

News Release



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Government Finance

Government Finance Data: January-August 2008

The shortfall between recurrent revenue and total expenditure of Central Government for the first eight months of the year amounts to €260.4 million.

According to data obtained from the Consolidated Fund of Government for the first eight months this year, the shortfall between recurrent revenue and total expenditure increased by €96.2 million when compared to the same month last year, and amounted to €260.4 million. An increase of €144.1 million in total expenditure was partly offset by an increase of €47.9 million in recurrent revenue.

Theme:
Economy and Finance

During the first eight months this year, the Consolidated Fund recorded increases in revenue of €30.7 million and €24.6 million from Taxes on Income and from Value Added Tax respectively. Social Security Contributions also added €20.0 million during the period under review. At the same time, revenue from Licences, Taxes and Fines declined by €9.1 million while revenue classified under Miscellaneous Receipts declined by €8.9 million, essentially because of lower proceeds from sale of Malta Government Stocks by auction.

Recurrent expenditure amounted to €1,356.3 million, an increase of €146.1 million compared to the first eight months last year. Significant increases in recurrent expenditure were recorded under Social Security Benefits (+€37.8 million), under the Ministry of Health, the Elderly and Community Care (+€35.8 million), and under the Ministry for Investment, Industry and Information Technology (+€20.7 million).

During the period under review the interest component of the public debt servicing costs amounted to €128.9 million, a comparative increase of €7.2 million over 2007.

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The Capital programme for the first eight months this year declined by €9.1 million and amounted to €144.9 million. During this period capital expenditure under the Ministry of Health, the Elderly and Community Care increased by €11.3 million, while capital expenditure under the Ministry for Rural Affairs and the Environment increased by €10.4 million. On the other hand, during the same period capital expenditure under the Ministry of Finance declined by €41.1 million, brought about by lower expenditure in respect of construction works and equipment under the Mater Dei Hospital project.

Loans taken up by Government and transferred to the Consolidated Fund during the first eight months of the year amounted to €232.7 million, of which €93.2 million were on account of matured stock (refer to Table 1).

The Central Government debt outstanding at the end of August amounted to €3,521.4 million, an increase of €256.8 million compared to the gross Central Government debt outstanding at the end of August last year. Long-term and short-term borrowing increased by €206.7 million and by €27.3 million respectively, while foreign borrowing declined by €6.2 million. At the end of August, the euro coins issued in the name of the Maltese Treasury which are considered as a currency liability pertaining to the Central Government, amounted to €29.3 million ■

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

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Table 1. Government Finance Data

