

News Release



Date: 28 September 2007
No. : 155/2007
Time of release: 11.00 hrs

Theme:
Economy and Finance

Compiled by:

Government Finance Unit
e-mail: govtfinance.nso@gov.mt
Tel: 25997240

The monthly calendar of NSO News Releases may be consulted on the Office's website at www.nso.gov.mt

Government Finance

Government Finance Data: January-August 2007

The shortfall between recurrent revenue and total expenditure for the first eight months of 2007 amounted to Lm70.5 million.

Data from the Government Consolidated Fund indicate that the shortfall between recurrent revenue and total expenditure for the first eight months of the year compared to the same period last year increased by Lm1.3 million and amounted to Lm70.5 million. The increase in total expenditure was Lm17.7 million while that in respect of recurrent revenue was Lm16.4 million.

When compared to the same period in 2006 Income Tax revenue rose by Lm23.3 million to Lm156.6 million. Revenue from Social Security Contributions and from Value Added Tax increased by Lm4.9 million and Lm3.1 million respectively. Revenue from Grants declined by Lm25.1 million for the period under review.

Recurrent expenditure amounted to Lm519.6 million, an increase of Lm21.8 million over the same period last year. This increase was underpinned by higher outlays of Lm8.9 million on Social Security Benefits and by increases of Lm7.1 million under the Ministry for the Family and Social Solidarity, the latter mainly on account of Government's energy support measures.

Lower interest payments on Government's long-term borrowing resulted in a decline of Lm0.8 million in public debt servicing costs. As shown in Table 1, total interest payments for the period under review amounted to Lm52.3 million.

Capital Expenditure for the January to August period amounted to Lm66.1 million, a decline of Lm3.3 million when compared to the same period in 2006. Lower capital outlays by the Ministry of Finance (-Lm6.2 million), were in part offset by higher expenditures under the Ministry for Rural Affairs and the Environment (+Lm1.7 million) and the Ministry for Urban Development and Roads (+Lm0.9 million).

When compared to August 2006, Central Government debt as at end August this year increased by Lm40.8 million, to stand at Lm1,401.5 million. When compared to the same period one year ago, foreign borrowing decreased by Lm10.1 million, while Treasury Bills and Government Stock increased by Lm27.8 million and Lm23.6 million respectively ■

National Statistics Office
Library & Information Unit
Lascaris, Valletta CMR 02, Malta
Tel: (+356) 25997219
Fax: (+356) 25997205
e-mail: nso@gov.mt
<http://www.nso.gov.mt>

Table 1. Government Finance Data

Description	Jan-Aug 2005	Jan-Aug 2006	Jan-Aug 2007	Jan-Aug 2007/Jan-Aug 2006	
				Absolute Change	% change
Lm thousands					
Recurrent Revenue	530,470	551,073	567,478	16,405	3.0
<i>of which:</i>					
Grants	35,141	34,112	9,011	-25,101	-73.6
Customs and Excise	41,198	46,736	48,458	1,722	3.7
Consumption Tax	104,108	107,898	110,986	3,088	2.9
Income Tax	121,135	133,340	156,627	23,287	17.5
Social Security	107,980	115,142	120,059	4,917	4.3
Others	120,908	113,845	122,338	8,492	7.5
Total Expenditure	621,612	620,253	637,959	17,706	2.9
<i>consisting of:</i>					
Recurrent Expenditure	484,722	497,767	519,572	21,805	4.4
<i>of which:</i>					
Education	31,873	32,830	33,413	582	1.8
Social Security (benefits)	148,691	158,115	166,979	8,865	5.6
Others	304,158	306,822	319,180	12,358	4.0
Interest Payments	50,751	53,039	52,273	-766	-1.4
Capital Expenditure	86,139	69,447	66,115	-3,333	-4.8
<i>of which:</i>					
Productive Investment	22,532	20,522	9,891	-10,631	-51.8
Infrastructure	28,663	18,974	26,568	7,594	40.0
Social	34,944	29,952	29,656	-296	-1.0
Balance of recurrent revenue and total expenditure	-91,141	-69,180	-70,481	-1,301	1.9
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	110,000	10,000	28,859	18,859	188.6
Receipts from Sale of Shares	1,092	74,170	0	-74,170	-100.0
Other extraordinary receipts	3,837	5,342	1,426	-3,916	-73.3
<i>Expenditure</i>					
Contribution to Sinking Fund	6,003	6,406	4,679	-1,728	-27.0
Repayment of Loan	0	249	0	-249	-100.0

Source: Treasury Department

Table 2. Government Finance Data

Description	August 2005	August 2006	August 2007	Aug 2007 / Aug 2006	
				Absolute Change	% change
	Lm thousands				
Recurrent Revenue	84,806	90,247	93,252	3,005	3.3
<i>of which:</i>					
Grants	3,795	6,280	4,053	-2,226	-35.5
Customs and Excise	6,437	6,802	6,997	195	2.9
Consumption Tax	13,021	11,780	12,190	411	3.5
Income Tax	29,072	34,315	38,817	4,502	13.1
Social Security	17,399	18,480	17,725	-755	-4.1
Others	15,081	12,591	13,469	878	7.0
Total Expenditure	76,634	74,089	74,038	-51	-0.1
<i>consisting of:</i>					
Recurrent Expenditure	55,285	58,582	58,034	-549	-0.9
<i>of which:</i>					
Education	3,508	3,513	3,663	150	4.3
Social Security (benefits)	17,420	16,320	17,027	707	4.3
Others	34,356	38,750	37,344	-1,406	-3.6
Interest Payments	7,934	8,375	7,936	-438	-5.2
Capital Expenditure	13,416	7,131	8,067	936	13.1
<i>of which:</i>					
Productive Investment	2,096	2,123	1,963	-160	-7.6
Infrastructure	4,998	789	3,866	3,077	390.1
Social	6,321	4,219	2,239	-1,980	-46.9
Balance of recurrent revenue and total expenditure	8,171	16,158	19,214	3,056	18.9
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	33,500	-15,000	0	15,000	-100.0
Receipts from Sale of Shares	0	0	0	0	N/A
Other extraordinary receipts	0	5,342	0	-5,342	-100.0
<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-Aug 2005	Jan-Aug 2006	Jan-Aug 2007	Jan-Aug 2007/Jan-Aug 2006	
				Absolute Change	% change
Lm thousands					
Gross Government Debt	1,410,595	1,360,664	1,401,502	40,838	3.0
<i>of which:</i>					
Treasury Bills	194,121	137,505	165,349	27,844	20.2
Govt. Stock	1,124,988	1,136,622	1,160,206	23,584	2.1
Foreign Loans Outstanding	66,704	63,606	53,516	-10,090	-15.9
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-Aug 2005	Jan-Aug 2006	Jan-Aug 2007	Jan-Aug 2007/Jan-Aug 2006	
				Absolute Change	% change
Lm thousands					
Revenue					
Customs & Excise Duties	41,198	46,736	48,458	1,722	3.7
Licences, Taxes and Fines	57,376	63,077	65,574	2,497	4.0
Income Tax	121,135	133,340	156,627	23,287	17.5
Consumption Tax	104,108	107,898	110,986	3,088	2.9
Fees of Office	16,354	11,001	15,373	4,372	39.7
Reimbursements	4,898	6,675	7,106	431	6.5
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	7,165	7,066	6,988	-78	-1.1
Dividends on Investment	2,847	4,356	5,810	1,454	33.4
Repayment of and Interest on loans	13	9	9	0	0.5
Social Security	107,980	115,142	120,059	4,917	4.3
Grants	35,141	34,112	9,011	-25,101	-73.6
Miscellaneous Receipts	16,371	9,778	8,692	-1,086	-11.1
Total Recurrent Revenue	530,470	551,073	567,478	16,405	3.0
Receipts from Sale of Shares	1,092	74,170	0	-74,170	-100.0
Other extraordinary receipts	3,837	5,342	1,426	-3,916	-73.3
Loans	110,000	10,000	28,859	18,859	188.6
Total Non-Recurrent Revenue	114,929	89,512	30,285	-59,227	-66.2
Total Revenue	645,400	640,585	597,763	-42,822	-6.7
Recurrent Expenditure					
Personal Emoluments	123,271	124,195	126,830	2,636	2.1
Operational & Maintenance Expenditure	23,131	23,743	25,112	1,369	5.8
Programmes & Initiatives	288,472	305,149	320,774	15,625	5.1
Contribution to Govt. Entities	49,848	44,680	46,856	2,175	4.9
Total Recurrent Expenditure	484,722	497,767	519,572	21,805	4.4

Table 5. Revenue / Expenditure Categories

Description	August 2005	August 2006	August 2007	Aug 2007 / Aug 2006	
				Absolute Change	% change
Lm thousands					
Revenue					
Customs & Excise Duties	6,437	6,802	6,997	195	2.9
Licences, Taxes and Fines	6,987	7,424	7,995	571	7.7
Income Tax	29,072	34,315	38,817	4,502	13.1
Consumption Tax	13,021	11,780	12,190	411	3.5
Fees of Office	825	1,120	3,874	2,754	245.8
Reimbursements	884	1,128	1,077	-51	-4.6
Public Corporations	0	0	0	0	N/A
Central Bank of Malta	0	0	0	0	N/A
Rents	741	991	428	-562	-56.8
Dividends on Investment	116	298	0	-298	-100.0
Repayment of and Interest on loans	1	1	2	1	100.0
Social Security	17,399	18,480	17,725	-755	-4.1
Grants	3,795	6,280	4,053	-2,226	-35.5
Miscellaneous Receipts	5,526	1,630	93	-1,537	-94.3
Total Recurrent Revenue	84,806	90,247	93,252	3,005	3.3
Receipts from Sale of Shares	0	0	0	0	N/A
Other extraordinary receipts	0	5,342	0	-5,342	-100.0
Loans	33,500	-15,000	0	15,000	-100.0
Total Non-Recurrent Revenue	33,500	-9,658	0	9,658	-100.0
Total Revenue	118,306	80,588	93,252	12,664	15.7
Recurrent Expenditure					
Personal Emoluments	14,651	14,960	15,326	365	2.4
Operational & Maintenance Expenditure	2,171	2,015	2,793	778	38.6
Programmes & Initiatives	31,471	38,080	34,886	-3,194	-8.4
Contribution to Govt. Entities	6,990	3,527	5,030	1,503	42.6
Total Recurrent Expenditure	55,284	58,582	58,034	-548	-0.9

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 (excluding EBUs and Local Councils) 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. Totals may not add up due to rounding.
3. 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.
4. 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.
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 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.