

News Release

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Government Finance: February 2004

Commentary

As explained in an earlier release, Malta has committed itself with the International Monetary Fund (IMF), as part of its GDDS obligations (General Data Dissemination System), to report consolidated fund positions on a monthly basis. Therefore the National Statistics Office is presenting the February figures before the final outturn for last year is confirmed. The final data for December 2003 is scheduled for publication around the end of April.

Recurrent revenue during the first two months of this year totalled Lm100.9 million, and made up 12.0 per cent of this year's budget forecast. Compared to the same period last year, recurrent revenue increased by Lm1.1 million, or 1.1 per cent. At the same time, total expenditure amounted Lm132.0 million, a decrease of Lm8.6 million, or 6.1 per cent, over the Lm140.7 million expended in the same period in 2003.

The shortfall (structural deficit) between Recurrent Revenue and Total Expenditure (excluding contribution to the Sinking Fund in respect of local and foreign loans and direct repayment of loans) during the period under review amounted to Lm31.2 million, a decrease of Lm9.7 million from a shortfall of Lm40.8 million for the same period last year.

The increase of Lm1.1 million in recurrent revenue was mainly registered under Income Tax (+Lm1.3 million), Value Added Tax (+Lm4.0 million), Rents (+Lm1.0 million) and Customs and Excise Duties (+Lm0.6 million). A net increase of Lm5.7 million was also registered under Licences, Taxes and Fines mostly by way of license fees received upon privatisation of the operations of the lotteries this year. Meanwhile, revenue reductions were recorded under Central Bank of Malta (-Lm7.0 million), Social Security Contributions (-Lm2.4 million) and Miscellaneous Receipts (-Lm1.9 million).

During the second month of 2004, recurrent expenditure, excluding Public Debt Servicing, amounted to Lm104.5 million, from Lm107.8 million expended last year: a decrease of Lm3.3 million, or 3.1 per cent. Recurrent expenditure for the period under review made up 14.1 per cent of this year's budgetary estimates.

Personal Emoluments expended in February amounted to Lm29.7 million and made up 14.9 per cent of the budget forecast (Lm199.6 million). Last year's outlay amounted to Lm31.5 million. This year's total includes the normal incremental increases in line with the Civil Service Collective Agreement. However the total for this year excludes the personal emoluments element of the Drainage Directorate, which is appearing under a different expenditure category. Part of the expenditure variance between the comparative periods is also due to the different number of wage and salary payments, which are being issued on a 4-weekly basis, instead of on a monthly basis, as from 2004.

The monthly calendar of NSO News Releases may be consulted on the Office's website at www.nso.gov.mt

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The Operational and Maintenance Expenditure category amounted to Lm11.4 million during the second month of 2004 as compared to Lm12.5 million for the same period last year. This represents a decrease of Lm1.1 million or 9.2 per cent.

The Special Expenditure category was negligible in February, as it was last year.

The expenditure incurred on the Programmes and Initiatives category last year amounted to Lm52.8 million. This year's outlay of Lm50.2 million represents 12.2 per cent of the budget estimates. The decrease of Lm2.5 million, in absolute terms, is mainly due to decreases in Electoral Commission Activities (-Lm0.4 million), Social Security State Contribution (-Lm0.6 million), Students' Maintenance Grants (-Lm0.7 million) and charges on ex-Church Property (-Lm1.0 million).

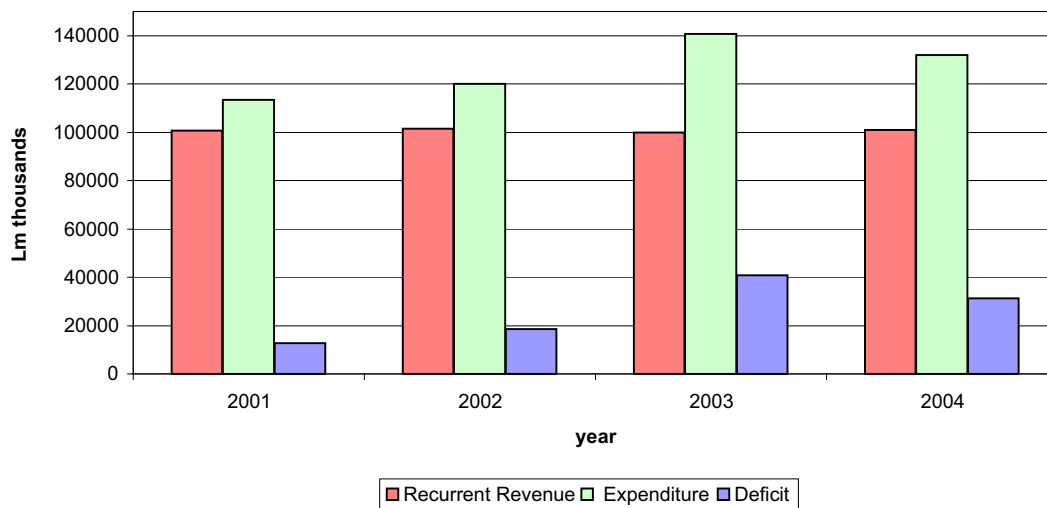
The outlay on the Contributions to Government Entities category this year increased by Lm2.2 million and amounted to Lm13.1 million, up from last year's figure of Lm10.9 million. An increase of Lm1.0 million was expended under the Drainage Directorate, although the comparative expenditure in 2003 was included under a different expenditure category. Other reasons for this net increase were the funds passed to the Water Service Corporation (+Lm1.0 million) and Malta College of Arts, Science and Technology (+Lm0.3 million).

The interest portion of public debt-servicing costs this year increased by Lm0.1 million or 0.8 per cent, from Lm10.9 million last year to Lm11.0 million.

Capital expenditure during the period under review decreased by Lm5.4 million, or 24.6 per cent and amounted to Lm16.5 million. The lower expenditure was incurred under the sectors of transport and communications (-Lm1.6 million), justice and home affairs (-Lm1.5 million), health (-Lm0.5 million) and information technology and investment (-Lm1.1 million).

Provisional statistics supplied by the Central Bank of Malta indicate that Government Debt outstanding at the end of February stood at Lm1,213.9 million; up by Lm93.5 million, or 8.3 per cent, from Lm1,120.5 million outstanding at the end of February last year. Treasury Bills and Malta Government stock accounted for Lm229.1 million or 18.9 per cent, and Lm913.0 million or 75.2 per cent respectively. The remaining share of Lm71.8 million or 6.0 per cent was made up of foreign borrowing.

Revenue and Expenditure: February 2001-2004



Recurrent Revenue: Total Revenue less Non-Recurrent Revenue

Expenditure: Total Expenditure (excluding contribution to the Sinking Fund in respect of local and foreign loans and direct loan repaym

Deficit: Shortfall between recurrent revenue and expenditure

Table 1. Comparative Government Finance Data: February 2001-2004

Description	February				Feb 2003/Feb 2004		Feb 2004
	2001	2002	2003	2004	Absolute Change	% Change	% Dist.
					Lm thousands		
Total Revenue	100,715	101,448	123,960	100,890	-23,070	-22.74	100.00
<i>consisting of:</i>							
Loans	0	0	24,126	0	-24,126	N/A	0.00
Receipts from Sale of Shares	0	0	0	0	0	N/A	0.00
Other extraordinary receipts	0	0	0	0	0	N/A	0.00
Recurrent Revenue	100,715	101,448	99,834	100,890	1,056	1.06	100.00
<i>of which:</i>							
Grants	28	30	287	319	32	11.13	0.32
Customs and Excise	8,416	8,404	8,897	9,501	603	6.78	9.42
Consumption Tax	19,326	18,386	18,228	22,186	3,958	21.72	21.99
Income Tax	16,346	16,655	15,291	16,589	1,297	8.49	16.44
Social Security	20,481	19,185	20,224	17,789	-2,436	-12.04	17.63
Others	36,117	38,788	36,907	34,507	-2,400	-6.50	34.20
Total Expenditure	113,547	120,063	140,670	132,044	-8,625	-6.13	100.00
<i>consisting of:</i>							
Recurrent Expenditure	91,073	96,042	107,835	104,505	-3,330	-3.09	79.14
<i>of which:</i>							
Education	8,385	8,687	8,920	9,324	404	4.52	7.06
Social security (benefits)	29,032	28,988	31,736	31,441	-295	-0.93	23.81
Others	53,656	58,367	67,178	63,740	-3,439	-5.12	48.27
Public Debt Servicing	11,289	12,797	10,928	11,013	85	0.78	8.34
<i>of which:</i>							
Contribution to Sinking Fund	0	7	0	0	0	N/A	0.00
Interest Payments	11,289	12,790	10,928	11,013	85	0.78	8.34
Repayment of Loan	0	0	0	0	0	N/A	0.00
Capital Programme	11,185	11,223	21,907	16,526	-5,381	-24.56	12.52
<i>of which:</i>							
Productive Investment	6,249	5,255	4,602	4,679	77	1.68	3.54
Infrastructure	2,346	3,185	6,200	1,935	-4,265	-68.79	1.47
Social	2,590	2,784	11,105	9,912	-1,193	-10.74	7.51
Shortfall [1]	-12,832	-18,607	-40,836	-31,154	9,681	-23.71	
Gross Government Debt [2]	931,386	1,040,264	1,120,452	1,213,920	93,468	8.34	100.00
<i>of which:</i>							
Treasury Bills	179,314	187,491	235,331	229,100	-6,231	-2.65	18.87
Govt. Stock	712,729	812,854	839,962	913,029	73,067	8.70	75.21
Foreign Loans Outstanding	39,343	39,919	45,159	71,791	26,632	58.97	5.91

[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, and Foreign Borrowing.

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 2. Revenue/Expenditure Heads: February 2001-2004

	2001	2002	2003	2004
	February			
	Lm thousands			
Revenue Heads				
Customs and Excise Duties	8,416	8,404	8,897	9,501
Licences, Taxes and Fines	8,596	13,882	13,644	19,350
Income Tax	16,346	16,655	15,291	16,589
Consumption Tax	19,326	18,386	18,228	22,186
Fees of Office	811	1,103	872	866
Reimbursements	996	1,095	866	775
Public Corporations	0	0	0	0
Central Bank of Malta	20,000	20,000	17,000	10,000
Rents	3,386	2,206	2,011	2,982
Dividends on Investment	768	0	141	0
Repayment of and Interest on Loans made by Government	5	12	3	2
Social Security	20,481	19,185	20,224	17,789
Grants	28	30	287	319
Miscellaneous Receipts	763	490	2,370	532
Lotteries	793	-	-	-
Total Recurrent Revenue	100,715	101,448	99,834	100,890
Extraordinary Receipts	0	0	0	0
Loans	0	0	24,126	0
Total Non-Recurrent Revenue	0	0	24,126	0
Total Revenue	100,715	101,448	123,960	100,890
Recurrent Expenditure Heads				
Personal Emoluments	30,674	31,377	31,487	29,727
Operational and Maintenance Expenditure	12,571	8,917	12,533	11,378
Special Expenditure	71	45	142	88
Programmes and Initiatives	42,864	47,023	52,785	50,242
Contribution to Government Entities	4,893	8,681	10,888	13,069
Total Recurrent Expenditure	91,074	96,043	107,835	104,505

Source: The Treasury, Budget Office