| Description | Jan-Aug 2006 | Jan-Aug 2007 | Jan-Aug 2008 | Aug 2008 / Aug 2007 | |
|---|------------------|------------------|------------------|---------------------|-------------|
| | | | | Absolute Change | % change |
| | € 000 | | | | |
| Recurrent Revenue | 1,283,655 | 1,321,869 | 1,369,771 | 47,902 | 3.6 |
| <i>of which:</i> | | | | | |
| Grants | 79,460 | 20,989 | 14,917 | -6,072 | -28.9 |
| Customs and Excise | 108,866 | 112,877 | 113,159 | 282 | 0.2 |
| Value Added Tax | 251,334 | 258,528 | 283,112 | 24,585 | 9.5 |
| Income Tax | 310,598 | 364,842 | 395,531 | 30,689 | 8.4 |
| Social Security | 268,209 | 279,662 | 299,624 | 19,962 | 7.1 |
| Others | 265,188 | 284,970 | 263,427 | -21,543 | -7.6 |
| Total Expenditure | 1,444,801 | 1,486,046 | 1,630,178 | 144,132 | 9.7 |
| <i>consisting of:</i> | | | | | |
| Recurrent Expenditure | 1,159,485 | 1,210,277 | 1,356,338 | 146,060 | 12.1 |
| <i>of which:</i> | | | | | |
| Education | 76,474 | 77,831 | 81,563 | 3,733 | 4.8 |
| Social Security (benefits) | 368,308 | 388,957 | 426,717 | 37,759 | 9.7 |
| Others | 714,702 | 743,489 | 848,057 | 104,568 | 14.1 |
| Interest Payments | 123,547 | 121,763 | 128,918 | 7,155 | 5.9 |
| Capital Expenditure | 161,769 | 154,006 | 144,923 | -9,083 | -5.9 |
| <i>of which:</i> | | | | | |
| Productive Investment | 47,802 | 23,040 | 39,385 | 16,345 | 70.9 |
| Infrastructure | 44,197 | 61,887 | 70,175 | 8,287 | 13.4 |
| Social | 69,770 | 69,079 | 35,363 | -33,716 | -48.8 |
| Balance of recurrent revenue and total expenditure | -161,146 | -164,177 | -260,407 | -96,230 | 58.6 |
| Financial Transactions | | | | | |
| <i>consisting of:</i> | | | | | |
| <i>Revenue</i> | | | | | |
| Loans | 23,294 | 67,224 | 232,722 | 165,498 | 246.2 |
| Receipts from Sale of Shares | 172,770 | 0 | 0 | 0 | N/A |
| Other extraordinary receipts | 12,443 | 3,322 | 33,318 | 29,996 | 903.0 |
| <i>Expenditure</i> | | | | | |
| Contribution to Sinking Fund | 14,923 | 10,898 | 9,523 | -1,375 | -12.6 |
| Equity Acquisition | 0 | 0 | 6,500 | 6,500 | N/A |
| Repayment of Loan | 580 | 0 | 93,176 | 93,176 | N/A |

Table 2. Government Finance Data

| Description | Aug 2006 | Aug 2007 | Aug 2008 | Aug 2008 / Aug 2007 | |
|---|----------------|----------------|----------------|---------------------|--------------|
| | | | | Absolute Change | % change |
| € 000 | | | | | |
| Recurrent Revenue | 210,218 | 217,219 | 208,602 | -8,617 | -4.0 |
| <i>of which:</i> | | | | | |
| Grants | 14,627 | 9,442 | 1,581 | -7,861 | -83.3 |
| Customs and Excise | 15,843 | 16,299 | 14,598 | -1,701 | -10.4 |
| Value Added Tax | 27,439 | 28,396 | 28,535 | 139 | 0.5 |
| Income Tax | 79,932 | 90,420 | 94,369 | 3,949 | 4.4 |
| Social Security | 43,047 | 41,289 | 46,181 | 4,892 | 11.8 |
| Others | 29,330 | 31,374 | 23,339 | -8,035 | -25.6 |
| Total Expenditure | 172,580 | 172,462 | 185,466 | 13,005 | 7.5 |
| <i>consisting of:</i> | | | | | |
| Recurrent Expenditure | 136,461 | 135,183 | 152,097 | 16,914 | 12.5 |
| <i>of which:</i> | | | | | |
| Education | 8,183 | 8,532 | 8,842 | 310 | 3.6 |
| Social Security (benefits) | 38,015 | 39,663 | 42,297 | 2,634 | 6.6 |
| Others | 90,263 | 86,988 | 100,957 | 13,969 | 16.1 |
| Interest Payments | 19,508 | 18,487 | 20,895 | 2,409 | 13.0 |
| Capital Expenditure | 16,612 | 18,792 | 12,474 | -6,318 | -33.6 |
| <i>of which:</i> | | | | | |
| Productive Investment | 4,946 | 4,572 | 3,828 | -744 | -16.3 |
| Infrastructure | 1,837 | 9,004 | 8,017 | -987 | -11.0 |
| Social | 9,829 | 5,215 | 629 | -4,586 | -87.9 |
| Balance of recurrent revenue and total expenditure | 37,638 | 44,757 | 23,136 | -21,622 | -48.3 |
| Financial Transactions | | | | | |
| <i>consisting of:</i> | | | | | |
| <i>Revenue</i> | | | | | |
| Loans | -34,941 | 0 | 126,738 | 126,738 | N/A |
| Receipts from Sale of Shares | 0 | 0 | 0 | 0 | N/A |
| Other extraordinary receipts | 12,443 | 0 | 33,318 | 33,318 | N/A |
| <i>Expenditure</i> | | | | | |
| Contribution to Sinking Fund | 0 | 0 | 0 | 0 | N/A |
| Equity Acquisition | 0 | 0 | 0 | 0 | N/A |
| Repayment of Loan | 0 | 0 | 69,882 | 69,882 | N/A |

