

Our Ref.: Tr. 115/2009

9th June 2009

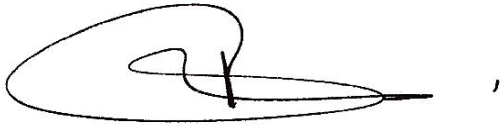
The Hon Minister of Finance Economy And Investment

Sir,

Financial Report - 2008

In terms of Article 65 of the Financial Administration and Audit Act – Act 1 of 1962 – I am submitting for publication a report on the accounts and finances of Government for financial year 2008.

Yours Sincerely

A handwritten signature in black ink, consisting of a large, stylized loop followed by a vertical stroke and a horizontal line extending to the right, ending in a comma.

Noel Camilleri B.A. (Hons), M.B.A. (Bath)
Accountant General

Public Account (See App. A)

Treasury

All cash transactions made by Government are processed through the Public Account held at the Central Bank of Malta. These transactions affect the Consolidated Fund as well as the other Funds and Accounts held and / or administered by Government.

During the year, Receipts and Payments amounted to €3,660,197,507 and €3,729,625,924 respectively, resulting in an end-of-year Debit Book Balance of €96,216,411 against a Bank Balance of €80,512,061.

Departments remit / account to the Treasury all end-of-year cash balances. No Cash was deposited at The Treasury at the end of December 2008 as departments were advised to make use of the Central Bank nightsafe facilities.

Departmental Bank Accounts

In terms of Article 13 of the Financial Administration and Audit Act, the Minister may authorise Departments to operate Bank Accounts for specific purposes.

The balances of Bank Accounts held at the Central Bank of Malta operated by the respective Departments are as follows:

Bank Account Name	Amount €
Acquisition of Property (Government Property Division)	570,230
Acquisition Rent (Government Property Division)	37,639
Armed Forces of Malta	295,776
Correctional Services	5,754
Ex MDD / MSCL Funds	1,195,057
Fisheries	39,324
Forum for a Better Economy	87,811
Inland Revenue	41,706,501
Internal Audit and Investigations Directorate	32
Maria Regina Girls' Junior Lyceum	9,307
Mater Dei Hospital	28,553
Ministry for Competitiveness and Communication	5,740
Ministry of Education, Youth and Employment:	
EU Projects	160,393
Institute of Tourism Studies	106,553
Ministry for Gozo - Department for Projects and Developments	9,532
Ministry for Justice and Home Affairs	8,782,315
Ministry for Resources and Rural Affairs:	
EU Affairs Directorate	11,511
Paying Agency	587,581
Ministry for Social Policy	630,349

Bank Account Name	Amount €
Ministry of Finance:	
EU Projects	66,131,344
National Lotteries Good Causes Fund	186,739
Ministry of Foreign Affairs	34,816
Ministry of Health, Elderly and Community Care:	
Entitlement Unit	155,094
Information and Research	15,782
St. Luke's Hospital	2,023
Police	13,003
Public Lotto	20,038
Refund of V.A.T. / C.E.T	4,984,041
Social Security	6,406,020
SpLD Service	35
Treasury EU Funds Management Unit	1,747,541
	<hr/>
TOTAL	133,966,432
	<hr/> <hr/>

Foreign Currency Accounts held by Government Departments at Central Bank of Malta:

	Currency	Amount	Euro Equivalent
<u>Inland Revenue</u>			
Australian Dollar	AUD	1,932,339	953,112
Canadian Dollar	CAD	440,122	258,926
Danish Krone	DKK	43,334	5,816
Hong Kong Dollar	HKD	660	61
Swedish Krona	SEK	6,600,383	607,211
Swiss Franc	CHF	349,922	235,638
UK Sterling	GBP	4,262,291	4,474,846
US Dollar	USD	23,462,039	16,858,546
<u>Law Courts</u>			
US Dollar	USD	357,390	256,801
		TOTAL	23,650,957

Embassies/High Commissions (Source: Ministry of Foreign Affairs)

Capital	Currency	Amount	Euro Equivalent
Athens	EUR	2,155	2,155
Beijing	CNY	129,113	13,597
	EUR	48,032	48,032
	USD	12,287	8,829
Berlin	EUR	7,443	7,443
Cairo	EUR	61	61
	EUR	12,813	12,813
Canberra	AUD	1,365,735	673,639
Copenhagen	EUR	28,940	28,940
Dubai	AED	122,406	24,037
	USD	2,003	1,439
Dublin	EUR	158,282	158,282
European Union	EUR	137,611	137,611
Geneva	CHF	9,035	6,084
	CHF	12,437	8,375
	CHF	27,547	18,550
Lisbon	EUR	2,116	2,116
London	EUR	677	677
	EUR	52,880	52,880
Madrid	EUR	21,827	21,827
Moscow	EUR	416,945	416,945
	RUB	2,707,359	65,580
New Delhi	EUR	5,799	5,799
	INR	930,087	13,853
New York	EUR	6,466	6,466
	USD	92,822	66,696
	USD	282	202
Paris	EUR	31,567	31,567
Riyadh	EUR	58,184	58,184
	SAR	64,407	12,378
Rome	EUR	10,425	10,425
	EUR	29,741	29,741

Capital	Currency	Amount	Euro Equivalent
Strasbourg	EUR	6,664	6,664
The Hague	EUR	54,491	54,491
	EUR	14,994	14,994
Tel Aviv	EUR	32,614	32,614
	NIS	9,707	1,832
Toronto	CAD	68,956	40,567
	CAD	84,448	49,681
Tripoli	EUR	37,120	37,120
	EUR	27,213	27,213
	LYD	262,620	152,217
Tunis	EUR	19,196	19,196
Vienna	EUR	1,599	1,599
Washington	EUR	67,759	67,759
	USD	16,801	12,072
	USD	12,357	8,879
Warsaw	PLN	2,605	627
		TOTAL	2,472,748

Consolidated Fund (See App. B)

The original Budgetary allocations providing for €1,596,053,093 were approved by the House of Representatives at Sitting No. 583 on the 2nd November, 2007 by Appropriation (2008) Act 2007 (Act No.XXV of 2007). A further sum of €902,409,907 was provided to cover disbursements which are permanently appropriated.

The Supplementary Estimates which were approved at Sitting No. 59 on the 19th November, 2008 provided for an additional Expenditure of €282,987,001 out of the Consolidated Fund by the Second (2008) Appropriation Act 2008 (Act No. XII of 2008). An additional sum of €119,572,000 was provided to cover disbursements which are permanently appropriated. The various appropriations by Expenditure Vote, incorporated in the Budget and in the Supplementary Budget, are reflected in the following table:

		BUDGET		
		'Original'	Supplementary	Total
		€	€	Appropriation
				€
Recurrent Expenditure				
1	Office of the President	1,756,000	---	1,756,000
2	House of Representatives	2,868,000	140,000	3,008,000
3	Office of the Ombudsman	457,000	---	457,000
4	National Audit Office	1,864,000	---	1,864,000
5	Office of the Prime Minister	15,127,000	3,002,000	18,129,000
6	Public Service Commission	363,000	30,000	393,000
7	Armed Forces of Malta	32,556,000	5,605,000	38,161,000
8	Information	1,253,000	---	1,253,000
9	Government Printing Press	1,297,000	40,000	1,337,000
10	Electoral Office	4,086,000	2,200,000	6,286,000
11	Ministry for Justice and Home Affairs	9,781,000	1,730,000	11,511,000
12	Judicial	9,073,000	584,000	9,657,000
13	Local Government	26,897,000	---	26,897,000
14	Police	39,506,000	4,800,000	44,306,000
15	Correctional Services	7,102,000	1,202,000	8,304,000
16	Civil Protection	3,277,000	509,000	3,786,000
17	Government Property Division	4,288,000	160,000	4,448,000
18	Land and Public Registry Division	2,437,000	553,000	2,990,000
19	Ministry of Finance	64,503,000	22,780,000	87,283,000
20	Treasury	9,776,000	---	9,776,000
21	Pensions	79,982,000	861,000	80,843,000
23	Inland Revenue	6,287,000	20,000	6,307,000
24	Customs	11,961,000	25,000	11,986,000
25	V.A.T.	6,527,000	200,000	6,727,000
26	Contracts	1,062,000	20,000	1,082,000
27	Economic Policy	1,030,000	250,000	1,280,000
28	Ministry of Education, Youth and Employment	112,597,000	5,646,000	118,243,000
29	Education	124,535,000	4,900,000	129,435,000
30	Industrial and Employment Relations	1,707,000	---	1,707,000

		BUDGET		
		'Original'	Supplementary	Total
		€	€	Appropriation
				€
Recurrent Expenditure				
31	Libraries [and Archives]	1,339,000	15,000	1,354,000
32	Ministry for Tourism and Culture	11,300,000	1,630,000	12,930,000
33	Ministry for Competitiveness and Communications	8,160,000	1,085,000	9,245,000
34	Commerce	5,563,000	2,077,000	7,640,000
35	Consumer and Competition	1,416,000	563,000	1,979,000
36	Civil Aviation	1,267,000	760,000	2,027,000
37	Ministry for Resources and Infrastructure	39,490,000	1,575,000	41,065,000
38	Ministry for Gozo	49,257,000	4,975,000	54,232,000
39	Ministry of Health, the Elderly and Community Care	216,000,000	37,650,000	253,650,000
40	Elderly and Community Care	40,599,000	6,650,000	47,249,000
41	Ministry for Investment, Industry and Information Technology	90,913,000	101,000,000	191,913,000
42	Ministry for Rural Affairs and the Environment	58,884,000	851,000	59,735,000
43	Ministry for Urban Development and Roads	11,449,000	3,700,000	15,149,000
44	Ministry for the Family and Social Solidarity	28,134,000	5,634,000	33,768,000
45	Social Security	179,504,000	---	179,504,000
46	Social Security Benefits	614,649,000	16,000,000	630,649,000
47	Social Welfare Standards	923,000	120,000	1,043,000
48	Housing	2,683,000	620,000	3,303,000
49	Ministry of Foreign Affairs	22,968,000	2,786,000	25,754,000
TOTAL RECURRENT EXPENDITURE		1,968,453,000	242,948,000	2,211,401,000
22	Public Debt Servicing			
	Contribution to Sinking Fund - Local	7,023,060	---	7,023,060
	Interest - Local	166,433,792	---	166,433,792
	Repayment of Loan - Local	---	93,176,000	93,176,000
	Contribution to Sinking Fund - Foreign	12,196,940	---	12,196,940
	Interest - Foreign	5,474,028	---	5,474,028
	Interest - Short-term borrowing	10,482,180	9,535,000	20,017,180
TOTAL PUBLIC DEBT SERVICING		201,610,000	102,711,000	304,321,000
TOTAL RECURRENT EXPENDITURE AND PUBLIC DEBT SERVICING		2,170,063,000	345,659,000	2,515,722,000

Capital Expenditure	BUDGET		
	'Original'	Supplementary	Total
	€	€	Appropriation €
Productive Investment			
I Office of the Prime Minister	2,793,000	---	2,793,000
II Ministry for Justice and Home Affairs	1,067,000	---	1,067,000
III Ministry of Finance	15,667,000	---	15,667,000
IV Ministry of Education, Youth and Employment	47,000	---	47,000
V Ministry for Tourism and Culture	33,659,000	---	33,659,000
VI Ministry for Competitiveness and Communications	7,735,000	---	7,735,000
VII Ministry for Resources and Infrastructure	3,876,000	---	3,876,000
VIII Ministry for Gozo	622,000	---	622,000
X Ministry for Investment, Industry and Information Technology	21,317,000	14,500,000	35,817,000
XI Ministry for Rural Affairs and the Environment	10,919,000	500,000	11,419,000
Infrastructure			
I Office of the Prime Minister	2,186,000	913,000	3,099,000
II Ministry for Justice and Home Affairs	6,624,000	5,830,000	12,454,000
III Ministry of Finance	5,265,000	400,000	5,665,000
IV Ministry of Education, Youth and Employment	214,000	---	214,000
V Ministry for Tourism and Culture	2,770,000	2,042,000	4,812,000
VI Ministry for Competitiveness and Communications	3,169,000	---	3,169,000
VII Ministry for Resources and Infrastructure	8,561,000	---	8,561,000
VIII Ministry for Gozo	8,474,000	---	8,474,000
IX Ministry of Health, the Elderly and Community Care	6,333,000	7,624,000	13,957,000
X Ministry for Investment, Industry and Information Technology	29,671,000	4,324,000	33,995,000
XI Ministry for Rural Affairs and the Environment	15,557,000	14,695,000	30,252,000
XII Ministry for Urban Development and Roads	29,920,000	---	29,920,000
XIII Ministry for the Family and Social Solidarity	1,012,000	---	1,012,000
XIV Ministry of Foreign Affairs	680,000	963,000	1,643,000
Social			
I Office of the Prime Minister	1,271,000	444,000	1,715,000
II Ministry for Justice and Home Affairs	2,734,000	165,000	2,899,000
III Ministry of Finance	29,443,000	---	29,443,000
IV Ministry of Education, Youth and Employment	34,659,000	---	34,659,000
V Ministry for Tourism and Culture	2,786,000	---	2,786,000
VI Ministry for Competitiveness and Communications	751,000	1	751,001
VII Ministry for Resources and Infrastructure	2,038,000	---	2,038,000
VIII Ministry for Gozo	1,049,000	---	1,049,000
IX Ministry of Health, the Elderly and Community Care	14,412,000	4,500,000	18,912,000
X Ministry for Investment, Industry and Information Technology	772,000	---	772,000
XI Ministry for Rural Affairs and the Environment	14,579,000	---	14,579,000
XIII Ministry for the Family and Social Solidarity	5,768,000	---	5,768,000
Total Productive Investment	97,702,000	15,000,000	112,702,000
Total Infrastructure	120,436,000	36,791,000	157,227,000
Total Social	110,262,000	5,109,001	115,371,001
TOTAL CAPITAL EXPENDITURE	328,400,000	56,900,001	385,300,001
TOTAL EXPENDITURE	2,498,463,000	402,559,001	2,901,022,001

Included in the above figures for the Budget (Original and Supplementary) are amounts which are permanently appropriated in terms of the Constitution and other legislation as well as the amounts provided for in the Appropriation Acts proper.

The allocations, under the various Expenditure Votes, appropriated in terms of the Constitution and other legislation are:

Vote	BUDGET		Total Appropriation €	
	'Original' €	Supplementary €		
RECURRENT				
1	Office of the President	57,038	---	57,038
3	Office of the Ombudsman	457,000	---	457,000
4	National Audit Office	1,864,000	---	1,864,000
5	Office of the Prime Minister	606,000	---	606,000
6	Public Service Commission	58,496	---	58,496
10	Electoral Office	700,000	---	700,000
11	Ministry for Justice and Home Affairs	169,746	---	169,746
12	Judicial	1,625,107	---	1,625,107
17	Government Property Division	1,260,600	---	1,260,600
21	Pensions	78,453,000	861,000	79,314,000
22	Public Debt Servicing	201,610,000	102,711,000	304,321,000
25	V.A.T.	816,000	---	816,000
38	Ministry for Gozo	83,920	---	83,920
46	Social Security Benefits	614,649,000	16,000,000	630,649,000
TOTALS		902,409,907	119,572,000	1,021,981,907

For purposes of analysis, in this Report, Revenue has been classified under two types, i.e. Recurrent and Capital, which are being further subdivided into six and two categories respectively. The various Revenue Heads classified under each category are :

TYPE	CATEGORY	REVENUE HEADS
Recurrent Revenue	Direct Taxation	III, XII
	Indirect Taxation	I, II, IV
	Departmental Receipts	V, VI, IX, XIV
	Dividends and Profits	VII, VIII, X
	Loan Repayments	XI
	Grants	XIII
Capital Revenue	Extraordinary Receipts	XV
	Loans	XVI

Consolidated Fund (A)

The end-of-year balance of the Consolidated Fund as compared with the Approved Budget and the previous year's figures, is shown hereunder. The 'Budget' column is inclusive of the 'Original' and the Supplementary provisions.

	Budget Estimates 2008 €(000's)	Actual 2008 €(000's)	Variations Actual-Budget 2008 €(000's)	Actual 2007 €(000's)	Variations 2008-2007 €(000's)
Balance as at 1st January 2008	(76,194)	(55,933)	20,261	(66,521)	10,588
Recurrent Revenue *					
Direct Taxation	1,249,800	1,246,041	(3,759)	1,143,673	102,369
Indirect Taxation	872,539	852,270	(20,269)	838,346	13,924
Departmental Receipts	123,687	119,950	(3,737)	127,926	(7,976)
Dividends and Profits	48,501	53,600	5,099	56,964	(3,364)
Repayment of, and Interest on, Loans made by Government	179	61	(118)	1,237	(1,177)
Grants	116,112	30,223	(85,889)	56,314	(26,090)
TOTAL RECURRENT REVENUE	2,410,818	2,302,145	(108,673)	2,224,459	77,686
Capital Revenue *					
Extraordinary Receipts	32,408	33,318	910	14,894	18,424
Loans	186,350	285,735	99,385	126,040	159,694
TOTAL CAPITAL REVENUE	218,758	319,052	100,294	140,934	178,118
TOTAL REVENUE *	2,629,576	2,621,197	(8,379)	2,365,394	255,804
Recurrent Expenditure **					
Personal Emoluments	530,927	519,268	(11,659)	484,430	34,837
Operational and Maintenance Expenses	107,820	96,560	(11,260)	86,010	10,550
Programmes and Initiatives	1,398,099	1,345,008	(53,091)	1,169,611	175,397
Contributions to Government Entities	174,555	163,258	(11,297)	156,585	6,673
TOTAL RECURRENT EXPENDITURE **	2,211,401	2,124,093	(87,308)	1,896,636	227,457
Public Debt Servicing	304,321	300,412	(3,909)	200,266	100,146
TOTAL RECURRENT EXPENDITURE AND PUBLIC DEBT SERVICING **	2,515,722	2,424,505	(91,217)	2,096,903	327,603
Capital Expenditure **					
Productive Investment	112,702	57,618	(55,084)	47,782	9,837
Infrastructure	157,227	115,696	(41,531)	113,417	2,279
Social	115,371	55,336	(60,035)	96,704	(41,368)
TOTAL CAPITAL EXPENDITURE **	385,300	228,650	(156,650)	257,903	(29,253)
TOTAL EXPENDITURE **	2,901,022	2,653,155	(247,867)	2,354,806	298,350
Closing Balance as at 31st December 2008	(347,640)	(87,891)	259,749	(55,933)	(31,958)

* Figures in brackets denote shortfall in revenue from Budget estimates to actual.

** Figures in brackets denote less actual expenditure than originally budgeted for.

CONSOLIDATED FUND 2008



Consolidated Fund (B)

The Consolidated Fund Statement below includes the comparative figures relating to the Deficit and the Public Sector Borrowing Requirement. It should be read in conjunction with the Consolidated Fund (estimated position) statement, published in the Financial Budgetary Estimates.

	2007 €(000'S)	2008 €(000'S)
Ordinary Revenue from Local Sources (excluding Grants)	2,168,145	2,271,922
Grants	56,314	30,223
Total Recurrent Revenue	2,224,459	2,302,145
Recurrent Expenditure	1,896,636	2,124,093
Interest on Public Debt	179,052	189,038
Total Recurrent Expenditure	2,075,688	2,313,131
Recurrent Surplus / (Deficit)	148,771	(10,986)
Capital Expenditure	257,904	222,150
Overall Expenditure	2,333,592	2,535,281
Surplus / (Deficit)	(109,133)	(233,136)
<i>Financing (excluding new loans)</i>		
Foreign		
Sinking Fund Contribution	(12,327)	(11,176)
Total Foreign Financing (excluding new loans)	(12,327)	(11,176)
Local		
Assets' Sales Proceeds	---	---
Sinking Funds of Converted Loans	14,894	33,318
Direct Loan Repayment	---	(93,176)
Sinking Fund Contributions	(8,887)	(7,023)
Investment Equity Acquisition	---	(6,500)
Total Local Financing (excluding new loans)	6,007	(73,381)
Public Sector Borrowing Requirement	(115,453)	(317,693)
New Foreign Loans	---	---
Balance 1st January (Consolidated Fund)	(66,520)	(55,933)
New Local Loans	126,040	285,735
	59,520	229,802
Balance 31st December	(55,933)	(87,891)

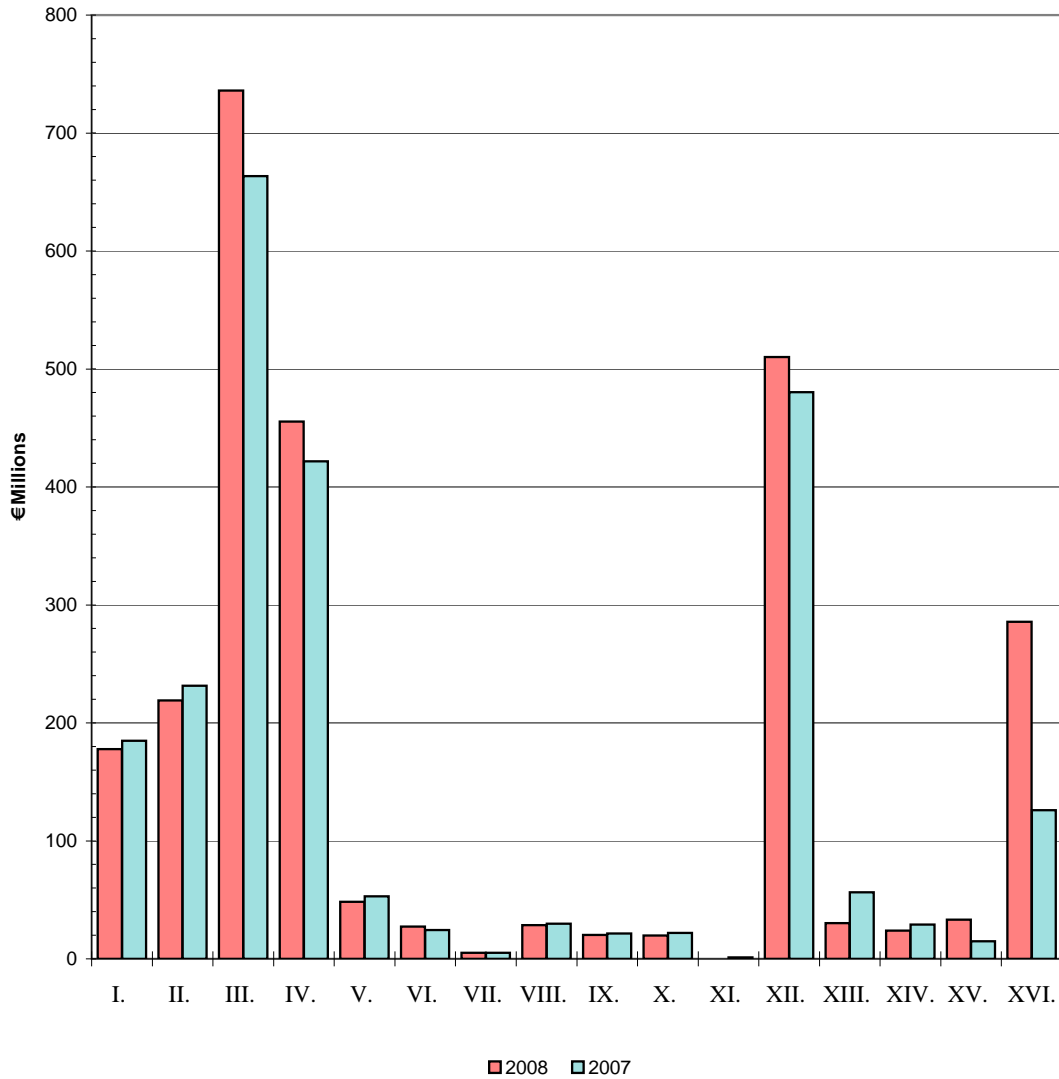
Revenue (See App. C & C1)

In the Financial Budgetary Estimates, Revenue is shown under 16 different 'Heads' classified under 'Ordinary' and 'Non-Ordinary'. For purposes of analysis, Revenue has been classified into two types - Recurrent and Capital - which were further sub-divided into six and two Categories respectively. The various Revenue Heads classified by Category and type are :

Analysis of Recurrent Revenue

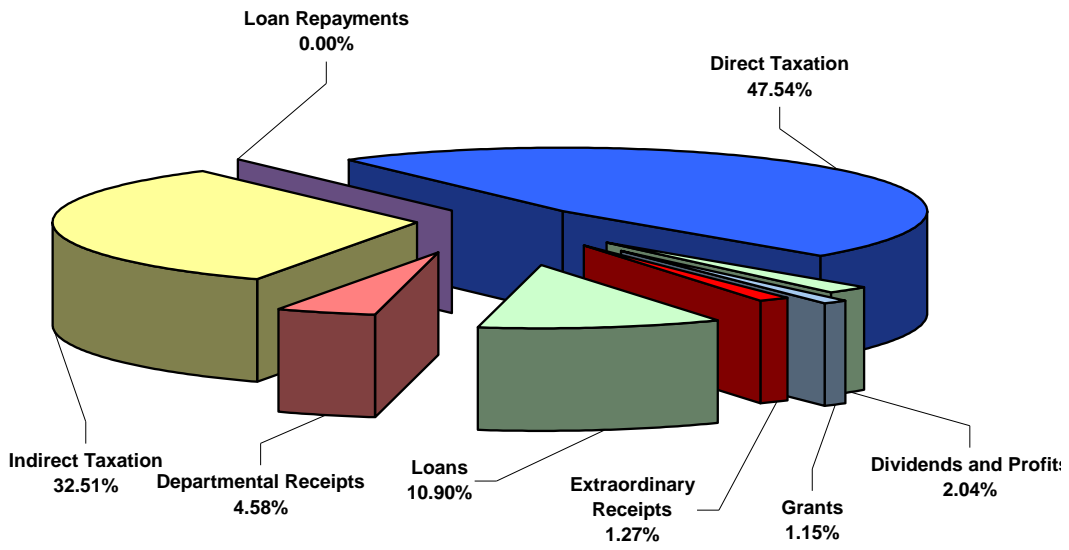
Tax Revenue		Budget		Percentage of	
		Estimates	Actual	Tax	Total
		€(000's)	€(000's)	Revenue	Revenue
a) Direct Tax :	Income Tax	728,000	735,899	35.07%	28.07%
	Social Security Contributions	521,800	510,143	24.31%	19.46%
b) Indirect Tax :	Customs and Excise Duties	184,460	177,775	8.47%	6.78%
	Licences, Taxes and Fines	241,079	219,146	10.44%	8.36%
	Value Added Tax	447,000	455,349	21.70%	17.37%
Total Tax Revenue		2,122,339	2,098,311	100.00%	80.05%
Non-Tax Revenue		Budget		Percentage of	
		Estimates	Actual	Non-Tax	Total
		€(000's)	€(000's)	Revenue	Revenue
c) Dividends / Profits	Public Corporations	5,201	5,201	2.55%	0.20%
	Central Bank of Malta	25,600	28,691	14.08%	1.09%
	Dividends on Investment	17,700	19,708	9.67%	0.75%
d) Repayment of, and Interest on, Loans made by Government		179	61	0.03%	0.00%
e) Grants		116,112	30,223	14.83%	1.15%
f) Departmental Receipts	Fees of Office	49,489	48,327	23.71%	1.84%
	Reimbursements	29,552	27,276	13.38%	1.04%
	Rents	22,536	20,348	9.98%	0.78%
	Miscellaneous Receipts	22,110	23,999	11.77%	0.92%
Total Non-Tax Revenue		288,479	203,834	100.00%	7.78%
Total Recurrent (Ordinary) Revenue		2,410,818	2,302,145		
Analysis of Capital Revenue components :		Budget		Percentage of	
		Estimates	Actual	Non-Ordinary	Total
		€(000's)	€(000's)	Revenue	Revenue
a) Extraordinary Receipts	Proceeds from Sale of shares/assets	---	---	---	---
	Sinking Funds of converted loans	32,408	33,318	10.44%	1.27%
b) Loans	Local	186,350	285,735	89.56%	10.90%
	Foreign	---	---	---	---
Total Capital (Non-Ordinary) Revenue		218,758	319,052	100.00%	12.17%
Total Revenue		2,629,576	2,621,197		

**REVENUE HEADS
(compared with 2007)**

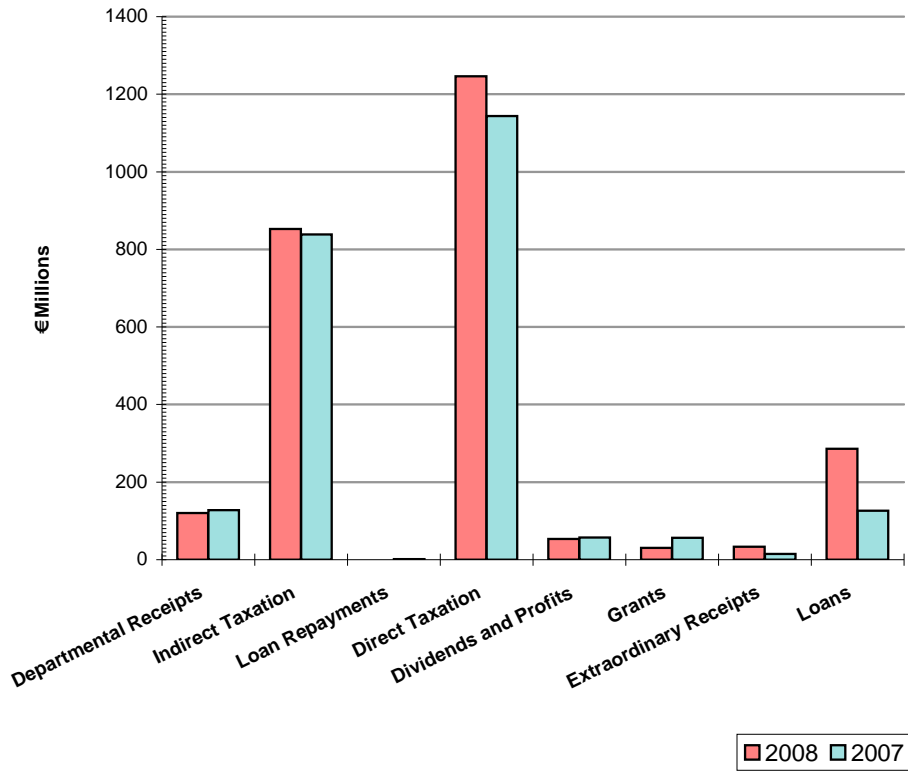


- I. Customs and Excise
- II. Licences, Taxes and Fines
- III. Income Tax
- IV. Value Added Tax
- V. Fees of Office
- VI. Reimbursements
- VII. Public Corporations
- VIII. Central Bank of Malta
- IX. Rents
- X. Dividends on Investment
- XI. Repayment of, and Interest on, Loans made by Government
- XII. Social Security
- XIII. Grants
- XIV. Miscellaneous Receipts
- XV. Extraordinary Receipts
- XVI. Loans

REVENUE
(By Category as a percentage of Total Revenue)



REVENUE
(By Category compared with 2007)



**VARIANCES IN REVENUE
FOR FINANCIAL YEAR 2008**

(Source - Ministry of Finance)

R E V E N U E	2 0 0 8			Reasons for Variations
	Budget Estimates €000	Actual €000	Variation €000	
Tax Revenue				
Direct - Income Tax	728,000	735,899	7,899	Higher receipts than originally projected were received from FSS and PT.
Social Security	521,800	510,143	-11,657	Lower social security contributions were received than originally projected. One third of the amount represents state contribution.
Indirect - Customs and Excise Duties	184,460	177,775	-6,685	
Import Duties	14,700	15,143	443	Actual receipts reflect activity under this item.
Excise Duties	169,760	162,632	-7,128	
<i>of which</i>				
Cigarettes	62,400	60,382	-2,018	Actual receipts reflect activity under this item.
Petroleum	89,660	85,377	-4,283	Actual receipts reflect activity under this item.
Licences, Taxes and Fines	241,079	219,145	-21,934	
of which				
Gaming Taxes	39,366	37,017	-2,349	Original estimate included expected proceeds from the introduction of new activity under this item. The activity is expected to be undertaken at a later date.
Duty on Documents	108,352	86,249	-22,103	Lower receipts than originally projected in view of decrease in volume of transfers of immovable property experienced during 2008.
Airport Tax	5,820	7,064	1,244	Charge has been repealed as from 1 November 2008.
Value Added Tax	447,000	455,349	8,349	Higher receipts than originally projected were received from the services sector.
Total Tax Revenue	2,122,339	2,098,311	-24,028	

REVENUE	2008			Reasons for Variations
	Budget Estimates €'000	Actual €000	Variation €000	
<i>Non Tax Revenue</i>				
Fees of Office	49,489	48,327	-1,162	
<i>of which</i> Waste, rubble and containers' deposit fees	3,260	1,800	-1,460	Balance passed to the Consolidated Fund.
Reimbursements	29,552	27,276	-2,276	
<i>of which</i> Road formation (on Govt. land) Contributions	2,350	1,003	-1,347	Balance passed to the Consolidated Fund.
Main sewer contributions	4,900	2,638	-2,262	Balance passed to the Consolidated Fund.
Public Corporations	5,201	5,201	---	
Central Bank of Malta	25,600	28,691	3,091	Year 2007 profits passed to Government.
Rents	22,536	20,348	-2,188	Lower receipts than originally projected from rent on commercial premises and on property occupied by Government Departments.
Dividends on Investment	17,700	19,708	2,008	Increase due to payment of higher profits/dividends than projected being passed to Government.
Repayment of, and interest on, Loans made by Government	179	61	-118	
Grants	116,112	30,223	-85,889	Implementation of programmes financed by the European Union will continue in 2009.
Miscellaneous Receipts	22,110	23,999	1,889	Increase in proceeds from sale of government land.
Total Non-Tax Revenue	288,479	203,834	-84,645	
Total Recurrent Revenue	2,410,818	2,302,145	-108,673	

REVENUE	2 0 0 8			Reasons for Variations
	Budget Estimates €'000	Actual €000	Variation €000	
Extraordinary Receipts	32,408	33,318	910	
Sinking funds of converted loans	32,408	33,318	910	Actual proceeds from sinking funds on loans maturing during 2008.
Local Loans	186,350	285,734	99,384	Local loans raised to finance the public sector borrowing requirement in the Consolidated Fund.
GRAND TOTAL	2,629,576	2,621,197	-8,379	

Expenditure (See App. D)

In the Financial Budgetary Estimates, Government Expenditure is shown under two main classifications: 'Recurrent' and 'Capital'. Recurrent Expenditure comprises a total of 49 Departmental Votes. Each of the Departmental Votes is sub-divided into four Categories i.e., Personal Emoluments, Operational & Maintenance Expenses, Programmes and Initiatives, and Contributions to Government Entities. Capital Expenditure is classified under three main Categories - Productive Investment, Infrastructure and Social - made up of 14 votes among 14 ministries.

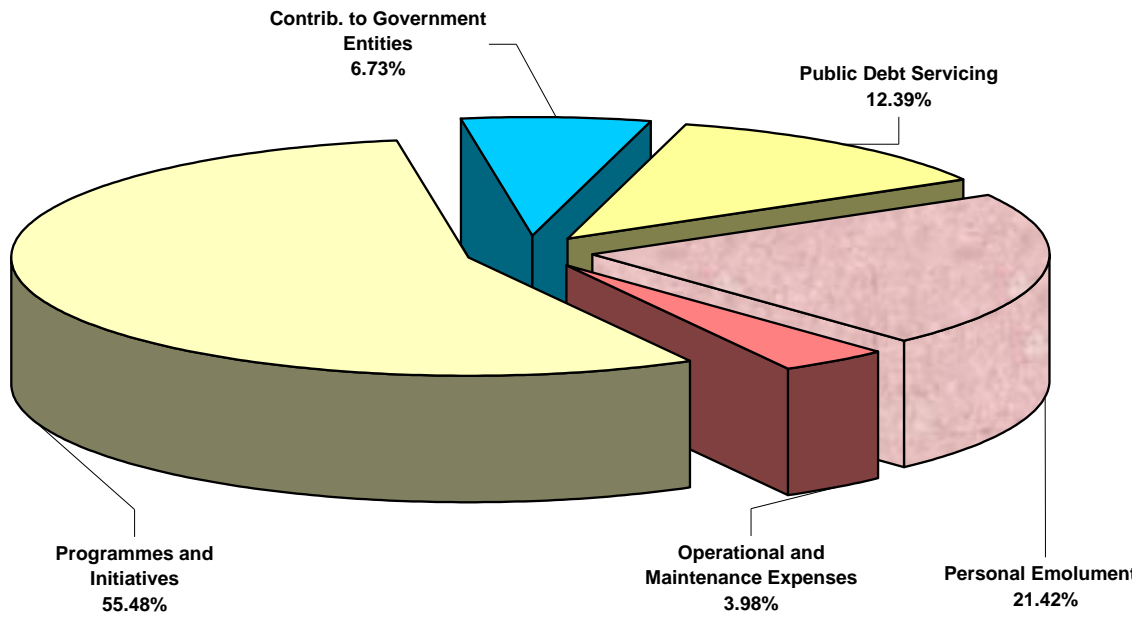
It is to be noted that in line with the current Chart of Accounts the terms Head and sub-head respectively are shown as Vote and Category. For the purpose of additional information a further sub-division at line item level is also included. The Cost Centres allocations are meant for internal management purposes and may in fact be "vired" horizontally without affecting the appropriation.

The table below sets out the Standard Objects of Recurrent Expenditure compared with the relative Budgetary allocations. Figures in brackets denote an expenditure less than that originally budgeted for.

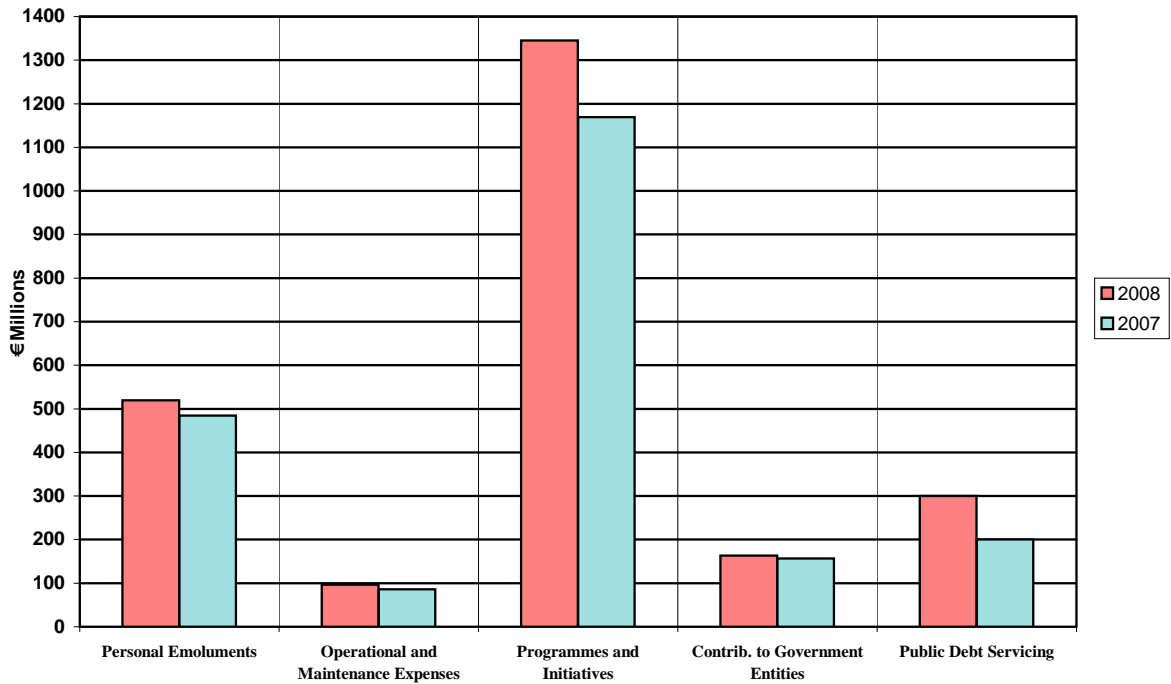
	Budget	Actual	Variation
	€	€	€
<u>Recurrent Expenditure</u>			
Personal Emoluments			
Holders of Political Office	1,851,069	1,586,374	(264,695)
Staff - Salaries and Wages	394,557,931	386,859,069	(7,698,862)
Bonus	7,258,000	7,076,140	(181,860)
Income Supplement	6,452,000	6,267,601	(184,399)
Social Security Contributions	37,357,000	36,844,709	(512,291)
Allowances	70,138,000	68,788,549	(1,349,451)
Overtime	13,313,000	11,845,074	(1,467,926)
	<hr/>	<hr/>	<hr/>
TOTAL PERSONAL EMOLUMENTS c/f	530,927,000	519,267,516	(11,659,484)
Operational and Maintenance Expenses			
Utilities	23,643,000	21,668,528	(1,974,472)
Materials and Supplies	15,195,000	12,402,643	(2,792,357)
Repair and Upkeep	4,174,000	3,967,194	(206,806)
Rent	10,390,000	8,917,252	(1,472,748)
International Memberships	3,355,000	3,092,485	(262,515)
Office Services	4,127,000	4,375,121	248,121
Transport	11,513,000	11,125,408	(387,592)
Travel	3,610,000	3,946,447	336,447
Information Services	1,479,000	1,766,582	287,582
Contractual Services	20,790,000	15,668,483	(5,121,517)
Professional Services	4,182,000	3,801,539	(380,461)
Training	1,298,000	1,064,357	(233,643)
Hospitality	821,000	949,437	128,437
Incidental Expenses	2,122,000	2,495,703	373,703
Improvements to property	488,000	367,212	(120,788)
Equipment	633,000	951,528	318,528
	<hr/>	<hr/>	<hr/>
TOTAL OPERATIONAL AND MAINTENANCE EXPENSES c/f	107,820,000	96,559,920	(11,260,080)

	Budget	Actual	Variation
	€	€	€
TOTAL PERSONAL EMOLUMENTS b/f	530,927,000	519,267,516	(11,659,484)
TOTAL OPERATIONAL AND MAINTENANCE EXPENSES b/f	107,820,000	96,559,920	(11,260,080)
PUBLIC DEBT SERVICING	304,321,000	300,412,235	(3,908,765)
PROGRAMMES AND INITIATIVES	1,398,099,000	1,345,007,821	(53,091,179)
CONTRIBUTIONS TO GOVERNMENT ENTITIES	174,555,000	163,258,004	(11,296,996)
TOTAL RECURRENT EXPENDITURE AND PUBLIC DEBT SERVICING	2,515,722,000	2,424,505,496	(91,216,504)

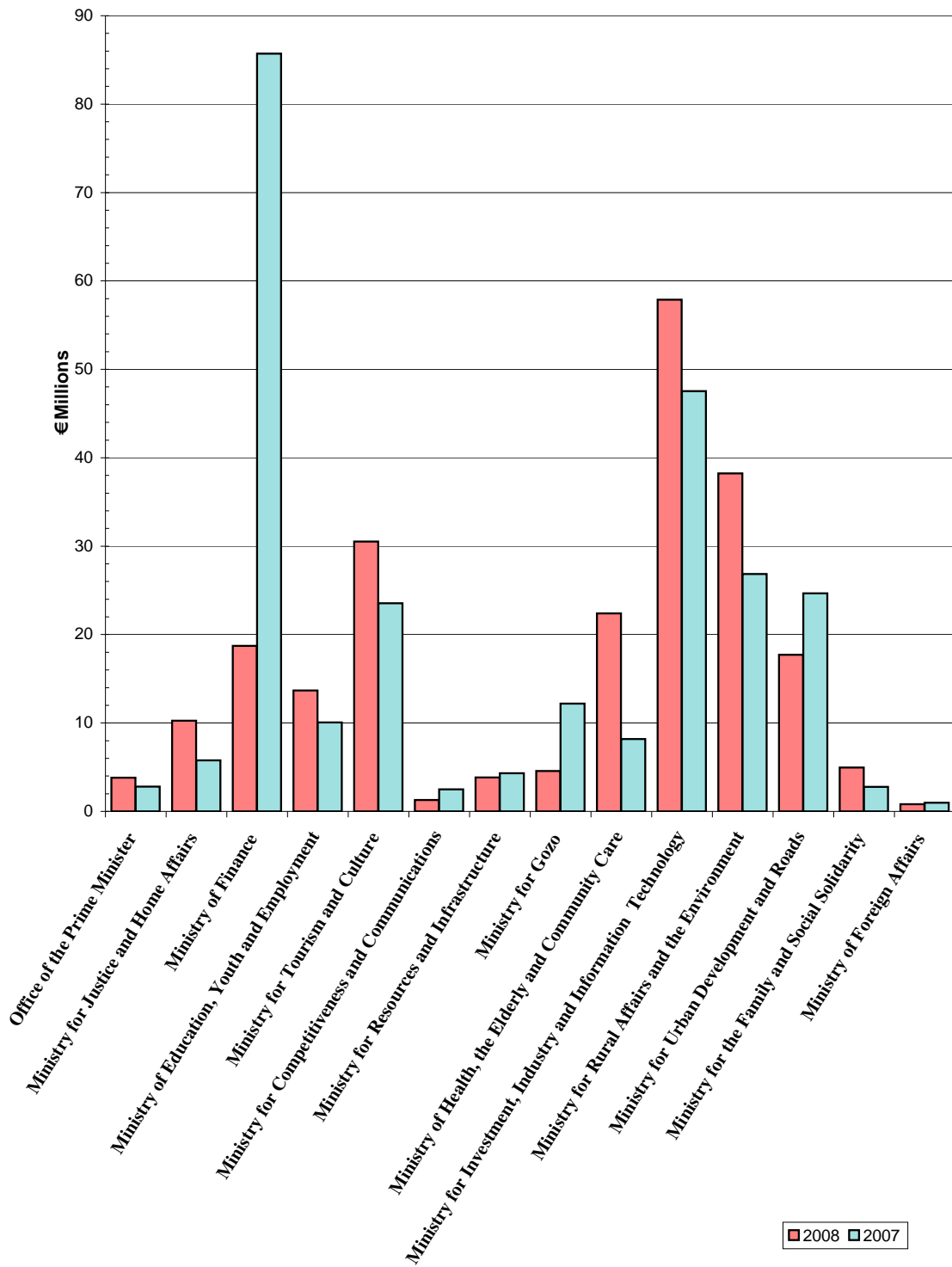
**RECURRENT EXPENDITURE
(By Category)**



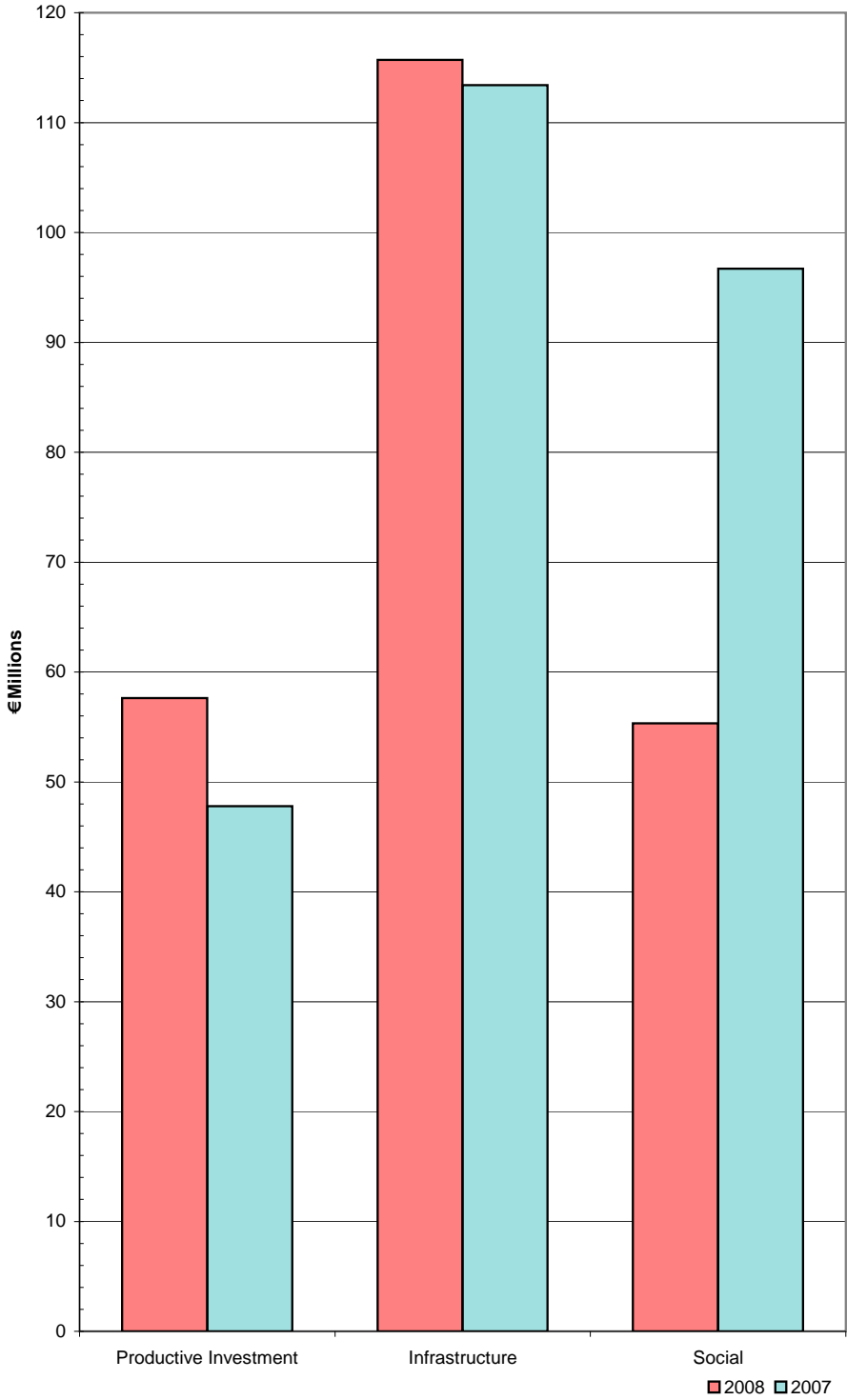
**RECURRENT EXPENDITURE
(By Category compared with 2007)**



CAPITAL EXPENDITURE
(By Ministry, compared with 2007)



**CAPITAL PROGRAMME
(By Category compared with 2007)**



Summary of the Consolidated Fund compared with the final Budgetary provisions :

	Budget Estimates €(000's)	Actual €(000's)	Variation Actual-Budget €(000's)
Opening Balance (1st January 2008)	(76,194)	(55,933)	20,261
Revenue			
Ordinary	2,410,818	2,302,145	(108,673)
Non Ordinary	218,758	319,052	100,294
	<u>2,629,576</u>	<u>2,621,197</u>	<u>(8,379)</u>
Expenditure			
Recurrent	2,211,401	2,124,093	(87,308)
Public Debt Servicing	304,321	300,412	(3,909)
Capital	385,300	228,650	(156,650)
	<u>2,901,022</u>	<u>2,653,155</u>	<u>(247,867)</u>
Closing Balance (31st December 2008)	<u>(347,640)</u>	<u>(87,891)</u>	<u>259,749</u>

Public Credit (See App. E & H)

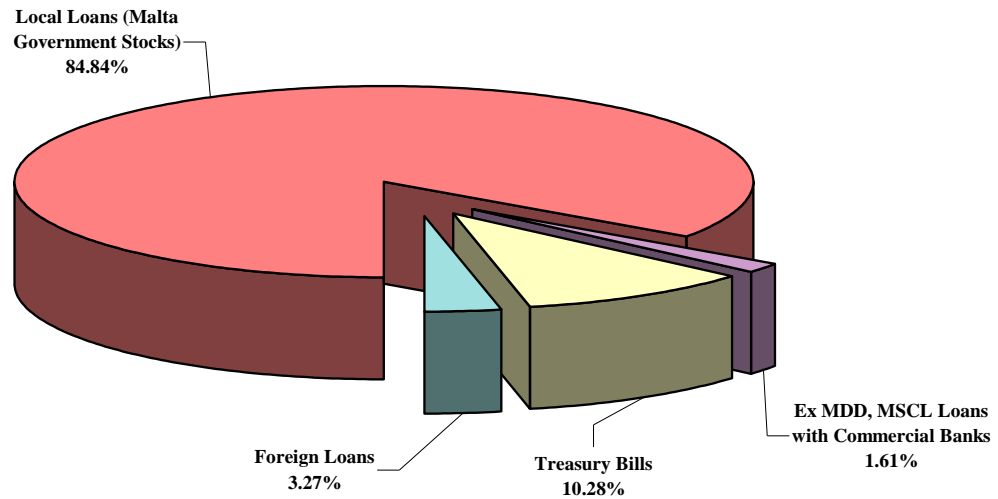
Public Credit is divided in two categories - Loans made by Government are shown in Appendix E and Government Investments are shown in Appendix H.

Public Debt (See App. F)

The Statement of Public Debt found in Appendix F gives a detailed description of the Government's Debt composition as at 31st December 2008. The level of Debt during 2008 stood at €3,491,813,458 this being made up as follows:

	2008	2007
	€	€
Local Loans (Malta Government Stocks)	2,962,465,680	2,761,403,576
Ex MDD, MSCL Loans with Commercial Banks	56,390,653	57,032,867
Treasury Bills	358,886,113	346,318,847
Foreign Loans	114,071,012	121,240,638
Total Malta Government Debt	3,491,813,458	3,285,995,928

Public Debt
(as at 31st December 2008)



Assets and Liabilities (See App. I)

The Statement of Assets and Liabilities reflects the overall end-of-year position of all the Funds and Accounts contained in the various Appendices attached to this Report.

Note : Unless shown / quoted in Appendices E, F and I, the figures for Investments and Loans reflect the Book Value.

The position of Contingent Liabilities at year end was as follows:

Contingent Liabilities		
	2008	
	€	€
Government Guarantees		
Local	334,273,257	
Foreign	368,404,841	
	<hr/>	702,678,098
Letters of Comfort		70,985,878
		<hr/>
		773,663,976
		<hr/> <hr/>

Treasury Clearance Fund (See App. J)

The Treasury Clearance Fund, established in terms of Section 32 of the Financial Administration and Audit Act, contains all those Funds and Accounts the expenses of which are initially defrayable out of public funds and repayable, gradually or otherwise, out of the Consolidated Fund or from other sources. Accordingly, all the Accounts within the Fund are classified as Deposits and Advances. All Advance Accounts are operated on the strength of an 'ad hoc' Ministerial Warrant which determines the amount that may be advanced and also provides for the method of 'repayment'.

The statement below lists the balance in each of the Deposit Account and the respective investments held against each Account as and where applicable.

Account	Balance as at 31st December 2008	Investment
	€	€
Acquisition of Shares	280,220,012	280,220,012
Other Investments	253,471,195	253,471,195
Deposit Fund Account	23,294	---
Short - term borrowing	358,886,113	---
Trust Funds	1,279,561	1,225,667
Sinking Funds for Redemption of Loans	155,715,544	155,715,544
Court Deposits	15,302,738	295,425
Other Deposits	37,840,725	---
	<hr/>	<hr/>
TOTALS	1,102,739,182	690,927,843
	<hr/> <hr/>	<hr/> <hr/>

Contingencies Fund (See App. K1)

In terms of Section 30(2) of the Financial Administration and Audit Act 1962, the Minister is empowered to "..... make advances from the Contingencies Fund to meet urgent and unforeseen need until a Supplementary Appropriation Bill providing for such expenditure can be passed into law". During 2008 a total of €9 was so advanced on the strength of Contingencies Fund Warrant number 1 to 9. This amount was repaid into the fund on the strength of Consolidated Fund Warrant No. 2 of 2008.

Statement of the Contingencies Fund Warrants indicating the amount, Department and type of service:

Warrant	Amount €	Vote	Department / Service
1	1	Rec 28	Ministry of Education, Youth and Employment 5487 Incentives for Self-Employed
2	1	Cap IX	Ministry of Health, the Elderly and Community Care 7234 Mater Dei Hospital - Non - Medical Equipment and Facilities
3	1	Rec 49	Ministry of Foreign Affaris 5494 EXPO Zaragoza
4	1	Cap VI	Ministry for Competitiveness and Communications 7173 EU Structural Funds 2004 - 2006
5	1	Cap II	Ministry for Justice and Home Affairs 7221 EEA / Norwegian Financial Mechanisms 2004 - 2009
6	1	Cap X	Ministry for Investment, Industry and Information Technology 7184 EU Transition Facility 2004 - 2006
7	1	Cap X	Minsitry for Investment, Industry and Information Technology 7235 Investment - Equity Acquisition
8	1	Rec 28	Ministry for Education, Youth and Employment 5431 European Fund for Integration of Third Country Nationals
9	1	Rec 19	Ministry of Finance 5496 Household Budgetary Survey
Total	<u>9</u>		

School Councils Fund (Source: Education Division)

In terms of Section 62 (1) of the Financial Administration and Audit Act (1962), this Office is expected to publish "a statement of the receipts and expenditure of any fund or account created by this or any other law".

The following is a statement of Revenue and Expenditure pertaining to the School Councils Fund of the Education Division.

Revenue	€	Expenditure	€
Opening Balance (2008)	802,405		
Total Revenue	1,139,383	Total Expenditure	1,236,150
		Closing Balance (2008)	705,638
TOTAL	1,941,788	TOTAL	1,941,788

* Opening balance for 2008 has been adjusted since there were a number of schools who failed to submit the 'School Council Fund Statement' in 2007.

General

The overall performance of Departments on an Income and Expenditure basis may be seen in the following Table.

	Income		Expenditure		
	Revenue €(000's)	Other Deposits €(000's)	Recurrent €(000's)	Capital €(000's)	Advances €(000's)
Departments					
Office of the President	---	(19)	1,608	---	---
House of Representatives	5	1	2,821	---	---
Office of the Ombudsman	---	---	457	---	---
National Audit Office	---	---	1,500	---	---
Office of the Prime Minister	140	(81)	16,978	2,923	---
Public Service Commission	---	---	377	---	---
Armed Forces of Malta	5,084	614	37,197	764	---
Information	348	2	1,097	---	---
Government Printing Press	522	(215)	1,259	108	---
Electoral Office	15	0	5,640	5	---
Ministry for Justice and Home Affairs	687	(241)	9,720	5,201	---
Judicial	11,047	(4)	9,474	311	---
Local Government	1	56	26,774	---	---
Police	2,120	455	43,323	633	---
Correctional Services	0	0	7,999	187	---
Civil Protection	168	(0)	3,554	93	---
Government Property Division	36,941	(4,783)	3,415	3,842	---
Land and Public Registry Division	6,373	(91)	2,787	---	---
Ministry of Finance	93,520	(17,892)	83,485	18,610	(6,293)
Treasury	384	(90)	3,342	---	---
Pensions	40	18	80,230	---	---
Inland Revenue	823,051	(13,419)	5,804	43	(45)
Customs	178,982	1,933	11,456	84	---
V.A.T.	471,022	(58)	6,448	---	---
Contracts	82	193	1,051	---	---
Economic Policy	0	0	1,035	---	---
Ministry of Education, Youth and Employment	67	(1,611)	114,207	12,602	---
Education	235	2	129,098	1,078	---
Industrial and Employment Relations	30	---	1,125	---	---
Libraries [and Archives]	1	23	1,252	---	---
Ministry for Tourism and Culture	2,047	(639)	12,031	30,514	---

	Income		Expenditure		
	Revenue €(000's)	Other	Recurrent €(000's)	Capital €(000's)	Advances €(000's)
		Deposits €(000's)			
Departments					
Ministry for Competitiveness and Communications	11,524	35	8,083	1,284	---
Commerce	921	15	5,821	4	---
Consumer and Competition	27	(23)	1,664	---	---
Civil Aviation	8,222	---	1,988	---	---
Ministry for Resources and Infrastructure	2,652	(222)	39,875	3,826	---
Ministry for Gozo	366	(20)	52,991	4,557	---
Ministry of Health, the Elderly and Community Care	1,414	(228)	234,580	21,306	---
Elderly and Community Care	10,635	(12)	44,575	1,078	---
Ministry for Investment, Industry and Information					
Technology	7,850	(76)	175,290	57,872	(12,804)
Ministry for Rural Affairs and the Environment	4,859	(2,435)	58,535	38,231	---
Ministry for Urban Development and Roads	83,986	(389)	14,112	17,725	---
Ministry for the Family and Social Solidarity	3	(30)	32,230	1,060	---
Social Security	0	---	175,783	45	---
Social Security Benefits	511,111	(476)	624,831	---	25,258
Social Welfare Standards	---	---	885	---	---
Housing	3	1	2,629	3,860	---
Ministry of Foreign Affairs	1,338	(297)	23,674	804	---
Public Debt/Credit	343,370	195	300,412	---	(786)
	2,621,197	(39,808)	2,424,505	228,650	5,329