

News Release



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Government Finance

Government Finance Data: January-August 2006

During the first eight months of 2006, there was a Lm22 million decrease in the shortfall of government recurrent revenue to total expenditure.

This News Release updates information on transactions on the Government Consolidated Fund and on Government Debt for August 2006. The sources of the data presented here are the Treasury and the Central Bank of Malta.

The shortfall of recurrent revenue to total expenditure amounted to Lm69.2 million during the January-August 2006 period, a decrease of Lm22.0 million over the same period last year, mainly attributable to higher revenues and lower capital expenditure.

During the first eight months of 2006, recurrent revenue totalled Lm551.1 million, an increase of Lm20.6 million when compared to the same period last year. This increase was due to higher receipts from income tax, social security contributions, licences, excise duties and consumption tax. These were contrasted by decreases in revenues from miscellaneous receipts, fees of office and the Central Bank of Malta.

Recurrent expenditure amounted to Lm497.8 million, an increase of Lm13.0 million compared to last year. This reflected a Lm9.4 million rise in outlays on social security benefits and marginal increases in personal emoluments and operational and maintenance expenditure. As shown in Table 4, contributions to government entities declined by Lm5.2 million.

Interest payments on public debt amounted to Lm53.0 million, an increase of Lm2.3 million over the same period last year.

Capital expenditure decreased by Lm16.7 million mainly due to lower outlays recorded under: urban development and roads; the new hospital project; justice and home affairs; and tourism and culture; and education, youth and employment. On the other hand, higher expenditure was registered under industry and information technology.

Table 3 shows the debt of Central Government at the end of August amounting to Lm1,360.7 million, a decrease of Lm49.9 million compared to the same month last year. This reflected a reduction in treasury bills, partly offset by an increase in Malta Government Stocks ■

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Table 1. Government Finance Data

Description	Jan-Aug 2004	Jan-Aug 2005	Jan-Aug 2006	Jan-Aug 2006/Jan-Aug 2005	
				Absolute Change	% change
	Lm thousands				
Recurrent Revenue	469,008	530,470	551,073	20,603	3.9
<i>of which:</i>					
Grants	12,943	35,141	34,112	-1,029	-2.9
Customs and Excise	37,224	41,198	46,736	5,538	13.4
Consumption Tax	84,411	104,108	107,898	3,790	3.6
Income Tax	118,358	121,135	133,340	12,205	10.1
Social Security	108,387	107,980	115,142	7,161	6.6
Others	107,684	120,908	113,845	-7,063	-5.8
Total Expenditure	581,762	621,612	620,253	-1,359	-0.2
<i>consisting of:</i>					
Recurrent Expenditure	464,255	484,722	497,767	13,045	2.7
<i>of which:</i>					
Education	31,840	31,873	32,830	958	3.0
Social Security (benefits)	141,220	148,691	158,115	9,424	6.3
Others	291,195	304,158	306,822	2,664	0.9
Interest Payments	47,846	50,751	53,039	2,288	4.5
Capital Expenditure	69,661	86,139	69,447	-16,692	-19.4
<i>of which:</i>					
Productive Investment	17,025	22,532	20,522	-2,011	-8.9
Infrastructure	23,790	28,663	18,974	-9,689	-33.8
Social	28,846	34,944	29,952	-4,992	-14.3
Balance of recurrent revenue and total expenditure	-112,754	-91,141	-69,180	21,962	-24.1
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	70,448	110,000	10,000	-100,000	-90.9
Receipts from Sale of Shares	0	1,092	74,170	73,078	6,691.3
Other extraordinary receipts	8,899	3,837	5,342	1,504	39.2
<i>Expenditure</i>					
Contribution to Sinking Fund	6,340	6,003	6,406	404	6.7
Repayment of Loan	0	0	249	249	N/A

Source: Treasury Department

Table 2. Government Finance Data

Description	August 2004	August 2005	August 2006	Aug 2006/Aug 2005	
				Absolute Change	% change
	Lm thousands				
Recurrent Revenue	71,401	84,806	90,247	5,441	6.4
<i>of which:</i>					
Grants	217	3,795	6,280	2,484	65.5
Customs and Excise	5,804	6,437	6,802	365	5.7
Consumption Tax	9,477	13,021	11,780	-1,242	-9.5
Income Tax	26,883	29,072	34,315	5,243	18.0
Social Security	19,348	17,399	18,480	1,080	6.2
Others	9,672	15,081	12,591	-2,490	-16.5
Total Expenditure	68,497	76,634	74,089	-2,546	-3.3
<i>consisting of:</i>					
Recurrent Expenditure	56,875	55,285	58,582	3,298	6.0
<i>of which:</i>					
Education	3,527	3,508	3,513	5	0.1
Social Security (benefits)	16,804	17,420	16,320	-1,101	-6.3
Others	36,544	34,356	38,750	4,394	12.8
Interest Payments	5,789	7,934	8,375	441	5.6
Capital Expenditure	5,833	13,416	7,131	-6,284	-46.8
<i>of which:</i>					
Productive Investment	1,597	2,096	2,123	27	1.3
Infrastructure	1,862	4,998	789	-4,210	-84.2
Social	2,374	6,321	4,219	-2,102	-33.3
Balance of recurrent revenue and total expenditure	2,904	8,171	16,158	7,987	97.7
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	24,148	33,500	-15,000	-48,500	N/A
Receipts from Sale of Shares	0	0	0	0	N/A
Other extraordinary receipts	0	0	5,342	5,342	N/A
<i>Expenditure</i>					
Contribution to Sinking Fund	0	0	0	0	N/A
Repayment of Loan	0	0	0	0	N/A

