

30 November 2018 | 1100 hrs | 190/2018

In the period January-October 2018, Government's Consolidated Fund registered a deficit of €24.1 million.

## Government Finance Data: January-October 2018

Between January and October 2018, recurrent revenue rose by €213.9 million and amounted to €3,496.0 million. This represented a 6.5 per cent increase from the €3,282.1 million reported in revenue during the corresponding 10 months of 2017. The increase was primarily the result of higher Income Tax (€103.6 million). Further increases were also registered under Value Added Tax (€71.6 million), Social Security (€68.1 million), Licences, Taxes and Fines (€42.8 million), Customs and Excise Duties (€10.9 million), Dividends on Investment (€1.6 million) and Rents (€0.4 million). Conversely, drops in revenue were mainly recorded in Grants (€48.0 million), Fees of Office (€19.3 million), Central Bank of Malta (€14.0 million) and Reimbursements (€3.8 million).

Total expenditure by the end of October 2018 stood at €3,520.0 million, reflecting an increase of €242.3 million or 7.4 per cent from 2017.

Recurrent expenditure totalled €3,018.9 million, €159.9 million higher than the corresponding amount reported by the end of October 2017. The main contributor to this increase was a €54.6 million rise reported under Programmes and Initiatives. Furthermore, rises in outlay were also registered by Personal Emoluments, Contributions to Government Entities (both €49.5 million) and Operational and Maintenance Expenses (€6.3 million). The main developments in the Programmes and Initiatives category involved added outlays due to social security benefits (€27.2 million), state contribution (€23.3 million which also features as revenue), tax relief measures (€11.2 million), Malta Freeport interest payments (€9.5 million), health concession agreements (€8.9 million), feed in tariff (€5.7 million) and solid waste management strategy (€4.9 million). The rise in expenditure was slightly offset by reduced outlays reported under EU presidency 2017 (€25.5 million), electoral commission activities (€5.6 million) and medicines and surgical materials (€4.9 million).

The interest component of the public debt servicing costs amounted to €175.0 million, a €6.7 million drop from the €181.7 million reported in 2017.

Government's capital expenditure registered an increase of €89.1 million from the same period last year, and was recorded at €326.1 million. This was mainly the result of higher outlay on EU structural funds 2014-2020 (€24.4 million), road construction and improvements (€23.9 million), EU cohesion funds 2014-2020 (€16.7 million), EU internal security fund - borders and visa (€8.7 million), EU European agricultural fund for rural development 2014-2020 (€6.7 million), investment incentives (€5.0 million) and national identity management systems (€3.1 million).

The difference between total revenue and expenditure resulted in a deficit of €24.1 million being reported in the Government's Consolidated Fund by the end of October 2018, compared to a surplus of €4.3 million in the same period in 2017. The main catalysts in the difference were increased outlays in both recurrent and capital expenditure (Table 1).

Table 4 and Table 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 October 2018, Central Government Debt stood at €5,211.8 million, a €394.1 million decrease from the corresponding month last year. This was the result of lower Malta Government Stocks and Foreign Loans that decreased by €635.6 million and €10.4 million respectively. Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €3.3 million. On the other hand, Treasury Bills added €155.6 million, the 62+ Malta Government Savings Bond added €93.1 million, and Euro coins issued in the name of the Treasury increased by €6.5 million (Table 6) ■

Table 1. Revenue/Expenditure categories: Year to date

Description	Jan-Oct 2016	Jan-Oct 2017	Jan-Oct 2018	Jan-Oct 2018 / Jan-Oct 2017	
				Change	% change
	€ 000				
<b>(a) Total Recurrent Revenue</b>	<b>2,907,168</b>	<b>3,282,078</b>	<b>3,495,985</b>	<b>213,907</b>	<b>6.5</b>
Customs and Excise Duties	224,602	254,395	265,298	10,903	
Licences, Taxes and Fines	260,335	278,168	320,924	42,756	
Income Tax	1,000,600	1,101,164	1,204,746	103,582	
Value Added Tax	523,608	624,217	695,834	71,617	
Fees of Office	52,616	85,156	65,822	-19,334	
Reimbursements	21,023	40,811	36,987	-3,824	
Central Bank of Malta	42,000	42,000	28,000	-14,000	
Rents	26,975	24,301	24,696	395	
Dividends on Investment	19,848	26,523	28,144	1,621	
Interest on loans made by Government	97	49	48	-1	
Social Security	622,019	678,782	746,925	68,143	
Grants	78,044	99,629	51,678	-47,951	
Miscellaneous Receipts	35,402	26,883	26,882	-1	
<b>(b) Total Expenditure</b>	<b>3,012,018</b>	<b>3,277,774</b>	<b>3,520,035</b>	<b>242,261</b>	<b>7.4</b>
<i>Recurrent Expenditure</i>	2,594,549	2,859,094	3,018,946	159,852	5.6
Personal Emoluments	598,007	628,556	678,029	49,473	
Operational and Maintenance Expenses	146,019	154,484	160,765	6,281	
Programmes and Initiatives	1,567,680	1,768,414	1,823,061	54,647	
Contributions to Government Entities	282,843	307,641	357,092	49,451	
<i>Interest</i>	187,000	181,653	174,994	-6,658	-3.7
<i>Capital Expenditure</i>	230,469	237,027	326,094	89,067	37.6
<b>(a-b) Consolidated Fund Surplus/Deficit</b>	<b>-104,850</b>	<b>4,304</b>	<b>-24,050</b>	<b>-28,354</b>	<b>-658.8</b>
<b>(c) Financial Transactions</b>					
<i>Revenue</i>					
Loans	597,902	357,409	93,527	-263,883	
Repayment of Loans	12,184	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	14,863	17,462	26,659	9,197	
Equity Acquisition	12,484	2,101	63,034	60,932	
Repayment of Loan	295,317	98,380	362,805	264,425	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories: Monthly

Description	October 2016	October 2017	October 2018	October 2018 / October 2017	
				Change	% change
				€ 000	
<b>(a) Total Recurrent Revenue</b>	<b>281,526</b>	<b>309,765</b>	<b>367,286</b>	<b>57,522</b>	<b>18.6</b>
Customs and Excise Duties	25,067	27,629	22,825	-4,805	
Licences, Taxes and Fines	29,780	31,160	33,177	2,017	
Income Tax	97,769	114,953	150,492	35,539	
Value Added Tax	24,666	46,759	56,394	9,635	
Fees of Office	11,380	8,607	4,612	-3,995	
Reimbursements	2,334	3,239	6,284	3,046	
Central Bank of Malta	0	0	0	0	
Rents	2,479	819	1,895	1,076	
Dividends on Investment	0	2,500	3,500	1,000	
Interest on loans made by Government	0	0	0	0	
Social Security	62,078	70,562	84,588	14,026	
Grants	18,698	305	10	-295	
Miscellaneous Receipts	7,276	3,231	3,510	278	
<b>(b) Total Expenditure</b>	<b>322,730</b>	<b>361,886</b>	<b>394,398</b>	<b>32,512</b>	<b>9.0</b>
<i>Recurrent Expenditure</i>	281,163	316,126	318,057	1,931	0.6
Personal Emoluments	58,080	58,230	65,593	7,363	
Operational and Maintenance Expenses	21,324	17,318	21,293	3,975	
Programmes and Initiatives	180,015	210,358	188,911	-21,448	
Contributions to Government Entities	21,744	30,219	42,260	12,041	
<i>Interest</i>	16,841	18,688	16,479	-2,209	-11.8
<i>Capital Expenditure</i>	24,726	27,073	59,863	32,790	121.1
<b>(a-b) Consolidated Fund Surplus/Deficit</b>	<b>-41,204</b>	<b>-52,121</b>	<b>-27,111</b>	<b>25,010</b>	<b>48.0</b>
<b>(c) Financial Transactions</b>					
<i>Revenue</i>					
Loans	159,233	29,744	0	-29,744	
Repayment of Loans	200	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	0	689	20	-670	
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-Oct 2016	Jan-Oct 2017	Jan-Oct 2018	Jan-Oct 2016	Jan-Oct 2017	Jan-Oct 2018	Jan-Oct 2016	Jan-Oct 2017	Jan-Oct 2018	Jan-Oct 2016	Jan-Oct 2017	Jan-Oct 2018
	€ 000											
General public services	61,800	67,002	76,954	22,853	25,961	31,711	150,390	203,866	176,018	7,849	7,167	16,170
Defence	30,185	32,012	33,585	4,906	6,891	5,163	352	565	469	0	189	242
Public order and safety	66,650	69,743	77,192	8,577	13,992	12,040	3,410	4,147	5,137	6,949	6,875	7,284
Economic affairs	55,436	57,411	51,205	11,898	14,462	8,715	92,958	124,037	139,511	71,382	92,228	104,727
Environment protection	712	690	764	133	249	317	17,893	20,003	25,554	16,432	17,198	29,762
Housing and community amenities	2,054	573	1,092	730	77	294	0	6,708	5,144	2,060	8,619	5,828
Health	180,967	193,855	205,724	57,993	49,124	53,010	114,109	158,748	163,564	42,239	41,016	43,604
Recreation, culture and religion	6,852	5,512	5,649	245	1,056	1,137	8,624	8,642	10,367	16,695	17,689	25,244
Education	154,271	160,422	182,631	17,219	18,734	19,322	104,065	110,443	110,690	83,640	88,105	91,309
Social protection	39,079	41,337	43,234	21,464	23,939	29,056	1,075,881	1,131,255	1,186,608	35,597	28,556	32,922
<b>Total</b>	<b>598,007</b>	<b>628,556</b>	<b>678,029</b>	<b>146,019</b>	<b>154,484</b>	<b>160,765</b>	<b>1,567,680</b>	<b>1,768,414</b>	<b>1,823,061</b>	<b>282,843</b>	<b>307,641</b>	<b>357,092</b>
COFOG	Interest Expenditure			Capital Expenditure			Total expenditure					
	Jan-Oct 2016	Jan-Oct 2017	Jan-Oct 2018	Jan-Oct 2016	Jan-Oct 2017	Jan-Oct 2018	Jan-Oct 2016	Jan-Oct 2017	Jan-Oct 2018			
	€ 000											
General public services	187,000	181,653	174,994	23,598	19,231	45,506	<b>453,490</b>	<b>504,880</b>	<b>521,354</b>			
Defence	0	0	0	7,335	6,500	3,748	<b>42,779</b>	<b>46,157</b>	<b>43,206</b>			
Public order and safety	0	0	0	20,020	23,593	37,811	<b>105,606</b>	<b>118,351</b>	<b>139,465</b>			
Economic affairs	0	0	0	115,418	123,175	155,817	<b>347,093</b>	<b>411,312</b>	<b>459,975</b>			
Environment protection	0	0	0	2,210	7,918	28,232	<b>37,380</b>	<b>46,057</b>	<b>84,628</b>			
Housing and community amenities	0	0	0	9,261	2,293	472	<b>14,104</b>	<b>18,270</b>	<b>12,831</b>			
Health	0	0	0	8,574	8,809	14,433	<b>403,881</b>	<b>451,551</b>	<b>480,333</b>			
Recreation, culture and religion	0	0	0	14,975	16,920	15,436	<b>47,392</b>	<b>49,818</b>	<b>57,833</b>			
Education	0	0	0	22,875	24,925	21,886	<b>382,071</b>	<b>402,628</b>	<b>425,837</b>			
Social protection	0	0	0	6,202	3,662	2,753	<b>1,178,223</b>	<b>1,228,750</b>	<b>1,294,573</b>			
<b>Total</b>	<b>187,000</b>	<b>181,653</b>	<b>174,994</b>	<b>230,469</b>	<b>237,027</b>	<b>326,094</b>	<b>3,012,018</b>	<b>3,277,774</b>	<b>3,520,035</b>			

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

Description	ESA CODE	Jan-Oct 2016	Jan-Oct 2017	Jan-Oct 2018	Jan-Oct 2018 / Jan-Oct 2017	
					Change	% change
€ 000						
<b>1. Total Revenue</b>		<b>2,746,269</b>	<b>3,110,569</b>	<b>3,307,807</b>	<b>197,238</b>	
Market Output	P11	75,203	124,046	85,195		
Taxes on Production and Imports	D2	958,211	1,101,925	1,227,910		
Property income receivable	D4	64,969	62,216	63,334		
Current taxes on income, wealth, etc	D5	1,044,553	1,146,990	1,254,694		
Social Contributions	D61	489,378	555,619	602,013		
Current transfers receivable	D7	37,105	12,125	23,444		
Capital transfers receivable	D9	76,851	107,648	51,217		
<b>2. Total Expenditure</b>		<b>2,851,119</b>	<b>3,106,265</b>	<b>3,331,856</b>	<b>225,592</b>	
Intermediate Consumption	P2	322,057	361,624	391,473		
Gross Capital Formation	P5g+NP	94,703	110,285	144,710		
Compensation of Employees	D1	705,284	746,828	797,525		
Property income payable	D4	178,162	178,156	180,129		
Subsidies	D3	58,333	66,071	72,244		
Social Benefits and social transfers in kind	D62+D632	875,265	909,546	930,132		
Current transfers payable	D7	593,364	724,768	785,771		
Capital transfers payable	D9	23,952	8,986	29,872		
<b>(1-2) Consolidated Fund Surplus/Deficit</b>		<b>-104,850</b>	<b>4,304</b>	<b>-24,050</b>	<b>-28,354</b>	<b>-658.8</b>

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

Description	ESA CODE	October 2016	October 2017	October 2018	October 2018 / October 2017	
					Change	% change
€ 000						
<b>1. Total Revenue</b>		<b>259,645</b>	<b>289,144</b>	<b>342,596</b>	<b>53,452</b>	
Market Output	P11	9,734	10,241	11,033		
Taxes on Production and Imports	D2	76,673	101,541	105,958		
Property income receivable	D4	1,989	57	1,654		
Current taxes on income, wealth, etc	D5	102,229	119,129	155,752		
Social Contributions	D61	48,699	55,657	65,270		
Current transfers receivable	D7	558	1,053	269		
Capital transfers receivable	D9	19,763	1,468	2,661		
<b>2. Total Expenditure</b>		<b>300,849</b>	<b>341,266</b>	<b>369,708</b>	<b>28,442</b>	
Intermediate Consumption	P2	40,466	42,276	54,273		
Gross Capital Formation	P5g+NP	12,739	12,454	37,877		
Compensation of Employees	D1	68,881	70,428	77,238		
Property income payable	D4	13,620	19,535	16,515		
Subsidies	D3	2,592	19,572	14,836		
Social Benefits and social transfers in kind	D62+D632	89,718	84,830	83,823		
Current transfers payable	D7	71,835	91,350	77,370		
Capital transfers payable	D9	998	821	7,776		
<b>(1-2) Consolidated Fund Surplus/Deficit</b>		<b>-41,204</b>	<b>-52,121</b>	<b>-27,111</b>	<b>25,010</b>	<b>48.0</b>

Table 6. Central Government debt

Description	October 2016	October 2017	October 2018	October 2018 / October 2017	
				Change	% change
	€ 000				
<b>Total Central Government Debt</b>	<b>5,679,898</b>	<b>5,605,949</b>	<b>5,211,810</b>	<b>-394,139</b>	<b>-7.0</b>
<i>of which:</i>					
Treasury Bills	260,750	144,400	300,000	155,600	
Malta Government Stocks	5,396,196	5,367,688	4,732,049	-635,639	
62+ Malta Government Savings Bond	0	99,639	192,740	93,101	
Foreign Loans	22,010	11,599	1,185	-10,414	
Domestic Loans with Commercial Banks	0	0	0	0	
MGSF investments in Government Debt	-70,530	-94,797	-98,096	-3,299	
Euro Coins issued in the name of the Treasury	71,472	77,420	83,932	6,512	

Note: Totals may not add up due to rounding.

Chart 1. January-October Consolidated Fund Surplus/Deficit

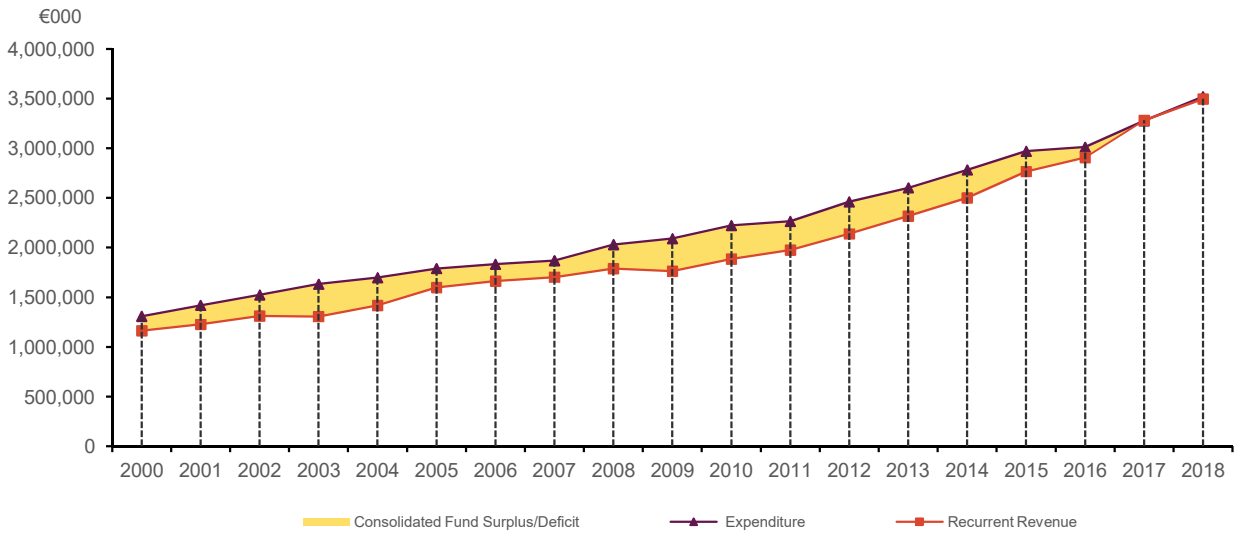


Chart 2. Recurrent Revenue by main category (%): January-October 2018

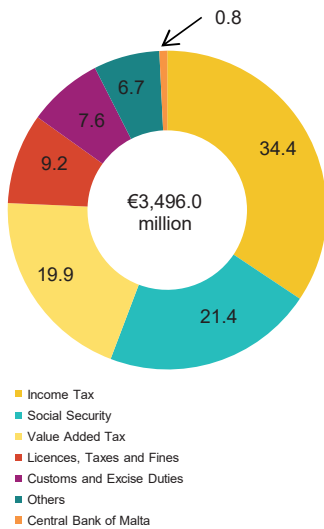
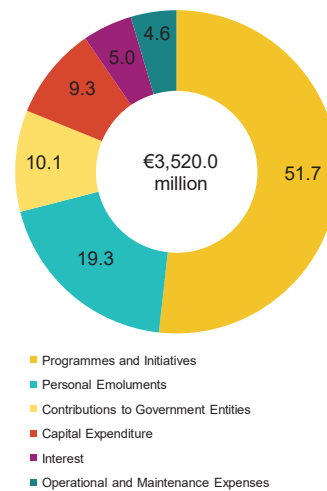


Chart 3. Expenditure by main category (%): January-October 2018



## 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](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](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](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 refer to the total expenditure of the Consolidated Fund and are 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. Any quotations from this news release are to be cited and/or referenced.
10. A detailed news release calendar is available on  
[https://nso.gov.mt/en/News\\_Releases/Release\\_Calendar/Pages/News-Release-Calendar.aspx](https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx)