

25 September 2020 | 1100 hrs | 153/2020

Between January and August 2020, the Government's Consolidated Fund reported a deficit of €1,086.2 million.

Government Finance Data: January-August 2020

By the end of August 2020, recurrent revenue amounted to €2,524.8 million, 20.9 per cent lower than the €3,190.2 million reported in revenue up to the end of August 2019. Income Tax exhibited the largest decrease at €235.3 million. Additional drops were also witnessed under Value Added Tax (€177.3 million), Grants (€84.6 million), Customs and Excise Duties (€84.5 million), Social Security (€72.8 million), Licences, Taxes and Fines (€59.8 million), Reimbursements and Rents (both €7.7 million). In contrast, increases were reported under Fees of Office (€30.6 million), Miscellaneous Receipts (€29.9 million) and Dividends on Investment (€4.0 million).

Between January and August 2020, total expenditure amounted to €3,611.1 million, 16.3 per cent higher than the corresponding period in 2019.

During the period under review, recurrent expenditure totalled €2,965.1 million, a rise of €298.4 million when compared to the €2,666.8 million reported in 2019. The main contributor to this increase was a €135.3 million rise reported under Programmes and Initiatives. Furthermore, increases in outlay were also registered by Contributions to Government Entities (€102.4 million), Operational and Maintenance Expenses (€41.4 million) and Personal Emoluments (€19.3 million). The main developments in the Programmes and Initiatives category involved added outlays towards Social security benefits (€50.7 million, of which €14.5 million were spent on COVID-19 social benefits), Medicines and surgical materials (€45.4 million), the Economic regeneration voucher scheme (€30.9 million), Church schools (€22.5 million), Public service obligation for public transport (€10.1 million), Housing programmes (€7.0 million), Compensation payments, Extension of the school transport network (both €5.4 million) and Waiting lists for medical services (€4.1 million). The rise in expenditure was partially offset by drops reported under Social security state contribution (€28.3 million, also reported as revenue) and EU own resources (€18.2 million).

The interest component of the public debt servicing costs totalled €121.3 million, a €5.2 million decrease from the same period in 2019.

By the end of August 2020, Government's capital spending amounted to €524.6 million, a rise of €211.6 million from 2019, largely due to additional spending towards investment incentives (€213.0 million), which amounted to €237.1 million, including €229.0 million spent in relation to the COVID-19 Business Assistance. Property, plant and equipment spending also rose by €38.8 million. On the other hand, there were drops reported under Contribution towards Treasury clearance fund (€19.9 million) and in projects financed by EU Internal security fund – Borders and Visa (€14.4 million) and EU Structural funds 2014-2020 (€7.2 million).

The difference between total revenue and expenditure resulted in a deficit of €1,086.2 million being reported in the Government's Consolidated Fund by the end of August 2020. This represented an increase in deficit of €1,170.1 million when compared to the surplus of €83.9 million witnessed during the same period in 2019. This difference mirrors an increase in total expenditure, consisting of recurrent expenditure (€298.4 million), interest (-€5.2 million) and capital expenditure (€211.6 million), in addition to a drop in recurrent revenue (€665.3 million) (Table 1). Decreases in revenue and increases in expenditure reflect developments related to COVID-19.

At the end of August 2020, Central Government debt stood at €6,599.1 million, a €1,179.7 million rise from the previous year. Increases reported under Malta Government Stocks (€587.3 million) and Treasury Bills (€502.7 million) were the main reasons for the rise in debt. Higher debt was also reported under the 62+ Malta Government Savings Bond (€91.5 million) and Euro coins issued in the name of the Treasury (€2.9 million). In contrast, lower debt was registered under Foreign Loans (€0.1 million). Higher holdings by government funds in Malta Government Stocks also resulted in a decrease in debt of €4.6 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 August by year

| Description | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 | Jan-Aug 2020 / Jan-Aug 2019 | |
|--|------------------|------------------|-------------------|--------------------------------|-----------------|
| | | | | Change | % change |
| | | | | € 000 | |
| (a) Total Recurrent Revenue | 2,744,125 | 3,190,185 | 2,524,847 | -665,337 | -20.9 |
| Customs and Excise Duties | 204,695 | 214,007 | 129,547 | -84,459 | |
| Licences, Taxes and Fines | 254,329 | 262,101 | 202,300 | -59,801 | |
| Income Tax | 920,880 | 1,071,225 | 835,912 | -235,313 | |
| Value Added Tax | 557,729 | 656,233 | 478,922 | -177,312 | |
| Fees of Office | 52,607 | 53,629 | 84,227 | 30,598 | |
| Reimbursements | 27,904 | 28,275 | 20,550 | -7,725 | |
| Central Bank of Malta | 28,000 | 20,000 | 20,000 | 0 | |
| Rents | 22,048 | 27,792 | 20,119 | -7,674 | |
| Dividends on Investment | 23,333 | 11,385 | 15,410 | 4,025 | |
| Interest on loans made by Government | 32 | 71 | 8 | -63 | |
| Social Security | 579,232 | 642,723 | 569,887 | -72,836 | |
| Grants | 51,082 | 168,687 | 84,039 | -84,648 | |
| Miscellaneous Receipts | 22,254 | 34,056 | 63,927 | 29,871 | |
| (b) Total Expenditure | 2,747,244 | 3,106,253 | 3,611,062 | 504,810 | 16.3 |
| <i>Recurrent Expenditure</i> | 2,395,336 | 2,666,762 | 2,965,129 | 298,367 | 11.2 |
| Personal Emoluments | 541,206 | 585,225 | 604,498 | 19,273 | |
| Operational and Maintenance Expenses | 120,676 | 136,717 | 178,110 | 41,393 | |
| Programmes and Initiatives | 1,461,724 | 1,624,981 | 1,760,300 | 135,319 | |
| Contributions to Government Entities | 271,730 | 319,840 | 422,222 | 102,382 | |
| <i>Interest</i> | 139,124 | 126,487 | 121,329 | -5,158 | -4.1 |
| <i>Capital Expenditure</i> | 212,784 | 313,003 | 524,604 | 211,601 | 67.6 |
| (a-b) Consolidated Fund Surplus/Deficit | -3,119 | 83,932 | -1,086,215 | -1,170,147 | -1,394.2 |
| (c) Financial Transactions | | | | | |
| <i>Revenue</i> | | | | | |
| Loans | 93,527 | 279,713 | 1,044,791 | 765,078 | |
| Repayment of Loans | 0 | 0 | 171 | 171 | |
| Receipts from Sale of Shares | 889 | 889 | 889 | 0 | |
| Other extraordinary receipts | 91,000 | 0 | 0 | 0 | |
| <i>Expenditure</i> | | | | | |
| Contribution to Sinking Fund | 16,659 | 20,025 | 10,025 | -10,000 | |
| Equity Acquisition | 63,034 | 10,308 | 26,980 | 16,672 | |
| Repayment of Loan | 292,400 | 178,716 | 277,600 | 98,884 | |
| Loans | 0 | 0 | 0 | 0 | |

Note: Totals may not add up due to rounding.

Table 2. Revenue/Expenditure categories in August by year

| Description | August 2018 | August 2019 | August 2020 | August 2020 / August 2019 | |
|--|----------------|----------------|----------------|---------------------------|---------------|
| | | | | Change | % change |
| € 000 | | | | | |
| (a) Total Recurrent Revenue | 486,009 | 551,548 | 418,699 | -132,848 | -24.1 |
| Customs and Excise Duties | 28,277 | 31,136 | 2,994 | -28,142 | |
| Licences, Taxes and Fines | 34,495 | 32,348 | 28,468 | -3,880 | |
| Income Tax | 151,153 | 193,387 | 164,798 | -28,589 | |
| Value Added Tax | 124,121 | 162,342 | 100,360 | -61,982 | |
| Fees of Office | 6,517 | 5,726 | 11,028 | 5,302 | |
| Reimbursements | 1,880 | 2,528 | 1,753 | -775 | |
| Central Bank of Malta | 0 | 0 | 0 | 0 | |
| Rents | 3,040 | 1,030 | 2,855 | 1,825 | |
| Dividends on Investment | 2,750 | 2,000 | 0 | -2,000 | |
| Interest on loans made by Government | 0 | 34 | 0 | -34 | |
| Social Security | 105,901 | 93,897 | 83,001 | -10,896 | |
| Grants | 21,399 | 24,676 | 18,142 | -6,534 | |
| Miscellaneous Receipts | 6,475 | 2,444 | 5,300 | 2,856 | |
| (b) Total Expenditure | 371,929 | 341,644 | 453,071 | 111,427 | 32.6 |
| <i>Recurrent Expenditure</i> | 327,885 | 293,657 | 391,902 | 98,245 | 33.5 |
| Personal Emoluments | 69,156 | 73,760 | 76,553 | 2,792 | |
| Operational and Maintenance Expenses | 12,310 | 14,687 | 31,030 | 16,342 | |
| Programmes and Initiatives | 215,439 | 181,941 | 204,402 | 22,461 | |
| Contributions to Government Entities | 30,981 | 23,268 | 79,917 | 56,649 | |
| <i>Interest</i> | 18,338 | 17,355 | 14,743 | -2,613 | -15.1 |
| <i>Capital Expenditure</i> | 25,706 | 30,632 | 46,426 | 15,794 | 51.6 |
| (a-b) Consolidated Fund Surplus/Deficit | 114,080 | 209,904 | -34,371 | -244,275 | -116.4 |
| (c) Financial Transactions | | | | | |
| <i>Revenue</i> | | | | | |
| Loans | 0 | 0 | 0 | 0 | |
| 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 | 10,000 | 0 | -10,000 | |
| Repayment of Loan | 92 | 1,478 | 343 | -1,135 | |
| Loans | 0 | 0 | 0 | 0 | |

Note: Totals may not add up due to rounding.

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

| COFOG | Personal Emoluments | | | Operational and Maintenance Expenses | | | Programmes and Initiatives | | | Contributions to Government Entities | | |
|----------------------------------|----------------------|----------------|----------------|--------------------------------------|----------------|----------------|----------------------------|------------------|------------------|--------------------------------------|----------------|----------------|
| | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 |
| | € 000 | | | | | | | | | | | |
| General public services | 60,367 | 65,468 | 65,285 | 22,352 | 32,352 | 66,185 | 136,273 | 189,193 | 159,388 | 13,645 | 27,207 | 36,216 |
| Defence | 26,821 | 27,111 | 28,162 | 3,145 | 4,134 | 4,230 | 347 | 582 | 480 | 150 | 121 | 218 |
| Public order and safety | 61,400 | 70,921 | 58,942 | 7,576 | 11,599 | 6,187 | 3,834 | 4,804 | 4,221 | 5,779 | 6,506 | 30,641 |
| Economic affairs | 41,851 | 40,320 | 41,696 | 6,338 | 7,921 | 16,918 | 99,221 | 100,537 | 144,683 | 79,898 | 104,801 | 121,551 |
| Environment protection | 0 | 3,152 | 3,487 | 243 | 187 | 81 | 19,391 | 39,985 | 38,028 | 18,615 | 18,453 | 19,146 |
| Housing and community amenities | 962 | 876 | 1,060 | 218 | 402 | 311 | 4,757 | 4,705 | 8,158 | 5,629 | 2,977 | 5,066 |
| Health | 164,730 | 181,087 | 195,768 | 39,023 | 39,555 | 42,086 | 130,925 | 153,964 | 205,040 | 35,299 | 37,525 | 52,037 |
| Recreation, culture and religion | 4,515 | 4,653 | 4,360 | 924 | 1,284 | 2,849 | 7,302 | 7,703 | 8,179 | 21,623 | 21,365 | 21,146 |
| Education | 146,304 | 155,442 | 168,287 | 17,049 | 10,482 | 11,025 | 98,407 | 119,800 | 148,717 | 65,890 | 67,862 | 96,101 |
| Social protection | 34,256 | 36,194 | 37,451 | 23,809 | 28,801 | 28,238 | 961,268 | 1,003,708 | 1,043,407 | 25,201 | 33,024 | 40,100 |
| Total | 541,206 | 585,225 | 604,498 | 120,676 | 136,717 | 178,110 | 1,461,724 | 1,624,981 | 1,760,300 | 271,730 | 319,840 | 422,222 |
| COFOG | Interest Expenditure | | | Capital Expenditure | | | Total Expenditure | | | | | |
| | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 |
| | € 000 | | | | | | | | | | | |
| General public services | 139,124 | 126,487 | 121,329 | 31,310 | 46,297 | 49,748 | 403,071 | 487,004 | 498,151 | | | |
| Defence | 0 | 0 | 0 | 756 | 2,988 | 2,564 | 31,219 | 34,936 | 35,653 | | | |
| Public order and safety | 0 | 0 | 0 | 10,806 | 23,561 | 10,835 | 89,394 | 117,390 | 110,826 | | | |
| Economic affairs | 0 | 0 | 0 | 121,486 | 170,493 | 380,856 | 348,794 | 424,073 | 705,703 | | | |
| Environment protection | 0 | 0 | 0 | 9,779 | 38,861 | 24,585 | 48,028 | 100,638 | 85,326 | | | |
| Housing and community amenities | 0 | 0 | 0 | 440 | 124 | 25 | 12,007 | 9,084 | 14,619 | | | |
| Health | 0 | 0 | 0 | 11,876 | 5,931 | 24,535 | 381,853 | 418,061 | 519,466 | | | |
| Recreation, culture and religion | 0 | 0 | 0 | 10,690 | 9,171 | 12,917 | 45,054 | 44,176 | 49,451 | | | |
| Education | 0 | 0 | 0 | 13,126 | 13,171 | 12,024 | 340,775 | 366,756 | 436,155 | | | |
| Social protection | 0 | 0 | 0 | 2,516 | 2,408 | 6,516 | 1,047,049 | 1,104,135 | 1,155,712 | | | |
| Total | 139,124 | 126,487 | 121,329 | 212,784 | 313,003 | 524,604 | 2,747,244 | 3,106,253 | 3,611,062 | | | |

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

| Description | ESA code | Jan-Aug 2018 | Jan-Aug 2019 | Jan-Aug 2020 | Jan-Aug 2020 / Jan-Aug 2019 | |
|--|----------|------------------|------------------|-------------------|-----------------------------|-----------------|
| | | | | | Change | % change |
| | | | | | € 000 | |
| 1. Total Revenue | | 2,610,515 | 3,003,180 | 2,357,880 | -645,301 | |
| Market Output | P11 | 65,738 | 64,644 | 102,059 | | |
| Taxes on Production and Imports | D2 | 973,670 | 1,075,225 | 775,709 | | |
| Property income receivable | D4 | 60,278 | 46,636 | 37,170 | | |
| Current taxes on income, wealth, etc | D5 | 961,924 | 1,118,916 | 874,943 | | |
| Social Contributions | D61 | 480,378 | 511,503 | 467,743 | | |
| Current transfers receivable | D7 | 22,157 | 13,733 | 2,866 | | |
| Capital transfers receivable | D9 | 46,370 | 172,524 | 97,391 | | |
| 2. Total Expenditure | | 2,613,634 | 2,919,249 | 3,444,095 | 524,847 | |
| Intermediate Consumption | P2 | 296,903 | 434,195 | 555,109 | | |
| Gross Capital Formation | P5g+NP | 87,671 | 153,419 | 147,221 | | |
| Compensation of Employees | D1 | 644,472 | 675,824 | 717,211 | | |
| Property income payable | D4 | 142,501 | 119,308 | 84,998 | | |
| Subsidies | D3 | 49,394 | 57,656 | 290,729 | | |
| Social Benefits and social transfers in kind | D62+D632 | 765,218 | 773,411 | 852,153 | | |
| Current transfers payable | D7 | 622,195 | 680,094 | 773,312 | | |
| Capital transfers payable | D9 | 5,281 | 25,341 | 23,364 | | |
| (1-2) Consolidated Fund Surplus/Deficit | | -3,119 | 83,932 | -1,086,215 | -1,170,147 | -1,394.2 |

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

| Description | ESA code | August 2018 | August 2019 | August 2020 | August 2020 / August 2019 | |
|--|----------|----------------|----------------|----------------|---------------------------|---------------|
| | | | | | Change | % change |
| | | | | | € 000 | |
| 1. Total Revenue | | 447,346 | 529,502 | 399,429 | -130,072 | |
| Market Output | P11 | 8,822 | 6,999 | 13,265 | | |
| Taxes on Production and Imports | D2 | 182,841 | 223,425 | 127,708 | | |
| Property income receivable | D4 | 3,025 | 1,074 | 2,455 | | |
| Current taxes on income, wealth, etc | D5 | 156,167 | 196,485 | 170,506 | | |
| Social Contributions | D61 | 73,185 | 74,830 | 65,594 | | |
| Current transfers receivable | D7 | 14,591 | 446 | 134 | | |
| Capital transfers receivable | D9 | 8,717 | 26,244 | 19,767 | | |
| 2. Total Expenditure | | 333,266 | 319,598 | 433,800 | 114,202 | |
| Intermediate Consumption | P2 | 38,224 | 37,099 | 78,451 | | |
| Gross Capital Formation | P5g+NP | 9,063 | 21,751 | 9,134 | | |
| Compensation of Employees | D1 | 88,565 | 85,176 | 96,988 | | |
| Property income payable | D4 | 18,497 | 17,677 | 14,787 | | |
| Subsidies | D3 | 2,222 | 4,905 | 25,421 | | |
| Social Benefits and social transfers in kind | D62+D632 | 99,019 | 95,310 | 102,076 | | |
| Current transfers payable | D7 | 77,676 | 54,864 | 105,015 | | |
| Capital transfers payable | D9 | 0 | 2,816 | 1,929 | | |
| (1-2) Consolidated Fund Surplus/Deficit | | 114,080 | 209,904 | -34,371 | -244,275 | -116.4 |

Table 6. Central Government debt in August by year

| Description | August 2018 | August 2019 | August 2020 | August 2020 / August 2019 | |
|---|------------------|------------------|------------------|---------------------------|-------------|
| | | | | Change | % change |
| € 000 | | | | | |
| Total Central Government Debt | 5,336,179 | 5,419,440 | 6,599,098 | 1,179,658 | 21.8 |
| <i>of which:</i> | | | | | |
| Treasury Bills | 351,500 | 294,300 | 797,000 | 502,700 | |
| Malta Government Stocks | 4,802,399 | 4,856,879 | 5,444,207 | 587,328 | |
| 62+ Malta Government Savings Bond | 192,867 | 290,817 | 382,288 | 91,471 | |
| Foreign Loans | 1,244 | 1,028 | 900 | -128 | |
| MGSF investments in Government Debt | -94,696 | -110,853 | -115,453 | -4,600 | |
| Euro coins issued in the name of the Treasury | 82,865 | 87,270 | 90,157 | 2,887 | |

Note: Totals may not add up due to rounding.

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

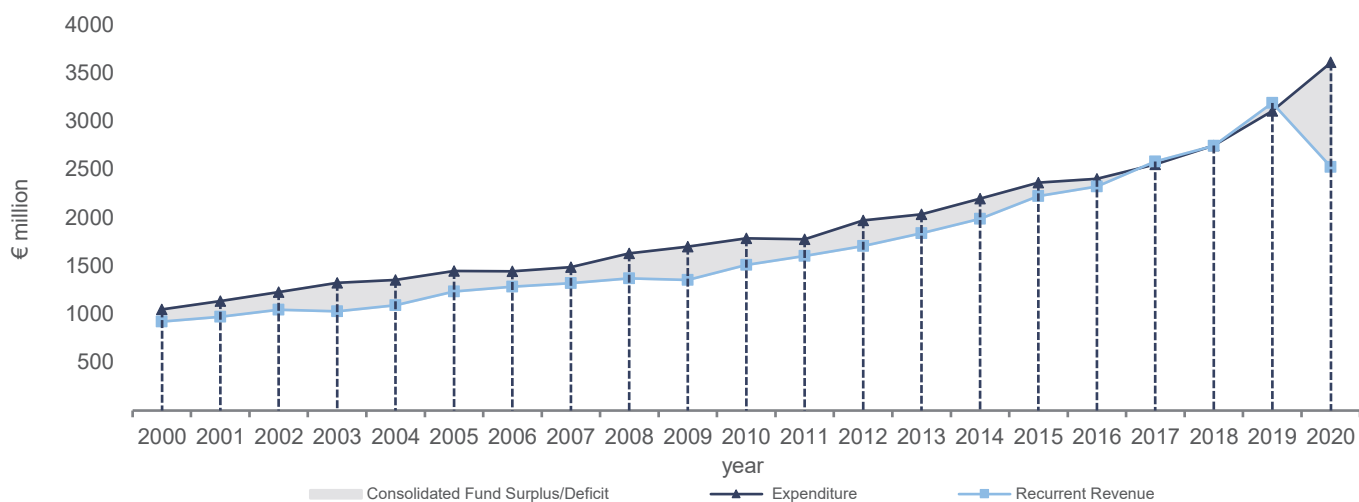


Chart 2. Recurrent Revenue by main category (%): January to August 2020

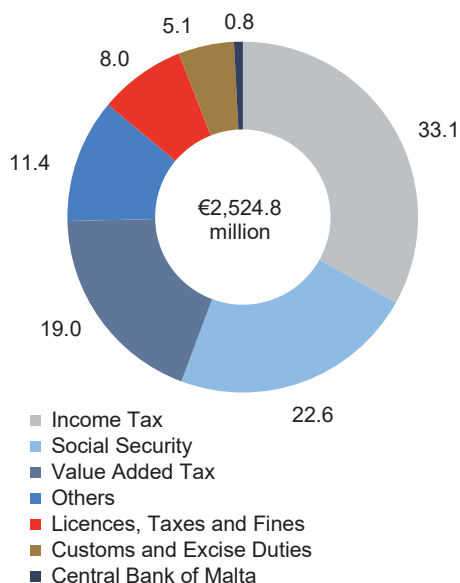
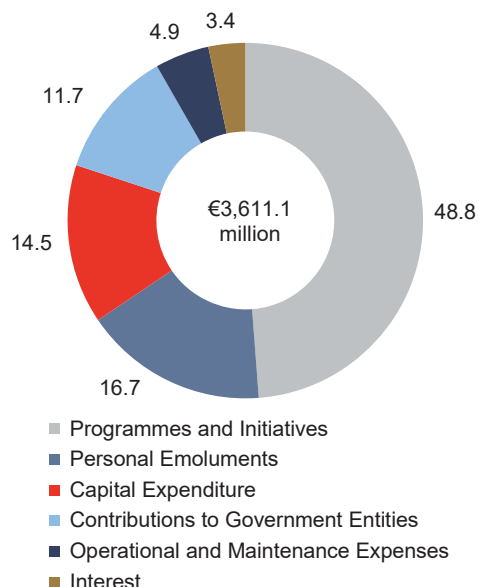


Chart 3. Expenditure by main category (%): January to August 2020



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