Source: Treasury Department

Table 3. Government Debt

Description	August 2004	August 2005	August 2006	August 2006/August 2005	
				Absolute Change	% change
				Lm thousands	
Gross Government Debt	1,351,135	1,410,595	1,360,664	-49,931	-3.5
<i>of which:</i>					
Treasury Bills	255,548	194,121	137,505	-56,616	-29.2
Govt. Stock	985,196	1,124,988	1,136,622	11,634	1.0
Foreign Loans Outstanding	70,424	66,704	63,606	-3,098	-4.6
Other debt assumptions	41,846	26,661	24,810	-1,851	-6.9
MGSF investments in Government Debt	-1,879	-1,879	-1,879	0	0.0

Source: Central Bank of Malta

Table 4. Revenue / Expenditure Categories

Description	Jan-Aug 2004	Jan-Aug 2005	Jan-Aug 2006	Aug 2006/Aug 2005	
				Absolute Change	% change
				Lm thousands	
Revenue					
Customs & Excise Duties	37,224	41,198	46,736	5,538	13.4
Licences, Taxes and Fines	65,283	57,376	63,077	5,700	9.9
Income Tax	118,358	121,135	133,340	12,205	10.1
Consumption Tax	84,411	104,108	107,898	3,790	3.6
Fees of Office	3,737	16,354	11,001	-5,353	-32.7
Reimbursements	3,874	4,898	6,675	1,777	36.3
Public Corporations	1,883	1,883	1,883	0	0.0
Central Bank of Malta	18,233	14,001	10,001	-4,000	-28.6
Rents	5,920	7,165	7,066	-99	-1.4
Dividends on Investment	3,637	2,847	4,356	1,509	53.0
Repayment of and Interest on loans	13	13	9	-3	-27.5
Social Security	108,387	107,980	115,142	7,161	6.6
Grants	12,943	35,141	34,112	-1,029	-2.9
Miscellaneous Receipts	5,105	16,371	9,778	-6,594	-40.3
Total Recurrent Revenue	469,008	530,470	551,073	20,603	3.9
Receipts from Sale of Shares	0	1,092	74,170	73,078	6,691.3
Other extraordinary receipts	8,899	3,837	5,342	1,504	39.2
Loans	70,448	110,000	10,000	-100,000	-90.9
Total Non-Recurrent Revenue	79,348	114,929	89,512	-25,418	-22.1
Total Revenue	548,356	645,400	640,585	-4,815	-0.7
Recurrent Expenditure					
Personal Emoluments	123,740	123,271	124,195	924	0.7
Operational & Maintenance Expenditure	35,686	23,131	23,743	612	2.6
Programmes & Initiatives	252,703	288,472	305,149	16,677	5.8
Contribution to Govt. Entities	52,126	49,848	44,680	-5,167	-10.4
Total Recurrent Expenditure	464,255	484,722	497,767	13,045	2.7

Table 5. Revenue / Expenditure Categories

Description	August 2004	August 2005	August 2006	Jul 2006/Jul 2005	
				Absolute Change	% change
	Lm thousands				
Revenue					
Customs & Excise Duties	5,804	6,437	6,802	365	5.7
Licences, Taxes and Fines	6,459	6,987	7,424	436	6.2
Income Tax	26,883	29,072	34,315	5,243	18.0
Consumption Tax	9,477	13,021	11,780	-1,242	-9.5
Fees of Office	473	825	1,120	295	35.7
Reimbursements	556	884	1,128	244	27.6
Public Corporations	0	0	0	0	N/A
Central Bank of Malta	0	0	0	0	N/A
Rents	714	741	991	250	33.7
Dividends on Investment	0	116	298	182	157.7
Repayment of and Interest on loans	1	1	1	-1	-45.1
Social Security	19,348	17,399	18,480	1,080	6.2
Grants	217	3,795	6,280	2,484	65.5
Miscellaneous Receipts	1,469	5,526	1,630	-3,897	-70.5
Total Recurrent Revenue	71,401	84,806	90,247	5,441	6.4
Receipts from Sale of Shares	0	0	0	0	N/A
Other extraordinary receipts	0	0	5,342	5,342	N/A
Loans	24,148	33,500	-15,000	-48,500	-144.8
Total Non-Recurrent Revenue	24,148	33,500	-9,658	-43,158	-128.8
Total Revenue	95,549	118,306	80,588	-37,717	-31.9
Recurrent Expenditure					
Personal Emoluments	15,539	14,651	14,960	309	2.1
Operational & Maintenance Expenditure	3,732	2,171	2,015	-156	-7.2
Programmes & Initiatives	31,786	31,471	38,080	6,609	21.0
Contribution to Govt. Entities	5,817	6,990	3,527	-3,463	-49.5
Total Recurrent Expenditure	56,875	55,284	58,582	3,298	6.0

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:
 - i. Revenue and Expenditure, and Public Debt Servicing The Consolidated Fund, the transactions of which are consolidated at the Treasury.
 - ii. Central Government debt Central Bank of Malta and the Treasury.

All allocations provided out of this 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 out of the Consolidated Fund or other sources.

2. This news release seeks to follow 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 are 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, are not taken into consideration. Likewise, direct loan repayments, contributions to sinking funds, as well as transfers into other accounts of Government are excluded from the total expenditure.
3. The debt position includes both the actual debt which is held by Government, as well as 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.
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 previous three months as provisional. Any revisions to the data will be carried out at the first opportunity and published accordingly in the next news release.