Table 3. Government Debt

| Description | Aug 2006 | Aug 2007 | Aug 2008 | Aug 2008 / Aug 2007 | |
|---|------------------|------------------|------------------|---------------------|------------|
| | | | | Absolute Change | % change |
| | € 000 | | | | |
| Gross Government Debt | 3,169,495 | 3,264,621 | 3,521,407 | 256,786 | 7.9 |
| <i>of which:</i> | | | | | |
| Treasury Bills | 320,300 | 385,160 | 412,490 | 27,330 | 7.1 |
| Government Stock | 2,647,617 | 2,702,553 | 2,909,295 | 206,742 | 7.6 |
| Foreign Loans Outstanding | 148,162 | 124,659 | 118,466 | -6,193 | -5.0 |
| Other debt assumptions | 57,792 | 56,914 | 56,606 | -308 | -0.5 |
| MGSF investments in Government Debt | -4,377 | -4,663 | -4,742 | -79 | 1.7 |
| Euro Coins issued in the name of the Treasury | 0 | 0 | 29,293 | 29,293 | N/A |

Source: Central Bank of Malta

Table 4. Revenue / Expenditure Categories

| Description | Jan-Aug 2006 | Jan-Aug 2007 | Jan-Aug 2008 | Aug 2008 / Aug 2007 | |
|---|------------------|------------------|------------------|---------------------|--------------|
| | | | | Absolute Change | % change |
| | € 000 | | | | |
| Revenue | | | | | |
| Customs and Excise Duties | 108,866 | 112,877 | 113,159 | 282 | 0.2 |
| Licences, Taxes and Fines | 146,929 | 152,747 | 143,622 | -9,125 | -6.0 |
| Income Tax | 310,598 | 364,842 | 395,531 | 30,689 | 8.4 |
| Value Added Tax | 251,334 | 258,528 | 283,112 | 24,585 | 9.5 |
| Fees of Office | 25,625 | 35,810 | 29,306 | -6,504 | -18.2 |
| Reimbursements | 15,549 | 16,552 | 15,256 | -1,296 | -7.8 |
| Public Corporations | 4,386 | 4,386 | 4,386 | 0 | 0.0 |
| Central Bank of Malta | 23,295 | 25,395 | 28,691 | 3,296 | 13.0 |
| Rents | 16,460 | 16,278 | 14,761 | -1,517 | -9.3 |
| Dividends on Investment | 10,146 | 13,533 | 16,035 | 2,502 | 18.5 |
| Repayment of and Interest on loans | 21 | 22 | 16 | -5 | -24.1 |
| Social Security | 268,209 | 279,662 | 299,624 | 19,962 | 7.1 |
| Grants | 79,460 | 20,989 | 14,917 | -6,072 | -28.9 |
| Miscellaneous Receipts | 22,776 | 20,247 | 11,353 | -8,894 | -43.9 |
| Total Recurrent Revenue | 1,283,655 | 1,321,869 | 1,369,771 | 47,902 | 3.6 |
| Receipts from Sale of Shares | 172,770 | 0 | 0 | 0 | N/A |
| Other extraordinary receipts | 12,443 | 3,322 | 33,318 | 29,996 | 903.0 |
| Loans | 23,294 | 67,224 | 232,722 | 165,498 | 246.2 |
| Total Non-Recurrent Revenue | 208,507 | 70,545 | 266,039 | 195,494 | 277.1 |
| Total Revenue | 1,492,162 | 1,392,414 | 1,635,810 | 243,396 | 17.5 |
| Recurrent Expenditure | | | | | |
| Personal Emoluments | 289,296 | 295,435 | 319,258 | 23,822 | 8.1 |
| Operational and Maintenance Expenditure | 55,306 | 58,495 | 70,903 | 12,407 | 21.2 |
| Programmes and Initiatives | 710,806 | 747,202 | 856,552 | 109,351 | 14.6 |
| Contribution to Government Entities | 104,077 | 109,145 | 109,624 | 480 | 0.4 |
| Total Recurrent Expenditure | 1,159,485 | 1,210,277 | 1,356,338 | 146,060 | 12.1 |

