

News Release

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Commentary

Recurrent revenue during the first four months of this year totalled Lm228.2 million, and made up 27.1 per cent of this year's budget forecast. Compared to the same period last year, recurrent revenue increased by Lm17.1 million, or 8.1 per cent. Concurrently, total expenditure amounted to Lm288.0 million, a decrease of Lm3.0 million, or 1.0 per cent.

The shortfall (structural deficit) between recurrent revenue and total expenditure (excluding contributions to the Sinking Fund in respect of local and foreign loans and direct repayment of loans) amounted to Lm59.8 million, compared to a shortfall of Lm79.5 million reported for January – April 2003.

During the period under review this year no contributions to the sinking fund and no direct loan repayments were effected, however during the same period last year Lm0.5 million were expended by way of direct loan repayment while proceeds from new loans this year amounted to Lm24.1 million.

The comparative increase of Lm17.1 million in recurrent revenue was mainly brought about by higher revenue under Income Tax (+Lm5.7 million) and VAT (+Lm11.2 million). A net increase of Lm8.5 million was also registered under Licences, Taxes and Fines, mostly by way of signing-on fees received upon privatising the operations of the lotteries earlier this year. These increases were partially offset by revenue reductions recorded under Social Security Contributions (-Lm0.5 million), Central Bank of Malta (-Lm6.6 million) and Miscellaneous Receipts (-Lm1.7 million).

Type of Expenditure	2003			2004		
	Jan - Apr		Jan - Dec	Jan - Apr		Jan - Dec
	Lm'000	% of final outturn	Actual Lm'000	Lm'000	% of budget est.	Approved budget estimates Lm'000
Recurrent	226,260	33.39	677,655	233,157	31.54	739,237
Public Debt Servicing	22,557	29.77	75,781	24,315	28.38	85,680
Capital	42,260	40.65	103,969	30,565	24.13	126,656
Total	291,077	33.95	857,405	288,037	30.27	951,573

When compared to the first four months of 2003, recurrent expenditure (excluding Public Debt Servicing) increased by Lm6.9 million or 3.0 per cent, and amounted to Lm233.2 million. Recurrent expenditure this year makes up 31.5 per cent of this year's budgetary estimates, while the recurrent expenditure for the same period last year made up 33.4 per cent of the year's final outturn.

Personal emoluments for the January – April period this year amounted to Lm61.7 million, and made up 30.9 per cent of the budget forecast (Lm199.6 million), while last year's outlay for the same period was of Lm65.0 million and made up 33.1 per cent of the final outturn. These figures represent a relative decrease this year of Lm3.3 million. This decrease is in part due to the personal emoluments of the Drainage Directorate which this year is appearing under a different expenditure category. At the same time this year's outlay includes increases resulting from the annual increments and the latest Civil Service Collective Agreement.

Expenditure under the Operational and Maintenance Expenditure category amounted to Lm19.8 million during the first four months of this year. This total represents a decrease of Lm 0.4 million or 2.0 per cent from Lm20.2 million expended last year. At the same time expenditure registered under the Special Expenditure category amounted to Lm0.2 million, which is practically in line with the amount expended last year.

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Expenditure incurred under the Programmes and Initiatives category this year totalled Lm124.4 million and stood at 30.1 per cent of this year's budget estimates. Last year's outlay under this category amounted to Lm116.9 million, and represented 32.5 per cent of the final outturn. The net increase, in absolute terms, was mainly brought about by increases in Social Security Benefits (+Lm1.8 million), Compensation Payment by Government as announced in the 2004 Budget Speech (Lm6.3 million), Income Tax Refunds (+Lm1.6 million), Financing of Church Schools (+Lm1.1 million) and Solid Waste Management Strategy (+Lm1.0 million). On the other hand lower expenditure was reported under Electoral Commission Activities (-Lm0.8 million), Street and Roads Lighting (-Lm1.0 million), Social Security State Contribution (-Lm0.9 million), and Charges on ex-Church Property (-Lm1.0 million).

The outlay under the Contribution to Government Entities category during the first four months of this year increased by Lm3.1 million, and amounted to Lm27.1 million, up from last year's figure of Lm24.0 million. An amount of Lm1.7 million was reported under the Drainage Directorate, while the comparative expenditure in 2003 was included under different expenditure categories. Other contributors to this comparative increase were funds passed to MEPA (+Lm1.4 million), MCAST (+Lm0.6 million), and MIMCOL (+Lm0.6 million).

The interest component of the public debt servicing costs this year increased by Lm2.2 million, from Lm22.1 million last year to Lm24.3 million in 2004, mainly due to interest payments on Malta Government Stocks.

Capital expenditure during the period under review decreased by Lm11.7 million, or 27.7 per cent and amounted to Lm30.6 million. The lower expenditure was incurred under the sectors of Tourism (-Lm1.2 million), Transport and Communications (-Lm3.0 million), Justice and Home Affairs (-Lm1.2 million), Health (-Lm3.4 million), and Information Technology and Investment (-Lm1.5 million).

Provisional statistics provided by the Central Bank of Malta indicate that Central Government debt outstanding at the end of April was of Lm1,276.0 million. This amount represents an increase of Lm128.7 million, or 11.2 per cent, from Lm1,147.3 million outstanding at the end of April last year. For the sake of consolidation, as from this year the Sinking Fund investments in Government debt is being deducted from the total outstanding balance.

This issue also includes data on the Government Guaranteed debt. The amount of Lm265.7 million represents the outstanding balances on Government Guaranteed debt as at the end of March 2004. As from December 2003, this total does not include the guarantees on loans of the ex-Malta Drydocks and ex-Malta Shipbuilding, since these loans have now been taken over by Government directly. The data sources of the guaranteed debt are the Treasury, the Ministry of Finance, and the Central Bank of Malta.

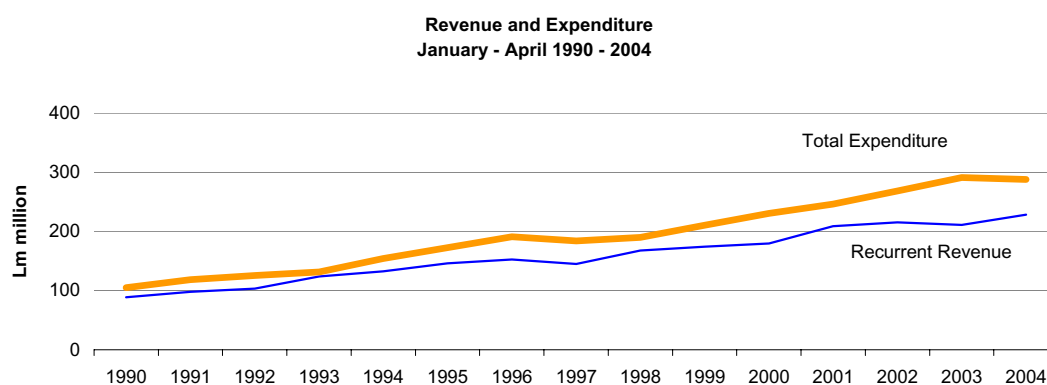


Table 1. Government Finance Data

	Lm thousands										
	2001	2002	2003	2001		2002		2003		2004	
	Jan-Dec			Apr	Jan-Apr	Apr	Jan-Apr	Apr	Jan-Apr	Apr	Jan-Apr
GOVERNMENT FINANCE											
Total Revenue	797,421	770,956	873,487	63,625	239,108	62,582	215,275	61,972	235,250	76,985	228,201
<i>consisting of:</i>											
Loans	106,823	10,563	132,129	0	30,000	0	0	0	24,126	0	0
Receipts from sale of Shares	0	27,341	0	0	0	0	0	0	0	0	0
Other Extraordinary Receipts	21,977	13,250	2,137	0	0	0	0	0	0	0	0
Recurrent Revenue	668,621	719,803	739,221	63,625	209,108	62,582	215,275	61,972	211,124	76,985	228,201
<i>of which:</i>											
Grants	1,392	2,721	2,517	16	44	510	754	60	449	6	325
Customs and Excise	60,885	59,813	61,576	4,614	16,956	4,700	17,914	4,816	18,461	4,126	18,667
Consumption Tax	114,668	117,503	123,910	9,018	37,617	9,982	37,664	10,654	38,215	15,791	49,398
Income Tax	166,302	190,175	205,218	19,984	44,816	18,050	44,574	21,029	43,386	24,685	49,117
Social Security	179,065	181,142	188,427	15,645	48,673	15,952	47,209	15,508	48,365	17,873	47,906
Others	146,309	168,449	157,573	14,348	61,002	13,388	67,161	9,904	62,248	14,504	62,788
Total Expenditure	766,658	819,324	857,405	69,259	246,327	83,998	268,569	84,311	291,077	78,577	288,037
<i>consisting of:</i>											
Recurrent Expenditure	614,626	645,995	677,655	55,158	194,610	64,169	208,104	67,222	226,260	64,972	233,157
<i>of which</i>											
Education	46,691	47,502	48,998	3,802	16,291	3,911	16,498	3,769	17,270	3,355	16,427
Social security (benefits)	184,448	190,749	200,922	22,431	63,422	22,986	64,708	26,391	68,959	18,481	70,744
Others	383,488	407,744	427,735	28,925	114,897	37,272	126,898	37,061	140,031	43,136	145,986
Public Debt Servicing	71,405	75,657	75,781	4,312	20,269	8,694	26,986	7,298	22,557	6,074	24,315
Capital Programme	80,627	97,672	103,969	9,788	31,448	11,135	33,479	9,791	42,260	7,531	30,565
<i>of which</i>											
Productive Investment	26,400	31,526	28,372	3,383	13,616	3,236	12,683	2,167	10,579	635	7,090
Infrastructure	26,872	27,391	34,095	3,078	7,945	3,317	9,663	1,989	10,732	2,728	6,537
Social	27,355	38,754	41,501	3,327	9,887	4,582	11,133	5,635	20,949	4,169	16,939
Gross Government Debt [1]	1,012,691	1,076,961	1,259,605	938,912	938,912	1,049,135	1,049,135	1,147,333	1,147,333	1,276,039	1,276,039
Government Guaranteed Debt [2]	416,822	374,008	273,312	N/A	471,591	N/A	414,773	N/A	360,444	N/A	265,722

