40,359	29,714	-10,646	
Domestic Loans with Commercial Banks	56,379	56,379	0	-56,379	
MGSF investments in Government Debt	-39,983	-67,579	-62,480	5,099	
Euro Coins issued in the name of the Treasury	55,049	60,321	68,353	8,032	

Note: Totals may not add up due to rounding.

Chart 1. January-March Consolidated Fund Surplus/Deficit

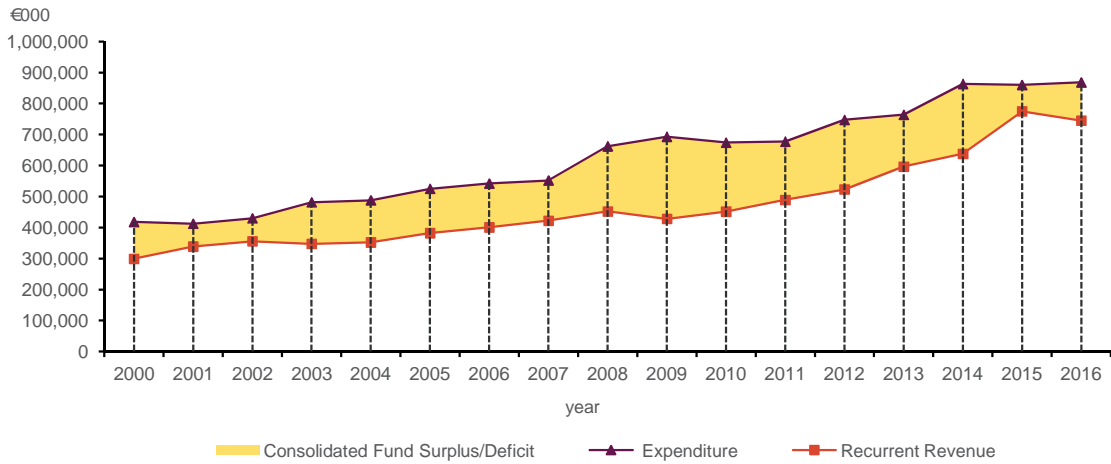
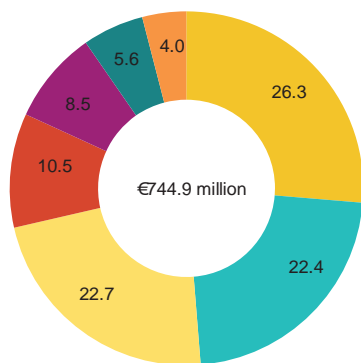
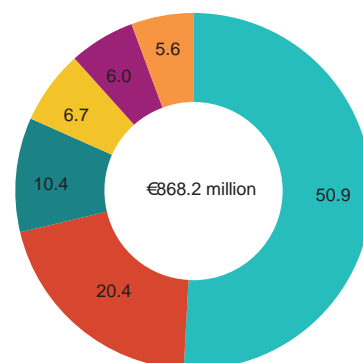


Chart 2. Recurrent Revenue by main category (%): January-March 2016



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

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



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

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. 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>