

In January-June 2018, Government's Consolidated Fund registered a deficit of €141.9 million.

Government Finance Data: January-June 2018

Compared to the same period last year, recurrent revenue registered an increase of €69.9 million whereas total expenditure went up by €119.8 million. This resulted in a negative change in the Government's Consolidated Fund by €49.9 million.

In January-June 2018, recurrent revenue was recorded at €1,898.3 million, up from €1,828.4 million last year. The comparative increase of 3.8 per cent was primarily the result of higher Income Tax and Social Security which both increased by €58.4 million and €43.9 million respectively. Moreover, increases were also recorded for Value Added Tax (€28.7 million), Licences, Taxes and Fines (€21.7 million), Customs and Excise Duties (€6.9 million), Dividends on Investment (€3.5 million) and Reimbursements (€2.5 million). Conversely, decreases were mainly recorded in Grants (€66.9 million), Fees of Office (€11.2 million), Central Bank of Malta (€8.0 million), Rents (€5.3 million) and Miscellaneous Receipts (€4.3 million).

Compared to January-June 2017, total expenditure stood at €2,040.2 million, up from €1,920.4 million due to added outlays on recurrent expenditure and capital expenditure which outweighed lower spending on interest payments.

Recurrent expenditure stood at €1,796.6 million from €1,674.2 million last year. The main contributors to this increase were Programmes and Initiatives, and Personal Emoluments - a rise of €65.0 million and €30.1 million respectively. The Programmes and Initiatives category involved added outlays on social security benefits (€17.2 million), Church schools (€16.0 million), state contribution (€14.9 million which also features as revenue), health concession agreements (€13.1 million), feed-in tariff (€10.0 million) and medicines and surgical materials (€4.4 million). This increase was offset by lower outlays related to the EU Own Resources (€10.8 million). Contributions to Government Entities and Operational and Maintenance Expenses increased by €24.4 million and €2.9 million respectively.

The interest component of the public debt servicing costs stood at €101.0 million, down from €106.2 million last year.

Government's capital expenditure registered an increase of €2.6 million from the same period last year, at €142.7 million. This was mainly the result of higher spending on road construction and improvements (€10.5 million) and National Identity Management System (€4.2 million). On the other hand, lower outlays related to EU Cohesion Funds 2007-2013 (€6.7 million) and construction, refurbishment and restoration (€4.9 million) were recorded (Table 1).

Tables 4 and 5 present the Consolidated Fund year to date and monthly data respectively in ESA 2010 codes according to the EU Council Directive 85/2011 requirements.

At the end of June 2018, Central Government Debt stood at €5,480.3 million, down by €91.7 million over the corresponding month last year. This was the result of lower Malta Government Stocks and Foreign Loans which decreased by €424.1 million and €10.4 million respectively. Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €4.4 million. On the other hand, the 62+ Malta Government Savings Bond added €193.0 million, Treasury Bills added €148.6 million, and Euro coins issued in the name of the Treasury increased by €5.7 million (Table 6) ■

Table 1. Revenue/Expenditure categories: Year to date

Description	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2018 / Jan-Jun 2017	
				Change	% change
				€ 000	
(a) Total Recurrent Revenue	1,657,056	1,828,413	1,898,322	69,909	3.8
Customs and Excise Duties	129,941	139,283	146,211	6,928	
Licences, Taxes and Fines	156,243	164,799	186,479	21,680	
Income Tax	522,841	535,891	594,301	58,410	
Value Added Tax	319,540	362,556	391,240	28,684	
Fees of Office	12,771	47,846	36,623	-11,223	
Reimbursements	12,423	16,527	19,000	2,473	
Central Bank of Malta	36,000	36,000	28,000	-8,000	
Rents	17,552	18,400	13,147	-5,252	
Dividends on Investment	11,941	17,125	20,583	3,458	
Interest on loans made by Government	72	33	31	-2	
Social Security	360,610	379,726	423,649	43,923	
Grants	58,284	94,072	27,201	-66,871	
Miscellaneous Receipts	18,837	16,155	11,856	-4,299	
(b) Total Expenditure	1,767,684	1,920,438	2,040,231	119,793	6.2
<i>Recurrent Expenditure</i>	1,529,621	1,674,179	1,796,600	122,421	7.3
Personal Emoluments	359,510	376,923	407,039	30,116	
Operational and Maintenance Expenses	90,387	88,498	91,421	2,924	
Programmes and Initiatives	913,002	1,031,374	1,096,378	65,004	
Contributions to Government Entities	166,722	177,384	201,762	24,378	
<i>Interest</i>	111,787	106,204	100,965	-5,239	-4.9
<i>Capital Expenditure</i>	126,276	140,055	142,666	2,611	1.9
(a-b) Consolidated Fund Surplus/Deficit	-110,628	-92,025	-141,909	-49,883	-54.2
(c) Financial Transactions					
<i>Revenue</i>					
Loans	279,733	182,870	93,527	-89,344	
Repayment of Loans	11,984	0	0	0	
Receipts from Sale of Shares	1,131	889	889	0	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	9,863	17,462	16,659	-803	
Equity Acquisition	12,484	2,101	58,034	55,932	
Repayment of Loan	137,172	0	129,188	129,188	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories: Monthly

