

News Release



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Government Finance

Government Finance Data: January-October 2006

The shortfall between the recurrent revenue and total expenditure of Central Government as recorded in the Consolidated Fund for the first ten months of the year narrowed by Lm8.8 million.

The shortfall between recurrent revenue and total expenditure amounted to Lm73.2 million during the first ten months of 2006. This corresponds to a decrease of Lm8.8 million from the same period last year, and is the result of higher recurrent revenues and comparatively lower outlays on capital projects.

Recurrent revenue increased by Lm27.7 million during the January-October 2006 period, mainly due to higher receipts from income tax, excise duties, social security contributions, and VAT. At the same time there were decreases in revenues from the Central Bank of Malta, fees of office and from grants.

Recurrent expenditure amounted to Lm625.6 million, an increase of Lm21.4 million compared to the first ten months of 2005. This increase was driven by a higher outlay of Lm11.5 million on social security benefits. At the same time expenditure on personal emoluments rose by Lm1.8 million, while contributions to government entities declined by Lm5.1 million.

As shown in Table 1, interest payments on public debt increased by Lm2.9 million and amounted to Lm67.3 million.

During the survey period, capital expenditure declined by Lm5.5 million. Reductions were recorded in respect of outlays by the Ministries of Urban Development and Roads, and Justice and Home affairs. On the other hand, higher expenditure was registered under the Ministries for Investment, Industry and Information Technology, Gozo and Rural Affairs and the Environment.

The Consolidated Fund took up Lm10.0 million new loans during the first ten months of the year. The sale of Maltacom shares earlier this year contributed Lm74.2 million proceeds to the consolidated fund and a further Lm20.3 million to the Sinking Fund. (The latter portion does not feature in this release which deals exclusively with the transactions of the Consolidated Fund.)

Table 3 shows the debt of Central Government outstanding at the end of October. This debt totalled Lm1,354.6 million, a decrease of Lm40.1 million compared to the same month last year. This change was brought about by reductions in treasury bills and foreign borrowing, but partly offset by an increase in Malta Government Stocks ■

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Table 1. Government Finance Data

Description	Jan-Oct 2004	Jan-Oct 2005	Jan-Oct 2006	Jan-Oct 2006/Jan-Oct 2005	
				Absolute Change	% change
	Lm thousands				
Recurrent Revenue	608,398	686,417	714,091	27,674	4.0
<i>of which:</i>					
Grants	22,172	48,202	46,164	-2,038	-4.2
Customs and Excise	48,313	53,948	60,806	6,858	12.7
Consumption Tax	112,637	138,192	143,904	5,712	4.1
Income Tax	147,986	156,526	177,816	21,290	13.6
Social Security	138,436	141,928	148,298	6,370	4.5
Others	138,854	147,620	137,103	-10,517	-7.1
Total Expenditure	729,186	768,404	787,263	18,860	2.5
<i>consisting of:</i>					
Recurrent Expenditure	585,435	604,173	625,568	21,395	3.5
<i>of which:</i>					
Education	38,802	39,293	40,223	930	2.4
Social Security (benefits)	173,280	183,706	195,164	11,458	6.2
Others	373,353	381,173	390,181	9,007	2.4
Interest Payments	59,072	64,369	67,316	2,946	4.6
Capital Expenditure	84,678	99,861	94,380	-5,481	-5.5
<i>of which:</i>					
Productive Investment	21,844	24,641	25,465	824	3.3
Infrastructure	30,378	37,011	28,088	-8,923	-24.1
Social	32,457	38,209	40,827	2,618	6.9
Balance of recurrent revenue and total expenditure	-120,788	-81,987	-73,172	8,814	-10.8
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	2,515	74,170	71,655	2,848.7
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	14,419	1,402	249	-1,153	-82.2

Source: Treasury Department

Table 2. Government Finance Data

Description	October 2004	October 2005	October 2006	Oct 2006 / Oct 2005	
				Absolute Change	% change
				Lm thousands	
Recurrent Revenue	70,181	79,486	84,242	4,756	6.0
<i>of which:</i>					
Grants	6,228	7,878	8,244	365	4.6
Customs and Excise	5,893	6,795	6,837	42	0.6
Consumption Tax	15,064	16,666	18,739	2,073	12.4
Income Tax	14,091	16,794	22,557	5,764	34.3
Social Security	13,640	15,963	16,035	72	0.5
Others	15,264	15,389	11,829	-3,560	-23.1
Total Expenditure	81,103	76,062	84,554	8,492	11.2
<i>consisting of:</i>					
Recurrent Expenditure	67,285	60,721	65,460	4,739	7.8
<i>of which:</i>					
Education	3,396	3,579	3,658	78	2.2
Social Security (benefits)	17,719	20,020	20,726	706	3.5
Others	46,170	37,122	41,077	3,955	10.7
Interest Payments	4,773	8,583	4,436	-4,147	-48.3
Capital Expenditure	9,045	6,758	14,657	7,900	116.9
<i>of which:</i>					
Productive Investment	3,985	1,331	2,582	1,251	93.9
Infrastructure	3,188	4,122	7,388	3,266	79.2
Social	1,872	1,304	4,687	3,383	259.3
Balance of recurrent revenue and total expenditure	-10,922	3,424	-312	-3,735	-109.1
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	0	0	0	0	N/A
Receipts from Sale of Shares	0	1,423	0	-1,423	N/A
Other extraordinary receipts	0	0	0	0	N/A
<i>Expenditure</i>					
Contribution to Sinking Fund	0	0	0	0	N/A
Repayment of Loan	14,419	1,402	0	-1,402	N/A

Source: Treasury Department

Table 3. Government Debt

Description	Jan-Oct 2004	Jan-Oct 2005	Jan-Oct 2006	Jan-Oct 2006/Jan-Oct 2005	
				Absolute Change	% change
Lm thousands					
Gross Government Debt	1,346,022	1,394,689	1,354,634	-40,055	-2.9
<i>of which:</i>					
Treasury Bills	265,453	180,141	132,077	-48,064	-26.7
Govt. Stock	985,196	1,124,988	1,136,622	11,634	1.0
Foreign Loans Outstanding	69,825	66,123	63,004	-3,119	-4.7
Other debt assumptions	27,427	25,316	24,810	-506	-2.0
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-Oct 2004	Jan-Oct 2005	Jan-Oct 2006	Jan-Oct 2006/Jan-Oct 2005	
				Absolute Change	% change
Lm thousands					
Revenue					
Customs & Excise Duties	48,313	53,948	60,806	6,858	12.7
Licences, Taxes and Fines	81,289	73,079	78,216	5,137	7.0
Income Tax	147,986	156,526	177,816	21,290	13.6
Consumption Tax	112,637	138,192	143,904	5,712	4.1
Fees of Office	4,567	24,362	15,340	-9,022	-37.0
Reimbursements	6,435	6,266	8,562	2,295	36.6
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	10,039	7,850	8,100	250	3.2
Dividends on Investment	3,637	2,847	4,356	1,509	53.0
Repayment of and Interest on loans	16	314	11	-303	-96.4
Social Security	138,436	141,928	148,298	6,370	4.5
Grants	22,172	48,202	46,164	-2,038	-4.2
Miscellaneous Receipts	12,756	17,018	10,635	-6,383	-37.5
Total Recurrent Revenue	608,398	686,417	714,091	27,674	4.0
Receipts from Sale of Shares	0	2,515	74,170	71,655	2,848.7
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	116,353	89,512	-26,841	-23.1
Total Revenue	687,746	802,770	803,603	833	0.1
Recurrent Expenditure					
Personal Emoluments	156,236	154,320	156,144	1,824	1.2
Operational & Maintenance Expenditure	43,768	28,001	28,854	853	3.0
Programmes & Initiatives	319,899	360,165	384,007	23,843	6.6
Contribution to Govt. Entities	65,532	61,687	56,562	-5,124	-8.3
Total Recurrent Expenditure	585,435	604,173	625,568	21,395	3.5

Source: Treasury Department

Table 5. Revenue / Expenditure Categories

Description	October 2004	October 2005	October 2006	Oct 2006 / Oct 2005	
				Absolute Change	% change
Lm thousands					
Revenue					
Customs & Excise Duties	5,893	6,795	6,837	42	0.6
Licences, Taxes and Fines	7,964	7,461	7,553	91	1.2
Income Tax	14,091	16,794	22,557	5,764	34.3
Consumption Tax	15,064	16,666	18,739	2,073	12.4
Fees of Office	423	5,982	2,419	-3,563	-59.6
Reimbursements	633	856	994	138	16.1
Public Corporations	0	0	0	0	N/A
Central Bank of Malta	0	0	0	0	N/A
Rents	3,685	440	333	-107	-24.3
Dividends on Investment	0	0	0	0	N/A
Repayment of and Interest on loans	1	301	1	-301	-99.7
Social Security	13,640	15,963	16,035	72	0.5
Grants	6,228	7,878	8,244	365	4.6
Miscellaneous Receipts	2,559	347	528	181	52.1
Total Recurrent Revenue	70,181	79,486	84,241	4,756	6.0
Receipts from Sale of Shares	0	1,423	0	-1,423	N/A
Other extraordinary receipts	0	0	0	0	N/A
Loans	0	0	0	0	N/A
Total Non-Recurrent Revenue	0	1,423	0	-1,423	N/A
Total Revenue	70,181	80,909	84,241	3,333	4.1
Recurrent Expenditure					
Personal Emoluments	17,323	14,909	14,987	78	0.5
Operational & Maintenance Expenditure	3,971	2,681	3,034	352	13.1
Programmes & Initiatives	38,257	36,683	42,983	6,301	17.2
Contribution to Govt. Entities	7,734	6,449	4,457	-1,992	-30.9
Total Recurrent Expenditure	67,285	60,721	65,460	4,739	7.8

Source: Treasury Department

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 Budgetary Central 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.