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Government Finance

Government Finance Data: January-June 2007

The shortfall between recurrent revenue and total expenditure for the first half of the year stands at Lm75.7 million.

Data from the Consolidated Fund of Government as at end June 2007 show that the shortfall between recurrent revenue and total expenditure for the first half of this year amounted to Lm75.7 million. This is Lm1.6 million higher than the shortfall of Lm74.0 million reported for the first six months of 2006. An increase of Lm12.2 million in total expenditure was in part offset by an increase of Lm10.6 million in recurrent revenue.

During the first six months of the year revenue from Income Tax increased by Lm15.1 million. Concurrently, revenue from Social Security Contributions and from Value Added Tax increased by Lm5.9 million and by Lm3.3 million respectively. On the other hand, revenue from Grants declined from Lm24.1 million last year to Lm2.9 million in the period under review.

Recurrent expenditure amounted to Lm390.8 million, an increase of Lm18.2 million compared to the same period last year. This increase was essentially brought about by a rise of Lm6.8 million in Social Security Benefits, by higher outlays (+Lm2.8 million) on medicines and surgical materials by the Ministry of Health, as well as by increases (+Lm2.2 million), due to Government's energy support measures, under the Ministry for the Family and Social Solidarity.

Lower interest payments on Government's long-term borrowing resulted in a decline in the interest component of the public debt servicing costs for the January-June period. As shown in Table 1, total interest payments for the six months under review amounted to Lm38.4 million.

Capital Expenditure for the first six months of the year amounted to Lm46.8 million, registering a decline of Lm5.2 million when compared to the capital expenditure of Lm52.0 million for the same period in 2006. Lower capital outlays by the Ministry of Finance (-Lm6.6 million), and by the Ministry for Tourism and Culture (-Lm1.0 million) were in part offset by higher expenditures under the Ministry for Rural Affairs and the Environment (+Lm2.1 million).

New loans taken up by Government for the first six months of the year amounted to Lm28.9 million.

The Central Government debt outstanding at the end of June 2007 amounted to Lm1,380.5 million, an increase of Lm22.2 million from June 2006. When compared to twelve months ago, Government Stocks and foreign borrowing declined by Lm42.4 million and Lm10.1 million respectively, while outstanding Treasury Bills increased by Lm75.2 million ■

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Table 1. Government Finance Data

Description	Jan-Jun 2005	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2007/Jan-Jun 2006	
				Absolute Change	% change
	Lm thousands				
Recurrent Revenue	376,064	389,866	400,421	10,555	2.7
<i>of which:</i>					
Grants	27,178	24,129	2,926	-21,204	-87.9
Customs and Excise	28,287	32,942	35,143	2,200	6.7
Consumption Tax	76,753	80,842	84,118	3,276	4.1
Income Tax	77,381	81,434	96,517	15,083	18.5
Social Security	76,868	81,860	87,743	5,883	7.2
Others	89,596	88,659	93,974	5,316	6.0
Total Expenditure	470,880	463,894	476,086	12,192	2.6
<i>consisting of:</i>					
Recurrent Expenditure	367,024	372,599	390,819	18,220	4.9
<i>of which:</i>					
Education	24,543	25,429	25,794	364	1.4
Social Security (benefits)	112,733	119,260	126,061	6,801	5.7
Others	229,747	227,909	238,964	11,055	4.9
Interest Payments	37,213	39,289	38,441	-848	-2.2
Capital Expenditure	66,644	52,006	46,826	-5,180	-10.0
<i>of which:</i>					
Productive Investment	18,838	15,524	6,531	-8,992	-57.9
Infrastructure	20,322	13,934	18,262	4,327	31.1
Social	27,484	22,548	22,033	-515	-2.3
Balance of recurrent revenue and total expenditure	-94,816	-74,028	-75,665	-1,637	2.2
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	76,500	25,000	28,859	3,859	15.4
Receipts from Sale of Shares	0	74,170	0	0	0.0
Other extraordinary receipts	3,837	0	1,426	1,426	N/A
<i>Expenditure</i>					
Contribution to Sinking Fund	6,003	6,406	4,679	-1,728	-27.0
Repayment of Loan	0	65	0	-65	-100.0

Source: Treasury Department

Table 2. Government Finance Data

Description	June 2005	June 2006	June 2007	Jun 2007 / Jun 2006	
				Absolute Change	% change
	Lm thousands				
Recurrent Revenue	71,808	67,205	66,521	-684	-1.0
<i>of which:</i>					
Grants	3,893	3,778	314	-3,464	-91.7
Customs and Excise	5,259	6,500	6,237	-263	-4.0
Consumption Tax	15,656	14,603	16,131	1,528	10.5
Income Tax	18,240	14,061	16,820	2,759	19.6
Social Security	14,843	15,884	15,383	-501	-3.2
Others	13,916	12,379	11,637	-742	-6.0
Total Expenditure	73,523	77,812	75,615	-2,196	-2.8
<i>consisting of:</i>					
Recurrent Expenditure	55,213	59,105	62,156	3,050	5.2
<i>of which:</i>					
Education	4,100	4,189	4,383	193	4.6
Social Security (benefits)	16,623	17,305	18,359	1,054	6.1
Others	34,489	37,611	39,415	1,803	4.8
Interest Payments	4,346	4,119	3,764	-355	-8.6
Capital Expenditure	13,964	14,588	9,696	-4,892	-33.5
<i>of which:</i>					
Productive Investment	6,176	6,592	1,250	-5,343	-81.0
Infrastructure	2,579	3,368	2,514	-854	-25.4
Social	5,209	4,627	5,932	1,305	28.2
Balance of recurrent revenue and total expenditure	-1,715	-10,607	-9,094	1,513	-14.3
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	0	0	12,601	12,601	N/A
Receipts from Sale of Shares	0	0	0	0	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	0	0	0	0	N/A

