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During the first quarter of 2020, the Government's Consolidated Fund reported a deficit of €312.5 million.

Government Finance Data: January-March 2020

Between January and March 2020, recurrent revenue fell by €88.9 million and totalled €925.6 million. This reflected an 8.8 per cent decline from the €1,014.5 million reported in revenue by the end of the first quarter of 2019. The main drops in revenue were reported under Grants (€25.6 million) and Income Tax (€24.4 million). Lower revenue was also witnessed under Customs and Excise Duties (€14.3 million), Value Added Tax (€8.5 million), Licences, Taxes and Fines (€7.2 million), Fees of Office (€5.1 million), Social Security (€4.8 million) and Reimbursements (€2.9 million). Conversely, added revenue was registered under Miscellaneous Receipts (€3.0 million), Dividends on Investment and Rents (both €0.5 million).

By the end of March 2020, total expenditure amounted to €1,238.1 million, a 7.8 per cent increase from the same quarter in 2019.

Recurrent expenditure stood at €1,035.3 million, representing a €42.2 million increase from the €993.1 million recorded by the end of March 2019. The main contributor to this increase was a €28.2 million rise reported under Contributions to Government Entities. Furthermore, rises in outlay were also registered by Programmes and Initiatives (€20.6 million) and Personal Emoluments (€2.4 million), while Operational and Maintenance Expenses declined by €8.9 million. The main developments in the Programmes and Initiatives category involved added outlays towards the public service obligation for public transport (€14.2 million), social security benefits (€13.4 million) and the extension of the school transport network (€7.0 million). These increases were partially offset by reported drops in social security state contribution (€6.8 million, also reported as revenue) as well as medicines and surgical materials (€5.3 million).

The interest component of the public debt servicing costs totalled €45.7 million, €4.0 million lower than the same period in 2019.

In January-March 2020, Government's capital spending amounted to €157.2 million, an increase of €51.2 million over the first quarter of 2019. The rise was largely due to additional spending towards investment incentives (€40.2 million) which amounted to €58.0 million, including €50.0 million spent in relation to COVID-19 Business Assistance. Other increases were reported in road construction and improvements (€16.5 million), property, plant and equipment (€7.4 million), the EU agricultural fund for rural development 2014-2020 (€3.6 million) and the electricity distribution centre at Ricasoli (Smart City) (€2.5 million). On the other hand, there were drops reported under the EU internal security fund - borders and visa (€14.5 million) and structural funds 2014-2020 (€4.7 million).

The difference between total revenue and expenditure resulted in a deficit of €312.5 million being reported in the Government's Consolidated Fund by the end of March 2020. This represented an increase in the deficit of €178.3 million when compared to that of €134.2 million witnessed during the same quarter in 2019. The main driver of the difference was an increase in total expenditure, consisting of recurrent expenditure (€42.2 million), interest (-€4.0 million) and capital expenditure (€51.2 million), in conjunction with a drop in recurrent revenue (€88.9 million) (Table 1). Decreases in revenue and increases in expenditure reflect developments related to COVID-19.

By the end of March 2020, Central Government Debt stood at €5,550.3 million, a €47.8 million rise from March 2019. This was primarily the result of an €86.2 million increase exhibited under Treasury Bills, in addition to a rise in Euro coins issued in the name of the Treasury (€5.0 million). In contrast, there were drops in debt registered under Malta Government Stocks (€22.6 million), the 62+ Malta Government Savings Bond (€2.8 million) and Foreign Loans (€0.1 million). Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €17.9 million (Table 6) ■

Statistics in this News Release should be interpreted in context to the unprecedented developments related to COVID-19.

