

The General Government deficit for 2010 is estimated at €222.2 million, or 3.6 per cent of GDP.

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

Deficit and Debt Positions

In 2010, General Government net borrowing (or deficit) was estimated at €222.2 million, up from a deficit of €216.7 million for 2009. In 2010, the General Government deficit was 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 €4,250.4 million, or 69.0 per cent of GDP, up from €3,954.0 million, or 67.8 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 (+€62.8 million) and the non-financial transactions in the treasury clearance fund (+€35.1 million). On the other hand, the main negative adjustments were the time-adjusted cash transactions (-€32.0 million) and the deficit of the Extra Budgetary Units (-€12.4 million).

Reporting and updates

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

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

- The deficit of the General Government for 2010 was revised downwards by €4.1 million mainly as a result of an increase in other accounts receivable by €5.1 million partially outweighed by a higher deficit for the Local Councils of €1.2 million.
- The General Government deficit for 2009 decreased by €0.3 million, due to updated data sources in respect of the net lending/net borrowing of EBUs.
- The deficit of the General Government for 2008 was revised upwards on account of EBUs (+€0.7 million).
- The General Government debt levels were revised upwards for 2010 (€2.1 million) as a result of updated information in respect of EBUs and Local Councils.

EDP Consolidated Inventory

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> ■



Compiled by:

Unit A2: Public Finance

Directorate A: Economic
Statistics

Further information on data:

Mr Mark GALEA

T. +356 2599 7240

E. mark.b.galea@gov.mt

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

	2007	2008	2009	2010
	€ thousands			
General Government deficit (-) / surplus (+)	-128,487	-268,293	-216,744	-222,224
Central Government	-128,272	-268,516	-217,604	-221,911
Local Government	-215	223	860	-313
as a % of GDP	2.4	4.6	3.7	3.6
General Government Debt	3,385,036	3,632,489	3,954,036	4,250,398
Central Government	3,382,169	3,629,835	3,951,158	4,246,788
Local Government	2,867	2,654	2,878	3,610
as a % of GDP	62.1	62.2	67.8	69.0
GDP	5,455,073	5,839,782	5,830,274	6,163,653

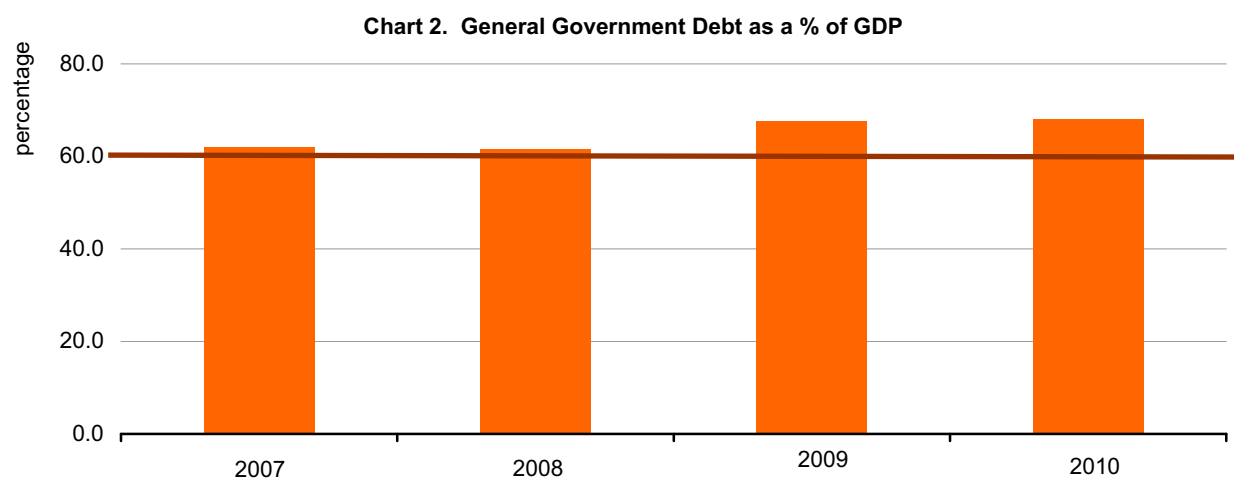
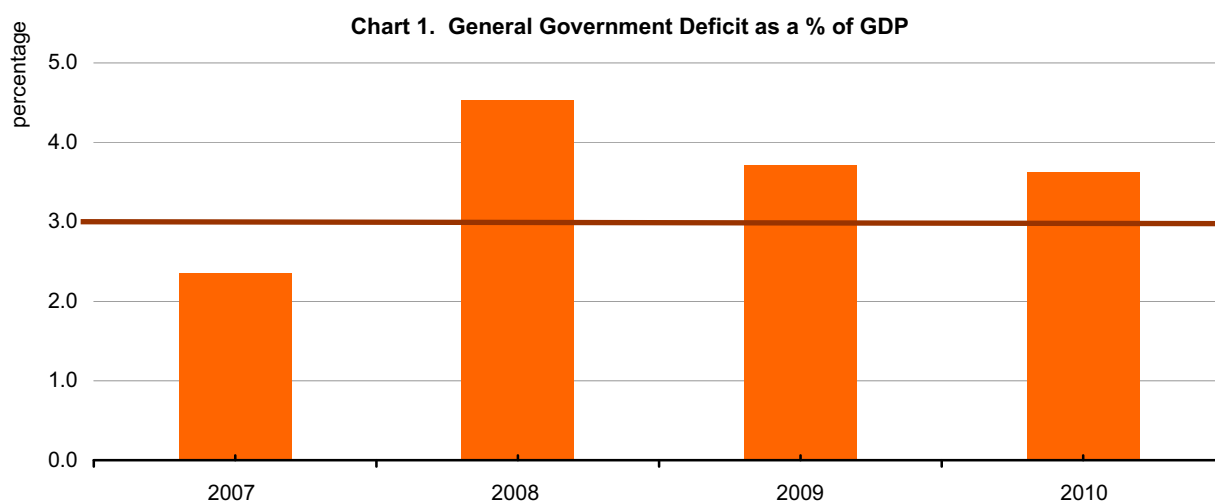


Table 2. Transition between Consolidated Fund and General Government Sector

	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	4.0	5.1	4.5
Adjustments to the Consolidated Fund:				
Loans granted (+)	0	0	0	0
Loans repayments (-)	-1,165	0	0	0
Equities, acquisitions (+)	3,480	3,078	1,539	2,311
Equities, sales (-)	0	0	0	0
Other financial transactions	-16,942	-9,141	0	-1,209
Difference between interest paid (+) and interest accrued (-)	-3,758	-2,770	223	1,512
Other accounts receivable (+) and payable (-)	-30,628	42,800	-17,658	62,785
Time adjusted cash	15,132	11,201	24,308	-31,960
Net Borrowing (-) / Net Lending (+) of public entities forming part of Central Government	-27,903	-38,042	82,015	-12,386
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
Net Borrowing (-) / Net Lending (+) of Central Government (S.1311)	-128,272	-268,516	-217,604	-221,911
Net Borrowing (-) / Net Lending (+) of Local Government (S.1313)	-215	223	860	-313
Net Borrowing (-) / Net Lending (+) of General Government (S.13)	-128,487	-268,293	-216,744	-222,224
<i>as a % of GDP</i>	2.4	4.6	3.7	3.6
GDP	5,455,072	5,839,782	5,830,274	6,163,653

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 171/2011 dated 7 September 2011.

Extra Budgetary Units as at 30 September, 2011

	NACE CODE*		NACE CODE*
Appoġġ	88	Malta Government Investments Ltd	84
Bord Tal-Koperattivi	84	Malta Government Technology Investments Ltd	84
Broadcasting Authority	84	Malta National Laboratory	71
Employment and Training Corporation	78	Malta Philharmonic Orchestra	90
Environment Protection Fund	84	Malta Resources Authority	84
Foundation for Educational Services	84	Malta Standards Authority	84
Foundation for Medical Services	84	Malta Statistics Authority	84
Foundation for Tomorrow's Schools	84	Malta Tourism Authority	84
Gozo Ferries Co Ltd	77	Manoel Theatre Management Committee	90
Grand Harbour Regeneration Corporation	71	Medicines Authority	84
Heritage Malta	91	MEPA	84
Housing Authority	84	MIMCOL	84
Industrial Projects and Services Ltd	78	Mount Carmel Hospital	87
International Institute on Ageing	85	National Audit Office	84
Karen Grech Rehabilitation Centre	86	National Commission Persons with Disability	84
Kunsill Malti għall-Isport	93	Occupational Health and Safety Authority	84
Lotteries and Gaming Authority	84	Office of the Ombudsman	84
Malta College of Arts, Science and Technology	85	Sapport	88
Malta Communications Authority	84	Sedqa - Agency against Drug and Alcohol Abuse	88
Malta Council for Culture and the Arts	90	St James Cavalier Creativity Centre	90
Malta Council for Economic and Social Development	84	Superintendence of Cultural Heritage	84
Malta Council for Science and Technology	84	University of Malta	85
Malta Enterprise Corporation	84	WasteServ Malta Ltd	38

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 64 categories (A64) based on NACE Rev 2.

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 (EBU's) which are classified as forming part of this sector, as well as all the Local Councils. In ESA95, EBU's are included within the Central Government sub-sector (S.1311).
2. This release presents Government deficit and debt worked out 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 reviewed. 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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