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Government Finance

January-December 2005

Recurrent Revenue for year 2005 totalled Lm896.4 million, and made up 99.6 per cent of this year's budget forecast. Compared to the year 2004, this represents an increase of Lm83.4 million, or 10.3 per cent. At the same time, total expenditure⁽¹⁾ amounted to Lm971.7 million, an increase of Lm64.7 million, or 7.1 per cent, from the Lm907.0 million expended in 2004.

The shortfall between recurrent revenue and total expenditure⁽¹⁾ during the period under review amounted to Lm75.3 million, against Lm94.0 million in 2004. During 2005 proceeds from sinking funds on converted loans amounted to Lm3.8 million, during the comparative period last year, the related amount was Lm8.9 million. Loan repayments amounted to Lm1.9 million in 2005, as compared to Lm14.4 million in 2004. In 2005, contributions to sinking funds amounted to Lm11.9 million, whilst the amount of the corresponding 2004 period was Lm9.9 million. Resort to local loans in 2005 amounted to Lm110.0 million as compared to Lm99.9 million during 2004. No resort was made to foreign loans in either year. Whilst no proceeds from disposal of Government shares were forthcoming in 2004, during 2005, Government received Lm21.8 million, mainly from sale of MIA shares, which netted Lm19.0 million.

The increase of Lm83.4 million in recurrent revenue from 2004 to 2005 was due to higher revenues from Value Added Tax (+Lm26.8 million), Income Tax (+Lm10.6 million), Customs and Excise (+Lm3.4 million), Fees of Office (+Lm23.7 million), Grants (+Lm36.6 million) and Social Security Contributions (+Lm5.9 million). While on the other hand decreases were registered under the Central Bank of Malta (-Lm4.2 million), Licences, Taxes and Fines (-Lm8.3 million) and Rents (-Lm4.5 million) and Miscellaneous Receipts (-Lm5.4 million).

When compared to 2004, recurrent expenditure (excluding Public Debt Servicing) increased by Lm33.1 million, or 4.5 per cent, from Lm732.8 million to Lm766.0 million.

Personal emoluments to date amounted to Lm201.1 million, and made up 96.8 per cent of the budget forecast (Lm207.8 million), whilst the outlay for the same period last year totalled Lm201.0 million. These figures represent an increase this year of Lm0.1 million.

Expenditure under the Operational and Maintenance Expenditure category amounted to Lm35.4 million during 2005, as compared to Lm55.9 million in 2004. This represents a decrease of Lm20.5 million, or 36.7 per cent, which was mainly brought about through the reclassification of expenditures on medicines and surgical materials to the Programmes and Initiatives category as from January 2005.

⁽¹⁾ In this context '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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Negligible expenditure was registered under the Special Expenditure category in both 2004 as well as in 2005.

Expenditure under the Programmes and Initiatives category in 2005 amounted to Lm452.3 million, whilst the outlay under this category for 2004 amounted to Lm396.5 million. The increase of Lm55.8 million was mainly due to increases in Social Security Benefits (+Lm13.4 million), Social Security State Contribution (+Lm1.9 million), EU Own Resources (+Lm8.2 million), MGI/MIMCOL which, in 2004, was accounted under Contributions to Government Entities (+Lm3.0 million), Food Subsidies (+Lm2.1 million), Gozo Channel Public Service Obligation (+Lm1.5 million), Streets and Roads Lighting (+Lm2.2 million), Treasury Pensions (+Lm2.8 million), Service to Local Councils (+Lm0.6 million), European Investment Bank (+Lm0.8 million), Restructuring of PBS Ltd (+Lm1.0 million), Agriculture Support Scheme (+Lm0.8 million), Waste Management Strategy (+Lm1.6 million), CHOGM (+Lm1.5 million) and due to reclassification as explained above, Medicines and Surgical Supplies (+Lm21.7 million). On the other hand, lower expenditure was registered under the Compensation Payment by Government (-Lm7.1 million), which represented a once-only payment effected by government in 2004 as compensation for the increase in the VAT rate, Interest payable on ex-MDD/MSCL loans (-Lm1.6 million) and Soyabean Subsidy (-Lm 1.6 million).

