

News Release



Date: 22 October 2007
No. : 168/2007
Time of release: 11.00 hrs

Theme:
Economy and Finance

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Government Finance

Quarterly Accounts for General Government: Q2/2007

In the second quarter of 2007 the General Government registered a deficit of Lm16.9 million (€39.3 million).

The deficit recorded by General Government for the second quarter of 2007 amounted to Lm16.9 million, compared to a deficit of Lm10.0 million for the second quarter of 2006.

During the April-June period this year, total revenue amounted to Lm217.9 million, an increase of Lm1.4 million compared to the same period last year. Revenue classified as 'current taxes on income and wealth' increased by Lm11.3 million, while 'transfers receivables' declined by Lm13.4 million (on account of less grants received).

Concurrently, total expenditure, amounting to Lm234.8 million, registered a comparative increase of Lm8.3 million. While 'intermediate consumption' and 'social benefits' went up by Lm5.9 million and Lm4.1 million respectively, 'interest payable' declined by Lm5.4 million.

When analysed on a six-month basis (January-June), the deficit for the first half of 2007 increased by Lm15.5 million, and amounted to Lm63.4 million. A rise in total expenditure amounting to Lm18.7 million was only partly offset by a corresponding increase of Lm3.2 million in revenue.

Tables 2 and 3 give an overview of the main revenue and expenditure categories across the quarters covered by the time series.

When compared to June 2006, total general government debt outstanding at the end of June 2007 increased by Lm73.4 million, and amounted to Lm1,465.5 million. This increase was underpinned by higher short-term borrowing (essentially Treasury Bills). At end June 2007, Malta Government Stocks (classified as long-term securities other than shares) accounted for Lm1,158.2 million, or 79.0 per cent of the total outstanding debt ■

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

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Chart 1: General Government deficit (-) / surplus (+)

