

25 June 2021 | 1500 hrs | 113/2021

By the end of May 2021, the Government's Consolidated Fund reported a deficit of €690.8 million.

Government Finance Data: January-May 2021

In the first five months of 2021, Recurrent Revenue amounted to €1,812.8 million, 20.1 per cent higher than the €1,508.9 million reported a year earlier. The largest increase was recorded under Income Tax (€165.9 million), followed by Social Security (€84.6 million), Value Added Tax (€84.0 million), Licences, Taxes and Fines (€8.1 million) and Customs and Excise Duties (€7.0 million). The rise in revenue was partially offset by decreases under Miscellaneous Receipts (€21.3 million), Grants (€13.2 million), Fees of Office (€7.4 million), Rents (€2.4 million) and Dividends on Investments (€1.2 million).

By the end of May 2021, total expenditure stood at €2,503.6 million, 14.7 per cent higher than the previous year.

During the reference period, Recurrent Expenditure totalled €2,203.7 million, a rise of €405.3 million in comparison to the €1,798.4 million reported by the end of May 2020. The main contributor to this increase was a €279.6 million rise reported under Programmes and Initiatives. Furthermore, increases were also witnessed under Personal Emoluments (€73.2 million), Operational and Maintenance Expenses (€27.6 million) and Contributions to Government Entities (€24.9 million). The largest development in the Programmes and Initiatives category was related to the Pandemic assistance scheme (€167.9 million), which includes the COVID-19 Business Assistance Programme. Other increases under Programmes and Initiatives were reported under Hospital concession agreements (€36.5 million), St Vincent de Paul Residence service contract (€10.5 million), Church schools (€9.6 million), Social security benefits (€7.8 million), Medicine and surgical materials, Extension of the school transport network (both €4.2 million), Cancer treatment (€4.0 million), EU own resources (€2.7 million) and Residential care in private homes (€1.5 million).

The interest component of the public debt servicing costs totalled €74.2 million, an increase of €0.4 million when compared to the previous year.

By the end of May 2021, Government's capital spending amounted to €225.8 million, €84.4 million lower than 2020. The drop largely resulted from the reclassification of the COVID-19 Business Assistance Programme (€115.0 million), which featured under Capital Expenditure between March and December 2020 but is now classified under Recurrent Expenditure.

The difference between total revenue and expenditure resulted in a deficit of €690.8 million being reported in the Government's Consolidated Fund at the end of May 2021. Compared to the same period in 2020, there was an increase in deficit of €17.4 million. This difference mirrors an increase in total expenditure, consisting of Recurrent Expenditure (€405.3 million), Interest (€0.4 million) and Capital Expenditure (-€84.4 million), largely offset by a rise in Recurrent Revenue (€303.9 million) (Table 1). Changes in expenditure and revenue reflect developments related to COVID-19.

At the end of May 2021, Central Government debt stood at €7,830.1 million, a €1,442.0 million rise from 2020. Increases reported under Malta Government Stocks (€932.0 million) and Foreign Loans (€419.9 million) were the main contributors to the rise in debt. The latter increase in debt was a result of the €420.0 million EU loan from the temporary Support to mitigate Unemployment Risks in an Emergency (SURE) instrument. Higher debt was also reported under the 62+ Malta Government Savings Bond (€90.1 million), Treasury Bills (€1.3 million) and Euro coins issued in the name of the Treasury (€1.2 million). Finally, lower holdings by government funds in Malta Government Stocks resulted in a decrease in debt of €2.4 million (Table 3) ■

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

Table 1. Revenue/Expenditure categories by period and description

Description	Jan-May 2019	Jan-May 2020	Jan-May 2021	Jan-May 2021 / Jan-May 2020	
				Change	% change
	€ 000				
(a) Total Recurrent Revenue	1,826,617	1,508,897	1,812,831	303,935	20.1
Customs and Excise Duties	125,027	95,042	102,058	7,016	
Licences, Taxes and Fines	164,945	125,803	133,883	8,081	
Income Tax	581,477	438,725	604,611	165,886	
Value Added Tax	404,711	333,999	417,974	83,975	
Fees of Office	30,691	45,242	37,794	-7,449	
Reimbursements	15,283	11,055	10,962	-94	
Central Bank of Malta	15,000	15,000	15,000	0	
Rents	19,837	13,539	11,130	-2,409	
Dividends on Investment	5,635	7,410	6,250	-1,160	
Interest on loans made by Government	19	1	0	0	
Social Security	391,390	342,496	427,072	84,576	
Grants	57,074	34,320	21,143	-13,177	
Miscellaneous Receipts	15,527	46,265	24,955	-21,310	
(b) Total Expenditure	1,894,021	2,182,307	2,503,602	321,296	14.7
<i>Recurrent Expenditure</i>	1,636,622	1,798,398	2,203,686	405,288	22.5
Personal Emoluments	364,859	373,462	446,631	73,170	
Operational and Maintenance Expenses	91,108	81,428	109,022	27,595	
Programmes and Initiatives	983,857	1,095,022	1,374,666	279,644	
Contributions to Government Entities	196,798	248,487	273,366	24,879	
<i>Interest</i>	76,410	73,732	74,154	422	0.6
<i>Capital Expenditure</i>	180,990	310,176	225,762	-84,414	-27.2
(a-b) Consolidated Fund Surplus/Deficit	-67,404	-673,410	-690,771	-17,361	2.6
(c) Financial Transactions					
<i>Revenue</i>					
Loans	179,713	700,000	900,000	200,000	
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	10,000	0	0	0	
Equity Acquisition	308	26,980	4,500	-22,480	
Repayment of Loan	41,570	159,703	1,154	-158,549	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories by month and description

Description	May 2019	May 2020	May 2021	May 2021 / May 2020	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	438,906	341,295	444,581	103,286	30.3
Customs and Excise Duties	26,970	20,980	32,296	11,316	
Licences, Taxes and Fines	35,101	21,335	35,791	14,456	
Income Tax	127,031	93,318	136,982	43,664	
Value Added Tax	137,583	98,803	134,560	35,756	
Fees of Office	7,596	31,324	9,192	-22,132	
Reimbursements	1,682	2,660	980	-1,680	
Central Bank of Malta	0	0	0	0	
Rents	7,077	790	4,206	3,417	
Dividends on Investment	2,435	0	0	0	
Interest on loans made by Government	2	0	0	0	
Social Security	92,557	65,706	90,580	24,874	
Grants	0	765	-183	-949	
Miscellaneous Receipts	872	5,613	177	-5,436	
(b) Total Expenditure	362,324	407,559	521,676	114,117	28.0
<i>Recurrent Expenditure</i>	315,491	307,201	451,781	144,579	47.1
Personal Emoluments	69,808	73,742	80,841	7,100	
Operational and Maintenance Expenses	17,408	13,447	25,033	11,586	
Programmes and Initiatives	186,372	177,333	283,050	105,717	
Contributions to Government Entities	41,903	42,680	62,857	20,177	
<i>Interest</i>	10,249	12,007	14,491	2,484	20.7
<i>Capital Expenditure</i>	36,585	88,350	55,404	-32,946	-37.3
(a-b) Consolidated Fund Surplus/Deficit	76,582	-66,263	-77,095	-10,832	16.3
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	300,000	477,000	177,000	
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	4,500	4,500	
Repayment of Loan	218	160	104	-56	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 3. Central Government debt by month and description

Description	May 2019	May 2020	May 2021	May 2021 / May 2020	
				Change	% change
	€ 000				
Total Central Government Debt	5,490,649	6,388,168	7,830,140	1,441,972	22.6
<i>of which:</i>					
Treasury Bills	329,200	814,000	815,250	1,250	
Malta Government Stocks	4,891,999	5,311,085	6,243,084	931,999	
62+ Malta Government Savings Bond	291,475	288,473	378,550	90,076	
Foreign Loans	1,026	902	420,780	419,878	
Sinking funds investments in Government Debt	-108,153	-115,453	-117,853	-2,400	
Euro coins issued in the name of the Treasury	85,102	89,162	90,330	1,168	

Note: Totals may not add up due to rounding.

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

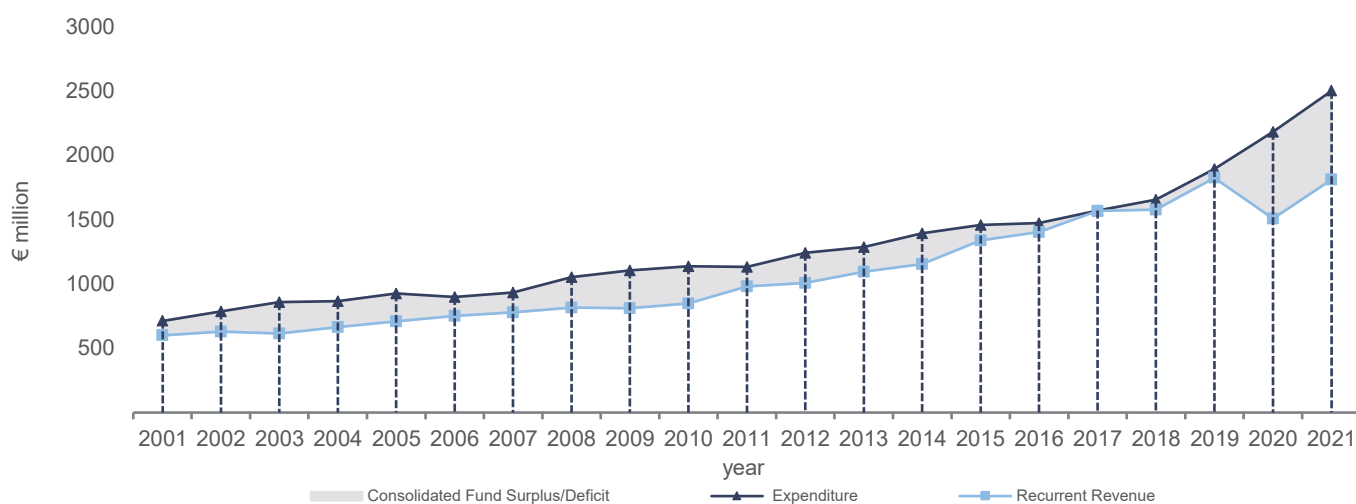


Chart 2. Recurrent Revenue by main category (%): January to May 2021

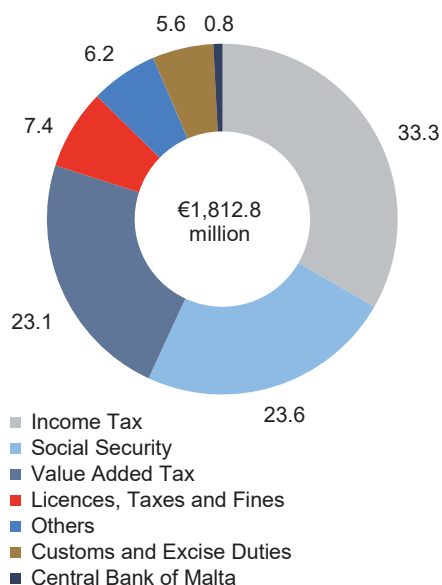
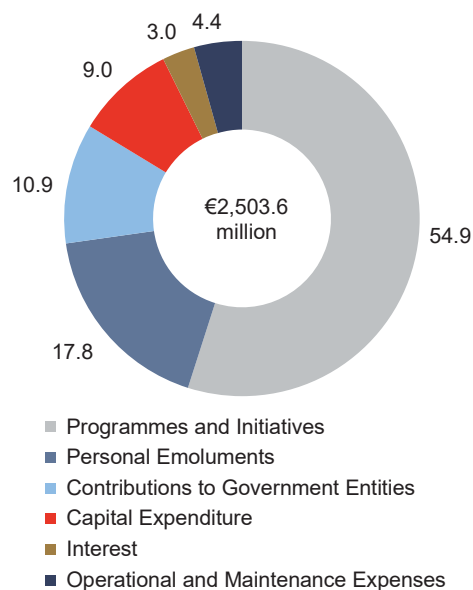


Chart 3. Expenditure by main category (%): January to May 2021



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 2021 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. In this news release, the NSO could not update the tables: Government Expenditure by COFOG category and Consolidated Fund data in ESA 2010 codes. The NSO will resume the publication of these tables at the earliest.
8. More information relating to this news release may be accessed at:
Statistical Concepts: <https://metadata.nso.gov.mt/concepts.aspx>
Statistical Database: <https://statdb.nso.gov.mt/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