Table 5. Revenue / Expenditure Categories

| Description | Aug 2006 | Aug 2007 | Aug 2008 | Aug 2008 / Aug 2007 | |
|---|----------------|----------------|----------------|---------------------|-------------|
| | | | | Absolute Change | % change |
| | € 000 | | | | |
| Revenue | | | | | |
| Customs and Excise Duties | 15,843 | 16,299 | 14,598 | -1,701 | -10.4 |
| Licences, Taxes and Fines | 17,293 | 18,622 | 16,770 | -1,853 | -9.9 |
| Income Tax | 79,932 | 90,420 | 94,369 | 3,949 | 4.4 |
| Value Added Tax | 27,439 | 28,396 | 28,535 | 139 | 0.5 |
| Fees of Office | 2,610 | 9,024 | 2,027 | -6,997 | -77.5 |
| Reimbursements | 2,628 | 2,509 | 1,686 | -823 | -32.8 |
| Public Corporations | 0 | 0 | 0 | 0 | N/A |
| Central Bank of Malta | 0 | 0 | 0 | 0 | N/A |
| Rents | 2,308 | 997 | 1,459 | 461 | 46.2 |
| Dividends on Investment | 693 | 0 | 29 | 29 | N/A |
| Repayment of and Interest on loans | 2 | 5 | 2 | -3 | -55.8 |
| Social Security | 43,047 | 41,289 | 46,181 | 4,892 | 11.8 |
| Grants | 14,627 | 9,442 | 1,581 | -7,861 | -83.3 |
| Miscellaneous Receipts | 3,796 | 217 | 1,366 | 1,150 | 529.9 |
| Total Recurrent Revenue | 210,218 | 217,219 | 208,602 | -8,617 | -4.0 |
| Receipts from Sale of Shares | 0 | 0 | 0 | 0 | N/A |
| Other extraordinary receipts | 12,443 | 0 | 33,318 | 33,318 | N/A |
| Loans | -34,941 | 0 | 126,738 | 126,738 | N/A |
| Total Non-Recurrent Revenue | -22,498 | 0 | 160,056 | 160,056 | N/A |
| Total Revenue | 187,720 | 217,219 | 368,658 | 151,439 | 69.7 |
| Recurrent Expenditure | | | | | |
| Personal Emoluments | 34,848 | 35,699 | 38,463 | 2,765 | 7.7 |
| Operational and Maintenance Expenditure | 4,694 | 6,506 | 7,705 | 1,200 | 18.4 |
| Programmes and Initiatives | 88,702 | 81,262 | 91,429 | 10,168 | 12.5 |
| Contribution to Government Entities | 8,216 | 11,717 | 14,498 | 2,782 | 23.7 |
| Total Recurrent Expenditure | 136,461 | 135,183 | 152,097 | 16,914 | 12.5 |

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 the Consolidated 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 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, acquisition of equity, 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. As from January 2008, the euro coins issued in the name of the Treasury are being considered as a currency liability pertaining to the Central Bank of Malta.
 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.
 5. Totals may not add up due to rounding.
 6. In this release Revenue and Expenditure categories are recorded in accordance with their presentation in the 2008 Financial Estimates.