Source: Treasury Department

Table 3. Government Debt

Description	Jan-Jun 2005	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2007/Jan-Jun 2006	
				Absolute Change	% change
Lm thousands					
Gross Government Debt	1,398,479	1,358,356	1,380,535	22,179	1.6
<i>of which:</i>					
Treasury Bills	215,307	121,304	196,506	75,202	62.0
Govt. Stock	1,091,488	1,150,333	1,107,917	-42,416	-3.7
Foreign Loans Outstanding	66,902	63,788	53,681	-10,107	-15.8
Other debt assumptions	26,661	24,810	24,433	-377	-1.5
MGSF investments in Government Debt	-1,879	-1,879	-2,002	-123	6.5

Source: Central Bank of Malta

Table 4. Revenue / Expenditure Categories

Description	Jan-Jun 2005	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2007/Jan-Jun 2006	
				Absolute Change	% change
Lm thousands					
Revenue					
Customs & Excise Duties	28,287	32,942	35,143	2,200	6.7
Licences, Taxes and Fines	43,187	47,272	49,762	2,491	5.3
Income Tax	77,381	81,434	96,517	15,083	18.5
Consumption Tax	76,753	80,842	84,118	3,276	4.1
Fees of Office	9,552	8,495	9,967	1,472	17.3
Reimbursements	3,210	4,762	4,783	21	0.4
Public Corporations	1,883	1,883	1,883	0	0.0
Central Bank of Malta	14,001	10,001	10,902	901	9.0
Rents	5,391	5,078	5,719	641	12.6
Dividends on Investment	2,077	3,703	3,297	-406	-11.0
Repayment of and Interest on loans	10	6	7	1	11.9
Social Security	76,868	81,860	87,743	5,883	7.2
Grants	27,178	24,129	2,926	-21,204	-87.9
Miscellaneous Receipts	10,286	7,459	7,653	194	2.6
Total Recurrent Revenue	376,064	389,866	400,421	10,555	2.7
Receipts from Sale of Shares	0	74,170	0	-74,170	-100.0
Other extraordinary receipts	3,837	0	1,426	1,426	N/A
Loans	76,500	25,000	28,859	3,859	15.4
Total Non-Recurrent Revenue	80,337	99,170	30,285	-68,885	-69.5
Total Revenue	456,402	489,036	430,706	-58,330	-11.9
Recurrent Expenditure					
Personal Emoluments	93,221	94,177	95,801	1,624	1.7
Operational & Maintenance Expenditure	18,368	18,921	20,066	1,145	6.1
Programmes & Initiatives	217,028	224,610	239,395	14,784	6.6
Contribution to Govt. Entities	38,407	34,891	35,558	667	1.9
Total Recurrent Expenditure	367,024	372,599	390,819	18,220	4.9

Source: Treasury Department

Table 5. Revenue / Expenditure Categories

Description	June 2005	June 2006	June 2007	Jun 2007 / Jun 2006	
				Absolute Change	% change
				Lm thousands	
Revenue					
Customs & Excise Duties	5,259	6,500	6,237	-263	-4.0
Licences, Taxes and Fines	9,215	8,438	7,603	-835	-9.9
Income Tax	18,240	14,061	16,820	2,759	19.6
Consumption Tax	15,656	14,603	16,131	1,528	10.5
Fees of Office	3,468	2,129	1,667	-462	-21.7
Reimbursements	405	1,064	463	-601	-56.5
Public Corporations	0	0	0	0	N/A
Central Bank of Malta	0	0	0	0	N/A
Rents	563	449	160	-290	-64.4
Dividends on Investment	0	55	25	-30	-54.6
Repayment of and Interest on loans	2	1	3	1	75.7
Social Security	14,843	15,884	15,383	-501	-3.2
Grants	3,893	3,778	314	-3,464	-91.7
Miscellaneous Receipts	264	241	1,716	1,475	610.8
Total Recurrent Revenue	71,808	67,205	66,521	-684	-1.0
Receipts from Sale of Shares	0	0	0	0	N/A
Other extraordinary receipts	0	0	0	0	N/A
Loans	0	0	12,601	12,601	N/A
Total Non-Recurrent Revenue	0	0	12,601	12,601	N/A
Total Revenue	71,808	67,205	79,122	11,918	17.7
Recurrent Expenditure					
Personal Emoluments	16,534	16,389	16,919	530	3.2
Operational & Maintenance Expenditure	2,175	2,952	3,185	233	7.9
Programmes & Initiatives	30,973	35,657	37,262	1,604	4.5
Contribution to Govt. Entities	5,530	4,106	4,791	684	16.7
Total Recurrent Expenditure	55,213	59,105	62,156	3,051	5.2

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 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.