Outlay under the Contribution to Government Entities category in 2005 declined by Lm2.2 million, and amounted to Lm76.5 million, down from last year's figure of Lm78.7 million. The main reasons for this were lower expenditure under MGI / MIMCOL (-Lm2.9 million) which, in 2004, was shown under this category.

The interest component of the public debt servicing costs in 2005 increased by Lm5.2 million, from Lm69.6 million in 2004 to Lm74.8 million in 2005, mainly due to the net increase in public debt portfolio.

During 2005, Capital Expenditure amounted to Lm131.0 million, an increase of Lm26.4 million, or 25.2 per cent, when compared to Lm104.6 million expended in 2004. The main components of this increase were higher expenditure in the ministries for Finance (+Lm48.4 million) mainly due to reclassification of expenditure on the Mater Dei Hospital project, Justice and Home Affairs (+Lm3.2 million), Gozo (+Lm1.1 million), Rural Affairs and the Environment (+Lm3.1 million) and Urban Development and Roads (+Lm8.8 million). On the other hand, lower expenditure was registered under Health, Elderly and Community Care (-Lm25.5 million) mainly due to the reclassification of the new hospital project mentioned above, Investment, Industry and Information Technology (-Lm6.9 million) and Foreign Affairs (-Lm5.3 million).

The Central Government debt outstanding at the end of 2005 amounted to Lm1,403.8 million, representing an increase of Lm50.4 million or 3.7 per cent on the Lm1,353.4 million outstanding at the end of 2004. This total includes the current balance (Lm24.9 million) of Government's assumption of the debts of the ex-Malta Drydocks and of the ex-Malta Shipbuilding. The Sinking Fund investments in Government debt (Lm1.9 million) are deducted from the total outstanding balance.

This issue also includes data on the total debt guaranteed by Government. The amount of Lm308.6 million represents the outstanding balances on Government Guaranteed debt as at the end of 2005 ■

Government Expenditure

Type of Expenditure	January-December					
	2004			2005		
	Lm'000	% of budget*	Budget estimates Lm'000*	Lm'000	% of budget*	Budget estimates Lm'000*
Recurrent	732,846	96.85	756,650	765,974	98.06	781,117
Public Debt Servicing ⁽²⁾	96,444	76.49	126,080	88,584	95.58	92,678
Capital	104,620	72.86	143,594	130,994	68.99	189,866
Total	933,909	91.00	1,026,324	985,552	92.66	1,063,661

⁽²⁾ Inclusive of contribution to the Sinking Funds and direct repayment of loans.

*Includes Supplementary Provisions

Table 1. Comparative Government Finance Data: December 2000-December 2005

	2000		2001		2002		2003		2004		2005	
	Dec	Jan-Dec	Dec	Jan-Dec	Dec	Jan-Dec	Dec	Jan-Dec	Dec	Jan-Dec	Dec	Jan-Dec
Lm thousands												
GOVERNMENT FINANCE												
Total Revenue	85,698	642,302	110,684	797,421	127,715	770,957	121,553	873,487	144,879	921,875	145,405	1,032,046
<i>consisting of:</i>												
Loans	0	0	0	106,823	10,563	10,563	3,087	132,129	0	99,948	0	110,000
Receipts from Sale of Shares	0	12,000	0	0	8,294	27,341	0	0	0	0	275	21,791
Other Extraordinary Receipts	12,650	12,650	21,977	21,977	2,173	13,250	0	2,137	0	8,899	0	3,837
Recurrent Revenue	73,048	617,652	88,708	668,621	106,685	719,803	118,466	739,221	144,879	813,027	145,130	896,418
<i>of which:</i>												
Grants	2,888	9,549	459	1,392	1,490	2,721	387	2,517	5,187	30,310	12,130	66,955
Customs and Excise	3,571	55,140	6,652	60,885	6,277	59,813	5,416	61,576	8,023	62,309	5,953	65,670
Consumption Tax	8,124	104,065	8,592	114,668	10,370	117,503	13,420	123,910	17,244	141,570	17,587	168,331
Income Tax	21,975	149,511	26,553	166,302	39,936	190,175	46,574	205,218	51,353	211,177	52,491	221,760
Social Security	24,553	162,018	29,871	179,065	29,907	181,142	32,426	188,427	37,327	189,657	37,449	195,587
Others	11,936	137,368	16,582	146,309	18,705	168,449	20,243	157,573	25,745	178,004	19,519	178,115
Total Expenditure	85,895	716,230	76,404	766,658	90,003	819,324	88,803	857,405	112,280	933,909	127,502	985,552
<i>consisting of:</i>												
Recurrent Expenditure	57,497	549,837	79,288	614,626	65,143	645,995	71,942	677,655	94,885	732,846	100,977	765,974
<i>of which:</i>												
Education	3,357	40,038	4,046	46,691	4,164	47,502	4,329	48,998	7,657	50,212	7,773	50,918
Social security (benefits)	13,750	175,883	17,030	184,448	17,295	190,749	17,830	200,922	17,410	207,458	20,639	220,830
Others	40,390	333,915	58,213	383,488	43,685	407,744	49,783	427,735	69,818	475,175	72,565	494,226
Public Debt Servicing	6,560	67,841	3,235	71,405	9,118	75,657	10,495	75,781	7,265	96,444	4,640	88,584
Capital Programme	21,839	98,552	-6,120	80,627	15,742	97,672	6,366	103,969	10,130	104,620	21,884	130,994
<i>of which:</i>												
Productive Investment	4,794	35,807	-9,316	26,400	1,761	31,526	987	28,372	4,700	27,036	4,296	29,177
Infrastructure	10,564	33,800	-1,079	26,872	1,936	27,391	3,685	34,095	3,976	41,693	9,251	49,587
Social	6,481	28,946	4,276	27,355	12,044	38,754	1,694	41,501	1,454	35,891	8,337	52,230
Gross Government Debt [1]	924,966	924,966	1,012,691	1,012,691	1,076,961	1,076,961	1,259,605	1,259,605	1,353,404	1,353,404	1,403,787	1,403,787
Government Guaranteed Debt	469,678	469,678	416,822	416,822	374,008	374,008	315,023	315,023	303,534	303,534	308,587	308,587

[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 2. Comparative Government Finance Data: 1995-2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
GOVERNMENT FINANCE											
Total Revenue	520,506	541,502	684,781	659,112	721,852	642,302	797,421	770,957	873,487	921,875	1,032,046
<i>consisting of:</i>											
Loans	33,155	73,222	170,558 *	110,000	84,000	0	106,823	10,563	132,129	99,948	110,000
Receipts from sale of shares	14,586	9	115	35,386	73,291	12,000	0	27,341	0	0	21,791
Other Extraordinary Receipts	0	0	0	0	2,227	12,650	21,977	13,250	2,137	8,899	3,837
Recurrent Revenue	472,764	468,271	514,108	513,727	562,334	617,652	668,621	719,803	739,221	813,027	896,418
<i>of which:</i>											
Grants	4,517	20,804	9,811	10,043	9,683	9,549	1,392	2,721	2,517	30,310	66,955
Customs and Excise	32,595	31,981	43,197	52,696	55,426	55,140	60,885	59,813	61,576	62,309	65,670
Consumption Tax	78,107	78,633	84,606	72,630	85,023	104,065	114,668	117,503	123,910	141,570	168,331
Income Tax	99,758	93,308	110,539	110,562	128,356	149,511	166,302	190,175	205,218	211,177	221,760
Social Security	115,479	126,173	142,184	135,655	144,274	162,018	179,065	181,142	188,427	189,657	195,587
Others	142,309	117,373	123,771	132,140	139,573	137,368	146,309	168,449	157,573	178,004	178,115
Total Expenditure	522,820	578,722	641,669	665,998	690,966	716,230	766,658	819,324	857,405	933,909	985,552
<i>consisting of:</i>											
Recurrent Expenditure	427,774	475,392	497,189	516,393	520,042	549,837	614,626	645,995	677,655	732,846	765,974
<i>of which:</i>											
Education	35,898	34,318	36,139	37,003	38,578	40,038	46,691	47,502	48,998	50,212	50,918
Social security (benefits)	123,937	139,984	150,333	160,891	170,234	175,883	184,448	190,749	200,922	207,458	220,830
Others	267,939	301,090	310,718	318,499	311,231	333,915	383,488	407,744	427,735	475,175	494,226
Public Debt Servicing	24,703	29,803	41,088	52,758	64,793	67,841	71,405	75,657	75,781	96,444	88,584
Capital Programme	70,343	73,527	103,392	96,847	106,131	98,552	80,627	97,672	103,969	104,620	130,994
Productive Investment	43,901	36,820	50,256 **	45,400	52,479	35,807	26,400	31,526	28,372	27,036	29,177
Infrastructure	14,539	19,288	32,344	30,130	27,513	33,800	26,872	27,391	34,095	41,693	49,587
Social	11,903	17,418	20,792	21,316	26,138	28,946	27,355	38,754	41,501	35,891	52,230
Gross Government Debt [1]	369,384	516,843	663,798	793,595	839,909	924,966	1,012,691	1,076,961	1,259,605	1,353,404	1,403,787

[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.
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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: 2005

	2005												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-Dec
	Lm thousands												
GOVERNMENT FINANCE													
Total Revenue	49,629	48,282	106,193	69,488	111,002	71,808	70,693	118,306	76,461	80,909	83,871	145,405	1,032,046
<i>consisting of:</i>													
Loans	0	0	40,000	0	36,500	0	0	33,500	0	0	0	0	110,000
Receipts from Sale of Shares	0	0	0	0	0	0	1,092	0	0	1,423	19,000	275	21,791
Other Extraordinary Receipts	0	0	0	0	3,837	0	0	0	0	0	0	0	3,837
Recurrent Revenue	49,629	48,282	66,193	69,488	70,664	71,808	69,600	84,806	76,461	79,486	64,871	145,130	896,418
<i>of which:</i>													
Grants	3,689	5,828	7,560	194	6,014	3,893	4,168	3,795	5,183	7,878	6,623	12,130	66,955
Customs and Excise	4,695	1,485	5,909	5,590	5,350	5,259	6,474	6,437	5,955	6,795	5,769	5,953	65,670
Consumption Tax	14,499	7,756	15,265	12,912	10,665	15,656	14,334	13,021	17,418	16,666	12,551	17,587	168,331
Income Tax	7,014	6,878	8,405	21,745	15,099	18,240	14,682	29,072	18,598	16,794	12,742	52,491	221,760
Social Security	5,443	11,512	14,417	14,615	16,039	14,843	13,713	17,399	17,985	15,963	16,210	37,449	195,587
Others	14,289	14,823	14,636	14,432	17,499	13,916	16,231	15,081	11,323	15,389	10,976	19,519	178,115
Total Expenditure	75,216	69,228	80,888	78,082	99,945	73,523	74,097	76,634	70,730	77,464	82,242	127,502	985,552
<i>consisting of:</i>													
Recurrent Expenditure	60,181	57,974	62,269	60,944	70,443	55,213	62,413	55,285	58,730	60,721	60,824	100,977	765,974
<i>of which:</i>													
Education	4,145	4,309	4,021	3,751	4,217	4,100	3,822	3,508	3,841	3,579	3,852	7,773	50,918
Social security (benefits)	27,151	13,408	14,882	19,212	21,457	16,623	18,537	17,420	14,995	20,020	16,485	20,639	220,830
Others	28,886	40,257	43,366	37,981	44,768	34,489	40,055	34,356	39,894	37,122	40,487	72,565	494,226
Public Debt Servicing	5,662	6,897	3,879	7,671	14,761	4,346	5,605	7,934	5,035	9,985	12,170	4,640	88,584
Capital Programme	9,373	4,357	14,741	9,468	14,741	13,964	6,079	13,416	6,965	6,758	9,248	21,884	130,994
Productive Investment	2,929	563	5,341	1,936	1,894	6,176	1,599	2,096	776	1,331	240	4,296	29,177
Infrastructure	3,336	1,858	4,209	3,024	5,316	2,579	3,343	4,998	4,227	4,122	3,325	9,251	49,587
Social	3,109	1,937	5,191	4,508	7,532	5,209	1,138	6,321	1,961	1,304	5,683	8,337	52,230
Gross Government Debt [1]	1,342,117	1,365,740	1,386,881	1,389,375	1,389,400	1,398,479	1,387,791	1,410,595	1,391,008	1,394,689	1,387,928	1,403,787	1,403,787

[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.
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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: 2003-2005

Description	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2005	Jan-Dec 2004/Jan-Dec 2005		Jan-Dec 2005
				Absolute Change	% Change	% Distribution
	Lm thousands					
Total Revenue	873,487	921,875	1,032,046	110,171	11.95	100.00
<i>consisting of:</i>						
Loans	132,129	99,948	110,000	10,052	10.06	10.66
Receipts from Sale of Shares	0	0	21,791	21,791	N/A	2.11
Other Extraordinary Receipts	2,137	8,899	3,837	-5,062	-56.88	0.37
Recurrent Revenue	739,221	813,027	896,418	83,391	10.26	86.86
<i>of which:</i>						
Grants	2,517	30,310	66,955	36,645	120.90	7.47
Customs and Excise	61,576	62,309	65,670	3,362	5.40	7.33
Consumption Tax	123,910	141,570	168,331	26,760	18.90	18.78
Income Tax	205,218	211,177	221,760	10,583	5.01	24.74
Social Security	188,427	189,657	195,587	5,930	3.13	21.82
Others	157,573	178,004	178,115	111	0.06	19.87
Total Expenditure	857,405	933,909	985,552	51,643	5.53	100.00
<i>consisting of:</i>						
Recurrent Expenditure	677,655	732,846	765,974	33,129	4.52	77.72
<i>of which:</i>						
Education	48,998	50,212	50,918	706	1.41	6.65
Social security (benefits)	200,922	207,458	220,830	13,372	6.45	28.83
Others	427,735	475,175	494,226	19,050	4.01	64.52
Public Debt Servicing	75,781	96,444	88,584	-7,860	-8.15	8.99
<i>of which:</i>						
Contribution to Sinking Fund	12,288	12,445	11,939	-507	-4.07	13.48
Interest Payments	63,042	69,580	74,763	5,183	7.45	84.40
Repayment of Loan	451	14,419	1,882	-12,537	-86.95	2.12
Capital Programme	103,969	104,620	130,994	26,374	25.21	13.29
<i>of which:</i>						
Productive Investment	28,372	27,036	29,177	2,141	7.92	22.27
Infrastructure	34,095	41,693	49,587	7,895	18.94	37.85
Social	41,501	35,891	52,230	16,339	45.52	39.87
Shortfall [1]	-105,445	-94,018	-75,314	18,705	-19.89	
Gross Government Debt [2]	1,259,605	1,353,404	1,403,787	50,383	3.72	100.00
<i>of which:</i>						
Treasury Bills	232,286	245,355	190,223	-55,132	-22.47	13.55
Government Stock	913,029	1,014,696	1,125,333	110,637	10.90	80.16
Foreign Loans Outstanding	72,616	68,571	65,238	-3,333	-4.86	4.65
Other debt assumptions [3]	41,846	26,661	24,872	-1,789	-6.71	1.77
MGSF investments in Government Debt [4]	-172	-1879	-1,879	0	0.00	-0.13

[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] Covers 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 1995-2005

(January-December 1995 = 100)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
	January-December										
GOVERNMENT FINANCE											
Total Revenue	100.0	104.0	131.6	126.6	138.7	123.4	153.2	148.1	167.8	177.1	198.3
<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	331.8
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	175.7
Recurrent Revenue	100.0	99.0	108.7	108.7	118.9	130.6	141.4	152.3	156.4	172.0	189.6
<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	1482.3
Customs and Excise	100.0	98.1	132.5	161.7	170.0	169.2	186.8	183.5	188.9	191.2	201.5
Consumption Tax	100.0	100.7	108.3	93.0	108.9	133.2	146.8	150.4	158.6	181.3	215.5
Income Tax	100.0	93.5	110.8	110.8	128.7	149.9	166.7	190.6	205.7	211.7	222.3
Social Security	100.0	109.3	123.1	117.5	124.9	140.3	155.1	156.9	163.2	164.2	169.4
Others	100.0	82.5	87.0	92.9	98.1	96.5	102.8	118.4	110.7	125.1	125.2
Total Expenditure	100.0	110.7	122.7	127.4	132.2	137.0	146.6	156.7	164.0	178.6	188.5
<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	179.1
<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	141.8
Social security (benefits)	100.0	112.9	121.3	129.8	137.4	141.9	148.8	153.9	162.1	167.4	178.2
Others	100.0	112.4	116.0	118.9	116.2	124.6	143.1	152.2	159.6	177.3	184.5
Public Debt Servicing	100.0	120.6	166.3	213.6	262.3	274.6	289.1	306.3	306.8	390.4	358.6
Capital Programme	100.0	104.5	147.0	137.7	150.9	140.1	114.6	138.8	147.8	148.7	186.2
Productive Investment	100.0	83.9	114.5	103.4	119.5	81.6	60.1	71.8	64.6	61.6	66.5
Infrastructure	100.0	132.7	222.5	207.2	189.2	232.5	184.8	188.4	234.5	286.8	341.1
Social	100.0	146.3	174.7	179.1	219.6	243.2	229.8	325.6	348.7	301.5	438.8

Table 6. Revenue Heads/Expenditure Categories

	2002	2003	2004	2005
	January-December			
	Lm thousands			
Revenue Heads				
Customs and Excise Duties	59,813	61,576	62,309	65,670
Licences, Taxes and Fines	86,047	89,160	97,292	88,957
Income Tax	190,175	205,218	211,177	221,760
Consumption Tax	117,503	123,910	141,570	168,331
Fees of Office	16,585	12,290	7,234	30,956
Reimbursements	6,927	5,475	9,104	8,293
Public Corporations	2,733	2,733	2,483	2,233
Central Bank of Malta	25,682	24,783	18,233	14,001
Rents	8,664	9,815	13,332	8,800
Dividends on Investment	14,449	4,310	6,333	6,403
Repayment of, and Interest on, Loans made by Government	423	560	489	338
Social Security	181,142	188,427	189,657	195,587
Grants	2,721	2,517	30,310	66,955
Miscellaneous Receipts	6,940	8,448	23,504	18,135
Total Recurrent Revenue	719,803	739,221	813,027	896,418
Revenue from sale of shares	27,341	0	0	21,791
Extraordinary Receipts	13,250	2,137	8,899	3,837
Loans	10,563	132,129	99,948	110,000
Total Non-Recurrent Revenue	51,154	134,266	108,848	135,628
Total Revenue	770,957	873,487	921,875	1,032,046
Recurrent Expenditure Categories				
Personal Emoluments	196,482	196,041	200,969	201,132
Operational and Maintenance Expenditure	43,201	45,451	55,909	35,382
Special Expenditure	611	550	744	622
Programmes and Initiatives	336,570	359,824	396,474	452,308
Contribution to Government Entities	69,132	75,789	78,749	76,531
Total Recurrent Expenditure	645,995	677,655	732,846	765,974

Source: The Treasury.

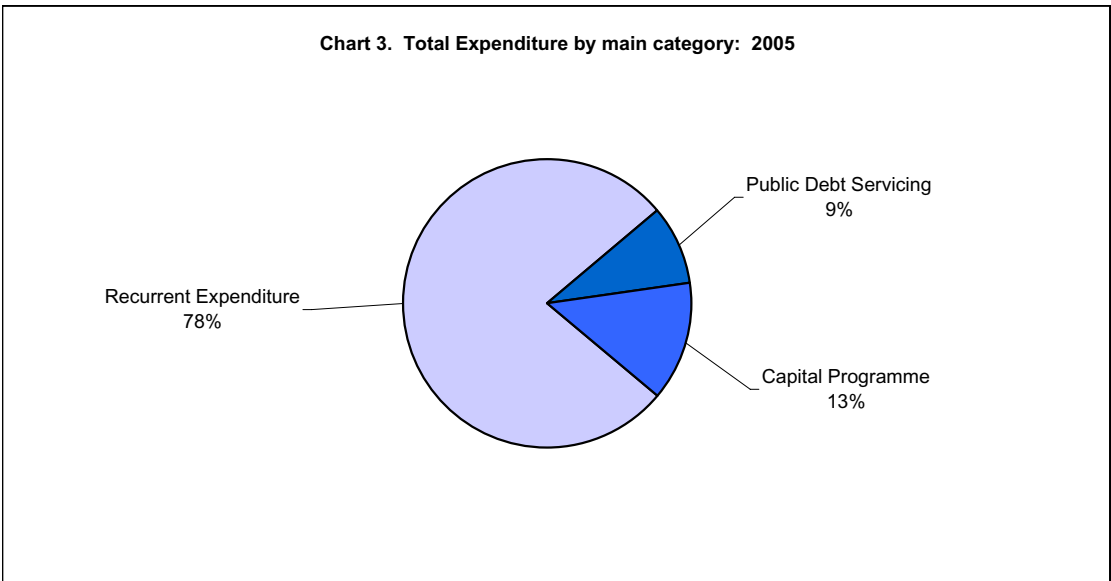
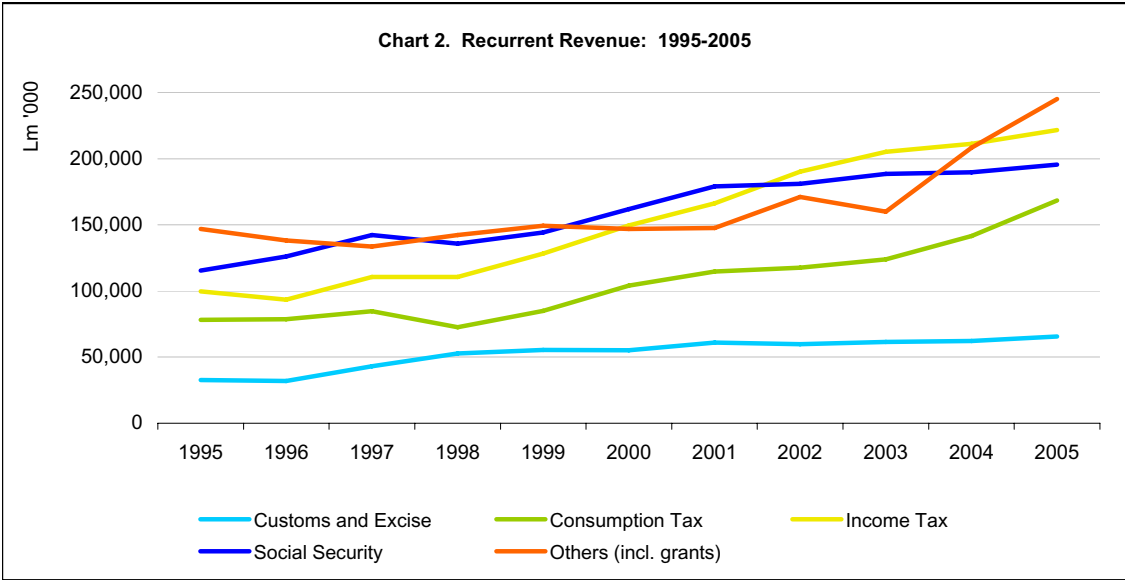
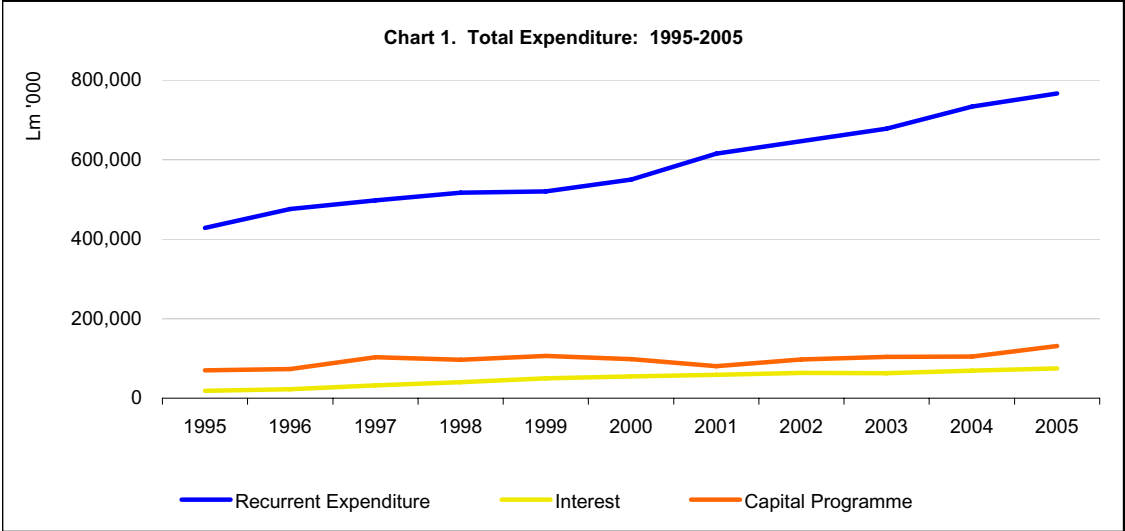


Chart 4. Recurrent Revenue by main category: 2005

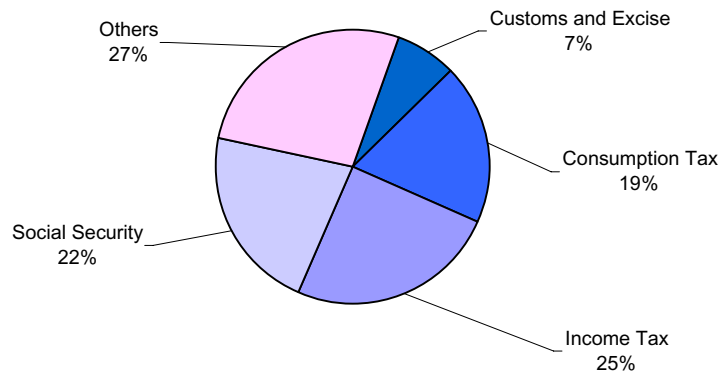
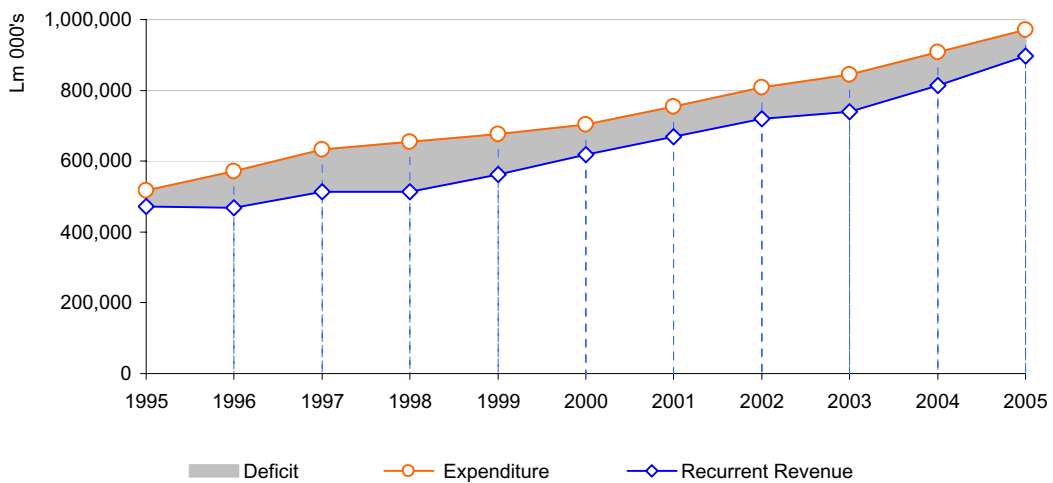


Chart 5. Revenue and Expenditure: 1995-2005



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 and the Treasury.

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 4, 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 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 4 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 reference 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 5 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 6. 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.

The 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 therefore 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.