

News Release



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Government Finance

Government Finance Data: January-September 2007

The shortfall between recurrent revenue and total expenditure for the first nine months of 2007 amounts to Lm73.3 million (€170.7 million).

Data from the Government Consolidated Fund indicate that the shortfall between recurrent revenue and total expenditure for the first nine months of the year compared to the same period last year increased by Lm0.4 million and amounted to Lm73.3 million. The increase in total expenditure was Lm16.2 million while that in respect of recurrent revenue was Lm15.8 million.

When compared to the same period in 2006, revenue from Income Tax rose by Lm21.2 million to Lm176.5 million. Revenue from Social Security Contributions and from Value Added Tax increased by Lm3.9 million and by Lm4.3 million respectively. Revenue from Grants declined by Lm22.9 million for the period under review.

Recurrent expenditure during the first three quarters amounted to Lm582.7 million, an increase of Lm22.6 million over the same period last year. This increase was mainly brought about by an increase of Lm9.5 million on Social Security Benefits.

Interest payments on Government borrowing edged up by Lm0.1 million and totalled Lm63.0 million.

Capital expenditure for the January to September period amounted to Lm73.3 million, a decline of Lm6.5 million when compared to the first three quarters of 2006. Lower capital outlays by the Ministry of Finance (-Lm11.9 million) were only partly offset by higher expenditures under the Ministry for Rural Affairs and the Environment (+Lm2.1 million), the Ministry for Gozo (+Lm2.2 million), and the Ministry for Urban Development and Roads (+Lm1.3 million).

Compared to September 2006, Central Government debt at the end of September this year increased by Lm17.3 million, amounting to Lm1,394.1 million. For the 12-month period ending September 2007, Treasury Bills and Government Stock increased by Lm4.5 million and by Lm23.6 million respectively, while foreign borrowing declined by Lm10.2 million ■

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Table 1. Government Finance Data

Description	Jan-Sep 2005	Jan-Sep 2006	Jan-Sep 2007	Jan-Sep 2007/Jan-Sep 2006	
				Absolute Change	% change
Lm thousands					
Recurrent Revenue	606,932	629,849	645,656	15,807	2.5
<i>of which:</i>					
Grants	40,324	37,920	14,979	-22,941	-60.5
Customs and Excise	47,153	53,968	55,047	1,078	2.0
Value Added Tax	121,526	125,165	129,437	4,272	3.4
Income Tax	139,733	155,259	176,453	21,194	13.7
Social Security	125,965	132,263	136,176	3,913	3.0
Others	132,231	125,274	133,564	8,290	6.6
Total Expenditure	692,342	702,710	718,956	16,246	2.3
<i>consisting of:</i>					
Recurrent Expenditure	543,451	560,107	582,687	22,580	4.0
<i>of which:</i>					
Education	35,714	36,565	37,536	971	2.7
Social Security (benefits)	163,686	174,438	183,913	9,475	5.4
Others	344,052	349,104	361,238	12,134	3.5
Interest Payments	55,786	62,879	63,007	127	0.2
Capital Expenditure	93,104	79,723	73,262	-6,461	-8.1
<i>of which:</i>					
Productive Investment	23,310	22,883	11,363	-11,520	-50.3
Infrastructure	32,889	20,700	31,524	10,824	52.3
Social	36,905	36,140	30,375	-5,765	-16.0
Balance of recurrent revenue and total expenditure	-85,410	-72,861	-73,300	-440	0.6
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	September 2005	September 2006	September 2007	Sep 2007 / Sep 2006	
				Absolute Change	% change
	Lm thousands				
Recurrent Revenue	76,461	78,776	78,177	-599	-0.8
<i>of which:</i>					
Grants	5,183	3,808	5,968	2,160	56.7
Customs and Excise	5,955	7,232	6,588	-644	-8.9
Value Added Tax	17,418	17,267	18,451	1,184	6.9
Income Tax	18,598	21,919	19,826	-2,092	-9.5
Social Security	17,985	17,121	16,117	-1,004	-5.9
Others	11,323	11,429	11,226	-203	-1.8
Total Expenditure	70,730	82,457	80,996	-1,460	-1.8
<i>consisting of:</i>					
Recurrent Expenditure	58,730	62,341	63,115	774	1.2
<i>of which:</i>					
Education	3,841	3,735	4,124	389	10.4
Social Security (benefits)	14,995	16,323	16,933	610	3.7
Others	39,894	42,283	42,058	-224	-0.5
Interest Payments	5,035	9,840	10,734	893	9.1
Capital Expenditure	6,965	10,276	7,148	-3,128	-30.4
<i>of which:</i>					
Productive Investment	777	2,361	1,472	-889	-37.7
Infrastructure	4,227	1,727	4,956	3,229	187.0
Social	1,961	6,188	720	-5,468	-88.4
Balance of recurrent revenue and total expenditure	5,731	-3,681	-2,819	862	-23.4
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	0	0	0	0	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-Sep 2005	Jan-Sep 2006	Jan-Sep 2007	Jan-Sep 2007/Jan-Sep 2006	
				Absolute Change	% change
Lm thousands					
Gross Government Debt	1,391,008	1,376,797	1,394,113	17,316	1.3
<i>of which:</i>					
Treasury Bills	174,480	153,599	158,070	4,471	2.9
Government Stock	1,124,988	1,136,622	1,160,206	23,584	2.1
Foreign Loans Outstanding	66,759	63,645	53,405	-10,240	-16.1
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-Sep 2005	Jan-Sep 2006	Jan-Sep 2007	Jan-Sep 2007/Jan-Sep 2006	
				Absolute Change	% change
Lm thousands					
Revenue					
Customs and Excise Duties	47,153	53,968	55,047	1,078	2.0
Licences, Taxes and Fines	65,618	70,663	71,886	1,223	1.7
Income Tax	139,733	155,259	176,453	21,194	13.7
Value Added Tax	121,526	125,165	129,437	4,272	3.4
Fees of Office	18,380	12,920	17,739	4,819	37.3
Reimbursements	5,410	7,568	7,627	59	0.8
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	7,410	7,767	7,407	-360	-4.6
Dividends on Investment	2,847	4,356	6,598	2,242	51.5
Repayment of and Interest on loans	13	11	10	-1	-5.6
Social Security	125,965	132,263	136,176	3,913	3.0
Grants	40,324	37,920	14,979	-22,941	-60.5
Miscellaneous Receipts	16,670	10,106	9,512	-595	-5.9
Total Recurrent Revenue	606,932	629,849	645,656	15,807	2.5
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	721,861	719,361	675,941	-43,420	-6.0
Recurrent Expenditure					
Personal Emoluments	139,411	141,157	143,703	2,545	1.8
Operational and Maintenance Expenditure	25,320	25,820	27,845	2,024	7.8
Programmes and Initiatives	323,482	341,024	360,362	19,338	5.7
Contribution to Government Entities	55,238	52,106	50,778	-1,328	-2.5
Total Recurrent Expenditure	543,451	560,107	582,687	22,580	4.0

Table 5. Revenue / Expenditure Categories

Description	September 2005	September 2006	September 2007	Sep 2007 / Sep 2006	
				Absolute Change	% change
	Lm thousands				
Revenue					
Customs and Excise Duties	5,955	7,232	6,588	-644	-8.9
Licences, Taxes and Fines	8,241	7,586	6,312	-1,274	-16.8
Income Tax	18,598	21,919	19,826	-2,092	-9.5
Value Added Tax	17,418	17,267	18,451	1,184	6.9
Fees of Office	2,026	1,919	2,366	446	23.3
Reimbursements	512	893	521	-371	-41.6
Public Corporations	0	0	0	0	N/A
Central Bank of Malta	0	0	0	0	N/A
Rents	245	701	419	-282	-40.2
Dividends on Investment	0	0	788	788	N/A
Repayment of and Interest on loans	0	1	1	-1	-47.9
Social Security	17,985	17,121	16,117	-1,004	-5.9
Grants	5,183	3,808	5,968	2,160	56.7
Miscellaneous Receipts	299	328	819	491	149.6
Total Recurrent Revenue	76,461	78,776	78,177	-599	-0.8
Receipts from Sale of Shares	0	0	0	0	N/A
Other extraordinary receipts	0	0	0	0	N/A
Loans	0	0	0	0	N/A
Total Non-Recurrent Revenue	0	0	0	0	N/A
Total Revenue	76,461	78,776	78,177	-599	-0.8
Recurrent Expenditure					
Personal Emoluments	16,141	16,963	16,872	-91	-0.5
Operational and Maintenance Expenditure	2,189	2,077	2,732	655	31.5
Programmes and Initiatives	35,010	35,875	39,588	3,713	10.3
Contribution to Government Entities	5,391	7,425	3,922	-3,503	-47.2
Total Recurrent Expenditure	58,730	62,341	63,115	774	1.2

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 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 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.