

# News Release



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## Government Finance

### Government Finance: January - December 2004

Recurrent revenue during 2004 amounted to Lm813.0 million, and made up 96.4 per cent of the year's budget forecast. This represents an increase of Lm73.8 million or 10.0 per cent on the same period in 2003. At the same time, total expenditure<sup>1</sup> amounted to Lm907.0 million, an increase of Lm62.4 million over the Lm844.7 million expended last year.

During the year under review the shortfall (structural deficit) between recurrent revenue and total expenditure<sup>1</sup> amounted to Lm94.0 million, compared to a shortfall of Lm105.4 million reported for 2003. Government's expenditure<sup>1</sup> for 2004 made up 93.3 per cent of last year's budgeted expenditure<sup>1</sup>.

During 2004, proceeds from the Sinking Fund on Converted Loans amounted to Lm8.9 million, while during the previous year these proceeds amounted to Lm2.1 million. In 2004, Contributions to the Sinking Fund amounted to Lm12.4 million, compared to Lm12.3 million for 2003. A total of Lm0.5 million in direct loan repayments were made during 2003, whilst the figure for 2004 amounted to Lm14.4 million, the latter being in respect of repayment of part of the ex-Malta Drydocks loans taken over by Government in terms of Act XV of 2003. During 2004, resort to local loans amounted to Lm99.9 million, and no new foreign loans were contracted. The corresponding amounts for 2003 were Lm99.9 million and Lm32.2 million respectively.

Recurrent revenue during 2004 increased by Lm73.8 million, or 10.0 per cent, when compared to the previous year. This increase was mainly due to higher revenues under Income Tax (+Lm6.0 million), VAT (+Lm17.7 million), Reimbursements (+Lm3.7 million), Rents (+Lm3.5), Miscellaneous Receipts (+Lm15.1 million) and EU Grants (Lm27.8 million). A net increase of Lm8.1 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 last year. Meanwhile, revenue reductions were reported under Central Bank of Malta (-Lm6.6 million) and Fees of Office (-Lm5.1 million).

When compared to 2003, recurrent expenditure (excluding Public Debt Servicing) increased by Lm55.2 million or 8.1 per cent, and amounted to Lm732.8 million. Recurrent expenditure for 2004 made up 96.9 per cent of last year's budgetary estimates.

Personal emoluments amounted to Lm201.0 million, and made up 100.7 per cent of the year's budget forecast (Lm199.6 million). These figures represent a comparative increase of Lm4.9 million, part of which is due to the personal emoluments element of the Drainage Directorate, which is appearing under a different expenditure category in 2004. At the same time last year's outlay includes increases resulting from the annual increments and the latest Civil Service Collective Agreement.

<sup>(1)</sup> In this case 'Total Expenditure' excludes Government's contribution to the Sinking Fund and direct repayments of loans. This definition is in line with the ESA95 manual on Deficit and Debt.

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Expenditure incurred under the Programmes and Initiatives category during 2004 amounted to Lm396.5 million and stood at 96.0 per cent of the year's budget estimates (Lm413.1 million). The previous year's outlay under this category amounted to Lm359.8 million. The net increase of Lm36.7 million was mainly due to higher outflows to the EU Own Resources (Lm14.1 million), Social Security Benefits (+Lm6.5 million), Treasury Pensions (+Lm3.1 million), Compensation Payment by Government as announced in the 2004 Budget Speech (Lm7.1 million), Solid Waste Management Strategy (+Lm2.2 million), Interest on the ex-MDD/MSCL Loans (Lm3.0 million, appearing under a different category in 2003), Food Subsidies (+Lm2.2 million) and the EAGGF Guarantee (+Lm1.1 million). On the other hand lower expenditure was reported mainly in respect of the EU NPAA / Pre-Accession Programmes (-Lm3.0 million).

The outlay on the Contribution to Government Entities category during 2004 increased by Lm3.0 million, or 3.9 per cent, and amounted to Lm78.7 million, up from Lm75.8 million one year earlier. An amount of Lm4.6 million was reported under the Drainage Directorate, while the comparative expenditure in 2003 was included under different expenditure categories. Other reasons for the comparative increase reported under this category were the funds passed to Industrial Projects and Services Ltd (Lm3.0 million), and MCAST (+Lm0.9 million). On the other hand, lower expenditure was registered under the Malta Shipyards item (-Lm6.4 million), which, in 2003, partly featured also under capital expenditure.

The interest component of the public debt servicing costs 2004 increased by Lm6.5 million, from Lm63.0 million last year to Lm69.6 million in 2004. This resulted from higher interest payments due on local stocks (+Lm5.1 million) and on foreign loans (+Lm1.3 million).