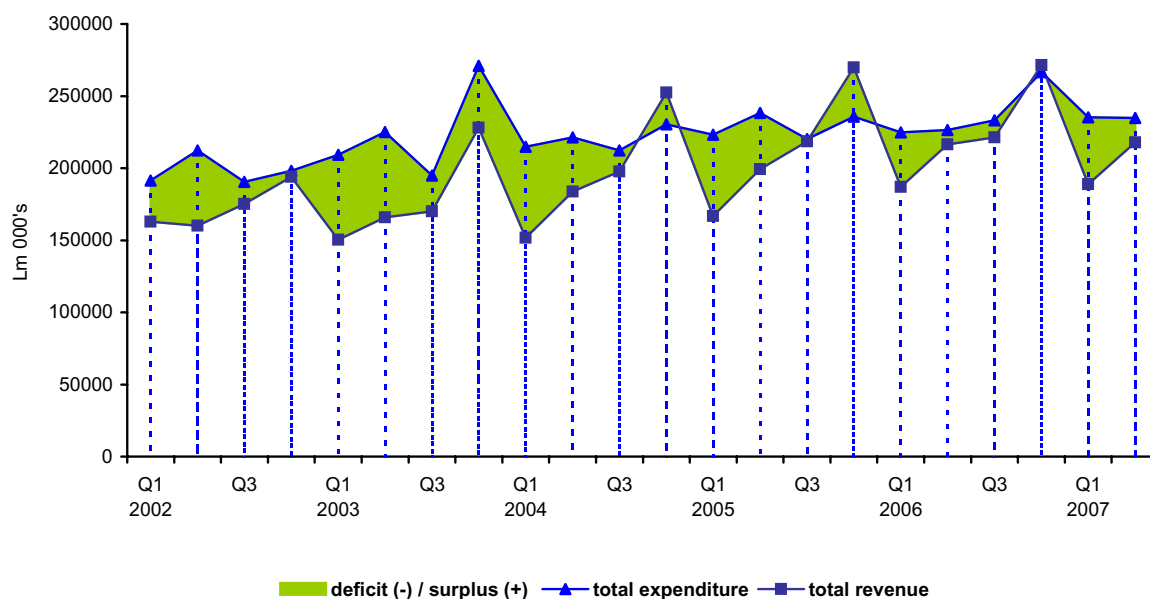


Table 1. Revenue and Expenditure of the General Government Sector

Year		Total revenue	Change (Q/Q-4)	Total expenditure	Change (Q/Q-4)	Deficit (-) / Surplus (+)
		Lm000's	%	Lm000's	%	Lm000's
2002	Q1	162,950		191,373		-28,423
	Q2	159,982		212,186		-52,205
	Q3	175,104		190,376		-15,271
	Q4	193,974		198,243		-4,269
2003	Q1	150,308	-7.8	209,169	9.3	-58,862
	Q2	165,994	3.8	224,952	6.0	-58,958
	Q3	170,056	-2.9	194,975	2.4	-24,919
	Q4	228,166	17.6	270,982	36.7	-42,816
2004	Q1	151,734	0.9	214,899	2.7	-63,164
	Q2	183,838	10.7	221,447	-1.6	-37,609
	Q3	197,632	16.2	212,409	8.9	-14,777
	Q4	252,445	10.6	230,408	-15.0	22,037
2005	Q1	166,891	10.0	223,137	3.8	-56,246
	Q2	199,355	8.4	238,297	7.6	-38,942
	Q3	218,657	10.6	220,262	3.7	-1,606
	Q4	269,820	6.9	235,760	2.3	34,059
2006	Q1	187,093	12.1	224,936	0.8	-37,843
	Q2	216,496	8.6	226,524	-4.9	-10,028
	Q3	221,372	1.2	233,165	5.9	-11,793
	Q4	271,434	0.6	266,502	13.0	4,932
2007	Q1	188,853	0.9	235,320	4.6	-46,467
	Q2	217,932	0.7	234,821	3.7	-16,889

Data are based on ESA95 methodology and are provisional.

Data from 2006 onwards with regard to Interest Payable has been compiled on accruals basis. As such Q1 2007 is comparable to Q1 2006, but not to Q1 2005.

Table 2. Components of General Government Sector's revenue

Year		Market output		Taxes on production and imports		Property income, receivable		Current taxes on income, wealth, etc.		Social contributions receivable*		Current and capital transfers receivable		Total revenue
		Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's
2002	Q1	9,280	5.7	59,591	36.6	28,179	17.3	32,576	20.0	30,812	18.9	2,512	1.5	162,950
	Q2	6,971	4.4	59,423	37.1	4,972	3.1	47,824	29.9	36,627	22.9	4,165	2.6	159,982
	Q3	7,975	4.6	63,974	36.5	4,591	2.6	58,014	33.1	36,940	21.1	3,610	2.1	175,104
	Q4	7,965	4.1	66,893	34.5	4,156	2.1	68,360	35.2	42,419	21.9	4,180	2.2	193,974
2003	Q1	8,541	5.7	52,376	34.8	28,184	18.8	25,268	16.8	31,158	20.7	4,781	3.2	150,308
	Q2	8,248	5.0	56,446	34.0	6,645	4.0	52,535	31.6	38,025	22.9	4,095	2.5	165,994
	Q3	8,789	5.2	60,961	35.8	5,413	3.2	55,032	32.4	36,802	21.6	3,060	1.8	170,056
	Q4	9,667	4.2	73,228	32.1	7,232	3.2	90,239	39.5	44,109	19.3	3,691	1.6	228,166
2004	Q1	8,366	5.5	67,489	44.5	16,792	11.1	26,261	17.3	29,839	19.7	2,987	2.0	151,734
	Q2	8,697	4.7	62,943	34.2	9,882	5.4	54,646	29.7	39,108	21.3	8,562	4.7	183,838
	Q3	10,025	5.1	69,931	35.4	2,753	1.4	59,718	30.2	39,097	19.8	16,108	8.2	197,632
	Q4	15,387	6.1	79,121	31.3	12,748	5.0	80,290	31.8	47,056	18.6	17,841	7.1	252,445
2005	Q1	9,920	5.9	67,092	40.2	12,819	7.7	23,430	14.0	34,086	20.4	19,545	11.7	166,891
	Q2	8,011	4.0	69,497	34.9	8,654	4.3	57,695	28.9	40,311	20.2	15,187	7.6	199,355
	Q3	9,340	4.3	80,230	36.7	2,814	1.3	67,046	30.7	43,551	19.9	15,676	7.2	218,657
	Q4	13,728	5.1	82,483	30.6	5,535	2.1	84,538	31.3	53,541	19.8	29,994	11.1	269,820
2006	Q1	9,792	5.2	74,341	39.7	12,852	6.9	38,447	20.5	35,663	19.1	15,997	8.6	187,093
	Q2	9,361	4.3	80,427	37.1	7,107	3.3	60,360	27.9	40,133	18.5	19,108	8.8	216,496
	Q3	9,273	4.2	84,054	38.0	3,155	1.4	64,949	29.3	42,089	19.0	17,853	8.1	221,372
	Q4	11,463	4.2	86,806	32.0	4,008	1.5	93,666	34.5	49,727	18.3	25,765	9.5	271,434
2007	Q1	11,294	6.0	77,865	41.2	16,091	8.5	42,311	22.4	37,485	19.8	3,807	2.0	188,853
	Q2	12,482	5.7	81,920	37.6	2,752	1.3	71,666	32.9	43,360	19.9	5,753	2.6	217,932

Data are based on ESA95 methodology and are consolidated within the General Government sector.

Data are provisional.

* Revenue Category 'Social contributions receivable' includes the Government's Treasury Pensions (as imputed social contributions).

Table 3. Components of General Government Sector's expenditure

Year		Compensation of Employees		Intermediate Consumption		Property Income (incl interest)***		Gross Capital Formation*		Social Benefits and Social Transfers in Kind		Other**		Total Expenditure
		Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm000's
2002	Q1	65,948	34.5	24,121	12.6	18,865	9.9	15,654	8.2	55,076	28.8	11,708	6.1	191,373
	Q2	66,860	31.5	22,757	10.7	16,472	7.8	19,068	9.0	67,943	32.0	19,086	9.0	212,186
	Q3	65,967	34.7	20,181	10.6	18,190	9.6	17,461	9.2	57,134	30.0	11,444	6.0	190,376
	Q4	66,645	33.6	18,129	9.1	12,163	6.1	24,462	12.3	58,873	29.7	17,971	9.1	198,243
2003	Q1	68,838	32.9	28,147	13.5	15,097	7.2	26,928	12.9	55,238	26.4	14,921	7.1	209,169
	Q2	70,616	31.4	24,491	10.9	16,953	7.5	20,160	9.0	73,050	32.5	19,683	8.7	224,952
	Q3	68,122	34.9	19,912	10.2	16,338	8.4	20,833	10.7	55,797	28.6	13,973	7.2	194,975
	Q4	70,286	25.9	22,255	8.2	16,139	6.0	22,390	8.3	65,022	24.0	74,889	27.6	270,982
2004	Q1	71,100	33.1	26,756	12.5	18,546	8.6	16,764	7.8	64,831	30.2	16,902	7.9	214,899
	Q2	69,158	31.2	24,467	11.0	17,753	8.0	18,206	8.2	66,499	30.0	25,363	11.5	221,447
	Q3	70,061	33.0	24,482	11.5	17,800	8.4	22,733	10.7	60,349	28.4	16,983	8.0	212,409
	Q4	72,363	31.4	31,450	13.6	16,586	7.2	14,437	6.3	65,479	28.4	30,094	13.1	230,408
2005	Q1	71,003	31.8	22,426	10.1	16,444	7.4	20,718	9.3	67,470	30.2	25,075	11.2	223,137
	Q2	72,674	30.5	25,279	10.6	21,156	8.9	26,305	11.0	69,582	29.2	23,300	9.8	238,297
	Q3	71,537	32.5	25,122	11.4	18,334	8.3	22,489	10.2	62,161	28.2	20,620	9.4	220,262
	Q4	72,853	30.9	33,312	14.1	20,765	8.8	12,219	5.2	70,909	30.1	25,702	10.9	235,760
2006	Q1	72,689	32.3	25,931	11.5	14,312	6.4	25,565	11.4	68,198	30.3	18,241	8.1	224,936
	Q2	72,364	31.9	26,551	11.7	19,379	8.6	12,760	5.6	73,435	32.4	22,034	9.7	226,524
	Q3	72,697	31.2	29,356	12.6	22,683	9.7	18,799	8.1	69,236	29.7	20,395	8.7	233,165
	Q4	72,993	27.4	40,420	15.2	20,490	7.7	28,695	10.8	75,052	28.2	28,851	10.8	266,502
2007	Q1	73,452	31.2	23,102	9.8	24,507	10.4	18,024	7.7	73,306	31.2	22,929	9.7	235,320
	Q2	75,179	32.0	32,465	13.8	13,932	5.9	14,327	6.1	77,507	33.0	21,411	9.1	234,821

Data are based on ESA95 methodology and are consolidated.

