

News Release



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Government Finance

Government Finance Data: January-December 2007

The shortfall between recurrent revenue and total expenditure of Central Government for 2007 amounted to €109.1 million.

Data from the Consolidated Fund of government for 2007 shows that the shortfall between recurrent revenue and total expenditure amounted to €109.1 million, an improvement of €25.6 million from a deficit of €134.8 million for 2006. This improvement was brought about by an increase of €23.9 million in recurrent revenue, complemented with a reduction of €1.8 million in total expenditure.

During 2007 revenue from Income Tax increased by €65.8 million, while revenues from Customs and Excise Duties, and from Value Added Tax netted €23.8 million and €15.0 million respectively. On the other hand, revenues from Grants declined by €82.9 million while Miscellaneous Receipts declined by €39.9 million (mainly on account of higher revenues from sale of land during 2006).

Recurrent expenditure amounted to €1,896.6 million, an increase of €60.7 million compared to the previous twelve months. During the year under review higher outlays were reported on social security benefits (+€28.5 million, mainly on account of an increase of €21.1 million to the retirement pensions), and on higher outlays by the Ministry for Investment, Industry and Information Technology (+€17.3 million).

As shown in Table 1, the interest component of the public debt servicing costs for the year declined marginally by €1.2 million. Although interest payments on short-term borrowing increased by €4.4 million, interest on long-term and on foreign borrowing declined by €4.7 million and by €1.0 million respectively.

Total expenditure under the Capital Programme for 2007 amounted to €257.9 million, a decline of €61.3 million or 19.2 per cent on the €319.2 million expended during 2006. Lower expenditure was recorded under the Ministry of Finance (-€25.5 million), under the Ministry for Investment, Industry and Information Technology (-€12.8 million), and under the Ministry for Justice and Home Affairs (-€10.1 million).

During the course of the year under review, €126.0 million loans were taken up, while no such loans were taken up during the previous year. Likewise no privatization receipts were recorded during 2007, while during 2006 these proceeds amounted to €172.8 million.

The Central Government debt outstanding at the end of the year amounted to €3,289.8 million, an increase of €111.6 million compared to the debt position at the end of December 2006. As shown in Table 3, this was brought about by an increase of €137.0 million in Government Stock. This increase was in part offset by reductions of €18.9 million in short-term borrowing, and of €6.5 million in foreign borrowing ■

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Table 1. Government Finance Data

Description	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-Dec 2007/Jan-Dec 2006	
				Absolute Change	% change
	€ thousands				
Recurrent Revenue	2,088,092	2,200,604	2,224,459	23,855	1.1
<i>of which:</i>					
Grants	155,964	139,210	56,314	-82,896	-59.5
Customs and Excise	152,970	161,156	184,978	23,821	14.8
Value Added Tax	392,105	406,788	421,775	14,987	3.7
Income Tax	516,561	597,593	663,430	65,837	11.0
Social Security	455,595	471,411	480,243	8,831	1.9
Others	414,897	424,446	417,720	-6,726	-1.6
Total Expenditure	2,263,526	2,335,365	2,333,593	-1,773	-0.1
<i>consisting of:</i>					
Recurrent Expenditure	1,784,240	1,835,944	1,896,636	60,692	3.3
<i>of which:</i>					
Education	118,607	121,465	123,854	2,390	2.0
Social Security (benefits)	514,396	543,847	572,298	28,452	5.2
Others	1,151,236	1,170,633	1,200,483	29,850	2.5
Interest Payments	174,152	180,248	179,053	-1,195	-0.7
Capital Expenditure	305,134	319,173	257,904	-61,269	-19.2
<i>of which:</i>					
Productive Investment	67,964	77,550	47,781	-29,768	-38.4
Infrastructure	115,507	111,992	113,418	1,426	1.3
Social	121,663	129,631	96,704	-32,927	-25.4
Balance of recurrent revenue and total expenditure	-175,433	-134,761	-109,133	25,628	-19.0
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	256,231	0	126,040	126,040	N/A
Receipts from Sale of Shares	50,759	172,770	0	-172,770	N/A
Other extraordinary receipts	8,939	29,022	14,894	-14,128	-48.7
<i>Expenditure</i>					
Contribution to Sinking Fund	27,809	26,153	21,214	-4,939	-18.9
Repayment of Loan	4,384	580	0	-580	N/A

Source: Treasury Department

Table 2. Government Finance Data

Description	December 2005	December 2006	December 2007	Dec 2007 / Dec 2006	
				Absolute Change	% change
€ thousands					
Recurrent Revenue	338,061	371,957	359,787	-12,170	-3.3
<i>of which:</i>					
Grants	28,256	7,591	5,287	-2,304	-30.3
Customs and Excise	13,867	11,366	16,672	5,306	46.7
Value Added Tax	40,968	42,805	46,310	3,505	8.2
Income Tax	122,271	149,093	163,557	14,464	9.7
Social Security	87,232	83,788	83,377	-410	-0.5
Others	45,467	77,315	44,582	-32,733	-42.3
Total Expenditure	295,881	320,472	277,980	-42,492	-13.3
<i>consisting of:</i>					
Recurrent Expenditure	235,214	230,268	219,731	-10,536	-4.6
<i>of which:</i>					
Education	18,106	18,077	18,821	745	4.1
Social Security (benefits)	48,077	46,892	50,930	4,038	8.6
Others	169,031	165,299	149,980	-15,319	-9.3
Interest Payments	9,691	9,158	7,982	-1,176	-12.8
Capital Expenditure	50,977	81,046	50,267	-30,779	-38.0
<i>of which:</i>					
Productive Investment	10,007	12,458	13,548	1,090	8.8
Infrastructure	21,549	39,738	18,922	-20,816	-52.4
Social	19,421	28,850	17,797	-11,054	-38.3
Balance of recurrent revenue and total expenditure	42,180	51,485	81,806	30,321	58.9
Financial Transactions					
<i>consisting of:</i>					
<i>Revenue</i>					
Loans	0	0	0	0	N/A
Receipts from Sale of Shares	641	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	1,118	0	0	0	N/A

Source: Treasury Department

Table 3. Government Debt

Description	December 2005	December 2006	December 2007	Dec 2007 / Dec 2006	
				Absolute Change	% change
	€ thousands				
Gross Government Debt	3,269,944	3,178,242	3,289,844	111,602	3.5
<i>of which:</i>					
Treasury Bills	443,100	373,799	354,936	-18,863	-5.0
Government Stock	2,621,321	2,624,323	2,761,371	137,048	5.2
Foreign Loans Outstanding	151,964	127,718	121,247	-6,471	-5.1
Other debt assumptions	57,936	56,780	57,033	253	0.4
MGSF investments in Government Debt	-4,377	-4,377	-4,742	-365	8.3

Source: Central Bank of Malta

Table 4. Revenue / Expenditure Categories

Description	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-Dec 2007/Jan-Dec 2006	
				Absolute Change	% change
	€ thousands				
Revenue					
Customs and Excise Duties	152,970	161,156	184,978	23,821	14.8
Licences, Taxes and Fines	207,215	220,153	231,593	11,440	5.2
Income Tax	516,561	597,593	663,430	65,837	11.0
Value Added Tax	392,105	406,788	421,775	14,987	3.7
Fees of Office	72,107	44,800	52,887	8,087	18.1
Reimbursements	19,318	25,236	24,503	-733	-2.9
Public Corporations	5,202	5,202	5,202	0	0.0
Central Bank of Malta	32,612	23,295	29,821	6,525	28.0
Rents	20,498	20,296	21,427	1,131	5.6
Dividends on Investment	14,915	15,696	21,941	6,246	39.8
Repayment of and Interest on loans	787	778	1,237	459	59.0
Social Security	455,595	471,411	480,243	8,832	1.9
Grants	155,964	139,210	56,314	-82,896	-59.5
Miscellaneous Receipts	42,242	68,991	29,110	-39,882	-57.8
Total Recurrent Revenue	2,088,092	2,200,604	2,224,459	23,855	1.1
Receipts from Sale of Shares	50,759	172,770	0	-172,770	N/A
Other extraordinary receipts	8,939	29,022	14,894	-14,128	-48.7
Loans	256,231	0	126,040	126,040	N/A
Total Non-Recurrent Revenue	315,928	201,792	140,934	-60,858	-30.2
Total Revenue	2,404,021	2,402,397	2,365,394	-37,003	-1.5
Recurrent Expenditure					
Personal Emoluments	468,511	473,056	484,430	11,374	2.4
Operational and Maintenance Expenditure	83,866	86,563	86,010	-553	-0.6
Programmes and Initiatives	1,053,594	1,104,606	1,169,612	65,006	5.9
Contribution to Government Entities	178,269	171,719	156,585	-15,135	-8.8
Total Recurrent Expenditure	1,784,240	1,835,944	1,896,636	60,692	3.3

Table 5. Revenue / Expenditure Categories

Description	December 2005	December 2006	December 2007	Dec 2007 / Dec 2006	
				Absolute Change	% change
	€ thousands				
Revenue					
Customs and Excise Duties	13,867	11,366	16,672	5,306	46.7
Licences, Taxes and Fines	20,741	19,556	21,791	2,235	11.4
Income Tax	122,271	149,093	163,557	14,464	9.7
Value Added Tax	40,968	42,805	46,310	3,505	8.2
Fees of Office	10,884	4,411	4,341	-70	-1.6
Reimbursements	3,525	3,489	2,836	-653	-18.7
Public Corporations	815	815	815	0	0.0
Central Bank of Malta	0	0	4,426	4,426	N/A
Rents	1,401	777	853	76	9.8
Dividends on Investment	6,060	5,463	6,573	1,110	20.3
Repayment of and Interest on loans	51	749	1,211	461	61.5
Social Security	87,232	83,787	83,377	-410	-0.5
Grants	28,256	7,591	5,287	-2,304	-30.3
Miscellaneous Receipts	1,990	42,054	1,736	-40,318	-95.9
Total Recurrent Revenue	338,061	371,957	359,787	-12,170	-3.3
Receipts from Sale of Shares	641	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	641	0	0	0	N/A
Total Revenue	338,703	371,957	359,787	-12,170	-3.3
Recurrent Expenditure					
Personal Emoluments	74,643	74,932	77,066	2,134	2.8
Operational and Maintenance Expenditure	13,487	11,627	9,048	-2,579	-22.2
Programmes and Initiatives	131,222	128,647	119,431	-9,216	-7.2
Contribution to Government Entities	15,862	15,062	14,186	-876	-5.8
Total Recurrent Expenditure	235,214	230,268	219,731	-10,537	-4.6

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 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.
 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.