During 2004 capital expenditure increased by Lm0.7 million, or 0.6 per cent, and amounted to Lm104.6 million. Increases were registered under Office of the Prime Minister (+Lm4.6 million), Foreign Affairs (+Lm6.2 million) and Rural Affairs and the Environment (+Lm1.4 million). Decreases were registered under the Ministries of Social Policy (-Lm1.2 million), Education (-Lm1.9 million), Finance (-Lm1.1 million), Transport and Communications (-Lm3.3 million), Health (-Lm2.3 million) and Information Technology and Investment (-Lm1.4 million).

Central Government debt outstanding at the end of the year amounted to Lm1,354.2 million. This amount represents an increase of Lm94.6 million, or 7.5 per cent, from Lm1,259.6 million outstanding at the end of 2003. This total includes Lm27.4 million which is the current balance of Government's assumption of the debts of the ex-Malta Drydocks and of the ex-Malta Shipbuilding. For the sake of consolidation, as from this year the Sinking Fund investments in Government debt (Lm1.9 million) are being deducted from the total outstanding balance.

This issue also includes data on the total debt guaranteed by Government. The amount of Lm303.5 million represents the outstanding balances on Government Guaranteed debt as at the end of December 2004. From December 2003, this total does not include the guarantees on the loans of the ex-Malta Drydocks and ex-Malta Shipbuilding, since these loans have now been taken over by Government directly ■

Type of Expenditure	2003			2004		
	January - December		Jan - Dec	January - December		Jan - Dec
	Lm'000	% of revised budget	Revised budget estimates Lm'000	Lm'000	% of revised budget	Revised budget estimates Lm'000
Recurrent	677,655	96.40	702,926	732,846	96.85	756,650
Public Debt Servicing <sup>2</sup>	75,781	98.79	76,706	96,444	76.49	126,080
Capital	103,969	90.08	115,413	104,620	72.86	143,594
<b>Total</b>	<b>857,405</b>	<b>95.79</b>	<b>895,045</b>	<b>933,909</b>	<b>91.00</b>	<b>1,026,324</b>

<sup>[2]</sup> Inclusive of contribution to the Sinking Fund and direct repayment of loans

Table 1. Comparative Government Finance Data: December 1999 - December 2004

	1999		2000		2001		2002		2003		2004	
	Dec	Jan-Dec	Dec	Jan-Dec	Dec	Jan-Dec	Dec	Jan-Dec	Dec	Jan-Dec	Dec	Jan-Dec
	Lm thousands											
<b>GOVERNMENT FINANCE</b>												
<b>Total Revenue</b>	<b>96,577</b>	<b>721,852</b>	<b>85,698</b>	<b>642,302</b>	<b>110,684</b>	<b>797,421</b>	<b>127,715</b>	<b>770,957</b>	<b>121,553</b>	<b>873,487</b>	<b>144,879</b>	<b>921,875</b>
<i>consisting of:</i>												
Loans	0	84,000	0	0	0	106,823	10,563	10,563	3,087	132,129	0	99,948
Receipts from Sale of Shares	35,780	73,291	0	12,000	0	0	8,294	27,341	0	0	0	0
Other Extraordinary Receipts	0	2,227	12,650	12,650	21,977	21,977	2,173	13,250	0	2,137	0	8,899
Recurrent Revenue	60,797	562,334	73,048	617,652	88,708	668,621	106,685	719,803	118,466	739,221	144,879	813,027
<i>of which:</i>												
Grants	1,784	9,683	2,888	9,549	459	1,392	1,490	2,721	387	2,517	5,187	30,310
Customs and Excise	6,313	55,426	3,571	55,140	6,652	60,885	6,277	59,813	5,416	61,576	8,023	62,309
Consumption Tax	6,514	85,023	8,124	104,065	8,592	114,668	10,370	117,503	13,420	123,910	17,244	141,570
Income Tax	13,234	128,356	21,975	149,511	26,553	166,302	39,936	190,175	46,574	205,218	51,353	211,177
Social Security	21,109	144,274	24,553	162,018	29,871	179,065	29,907	181,142	32,426	188,427	37,327	189,657
Others	11,844	139,573	11,936	137,368	16,582	146,309	18,705	168,449	20,243	157,573	25,745	178,004
<b>Total Expenditure</b>	<b>88,127</b>	<b>690,966</b>	<b>85,895</b>	<b>716,230</b>	<b>76,404</b>	<b>766,658</b>	<b>90,003</b>	<b>819,324</b>	<b>88,803</b>	<b>857,405</b>	<b>112,280</b>	<b>933,909</b>
<i>consisting of:</i>												
Recurrent Expenditure	55,129	520,042	57,497	549,837	79,288	614,626	65,143	645,995	71,942	677,655	94,885	732,846
<i>of which:</i>												
Education	3,190	38,578	3,357	40,038	4,046	46,691	4,164	47,502	4,329	48,998	7,657	50,212
Social security (benefits)	16,314	170,234	13,750	175,883	17,030	184,448	17,295	190,749	17,830	200,922	17,410	207,458
Others	35,625	311,231	40,390	333,915	58,213	383,488	43,685	407,744	49,783	427,735	69,818	475,175
Public Debt Servicing	9,535	64,793	6,560	67,841	3,235	71,405	9,118	75,657	10,495	75,781	7,265	96,444
Capital Programme	23,462	106,131	21,839	98,552	-6,120	80,627	15,742	97,672	6,366	103,969	10,130	104,620
<i>of which:</i>												
Productive Investment	7,945	52,479	4,794	35,807	-9,316	26,400	1,761	31,526	987	28,372	4,700	27,036
Infrastructure	7,531	27,513	10,564	33,800	-1,079	26,872	1,936	27,391	3,685	34,095	3,976	41,693
Social	7,986	26,138	6,481	28,946	4,276	27,355	12,044	38,754	1,694	41,501	1,454	35,891
Gross Government Debt [1]	839,853	839,853	924,966	924,966	1,012,691	1,012,691	1,076,961	1,076,961	1,259,605	1,259,605	1,354,171	1,354,171
Government Guaranteed Debt	483,112	483,112	469,678	469,678	416,822	416,822	374,008	374,008	315,023	315,023	303,534	303,534 (*)

