

News Release

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Government Finance

Government Finance Data: January 2008

The shortfall between recurrent revenue and total expenditure of Central Government for the first month of the year amounts to €62.7 million.

The Government Consolidated Fund shows an increase of €6.7 million in the shortfall between recurrent revenue and total expenditure for the first month of the year in comparison to January 2007, and amounted to €62.7 million. An increase of €36.6 million in total expenditure was partly offset by an increase of €29.9 million in recurrent revenue.

In January the Consolidated Fund recorded an increase of €15.0 million in revenues from Income Taxes, while revenues from Fees of Office and from the Central Bank of Malta increased by €5.9 million and by €4.7 million respectively.

Recurrent expenditure during the first month of the year amounted to €181.8 million, an increase of €29.9 million compared to January 2007. This increase was mainly brought about by increases of €5.4 million and €4.4 million under the Ministry of Finance and under the Ministry for Rural Affairs and the Environment respectively. At the same time, the outlay on Social Security Benefits increased by €11.7 million.

As shown in Table 1, the interest component of the public debt servicing costs for January increased by €1.7 million, and amounted to €14.0 million.

During the first month of 2008, Capital Expenditure amounted to €17.2 million, an increase of €5.0 million when compared to the expenditure of €12.1 million for January 2007. During the month under review capital outlay under the Ministry for Tourism and Culture and under the Ministry of Health, the Elderly and Community Care increased by €4.9 million and €2.6 million respectively. On the other hand capital expenditure under the Ministry of Finance declined by €2.8 million.

During the first month of the year Government did not take up any loans and there were no receipts from sale of shares. Government did not make any contribution to the sinking fund and no repayment of loans were effected.

The Central Government debt outstanding at the end of January amounted to €3,259.1 million, an increase of €109.0 million compared to the gross Central Government debt outstanding at the end of January 2007. While long-term borrowing increased by €136.4 million, short-term borrowing and foreign borrowing declined by €43.9 million and €6.6 million respectively. 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. Therefore, as shown in Table 2, the amount of €23.3 million is being included with the total stock of debt ■

Theme:
Economy and Finance

Compiled by:

**Government Finance Unit
Economic Statistics Division
e-mail: govtfinance.nso@govt.mt
Tel: 25997241**

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**National Statistics Office
Library & Information Unit**
Lascaris, Valletta VLT 2000, Malta
Tel: (+356) 25997219
Fax: (+356) 25997205
e-mail: nso@govt.mt
<http://www.nso.gov.mt>

Table 1. Government Finance Data

Description	January 2006	January 2007	January 2008	Jan 2008 / Jan 2007	
				Absolute Change	% change
	€ thousands				
Recurrent Revenue	115,605	120,264	150,204	29,939	24.9
<i>of which:</i>					
Grants	8,594	0	2,892	2,892	N/A
Customs and Excise	10,936	12,844	11,987	-858	-6.7
Value Added Tax	33,774	37,410	36,880	-530	-1.4
Income Tax	16,339	19,231	34,223	14,991	78.0
Social Security	12,678	14,959	20,457	5,498	36.8
Others	33,286	35,820	43,766	7,945	22.2
Total Expenditure	172,039	176,343	212,948	36,604	20.8
<i>consisting of:</i>					
Recurrent Expenditure	140,183	151,979	181,837	29,858	19.6
<i>of which:</i>					
Education	9,654	9,597	9,526	-71	-0.7
Social Security (benefits)	63,244	66,531	78,263	11,732	17.6
Others	67,285	75,851	94,048	18,197	24.0
Interest Payments	13,190	12,246	13,960	1,713	14.0
Capital Expenditure	18,666	12,118	17,151	5,033	41.5
<i>of which:</i>					
Productive Investment	5,953	3,994	9,017	5,023	125.8
Infrastructure	3,975	3,083	6,788	3,705	120.2
Social	8,738	5,041	1,345	-3,695	-73.3
Balance of recurrent revenue and total expenditure	-56,434	-56,079	-62,744	-6,665	11.9

Source: Treasury Department

Table 2. Government Debt

Description	January 2006	January 2007	January 2008	Jan 2008/ Jan 2007	
				Absolute Change	% change
	€ thousands				
Gross Government Debt	3,225,347	3,150,095	3,259,122	109,027	3.5
<i>of which:</i>					
Treasury Bills	398,905	344,994	301,078	-43,916	-12.7
Government Stock	2,621,321	2,624,992	2,761,404	136,412	5.2
Foreign Loans Outstanding	151,561	127,708	121,094	-6,614	-5.2
Other debt assumptions	57,936	56,778	57,033	255	0.4
MGSF investments in Government Debt	-4,377	-4,377	-4,742	-365	8.3
Euro Coins issued in the name of the Treasury	0	0	23,255	23,255	N/A

Source: Central Bank of Malta

Table 3. Revenue / Expenditure Categories

Description	January 2006	January 2007	January 2008	Jan 2008 / Jan 2007	
				Absolute Change	% change
	€ thousands				
Revenue					
Customs and Excise Duties	10,936	12,844	11,987	-858	-6.7
Licences, Taxes and Fines	18,106	18,037	17,023	-1,014	-5.6
Income Tax	16,339	19,231	34,223	14,991	78.0
Value Added Tax	33,774	37,410	36,880	-530	-1.4
Fees of Office	1,650	1,789	7,668	5,879	328.6
Reimbursements	698	1,293	1,837	544	42.0
Public Corporations	0	0	0	0	N/A
Central Bank of Malta	9,317	9,317	14,000	4,683	50.3
Rents	1,610	2,808	2,117	-690	-24.6
Dividends on Investment	0	0	0	0	N/A
Repayment of and Interest on loans	0	4	0	-4	N/A
Social Security	12,678	14,959	20,457	5,498	36.8
Grants	8,594	0	2,892	2,892	N/A
Miscellaneous Receipts	1,905	2,572	1,120	-1,452	-56.5
Total Recurrent Revenue	115,605	120,264	150,204	29,939	24.9
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	115,605	120,264	150,204	29,939	24.9
Recurrent Expenditure					
Personal Emoluments	36,893	35,642	37,730	2,088	5.9
Operational and Maintenance Expenditure	6,751	6,318	10,517	4,199	66.5
Programmes and Initiatives	89,070	100,901	121,802	20,901	20.7
Contribution to Government Entities	7,470	9,118	11,787	2,668	29.3
Total Recurrent Expenditure	140,183	151,979	181,837	29,858	19.6

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.