Description	June 2016	June 2017	June 2018	June 2018 / June 2017	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	254,394	260,310	320,400	60,090	23.1
Customs and Excise Duties	22,551	24,388	27,176	2,788	
Licences, Taxes and Fines	21,238	21,921	25,838	3,917	
Income Tax	114,837	94,220	114,904	20,684	
Value Added Tax	20,237	39,155	51,401	12,245	
Fees of Office	1,214	8,096	10,709	2,614	
Reimbursements	2,103	2,254	1,899	-355	
Central Bank of Malta	6,000	6,000	7,000	1,000	
Rents	3,013	464	990	525	
Dividends on Investment	43	5,000	5,289	289	
Interest on loans made by Government	69	15	16	1	
Social Security	60,093	57,684	73,414	15,729	
Grants	9,061	13	10	-4	
Miscellaneous Receipts	-6,066	1,099	1,756	657	
(b) Total Expenditure	293,690	349,741	384,328	34,587	9.9
<i>Recurrent Expenditure</i>	260,395	320,444	357,069	36,625	11.4
Personal Emoluments	65,092	68,352	71,694	3,342	
Operational and Maintenance Expenses	11,883	10,790	11,505	715	
Programmes and Initiatives	163,063	219,147	236,832	17,686	
Contributions to Government Entities	20,358	22,156	37,038	14,882	
<i>Interest</i>	16,578	16,598	15,786	-812	-4.9
<i>Capital Expenditure</i>	16,717	12,699	11,473	-1,226	-9.7
(a-b) Consolidated Fund Surplus/Deficit	-39,296	-89,430	-63,927	25,503	28.5
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	0	93,527	93,527	
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	9,863	17,462	16,659	-803	
Equity Acquisition	0	224	0	-224	
Repayment of Loan	0	0	7,251	7,251	
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-Jun 2016	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2018
	€ 000											
General public services	35,918	38,322	45,277	13,092	13,989	16,708	79,341	115,884	91,835	4,732	4,258	8,868
Defence	18,098	18,965	20,280	2,169	2,418	2,261	203	359	287	0	112	134
Public order and safety	40,701	42,621	45,519	4,939	5,359	5,545	2,118	2,134	2,891	4,199	4,128	4,573
Economic affairs	33,050	34,938	31,622	8,197	6,319	4,911	59,232	66,141	76,455	41,423	49,836	59,037
Environment protection	449	251	0	62	163	160	10,496	10,031	12,413	10,764	11,616	15,647
Housing and community amenities	1,212	341	661	331	47	151	0	2,039	4,757	1,340	6,772	3,067
Health	108,565	114,351	123,496	34,022	29,276	28,003	74,466	85,895	103,631	23,969	23,394	27,242
Recreation, culture and religion	3,894	3,254	3,367	542	505	721	3,656	3,742	3,435	8,198	11,416	11,619
Education	93,852	99,459	110,549	12,448	13,472	14,933	67,051	58,159	75,649	52,716	49,491	53,661
Social protection	23,772	24,421	26,268	14,586	16,949	18,029	616,441	686,989	725,025	19,383	16,360	17,913
Total	359,510	376,923	407,039	90,387	88,498	91,421	913,002	1,031,374	1,096,378	166,722	177,384	201,762
COFOG	Interest Expenditure			Capital Expenditure			Total expenditure					
	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2018			
	€ 000											
General public services	111,787	106,204	100,965	14,496	11,594	21,427	259,365	290,252	285,080			
Defence	0	0	0	4,190	3,207	201	24,660	25,061	23,162			
Public order and safety	0	0	0	9,646	6,848	8,587	61,602	61,090	67,116			
Economic affairs	0	0	0	66,108	82,637	79,678	208,009	239,871	251,701			
Environment protection	0	0	0	724	6,019	6,909	22,495	28,080	35,129			
Housing and community amenities	0	0	0	5,922	1,572	211	8,805	10,771	8,847			
Health	0	0	0	5,033	3,735	7,341	246,055	256,652	289,714			
Recreation, culture and religion	0	0	0	5,023	7,883	7,451	21,312	26,800	26,593			
Education	0	0	0	10,653	14,899	8,474	236,718	235,480	263,266			
Social protection	0	0	0	4,481	1,661	2,388	678,662	746,381	789,623			
Total	111,787	106,204	100,965	126,276	140,055	142,666	1,767,684	1,920,438	2,040,231			

Table 4. Consolidated Fund data in ESA 2010 codes: Year to date

Description	ESA CODE	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2018 / Jan-Jun 2017	
					Change	% change
					€ 000	
1. Total Revenue		1,573,311	1,736,845	1,801,406	64,561	
Market Output	P11	29,250	68,207	45,317		
Taxes on Production and Imports	D2	573,243	630,031	688,975		
Property income receivable	D4	49,976	50,458	52,226		
Current taxes on income, wealth, etc	D5	550,771	565,293	624,842		
Social Contributions	D61	282,491	317,356	349,519		
Current transfers receivable	D7	35,634	7,726	6,748		
Capital transfers receivable	D9	51,946	97,775	33,778		
2. Total Expenditure		1,683,939	1,828,871	1,943,315	114,445	
Intermediate Consumption	P2	201,589	203,252	212,689		
Gross Capital Formation	P5g+NP	48,345	61,223	63,169		
Compensation of Employees	D1	424,432	445,729	479,655		
Property income payable	D4	108,456	102,884	103,501		
Subsidies	D3	38,161	35,220	36,569		
Social Benefits and social transfers in kind	D62+D632	505,421	561,583	583,170		
Current transfers payable	D7	351,444	412,821	461,138		
Capital transfers payable	D9	6,092	6,159	3,423		
(1-2) Consolidated Fund Surplus/Deficit		-110,628	-92,025	-141,909	-49,883	-54.2

Table 5. Consolidated Fund data in ESA 2010 codes: Monthly

Description	ESA CODE	June 2016	June 2017	June 2018	June 2018 / June 2017	
					Change	% change
					€ 000	
1. Total Revenue		237,427	242,805	299,897	57,093	
Market Output	P11	3,305	13,293	13,839		
Taxes on Production and Imports	D2	60,349	80,122	101,288		
Property income receivable	D4	6,891	6,181	10,231		
Current taxes on income, wealth, etc	D5	117,655	98,622	117,823		
Social Contributions	D61	47,757	42,949	55,244		
Current transfers receivable	D7	356	191	142		
Capital transfers receivable	D9	1,114	1,447	1,331		
2. Total Expenditure		276,722	332,235	363,825	31,590	
Intermediate Consumption	P2	24,866	31,522	34,314		
Gross Capital Formation	P5g+NP	6,457	9,383	7,016		
Compensation of Employees	D1	75,692	79,540	83,757		
Property income payable	D4	16,621	16,646	16,430		
Subsidies	D3	5,203	2,635	265		
Social Benefits and social transfers in kind	D62+D632	96,561	145,677	143,559		
Current transfers payable	D7	48,496	46,540	78,484		
Capital transfers payable	D9	2,825	291	0		
(1-2) Consolidated Fund Surplus/Deficit		-39,296	-89,430	-63,927	25,503	28.5

Table 6. Central Government debt

Description	June 2016	June 2017	June 2018	June 2018 / June 2017	
				Change	% change
€ 000					
Total Central Government Debt	5,568,321	5,572,024	5,480,323	-91,701	-1.6
<i>of which:</i>					
Treasury Bills	313,250	186,400	335,000	148,600	
Malta Government Stocks	5,235,439	5,389,324	4,965,196	-424,128	
62+ Malta Government Savings Bond	0	0	192,956	192,956	
Foreign Loans	22,073	11,659	1,243	-10,416	
Domestic Loans with Commercial Banks	0	0	0	0	
MGSF investments in Government Debt	-72,058	-90,171	-94,546	-4,375	
Euro Coins issued in the name of the Treasury	69,618	74,812	80,474	5,662	

Note: Totals may not add up due to rounding.

Chart 1. January-June Consolidated Fund Surplus/Deficit

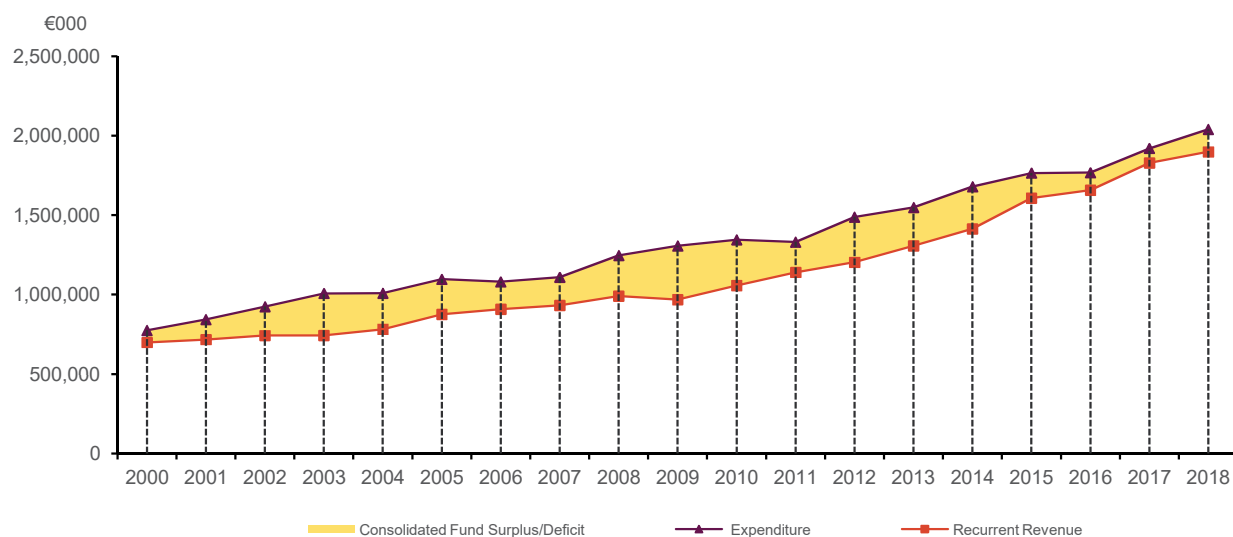


Chart 2. Recurrent Revenue by main category (%): January-June 2018

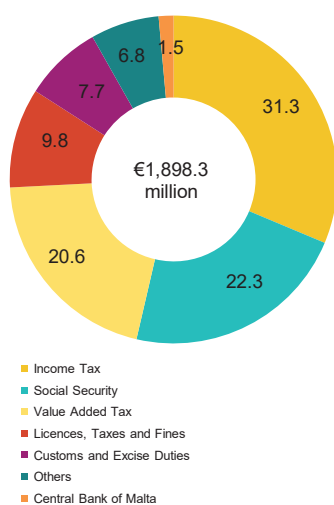
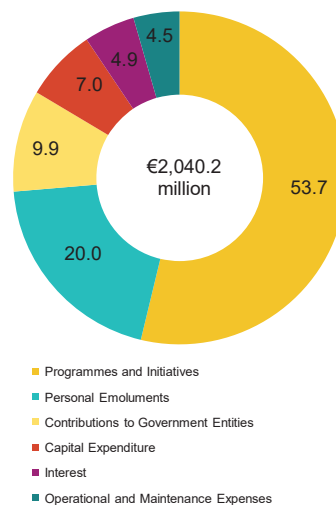


Chart 3. Expenditure by main category (%): January-June 2018



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 2018 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. The Enhanced Economic Governance package adopted by the European Parliament and Council in November 2011 included requirements on the collection and dissemination of fiscal data, through the Council Directive 2011/85/EU. The requirements in the government finance statistics domain included a methodological reconciliation table (showing the transition between monthly data used for national policy purposes and ESA-quarterly data used to produce national accounts and EU fiscal surveillance).
 - a. The Reconciliation Table may be accessed at:
http://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Pages/Council-Directive-852011.aspx
 - b. Refer to the ESA 2010 Glossary at:
https://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Documents/ESA10_Glossary.pdf
 - c. Refer to the other Government Finance Statistics data requirements at:
https://nso.gov.mt/en/Services/Council_Directive/Pages/Council-Directive-85_2011.aspx
7. Data on Government Expenditure by the Classification of Functions of Government (COFOG) categorise government expenditure data by the purpose for which the funds are used. COFOG data 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).
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>
9. References to this news release are to be cited appropriately.
10. A detailed news release calendar is available on
https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx