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By the end of May 2020, the Government's Consolidated Fund reported a deficit of €673.4 million.

Government Finance Data: January-May 2020

Between January and May 2020, recurrent revenue fell by €317.7 million and totalled €1,508.9 million. This was 17.4 per cent lower than the €1,826.6 million reported in revenue by the end May 2019. A €142.8 million drop in Income Tax proved to be the main catalyst behind the decline in revenue. Additional drops were exhibited under Value Added Tax (€70.7 million), Social Security (€48.9 million), Licences, Taxes and Fines (€39.1 million), Customs and Excise Duties (€30.0 million), Grants (€22.8 million), Rents (€6.3 million) and Reimbursements (€4.2 million). Conversely, higher revenue was witnessed under Miscellaneous Receipts (€30.7 million), Fees of Office (€14.6 million) and Dividends on Investment (€1.8 million).

By the end of May 2020, total expenditure amounted to €2,182.3 million, a 15.2 per cent increase from the corresponding period in 2019.

Recurrent expenditure totalled €1,798.4 million, €161.8 million higher than the €1,636.6 million recorded during the first five months of 2019. The main contributor to this increase was a €111.2 million rise reported under Programmes and Initiatives. Furthermore, rises in outlay were also registered by Contributions to Government Entities (€51.7 million) and Personal Emoluments (€8.6 million), while Operational and Maintenance Expenses declined by €9.7 million. The main developments in the Programmes and Initiatives category involved added outlays towards social security benefits (€84.7 million, of which €10.0 million was spent on COVID-19 social benefits), medicines and surgical materials (€17.9 million), church schools, extension of the school transport network (both €6.9 million), solid waste management strategy (€6.8 million), compensation payments (€4.7 million), public service obligation for public transport (€4.6 million), street lighting and feed-in-tariff (both €4.3 million). The rise was partially offset by reported drops in the state contribution (€16.9 million, also reported as revenue) and the tax relief measure (€11.5 million).

The interest component of the public debt servicing costs totalled €73.7 million, a €2.7 million drop from the same period in 2019.

Government's capital spending amounted to €310.2 million by the end of May, a rise of €129.2 million from 2019, largely due to additional spending towards investment incentives (€105.2 million), which amounted to €123.0 million, including €115.0 million spent in relation to the COVID-19 Wage Supplement. Further increases were recorded in property, plant and equipment (€16.1 million), the EU agricultural fund for rural development 2014-2020 (€7.9 million), road construction and improvements (€4.5 million), maritime facilities and improvements to museums and historical sites (both €3.5 million). On the other hand, there was a €9.5 million drop reported under structural funds 2014-2020.

The difference between total revenue and expenditure resulted in a deficit of €673.4 million being reported in the Government's Consolidated Fund by the end of May 2020. This represented an increase in deficit of €606.0 million when compared to the deficit of €67.4 million witnessed during the same period in 2019. This difference mirrors an increase in total expenditure, consisting of recurrent expenditure (€161.8 million), interest (-€2.7 million) and capital expenditure (€129.2 million), in addition to a drop in recurrent revenue (€317.7 million) (Table 1). Decreases in revenue and increases in expenditure reflect developments related to COVID-19.

By the end of May 2020, Central Government debt stood at €6,388.2 million, a €897.5 million rise from May 2019. Increases reported under Treasury Bills (€484.8 million) and Malta Government Stocks (€419.1 million) were the main reasons for the rise in debt. Euro Coins issued in the name of the Treasury contributed to a higher debt of €4.1 million. In contrast, lower debt was registered under the 62+ Malta Government Savings Bond (€3.0 million) and Foreign Loans (€0.1 million). Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €7.3 million (Table 6) ■

Statistics in this News Release should be interpreted in the context of the COVID-19 situation.

