

26 April 2019 | 1100 hrs | 064/2019

By the end of March 2019, Government's Consolidated Fund registered a deficit of €134.2 million.

Government Finance Data: January-March 2019

During the first quarter of 2019, recurrent revenue rose by €99.7 million over the same period last year and amounted to €1,014.5 million. This represented a 10.9 per cent increase from the €914.8 million reported during the corresponding quarter in 2018. The increase was primarily the result of a €29.8 million rise in Grants. Further increases were also registered under Value Added Tax (€21.6 million), Social Security (€21.3 million), Income Tax (€18.9 million), Customs and Excise Duties (€6.8 million), Licences, Taxes and Fines (€4.2 million), Rents (€2.5 million), Fees of Office (€1.7 million), Miscellaneous Receipts (€0.6 million) and Reimbursements (€0.1 million). Conversely, drops in outlay were recorded under Central Bank of Malta (€6.0 million) and Dividends (€1.8 million).

Total expenditure by the end of March 2019 stood at €1,148.8 million, a 17.7 per cent increase from the first quarter of 2018.

Recurrent expenditure stood at €993.1 million, €120.5 million higher than the corresponding amount reported by the end of March 2018. The main contributor to this increase was a €68.8 million rise reported under Programmes and Initiatives. Furthermore, rises in outlay were also registered by Contributions to Government Entities (€21.4 million), Personal Emoluments (€20.7 million) and Operational and Maintenance Expenses (€9.6 million). The main developments in the Programmes and Initiatives category involved added outlays due to EU own resources (€25.9 million), state contribution (€9.7 million that also features as revenue), extension of school transport network (€7.8 million), social security benefits, cancer treatment (both €5.7 million), church schools (€5.2 million), medicines and surgical materials (€5.1 million), landscaping - Malta (€4.0 million), eco reduction (€2.8 million), feed in tariff (€2.5 million), solid waste management strategy (€2.1 million), street lighting (€1.8 million), child care for all, health concession agreements (both €1.7 million) and allocation to regional committees (€1.3 million). Conversely, drops of €8.6 million in allocation in respect of local councils and €5.4 million in treasury pensions slightly offset this rise in outlay.

The interest component of the public debt servicing costs amounted to €49.7 million, a €6.2 million drop from 2018.

Government's capital expenditure registered an increase of €58.7 million from the same period last year and amounted to €106.0 million. The rise in outlay was due to added expenditure reported on road construction and improvements (€14.8 million), EU Internal Security Fund - Borders and Visa, investment incentives (both €14.6 million), EU structural funds 2014-2020 (€9.4 million), EU cohesion fund 2014-2020 (€2.5 million), connection Europe facility - EU funds (€2.1 million) and cattle sheds (€1.8 million).

The difference between total revenue and expenditure resulted in a deficit of €134.2 million being reported in the Government's Consolidated Fund by the end of March 2019, compared to a deficit of €60.8 million in the same period in 2018. 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 and monthly data respectively in ESA 2010 codes according to the EU Council Directive 85/2011 requirements.

During March 2019, Central Government Debt stood at €5,502.5 million, a €41.8 million rise from the corresponding month last year. This was primarily the result of an increase reported under the 62+ Malta Government Savings Bond (€192.3 million) and Treasury Bills (€71.8 million). Euro coins issued in the name of the Treasury also rose by €6.0 million. On the other hand, Malta Government Stocks and Foreign Loans decreased by €201.5 million and €7.9 million respectively. Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €18.8 million (Table 6) ■

Table 1. Revenue/Expenditure categories: Year to date

Description	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2019 / Jan-Mar 2018	
				Change	% change
	€ 000				
(a) Total Recurrent Revenue	873,738	914,846	1,014,536	99,689	10.9
Customs and Excise Duties	72,937	69,493	76,272	6,779	
Licences, Taxes and Fines	94,765	89,943	94,168	4,225	
Income Tax	215,430	246,515	265,401	18,887	
Value Added Tax	188,240	218,366	240,003	21,637	
Fees of Office	17,936	14,385	16,126	1,741	
Reimbursements	8,062	10,860	10,986	127	
Central Bank of Malta	30,000	21,000	15,000	-6,000	
Rents	11,097	7,250	9,746	2,497	
Dividends on Investment	137	5,000	3,200	-1,800	
Interest on loans made by Government	17	15	17	3	
Social Security	181,443	199,194	220,476	21,282	
Grants	44,003	21,249	51,005	29,756	
Miscellaneous Receipts	9,672	11,579	12,134	555	
(b) Total Expenditure	886,547	975,681	1,148,750	173,069	17.7
<i>Recurrent Expenditure</i>	787,416	872,559	993,059	120,500	13.8
Personal Emoluments	183,544	202,204	222,911	20,706	
Operational and Maintenance Expenses	45,167	46,416	56,019	9,603	
Programmes and Initiatives	468,371	530,527	599,331	68,804	
Contributions to Government Entities	90,334	93,412	114,798	21,386	
<i>Interest</i>	55,332	55,854	49,699	-6,156	-11.0
<i>Capital Expenditure</i>	43,798	47,268	105,993	58,725	124.2
(a-b) Consolidated Fund Surplus/Deficit	-12,809	-60,835	-134,214	-73,380	-120.6
(c) Financial Transactions					
<i>Revenue</i>					
Loans	182,870	0	179,713	179,713	
Repayment of Loans	0	0	0	0	
Receipts from Sale of Shares	889	889	889	0	
Other extraordinary receipts	0	0	0	0	
<i>Expenditure</i>					
Contribution to Sinking Fund	0	0	0	0	
Equity Acquisition	1,877	58,034	308	-57,226	
Repayment of Loan	0	46	41,195	41,149	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories: Monthly

Description	March 2017	March 2018	March 2019	March 2019 / March 2018	
				Change	% change
				€ 000	
(a) Total Recurrent Revenue	252,184	256,978	325,348	68,370	26.6
Customs and Excise Duties	22,729	19,997	28,352	8,355	
Licences, Taxes and Fines	31,971	32,019	35,482	3,463	
Income Tax	65,147	71,935	69,243	-2,691	
Value Added Tax	43,874	40,271	54,663	14,392	
Fees of Office	5,329	3,736	9,142	5,406	
Reimbursements	2,057	2,861	5,624	2,763	
Central Bank of Malta	10,000	7,000	5,000	-2,000	
Rents	1,270	3,523	4,001	478	
Dividends on Investment	137	0	2,999	2,999	
Interest on loans made by Government	16	15	17	2	
Social Security	66,922	67,961	69,751	1,790	
Grants	1,842	80	32,448	32,369	
Miscellaneous Receipts	890	7,581	8,625	1,045	
(b) Total Expenditure	295,630	336,541	396,651	60,110	17.9
<i>Recurrent Expenditure</i>	266,127	295,556	342,175	46,619	15.8
Personal Emoluments	66,057	71,207	77,557	6,350	
Operational and Maintenance Expenses	11,546	13,299	19,550	6,251	
Programmes and Initiatives	162,127	185,796	201,414	15,618	
Contributions to Government Entities	26,398	25,254	43,654	18,400	
<i>Interest</i>	18,533	19,553	13,025	-6,529	-33.4
<i>Capital Expenditure</i>	10,969	21,433	41,452	20,019	93.4
(a-b) Consolidated Fund Surplus/Deficit	-43,446	-79,564	-71,303	8,260	10.4
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	0	179,713	179,713	
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	1,877	57,534	0	-57,534	
Repayment of Loan	0	46	40,860	40,814	
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 2017	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019
	€ 000											
General public services	18,528	22,115	24,419	7,718	8,717	13,470	55,341	56,728	75,501	2,218	3,467	8,873
Defence	9,176	10,126	10,164	743	985	1,572	209	146	184	47	59	44
Public order and safety	20,738	23,151	27,102	2,582	2,541	5,548	899	1,287	1,462	2,284	2,473	2,682
Economic affairs	16,978	16,902	15,080	2,359	2,628	3,542	25,402	38,262	39,975	24,092	30,821	46,389
Environment protection	70	-873	1,076	79	83	62	4,894	5,571	12,609	4,811	5,882	3,232
Housing and community amenities	205	376	323	30	76	107	1,178	205	1,939	1,509	1,528	22
Health	56,483	60,938	70,903	15,217	13,532	14,703	36,847	52,394	63,263	14,194	12,200	13,714
Recreation, culture and religion	1,609	1,701	1,799	304	498	405	2,062	1,436	1,441	3,614	5,664	7,834
Education	47,788	54,675	57,666	8,099	8,450	6,185	34,985	36,683	52,453	28,361	22,029	19,912
Social protection	11,968	13,092	14,380	8,035	8,906	10,423	306,554	337,815	350,503	9,203	9,290	12,096
Total	183,544	202,204	222,911	45,167	46,416	56,019	468,371	530,527	599,331	90,334	93,412	114,798
COFOG	Interest Expenditure			Capital Expenditure			Total expenditure					
	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019			
	€ 000											
General public services	55,332	55,854	49,699	2,573	6,236	11,712	141,711	153,117	183,674			
Defence	0	0	0	3,166	88	697	13,341	11,404	12,662			
Public order and safety	0	0	0	2,837	5,024	17,510	29,340	34,476	54,304			
Economic affairs	0	0	0	17,629	20,870	57,042	86,460	109,482	162,028			
Environment protection	0	0	0	5,176	5,539	10,496	15,029	16,202	27,475			
Housing and community amenities	0	0	0	1,001	206	1	3,923	2,390	2,392			
Health	0	0	0	2,160	2,801	2,590	124,902	141,865	165,173			
Recreation, culture and religion	0	0	0	3,327	736	1,198	10,916	10,036	12,677			
Education	0	0	0	5,479	4,236	4,462	124,713	126,074	140,679			
Social protection	0	0	0	451	1,531	285	336,211	370,634	387,686			
Total	55,332	55,854	49,699	43,798	47,268	105,993	886,547	975,681	1,148,750			

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

Description	ESA CODE	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2019 / Jan-Mar 2018	
					Change	% change
		€ 000				
1. Total Revenue		837,131	871,813	959,055	87,241	
Market Output	P11	25,956	22,101	21,384		
Taxes on Production and Imports	D2	335,642	356,875	387,405		
Property income receivable	D4	31,959	27,017	22,101		
Current taxes on income, wealth, etc	D5	231,923	262,204	289,225		
Social Contributions	D61	162,101	174,847	181,084		
Current transfers receivable	D7	7,551	1,512	3,545		
Capital transfers receivable	D9	41,999	27,258	54,311		
2. Total Expenditure		849,940	932,648	1,093,269	160,621	
Intermediate Consumption	P2	99,020	98,269	169,050		
Gross Capital Formation	P5g+NP	23,374	20,903	56,585		
Compensation of Employees	D1	218,125	242,031	256,492		
Property income payable	D4	51,719	57,456	48,195		
Subsidies	D3	18,250	24,871	21,793		
Social Benefits and social transfers in kind	D62+D632	248,650	273,119	271,462		
Current transfers payable	D7	189,901	215,238	264,068		
Capital transfers payable	D9	902	762	5,624		
(1-2) Consolidated Fund Surplus/Deficit		-12,809	-60,835	-134,214	-73,380	-120.6

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

Description	ESA CODE	March 2017	March 2018	March 2019	March 2019 / March 2018	
					Change	% change
		€ 000				
1. Total Revenue		235,680	234,682	300,677	65,995	
Market Output	P11	5,105	4,009	15,149		
Taxes on Production and Imports	D2	92,370	85,705	112,935		
Property income receivable	D4	10,588	9,774	7,885		
Current taxes on income, wealth, etc	D5	70,824	75,455	76,145		
Social Contributions	D61	52,931	55,652	54,265		
Current transfers receivable	D7	2,063	288	723		
Capital transfers receivable	D9	1,800	3,798	33,574		
2. Total Expenditure		279,126	314,245	371,980	57,735	
Intermediate Consumption	P2	25,001	32,701	62,835		
Gross Capital Formation	P5g+NP	4,960	6,615	16,237		
Compensation of Employees	D1	78,479	85,466	89,133		
Property income payable	D4	18,633	19,735	9,081		
Subsidies	D3	8,566	10,027	9,306		
Social Benefits and social transfers in kind	D62+D632	89,172	101,299	93,571		
Current transfers payable	D7	54,140	58,209	89,790		
Capital transfers payable	D9	176	193	2,027		
(1-2) Consolidated Fund Surplus/Deficit		-43,446	-79,564	-71,303	8,260	10.4

Table 6. Central Government debt

Description	March 2017	March 2018	March 2019	March 2019 / March 2018	
				Change	% change
	€ 000				
Total Central Government Debt	5,625,374	5,460,677	5,502,507	41,829	0.8
<i>of which:</i>					
Treasury Bills	225,200	269,000	340,800	71,800	
Malta Government Stocks	5,389,324	5,093,496	4,891,999	-201,497	
62+ Malta Government Savings Bond	0	99,578	291,850	192,272	
Foreign Loans	19,308	8,885	1,027	-7,859	
Domestic Loans with Commercial Banks	0	0	0	0	
MGSF investments in Government Debt	-81,254	-88,816	-107,653	-18,837	
Euro Coins issued in the name of the Treasury	72,796	78,533	84,484	5,951	

Note: Totals may not add up due to rounding.

Chart 1. January-March Consolidated Fund Surplus/Deficit

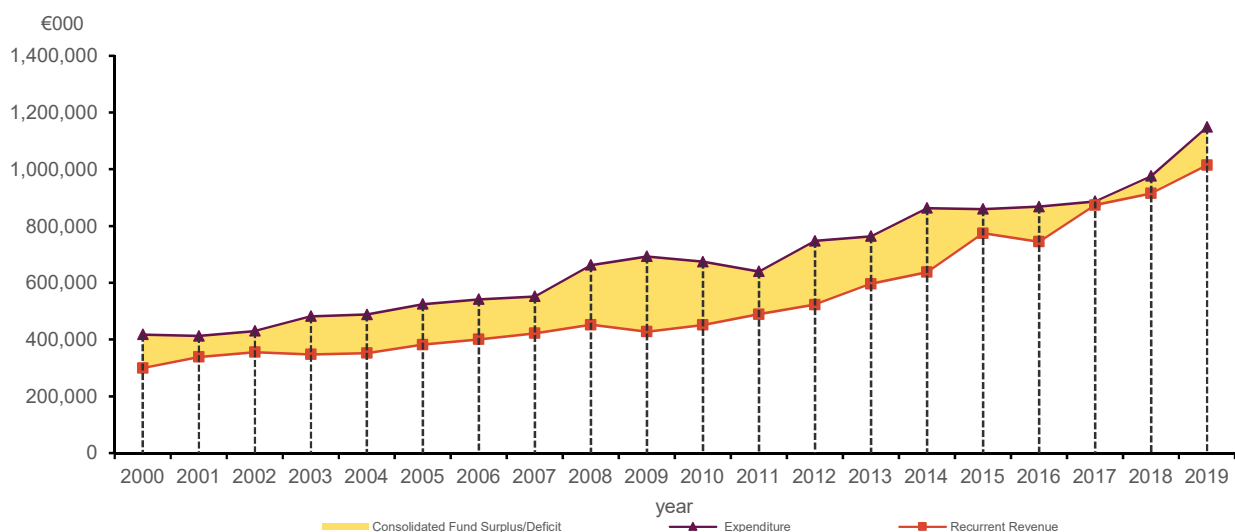


Chart 2. Recurrent Revenue by main category (%): January-March 2019

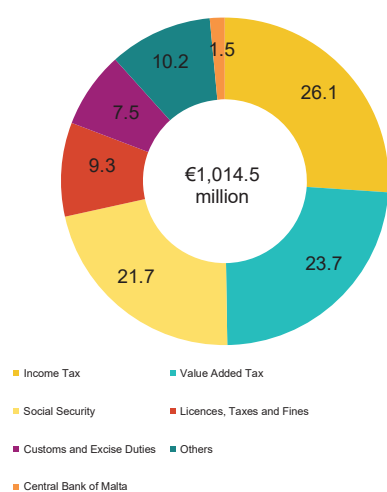
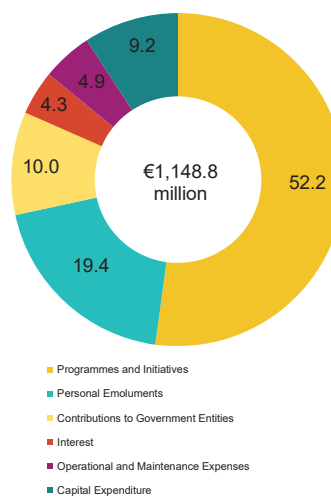


Chart 3. Expenditure by main category (%): January-March 2019



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 2019 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. 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