

News Release



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Government Finance

Government Finance Data: January-September 2008

The shortfall between recurrent revenue and total expenditure of Central Government for the first nine months of the year amounts to €258.3 million.

According to data obtained from the Consolidated Fund of Government for the first nine months of this year, the shortfall between recurrent revenue and total expenditure increased by €87.6 million when compared to the same month last year, and amounted to €258.3 million. An increase of €169.4 million in total expenditure was partly offset by an increase of €81.8 million in recurrent revenue.

Theme:
Economy and Finance

During the first nine months this year, the Consolidated Fund recorded increases in revenue of €67.5 million and of €27.0 million from Taxes on Income, and from Value Added Tax respectively. Social Security Contributions also added €21.3 million during the period under review. At the same time, revenue from Grants declined by €15.9 million while revenue classified under Miscellaneous Receipts declined by €10.3 million.

Recurrent expenditure amounted to €1,524.1 million, an increase of €166.8 million compared to the first nine months last year. Significant increases in recurrent expenditure were recorded under Social Security Benefits (+€43.3 million), under the Ministry of Health, the Elderly and Community Care (+€31.7 million), and under the Ministry for Investment, Industry and Information Technology (+€23.3 million).

During the period under review the interest component of the public debt servicing costs amounted to €156.1 million, a comparative increase of €9.4 million over 2007.

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The Capital programme for the first nine months this year declined by €6.8 million and amounted to €163.9 million. During this period capital expenditure under the Ministry of Health, the Elderly and Community Care increased by €13.2 million, while capital expenditure under the Ministry for Investment, Industry and Information Technology increased by €9.2 million. On the other hand, lower expenditure in respect of construction works and equipment under the Mater Dei Hospital project brought about a decline of €36.6 million in the capital outlay of the Ministry of Finance.

Loans taken up by Government during the first nine 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 September amounted to €3,518.1 million, an increase of €270.6 million compared to the gross Central Government debt outstanding at the end of September last year. Long-term and short-term borrowing increased by €206.7 million and by €40.4 million respectively, while foreign borrowing declined by €5.9 million. At the end of September, 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 €29.6 million ■

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Table 1. Government Finance Data

Description	Jan-Sep 2006	Jan-Sep 2007	Jan-Sep 2008	Sep 2008 / Sep 2007	
				Absolute Change	% change
				€ 000	
Recurrent Revenue	1,467,154	1,503,973	1,585,741	81,768	5.4
<i>of which:</i>					
Grants	88,331	34,892	18,993	-15,900	-45.6
Customs and Excise	125,713	128,224	130,129	1,906	1.5
Value Added Tax	291,555	301,507	328,518	27,010	9.0
Income Tax	361,655	411,025	478,555	67,530	16.4
Social Security	308,090	317,205	338,487	21,283	6.7
Others	291,810	311,120	291,059	-20,061	-6.4
Total Expenditure	1,636,873	1,674,717	1,844,085	169,368	10.1
<i>consisting of:</i>					
Recurrent Expenditure	1,304,699	1,357,296	1,524,095	166,799	12.3
<i>of which:</i>					
Education	85,174	87,436	91,239	3,802	4.3
Social Security (benefits)	406,331	428,401	471,661	43,260	10.1
Others	813,194	841,458	961,195	119,737	14.2
Interest Payments	146,469	146,766	156,123	9,357	6.4
Capital Expenditure	185,705	170,655	163,868	-6,788	-4.0
<i>of which:</i>					
Productive Investment	53,302	26,469	42,796	16,327	61.7
Infrastructure	48,219	73,431	79,777	6,346	8.6
Social	84,184	70,756	41,295	-29,461	-41.6
Balance of recurrent revenue and total expenditure	-169,720	-170,744	-258,344	-87,600	51.3
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	Sep 2006	Sep 2007	Sep 2008	Sep 2008 / Sep 2007	
				Absolute Change	% change
				€ 000	
Recurrent Revenue	183,499	182,104	215,970	33,866	18.6
<i>of which:</i>					
Grants	8,871	13,903	4,076	-9,827	-70.7
Customs and Excise	16,847	15,347	16,970	1,624	10.6
Value Added Tax	40,221	42,980	45,405	2,426	5.6
Income Tax	51,057	46,183	83,024	36,841	79.8
Social Security	39,881	37,542	38,863	1,321	3.5
Others	26,622	26,150	27,632	1,482	5.7
Total Expenditure	192,073	188,671	213,907	25,236	13.4
<i>consisting of:</i>					
Recurrent Expenditure	145,215	147,018	167,757	20,739	14.1
<i>of which:</i>					
Education	8,700	9,606	9,675	70	0.7
Social Security (benefits)	38,023	39,443	44,944	5,501	13.9
Others	98,492	97,969	113,138	15,168	15.5
Interest Payments	22,922	25,003	27,205	2,202	8.8
Capital Expenditure	23,936	16,649	18,945	2,296	13.8
<i>of which:</i>					
Productive Investment	5,500	3,429	3,411	-18	-0.5
Infrastructure	4,022	11,544	9,602	-1,941	-16.8
Social	14,414	1,677	5,931	4,255	253.8
Balance of recurrent revenue and total expenditure	-8,574	-6,567	2,063	8,630	-131.4
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
Equity Acquisition	0	0	0	0	N/A
Repayment of Loan	0	0	0	0	N/A

Table 3. Government Debt

Description	Sep 2006	Sep 2007	Sep 2008	Sep 2008 / Sep 2007	
				Absolute Change	% change
				€ 000	
Gross Government Debt	3,207,074	3,247,474	3,518,089	270,615	8.3
<i>of which:</i>					
Treasury Bills	357,789	368,204	408,561	40,357	11.0
Government Stock	2,647,617	2,702,554	2,909,295	206,741	7.6
Foreign Loans Outstanding	148,253	124,401	118,522	-5,879	-4.7
Other debt assumptions	57,792	56,979	56,880	-99	-0.2
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	29,574	29,574	N/A

Source: Central Bank of Malta

Table 4. Revenue / Expenditure Categories

Description	Jan-Sep 2006	Jan-Sep 2007	Jan-Sep 2008	Sep 2008 / Sep 2007	
				Absolute Change	% change
				€ 000	
Revenue					
Customs and Excise Duties	125,713	128,224	130,129	1,906	1.5
Licences, Taxes and Fines	164,600	167,449	162,055	-5,394	-3.2
Income Tax	361,655	411,025	478,555	67,530	16.4
Value Added Tax	291,555	301,507	328,518	27,010	9.0
Fees of Office	30,096	41,321	34,377	-6,944	-16.8
Reimbursements	17,628	17,766	16,054	-1,712	-9.6
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	18,093	17,255	16,803	-451	-2.6
Dividends on Investment	10,146	15,369	16,847	1,478	9.6
Repayment of and Interest on loans	25	23	19	-4	-18.4
Social Security	308,090	317,205	338,487	21,283	6.7
Grants	88,331	34,892	18,993	-15,900	-45.6
Miscellaneous Receipts	23,541	22,156	11,827	-10,330	-46.6
Total Recurrent Revenue	1,467,154	1,503,973	1,585,741	81,768	5.4
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	1,675,660	1,574,518	1,851,780	277,262	17.6
Recurrent Expenditure					
Personal Emoluments	328,808	334,737	359,339	24,602	7.3
Operational and Maintenance Expenditure	60,145	64,860	76,878	12,018	18.5
Programmes and Initiatives	794,373	839,417	966,113	126,695	15.1
Contribution to Government Entities	121,373	118,281	121,766	3,485	2.9
Total Recurrent Expenditure	1,304,699	1,357,296	1,524,095	166,799	12.3

Table 5. Revenue / Expenditure Categories

Description	Sep 2006	Sep 2007	Sep 2008	Sep 2008 / Sep 2007	
				Absolute Change	% change
				€ 000	
Revenue					
Customs and Excise Duties	16,847	15,347	16,970	1,624	10.6
Licences, Taxes and Fines	17,671	14,703	18,433	3,731	25.4
Income Tax	51,057	46,183	83,024	36,841	79.8
Value Added Tax	40,221	42,980	45,405	2,426	5.6
Fees of Office	4,471	5,510	5,070	-440	-8.0
Reimbursements	2,079	1,214	798	-416	-34.3
Public Corporations	0	0	0	0	N/A
Central Bank of Malta	0	0	0	0	N/A
Rents	1,633	976	2,042	1,066	109.2
Dividends on Investment	0	1,836	812	-1,024	-55.8
Repayment of and Interest on loans	3	2	3	1	57.1
Social Security	39,881	37,542	38,863	1,321	3.5
Grants	8,871	13,903	4,076	-9,827	-70.7
Miscellaneous Receipts	765	1,909	473	-1,435	-75.2
Total Recurrent Revenue	183,499	182,104	215,970	33,866	18.6
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	183,499	182,104	215,970	33,866	18.6
Recurrent Expenditure					
Personal Emoluments	39,513	39,302	40,081	779	2.0
Operational and Maintenance Expenditure	4,839	6,365	5,975	-390	-6.1
Programmes and Initiatives	83,567	92,216	109,560	17,344	18.8
Contribution to Government Entities	17,296	9,136	12,141	3,005	32.9
Total Recurrent Expenditure	145,215	147,018	167,757	20,739	14.1

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 Government.
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.