Data are provisional.

* For the purpose of this comparative table acquisition and disposal of land is included within the Gross Capital Formation Category.

** Expenditure Category 'Other' includes subsidies payable and recurrent and capital transfers.

***Data from 2006 onwards with regard to Interest Payable has been compiled on accruals basis. As such Q1 2007 is comparable to Q1 2006, but not to Q1 2005.

Table 4. General Government debt

Position as at the end of period		Securities other than shares, exc. Financial derivatives			Loans			Total General Government debt	Government Guaranteed debt
		Short-term	Long-term	Total	Short-term	Long-term	Total		
		Lm million							
2002	Q1	183.2	799.1	982.3	23.8	84.0	107.7	1,090.0	351.0
	Q2	197.5	799.1	996.6	24.1	79.1	103.1	1,099.7	313.7
	Q3	192.4	805.6	998.1	24.3	75.4	99.8	1,097.8	298.5
	Q4	192.6	805.6	998.1	24.6	80.4	105.0	1,103.1	292.8
2003	Q1	248.7	833.0	1,081.8	16.6	80.9	97.5	1,179.3	287.1
	Q2	272.1	833.0	1,105.1	17.3	111.5	128.8	1,233.9	277.1
	Q3	251.0	876.1	1,127.1	18.1	110.9	129.1	1,256.2	277.0
	Q4	232.3	907.1	1,139.3	55.4	110.3	165.7	1,305.0	226.3
2004	Q1	253.0	907.4	1,160.4	56.3	106.7	163.0	1,323.4	222.2
	Q2	259.8	954.9	1,214.7	55.4	104.6	160.1	1,374.8	261.8
	Q3	252.5	981.9	1,234.4	55.8	103.3	159.1	1,393.4	263.8
	Q4	245.4	1,011.4	1,256.7	36.3	102.0	138.2	1,394.9	261.6
2005	Q1	239.3	1,051.8	1,291.1	34.6	99.4	133.9	1,425.0	261.9
	Q2	215.3	1,088.6	1,303.9	34.6	96.9	131.6	1,435.4	259.5
	Q3	174.5	1,122.0	1,296.5	36.0	95.4	131.5	1,428.0	290.2
	Q4	190.2	1,122.4	1,312.6	33.0	94.9	127.9	1,440.5	271.0
2006	Q1	179.0	1,147.4	1,326.3	10.7	115.6	126.3	1,452.7	269.8
	Q2	121.3	1,147.4	1,268.7	7.2	116.2	123.4	1,392.1	239.6
	Q3	153.6	1,133.7	1,287.2	8.0	112.6	120.6	1,407.9	251.9
	Q4	160.5	1,123.7	1,284.1	10.1	102.1	112.2	1,396.3	249.3
2007	Q1	171.7	1,123.9	1,295.6	10.7	100.7	111.4	1,407.0	240.4
	Q2	196.2	1,158.2	1,354.4	10.7	100.4	111.1	1,465.5	259.2

Notes:

1. Debt position at nominal value, in line with Maastricht debt provisions, at the end of the period indicated
2. All aggregates are consolidated between the different sub-sectors of general government
3. As from 2003 Q4, the debt assumption of the ex-shipyards' loans has been included with the debt balances of the central government
4. Government guarantees exclude guarantees on MIGA and IBRD and on foreign loans taken by the Central Bank of Malta on behalf of government, which loans already feature in the calculation of government external debt. Government guarantees include guarantees granted by the extra-budgetary units but exclude government guarantees provided to extra-budgetary units

Methodological Notes

ESA95 Glossary

Output (P1) consists of the products created during the accounting period. Three types of output are distinguished in the ESA:

- i. Market Output (P11) consists of output that is disposed of on the market or intended to be disposed of on the market.
- ii. Output produced for own final use (P12) consists of goods and services that are retained either for final consumption by the same institutional unit or for gross fixed capital formation by the same institutional unit.
- iii. Other non-market output (P13) covers output that is provided free, or at prices that are not economically significant, to other units.

Intermediate consumption (P2) consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital. The goods and services may be either transformed or used up by the production process.

Gross Capital Formation (P5) is the sum of three components:

- i. Gross fixed capital formation (P51) consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realized by the productive activity of producer or institutional units. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year.
- ii. Changes in inventories (P52) are measured by the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories.
- iii. Acquisitions less disposals of valuables (P53) are non-financial goods that are not used primarily for production or consumption, do not deteriorate (physically) over time under normal conditions and that are acquired and held primarily as stores of value.

Compensation of employees (D1) is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the accounting period. Compensation of employees is broken down into wages and salaries in cash and in kind (D11) and employers' actual (D121) and imputed social contributions (D122).

Taxes on production and imports (D2) consist of compulsory, unrequited payments, in cash or in kind which are levied by general government, in respect of the production and importation of goods and services, the employment of labour, the ownership or use of land, buildings or other assets used in production. These taxes are payable whether or not profits are made. Taxes on production and imports are divided into:

- i. Taxes on products (D21) are taxes that are payable per unit of some good or service produced or transacted. The tax may be a specific amount of money per unit of quantity of a good or service, or it may be calculated ad valorem as a specified percentage of the price per unit or value of the goods and services produced or transacted. As a general principle, taxes in fact assessed on a product, irrespective of which institutional unit pays the tax, are included in taxes on products, unless specifically included in another heading.
- ii. Other taxes on production (D29) consist of all taxes that enterprises incur as a result of engaging in production, independently of the quantity or value of the goods and services produced or sold. They may be payable on the land, fixed assets or labour employed in the production process or on certain activities or transactions.

Property income (D4) is the income receivable by the owner of a financial asset or a tangible non-produced asset in return for providing funds to, or putting the tangible non-produced asset at the disposal of, another institutional unit. Property incomes can be interest (D41), distributed income of corporations (D42) and rents (D45).

Current taxes on income and wealth (D5) cover all compulsory, unrequited payments, in cash or in kind, levied periodically by general government on the income and wealth of institutional units, and some periodic taxes which are assessed neither on the income nor the wealth. Current taxes on income, wealth are:

- i. Taxes on income (D51) consist of taxes on income, profits and capital gains. They are assessed on the actual or presumed incomes of individuals, households, corporations or NPIs.
- ii. Other current taxes (D59).

Social Contributions (D61) consists of:

- i. Employers' actual social contributions (D6111) are paid by employers to social security funds.
- ii. Employees' social contributions (D6112) are paid by employees.
- iii. Social Contributions by self-employed and non-employed persons (D6113): these are social contributions payable for their own benefit by persons who are not employees – namely self-employed persons or non-employed persons.
- iv. Imputed social contributions (D612) represent the counterpart to social benefits paid directly by employers to their employees or former employees and other eligible persons.

Social benefits other than social transfers in kind (D62) are made up of:

- i. Social security benefits in cash (D621) are payable to households by social security funds.
- ii. Unfunded employee social benefits (D623) are payable to their employees, their dependants or survivors by employers administering unfunded social insurance schemes.
- iii. Social assistance benefits in cash (D624) are payable to households by government units or NPISHs to meet the same needs as social insurance benefits but which are not made under a social insurance scheme incorporating social contributions and social insurance benefits.

Social transfers in kind (D63) consist of individual goods and services provided as transfers in kind to individual households by government units, whether purchased on the market or produced as non-market output by government units. They may be financed out of taxation, other government income or social security contributions.

The other category includes:

- i. Subsidies (D3) are current unrequited payments which general government make to resident producers, with the objective of influencing their level of production, their prices or the remuneration of the factors of production.
- ii. Other current transfers (D7) can be non-life insurance claims (D72), current transfers within general government (D73), current international cooperation (D74) and miscellaneous current transfers (D75).
- iii. Capital transfers (D9) are different from recurrent transfers by the fact that they involve the acquisition or disposal of an asset, or assets, by at least one of the parties to the transaction. Whether made in cash or in kind, they should result in a commensurate change in the financial, or non-financial, assets shown in the balance sheets of one or both parties to the transaction.

Acquisition less disposals of non-financial non-produced assets (K2) consists of land and other tangible non-produced assets that may be used in the production of goods and services, and intangible non-produced assets.

Revision Policy: The data contained in this release may be reviewed. Figures may not add up due to rounding.