[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 is to be considered provisional.

At end of period indicated

(\*) Position as at 31st December

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. Comparative Government Finance Data: 1993 - 2004

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	January - December											
	Lm thousands											
<b>GOVERNMENT FINANCE</b>												
<b>Total Revenue</b>	<b>428,310</b>	<b>468,926</b>	<b>520,506</b>	<b>541,502</b>	<b>684,781</b>	<b>659,112</b>	<b>721,852</b>	<b>642,302</b>	<b>797,421</b>	<b>770,957</b>	<b>873,487</b>	<b>921,875</b>
<i>consisting of:</i>												
Loans	31,702	40,006	33,155	73,222	170,558 *	110,000	84,000	0	106,823	10,563	132,129	99,948
Receipts from sale of shares	648	12,658	14,586	9	115	35,386	73,291	12,000	0	27,341	0	0
Other Extraordinary Receipts	0	0	0	0	0	0	2,227	12,650	21,977	13,250	2,137	8,899
Recurrent Revenue	395,961	416,263	472,764	468,271	514,108	513,727	562,334	617,652	668,621	719,803	739,221	813,027
<i>of which:</i>												
Grants	8,429	12,852	4,517	20,804	9,811	10,043	9,683	9,549	1,392	2,721	2,517	30,310
Customs and Excise	83,541	72,058	32,595	31,981	43,197	52,696	55,426	55,140	60,885	59,813	61,576	62,309
Consumption Tax	0	0	78,107	78,633	84,606	72,630	85,023	104,065	114,668	117,503	123,910	141,570
Income Tax	85,115	87,852	99,758	93,308	110,539	110,562	128,356	149,511	166,302	190,175	205,218	211,177
Social Security	97,005	101,770	115,479	126,173	142,184	135,655	144,274	162,018	179,065	181,142	188,427	189,657
Others	121,871	141,731	142,309	117,373	123,771	132,140	139,573	137,368	146,309	168,449	157,573	178,004
<b>Total Expenditure</b>	<b>428,298</b>	<b>472,704</b>	<b>522,820</b>	<b>578,722</b>	<b>641,669</b>	<b>665,998</b>	<b>690,966</b>	<b>716,230</b>	<b>766,658</b>	<b>819,324</b>	<b>857,405</b>	<b>933,909</b>
<i>consisting of:</i>												
Recurrent Expenditure	351,232	388,613	427,774	475,392	497,189	516,393	520,042	549,837	614,626	645,995	677,655	732,846
<i>of which:</i>												
Education	35,936	37,794	35,898	34,318	36,139	37,003	38,578	40,038	46,691	47,502	48,998	50,212
Social security (benefits)	105,797	115,478	123,937	139,984	150,333	160,891	170,234	175,883	184,448	190,749	200,922	207,458
Others	209,499	235,340	267,939	301,090	310,718	318,499	311,231	333,915	383,488	407,744	427,735	475,175
Public Debt Servicing	17,393	21,753	24,703	29,803	41,088	52,758	64,793	67,841	71,405	75,657	75,781	96,444
Capital Programme	59,673	62,338	70,343	73,527	103,392	96,847	106,131	98,552	80,627	97,672	103,969	104,620
Productive Investment	34,069	36,323	43,901	36,820	50,256 **	45,400	52,479	35,807	26,400	31,526	28,372	27,036
Infrastructure	14,734	13,993	14,539	19,288	32,344	30,130	27,513	33,800	26,872	27,391	34,095	41,693
Social	10,869	12,022	11,903	17,418	20,792	21,316	26,138	28,946	27,355	38,754	41,501	35,891
Gross Government Debt [1]	305,032	339,516	369,384	516,843	663,798	793,595	839,909	924,966	1,012,691	1,076,961	1,259,605	1,354,171

[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 is to be considered provisional.  
At end of period indicated

(\*) Includes further loan of Lm24.6 million to finance Malta Drydocks

(\*\*) Includes loan of Lm24.6 million to Malta Drydocks

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. Comparative Government Finance Data: 2004

	2004												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan - Dec
	Lm thousands												
<b>GOVERNMENT FINANCE</b>													
<b>Total Revenue</b>	<b>48,527</b>	<b>52,363</b>	<b>50,326</b>	<b>76,985</b>	<b>106,523</b>	<b>50,342</b>	<b>67,740</b>	<b>95,549</b>	<b>69,209</b>	<b>70,181</b>	<b>89,250</b>	<b>144,879</b>	<b>921,875</b>
<i>consisting of:</i>													
Loans	0	0	0	0	46,300	0	0	24,148	0	0	29,500	0	99,948
Receipts from Sale of Shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Extraordinary Receipts	0	0	0	0	2,915	0	5,984	0	0	0	0	0	8,899
Recurrent Revenue	48,527	52,363	50,326	76,985	57,308	50,342	61,756	71,401	69,209	70,181	59,750	144,879	813,027
<i>of which:</i>													
Grants	319	0	0	6	3,383	3,098	5,920	217	3,002	6,228	2,951	5,187	30,310
Customs and Excise	4,754	4,747	5,041	4,124	4,539	3,155	5,059	5,804	5,196	5,893	5,973	8,023	62,309
Consumption Tax	10,319	11,867	11,421	15,791	8,324	5,885	11,328	9,476	13,163	15,064	11,689	17,244	141,570
Income Tax	7,184	9,405	7,843	24,685	12,671	15,678	14,008	26,883	15,536	14,092	11,838	51,353	211,177
Social Security	6,505	11,284	12,243	17,873	16,417	13,476	11,240	19,348	16,409	13,641	13,894	37,327	189,657
Others	19,446	15,060	13,778	14,506	11,974	9,050	14,201	9,672	15,903	15,263	13,405	25,745	178,004
<b>Total Expenditure</b>	<b>68,413</b>	<b>63,630</b>	<b>77,417</b>	<b>78,577</b>	<b>83,220</b>	<b>68,375</b>	<b>79,972</b>	<b>68,497</b>	<b>66,321</b>	<b>95,522</b>	<b>71,685</b>	<b>112,280</b>	<b>933,909</b>
<i>consisting of:</i>													
Recurrent Expenditure	52,039	52,465	63,681	64,972	64,548	51,552	58,123	56,875	53,896	67,285	52,525	94,885	732,846
<i>of which:</i>													
Education	3,970	5,354	3,747	3,355	4,275	3,917	3,695	3,527	3,566	3,396	3,753	7,657	50,212
Social security (benefits)	17,867	13,574	20,823	18,481	19,957	15,396	18,318	16,804	14,341	17,719	16,768	17,410	207,458
Others	30,202	33,537	39,111	43,136	40,316	32,239	36,110	36,544	35,989	46,170	32,004	69,818	475,175
Public Debt Servicing	6,985	4,028	7,228	6,074	7,383	10,196	6,502	5,789	6,453	19,192	9,348	7,265	96,444
Capital Programme	9,389	7,137	6,508	7,531	11,289	6,627	15,347	5,833	5,972	9,045	9,812	10,130	104,620
Productive Investment	1,762	2,917	1,776	635	3,236	838	4,264	1,597	833	3,986	492	4,700	27,036
Infrastructure	1,045	890	1,874	2,728	5,229	2,602	7,560	1,862	3,400	3,188	7,339	3,976	41,693
Social	6,581	3,331	2,858	4,169	2,823	3,188	3,521	2,375	1,738	1,873	1,980	1,454	35,891
Gross Government Debt [1]	1,199,483	1,213,920	1,279,507	1,276,039	1,337,594	1,333,018	1,316,957	1,351,135	1,348,287	1,346,022	1,361,290	1,354,171	1,354,171

[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 is 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 4. Comparative Government Finance Data: 2003 - 2004

Description	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003/Jan-Dec 2004		Jan-Dec 2004
				Absolute Change	% Change	% Dist.
Lm thousands						
<b>Total Revenue</b>	<b>121,553</b>	<b>144,879</b>	<b>921,875</b>	<b>776,996</b>	<b>536.31</b>	<b>100.00</b>
<i>consisting of:</i>						
Loans	10,563	132,129	99,948	-32,181	N/A	10.84
Receipts from Sale of Shares	27,341	0	0	0	N/A	0.00
Other Extraordinary Receipts	13,250	2,137	8,899	6,762	316.43	0.97
Recurrent Revenue	719,803	739,221	813,027	73,806	9.98	88.19
<i>of which:</i>						
Grants	2,721	2,517	30,310	27,794	1104.41	3.73
Customs and Excise	59,813	61,576	62,309	733	1.19	7.66
Consumption Tax	117,503	123,910	141,570	17,660	14.25	17.41
Income Tax	190,175	205,218	211,177	5,958	2.90	25.97
Social Security	181,142	188,427	189,657	1,230	0.65	23.33
Others	168,449	157,573	178,004	20,431	12.97	21.89
<b>Total Expenditure</b>	<b>819,324</b>	<b>857,405</b>	<b>933,909</b>	<b>76,504</b>	<b>8.92</b>	<b>100.00</b>
<i>consisting of:</i>						
Recurrent Expenditure	645,995	677,655	732,846	55,190	8.14	78.47
<i>of which:</i>						
Education	47,502	48,998	50,212	1,214	2.48	6.85
Social security (benefits)	190,749	200,922	207,458	6,536	3.25	28.31
Others	407,744	427,735	475,175	47,440	11.09	64.84
Public Debt Servicing	75,657	75,781	96,444	20,663	27.27	10.33
<i>of which:</i>						
Contribution to Sinking Fund	10,900	12,288	12,445	157	1.28	12.90
Interest Payments	63,811	63,042	69,580	6,538	10.37	72.15
Repayment of Loan	947	451	14,419	13,967	3,093.54	14.95
Capital Programme	97,672	103,969	104,620	651	0.63	11.20
<i>of which:</i>						
Productive Investment	31,526	28,372	27,036	-1,336	-4.71	25.84
Infrastructure	27,391	34,095	41,693	7,598	22.28	39.85
Social	38,754	41,501	35,891	-5,610	-13.52	34.31
Shortfall [1]	-87,675	-105,445	-94,018	11,427	-10.84	
<b>Gross Government Debt [2]</b>	<b>1,076,961</b>	<b>1,259,605</b>	<b>1,354,170</b>	<b>94,565</b>	<b>7.51</b>	<b>100.00</b>
<i>of which:</i>						
Treasury Bills	218,831	232,286	245,355	13,069	5.63	18.12
Government Stock	813,030	913,029	1,014,696	101,667	11.14	74.93
Foreign Loans Outstanding	45,100	72,616	68,571	-4,045	-5.57	5.06
Other debt assumptions [3]	-	41,846	27,427	-14,419	-34.46	2.03
MGSF investments in Government Debt [4]	-	-172	-1,879	-1,707	992.44	-0.14

[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] Include loans of the Ex Malta Drydocks and Ex 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 5. Government Revenue and Expenditure: January - December 1995 - 2004**  
(January - December 1995 = 100)

