

During the eleven months to November, the shortfall between recurrent revenue and total expenditure of Central Government amounted to €307.9 million, a decrease of €102.6 million compared to the corresponding period last year.

## Government Finance Data: January-November 2010

Recurrent revenue registered an increase of €235.8 million, which more than offset the rise in total expenditure of €133.2 million, in the January-November period, as shown in Table 1.

During the period under review, recurrent revenue stood at €2,145.6 million. The comparative increase of 12.3 per cent was mainly triggered by higher returns from Value Added Tax (+€63.5 million), Income Tax (+€59.8 million) and Customs and Excise Duties (+€58.1 million). Other revenue components also registered improvements.

Between January and November, total expenditure reached €2,453.5 million, up by 5.7 per cent, as a result of higher outlays on recurrent and capital expenditure.

The main contributor to the increase in recurrent expenditure was Social Security Benefits, which went up by €40.0 million. Moreover, the reclassification of the Malta Tourism Authority from capital to recurrent expenditure, which amounted to €21.1 million, and the budgetary compensation in respect of Energy Support Measures of €11.6 million, added to recurrent expenditure. Other increases were registered in Personal Emoluments (+€26.7 million) and in the allocation for local councils (+€6.2 million). On the other hand, declines were recorded in the shipyards' voluntary retirement schemes and in medicines and surgical materials, of €17.7 million and €13.3 million respectively.

Capital expenditure rose by €52.0 million. This was mainly due to increases relating to the Malta South Sewage Treatment Infrastructure of €22.3 million, and €10.0 million in connection with the introduction of the Jeremie Financial Engineering Fund. Furthermore, this year an additional €24.8 million was transferred to the Treasury Clearance Fund. An increase of €19.2 million was registered in the structural funds related to education, and a further €7.7 million was recorded for road construction improvements.

The interest component of the public debt servicing costs for the period under review stood at €182.8 million compared to €179.5 million last year.

As illustrated in Table 3, at the end of November, Central Government debt stood at €4,210.0 million, up by €259.0 million, or 6.6 per cent, over the corresponding period last year. This was the result of higher long-term borrowing, which added €387.3 million. In contrast, short-term securities and foreign borrowing declined by €119.2 million and €12.8 million respectively. The euro coins issued in the name of the Maltese Treasury rose by €3.7 million when compared to the coin stock as at the end of November 2009, and totalled €40.4 million ■

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Table 1. Government finance data: year-to-date

Description	Jan-Nov 2008	Jan-Nov 2009	Jan-Nov 2010	Jan-Nov 2010 / Jan-Nov 2009	
				Absolute Change	% change
€ 000					
<b>Recurrent Revenue</b>	<b>1,944,012</b>	<b>1,909,747</b>	<b>2,145,560</b>	<b>235,813</b>	<b>12.3</b>
<i>of which:</i>					
Grants	25,284	45,473	63,152	17,679	
Customs and Excise	161,734	92,713	150,805	58,092	
Value added Tax	410,897	392,074	455,528	63,454	
Income Tax	579,330	589,061	648,855	59,794	
Social Security	419,193	437,135	457,178	20,043	
Others	347,574	354,291	370,042	15,751	
<b>Total Expenditure</b>	<b>2,214,967</b>	<b>2,320,215</b>	<b>2,453,451</b>	<b>133,236</b>	<b>5.7</b>
<i>consisting of:</i>					
Recurrent Expenditure	1,839,322	1,929,936	2,007,782	77,847	4.0
<i>of which:</i>					
Education	109,685	113,748	120,189	6,441	
Social Security (benefits)	569,235	634,743	674,704	39,961	
Others	1,160,403	1,181,445	1,212,889	31,444	
Interest Payments	181,126	179,490	182,831	3,341	1.9
Capital Expenditure	194,518	210,790	262,837	52,048	24.7
<i>of which:</i>					
Productive Investment	47,977	69,316	53,204	-16,112	
Infrastructure	95,969	94,945	165,040	70,095	
Social	50,573	46,528	44,593	-1,935	
<b>Balance of recurrent revenue and total expenditure</b>	<b>-270,955</b>	<b>-410,468</b>	<b>-307,891</b>	<b>102,577</b>	<b>-25.0</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	285,735	455,793	577,687	121,894	
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	33,318	2,795	0	-2,795	
<i>Expenditure</i>					
Contribution to Sinking Fund	18,199	16,968	8,023	-8,944	
Equity Acquisition	6,500	541	200	-341	
Repayment of Loan	93,176	251,164	191,242	-59,922	
Loans	0	0	19,770	19,770	

Table 2. Government finance data: monthly

Description	November 2008	November 2009	November 2010	Nov 2010 / Nov 2009	
				Absolute Change	% change
	€ 000				
<b>Recurrent Revenue</b>	<b>156,133</b>	<b>146,328</b>	<b>261,092</b>	<b>114,764</b>	<b>78.4</b>
<i>of which:</i>					
Grants	4,552	185	25,332	25,146	
Customs and Excise	14,784	6,935	14,989	8,054	
Value added Tax	29,661	31,764	102,645	70,880	
Income Tax	37,154	42,891	52,995	10,105	
Social Security	40,649	38,512	39,279	767	
Others	29,333	26,041	25,853	-189	
<b>Total Expenditure</b>	<b>183,929</b>	<b>228,763</b>	<b>229,469</b>	<b>707</b>	<b>0.3</b>
<i>consisting of:</i>					
Recurrent Expenditure	156,639	200,654	199,864	-790	-0.4
<i>of which:</i>					
Education	9,231	10,057	11,540	1,483	
Social Security (benefits)	45,216	78,769	84,342	5,573	
Others	102,191	111,827	103,981	-7,846	
Interest Payments	14,054	9,332	13,079	3,747	40.2
Capital Expenditure	13,237	18,777	16,527	-2,250	-12.0
<i>of which:</i>					
Productive Investment	3,260	4,222	380	-3,843	
Infrastructure	6,803	11,405	9,329	-2,076	
Social	3,174	3,149	6,818	3,669	
<b>Balance of recurrent revenue and total expenditure</b>	<b>-27,796</b>	<b>-82,434</b>	<b>31,623</b>	<b>114,057</b>	<b>-138.4</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	0	100,000	98,785	-1,215	
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	0	2,795	0	-2,795	
<i>Expenditure</i>					
Contribution to Sinking Fund	0	8,484	0	-8,484	
Equity Acquisition	0	0	0	0	
Repayment of Loan	0	0	34,941	34,941	
Loans	0	0	0	0	

Table 3. Government debt

Description	November 2008	November 2009	November 2010	Nov 2010 / Nov 2009	
				Absolute Change	% change
				€ 000	
<b>Gross Government Debt</b>	<b>3,520,796</b>	<b>3,950,955</b>	<b>4,209,951</b>	<b>258,996</b>	<b>6.6</b>
<i>of which:</i>					
Treasury Bills	358,497	534,651	415,484	-119,167	
Government Stock	2,962,466	3,224,184	3,611,457	387,273	
Foreign Loans Outstanding	117,364	103,401	90,591	-12,810	
Other debt assumptions	56,880	56,408	56,397	-11	
MGSF investments in Government Debt	-4,742	-4,341	-4,341	0	
Euro Coins issued in the name of the Treasury	30,332	36,652	40,363	3,711	

Source: Central Bank of Malta

Table 4. Revenue / Expenditure categories: year-to-date

Description	Jan-Nov 2008	Jan-Nov 2009	Jan-Nov 2010	Jan-Nov 2010 / Jan-Nov 2009	
				Absolute Change	% change
				€ 000	
<b>Revenue</b>					
Customs and Excise Duties	161,734	92,713	150,805	58,092	
Licences, Taxes and Fines	200,216	216,425	199,583	-16,842	
Income Tax	579,330	589,061	648,855	59,794	
Value added Tax	410,897	392,074	455,528	63,454	
Fees of Office	41,825	39,012	32,189	-6,823	
Reimbursements	20,635	19,237	17,610	-1,628	
Public Corporations	4,386	0	0	0	
Central Bank of Malta	28,691	41,615	45,634	4,019	
Rents	19,113	18,753	30,108	11,355	
Dividends on Investment	18,041	8,905	10,307	1,402	
Repayment of and Interest on loans	22	21	215	194	
Social Security	419,193	437,135	457,178	20,043	
Grants	25,284	45,473	63,152	17,679	
Miscellaneous Receipts	14,647	9,323	34,398	25,074	
<b>Total Recurrent Revenue</b>	<b>1,944,012</b>	<b>1,909,747</b>	<b>2,145,560</b>	<b>235,813</b>	<b>12.3</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	33,318	2,795	0	-2,795	
Loans	285,735	455,793	577,687	121,894	
<b>Total Non-recurrent Revenue</b>	<b>319,052</b>	<b>458,588</b>	<b>577,687</b>	<b>119,099</b>	
<b>Total Revenue</b>	<b>2,263,065</b>	<b>2,368,335</b>	<b>2,723,247</b>	<b>354,911</b>	<b>15.0</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	437,196	456,567	483,292	26,724	
Operational and Maintenance Expenditure	88,993	96,169	98,344	2,175	
Programmes and Initiatives	1,167,956	1,228,573	1,267,561	38,988	
Contribution to Government Entities	145,178	148,626	158,586	9,959	
<b>Total Recurrent Expenditure</b>	<b>1,839,322</b>	<b>1,929,936</b>	<b>2,007,782</b>	<b>77,847</b>	<b>4.0</b>

Table 5. Revenue / Expenditure categories: monthly

Description	November 2008	November 2009	November 2010	Nov 2010 / Nov 2009	
				Absolute Change	% change
				€ 000	
<b>Revenue</b>					
Customs and Excise Duties	14,784	7,935	14,989	7,054	
Licences, Taxes and Fines	20,615	19,093	13,825	-5,268	
Income Tax	37,154	42,891	52,995	10,105	
Value added Tax	29,661	31,764	102,645	70,880	
Fees of Office	4,189	1,839	2,667	828	
Reimbursements	1,566	2,501	1,913	-588	
Public Corporations	0	0	0	0	
Central Bank of Malta	0	0	0	0	
Rents	744	966	765	-201	
Dividends on Investment	1,194	0	0	0	
Repayment of and Interest on loans	1	2	6	5	
Social Security	40,649	38,512	39,279	767	
Grants	4,552	185	25,332	25,146	
Miscellaneous Receipts	1,025	641	6,678	6,036	
<b>Total Recurrent Revenue</b>	<b>156,133</b>	<b>146,328</b>	<b>261,092</b>	<b>114,764</b>	<b>78.4</b>
Receipts from Sale of Shares	0	0	0	0	
Other extraordinary receipts	0	2,795	0	-2,795	
Loans	0	100,000	98,785	-1,215	
<b>Total Non-recurrent Revenue</b>	<b>0</b>	<b>102,795</b>	<b>98,785</b>	<b>-4,010</b>	
<b>Total Revenue</b>	<b>156,133</b>	<b>249,124</b>	<b>359,877</b>	<b>110,753</b>	<b>44.5</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	38,091	40,576	40,648	72	
Operational and Maintenance Expenditure	4,821	8,406	8,599	193	
Programmes and Initiatives	99,099	137,373	139,914	2,541	
Contribution to Government Entities	14,628	14,299	10,702	-3,597	
<b>Total Recurrent Expenditure</b>	<b>156,639</b>	<b>200,654</b>	<b>199,864</b>	<b>-790</b>	<b>-0.4</b>

## Methodological Notes

1. The data contained in this news release are compiled in order to provide users with regular up-to-date information on the Consolidated Fund of Government. Data are sourced as follows:

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|---|--|
| 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 of which are initially defrayable out of public funds and are eventually repayable from the Consolidated Fund or other sources.

2. This news release follows the guidelines set out in the European System of Accounts (ESA95) Manual on Government Deficit and Debt. Therefore, the shortfall between revenue and expenditure as listed in Tables 1 and 2, is essentially the cash-based deficit position as far as the Central Government's Consolidated Fund is concerned. In this respect, revenue that has no impact on the deficit, such as proceeds from loans, proceeds from sale of financial assets, and revenue from other accounts of Government, is not taken into consideration. Likewise, direct loan repayments, contributions to sinking funds, acquisition of equity, as well as transfers to other accounts of Government are excluded from the total expenditure.
3. The debt position includes both the actual debt which is held by Government and the debt assumption resulting from the Malta Shipyards restructuring exercise which took place in November 2003. 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 being considered as a currency liability pertaining to Central Government.
4. 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.
5. In this release, Revenue and Expenditure categories are recorded in accordance with their presentation in the 2010 Financial Estimates.
6. Totals may not add up due to rounding.
7. A time series of data presented in this News Release is available at the online statistical database - StatDB - on the NSO website. Registration (free-of-charge) is required to access and use StatDB. To view the datasets available in the database, please access this link: [http://www.nso.gov.mt/statbase/data\\_table\\_catalogue.aspx](http://www.nso.gov.mt/statbase/data_table_catalogue.aspx)