

The General Government deficit for 2010 is estimated at €226.3 million, or 3.6 per cent of GDP.

General Government Debt and Deficit under the Maastricht Treaty: First Reporting for 2011

Deficit and Debt Positions

In 2010, General Government net borrowing (or deficit) was estimated at €226.3 million, up from a deficit of €17.0 million for 2009. This is equivalent to 3.6 per cent of GDP, down from 3.7 per cent for 2009.

At the end of 2010, the General Government nominal gross consolidated debt amounted to €4,248.3 million, or 68.0 per cent of GDP, up from €3,954.0 million, or 67.6 per cent for 2009.

2010 data

The balance of the Government's consolidated fund, amounting to -€279.2 million (published in news release 61/2011) is adjusted to arrive at the General Government Sector's deficit for 2010. Positive adjustments included the 'other accounts receivable and payable' (+€57.6 million) and the 'non-financial transactions in the treasury clearance fund' (+€35.1 million). The main negative adjustments were the time-adjusted cash transactions (-€32.0 million) and the deficit of the Extra Budgetary Units (-€12.5 million).

Reporting and updates

On 30 March, Malta duly submitted its report on government deficit and debt levels for 2007-2011, in accordance with Council Regulations (EC) No. 679/2010 and 479/2009, in compliance with the Code of Best Practice adopted by the Ecofin Council on 18 February 2003.

Compared to the previous submission of 30 September, the following updates were made:

-The deficit of the General Government for 2009 remained practically unchanged. However, revisions were recorded in EBUs (+€1.2 million), in the 'other accounts receivable and payable' (-€1.1 million) and Local Councils (-€0.1 million).

-The General Government deficit for 2008 decreased by €6.1 million, due to updated data sources in respect of the 'other accounts receivable and payable' (+€6.4 million) and EBUs (-€0.3 million).

-The deficit of the General Government for 2007 was revised upwards on account of the EBUs (-€3.8 million).

-The General Government debt levels were revised upwards for 2007 (€5.8 million), 2008 (€5.8 million) and 2009 (€6.8 million), as a result of updated information in respect of EBUs.

EDP Consolidated Inventory

The latest version of the EDP Consolidated Inventory of Sources and Methods is available on the NSO website. This document may be accessed at <http://www.nso.gov.mt/docs/EDP-Inventory.pdf>

A list at the end of this Release shows the EBUs which formed part of the General Government sector as at 30 March 2011 ■

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Table 1. General Government Deficit and Debt Data: 2007-2010

	2007	2008	2009	2010
	€ thousands			
General Government deficit (-) / surplus (+)	-128,487	-267,552	-217,021	-226,274
Central Government	-128,272	-267,774	-217,881	-227,137
Local Government	-215	223	860	863
as a % of GDP	2.4	4.5	3.7	3.6
General Government Debt	3,385,036	3,632,449	3,954,016	4,248,347
Central Government	3,382,169	3,629,795	3,951,138	4,245,363
Local Government	2,867	2,654	2,878	2,984
as a % of GDP	62.0	61.5	67.6	68.0
GDP	5,462,487	5,903,768	5,850,686	6,245,844

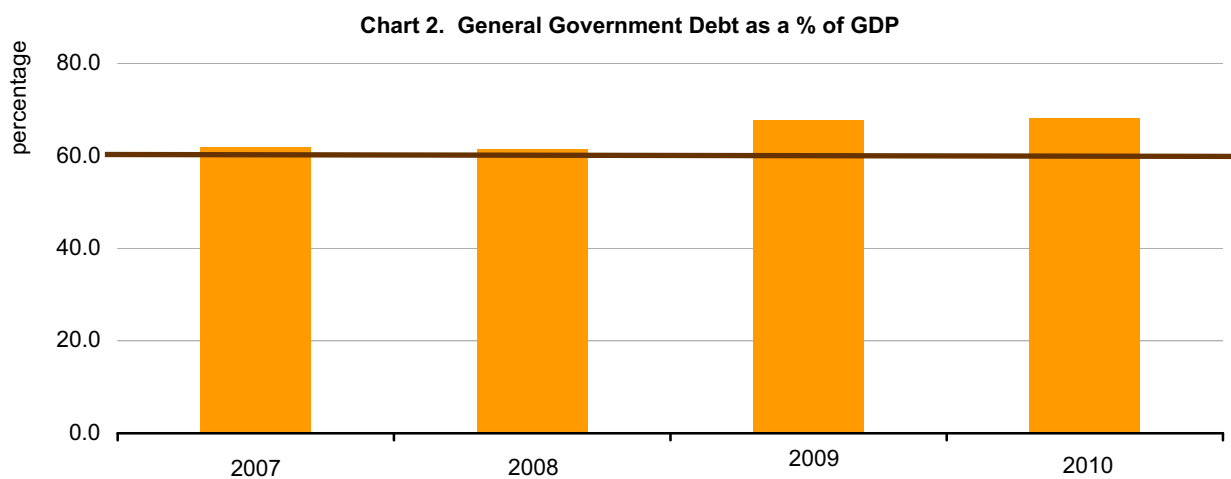
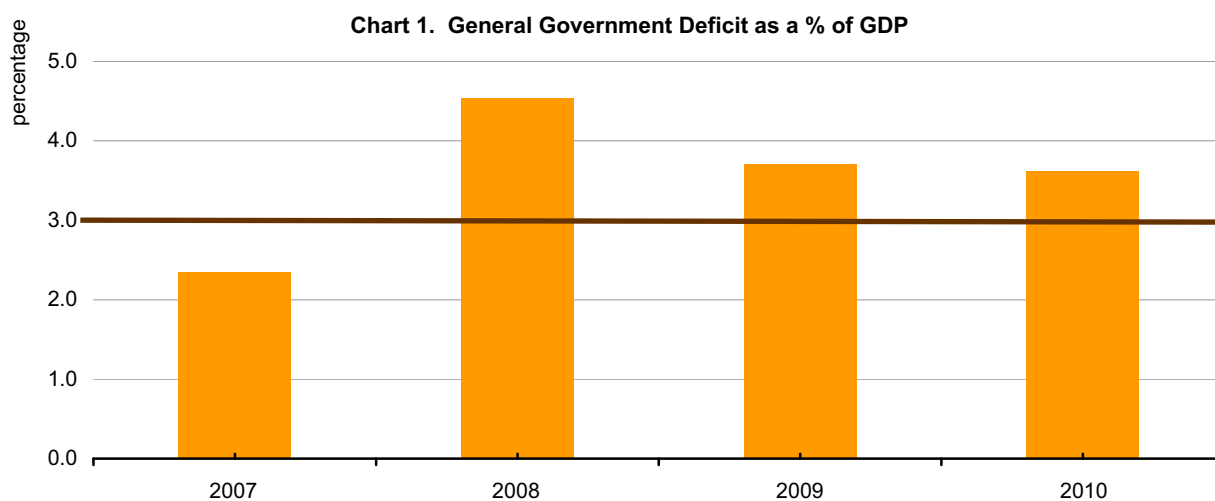


Table 2. Transition between Consolidated Fund and General Government Sector

	2007	2008	2009	2010	
	€ thousands				
Structural Deficit of Consolidated Fund Transactions	-109,133	-233,136	-297,021	-279,212	¹
<i>as a % of GDP</i>	2.0	3.9	5.1	4.5	
Adjustments to the Consolidated Fund:					
Loans granted (+)	0	0	0	0	
Loans repayments (-)	-1,165	0	0	0	²
Equities, acquisitions (+)	3,480	3,078	1,539	2,311	³
Equities, sales (-)	0	0	0	0	
Other financial transactions	-16,942	-9,141	0	-1,209	⁴
Difference between interest paid (+) and interest accrued (-)	-3,758	-2,770	223	1,512	⁵
Other accounts receivable (+) and payable (-)	-30,628	42,800	-17,658	57,640	⁶
Time-adjusted cash	15,132	11,201	24,308	-31,960	⁷
Net Borrowing (-) / Net Lending (+) of public entities forming part of Central Government	-27,903	-37,300	81,738	-12,467	⁸
Other adjustments (+/-)					
Treasury Clearance Fund flows in non-financial transactions	15,179	-55,636	-15,814	35,108	
Sinking Fund interests' received	8,037	6,344	1,394	993	
Interest received not included in consolidated fund	242	1,462	535	261	
Interest receivable	-1,330	-315	-5	165	
Adjustment Stock premium proceeds	-3,476	5,637	2,882	-278	
Time Adjustment re Sale of Land	23,993	0	0	0	⁹
Net Borrowing (-) / Net Lending (+) of Central Government (S.1311)	-128,272	-267,774	-217,881	-227,137	
Net Borrowing (-) / Net Lending (+) of Local Government (S.1313)	-215	223	860	863	¹⁰
Net Borrowing (-) / Net Lending (+) of General Government (S.13)	-128,487	-267,552	-217,021	-226,274	
<i>as a % of GDP</i>	2.4	4.5	3.7	3.6	
GDP	5,462,487	5,903,768	5,850,686	6,245,844	¹¹

Explanatory Notes:

1. News Release 61/2011 dated 30 March 2011.
2. Repayments of loans made by Water Services Corporation.
3. Acquisition of shares in international agencies.
4. Non-trading profits included in Central Bank of Malta transfers to Government. For 2007, it also includes privatisation receipts amounting to €10.0 million.
5. Difference between the interest paid and accrued of the Treasury Bills, Malta Government Stocks and Foreign Loans.
6. Accruals adjustment: including all Budgetary Central Government.
7. In line with Council Regulation 2516/2000, the method of recording of taxes and social contributions is the time-adjusted method.
8. The aggregated net borrowing (-) / net lending (+) of the extra budgetary units forming part of the Central Government Sector (based on a delimitation exercise).
9. Although this amount was received in 2006, according to ESA95 rules revenue it is accounted for after the actual transfer of ownership of the land.
10. The aggregated net borrowing (-) / net lending (+) of the 68 local councils.
11. News Release 48/2011 dated 11 March 2011.

Extra Budgetary Units as at 30 March 2011

	NACE Code*		NACE Code*
Appogg	85	Malta Government Investments Ltd	75
Bord Tal-Koperattivi	75	Malta Government Technology Investments Ltd	75
Broadcasting Authority	75	Malta National Laboratory	74
Employment and Training Corporation	74	Malta Philharmonic Orchestra	92
Environment Protection Fund	75	Malta Resources Authority	75
Foundation for Educational Services	75	Malta Standards Authority	75
Foundation for Medical Services	75	Malta Statistics Authority	75
Foundation for Tomorrow's Schools	75	Malta Tourism Authority	75
Gozo Ferries Co Ltd	71	Manoel Theatre Management Committee	92
Grand Harbour Regeneration Corporation	74	Medicines Authority	75
Heritage Malta	92	MEPA	75
Housing Authority	75	MIMCOL	74
Industrial Projects and Services Ltd	74	Mount Carmel Hospital	85
International Institute on Ageing	80	National Audit Office	75
Karin Grech Rehabilitation Centre	85	National Commission Persons with Disability	75
Kunsill Malti għall-Isport	92	Occupational Health and Safety Authority	75
Lotteries and Gaming Authority	75	Office of the Ombudsman	75
Malta College of Arts, Science and Technology	80	Sapport	85
Malta Communications Authority	75	Sedqa - Agency against Drug and Alcohol Abuse	85
Malta Council for Culture and the Arts	92	St James Cavalier Creativity Centre	92
Malta Council for Economic and Social Development	75	Superintendence of Cultural Heritage	75
Malta Council for Science and Technology	75	University of Malta	80
Malta Enterprise Corporation	75	WasteServ Malta Ltd	90

This list does not include entities which are already accounted for within the Departmental Accounting System (DAS) of Central Government.

* General Classification of economic activities within the European communities. Industries are grouped into 60 categories (A60). Based on NACE Rev 1.1.

Methodological notes

1. Within the context of the EDP compilation, Government is taken to mean the General Government (S.13 sector according to the ESA 95 definitions). This includes the Budgetary Central Government made up of Government ministries and departments, the Extra Budgetary Units (EBUs) which are classified as forming part of this sector, as well as all the Local Councils. In ESA95, EBUs are included within the Central Government sub-sector (S.1311).
2. This release presents Government deficit and debt computed in line with the procedure defined in the Maastricht Treaty (Article 104). The basic conceptual reference framework for this exercise is the ESA 95 Manual on Government Deficit and Debt (2002 edition and subsequent updates); which is in turn based on the European System of National and Regional Accounts (ESA 95). This compliance with the reference framework allows for the international comparability of the data.
3. Article 104 of the Maastricht Treaty requires Member States to avoid excessive government deficits. In this respect the Commission monitors the development of the budgetary situation and of the stock of government debt. A protocol of the Maastricht Treaty specifies the reference percentages for general government deficit (which should not exceed 3 per cent of GDP), and for the gross *nominal* consolidated debt (which should not exceed 60 per cent of GDP).
4. The data presented in this release is different from the monthly news releases on government finance since the latter are limited to the Government's Consolidated Fund and are presented on a cash basis. The EDP exercise goes into further detail as it includes all government's accounts (Treasury Clearance and Sinking Funds), excludes the financial transactions and includes accruals adjustments. Data in respect of EBUs and Local Councils are also included.
5. The data contained in this release may be revised. Figures may not add up due to rounding.

European statistics comparable to data in this News Release are available at:

[EUROSTAT Website/Homepage/Statistical Database](#)

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