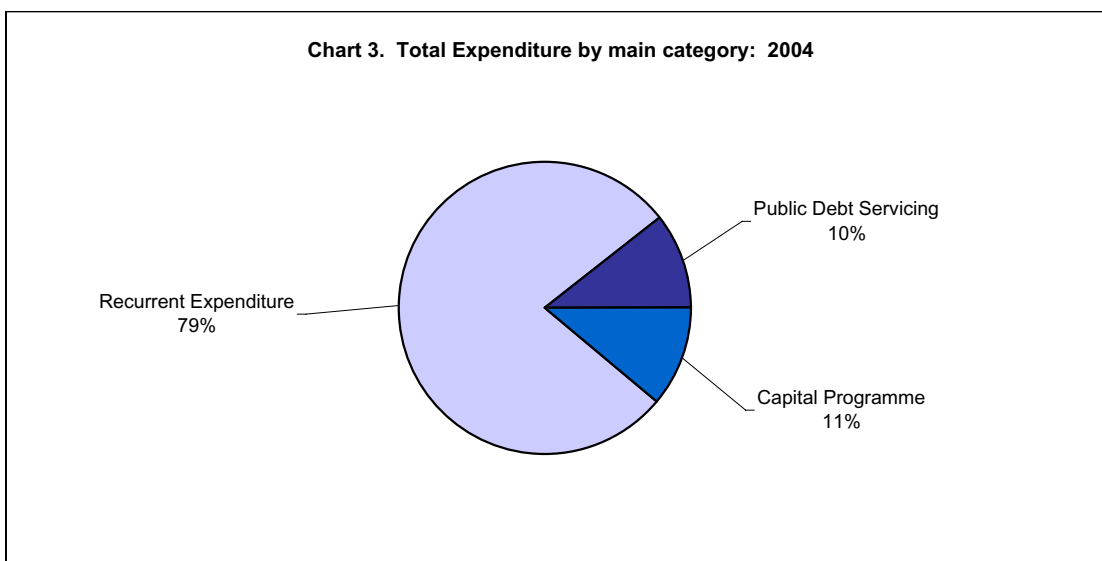
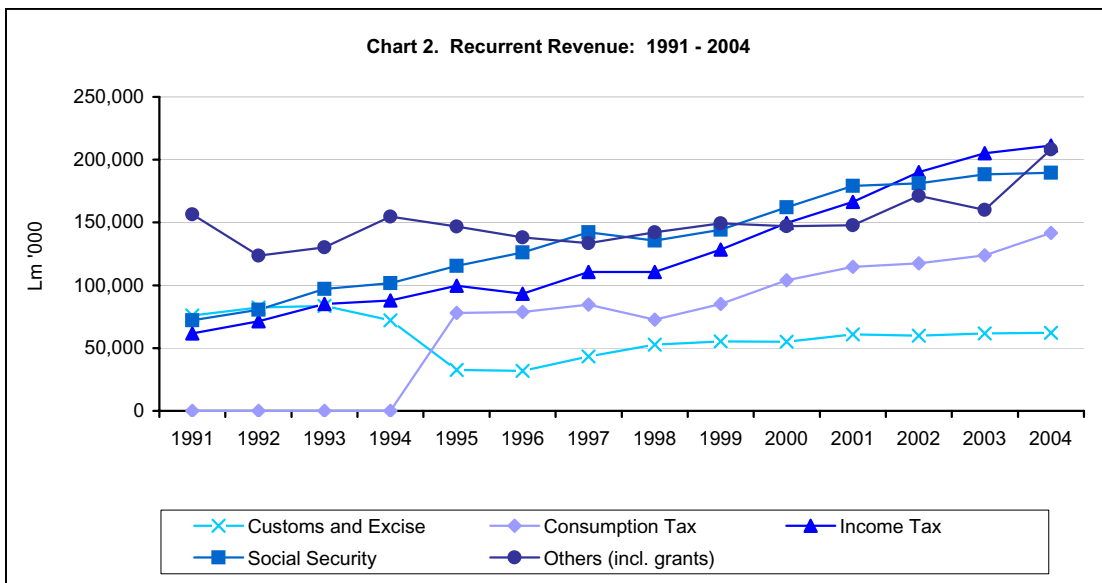
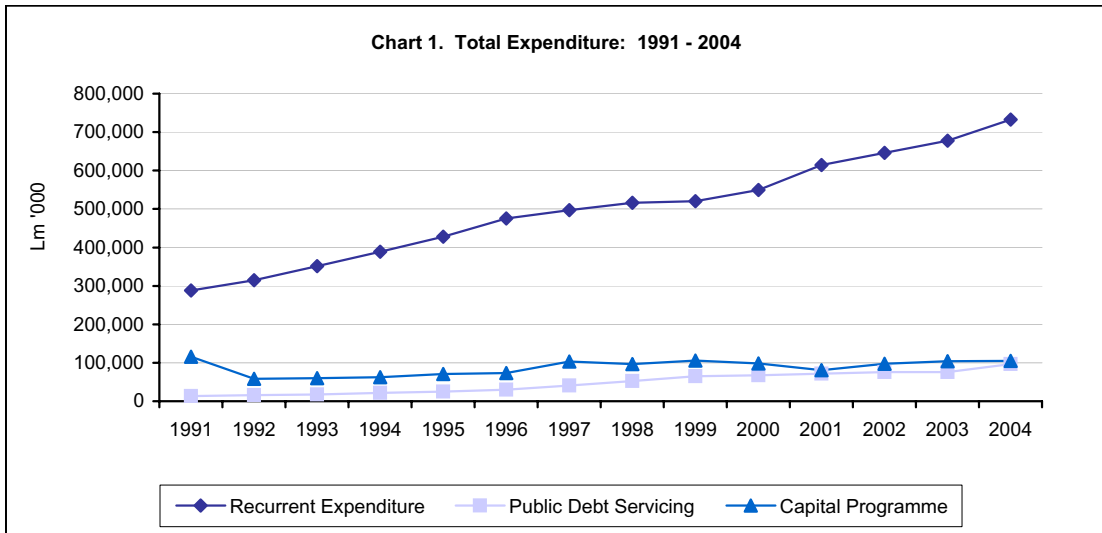
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	January - December									
<b>GOVERNMENT FINANCE</b>										
<b>Total Revenue</b>	<b>100.0</b>	<b>104.0</b>	<b>131.6</b>	<b>126.6</b>	<b>138.7</b>	<b>123.4</b>	<b>153.2</b>	<b>148.1</b>	<b>167.8</b>	<b>177.1</b>
<i>consisting of:</i>										
Loans	100.0	220.8	514.4	331.8	253.4	0.0	322.2	31.9	398.5	301.5
Receipts from sale of Shares & Other Extraordinary Receipts	100.0	0.1	0.8	242.6	517.7	169.0	150.7	278.3	14.7	61.0
Recurrent Revenue	100.0	99.0	108.7	108.7	118.9	130.6	141.4	152.3	156.4	172.0
<i>of which:</i>										
Grants	100.0	460.6	217.2	222.3	214.4	211.4	30.8	60.2	55.7	671.0
Customs and Excise	100.0	98.1	132.5	161.7	170.0	169.2	186.8	183.5	188.9	191.2
Consumption Tax	100.0	100.7	108.3	93.0	108.9	133.2	146.8	150.4	158.6	181.3
Income Tax	100.0	93.5	110.8	110.8	128.7	149.9	166.7	190.6	205.7	211.7
Social Security	100.0	109.3	123.1	117.5	124.9	140.3	155.1	156.9	163.2	164.2
Others	100.0	82.5	87.0	92.9	98.1	96.5	102.8	118.4	110.7	125.1
<b>Total Expenditure</b>	<b>100.0</b>	<b>110.7</b>	<b>122.7</b>	<b>127.4</b>	<b>132.2</b>	<b>137.0</b>	<b>146.6</b>	<b>156.7</b>	<b>164.0</b>	<b>178.6</b>
<i>consisting of:</i>										
Recurrent Expenditure	100.0	111.1	116.2	120.7	121.6	128.5	143.7	151.0	158.4	171.3
<i>of which</i>										
Education	100.0	95.6	100.7	103.1	107.5	111.5	130.1	132.3	136.5	139.9
Social security (benefits)	100.0	112.9	121.3	129.8	137.4	141.9	148.8	153.9	162.1	167.4
Others	100.0	112.4	116.0	118.9	116.2	124.6	143.1	152.2	159.6	177.3
Public Debt Servicing	100.0	120.6	166.3	213.6	262.3	274.6	289.1	306.3	306.8	390.4
Capital Programme	100.0	104.5	147.0	137.7	150.9	140.1	114.6	138.8	147.8	148.7
Productive Investment	100.0	83.9	114.5	103.4	119.5	81.6	60.1	71.8	64.6	61.6
Infrastructure	100.0	132.7	222.5	207.2	189.2	232.5	184.8	188.4	234.5	286.8
Social	100.0	146.3	174.7	179.1	219.6	243.2	229.8	325.6	348.7	301.5

**Table 6. Revenue Heads/Expenditure Categories**

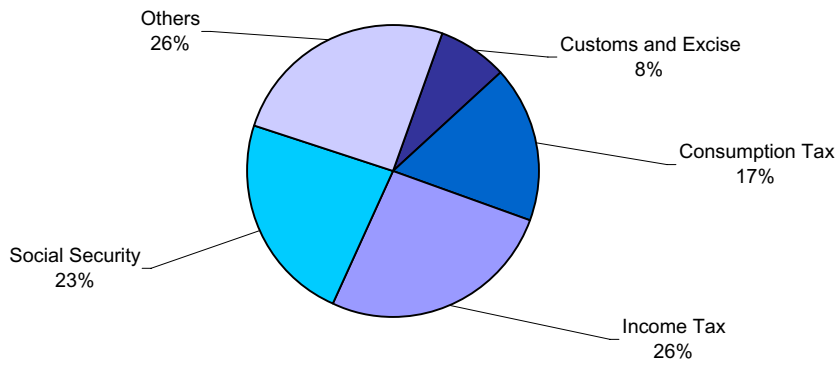
	2001	2002	2003	2004
	January - December			
	Lm thousands			
<b>Revenue Heads</b>				
Customs and Excise Duties	60,885	59,813	61,576	62,309
Licences, Taxes and Fines	72,813	86,047	89,160	97,292
Income Tax	166,302	190,175	205,218	211,177
Consumption Tax	114,668	117,503	123,910	141,570
Fees of Office	6,108	16,585	12,290	7,234
Reimbursements	7,023	6,927	5,475	9,104
Public Corporations	3,233	2,733	2,733	2,483
Central Bank of Malta	25,902	25,682	24,783	18,233
Rents	9,572	8,664	9,815	13,332
Dividends on Investment	5,282	14,449	4,310	6,333
Repayment of, and Interest on, Loans made by Government	1,898	423	560	489
Social Security	179,065	181,142	188,427	189,657
Grants	1,392	2,721	2,517	30,310
Miscellaneous Receipts	7,412	6,940	8,448	23,504
Lotteries	7,066	-	-	-
<b>Total Recurrent Revenue</b>	<b>668,621</b>	<b>719,803</b>	<b>739,221</b>	<b>813,027</b>
Revenue from sale of shares	0	27,341	0	0
Extraordinary Receipts	21,977	13,250	2,137	8,899
Loans	106,823	10,563	132,129	99,948
<b>Total Non-Recurrent Revenue</b>	<b>128,800</b>	<b>51,154</b>	<b>134,266</b>	<b>108,848</b>
<b>Total Revenue</b>	<b>797,421</b>	<b>770,957</b>	<b>873,487</b>	<b>921,875</b>
<b>Recurrent Expenditure Categories</b>				
Personal Emoluments	194,961	196,482	196,041	200,969
Operational and Maintenance Expenditure	45,319	43,201	45,451	55,909
Special Expenditure	739	611	550	744
Programmes and Initiatives	321,562	336,570	359,824	396,474
Contribution to Government Entities	52,046	69,132	75,789	78,749
<b>Total Recurrent Expenditure</b>	<b>614,626</b>	<b>645,995</b>	<b>677,655</b>	<b>732,846</b>

Source: The Treasury.

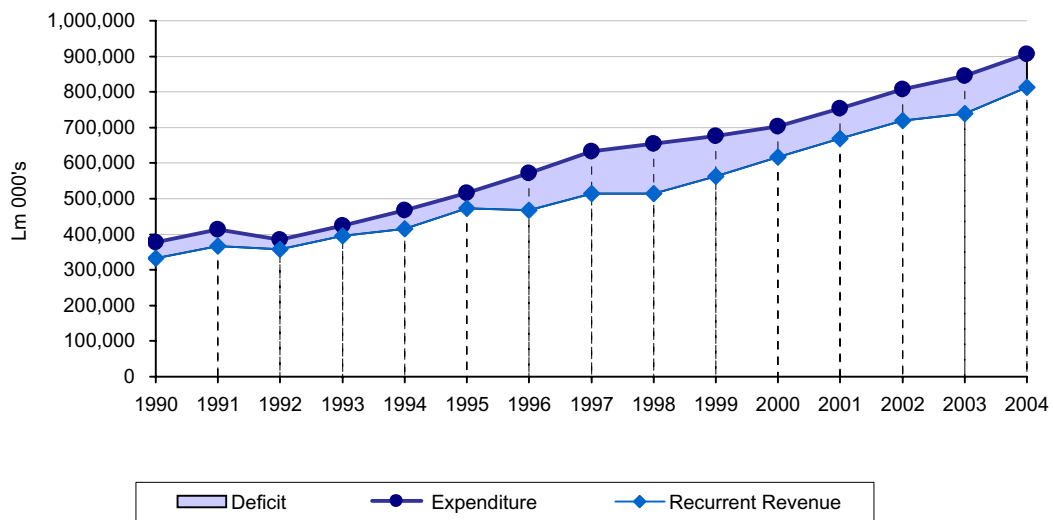




**Chart 4. Recurrent Revenue by main category: 2004**



**Chart 5. Revenue and Expenditure: 1990-2004**



*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 repayments)

*Deficit:* Shortfall between recurrent revenue and expenditure

## 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 and debt guaranteed by Government      Central Bank of Malta, the Treasury at the Ministry of Finance

All allocations provided out of this 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 seeks to follow 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 Table 2, is 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, 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 recent 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. Table 2 presents a comparative exercise covering the period to date with the same period for the past two years. Moreover, in the text table, the aggregate expenditure figures for the current year are appearing against the budgetary projections, while last year's data are benchmarked against the actual final expenditure. Where practical, this comparative exercise is also presented (within the text of the release) for the main components of expenditure.
5. Table 3 presents an index for the main components of revenue and expenditure. The base year for this exercise is 1995, which is the year when Consumption Tax was introduced. In this table, over the years, there have been some adjustments to expenditures which were traditionally reported within the capital expenditure category, but which are now being recorded under recurrent expenditure. This repositioning has been done to better reflect the actual nature of the expenditure.
6. The individual revenue heads, and expenditure categories for the past 4 years are presented in Table 4. Here again caution needs to be exercised when using the recurrent expenditure heads since the setting up of new entities implies the shifting of their various expenditures from other categories to the 'contributions to government entities' category.

7. In the primary data source, and in line with the budget forecasts, the capital expenditure is further subdivided. Although no hard and fast rule is followed in this sub-classification, it is basically determined as follows:
  - i. **Productive Investment:** Expenditure on Tourism, including the subvention to the Malta Tourism Authority; capital expenditure relating to construction of factories and on agricultural/fisheries programmes.
  - ii. **Infrastructure:** All I.T. related expenditures, improvements to buildings, and construction projects (including road construction). All acquisition of property is classified within this category.
  - iii. **Social:** Capital expenditures (excluding I.T. and improvements to buildings) related to housing, education, health and waste management.

These examples indicated in the definitions are presented for explanatory purposes only, and the list is not exhaustive. The contents of each category being provided here are presented for the purpose of illustration only, and are not exhaustive.

8. Revisions: 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.