[1] Made up of Treasury Bills issued and outstanding (at nominal prices), Government Stock, Foreign Loans, Ex Malta Drydocks and Ex Malta Shipbuilding Debt Assumptions less Malta Government Stocks owned by the Sinking Fund.
Data for the last three months to be considered provisional.
At end of period indicated.

[2] Except for Jan-Dec Data Government Guaranteed debt position as at 31st March

Note: Figures may not add up exactly due to rounding.

Source: The Central Bank of Malta (Government Debt position);

The Treasury (Government Revenue and Expenditure data)

Table 2. Comparative Government Finance Data: January - April: 2002 - 2004

Description	Jan - Apr			Jan-Apr 2003/Jan-Apr 2004		Jan-Apr 2004
	2002	2003	2004	Absolute Change	% Change	% Dist.
	Lm '000s					
Total Revenue	215,275	235,250	228,201	-7,049	-3.00	100.00
<i>consisting of:</i>						
Loans	0	24,126	0	-24,126	N/A	0.00
Receipts from Sale of Shares	0	0	0	0	N/A	0.00
Other extraordinary receipts	0	0	0	0	N/A	0.00
Recurrent Revenue	215,275	211,124	228,201	17,077	8.09	100.00
<i>of which:</i>						
Grants	754	449	325	-124	-27.60	0.14
Customs and Excise	17,914	18,461	18,667	207	1.12	8.18
Consumption Tax	37,664	38,215	49,398	11,183	29.26	21.65
Income Tax	44,574	43,386	49,117	5,731	13.21	21.52
Social Security	47,209	48,365	47,906	-459	-0.95	20.99
Others	67,161	62,248	62,788	540	0.87	27.51
Total Expenditure	268,569	291,077	288,037	-3,039	-1.04	100.00
<i>consisting of:</i>						
Recurrent Expenditure	208,104	226,260	233,157	6,897	3.05	80.95
<i>of which:</i>						
Education	16,498	17,270	16,427	-843	-4.88	5.70
Social security (benefits)	64,708	68,959	70,744	1,786	2.59	24.56
Others	126,898	140,031	145,986	5,955	4.25	50.68
Public Debt Servicing	26,986	22,557	24,315	1,758	7.79	8.44
<i>of which:</i>						
Contribution to Sinking Fund	3,630	0	0	0	N/A	0.00
Interest Payments	22,877	22,097	24,315	2,218	10.04	8.44
Repayment of Loan	478	460	0	-460	-100.00	0.00
Capital Programme	33,479	42,260	30,565	-11,695	-27.67	10.61
<i>of which:</i>						
Productive Investment	12,683	10,579	7,090	-3,489	-32.98	2.46
Infrastructure	9,663	10,732	6,537	-4,195	-39.09	2.27
Social	11,133	20,949	16,939	-4,010	-19.14	5.88
Shortfall [1]	-49,186	-79,493	-59,836	19,657	-24.73	
Gross Government Debt [2]	1,049,135	1,147,333	1,276,039	128,706	11.22	100.00
<i>of which:</i>						
Treasury Bills	197,771	263,740	269,000	5,260	1.99	21.08
Govt. Stock	812,854	839,963	894,329	54,366	6.47	70.09
Foreign Loans Outstanding	38,510	43,630	71,036	27,406	62.81	5.57
Other dept assumptions	-	-	41,846	41,846	N/A	3.28
MGSF investments in Government Debt	-	-	-172	-172	N/A	-0.01

[1] Shortfall between Recurrent Revenue and Total Expenditure (less contribution to the Sinking Fund and direct loan repayment).

[2] Made up of Treasury Bills issued and outstanding (at nominal prices), Government Stock, Foreign Loans, Ex Malta Drydocks and Ex Malta Shipbuilding Debt Assumptions less Malta Government Stocks owned by the Sinking Fund.

Data for the last three months to be considered provisional.

At end of period indicated.

Note: Figures may not add up exactly due to rounding.

Sources: The Central Bank of Malta (Government Debt position)

The Treasury (Government Revenue and Expenditure data)

Table 3. Government Revenue and Expenditure

January - April 1993 - 2004

(January - April 1995 = 100)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	Jan-Apr											
GOVERNMENT FINANCE												
Total Recurrent Revenue	92.80	98.24	100.00	114.23	108.65	125.75	130.60	134.59	156.46	161.08	157.97	170.75
<i>of which:</i>												
Customs and Excise	273.97	233.45	100.00	76.84	83.92	166.82	172.60	186.64	178.84	188.94	194.71	196.89
Consumption Tax	N/A	N/A	100.00	127.53	154.67	153.01	162.74	208.39	234.97	235.26	238.70	308.56
Income Tax	97.10	83.57	100.00	130.50	104.06	128.42	131.67	172.65	196.98	195.91	190.69	215.88
Social Security	75.24	89.73	100.00	115.72	110.32	117.78	122.89	138.93	152.31	147.73	151.35	149.91
Others	97.12	115.01	100.00	109.06	100.21	113.94	117.68	84.45	114.22	127.07	117.31	118.09
Total Expenditure	75.96	89.23	100.00	110.67	106.42	110.04	121.73	133.49	142.54	155.41	168.43	166.67
<i>consisting of:</i>												
Recurrent Expenditure	75.00	90.40	100.00	111.34	107.79	110.55	117.74	129.82	135.98	145.41	158.09	162.91
<i>of which</i>												
Education	100.63	113.37	100.00	105.21	102.00	106.79	111.17	115.78	131.02	132.69	138.90	132.12
Social security (benefits)	84.76	94.92	100.00	113.47	120.89	127.66	137.17	155.91	157.64	160.83	171.40	175.84
Others	67.13	85.23	100.00	111.23	102.76	103.46	110.01	120.15	127.03	140.29	154.81	161.40
Public Debt Servicing	108.20	130.70	100.00	124.97	229.93	337.62	388.45	419.83	430.23	572.79	478.80	516.12
Capital Programme	75.37	74.72	100.00	104.15	75.29	64.19	94.25	100.52	125.84	133.97	169.11	122.31
Productive Investment	63.38	70.46	100.00	82.49	42.95	29.57	74.74	67.49	74.22	69.13	57.66	38.65
Infrastructure	130.17	98.02	100.00	162.88	185.81	192.42	195.89	175.37	252.92	307.61	341.63	208.08
Social	89.03	76.15	100.00	164.94	145.58	130.49	105.32	206.36	282.27	317.85	598.07	483.58

Table 4. Revenue/Expenditure Heads

	2001	2002	2003	2004
	Jan-Apr			
	Lm '000s			
Revenue Heads				
Customs & Excise Duties	16,956	17,914	18,461	18,667
Licences, Taxes and Fines	21,558	26,757	25,505	34,033
Income Tax	44,816	44,574	43,386	49,117
Consumption Tax	37,617	37,664	38,215	49,398
Fees of Office	2,045	6,798	1,811	1,857
Reimbursements	2,109	2,128	1,427	1,556
Public Corporations	0	0	1,883	1,883
Central Bank of Malta	25,902	25,682	24,783	18,233
Rents	4,733	4,561	3,997	3,686
Dividends on Investment	768	20	141	573
Repayment of and Interest on, Loans made by Government	23	19	6	6
Social Security	48,673	47,209	48,365	47,906
Grants	44	754	449	325
Miscellaneous Receipts	1,669	1,198	2,695	963
Lotteries	2,195	-	-	-
Civil Aviation	-	-	-	-
Total Recurrent Revenue	209,108	215,275	211,124	228,201
Extraordinary Receipts	0	0	0	0
Loans	30,000	0	24,126	0
Total Non-Ordinary Revenue	30,000	0	24,126	0
Total Revenue	239,108	215,275	235,250	228,201
Recurrent Expenditure Heads				
Personal Emoluments	64,326	65,056	65,014	61,667
Operational & Maintenance Expenditure	17,347	17,290	20,197	19,832
Special Expenditure	153	145	195	214
Programmes & Initiatives	101,451	106,500	116,875	124,375
Contribution to Government Entities	11,334	19,112	23,978	27,069
Total Recurrent Expenditure	194,611	208,103	226,259	233,157

Source: The Treasury

Note: Figures may not add up due to rounding