

# News Release



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## Government Finance

### Government Finance Data: January-November 2007

*Figures supplied by the Treasury reveal that the shortfall between recurrent revenue and total expenditure for the first eleven months of 2007 amounts to Lm82.0 million (€190.9 million).*

Data from the Government Consolidated Fund indicate that the shortfall between recurrent revenue and total expenditure for the first eleven months of the year compared to the same period last year increased by Lm2.0 million and amounted to Lm82.0 million. The increase in total expenditure was Lm17.5 million while the increase in respect of recurrent revenue was Lm15.5 million.

When compared to the same period in 2006, revenue from Income Tax rose by Lm22.1 million to Lm214.6 million. Revenue from Social Security Contributions and from Value Added Tax went up by Lm4.0 million and by Lm4.9 million respectively, while revenues from Customs and Excise duties yielded an additional Lm7.9 million. Concurrently, revenue from Grants declined by Lm34.6 million.

Recurrent expenditure during the first eleven months of this year amounted to Lm719.9 million, an increase of Lm30.6 million over the same period last year. This was mainly brought about by increases of Lm10.5 million and Lm8.8 million respectively on Social Security Benefits and on outlays under the Ministry for Investment, Industry and Information Technology.

At Lm73.4 million, interest payments on Government borrowing remained practically unchanged.

Capital expenditure for the January to November period amounted to Lm89.1 million, a decline of Lm13.1 million when compared to the first eleven months of 2006. Lower capital outlays by the Ministry of Finance (-Lm14.8 million) and by the Ministry for Investment, Industry and Information Technology (-Lm2.4 million) were in part offset by higher expenditures under the Ministry for Gozo (+Lm2.1 million), and under the Ministry for Rural Affairs and the Environment (+Lm1.5 million).

Compared to November 2006, Central Government debt at the end of November this year went up by Lm54.8 million, amounting to Lm1,423.2 million. As shown in Table 3, during the past 12 months Government Stock increased by Lm58.8 million, while Treasury Bills and foreign borrowing declined by Lm0.7 million and by Lm2.8 million respectively ■

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Table 1. Government Finance Data

Description	Jan-Nov 2005	Jan-Nov 2006	Jan-Nov 2007	Jan-Nov 2007/Jan-Nov 2006	
				Absolute Change	% change
	Lm thousands				
<b>Recurrent Revenue</b>	<b>751,288</b>	<b>785,038</b>	<b>800,504</b>	<b>15,466</b>	<b>2.0</b>
<i>of which:</i>					
Grants	54,825	56,504	21,906	-34,598	-61.2
Customs and Excise	59,717	64,305	72,253	7,948	12.4
Value Added Tax	150,743	156,258	161,187	4,929	3.2
Income Tax	169,269	192,541	214,595	22,054	11.5
Social Security	158,138	166,407	170,374	3,968	2.4
Others	158,596	149,023	160,188	11,165	7.5
<b>Total Expenditure</b>	<b>844,710</b>	<b>864,994</b>	<b>882,474</b>	<b>17,481</b>	<b>2.0</b>
<i>consisting of:</i>					
Recurrent Expenditure	664,997	689,317	719,895	30,578	4.4
<i>of which:</i>					
Education	43,145	44,384	45,091	706	1.6
Social Security (benefits)	200,191	213,343	223,824	10,481	4.9
Others	421,661	431,590	450,981	19,391	4.5
Interest Payments	70,603	73,449	73,441	-8	0.0
Capital Expenditure	109,110	102,228	89,139	-13,089	-12.8
<i>of which:</i>					
Productive Investment	24,881	27,944	14,696	-13,248	-47.4
Infrastructure	40,336	31,019	40,567	9,548	30.8
Social	43,893	43,265	33,875	-9,390	-21.7
<b>Balance of recurrent revenue and total expenditure</b>	<b>-93,421</b>	<b>-79,955</b>	<b>-81,970</b>	<b>-2,015</b>	<b>2.5</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	110,000	0	54,109	54,109	N/A
Receipts from Sale of Shares	21,515	74,170	0	-74,170	N/A
Other extraordinary receipts	3,837	12,459	6,394	-6,065	-48.7
<i>Expenditure</i>					
Contribution to Sinking Fund	11,939	11,227	9,107	-2,120	-18.9
Repayment of Loan	1,402	249	0	-249	N/A

Source: Treasury Department

Table 2. Government Finance Data

Description	November 2005	November 2006	November 2007	Nov 2007 / Nov 2006	
				Absolute Change	% change
				Lm thousands	
<b>Recurrent Revenue</b>	<b>64,871</b>	<b>70,947</b>	<b>69,415</b>	<b>-1,532</b>	<b>-2.2</b>
<i>of which:</i>					
Grants	6,623	10,340	3,978	-6,362	-61.5
Customs and Excise	5,769	3,499	6,121	2,622	74.9
Value Added Tax	12,551	12,354	11,563	-790	-6.4
Income Tax	12,742	14,725	17,906	3,181	21.6
Social Security	16,210	18,109	17,046	-1,063	-5.9
Others	10,976	11,921	12,801	880	7.4
<b>Total Expenditure</b>	<b>76,306</b>	<b>77,730</b>	<b>80,281</b>	<b>2,551</b>	<b>3.3</b>
<i>consisting of:</i>					
Recurrent Expenditure	60,824	63,749	66,999	3,250	5.1
<i>of which:</i>					
Education	3,852	4,161	3,927	-235	-5.6
Social Security (benefits)	16,485	18,179	17,760	-419	-2.3
Others	40,487	41,409	45,312	3,903	9.4
Interest Payments	6,234	6,133	5,829	-304	-5.0
Capital Expenditure	9,248	7,848	7,454	-394	-5.0
<i>of which:</i>					
Productive Investment	240	2,479	2,014	-465	-18.8
Infrastructure	3,325	2,931	3,465	534	18.2
Social	5,683	2,438	1,975	-463	-19.0
<b>Balance of recurrent revenue and total expenditure</b>	<b>-11,435</b>	<b>-6,783</b>	<b>-10,867</b>	<b>-4,084</b>	<b>60.2</b>
<b>Financial Transactions</b>					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	0	-10,000	0	10,000	N/A
Receipts from Sale of Shares	19,000	0	0	0	0.0
Other extraordinary receipts	0	7,117	0	-7,117	N/A
<i>Expenditure</i>					
Contribution to Sinking Fund	5,936	4,821	0	-4,821	N/A
Repayment of Loan	0	0	0	0	0.0

Source: Treasury Department

Table 3. Government Debt

Description	Jan-Nov 2005	Jan-Nov 2006	Jan-Nov 2007	Jan-Nov 2007/Jan-Nov 2006	
				Absolute Change	% change
Lm thousands					
<b>Gross Government Debt</b>	<b>1,387,928</b>	<b>1,368,449</b>	<b>1,423,221</b>	<b>54,772</b>	<b>4.0</b>
<i>of which:</i>					
Treasury Bills	173,008	163,415	162,700	-715	-0.4
Government Stock	1,125,333	1,126,622	1,185,456	58,834	5.2
Foreign Loans Outstanding	66,150	55,481	52,639	-2,842	-5.1
Other debt assumptions	25,316	24,810	24,461	-349	-1.4
MGSF investments in Government Debt	-1,879	-1,879	-2,036	-157	8.3

Source: Central Bank of Malta

Table 4. Revenue / Expenditure Categories

Description	Jan-Nov 2005	Jan-Nov 2006	Jan-Nov 2007	Jan-Nov 2007/Jan-Nov 2006	
				Absolute Change	% change
Lm thousands					
<b>Revenue</b>					
Customs and Excise Duties	59,717	64,305	72,253	7,948	12.4
Licences, Taxes and Fines	80,053	86,116	90,068	3,952	4.6
Income Tax	169,269	192,541	214,595	22,054	11.5
Value Added Tax	150,743	156,258	161,187	4,929	3.2
Fees of Office	26,283	17,339	20,841	3,502	20.2
Reimbursements	6,780	9,336	9,301	-34	-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	8,198	8,379	8,832	453	5.4
Dividends on Investment	3,802	4,393	6,598	2,205	50.2
Repayment of and Interest on loans	316	12	11	-1	-7.0
Social Security	158,138	166,407	170,374	3,968	2.4
Grants	54,825	56,504	21,906	-34,598	-61.2
Miscellaneous Receipts	17,280	11,564	11,751	187	1.6
<b>Total Recurrent Revenue</b>	<b>751,288</b>	<b>785,038</b>	<b>800,504</b>	<b>15,466</b>	<b>2.0</b>
Receipts from Sale of Shares	21,515	74,170	0	-74,170	N/A
Other extraordinary receipts	3,837	12,459	6,394	-6,065	-48.7
Loans	110,000	0	54,109	54,109	N/A
<b>Total Non-Recurrent Revenue</b>	<b>135,353</b>	<b>86,629</b>	<b>60,503</b>	<b>-26,126</b>	<b>-30.2</b>
<b>Total Revenue</b>	<b>886,641</b>	<b>871,668</b>	<b>861,007</b>	<b>-10,661</b>	<b>-1.2</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	169,087	170,914	174,881	3,967	2.3
Operational and Maintenance Expenditure	47,583	32,170	33,040	870	2.7
Programmes and Initiatives	395,974	418,979	450,843	31,863	7.6
Contribution to Government Entities	69,721	67,253	61,132	-6,121	-9.1
<b>Total Recurrent Expenditure</b>	<b>682,366</b>	<b>689,317</b>	<b>719,895</b>	<b>30,578</b>	<b>4.4</b>

Table 5. Revenue / Expenditure Categories

Description	November 2005	November 2006	November 2007	Nov 2007 / Nov 2006	
				Absolute Change	% change
				Lm thousands	
<b>Revenue</b>					
Customs and Excise Duties	5,769	3,499	6,121	2,622	74.9
Licences, Taxes and Fines	6,974	7,901	9,172	1,271	16.1
Income Tax	12,742	14,725	17,906	3,181	21.6
Value Added Tax	12,551	12,354	11,563	-790	-6.4
Fees of Office	1,921	1,999	1,981	-18	-0.9
Reimbursements	513	774	606	-168	-21.7
Public Corporations	0	0	0	0	N/A
Central Bank of Malta	0	0	0	0	N/A
Rents	348	279	832	553	198.4
Dividends on Investment	955	38	0	-38	-100.0
Repayment of and Interest on loans	2	1	0	-1	-57.9
Social Security	16,210	18,109	17,046	-1,063	-5.9
Grants	6,623	10,340	3,978	-6,362	-61.5
Miscellaneous Receipts	262	930	209	-721	-77.6
<b>Total Recurrent Revenue</b>	<b>64,871</b>	<b>70,947</b>	<b>69,415</b>	<b>-1,532</b>	<b>-2.2</b>
Receipts from Sale of Shares	19,000	0	0	0	N/A
Other extraordinary receipts	0	7,117	0	-7,117	N/A
Loans	0	-10,000	0	10,000	N/A
<b>Total Non-Recurrent Revenue</b>	<b>19,000</b>	<b>-2,883</b>	<b>0</b>	<b>2,883</b>	<b>N/A</b>
<b>Total Revenue</b>	<b>83,871</b>	<b>68,065</b>	<b>69,415</b>	<b>1,350</b>	<b>2.0</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	14,767	14,770	15,726	956	6.5
Operational and Maintenance Expenditure	19,582	3,317	2,308	-1,009	-30.4
Programmes and Initiatives	35,809	34,972	42,069	7,097	20.3
Contribution to Government Entities	8,034	10,691	6,896	-3,795	-35.5
<b>Total Recurrent Expenditure</b>	<b>78,193</b>	<b>63,749</b>	<b>66,999</b>	<b>3,250</b>	<b>5.1</b>

## 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.