

# News Release



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## Government Finance

### Government Finance Data: January 2007

*The shortfall between recurrent revenue and total expenditure of Central Government for the first month of the year amounts to Lm24.1 million.*

Data from the Consolidated Fund of government for January 2007 shows that the shortfall between recurrent revenue and total expenditure amounted to Lm24.1 million. This is a very marginal improvement on the shortfall recorded for January 2006, since an increase of Lm2.0 million in recurrent revenue was offset by a corresponding increase of just over Lm1.8 million in total expenditure.

During January 2007, the Consolidated Fund recorded higher receipts from VAT (+Lm1.6 million) and from Income Tax (+Lm1.2 million), while Social Security Contributions added almost Lm1.0 million. On the other hand no revenues from Grants were forthcoming, while Lm3.7 million were received during January 2006.

Recurrent expenditure amounted to Lm65.2 million, an increase of Lm5.1 million compared to January 2006. During January higher outlays were reported on medicines and surgical materials by the Ministry of Health (+Lm3.3 million) and on social security benefits (+Lm1.4 million). On the other hand, the outlay under the Ministry of Education declined by Lm1.3 million, mainly due to lower outlays under the 'contributions to government entities' category.

As shown in Table 1, the interest component of the public debt servicing costs for January this year declined by Lm0.4 million, and amounted to Lm5.3 million.

During the first month of 2007, Capital Expenditure amounted to Lm5.2 million, registering a decline of Lm2.8 million, when compared to the expenditure of Lm8.0 million for January 2006. This decrease was in part due to a reduction of Lm1.8 million in capital outlays by the Ministry of Finance.

No new loans were taken up during the first month of the year.

The Central Government debt outstanding at the end of the reference period amounted to Lm1,352.0 million, a decrease of Lm32.6 million compared to the debt position at the end of January 2006. As explained in Table 2, this decline was brought about by a reduction of Lm23.1 million in the short-term borrowing component, as well as by a reduction of Lm10.2 million in foreign borrowing■

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Table 1. Government Finance Data

Description	January 2005	January 2006	January 2007	Jan 2007 / Jan 2006	
				Absolute Change	% change
				Lm thousands	
<b>Recurrent Revenue</b>	<b>45,919</b>	<b>49,629</b>	<b>51,629</b>	<b>2,000</b>	<b>4.0</b>
<i>of which:</i>					
Grants	3,730	3,689	0	-3,689	-100.0
Customs and Excise	2,915	4,695	5,514	819	17.5
Consumption Tax	11,869	14,499	16,060	1,561	10.8
Income Tax	6,332	7,014	8,256	1,242	17.7
Social Security	5,704	5,443	6,422	979	18.0
Others	15,368	14,289	15,378	1,088	7.6
<b>Total Expenditure</b>	<b>84,671</b>	<b>73,856</b>	<b>75,704</b>	<b>1,848</b>	<b>2.5</b>
<i>consisting of:</i>					
Recurrent Expenditure	69,416	60,181	65,245	5,064	8.4
<i>of which:</i>					
Education	3,554	4,145	4,120	-25	-0.6
Social Security (benefits)	25,646	27,151	28,562	1,411	5.2
Others	40,216	28,886	32,563	3,677	12.7
Interest Payments	5,882	5,662	5,257	-405	-7.2
Capital Expenditure	9,373	8,013	5,202	-2,811	-35.1
<i>of which:</i>					
Productive Investment	2,929	2,556	1,715	-841	-32.9
Infrastructure	3,336	1,707	1,323	-383	-22.4
Social	3,109	3,751	2,164	-1,587	-42.3
<b>Balance of recurrent revenue and total expenditure</b>	<b>-38,752</b>	<b>-24,227</b>	<b>-24,075</b>	<b>152</b>	<b>-0.6</b>
<b>Financial Transactions</b>					
<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 2. Government Debt

Description	January 2005	January 2006	January 2007	Jan 2007/ Jan 2006	
				Absolute Change	% change
				Lm thousands	
<b>Gross Government Debt</b>	<b>1,342,883</b>	<b>1,384,641</b>	<b>1,352,049</b>	<b>-32,592</b>	<b>-2.4</b>
<i>of which:</i>					
Treasury Bills	234,316	171,250	148,106	-23,144	-13.5
Govt. Stock	1,014,696	1,125,333	1,126,622	1,289	0.1
Foreign Loans Outstanding	68,323	65,065	54,825	-10,240	-15.7
Other debt assumptions	27,427	24,872	24,375	-497	-2.0
MGSF investments in Government Debt	-1,879	-1,879	-1,879	0	0.0

Source: Central Bank of Malta

Table 3. Revenue / Expenditure Categories

Description	January 2005	January 2006	January 2007	Jan 2007 / Jan 2006	
				Absolute Change	% change
				Lm thousands	
<b>Revenue</b>					
Customs & Excise Duties	2,915	4,695	5,514	819	17.5
Licences, Taxes and Fines	6,416	7,773	7,743	-30	-0.4
Income Tax	6,332	7,014	8,256	1,242	17.7
Consumption Tax	11,869	14,499	16,060	1,561	10.8
Fees of Office	835	708	768	60	8.4
Reimbursements	322	300	555	256	85.3
Public Corporations	0	0	0	0	N/A
Central Bank of Malta	6,000	4,000	4,000	0	0.0
Rents	751	691	1,205	514	74.4
Dividends on Investment	0	0	0	0	N/A
Repayment of and Interest on loans	1	0	2	2	N/A
Social Security	5,704	5,443	6,422	979	18.0
Grants	3,730	3,689	0	-3,689	-100.0
Miscellaneous Receipts	1,042	818	1,104	287	35.1
<b>Total Recurrent Revenue</b>	<b>45,919</b>	<b>49,629</b>	<b>51,629</b>	<b>2,000</b>	<b>4.0</b>
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
<b>Total Non-Recurrent Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>
<b>Total Revenue</b>	<b>45,919</b>	<b>49,629</b>	<b>51,629</b>	<b>2,000</b>	<b>4.0</b>
<b>Recurrent Expenditure</b>					
Personal Emoluments	15,669	15,838	15,301	-537	-3.4
Operational & Maintenance Expenditure	2,806	2,898	2,712	-186	-6.4
Programmes & Initiatives	44,861	38,238	43,317	5,079	13.3
Contribution to Govt. Entities	6,080	3,207	3,914	708	22.1
<b>Total Recurrent Expenditure</b>	<b>69,416</b>	<b>60,181</b>	<b>65,245</b>	<b>5,064</b>	<b>8.4</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      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.

A time series of comparable data available in this News Release can be consulted at the online Statistical Database (StatDB) on the NSO website. Registration (free-of-charge) is required to access and use the StatDB. To view the datasets available in the database, see the following link:  
[http://www.nso.gov.mt/statbase/data\\_table\\_catalogue.aspx](http://www.nso.gov.mt/statbase/data_table_catalogue.aspx)