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In 2018, public corporations registered a surplus of €96.2 million, equivalent to 0.8 per cent of GDP, and a net worth position of €1,562.9 million, corresponding to 12.6 per cent of GDP.

Public Corporations: 2018

Introduction

The National Statistics Office is publishing for the first time the aggregate financial statements of Malta's public corporations for the period 2010-2018¹, in an effort to continuously make more relevant data available to our users and following a recommendation made by the International Monetary Fund's (IMF) Fiscal Transparency Evaluation Mission to Malta held in 2018. The data was obtained from the public corporations' respective audited financial statements, which are prepared in accordance with the International Financial Reporting Standards (IFRS).

Definition

Public corporations are government-controlled units established by Government, or by other public corporations, as market producers principally engaged in the production of goods, non-financial and financial services, and are classified in Non-Financial and Financial sectors rather than in the General Government sector. The methodologies followed in establishing whether an institution is classified as a public corporation are the European System of Accounts (ESA) 2010 and the Manual on Government Deficit and Debt (2019 Edition). For further information refer to methodological notes 1 and 2.

In this news release, the focus is on the aggregate position of all public corporations excluding the Central Bank of Malta, a public financial corporation by nature. The reason for its exclusion is that since the Central Bank's financial assets and liabilities are considerably higher than those of other public corporations, its inclusion would weigh too heavily on, and possibly distort, the overall results. However, for completeness, tables 5 and 6 show the statements of financial performance and position for all public corporations, including the Central Bank of Malta.

A list of all the public corporations as at the end of 2018 is presented towards the end of the news release.

Statement of financial performance

In 2018, public corporations registered a surplus of €96.2 million, a decrease of €91.0 million when compared to 2017. Total revenue of public corporations amounted to €1,475.8 million, €96.8 million higher than that registered in the previous year. The main source of revenue was the income generated from own operations, with a share of 90.4 per cent. Total expenditure of €1,379.7 million was recorded, an increase of €187.8 million in comparison to 2017. The primary expenditure items were Direct operating expenses and Wages and salaries, which accounted for 74.0 per cent and 16.7 per cent of total expenditure, respectively (Table 1).

Between 2010 and 2018, the aggregate financial performance of public corporations generally improved, predominantly due to restructuring exercises in some public corporations and better economic conditions (Chart 1).

Taking the Central Bank of Malta into consideration, in 2018 the aggregate public corporations surplus amounted to €124.2 million, resulting from revenue of €1,535.5 million and expenditure of €1,411.3 million (Table 5).

¹Data between 2010 and 2013 is provided in the Excel version of this news release.

Statement of financial position

The total assets of public corporations stood at €3,730.5 million in 2018, with the predominant asset category being non-financial assets (66.1 per cent), rather than financial assets (33.9 per cent). All the asset subcategories registered an increase compared to 2017, except for Cash and cash equivalents (-€34.8 million) and Stocks and inventories (-€2.4 million). On the other hand, financial liabilities totaled €2,167.6 million, consisting of Bank borrowings (56.0 per cent), Other liabilities (23.7 per cent) and Trade and other payables (20.3 per cent). Compared to 2017, Other liabilities and Trade and other payables increased by €70.7 million and €29.6 million respectively, while Bank borrowings decreased by €26.2 million (Table 2).

Compared to 2017, the aggregate net worth of public corporations increased by €113.1 million, which resulted from a rise in total assets (+€187.1 million) that outweighed the increase in total liabilities (+€74.0 million) (Table 2). By 2018, the net worth of public corporations had reached €1,562.9 million, over five times higher than the net worth of €283.6 registered in 2010 (Chart 4).

Taking into account all public corporations, including the Central Bank of Malta, in 2018 their net worth stood at €2,027.8 million, resulting from the difference between total assets of €12,584.3 million and total liabilities of €10,556.5 million (Table 6).

Analysis by NACE

In 2018, there were 52 public corporations (including the Central Bank of Malta), an increase of 5 units over 2017, with 9 corporations classified under both the Transportation and storage and Financial and insurance activities sectors.

The sector with the highest revenue and expenditure of public corporations was the Electricity, gas, steam and air conditioning supply sector, with amounts of €464.1 million and €440.4 million, respectively. In this respect, other key sectors were the Transport and storage and Wholesale and retail trade sectors. The Professional, scientific and technical activities sector recorded the highest public corporations' surplus, which totaled €30.4 million, followed by the Electricity, gas, steam and air conditioning supply sector, which registered a surplus of €23.7 million.

The Electricity, gas, steam and air conditioning supply sector accounted for the highest share of public corporation assets and liabilities, stood at 33.0 per cent and 23.9 per cent, respectively (Table 3).

Table 1. Public Corporations' Statement of Financial Performance¹

€ 000

	2014	2015	2016	2017	2018
Income generated from own operations	843,825	1,219,818	1,077,773	1,191,870	1,333,481
Subsidies	88,151	63,841	67,738	66,999	78,392
Finance Income	12,748	13,338	16,171	6,720	7,975
Other revenue	100,693	95,678	56,508	113,441	55,986
Total Revenue	1,045,417	1,392,675	1,218,190	1,379,030	1,475,834
Direct operating expenses	679,702	877,938	700,691	850,842	1,020,588
Wages and salaries	188,237	201,731	203,826	214,764	231,090
Depreciation	69,921	62,808	70,983	68,936	71,199
Finance Costs	72,755	72,099	62,079	52,929	51,624
Other expenditure	16,436	12,000	15,033	4,419	5,156
Total Expenditure	1,027,050	1,226,576	1,052,612	1,191,890	1,379,656
Surplus / (Deficit) before tax	18,367	166,099	165,579	187,140	96,179

¹ Excluding Central Bank of Malta

Chart 1. Public Corporations surplus / deficit: 2010-2018

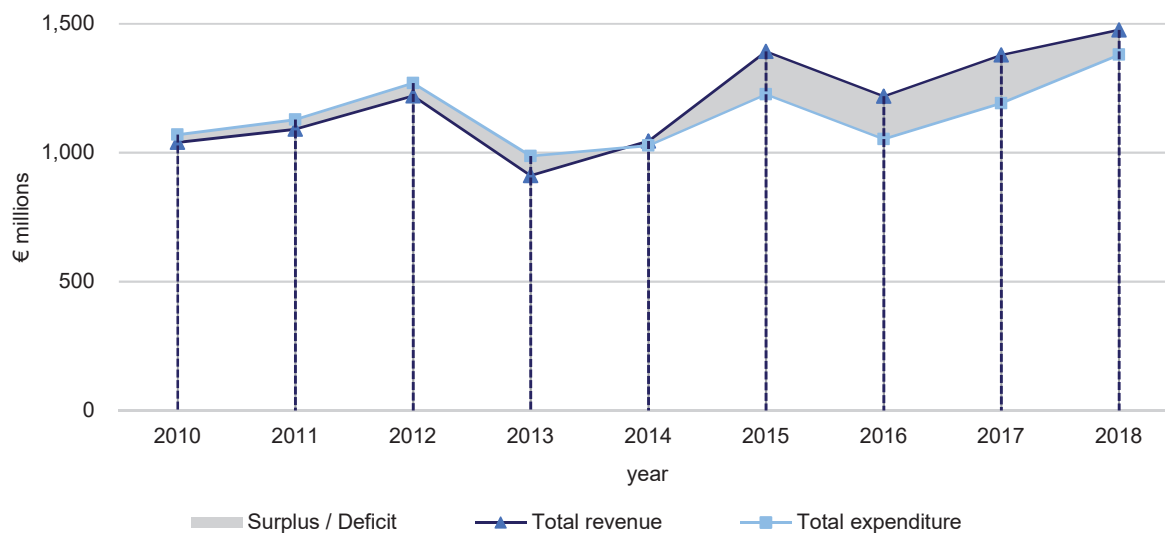
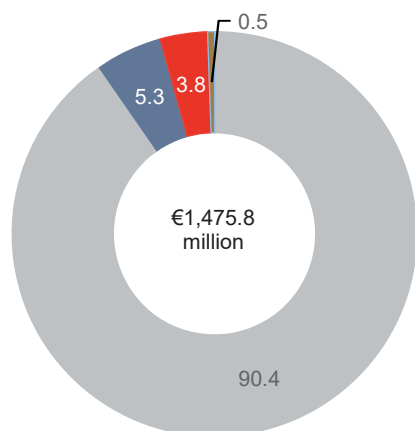
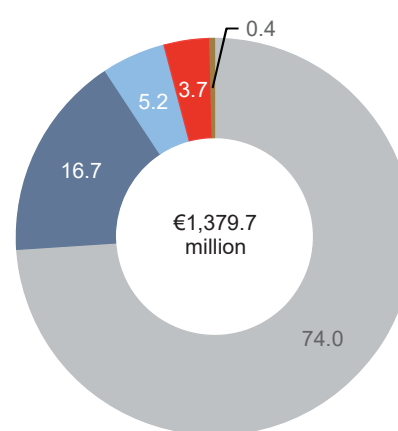


Chart 2. Revenue categories (%): 2018



Income from own operations Subsidies
Other Finance Income

Chart 3. Expenditure categories (%): 2018



Direct operating expenses Wages and salaries
Depreciation Finance Costs
Other

Table 2. Public Corporations' Statement of Financial Position¹

€ 000

	2014	2015	2016	2017	2018
Land and Buildings	827,314	893,315	929,276	1,079,714	1,122,489
Infrastructure, plant and equipment	712,932	901,093	933,134	946,398	985,681
Intangible assets	185,321	248,559	252,579	260,573	357,506
Total Non-Financial Assets	1,725,567	2,042,967	2,114,988	2,286,685	2,465,677
Cash and cash equivalents	195,479	230,848	268,858	322,078	287,257
Stocks and Inventories	70,592	75,593	77,871	83,600	81,214
Financial assets	468,555	467,212	463,113	444,545	446,445
Trade and other receivables	538,309	311,890	333,895	357,270	400,610
Other assets	157,804	106,946	53,936	49,189	49,283
Total Financial Assets	1,430,739	1,192,489	1,197,672	1,256,682	1,264,808
Total Assets	3,156,306	3,235,455	3,312,660	3,543,367	3,730,485
Bank borrowings	1,500,070	1,219,402	1,196,203	1,240,060	1,213,832
Trade and other payables	479,335	486,365	502,855	411,088	440,645
Other liabilities	417,365	410,918	404,372	442,404	513,119
Total Financial Liabilities	2,396,770	2,116,685	2,103,430	2,093,552	2,167,597
Net worth	759,536	1,118,771	1,209,230	1,449,815	1,562,888

¹ Excluding Central Bank of Malta

Chart 4. Public Corporations' balance sheet position: 2010-2018

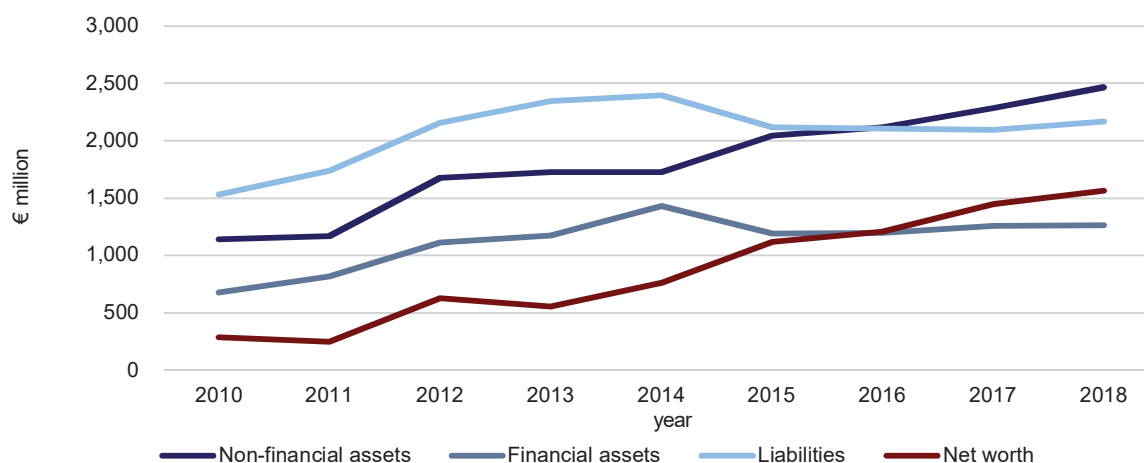


Chart 5. Asset categories (%): 2018

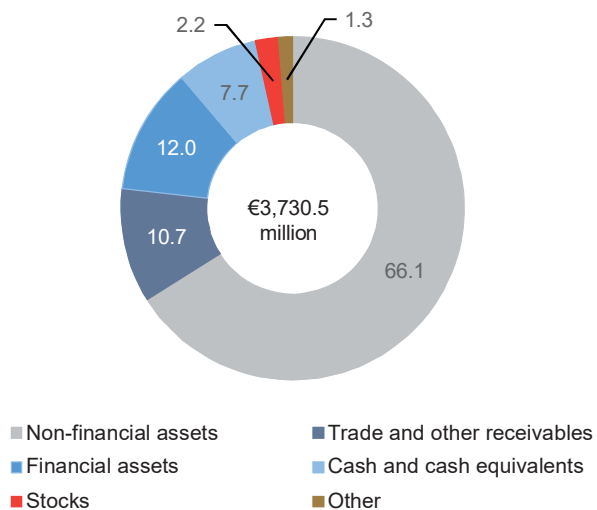


Chart 6. Liability categories (%): 2018

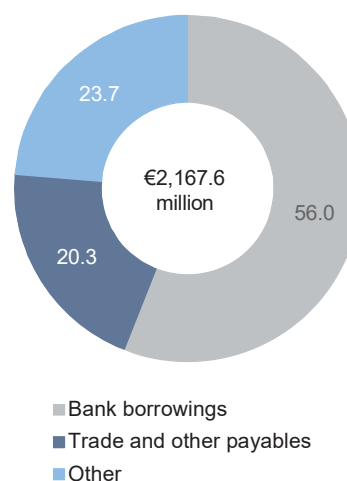


Table 3. Public Corporations - Main Aggregates of the Statement of the Financial Performance by NACE¹

NACE classification	2014				2015				2016				2017				2018				
	No. of Corporations	Total Revenue	Total Expenditure	Surplus/Deficit	No. of Corporations	Total Revenue	Total Expenditure	Surplus/Deficit	No. of Corporations	Total Revenue	Total Expenditure	Surplus/Deficit	No. of Corporations	Total Revenue	Total Expenditure	Surplus/Deficit	No. of Corporations	Total Revenue	Total Expenditure	Surplus/Deficit	
Manufacturing	C	1	-	-	2	-	-	-	3	3,173	3,169	4	3	8,245	7,743	502	3	9,766	8,324	1,443	
Electricity, gas, steam and air conditioning supply	D	1	393,613	446,993	-53,380	2	375,772	337,058	38,714	2	377,893	312,990	64,903	2	456,560	396,981	59,579	2	464,082	440,431	23,651
Water supply; sewerage, waste management and remediation activities	E	1	85,640	85,046	594	1	87,264	79,866	7,398	1	87,870	80,554	7,316	1	87,497	85,347	2,149	1	93,916	87,760	6,156
Construction	F	1	22,540	1,680	20,860	1	18,565	1,705	16,860	1	9,996	1,733	8,263	1	24,160	1,662	22,499	1	15,674	1,935	13,739
Wholesale and retail trade; repair of motor vehicles and motorcycles	G	2	1,350	1,194	156	2	361,963	341,704	20,259	2	242,957	219,353	23,604	2	245,873	229,000	16,873	2	318,825	319,772	-947
Transportation and storage	H	8	372,807	384,544	-11,737	7	332,711	322,786	9,926	7	293,480	286,758	6,722	7	338,219	315,567	22,652	9	372,690	365,303	7,387
Accommodation and food service activities	I	4	6,865	6,729	136	4	9,661	5,945	3,717	4	16,321	6,766	9,556	3	8,676	6,910	1,766	3	8,257	6,227	2,029
Information and communication	J	4	19,163	20,070	-908	4	20,736	21,796	-1,060	4	20,129	21,164	-1,035	4	26,444	24,848	1,596	4	11,980	11,647	332
Financial and insurance activities	K	7	48,339	35,329	13,010	6	49,268	36,083	13,185	6	50,501	37,479	13,022	7	50,699	39,507	11,192	8	41,578	45,500	-3,922
Real estate activities	L	4	17,866	10,709	7,157	6	19,273	14,347	4,925	6	22,310	16,265	6,045	6	22,768	17,548	5,220	6	25,700	19,170	6,530
Professional, scientific and technical activities	M	3	59,916	18,020	41,896	5	66,734	16,980	49,754	5	43,444	17,457	25,988	5	59,221	17,172	42,049	5	49,070	18,695	30,375
Administrative and support service activities	N	3	16,571	16,035	536	3	49,682	47,489	2,194	4	49,007	48,060	947	4	49,476	48,594	882	5	62,857	53,706	9,151
Education	P	1	748	700	48	1	1,045	817	228	1	1,110	865	245	1	1,192	1,011	181	1	1,360	1,121	239
Human health and social work activities	Q	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		40	1,045,417	1,027,050	18,367	44	1,392,675	1,226,576	166,099	46	1,218,190	1,052,612	165,579	46	1,379,030	1,191,890	187,140	51	1,475,834	1,379,656	96,179

¹ Excluding Central Bank of Malta

Table 4. Public Corporations - Main Aggregates of the Statement of the Financial Position by NACE

NACE classification	2014				2015				2016				2017				2018				
	No. of Corporation	Total Assets	Total Liabilities	Net Worth	No. of Corporation	Total Assets	Total Liabilities	Net Worth	No. of Corporation	Total Assets	Total Liabilities	Net Worth	No. of Corporation	Total Assets	Total Liabilities	Net Worth	No. of Corporation	Total Assets	Total Liabilities	Net Worth	
		€ 000	€ 000	€ 000		€ 000	€ 000	€ 000		€ 000	€ 000	€ 000		€ 000	€ 000	€ 000		€ 000	€ 000	€ 000	
Manufacturing	C	1	-	-	-	2	-	1,003	3	1,620	618	1,003	3	3,672	2,344	1,329	3	3,993	1,727	2,265	
Electricity, gas, steam and air conditioning supply	D	1	1,239,128	880,217	358,911	2	1,131,129	582,798	548,331	2	1,159,296	567,235	592,061	2	1,230,236	520,858	709,379	2	1,229,229	517,643	711,586
Water supply, sewerage, waste management and remediation activities	E	1	328,094	252,305	75,789	1	352,351	270,484	81,867	1	356,714	267,524	89,190	1	351,995	260,657	91,339	1	375,877	279,231	96,646
Construction	F	1	142,767	47,688	95,079	1	154,440	46,191	108,248	1	156,375	45,053	111,322	1	179,864	59,115	120,748	1	190,263	61,855	128,408
Wholesale and retail trade; repair of motor vehicles and motorcycles	G	2	86,162	86,135	27	2	203,983	137,319	66,664	2	206,171	127,732	78,439	2	227,357	139,276	88,081	2	261,191	183,678	77,513
Transportation and storage	H	8	363,600	316,103	47,497	7	335,360	277,456	57,904	7	334,951	265,925	69,026	7	405,478	299,523	105,955	9	478,531	302,604	175,926
Accommodation and food service activities	I	4	24,720	30,252	-5,532	4	24,374	26,363	-1,989	4	35,944	28,837	7,108	3	36,714	14,965	21,749	3	38,171	15,424	22,747
Information and communication	J	4	35,536	24,145	11,391	4	30,365	19,877	10,487	4	32,604	24,097	8,507	4	32,982	22,763	10,219	4	30,636	21,377	9,259
Financial and insurance activities	K	7	354,944	318,445	36,499	6	353,024	316,796	36,228	6	354,680	316,543	38,137	7	378,585	314,670	63,915	8	372,879	315,880	56,999
Real estate activities	L	4	182,491	155,610	26,881	6	185,910	156,310	29,601	6	194,098	160,743	33,354	6	216,850	180,901	35,948	6	223,807	183,632	40,174
Professional, scientific and technical activities	M	3	394,325	283,898	110,427	5	455,841	277,503	178,339	5	468,238	290,687	177,550	5	468,339	271,507	196,832	5	509,544	277,358	232,186
Administrative and support service activities	N	3	3,780	1,742	2,038	3	7,680	5,267	2,414	4	10,981	7,886	3,096	4	10,282	6,518	3,765	5	15,130	6,525	8,605
Education	P	1	760	230	530	1	1,000	321	678	1	987	548	439	1	1,013	456	557	1	1,197	635	563
Human health and social work activities	Q	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37	27	11
		40	3,156,306	2,396,770	759,536	44	3,235,455	2,116,685	1,118,771	46	3,312,660	2,103,430	1,209,230	46	3,543,367	2,093,552	1,449,815	51	3,730,484	2,167,597	1,562,887

¹ Excluding Central Bank of Malta

Chart 7. Public Corporations' surplus / deficit by NACE industry: 2018

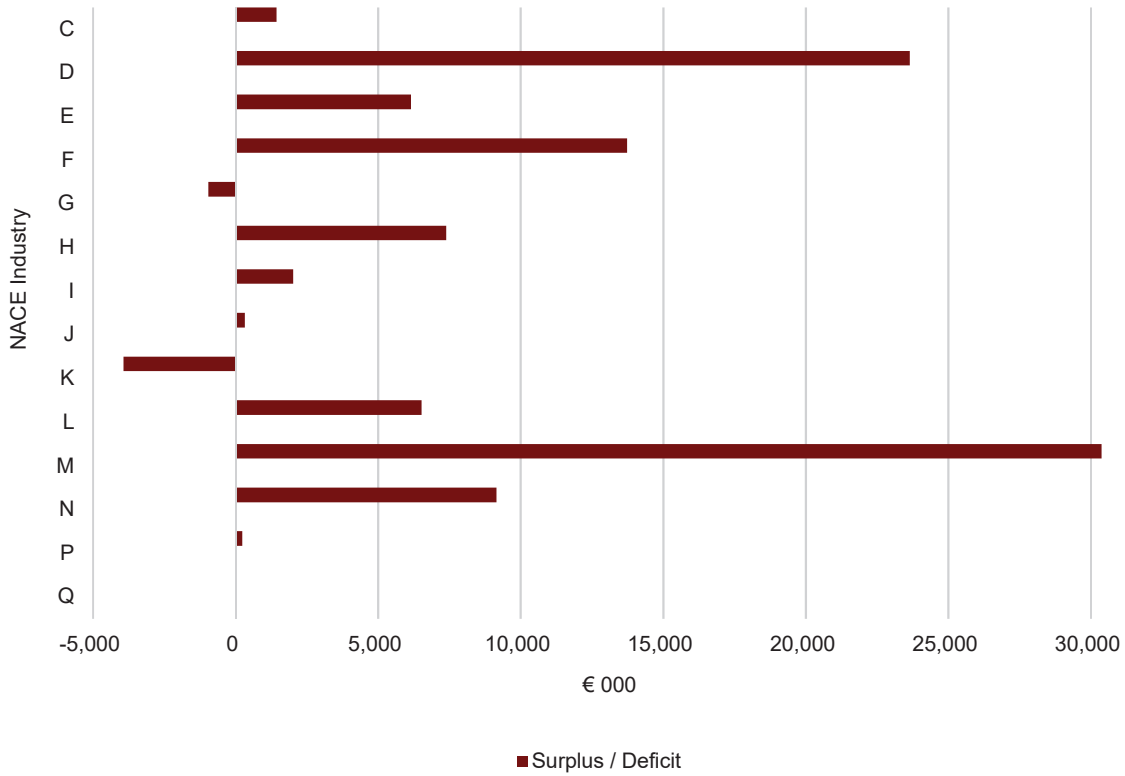


Chart 8. Public Corporations' net worth by NACE industry: 2018

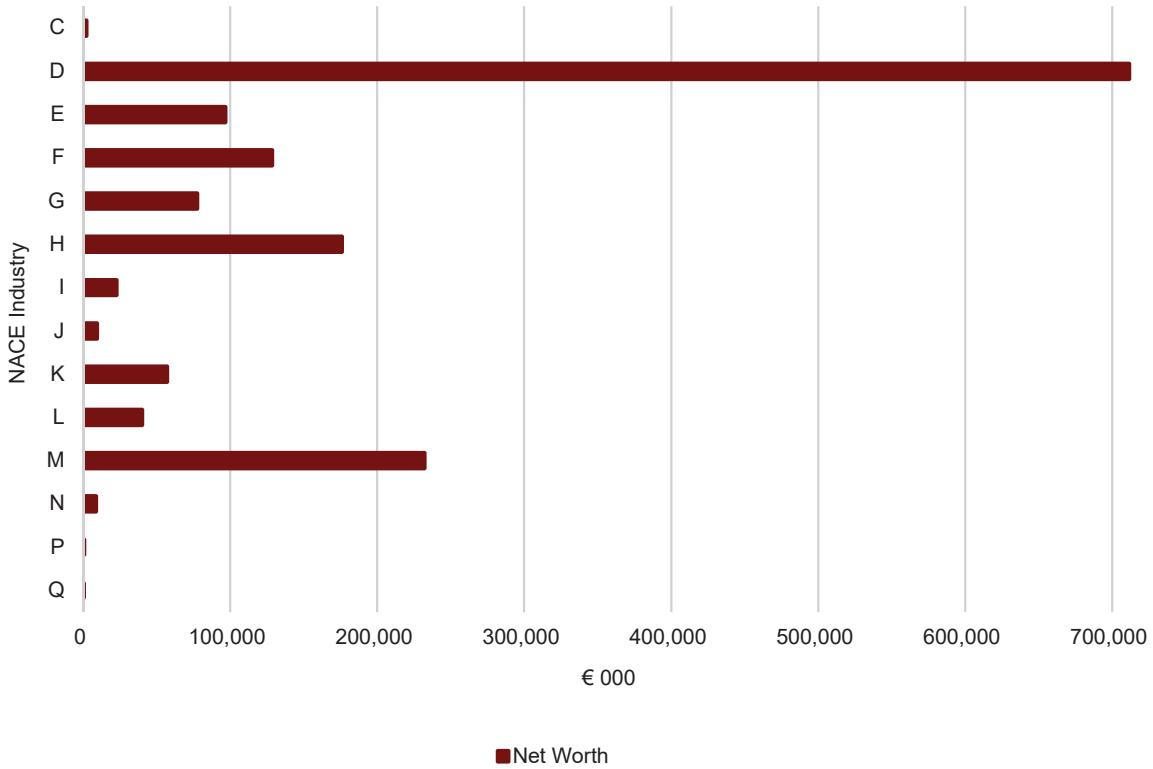


Table 5. Public Corporations Statement of Financial Performance (including Central Bank of Malta)

€ 000

	2014	2015	2016	2017	2018
Income generated from own operations	932,074	1,312,098	1,171,187	1,261,795	1,391,747
Subsidies	88,151	63,841	67,738	66,999	78,392
Finance Income	12,748	13,338	16,171	6,720	7,975
Other revenue	101,527	96,563	57,646	114,559	57,347
Total Revenue	1,134,500	1,485,840	1,312,742	1,450,073	1,535,461
Direct operating expenses	685,847	884,216	706,835	857,025	1,027,997
Wages and salaries	197,933	211,869	214,121	225,991	242,466
Depreciation	70,576	63,570	71,753	69,994	72,547
Finance Costs	72,755	72,099	62,079	52,929	51,624
Other expenditure	32,266	29,124	35,936	21,994	16,650
Total Expenditure	1,059,376	1,260,878	1,090,724	1,227,933	1,411,283
Surplus / (Deficit) before tax	75,124	224,962	222,019	222,140	124,179

Table 6. Public Corporations Statement of Financial Position (including Central Bank of Malta)

€ 000

	2014	2015	2016	2017	2018
Land and Buildings	849,614	917,705	958,797	1,112,090	1,154,161
Infrastructure, plant and equipment	714,438	903,025	937,583	952,345	991,391
Intangible assets	185,321	248,559	252,579	260,573	357,506
Total Non-Financial Assets	1,749,373	2,069,289	2,148,958	2,325,008	2,503,059
Cash and cash equivalents	234,009	255,589	1,310,648	4,677,048	4,845,325
Stocks and Inventories	70,592	75,593	77,871	83,600	81,214
Financial assets	4,107,005	4,592,004	4,555,859	4,202,704	4,406,361
Trade and other receivables	1,156,244	632,852	688,836	736,099	674,812
Other assets	165,423	116,255	66,873	101,808	73,573
Total Current Assets	5,733,273	5,672,293	6,700,086	9,801,259	10,081,284
Total Assets	7,482,646	7,741,581	8,849,044	12,126,267	12,584,343
Bank borrowings	1,500,070	1,219,402	1,196,203	1,240,060	1,213,832
Trade and other payables	1,422,339	2,495,196	4,376,094	7,181,542	7,350,070
Other liabilities	3,437,626	2,512,726	1,641,295	1,806,547	1,992,612
Total Financial Liabilities	6,360,035	6,227,324	7,213,592	10,228,149	10,556,515
Net worth	1,122,611	1,514,258	1,635,452	1,898,118	2,027,828

List of Public Corporations as at 31 December 2018

	NACE Code		NACE Code
Air Malta Aviation Services Co. Ltd	52	Malta Development Bank	64
Air Malta plc	51	Malta Digital Hub	68
Automated Revenue Management Services Ltd (ARMS)	63	Malta Electronic Certification Services Ltd	63
Casma Co. Ltd	68	Malta Financial Services Authority	66
Central Bank of Malta	64	Malta Freeport Coporation Ltd.	70
ClearFlowPlus Ltd	71	Malta Industrial Parks Ltd	68
D3 Power Generation Ltd	35	Malta Life Science Centre	68
Enemalta plc	35	Malta Marketing Ltd	73
Enemed Co. Ltd.	46	Malta Stock Exchange Institute Ltd	85
Energy Services Centre Ltd	33	Malta Stock Exchange plc	66
Engineering Resources Ltd	78	Malta University Consulting Ltd	85
Gozo Channel (Operations) Ltd	50	Malta University Holding Company Ltd (UOM)	64
Gozo Heliport Co. Ltd	52	Malta University Residence Ltd	55
Heritage Malta Services Ltd	68	Mediterranean Conference Centre	82
Institute of Foreign Direct Investment Studies Ltd	73	Mediterranean Offshore Bunkering Ltd	52
International Clean Energy Ltd	74	Milano Due	55
International Energy Service Centre	33	MPG Energy Services Ltd	19
Keys Security Services Ltd	80	MSX p.l.c.	64
KM Holdings	64	Petromal	47
Kordin Grain Terminal Ltd	52	Public Broadcasting Services Ltd.	60
Libyan Maltese Investments Co Ltd	64	Transport Malta	52
Malita Investments Plc	41	University Broadcasting Services Ltd (UOM)	60
Malpro Ltd	68	Vault Finance	65
Malta Air Traffic Services Ltd	52	Vivaldi Hotel (Operations) Ltd	55
Malta Air Travel Ltd	51	Water Services Corporation	36
Malta Business Registry	82	World Aviation Group Ltd	79

Notes:

1. Companies that are in the process of dissolution do not feature in this list.

Methodological Notes

1. This release presents the data on public corporations in accordance with the methodology defined in the conceptual reference framework of the ESA 2010 Manual on Government Deficit and Debt (2019 edition), which is in turn based on the European System of Accounts (ESA 2010). This compliance with the reference framework allows for international comparability of the data.

The Public Sector consists of all the institutional units within the General Government and Public Corporations sectors. Although the formation of both sectors is done in accordance with the same established methodologies, the data cannot be aggregated to form the Public Sector, as the data for the General Government is in accordance with ESA 2010 rules, while the data for Public Corporations is in line with business accounts.

2. A number of criteria, established in the Manual on Government Deficit and Debt, determine whether a unit is controlled by Government, based on the level of Government control:
 - i. Rights to appoint, remove, approve or veto a majority of officers, board of directors, etc
 - ii. Rights to appoint, veto or remove a majority of appointments for key committees (or sub-committees) of the entity having a decisive role on key factors of its general policy.
 - iii. Ownership of the majority of voting interest.
 - iv. Rights to appoint, veto or remove key personnel.
 - v. Rights under special shares and options.
 - vi. Rights to control via contractual agreements.
 - vii. Rights to control from agreement/permission to borrow.
 - viii. Control via excessive regulation.

The first three criteria are sufficient to determine government control, however if inconclusive, the other criteria are considered.

To determine whether the government-controlled unit is to be classified inside the general government sector or not, the following tests are applied:

a. Quantitative Test: The market/non-market test. If sales cover less than 50 per cent of the production costs (intermediate consumption, compensation of employees, consumption of fixed capital and net interest charge), the unit is classified inside the General Government sector.

b. Qualitative Test: Other criteria for specific units in particular areas of activity are also taken into consideration and need to be applied accordingly:

- Units that sell their output only to the Government
- Public Units in liquidation
- Public hospitals, schools, TV and radio broadcasting
- Units engaged in financial activities
- Special purpose entities
- Public head offices, public holding companies and their subsidiaries
- Restructuring and privatisation agencies
- Market regulatory bodies and professional associations
- Entities having the features of captive financial institutions
- Government debt management offices

3. The data sources used to compile this news release are the following, ranked by order of preference:
 - Business accounts: audited financial statements that are prepared in accordance with the International Financial Reporting Standards (IFRS).
 - FDRS templates: some public corporations report their financial data on the Ministry of Finance Financial Data Reporting System (FDRS).
 - Estimates: used in the absence of the two data sources above.
4. Data on individual public corporations is provided by the NSO to Eurostat on an annual basis in a dedicated questionnaire on Government-controlled entities classified outside the General Government Sector.
5. The data contained in this release may be revised. Figures may not add up due to rounding.
6. References to this news release are to be cited appropriately.
7. A detailed news release calendar is available on https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx