

News Release

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Commentary

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 March figures before the final outturn for last year is confirmed. The final data for December 2003 is scheduled for publication in May.

Recurrent revenue during the first quarter this year totalled Lm151.2 million, and made up 17.9 per cent of this year's budget forecast. Compared to the same period last year, recurrent revenue increased by Lm2.1 million, or 1.4 per cent. At the same time, total expenditure amounted Lm209.5 million, an increase of Lm2.7 million, or 1.3 per cent, over the Lm206.8 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 Lm58.2 million, an increase of Lm0.6 million from a shortfall of Lm57.6 million for the same period last year.

The increase of Lm2.1 million in recurrent revenue was mainly registered under Value Added Tax (+Lm6.0 million), Income Tax (+Lm2.1 million) and Customs and Excise Duties (+Lm0.9 million). A net increase of Lm8.3 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 and duty on documents on transfers of immovable property. Meanwhile, revenue reductions were recorded under Central Bank of Malta (-Lm9.8 million), Social Security Contributions (-Lm2.8 million) and Miscellaneous Receipts (-Lm1.7 million).

During the first quarter of 2004, recurrent expenditure, excluding Public Debt Servicing, amounted to Lm168.2 million, from Lm159.0 million expended last year: an increase of Lm9.1 million, or 5.8 per cent. Recurrent expenditure for the period under review made up 22.8 per cent of this year's budgetary estimates.

Personal Emoluments to date amounted to Lm47.4 million and made up 23.7 per cent of the budget forecast (Lm199.6 million). Last year's outlay amounted to Lm48.7 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.

The Operational and Maintenance Expenditure category amounted to Lm15.7 million during the first quarter when compared to Lm16.0 million for the same period last year. This represents a decrease of Lm0.2 million or 1.5 per cent.

The Special Expenditure category was negligible as it was last year.

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 expenditure incurred on the Programmes and Initiatives category last year amounted to Lm77.4 million. This year's outlay of Lm86.8 million represents 21.0 per cent of the budget estimates. The increase of Lm12.1 million, in absolute terms, is mainly due to increases in Social Security Benefits (+Lm9.7 million), compensation payment by Government as announced in the 2004 Budget Speech (+Lm2.8 million) and Income Tax refunds (+Lm1.7 million). Lower expenditure was registered mainly under the Electoral Commission activities (-Lm0.6 million), streets and roads lighting (-Lm1.0 million), Social Security State Contribution (-Lm0.9 million) and charges on ex-Church Property (-Lm1.0 million).

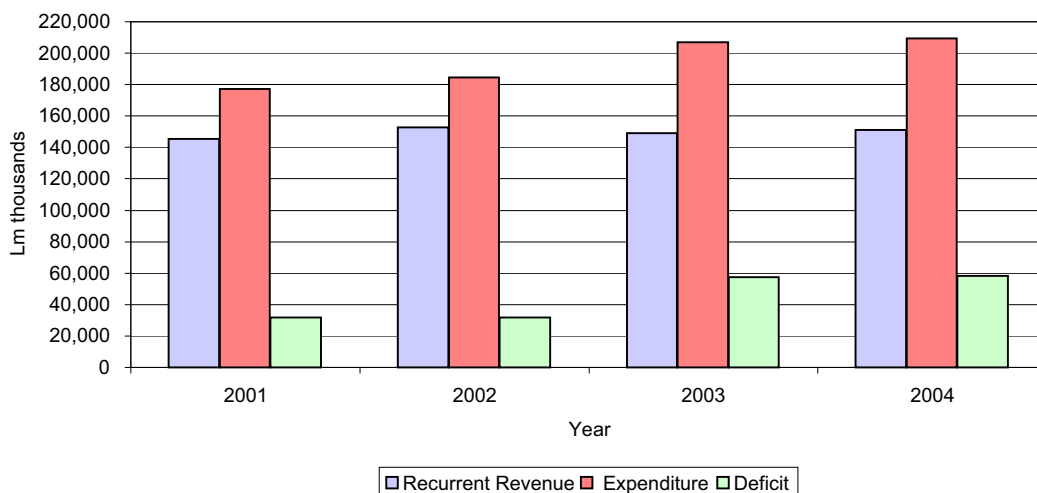
The outlay on the Contributions to Government Entities category this year increased by Lm1.3 million and amounted to Lm18.2 million, up from last year's figure of Lm16.8 million. This year Lm1.3 million was expended under the Drainage Directorate, while the comparative expenditure in 2003 was included under a different expenditure category. Other reasons for this net increase were the funds passed to Malta College of Arts, Science and Technology (+Lm0.5 million), Malta Environmental and Planning Authority (+Lm0.4 million), whilst less funds were passed on to Mt Carmel Hospital (-Lm0.4 million) and the Malta-EU Information Centre (Lm0.3 million).

The interest portion of public debt-servicing costs this year increased by Lm3.0 million or 19.5 per cent, from Lm15.3 million last year to Lm18.2 million.

Capital expenditure during the period under review decreased by Lm9.4 million, or 29.1 per cent and amounted to Lm23.0 million. The lower expenditure was incurred under the sectors of transport and communications (-Lm2.6 million), justice and home affairs (-Lm1.4 million), health (-Lm1.7 million) and information technology and investment (-Lm1.4 million).

Provisional statistics supplied by the Central Bank of Malta indicate that Government Debt outstanding at the end of March stood at Lm1,279.5 million; up by Lm145.7 million, or 12.9 per cent, from Lm1,133.8 million outstanding at the end of March last year. We are also including the debts of the ex-Malta Drydocks Corporation and of the ex-Malta Shipbuilding Co. Ltd following the assumption of their debt by Government. This debt assumption was determined through Act No. XV of 2003, dated 25th November 2003, and entitled the Dockyard and Shipbuilding Yard (Restructuring) Act, 2003. At the end of March, Treasury Bills and Malta Government stock accounted for Lm253.0 million or 19.8 per cent, and Lm913.0 million or 71.4 per cent respectively. The remaining share was made up of Lm71.8 million or 6.0 per cent (foreign borrowing) and Lm41.8 million or 3.3 per cent (debt assumptions).

Revenue and Expenditure: January - March 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: January - March 2001-2004

Description	Jan - Mar				Jan-Mar 2003/Jan-Mar 2004		Jan-Mar 2004
	2001	2002	2003	2004	Absolute Change	% Change	% Dist.
Total Revenue	175,484	152,693	173,279	151,216	-22,063	-14	100
<i>consisting of:</i>							
Loans	30,000	0	24,126	0	-24,126	N/A	0
Receipts from Sale of Shares	0	0	0	0	0	N/A	0
Other extraordinary receipts	0	0	0	0	0	N/A	0
Recurrent Revenue	145,484	152,693	149,152	151,216	2,064	1	100
<i>of which:</i>							
Grants	28	244	389	319	-70	-18	0
Customs and Excise	12,342	13,214	13,645	14,542	897	7	10
Consumption Tax	28,599	27,683	27,561	33,607	6,046	22	22
Income Tax	24,833	26,524	22,357	24,432	2,075	9	16
Social Security	33,028	31,256	32,857	30,032	-2,824	-9	20
Others	46,654	53,772	52,344	48,284	-4,060	-8	32
Total Expenditure	177,069	184,571	206,766	209,460	2,694	1	100
<i>consisting of:</i>							
Recurrent Expenditure	139,452	143,935	159,038	168,185	9,148	6	80
<i>of which:</i>							
Education	12,489	12,587	13,501	13,071	-429	-3	6
Social security (benefits)	40,991	41,722	42,567	52,264	9,696	23	25
Others	85,972	89,626	102,970	102,850	-119	0	49
Public Debt Servicing	15,957	18,292	15,260	18,241	2,981	20	9
<i>of which:</i>							
Contribution to Sinking Fund	0	7	0	0	0	N/A	0
Interest Payments	15,957	18,285	15,260	18,241	2,981	20	9
Repayment of Loan	0	0	0	0	0	N/A	0
Capital Programme	21,660	22,344	32,468	23,034	-9,435	-29	11
<i>of which:</i>							
Productive Investment	10,233	9,447	8,412	6,455	-1,957	-23	3
Infrastructure	4,867	6,346	8,743	3,809	-4,934	-56	2
Social	6,560	6,551	15,314	12,770	-2,544	-17	6
Shortfall [1]	-31,585	-31,871	-57,614	-58,244	-630	1	
Gross Government Debt [2]	959,433	1,045,840	1,133,806	1,279,507	145,701	13	97
<i>of which:</i>							
Treasury Bills	177,836	193,078	248,740	253,000	4,260	2	20
Govt. Stock	742,729	812,854	839,963	913,029	73,066	9	71
Foreign Loans Outstanding	38,868	39,908	45,103	71,804	26,701	59	6
Other debt assumptions [3]	-	-	-	41,846	41,846	N/A	3
MGSF investments in Government Debt [4]	-	-	-	-172	-172	N/A	0

[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.

[3] Includes loans of the Ex Malta Drydocks and Malta Shipbuilding.

[4] Malta Government Stocks owned by the Sinking Fund.

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: January - March 2001-2004

	2001	2002	2003	2004
	January - March			
	Lm thousands			
Revenue Heads				
Customs and Excise Duties	12,342	13,214	13,645	14,542
Licences, Taxes and Fines	16,143	19,165	18,619	26,954
Income Tax	24,833	26,524	22,357	24,432
Consumption Tax	28,599	27,683	27,561	33,607
Fees of Office	1,449	2,215	1,433	1,251
Reimbursements	1,800	1,754	1,216	1,172
Public Corporations	0	0	0	0
Central Bank of Malta	20,000	25,682	24,783	15,000
Rents	4,035	3,925	3,680	3,127
Dividends on Investment	768	0	141	0
Repayment of and Interest on Loans made by Government	17	16	5	4
Social Security	33,028	31,256	32,857	30,032
Grants	28	244	389	319
Miscellaneous Receipts	1,059	1,016	2,469	776
Lotteries	1,385	-	-	-
Total Recurrent Revenue	145,484	152,693	149,152	151,216
Extraordinary Receipts	0	0	0	0
Loans	30,000	0	24,126	0
Total Non-Recurrent Revenue	30,000	0	24,126	0
Total Revenue	175,484	152,693	173,279	151,216
Recurrent Expenditure Heads				
Personal Emoluments	48,160	48,497	48,713	47,399
Operational and Maintenance Expenditure	12,939	12,877	15,951	15,711
Special Expenditure	128	74	168	149
Programmes and Initiatives	68,090	69,154	77,370	86,751
Contribution to Government Entities	10,135	13,333	16,836	18,176
Total Recurrent Expenditure	139,452	143,935	159,038	168,185

Source: The Treasury, Budget Office