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In 2018, Government's Consolidated Fund reported a deficit of €70.2 million.

Government Finance Data: January-December 2018

The Consolidated Fund data, presented in this news release, is the starting point for the compilation of the General Government fiscal balance in line with ESA 2010 methodologies. Today, the National Statistics Office, submitted to the Commission the latter by means of the Excessive Deficit Procedure (EDP) Notification for the years 2015-2018, which data shall be published locally on the 23rd of April.

Between January and December 2018, recurrent revenue totalled €4,559.8 million, €268.6 million or 6.3 per cent higher than the €4,291.2 million reported in revenue by the end of 2017. The increase was primarily the result of a €106.8 million rise in Value Added Tax, followed by a €92.8 million increase reported under Social Security. Further increases were also registered under Income Tax (€75.7 million), Licences, Taxes and Fines (€54.2 million), Customs and Excise Duties (€9.1 million), Miscellaneous Receipts (€6.8 million), Dividends on Investment (€4.4 million) and Reimbursements (€3.7 million). Conversely, drops in revenue were reported under Grants (€38.5 million), Fees of Office (€30.4 million), Central Bank of Malta (€15.0 million) and Rents (€0.9 million).

Total expenditure for the whole of 2018 amounted to €4,630.0 million, a 12.7 per cent increase from 2017.

Recurrent expenditure stood at €3,821.4 million, an increase of €278.2 million in comparison to the €3,543.3 million spent in 2017. The main contributor to this increase was a €114.7 million rise reported under Programmes and Initiatives. Furthermore, rises in outlay were also registered by Contributions to Government Entities (€81.7 million), Personal Emoluments (€60.1 million) and Operational and Maintenance Expenses (€21.7 million). The main developments in the Programmes and Initiatives category involved added outlays due to state contribution (€31.9 million that also features as revenue), social security benefits (€28.3 million), tax relief measures (€11.2 million), church schools (€10.9 million), solid waste management strategy (€8.5 million), residential care in private homes (€6.2 million), feed in tariff (€5.7 million), child care for all (€4.9 million), extension of school transport network, contribution to planning authority (both €3.4 million) and health concession agreements (€3.2 million). Conversely, a drop of €2.2 million was reported under treasury pensions.

The interest component of the public debt servicing costs amounted to €203.6 million, €11.5 million less than 2017.

Government's capital expenditure registered an increase of €254.8 million when compared to 2017 and totalled €605.0 million. The rise in outlay was due to added expenditure reported on EU structural funds 2014-2020 (€110.7 million), EU cohesion fund 2014-2020 (€47.3 million), road construction and improvements (€28.2 million), EU agricultural fund for rural development 2014-2020 (€24.2 million), connecting Europe facility (€11.4 million), investment incentives (€8.8 million), wasteserv Malta (€8.1 million), information technology in government schools, ICT (both €5.0 million), EU Internal Security Fund - Borders and Visa (€4.8 million) and national identity management systems (€3.8 million).

The difference between total revenue and expenditure resulted in a deficit of €70.2 million being reported in the Government's Consolidated Fund by the end of 2018, compared to a surplus of €182.7 million registered in 2017. The main catalysts in the difference were increased outlays in both recurrent and capital expenditure (Table 1).

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

In 2018, Central Government Debt stood at €5,319.0 million, a €52.8 million downturn from 2017. The catalyst for this decrease in debt was a €240.7 million drop registered under Malta Government Stocks. A further decrease was reported under Foreign Loans (€7.9 million) while higher holdings in Malta Government Stocks also presented a decrease of €16.3 million. Conversely, Treasury Bills and the 62+ Malta Government Savings Bond rose by €113.0 million and €93.0 million respectively. Furthermore, Euro coins issued in the name of treasury also rose by €6.2 million (Table 6) ■

Table 1. Revenue/Expenditure categories: Year to date

Description	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2018 / Jan-Dec 2017	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	3,806,963	4,291,165	4,559,775	268,610	6.3
Customs and Excise Duties	277,506	303,086	312,142	9,056	
Licences, Taxes and Fines	311,009	332,478	386,693	54,215	
Income Tax	1,328,270	1,497,489	1,573,144	75,656	
Value Added Tax	724,798	821,160	927,970	106,810	
Fees of Office	71,357	112,605	82,220	-30,384	
Reimbursements	28,650	45,465	49,137	3,671	
Central Bank of Malta	50,000	50,000	35,000	-15,000	
Rents	29,883	31,312	30,408	-904	
Dividends on Investment	39,147	41,387	45,768	4,381	
Interest on loans made by Government	98	65	49	-16	
Social Security	804,389	875,054	967,831	92,778	
Grants	102,339	139,246	100,781	-38,465	
Miscellaneous Receipts	39,516	41,818	48,632	6,814	
(b) Total Expenditure	3,798,092	4,108,493	4,629,992	521,499	12.7
<i>Recurrent Expenditure</i>	3,264,338	3,543,266	3,821,447	278,181	7.9
Personal Emoluments	782,057	828,002	888,138	60,136	
Operational and Maintenance Expenses	176,008	189,008	210,693	21,685	
Programmes and Initiatives	1,950,979	2,147,142	2,261,800	114,658	
Contributions to Government Entities	355,294	379,114	460,817	81,702	
<i>Interest</i>	223,454	215,051	203,555	-11,497	-5.3
<i>Capital Expenditure</i>	310,300	350,175	604,990	254,814	72.8
(a-b) Consolidated Fund Surplus/Deficit	8,870	182,672	-70,217	-252,889	-138.4
(c) Financial Transactions					
<i>Revenue</i>					
Loans	597,902	357,409	243,527	-113,883	
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	59,726	54,924	51,688	-3,237	
Equity Acquisition	12,993	71,441	63,513	-7,928	
Repayment of Loan	485,399	372,932	392,262	19,330	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories: Monthly

Description	December 2016	December 2017	December 2018	December 2018/ December 2017	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	520,927	583,777	633,858	50,081	8.6
Customs and Excise Duties	28,003	23,955	28,140	4,185	
Licences, Taxes and Fines	23,306	33,031	39,739	6,708	
Income Tax	252,077	271,364	237,472	-33,892	
Value Added Tax	55,604	60,551	85,407	24,856	
Fees of Office	10,810	4,576	6,470	1,894	
Reimbursements	4,670	2,295	9,766	7,471	
Central Bank of Malta	0	0	0	0	
Rents	1,609	1,427	1,933	506	
Dividends on Investment	18,249	12,650	17,624	4,974	
Interest on loans made by Government	1	15	0	-15	
Social Security	117,221	122,094	139,944	17,851	
Grants	6,761	39,604	48,383	8,779	
Miscellaneous Receipts	2,616	12,216	18,980	6,764	
(b) Total Expenditure	451,850	485,727	668,861	183,134	37.7
<i>Recurrent Expenditure</i>	382,993	386,842	452,398	65,556	16.9
Personal Emoluments	125,575	132,253	143,369	11,116	
Operational and Maintenance Expenses	20,484	27,084	21,828	-5,256	
Programmes and Initiatives	208,952	200,432	234,723	34,291	
Contributions to Government Entities	27,982	27,073	52,478	25,405	
<i>Interest</i>	17,742	17,907	18,487	580	3.2
<i>Capital Expenditure</i>	51,115	80,978	197,976	116,999	144.5
(a-b) Consolidated Fund Surplus/Deficit	69,077	98,050	-35,004	-133,053	-135.7
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	0	150,000	150,000	
Repayment of Loans	0	0	0	0	
Receipts from Sale of Shares	37	0	0	0	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	44,863	27,462	25,029	-2,434	
Equity Acquisition	509	30,000	0	-30,000	
Repayment of Loan	3,730	11,388	29,400	18,012	
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-Dec 2016	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2018
	€ 000											
General public services	81,737	88,762	102,625	31,265	35,093	42,295	179,945	234,701	228,809	10,222	9,446	23,447
Defence	39,321	41,829	43,577	6,676	7,973	8,421	774	629	667	0	249	304
Public order and safety	87,188	91,245	104,227	11,178	11,536	12,891	4,177	5,440	6,145	7,900	7,955	8,484
Economic affairs	70,988	73,363	61,024	16,662	15,096	11,709	126,472	143,336	158,659	88,418	107,215	129,641
Environment protection	1,219	2,339	4,690	174	364	402	32,661	26,676	37,775	22,378	23,374	42,549
Housing and community amenities	2,660	702	1,403	878	98	499	60	7,175	5,620	4,173	10,824	6,185
Health	237,777	254,676	269,365	62,967	61,520	66,424	148,409	186,764	190,488	52,263	47,372	59,645
Recreation, culture and religion	8,876	6,868	7,392	983	1,166	1,393	11,791	13,161	13,816	20,522	23,425	33,154
Education	201,617	214,360	237,785	20,380	23,070	26,304	114,476	123,046	146,696	108,533	117,734	120,947
Social protection	50,675	53,858	56,051	24,845	33,091	40,355	1,332,213	1,406,214	1,473,124	40,884	31,522	36,463
Total	782,057	828,002	888,138	176,008	189,008	210,693	1,950,979	2,147,142	2,261,800	355,294	379,114	460,817
COFOG	Interest Expenditure			Capital Expenditure			Total expenditure					
	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2018
	€ 000											
General public services	223,454	215,051	203,555	32,284	31,158	81,298	558,906	614,212	682,029			
Defence	0	0	0	11,470	7,519	7,518	58,241	58,200	60,487			
Public order and safety	0	0	0	25,112	33,560	45,234	135,556	149,736	176,981			
Economic affairs	0	0	0	153,469	173,692	310,271	456,010	512,702	671,304			
Environment protection	0	0	0	7,414	11,879	57,421	63,846	64,632	142,837			
Housing and community amenities	0	0	0	9,672	9,008	1,192	17,443	27,807	14,898			
Health	0	0	0	11,842	12,145	28,979	513,258	562,477	614,901			
Recreation, culture and religion	0	0	0	23,453	36,305	32,223	65,625	80,923	87,977			
Education	0	0	0	28,457	28,263	35,721	473,463	506,473	567,453			
Social protection	0	0	0	7,127	6,645	5,132	1,455,744	1,531,330	1,611,125			
Total	223,454	215,051	203,555	310,300	350,175	604,990	3,798,092	4,108,493	4,629,992			

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

Description	ESA CODE	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec 2018 / Jan-Dec 2017	
		2016	2017	2018	Change	% change
		€ 000				
1. Total Revenue		3,581,222	4,044,720	4,281,408	236,688	
Market Output	P11	103,109	154,382	112,239		
Taxes on Production and Imports	D2	1,251,491	1,389,894	1,568,989		
Property income receivable	D4	90,161	89,082	84,248		
Current taxes on income, wealth, etc	D5	1,380,826	1,551,994	1,630,652		
Social Contributions	D61	613,396	695,681	754,311		
Current transfers receivable	D7	38,459	15,543	27,354		
Capital transfers receivable	D9	103,780	148,143	103,614		
2. Total Expenditure		3,572,352	3,862,047	4,351,625	489,577	
Intermediate Consumption	P2	410,504	434,168	547,393		
Gross Capital Formation	P5g+NP	137,717	184,676	241,822		
Compensation of Employees	D1	910,820	973,880	1,031,707		
Property income payable	D4	215,770	212,274	204,203		
Subsidies	D3	92,063	80,801	93,317		
Social Benefits and social transfers in kind	D62+D632	1,056,934	1,103,317	1,128,165		
Current transfers payable	D7	719,249	853,476	993,976		
Capital transfers payable	D9	29,294	19,456	111,042		
(1-2) Consolidated Fund Surplus/Deficit		8,870	182,672	-70,217	-252,889	-138.4

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

Description	ESA CODE	December	December	December	December 2018 / December 2017	
		2016	2017	2018	Change	% change
		€ 000				
1. Total Revenue		472,880	524,171	567,135	42,964	
Market Output	P11	19,446	4,803	17,455		
Taxes on Production and Imports	D2	102,007	111,384	152,435		
Property income receivable	D4	15,213	13,241	11,059		
Current taxes on income, wealth, etc	D5	255,853	276,317	240,892		
Social Contributions	D61	71,602	76,624	91,484		
Current transfers receivable	D7	811	3,158	3,003		
Capital transfers receivable	D9	7,948	38,644	50,808		
2. Total Expenditure		403,802	426,121	602,139	176,018	
Intermediate Consumption	P2	52,132	36,740	83,208		
Gross Capital Formation	P5g+NP	34,353	56,009	70,160		
Compensation of Employees	D1	137,255	146,198	156,395		
Property income payable	D4	18,731	18,517	13,443		
Subsidies	D3	6,071	4,746	20,013		
Social Benefits and social transfers in kind	D62+D632	97,396	95,711	110,115		
Current transfers payable	D7	55,179	58,941	92,875		
Capital transfers payable	D9	2,685	9,261	55,930		
(1-2) Consolidated Fund Surplus/Deficit		69,077	98,050	-35,004	-133,053	-135.7

Table 6. Central Government debt

Description	December 2016	December 2017	December 2018	December 2018 / December 2017	
				Change	% change
	€ 000				
Total Central Government Debt	5,474,901	5,371,757	5,318,985	-52,773	-1.0
<i>of which:</i>					
Treasury Bills	254,000	177,000	290,000	113,000	
Malta Government Stocks	5,206,454	5,093,496	4,852,749	-240,747	
62+ Malta Government Savings Bond	0	99,624	192,582	92,959	
Foreign Loans	19,370	8,952	1,084	-7,867	
Domestic Loans with Commercial Banks	0	0	0	0	
MGSF investments in Government Debt	-77,754	-85,516	-101,862	-16,346	
Euro Coins issued in the name of the Treasury	72,832	78,202	84,431	6,229	

Note: Totals may not add up due to rounding.

Chart 1. January-December Consolidated Fund Surplus/Deficit

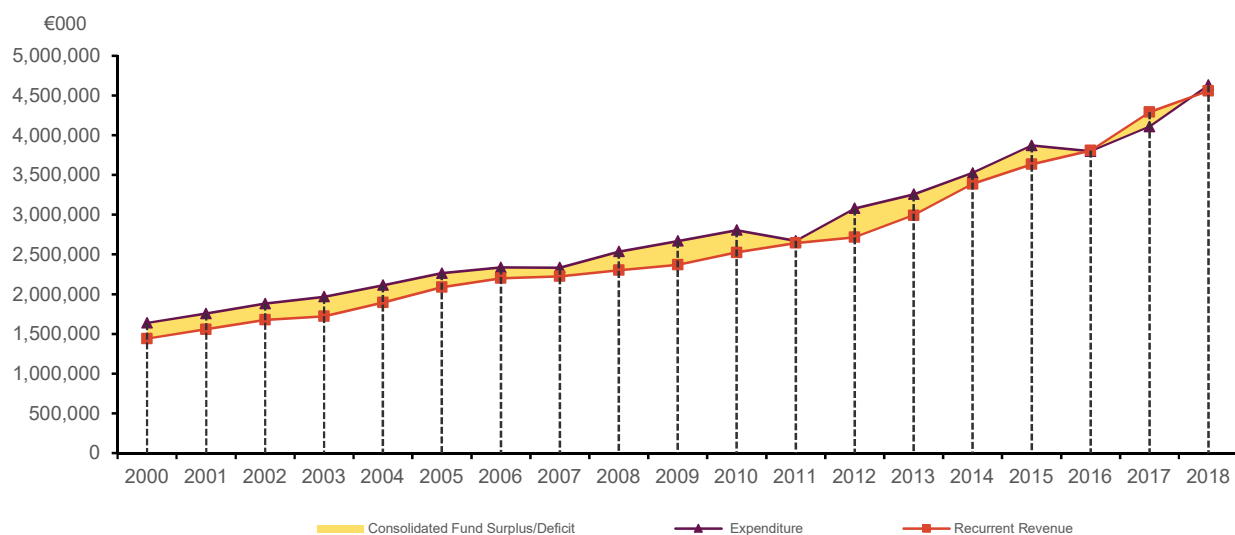
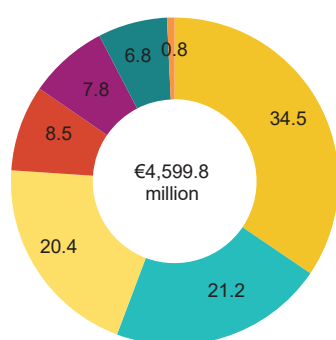
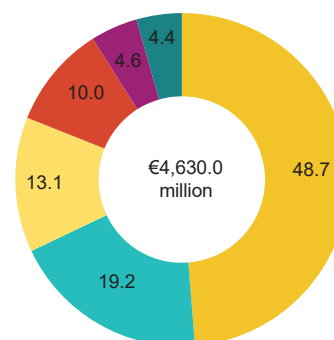


Chart 2. Recurrent Revenue by main category (%): January-December 2018



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

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



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

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 the 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. 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