Table 1. Revenue/Expenditure categories: Year to date

Description	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2020 / Jan-Mar 2019	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	914,846	1,014,536	925,611	-88,925	-8.8
Customs and Excise Duties	69,493	76,272	61,925	-14,347	
Licences, Taxes and Fines	89,943	94,168	86,955	-7,213	
Income Tax	246,515	265,401	241,023	-24,379	
Value Added Tax	218,366	240,003	231,534	-8,469	
Fees of Office	14,385	16,126	11,076	-5,051	
Reimbursements	10,860	10,986	8,051	-2,935	
Central Bank of Malta	21,000	15,000	15,000	0	
Rents	7,250	9,746	10,203	456	
Dividends on Investment	5,000	3,200	3,660	460	
Interest on loans made by Government	15	17	1	-17	
Social Security	199,194	220,476	215,646	-4,830	
Grants	21,249	51,005	25,384	-25,621	
Miscellaneous Receipts	11,579	12,134	15,155	3,020	
(b) Total Expenditure	975,681	1,148,750	1,238,104	89,354	7.8
<i>Recurrent Expenditure</i>	872,559	993,059	1,035,272	42,213	4.3
Personal Emoluments	202,204	222,911	225,265	2,355	
Operational and Maintenance Expenses	46,416	56,019	47,122	-8,897	
Programmes and Initiatives	530,527	599,331	619,912	20,581	
Contributions to Government Entities	93,412	114,798	142,972	28,174	
<i>Interest</i>	55,854	49,699	45,680	-4,019	-8.1
<i>Capital Expenditure</i>	47,268	105,993	157,152	51,159	48.3
(a-b) Consolidated Fund Surplus/Deficit	-60,835	-134,214	-312,493	-178,279	132.8
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	179,713	100,000	-79,713	
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	58,034	308	13,960	13,652	
Repayment of Loan	46	41,195	0	-41,195	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories: Monthly

Description	March 2018	March 2019	March 2020	March 2020 / March 2019	
				Change	% change
€ 000					
(a) Total Recurrent Revenue	256,978	325,348	213,366	-111,981	-34.4
Customs and Excise Duties	19,997	28,352	9,813	-18,540	
Licences, Taxes and Fines	32,019	35,482	21,288	-14,194	
Income Tax	71,935	69,243	42,013	-27,230	
Value Added Tax	40,271	54,663	47,035	-7,629	
Fees of Office	3,736	9,142	1,421	-7,721	
Reimbursements	2,861	5,624	2,575	-3,049	
Central Bank of Malta	7,000	5,000	5,000	0	
Rents	3,523	4,001	2,702	-1,299	
Dividends on Investment	0	2,999	2,000	-999	
Interest on loans made by Government	15	17	1	-16	
Social Security	67,961	69,751	65,338	-4,413	
Grants	80	32,448	10,107	-22,341	
Miscellaneous Receipts	7,581	8,625	4,073	-4,552	
(b) Total Expenditure	336,541	396,651	427,493	30,842	7.8
<i>Recurrent Expenditure</i>	295,556	342,175	321,740	-20,435	-6.0
Personal Emoluments	71,207	77,557	78,569	1,013	
Operational and Maintenance Expenses	13,299	19,550	17,790	-1,761	
Programmes and Initiatives	185,796	201,414	188,260	-13,153	
Contributions to Government Entities	25,254	43,654	37,120	-6,533	
<i>Interest</i>	19,553	13,025	15,137	2,112	16.2
<i>Capital Expenditure</i>	21,433	41,452	90,616	49,164	118.6
(a-b) Consolidated Fund Surplus/Deficit	-79,564	-71,303	-214,127	-142,823	200.3
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	179,713	0	-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	57,534	0	0	0	
Repayment of Loan	46	40,860	0	-40,860	
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 2018	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020
	€ 000											
General public services	22,115	24,419	24,723	8,717	13,470	10,149	56,728	75,501	73,149	3,467	8,873	10,152
Defence	10,126	10,164	10,150	985	1,572	1,361	146	184	127	59	44	41
Public order and safety	23,151	27,102	22,692	2,541	5,548	2,471	1,287	1,462	1,317	2,473	2,682	11,952
Economic affairs	16,902	15,080	15,940	2,628	3,542	6,519	38,262	39,975	47,260	30,821	46,389	48,252
Environment protection	-873	1,076	1,155	83	62	64	5,571	12,609	11,877	5,882	3,232	3,526
Housing and community amenities	376	323	389	76	107	94	205	1,939	2,612	1,528	22	1,934
Health	60,938	70,903	72,628	13,532	14,703	8,688	52,394	63,263	56,104	12,200	13,714	18,091
Recreation, culture and religion	1,701	1,799	1,639	498	405	1,167	1,436	1,441	2,585	5,664	7,834	7,494
Education	54,675	57,666	61,520	8,450	6,185	5,916	36,683	52,453	64,565	22,029	19,912	26,963
Social protection	13,092	14,380	14,430	8,906	10,423	10,692	337,815	350,503	360,315	9,290	12,096	14,568
Total	202,204	222,911	225,265	46,416	56,019	47,122	530,527	599,331	619,912	93,412	114,798	142,972
COFOG	Interest Expenditure			Capital Expenditure			Total Expenditure					
	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020			
	€ 000											
General public services	55,854	49,699	45,680	6,236	11,712	9,502	153,117	183,674	173,355			
Defence	0	0	0	88	697	107	11,404	12,662	11,787			
Public order and safety	0	0	0	5,024	17,510	3,093	34,476	54,304	41,524			
Economic affairs	0	0	0	20,870	57,042	124,506	109,482	162,028	242,476			
Environment protection	0	0	0	5,539	10,496	5,792	16,202	27,475	22,414			
Housing and community amenities	0	0	0	206	1	0	2,390	2,392	5,029			
Health	0	0	0	2,801	2,590	5,833	141,865	165,173	161,344			
Recreation, culture and religion	0	0	0	736	1,198	2,165	10,036	12,677	15,050			
Education	0	0	0	4,236	4,462	4,306	126,074	140,679	163,271			
Social protection	0	0	0	1,531	285	1,849	370,634	387,686	401,855			
Total	55,854	49,699	45,680	47,268	105,993	157,152	975,681	1,148,750	1,238,104			

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

Description	ESA CODE	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2020 / Jan-Mar 2019	
					Change	% change
					€ 000	
1. Total Revenue		871,813	959,055	875,722	-83,333	
Market Output	P11	22,101	21,384	15,474		
Taxes on Production and Imports	D2	356,875	387,405	364,220		
Property income receivable	D4	27,017	22,101	23,088		
Current taxes on income, wealth, etc	D5	262,204	289,225	256,277		
Social Contributions	D61	174,847	181,084	182,949		
Current transfers receivable	D7	1,512	3,545	1,493		
Capital transfers receivable	D9	27,258	54,311	32,221		
2. Total Expenditure		932,648	1,093,269	1,188,214	94,945	
Intermediate Consumption	P2	98,269	169,050	162,403		
Gross Capital Formation	P5g+NP	20,903	56,585	57,759		
Compensation of Employees	D1	242,031	256,492	265,105		
Property income payable	D4	57,456	48,195	40,613		
Subsidies	D3	24,871	21,793	70,369		
Social Benefits and social transfers in kind	D62+D632	273,119	271,462	287,070		
Current transfers payable	D7	215,238	264,068	288,810		
Capital transfers payable	D9	762	5,624	16,085		
(1-2) Consolidated Fund Surplus/Deficit		-60,835	-134,214	-312,493	-178,278	-132.8

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

Description	ESA CODE	March 2018	March 2019	March 2020	March 2020 / March 2019	
					Change	% change
					€ 000	
1. Total Revenue		234,682	300,677	193,540	-107,137	
Market Output	P11	4,009	15,149	2,895		
Taxes on Production and Imports	D2	85,705	112,935	76,568		
Property income receivable	D4	9,774	7,885	8,938		
Current taxes on income, wealth, etc	D5	75,455	76,145	44,572		
Social Contributions	D61	55,652	54,265	48,402		
Current transfers receivable	D7	288	723	293		
Capital transfers receivable	D9	3,798	33,574	11,872		
2. Total Expenditure		314,245	371,980	407,667	35,686	
Intermediate Consumption	P2	32,701	62,835	55,088		
Gross Capital Formation	P5g+NP	6,615	16,237	24,900		
Compensation of Employees	D1	85,466	89,133	91,865		
Property income payable	D4	19,735	9,081	15,274		
Subsidies	D3	10,027	9,306	60,386		
Social Benefits and social transfers in kind	D62+D632	101,299	93,571	99,986		
Current transfers payable	D7	58,209	89,790	55,909		
Capital transfers payable	D9	193	2,027	4,259		
(1-2) Consolidated Fund Surplus/Deficit		-79,564	-71,303	-214,127	-142,823	-200.3

Table 6. Central Government debt

Description	March 2018	March 2019	March 2020	March 2020 / March 2019	
				Change	% change
	€ 000				
Total Central Government Debt	5,460,677	5,502,507	5,550,331	47,825	0.9
<i>of which:</i>					
Treasury Bills	269,000	340,800	427,000	86,200	
Malta Government Stocks	5,093,496	4,891,999	4,869,412	-22,587	
62+ Malta Government Savings Bond	99,578	291,850	289,083	-2,767	
Foreign Loans	8,885	1,027	900	-126	
MGSF investments in Government Debt	-88,816	-107,653	-125,553	-17,900	
Euro coins issued in the name of the Treasury	78,533	84,484	89,489	5,005	

Note: Totals may not add up due to rounding.

Chart 1. January - March Consolidated Fund Surplus/Deficit

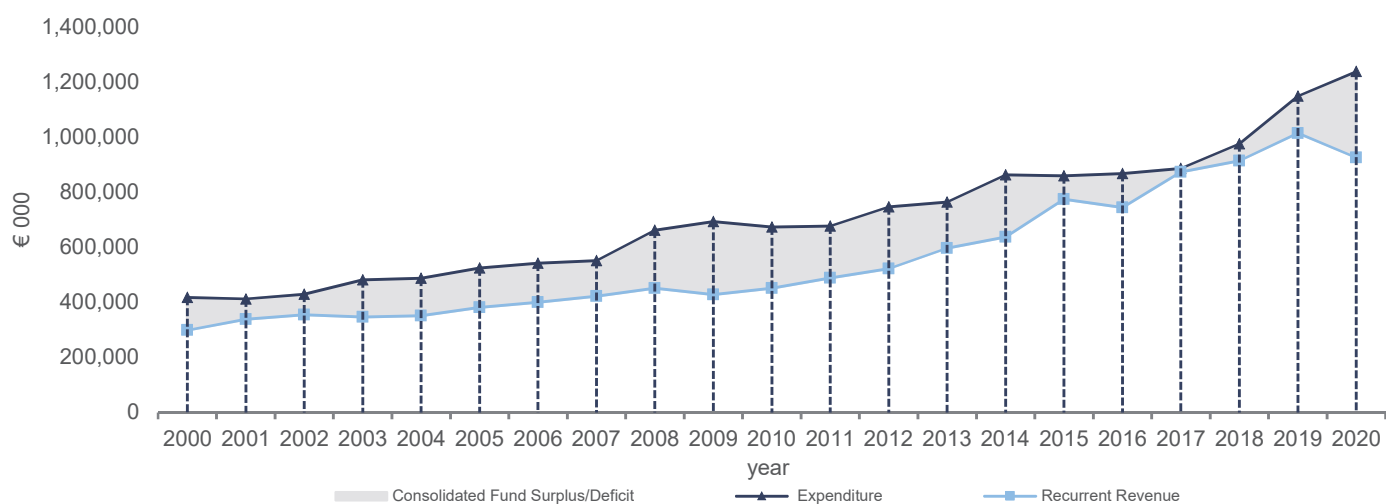
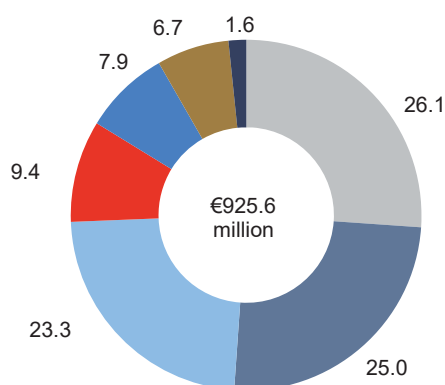
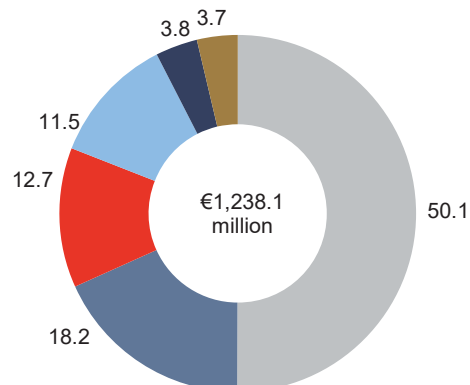


Chart 2. Recurrent Revenue by main category (%): January - March 2020



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

Chart 3. Expenditure by main category (%): January - March 2020



- Programmes and Initiatives
- Personal Emoluments
- Contributions to Government Entities
- Capital Expenditure
- 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 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