Table 1. Revenue/Expenditure categories: January to May by year

Description	Jan-May 2018	Jan-May 2019	Jan-May 2020	Jan-May 2020 / Jan-May 2019	
				Change	% change
	€ 000				
(a) Total Recurrent Revenue	1,577,922	1,826,617	1,508,897	-317,721	-17.4
Customs and Excise Duties	119,035	125,027	95,042	-29,984	
Licences, Taxes and Fines	160,640	164,945	125,803	-39,143	
Income Tax	479,398	581,477	438,725	-142,752	
Value Added Tax	339,840	404,711	333,999	-70,712	
Fees of Office	25,914	30,691	45,242	14,551	
Reimbursements	17,101	15,283	11,055	-4,228	
Central Bank of Malta	21,000	15,000	15,000	0	
Rents	12,158	19,837	13,539	-6,298	
Dividends on Investment	15,294	5,635	7,410	1,775	
Interest on loans made by Government	15	19	1	-19	
Social Security	350,236	391,390	342,496	-48,895	
Grants	27,191	57,074	34,320	-22,754	
Miscellaneous Receipts	10,101	15,527	46,265	30,738	
(b) Total Expenditure	1,655,903	1,894,021	2,182,307	288,285	15.2
<i>Recurrent Expenditure</i>	1,439,531	1,636,622	1,798,398	161,776	9.9
Personal Emoluments	335,345	364,859	373,462	8,603	
Operational and Maintenance Expenses	79,917	91,108	81,428	-9,681	
Programmes and Initiatives	859,545	983,857	1,095,022	111,165	
Contributions to Government Entities	164,724	196,798	248,487	51,689	
<i>Interest</i>	85,179	76,410	73,732	-2,678	-3.5
<i>Capital Expenditure</i>	131,193	180,990	310,176	129,187	71.4
(a-b) Consolidated Fund Surplus/Deficit	-77,982	-67,404	-673,410	-606,006	899.1
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	179,713	700,000	520,287	
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	10,000	0	-10,000	
Equity Acquisition	58,034	308	26,980	26,672	
Repayment of Loan	121,937	41,570	159,703	118,133	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories in May by year

Description	May 2018	May 2019	May 2020	May 2020 / May 2019	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	348,298	438,906	341,295	-97,611	-22.2
Customs and Excise Duties	25,094	26,970	20,980	-5,990	
Licences, Taxes and Fines	27,321	35,101	21,335	-13,766	
Income Tax	100,764	127,031	93,318	-33,713	
Value Added Tax	101,011	137,583	98,803	-38,780	
Fees of Office	3,562	7,596	31,324	23,729	
Reimbursements	2,064	1,682	2,660	978	
Central Bank of Malta	0	0	0	0	
Rents	236	7,077	790	-6,287	
Dividends on Investment	10,294	2,435	0	-2,435	
Interest on loans made by Government	0	2	0	-2	
Social Security	79,479	92,557	65,706	-26,852	
Grants	0	0	765	765	
Miscellaneous Receipts	-1,528	872	5,613	4,741	
(b) Total Expenditure	330,429	362,324	407,559	45,234	12.5
<i>Recurrent Expenditure</i>	281,957	315,491	307,201	-8,290	-2.6
Personal Emoluments	64,602	69,808	73,742	3,934	
Operational and Maintenance Expenses	18,869	17,408	13,447	-3,962	
Programmes and Initiatives	162,610	186,372	177,333	-9,039	
Contributions to Government Entities	35,875	41,903	42,680	777	
<i>Interest</i>	10,441	10,249	12,007	1,758	17.2
<i>Capital Expenditure</i>	38,031	36,585	88,350	51,766	141.5
(a-b) Consolidated Fund Surplus/Deficit	17,869	76,582	-66,263	-142,845	-186.5
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	0	300,000	300,000	
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	61	218	160	-58	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 3. Government Expenditure by COFOG category: January to May by year

COFOG	Personal emoluments			Operational and Maintenance Expenses			Programmes and Initiatives			Contributions to Government Entities		
	Jan-May 2018	Jan-May 2019	Jan-May 2020	Jan-May 2018	Jan-May 2019	Jan-May 2020	Jan-May 2018	Jan-May 2019	Jan-May 2020	Jan-May 2018	Jan-May 2019	Jan-May 2020
	€ 000											
General public services	37,220	40,312	40,997	14,434	21,655	15,352	77,481	117,060	108,717	6,000	14,942	20,656
Defence	16,714	16,744	16,860	1,908	2,757	3,041	252	420	234	80	60	88
Public order and safety	38,429	43,395	37,827	4,744	7,858	3,963	2,439	2,511	2,975	3,630	4,244	19,287
Economic affairs	26,021	25,368	26,448	4,392	5,042	9,005	69,006	69,739	75,836	53,270	69,739	79,632
Environment protection	0	1,783	1,975	138	132	81	10,305	25,599	23,936	11,497	11,989	11,318
Housing and community amenities	560	539	654	127	287	191	298	2,569	6,981	3,067	1,360	6,997
Health	101,794	114,383	118,761	25,068	24,637	21,217	83,795	101,514	119,632	23,340	22,768	31,414
Recreation, culture and religion	2,762	2,929	2,709	635	743	1,797	3,314	4,243	5,871	11,534	11,932	15,009
Education	90,606	96,799	104,112	12,023	8,475	7,835	60,353	81,572	97,024	35,772	38,550	37,573
Social protection	21,240	22,607	23,119	16,449	19,523	18,947	552,303	578,630	653,816	16,534	21,214	26,513
Total	335,345	364,859	373,462	79,917	91,108	81,428	859,545	983,857	1,095,022	164,724	196,798	248,487
COFOG	Interest Expenditure			Capital Expenditure			Total Expenditure					
	Jan-May 2018	Jan-May 2019	Jan-May 2020	Jan-May 2018	Jan-May 2019	Jan-May 2020	Jan-May 2018	Jan-May 2019	Jan-May 2020			
	€ 000											
General public services	85,179	76,410	73,732	19,253	24,182	25,715	239,567	294,562	285,168			
Defence	0	0	0	131	1,714	841	19,085	21,695	21,065			
Public order and safety	0	0	0	7,678	20,201	6,600	56,919	78,208	70,653			
Economic affairs	0	0	0	74,942	94,017	222,958	227,630	263,905	413,879			
Environment protection	0	0	0	6,499	20,584	17,163	28,439	60,088	54,473			
Housing and community amenities	0	0	0	210	89	0	4,263	4,845	14,823			
Health	0	0	0	5,770	4,404	15,674	239,767	267,706	306,697			
Recreation, culture and religion	0	0	0	6,414	5,816	8,809	24,658	25,663	34,195			
Education	0	0	0	8,104	8,588	8,621	206,858	233,983	255,164			
Social protection	0	0	0	2,191	1,394	3,795	608,716	643,367	726,190			
Total	85,179	76,410	73,732	131,193	180,990	310,176	1,655,903	1,894,021	2,182,307			

Table 4. Consolidated Fund data in ESA 2010 codes: January to May by year

Description	ESA CODE	Jan-May 2018	Jan-May 2019	Jan-May 2020	Jan-May 2020 / Jan-May 2019	
					Change	% change
					€ 000	
1. Total Revenue		1,501,509	1,720,299	1,404,027	-316,272	
Market Output	P11	31,478	35,771	53,549		
Taxes on Production and Imports	D2	587,687	649,804	531,226		
Property income receivable	D4	41,995	33,137	25,156		
Current taxes on income, wealth, etc	D5	507,019	615,005	462,131		
Social Contributions	D61	294,275	318,192	286,806		
Current transfers receivable	D7	6,606	10,098	2,340		
Capital transfers receivable	D9	32,447	58,292	42,819		
2. Total Expenditure		1,579,491	1,787,702	2,077,437	289,735	
Intermediate Consumption	P2	178,375	281,750	330,288		
Gross Capital Formation	P5g+NP	56,153	97,075	100,432		
Compensation of Employees	D1	395,898	420,326	439,155		
Property income payable	D4	87,071	76,677	40,102		
Subsidies	D3	36,305	33,578	155,954		
Social Benefits and social transfers in kind	D62+D632	439,611	441,229	523,391		
Current transfers payable	D7	382,655	423,320	468,287		
Capital transfers payable	D9	3,423	13,747	19,827		
(1-2) Consolidated Fund Surplus/Deficit		-77,982	-67,404	-673,410	-606,006	899.1

Table 5. Consolidated Fund data in ESA 2010 codes in May by year

Description	ESA CODE	May 2018	May 2019	May 2020	May 2020 / May 2019	
					Change	% change
					€ 000	
1. Total Revenue		328,157	416,748	321,642	-95,106	
Market Output	P11	2,419	7,434	31,421		
Taxes on Production and Imports	D2	148,616	191,635	135,974		
Property income receivable	D4	10,592	9,318	745		
Current taxes on income, wealth, etc	D5	105,062	132,999	97,825		
Social Contributions	D61	58,651	72,849	53,693		
Current transfers receivable	D7	737	169	666		
Capital transfers receivable	D9	2,080	2,345	1,318		
2. Total Expenditure		310,288	340,166	387,906	47,740	
Intermediate Consumption	P2	43,015	57,192	55,467		
Gross Capital Formation	P5g+NP	21,737	21,674	19,723		
Compensation of Employees	D1	71,532	80,338	86,503		
Property income payable	D4	10,574	10,445	7,686		
Subsidies	D3	5,657	6,171	59,542		
Social Benefits and social transfers in kind	D62+D632	82,034	85,861	104,497		
Current transfers payable	D7	74,769	75,854	53,718		
Capital transfers payable	D9	969	2,631	769		
(1-2) Consolidated Fund Surplus/Deficit		17,869	76,582	-66,263	-142,845	-186.5

Table 6. Central Government debt in May by year

Description	May 2018	May 2019	May 2020	May 2020 / May 2019	
				Change	% change
	€ 000				
Total Central Government Debt	5,386,157	5,490,649	6,388,168	897,520	16.3
<i>of which:</i>					
Treasury Bills	327,000	329,200	814,000	484,800	
Malta Government Stocks	4,971,738	4,891,999	5,311,085	419,085	
62+ Malta Government Savings Bond	99,477	291,475	288,473	-3,002	
Foreign Loans	1,245	1,026	902	-124	
MGSF investments in Government Debt	-92,946	-108,153	-115,453	-7,300	
Euro coins issued in the name of the Treasury	79,642	85,102	89,162	4,060	

Note: Totals may not add up due to rounding.

Chart 1. Consolidated Fund Surplus/Deficit: January to May by year

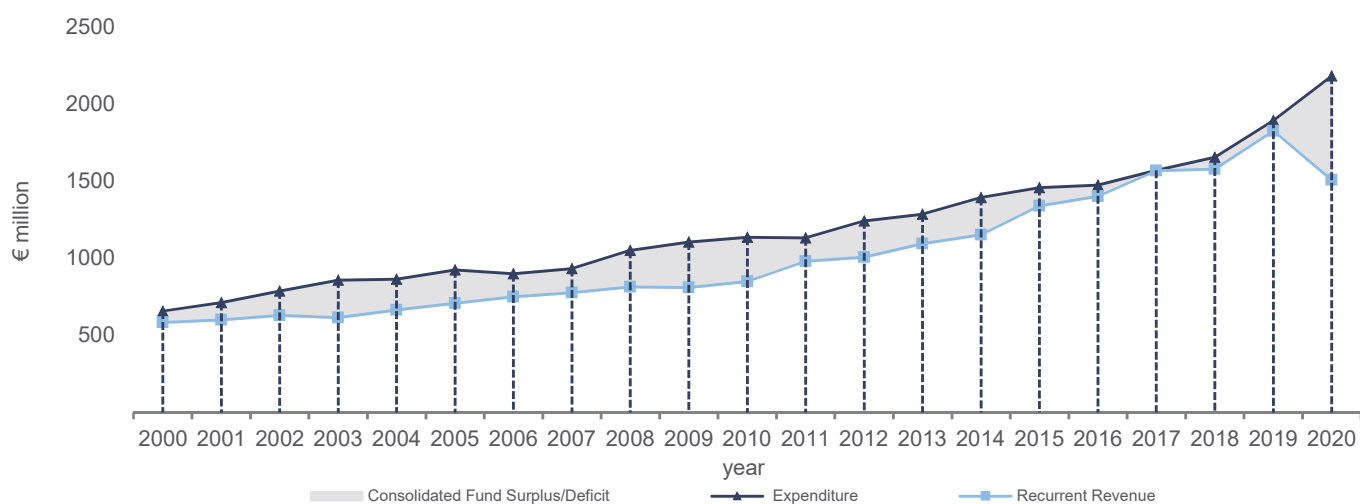


Chart 2. Recurrent Revenue by main category (%): January to May 2020

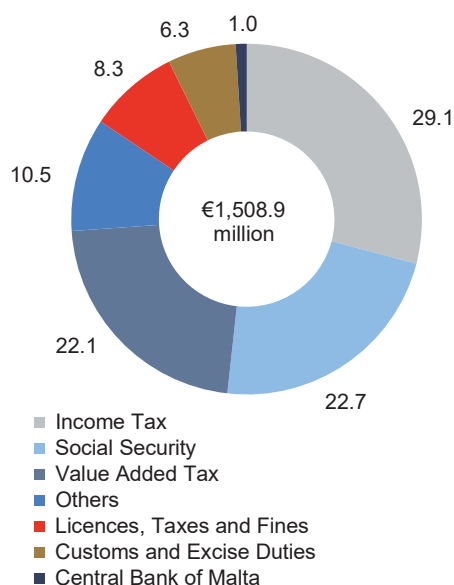
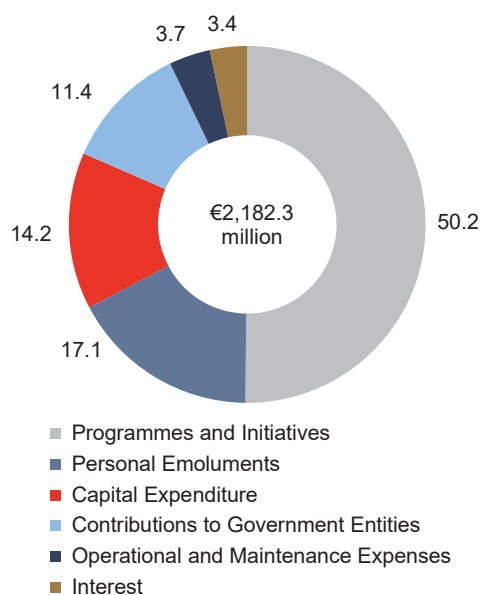


Chart 3. Expenditure by main category (%): January to May 2020



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 2020 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. Tables 4 and 5 present the Consolidated Fund year to date and monthly data in ESA 2010 codes according to the EU Council Directive 85/2011 requirements.
9. 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>
10. Any quotations from this news release are to be cited and/or referenced.
11. A detailed news release calendar is available on:
https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx