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By the end of January 2021, the Government's Consolidated Fund reported a deficit of €324.4 million.

Government Finance Data: January 2021

In January 2021, recurrent revenue amounted to €294.0 million, 3.8 per cent lower than the €305.7 million reported a year earlier. The largest decrease was recorded under Licences, Taxes and Fines (€18.9 million), followed by Grants (€9.7 million), Fees of Office (€5.6 million), Customs and Excise Duties (€3.1 million), Rents (€2.4 million) and Dividends on Investment (€0.7 million). Conversely, increases in revenue were reported under Income Tax (€15.7 million), Value Added Tax (€6.4 million), Miscellaneous Receipts (€4.9 million), Reimbursements (€1.4 million) and Social Security (€0.3 million).

By the end of January 2021, total expenditure stood at €618.4 million, 62.1 per cent higher than the first month of 2020.

During the reference period, recurrent expenditure totalled €548.0 million, a rise of €209.6 million in comparison to the €338.4 million reported in 2020. The main contributor to this increase was a €159.3 million rise reported under Programmes and Initiatives. Furthermore, increases were also witnessed under Operational and Maintenance Expenses (€22.6 million), Contributions to Government Entities (€17.0 million) and Personal Emoluments (€10.7 million). The two main developments in the Programmes and Initiatives category involved added outlays towards Social security benefits (€49.3 million), following two regular payments of retirement pension made in January 2021, and the Pandemic assistance scheme (€36.0 million), which includes the COVID-19 Business Assistance programme¹. Other increases under Programmes and Initiatives were reported in Medicines and surgical materials (€21.7 million), EU own resources (€18.6 million), Hospital concession agreements (€8.7 million), Housing programmes (€3.7 million), Provision to spare capacity – electricity (€3.5 million), Church schools (€2.9 million), Public service obligation for public transport (€2.7 million), Child care for all (€2.0 million), Street lighting and other services (€1.8 million), Waiting lists for medical services (€1.7 million) and Feed-in-tariff (€1.6 million).

The interest component of the public debt servicing costs totalled €12.8 million, a €0.8 million rise from the same period in 2020.

By the end of January 2021, Government's capital spending amounted to €57.6 million, €26.6 million higher than 2020. The rise largely resulted from increased expenditure towards Road construction/improvements (€12.5 million), Investment incentives (€4.5 million), the Distribution Centre at Ricasoli (Smart City) (€2.5 million), the Gozo Aquatic Centre (€2.2 million), Direct investments (€1.2 million) and Film industry incentives (€1.1 million).

The difference between total revenue and expenditure resulted in a deficit of €324.4 million being reported in the Government's Consolidated Fund at the end of January 2021. This represented an increase in deficit of €248.7 million from the deficit of €75.7 million witnessed during the same period in 2020. This difference mirrors an increase in total expenditure, consisting of recurrent expenditure (€209.6 million), interest (€0.8 million) and capital expenditure (€26.6 million), in addition to a drop in recurrent revenue (€11.7 million) (Table 1). Decreases in revenue and increases in expenditure reflect developments related to COVID-19.

At the end of January 2021, Central Government debt stood at €6,832.1 million, a €1,439.4 million rise from 2020. Increases reported under Malta Government Stocks (€873.5 million) and Treasury Bills (€346.0 million) were the main reasons for the rise in debt. Foreign Loans registered an increase of €119.9 million, largely reflecting the new EU loan of €120 million 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 (€90.6 million) and Euro coins issued in the name of the Treasury (€1.4 million). Finally, lower holdings by government funds in Malta Government Stocks resulted in an increase in debt of €8.2 million (Table 4) ■

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

¹ Between March and December 2020, the COVID-19 Business Assistance programme featured under the Capital expenditure category.

Table 1. Revenue/Expenditure categories in January by year

Description	January 2019	January 2020	January 2021	January 2021 / January 2020	
				Change	% change
				€ 000	
(a) Total Recurrent Revenue	302,403	305,705	294,016	-11,689	-3.8
Customs and Excise Duties	16,289	27,181	24,065	-3,116	
Licences, Taxes and Fines	34,306	32,189	13,339	-18,850	
Income Tax	105,123	109,534	125,236	15,702	
Value Added Tax	45,504	43,271	49,685	6,415	
Fees of Office	4,227	6,074	490	-5,584	
Reimbursements	2,747	697	2,079	1,382	
Central Bank of Malta	5,000	5,000	5,000	0	
Rents	2,042	2,414	0	-2,414	
Dividends on Investment	200	650	0	-650	
Interest on loans made by Government	0	0	0	0	
Social Security	71,729	61,940	62,220	280	
Grants	13,065	15,222	5,480	-9,742	
Miscellaneous Receipts	2,171	1,534	6,423	4,889	
(b) Total Expenditure	357,355	381,398	618,377	236,979	62.1
<i>Recurrent Expenditure</i>	319,176	338,378	547,983	209,605	61.9
Personal Emoluments	69,648	72,062	82,775	10,713	
Operational and Maintenance Expenses	19,559	17,149	39,754	22,605	
Programmes and Initiatives	190,291	205,052	364,325	159,273	
Contributions to Government Entities	39,679	44,115	61,129	17,015	
<i>Interest</i>	12,920	12,049	12,807	758	6.3
<i>Capital Expenditure</i>	25,259	30,971	57,588	26,616	85.9
(a-b) Consolidated Fund Surplus/Deficit	-54,952	-75,693	-324,361	-248,668	328.5
(c) Financial Transactions					
<i>Revenue</i>					
Loans	0	0	0	0	
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	308	13,960	0	-13,960	
Repayment of Loan	172	173	259	86	
Loans	0	0	0	0	

Note: Totals may not add up due to rounding.

Table 2. Government Expenditure by COFOG category in January by year

COFOG	Personal emoluments			Operational and Maintenance Expenses			Programmes and Initiatives			Contributions to Government Entities		
	Jan-19	Jan-20	Jan-21	Jan-19	Jan-20	Jan-21	Jan-19	Jan-20	Jan-21	Jan-19	Jan-20	Jan-21
	€ 000											
General public services	7,861	7,490	7,986	3,621	5,021	7,667	33,292	33,750	104,996	4,330	929	8,236
Defence	3,218	3,278	3,977	708	526	1,103	78	47	113	1	2	0
Public order and safety	8,603	7,201	9,724	1,469	1,198	1,307	422	704	1,210	913	5,883	3,887
Economic affairs	5,151	5,244	5,626	1,059	1,010	17,260	12,886	6,676	8,017	16,180	24,559	18,565
Environment protection	16	391	1,605	10	18	177	2,872	5,942	938	4	1,625	130
Housing and community amenities	97	103	113	37	34	23	136	99	0	15	1,265	0
Health	21,383	23,226	27,004	4,609	1,444	5,766	24,098	21,148	56,119	7,347	280	10,732
Recreation, culture and religion	560	533	246	165	387	139	935	274	2,605	963	2,120	2,844
Education	18,644	20,036	21,551	3,894	4,302	4,122	20,882	27,619	29,625	3,725	899	7,994
Social protection	4,115	4,560	4,942	3,987	3,208	2,191	94,690	108,793	160,701	6,202	6,552	8,741
Total	69,648	72,062	82,775	19,559	17,149	39,754	190,291	205,052	364,325	39,679	44,115	61,129
COFOG	Interest Expenditure			Capital Expenditure			Total Expenditure					
	Jan-19	Jan-20	Jan-21	Jan-19	Jan-20	Jan-21	Jan-19	Jan-20	Jan-21			
	€ 000											
General public services	12,920	12,049	12,807	1,513	1,130	3,713	63,536	60,369	145,405			
Defence	0	0	0	45	19	-31	4,051	3,872	5,163			
Public order and safety	0	0	0	241	929	559	11,649	15,915	16,687			
Economic affairs	0	0	0	17,656	23,196	43,537	52,932	60,686	93,004			
Environment protection	0	0	0	433	430	282	3,335	8,407	3,132			
Housing and community amenities	0	0	0	0	0	8	284	1,501	144			
Health	0	0	0	917	823	2,453	58,353	46,921	102,075			
Recreation, culture and religion	0	0	0	173	187	4,729	2,795	3,502	10,563			
Education	0	0	0	4,231	3,835	1,687	51,375	56,691	64,979			
Social protection	0	0	0	49	421	651	109,044	123,535	177,227			
Total	12,920	12,049	12,807	25,259	30,971	57,588	357,355	381,398	618,377			

Table 3. Consolidated Fund data in ESA 2010 codes in January by year

Description	ESA code	January 2019	January 2020	January 2021	January 2021 / January 2020	
					Change	% change
					€ 000	
1. Total Revenue		298,737	313,983	301,037	-12,946	
Market Output	P11	4,858	5,753	6,831		
Taxes on Production and Imports	D2	88,447	94,835	82,724		
Property income receivable	D4	6,738	6,367	5,327		
Current taxes on income, wealth, etc	D5	113,739	116,971	127,936		
Social Contributions	D61	69,290	71,085	71,063		
Current transfers receivable	D7	665	793	95		
Capital transfers receivable	D9	15,000	18,182	7,061		
2. Total Expenditure		353,689	389,676	625,398	235,722	
Intermediate Consumption	P2	58,898	51,188	133,826		
Gross Capital Formation	P5g+NP	10,090	13,204	7,449		
Compensation of Employees	D1	80,299	85,486	95,039		
Property income payable	D4	14,233	14,621	16,340		
Subsidies	D3	7,661	3,567	5,509		
Social Benefits and social transfers in kind	D62+D632	85,625	97,645	154,220		
Current transfers payable	D7	96,707	115,572	212,689		
Capital transfers payable	D9	174	8,393	326		
(1-2) Consolidated Fund Surplus/Deficit		-54,952	-75,693	-324,361	-248,668	328.5

Table 4. Central Government debt in January by year

Description	January 2019	January 2020	January 2021	January 2021 / January 2020	
				Change	% change
	€ 000				
Total Central Government Debt	5,414,610	5,392,695	6,832,142	1,439,446	26.7
<i>of which:</i>					
Treasury Bills	387,000	365,000	711,000	346,000	
Malta Government Stocks	4,852,749	4,769,412	5,642,872	873,460	
62+ Malta Government Savings Bond	192,411	289,676	380,258	90,582	
Foreign Loans	1,087	967	120,839	119,872	
MGSF investments in Government Debt	-102,953	-121,503	-113,353	8,150	
Euro coins issued in the name of the Treasury	84,316	89,144	90,526	1,382	

Note: Totals may not add up due to rounding.

Chart 1. January Consolidated Fund Surplus/Deficit

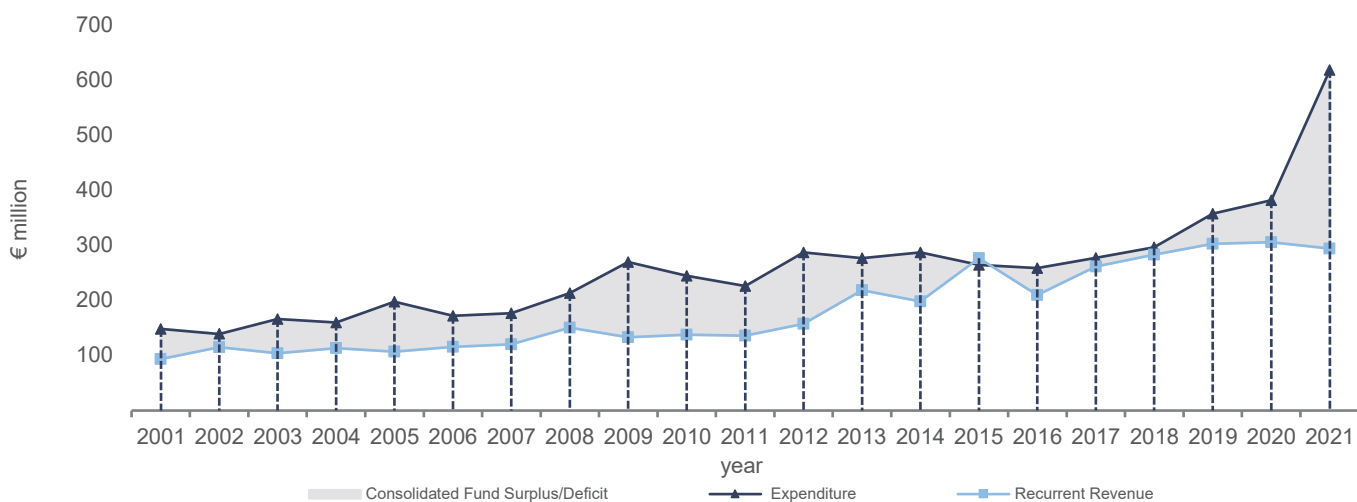


Chart 2. Recurrent Revenue by main category (%): January 2021

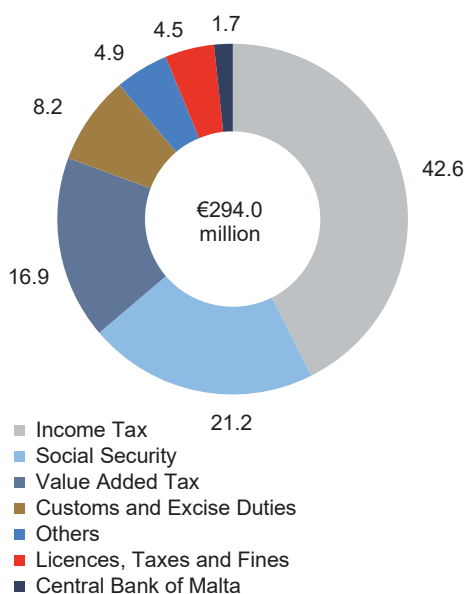
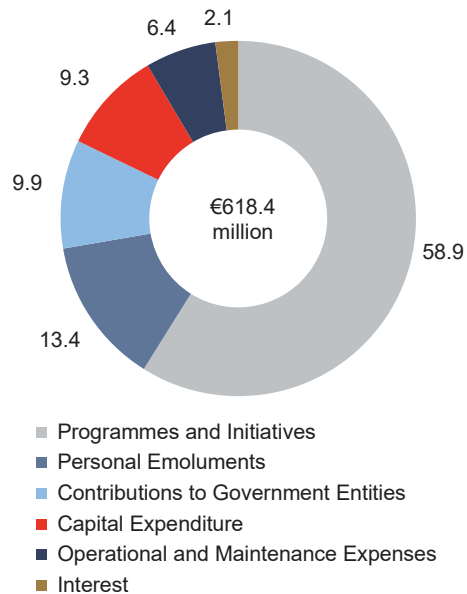


Chart 3. Expenditure by main category (%): January 2021



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:
https://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 2 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. Table 3 present the Consolidated Fund year to date and monthly data in ESA 2010 codes according to the EU Council Directive 85/2011 requirements.
9. Government Finance data for December 2020 will be published on 30th March 2021.
10. More information relating to this news release may be accessed at:
Statistical Concepts: <https://metadata.nso.gov.mt>
Statistical Database: <https://statdb.nso.gov.mt/start>
11. Any quotations from this news release are to be cited and/or referenced.
12. A detailed news release calendar is available on:
https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx