

28 September 2018 | 1100 hrs | 151/2018

In the period January-August 2018, Government's Consolidated Fund registered a deficit of €3.1 million.

Government Finance Data: January-August 2018

Compared to the same period last year, recurrent revenue rose by €160.3 million whereas total expenditure went up by €194.6 million. This resulted in a negative change in the Government's Consolidated Fund by €34.2 million.

In the period January-August 2018, total recurrent revenue amounted to €2,744.1 million, 6.2 per cent higher than the €2,583.8 million recorded in 2017. The increase was primarily the result of higher Income Tax and Social Security which both increased by €87.6 million and €48.4 million respectively. Moreover, increases were also registered under Value Added Tax (€40.0 million), Licences, Taxes and Fines (€32.4 million), Customs and Excise Duties (€8.7 million), Reimbursements (€4.9 million) and Dividends on Investment (€4.2 million). On the other hand, drops in revenue were mainly recorded in Grants (€43.4 million), Fees of Office (€14.0 million), Central Bank of Malta (€8.0 million) and Miscellaneous Receipts (€0.6 million).

Compared to January-August 2017, total expenditure stood at €2,747.2 million up from €2,552.7 million due to added outlays on recurrent expenditure and capital expenditure which outweighed lower spending on interest payments.

Recurrent expenditure totalled €2,395.3 million, €173.8 million higher than the €2,221.6 million reported by the end of August 2017. The main contributor to this increase was a €93.9 million rise reported under Programmes and Initiatives. Furthermore, rises in outlay were also registered by Personal Emoluments (€39.5 million), Contributions to Government Entities (€30.3 million) and Operational and Maintenance Expenses (€10.1 million). The main developments in the Programmes and Initiatives category involved added outlays due to social security benefits (€21.7 million), state contribution (€19.9 million), health concession agreements (€19.6 million), Church Schools (€17.6 million), tax relief measures (€11.4 million), treasury pensions (€10.2 million), feed-in-tariff (€10.0 million), cancer treatment (€5.5 million), provision of spare capacity - electricity (€3.5 million), solid waste management (€3.0 million) and Jobsplus programmes (€2.8 million). The rise in expenditure was partially offset by drops in outlay reported under EU presidency 2017 (€23.0 million) and EU own resources (€7.3 million).

The interest component of the public debt servicing costs stood at €139.1 million, a drop from €144.4 million reported last year.

Government's capital expenditure witnessed an increase of €26.1 million from the same period last year, and was recorded at €212.8 million. This was mainly the result of higher spending on investment incentives (€22.8 million), road construction and improvements (€17.9 million), structural funds 2014-2020 and EU agricultural funds for rural development 2014-2020 (both €5.0 million). Conversely, lower expenditures were recorded under EU internal security fund – borders and visa (€10.1 million), EU cohesion fund 2007-2013 (€6.8 million), and construction, adaptation and refurbishment works carried out at the University of Malta or Junior College (€5.9 million) (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.

By the end of August 2018, Central Government Debt stood at €5,336.2 million, down by €209.3 million over the corresponding month last year. This was the result of lower Malta Government Stocks and Foreign Loans which decreased by €590.3 million and €10.4 million respectively. Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €2.1 million. On the other hand, Treasury Bills added €195.1 million, the 62+ Malta Government Savings Bond added €192.9 million, and Euro coins issued in the name of the Treasury increased by €5.6 million (Table 6) ■

Table 1. Revenue/Expenditure categories: Year to date

Description	Jan-Aug 2016	Jan-Aug 2017	Jan-Aug 2018	Jan-Aug 2018 / Jan-Aug 2017	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	2,322,630	2,583,789	2,744,125	160,335	6.2
Customs and Excise Duties	170,594	195,957	204,695	8,738	
Licences, Taxes and Fines	210,493	221,952	254,329	32,377	
Income Tax	771,170	833,252	920,880	87,628	
Value Added Tax	474,598	517,751	557,729	39,977	
Fees of Office	32,997	66,566	52,607	-13,958	
Reimbursements	16,708	22,993	27,904	4,911	
Central Bank of Malta	36,000	36,000	28,000	-8,000	
Rents	22,253	22,088	22,048	-41	
Dividends on Investment	12,441	19,125	23,333	4,208	
Interest on loans made by Government	73	34	32	-2	
Social Security	492,105	530,786	579,232	48,447	
Grants	59,041	94,447	51,082	-43,365	
Miscellaneous Receipts	24,158	22,839	22,254	-585	
(b) Total Expenditure	2,401,770	2,552,685	2,747,244	194,560	7.6
<i>Recurrent Expenditure</i>	2,063,693	2,221,572	2,395,336	173,764	7.8
Personal Emoluments	476,109	501,708	541,206	39,498	
Operational and Maintenance Expenses	114,017	110,563	120,676	10,114	
Programmes and Initiatives	1,234,130	1,367,869	1,461,724	93,855	
Contributions to Government Entities	239,437	241,432	271,730	30,297	
<i>Interest</i>	149,770	144,439	139,124	-5,315	-3.7
<i>Capital Expenditure</i>	188,307	186,674	212,784	26,110	14.0
(a-b) Consolidated Fund Surplus/Deficit	-79,140	31,105	-3,119	-34,224	-110.0
(c) Financial Transactions					
<i>Revenue</i>					
Loans	438,669	257,770	93,527	-164,244	
Repayment of Loans	11,984	0	0	0	
Receipts from Sale of Shares	1,131	889	889	0	
Other extraordinary receipts	0	0	91,000	91,000	
<i>Expenditure</i>					
Contribution to Sinking Fund	9,863	17,462	16,659	-803	
Equity Acquisition	12,484	2,101	63,034	60,932	
Repayment of Loan	295,317	72,691	292,044	219,353	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories: Monthly

Description	August 2016	August 2017	August 2018	August 2018 / August 2017	
				Change	% change
	€ 000				
(a) Total Recurrent Revenue	415,671	423,199	486,009	62,810	14.8
Customs and Excise Duties	24,610	26,560	28,277	1,717	
Licences, Taxes and Fines	25,985	20,231	34,495	14,265	
Income Tax	139,554	159,574	151,153	-8,421	
Value Added Tax	135,528	118,823	124,121	5,298	
Fees of Office	9,725	9,507	6,517	-2,990	
Reimbursements	2,334	1,588	1,880	292	
Central Bank of Malta	0	0	0	0	
Rents	2,567	28	3,040	3,013	
Dividends on Investment	500	0	2,750	2,750	
Interest on loans made by Government	0	0	0	0	
Social Security	70,425	82,898	105,901	23,003	
Grants	756	0	21,399	21,399	
Miscellaneous Receipts	3,685	3,990	6,475	2,485	
(b) Total Expenditure	353,765	287,119	371,929	84,810	29.5
<i>Recurrent Expenditure</i>	294,175	245,502	327,885	82,383	33.6
Personal Emoluments	59,905	63,635	69,156	5,521	
Operational and Maintenance Expenses	9,802	9,350	12,310	2,960	
Programmes and Initiatives	182,712	141,079	215,439	74,359	
Contributions to Government Entities	41,756	31,438	30,981	-457	
<i>Interest</i>	21,118	19,392	18,338	-1,054	-5.4
<i>Capital Expenditure</i>	38,471	22,224	25,706	3,482	15.7
(a-b) Consolidated Fund Surplus/Deficit	61,906	136,080	114,080	-22,000	-16.2
(c) Financial Transactions					
<i>Revenue</i>					
Loans	158,935	74,900	0	-74,900	
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	158,145	72,691	-263	-72,954	
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-Aug 2016	Jan-Aug 2017	Jan-Aug 2018	Jan-Aug 2016	Jan-Aug 2017	Jan-Aug 2018	Jan-Aug 2016	Jan-Aug 2017	Jan-Aug 2018	Jan-Aug 2016	Jan-Aug 2017	Jan-Aug 2018
	€ 000											
General public services	48,592	52,245	60,367	17,092	18,132	22,352	114,728	155,943	136,273	6,660	5,987	13,645
Defence	24,028	25,351	26,821	2,994	3,909	3,145	255	397	347	0	130	150
Public order and safety	53,388	55,924	61,400	6,523	6,966	7,576	2,741	2,650	3,834	5,337	5,541	5,779
Economic affairs	43,909	45,954	41,851	9,992	7,398	6,338	73,775	77,924	99,221	59,973	65,776	79,898
Environment protection	556	642	0	77	206	243	12,345	15,704	19,391	11,907	12,662	18,615
Housing and community amenities	1,638	437	962	503	52	218	0	2,039	4,757	1,967	7,488	5,629
Health	143,637	152,680	164,730	42,666	36,361	39,023	98,015	125,847	130,925	32,058	35,066	35,299
Recreation, culture and religion	5,266	4,393	4,515	648	659	924	6,628	5,633	7,302	13,519	15,550	21,623
Education	124,081	131,861	146,304	15,804	16,525	17,049	75,811	78,259	98,407	78,615	70,631	65,890
Social protection	31,015	32,221	34,256	17,717	20,355	23,809	849,832	903,472	961,268	29,400	22,603	25,201
Total	476,109	501,708	541,206	114,017	110,563	120,676	1,234,130	1,367,869	1,461,724	239,437	241,432	271,730
COFOG	Interest Expenditure			Capital Expenditure			Total expenditure					
	Jan-Aug 2016	Jan-Aug 2017	Jan-Aug 2018	Jan-Aug 2016	Jan-Aug 2017	Jan-Aug 2018	Jan-Aug 2016	Jan-Aug 2017	Jan-Aug 2018			
	€ 000											
General public services	149,770	144,439	139,124	19,713	14,723	31,310	356,556	391,470	403,071			
Defence	0	0	0	7,314	3,219	756	34,591	33,006	31,219			
Public order and safety	0	0	0	10,923	18,085	10,806	78,912	89,165	89,394			
Economic affairs	0	0	0	101,101	99,814	121,486	288,751	296,866	348,794			
Environment protection	0	0	0	1,407	7,125	9,779	26,292	36,339	48,028			
Housing and community amenities	0	0	0	7,715	1,581	440	11,823	11,597	12,007			
Health	0	0	0	7,462	7,060	11,876	323,837	357,014	381,853			
Recreation, culture and religion	0	0	0	14,140	12,674	10,690	40,202	38,909	45,054			
Education	0	0	0	13,067	19,763	13,126	307,378	317,038	340,775			
Social protection	0	0	0	5,464	2,629	2,516	933,428	981,280	1,047,049			
Total	149,770	144,439	139,124	188,307	186,674	212,784	2,401,770	2,552,685	2,747,244			

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

Description	ESA CODE	Jan-Aug 2016	Jan-Aug 2017	Jan-Aug 2018	Jan-Aug 2018 / Jan-Aug 2017	
					Change	% change
1. Total Revenue		2,204,839	2,456,056	2,610,515	154,459	
Market Output	P11	49,885	88,812	65,738		
Taxes on Production and Imports	D2	812,472	889,619	973,670		
Property income receivable	D4	53,622	53,208	60,278		
Current taxes on income, wealth, etc	D5	808,209	870,770	961,924		
Social Contributions	D61	388,711	442,800	480,378		
Current transfers receivable	D7	36,063	10,433	22,157		
Capital transfers receivable	D9	55,878	100,414	46,370		
2. Total Expenditure		2,283,979	2,424,951	2,613,634	188,683	
Intermediate Consumption	P2	260,092	269,612	296,903		
Gross Capital Formation	P5g+NP	71,151	84,370	87,671		
Compensation of Employees	D1	561,135	595,697	644,472		
Property income payable	D4	143,988	139,217	142,501		
Subsidies	D3	55,256	41,710	49,394		
Social Benefits and social transfers in kind	D62+D632	697,339	735,316	765,218		
Current transfers payable	D7	472,476	551,968	622,195		
Capital transfers payable	D9	22,542	7,060	5,281		
(1-2) Consolidated Fund Surplus/Deficit		-79,140	31,105	-3,119	-34,224	-110.0

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

Description	ESA CODE	August 2016	August 2017	August 2018	August 2018 / August 2017	
					Change	% change
1. Total Revenue		396,951	401,199	447,346	46,148	
Market Output	P11	9,388	8,605	8,822		
Taxes on Production and Imports	D2	181,553	163,719	182,841		
Property income receivable	D4	2,340	31	3,025		
Current taxes on income, wealth, etc	D5	143,857	161,397	156,167		
Social Contributions	D61	57,102	65,962	73,185		
Current transfers receivable	D7	259	122	14,591		
Capital transfers receivable	D9	2,452	1,363	8,717		
2. Total Expenditure		335,045	265,119	333,266	68,148	
Intermediate Consumption	P2	26,043	27,010	38,224		
Gross Capital Formation	P5g+NP	18,746	9,651	9,063		
Compensation of Employees	D1	70,034	75,154	88,565		
Property income payable	D4	18,590	17,059	18,497		
Subsidies	D3	16,254	109	2,222		
Social Benefits and social transfers in kind	D62+D632	116,468	81,194	99,019		
Current transfers payable	D7	68,514	54,605	77,676		
Capital transfers payable	D9	395	338	0		
(1-2) Consolidated Fund Surplus/Deficit		61,906	136,080	114,080	-22,000	-16.2

Table 6. Central Government debt

Description	August 2016	August 2017	August 2018	August 2018 / August 2017	
				Change	% change
€ 000					
Total Central Government Debt	5,554,575	5,545,455	5,336,179	-209,276	-3.8
<i>of which:</i>					
Treasury Bills	295,550	156,400	351,500	195,100	
Malta Government Stocks	5,236,963	5,392,688	4,802,399	-590,289	
62+ Malta Government Savings Bond	0	0	192,867	192,867	
Foreign Loans	22,071	11,658	1,244	-10,413	
Domestic Loans with Commercial Banks	0	0	0	0	
MGSF investments in Government Debt	-70,430	-92,552	-94,696	-2,144	
Euro Coins issued in the name of the Treasury	70,421	77,262	82,865	5,603	

Note: Totals may not add up due to rounding.

Chart 1. January-August Consolidated Fund Surplus/Deficit

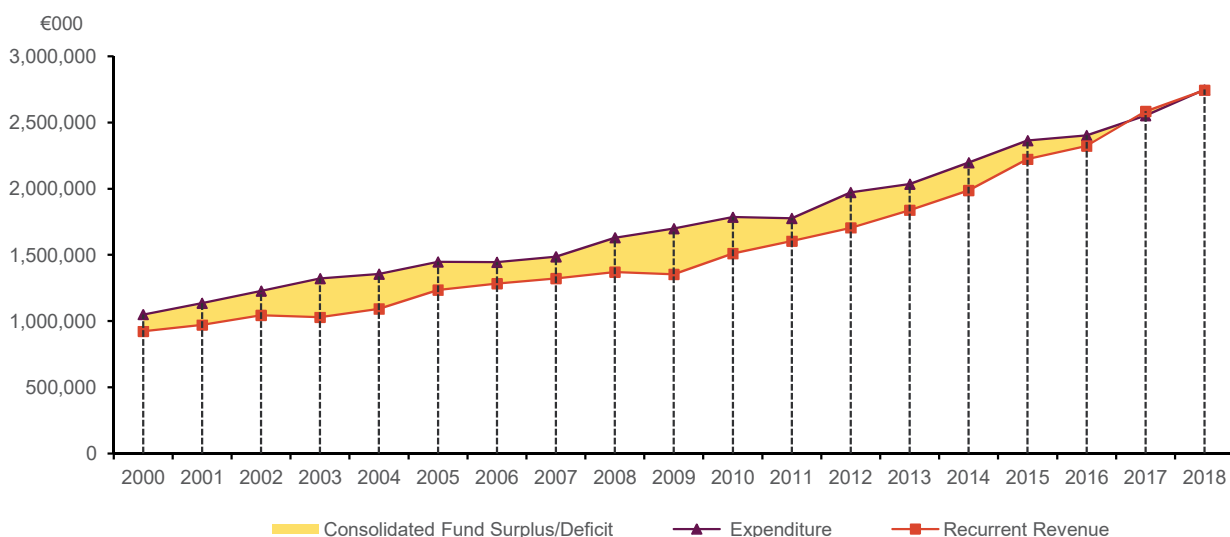
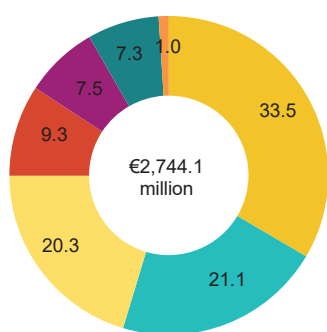
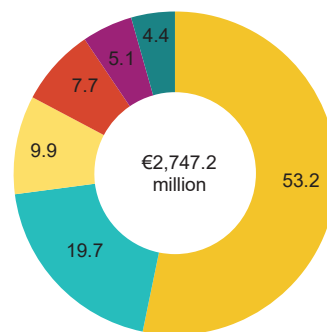


Chart 2. Recurrent Revenue by main category (%): January-August 2018



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

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



- Programmes and Initiatives
- Personal Emoluments
- Contributions to Government Entities
- Capital Expenditure
- Interest
- 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 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) classifies 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