

News Release



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Government Finance

Quarterly Accounts for General Government: Q3/2006

The General Government deficit for the third quarter of 2006 amounted to Lm1.9 million, compared to a deficit of Lm2.7 million in the same period in 2005.

This News Release provides a quarterly analysis of General Government revenue and expenditure consistent with the ESA95 methodological framework. The basic data source for this information is the Consolidated Fund of Government, which is adjusted to include the below the line accounts, the accruals element as well as the financial performance of the Extra Budgetary Units (EBUs) and Local Councils.

The deficit for the third quarter of 2006 totalled Lm1.9 million, compared to a deficit of Lm2.7 million for the same period in 2005, as shown in Table 1. While total expenditure increased by Lm7.8 million (mainly due to higher outlays on social benefits and on interest payments), recurrent revenue rose by Lm8.6 million. With an increase of Lm6.1 million, taxes on income and wealth were the main contributors to this.

The deficit for the first nine months of 2006 amounted to Lm64.9 million, a drop of Lm32.6 million from the same period of the previous year. The General Government sector's revenue during the January-September 2006 period registered a comparative increase of Lm39.0 million, which was contrasted by an increase of Lm6.5 million in expenditure.

This News Release carries, for the first time, data on the debt of General Government. As shown in Table 4, total General Government debt at the end of September 2006 was estimated at Lm1,407.6 million compared to Lm1,426.8 million at the end of September 2005. Malta Government Stocks (classified as long-term securities other than shares) accounted for Lm1,133.7 million, or 80.5 per cent of the total outstanding debt ■

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

[EUROSTAT Website/Homepage/Economy and finance/Data](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&code=sdg11&plugin=1)

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Chart 1. Moving Sum (annualised data)

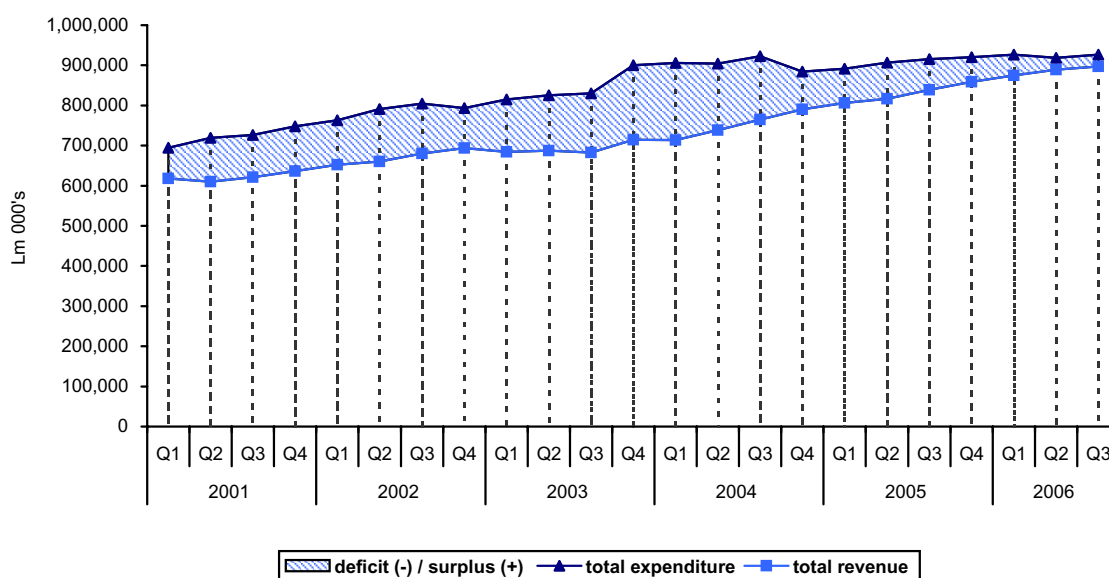


Table 1. Revenue and Expenditure of the General Government Sector

Year	Total revenue	Change	Total expenditure	Change	Deficit (-) / Surplus (+)	Change	
	Lm000's	%	Lm000's	%	Lm000's	%	
2001	Q1	144,256		173,762		-29,506	
	Q2	155,399		186,893		-31,494	
	Q3	153,876		175,844		-21,969	
	Q4	182,889		211,346		-28,457	
2002	Q1	160,390	11.2	188,800	8.7	-28,410	-3.7
	Q2	162,985	4.9	215,221	15.2	-52,236	65.9
	Q3	174,328	13.3	189,624	7.8	-15,296	-30.4
	Q4	195,904	7.1	200,110	-5.3	-4,206	-85.2
2003	Q1	150,740	-6.0	209,994	11.2	-59,253	108.6
	Q2	166,198	2.0	225,323	4.7	-59,125	13.2
	Q3	170,008	-2.5	195,070	2.9	-25,062	63.8
	Q4	227,172	16.0	270,127	35.0	-42,955	921.2
2004	Q1	150,609	-0.1	215,091	2.4	-64,482	8.8
	Q2	190,275	14.5	224,329	-0.4	-34,053	-42.4
	Q3	197,014	15.9	213,116	9.3	-16,102	-35.8
	Q4	252,656	11.2	231,751	-14.2	20,905	-148.7
2005	Q1	166,125	10.3	222,575	3.5	-56,450	-12.5
	Q2	200,744	5.5	239,047	6.6	-38,303	12.5
	Q3	219,349	11.3	222,062	4.2	-2,713	-83.2
	Q4	272,273	7.8	236,592	2.1	35,681	70.7
2006	Q1	182,284	9.7	229,105	2.9	-46,821	-17.1
	Q2	214,988	7.1	231,173	-3.3	-16,185	-57.7
	Q3	227,977	3.9	229,869	3.5	-1,892	-30.3

Data are based on ESA95 methodology and are provisional.

The quarterly percentage changes are based on the same quarter for the previous year.

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
		Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	
2001	Q1	9,616	6.7	52,091	36.1	22,972	15.9	27,164	18.8	30,461	21.1	1,951	1.4	144,256
	Q2	7,751	5.0	50,891	32.7	11,792	7.6	45,606	29.3	37,398	24.1	1,962	1.3	155,399
	Q3	7,050	4.6	57,223	37.2	3,240	2.1	47,550	30.9	35,934	23.4	2,879	1.9	153,876
	Q4	7,795	4.3	69,594	38.1	6,297	3.4	54,161	29.6	42,274	23.1	2,768	1.5	182,889
2002	Q1	9,499	5.9	59,591	37.2	28,160	17.6	29,811	18.6	30,812	19.2	2,516	1.6	160,390
	Q2	7,265	4.5	59,423	36.5	4,954	3.0	50,561	31.0	36,627	22.5	4,154	2.5	162,985
	Q3	8,436	4.8	63,974	36.7	4,572	2.6	56,792	32.6	36,940	21.2	3,613	2.1	174,328
	Q4	8,647	4.4	66,893	34.1	4,139	2.1	69,622	35.5	42,419	21.7	4,183	2.1	195,904
2003	Q1	9,198	6.1	52,364	34.7	27,957	18.5	25,278	16.8	31,158	20.7	4,785	3.2	150,740
	Q2	8,861	5.3	56,434	34.0	6,419	3.9	52,377	31.5	38,025	22.9	4,082	2.5	166,198
	Q3	9,050	5.3	60,949	35.9	5,187	3.1	54,957	32.3	36,802	21.6	3,064	1.8	170,008
	Q4	10,252	4.5	73,215	32.2	7,006	3.1	88,894	39.1	44,109	19.4	3,695	1.6	227,172
2004	Q1	8,516	5.7	67,472	44.8	16,779	11.1	25,922	17.2	29,839	19.8	2,080	1.4	150,609
	Q2	9,279	4.9	62,925	33.1	9,868	5.2	56,483	29.7	39,108	20.6	12,611	6.6	190,275
	Q3	10,371	5.3	69,914	35.5	7,056	3.6	59,658	30.3	39,097	19.8	10,918	5.5	197,014
	Q4	15,751	6.2	79,104	31.3	13,023	5.2	80,423	31.8	47,056	18.6	17,299	6.8	252,656
2005	Q1	10,008	6.0	66,999	40.3	12,806	7.7	22,438	13.5	34,086	20.5	19,789	11.9	166,125
	Q2	8,335	4.2	69,405	34.6	8,645	4.3	58,591	29.2	40,311	20.1	15,457	7.7	200,744
	Q3	9,750	4.4	80,138	36.5	2,801	1.3	67,141	30.6	43,551	19.9	15,969	7.3	219,349
	Q4	14,801	5.4	87,391	32.1	5,504	2.0	81,755	30.0	53,541	19.7	29,281	10.8	272,273
2006	Q1	12,225	6.7	74,182	40.7	11,996	6.6	38,448	21.1	33,003	18.1	12,430	6.8	182,284
	Q2	10,678	5.0	80,245	37.3	6,245	2.9	60,360	28.1	42,978	20.0	14,482	6.7	214,988
	Q3	10,804	4.7	83,893	36.8	2,302	1.0	73,218	32.1	42,919	18.8	14,842	6.5	227,977

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 Lm000's
		Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	Lm 000's	% share	
2001	Q1	61,516	35.4	17,684	10.2	17,550	10.1	14,450	8.3	49,848	28.7	12,713	7.3	173,762
	Q2	65,955	35.3	16,586	8.9	13,079	7.0	12,942	6.9	61,982	33.2	16,350	8.7	186,893
	Q3	64,864	36.9	13,521	7.7	17,110	9.7	16,185	9.2	51,629	29.4	12,535	7.1	175,844
	Q4	65,369	30.9	25,420	12.0	11,145	5.3	23,651	11.2	59,736	28.3	26,025	12.3	211,346
2002	Q1	65,897	34.9	20,917	11.1	18,865	10.0	16,278	8.6	55,076	29.2	11,766	6.2	188,800
	Q2	66,819	31.0	24,020	11.2	16,471	7.7	20,824	9.7	67,943	31.6	19,144	8.9	215,221
	Q3	65,922	34.8	17,650	9.3	18,189	9.6	19,226	10.1	57,134	30.1	11,503	6.1	189,624
	Q4	66,589	33.3	18,550	9.3	12,162	6.1	25,965	13.0	58,873	29.4	17,970	9.0	200,110
2003	Q1	68,778	32.8	27,721	13.2	15,097	7.2	27,992	13.3	55,238	26.3	15,167	7.2	209,994
	Q2	70,564	31.3	22,853	10.1	16,953	7.5	22,224	9.9	73,050	32.4	19,679	8.7	225,323
	Q3	68,060	34.9	18,612	9.5	16,338	8.4	22,291	11.4	55,797	28.6	13,973	7.2	195,070
	Q4	70,221	26.0	19,694	7.3	16,139	6.0	24,162	8.9	65,022	24.1	74,889	27.7	270,127
2004	Q1	71,036	33.0	25,593	11.9	18,535	8.6	17,486	8.1	64,831	30.1	17,610	8.2	215,091
	Q2	69,093	30.8	25,264	11.3	17,744	7.9	-33,705	-15.0	66,499	29.6	79,434	35.4	224,329
	Q3	69,996	32.8	22,984	10.8	17,788	8.3	24,383	11.4	60,349	28.3	17,616	8.3	213,116
	Q4	72,298	31.2	29,964	12.9	16,583	7.2	16,529	7.1	65,479	28.3	30,899	13.3	231,751
2005	Q1	70,754	31.8	20,907	9.4	16,419	7.4	21,317	9.6	67,466	30.3	25,711	11.6	222,575
	Q2	72,412	30.3	25,206	10.5	21,234	8.9	27,694	11.6	69,579	29.1	22,923	9.6	239,047
	Q3	71,225	32.1	24,561	11.1	18,303	8.2	25,080	11.3	62,158	28.0	20,736	9.3	222,062
	Q4	72,557	30.7	29,043	12.3	20,744	8.8	19,211	8.1	70,905	30.0	24,131	10.2	236,592
2006	Q1	71,978	31.4	26,898	11.7	23,795	10.4	21,535	9.4	67,819	29.6	17,080	7.5	229,105
	Q2	72,038	31.2	28,882	12.5	17,885	7.7	17,411	7.5	72,954	31.6	22,003	9.5	231,173
	Q3	72,204	31.4	28,080	12.2	24,287	10.6	16,872	7.3	68,685	29.9	19,741	8.6	229,869

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.

Table 4. General Government debt

Position as at the end of period		Securities other than shares, exc. Financial derivatives			Loans			Total General Government debt
		Short-term	Long-term	Total	Short-term	Long-term	Total	
Lm million								
2001	Q1	152.8	726.3	879.2	21.5	90.0	111.6	990.7
	Q2	140.1	753.6	893.7	22.2	86.8	109.0	1,002.7
	Q3	160.3	771.9	932.2	22.8	84.6	107.4	1,039.7
	Q4	159.4	805.9	965.3	23.5	87.5	111.0	1,076.3
2002	Q1	183.2	799.1	982.3	23.8	84.0	107.7	1,090.0
	Q2	197.5	799.1	996.6	24.1	79.1	103.1	1,099.7
	Q3	192.4	805.6	998.1	24.3	75.4	99.8	1,097.8
	Q4	192.6	805.6	998.1	24.6	80.4	105.0	1,103.2
2003	Q1	248.7	833.0	1,081.8	17.1	80.9	98.0	1,179.8
	Q2	272.1	833.0	1,105.1	17.9	111.5	129.3	1,234.4
	Q3	251.0	876.1	1,127.1	18.7	110.9	129.6	1,256.7
	Q4	232.3	907.1	1,139.3	55.5	110.2	165.7	1,305.1
2004	Q1	253.0	907.4	1,160.4	56.3	106.7	163.0	1,323.4
	Q2	259.5	954.9	1,214.4	55.5	104.6	160.1	1,374.5
	Q3	252.5	981.9	1,234.4	55.8	103.2	159.1	1,393.4
	Q4	245.3	1,011.4	1,256.6	40.4	97.8	138.2	1,394.9
2005	Q1	239.0	1,051.8	1,290.7	31.6	102.5	134.1	1,424.8
	Q2	215.3	1,088.6	1,303.9	32.6	98.6	131.3	1,435.1
	Q3	173.4	1,122.0	1,295.4	33.9	97.5	131.3	1,426.8
	Q4	189.8	1,122.4	1,312.1	32.9	94.8	127.7	1,439.9
2006	Q1	178.7	1,147.4	1,326.0	9.4	116.8	126.2	1,452.2
	Q2	120.9	1,147.4	1,268.2	5.8	117.4	123.2	1,391.4
	Q3	152.6	1,133.7	1,286.3	6.6	114.8	121.4	1,407.6

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 2004 Q4, the debt assumption of the ex-shipyars' loans has been included with the debt balances of the central government.
4. Data are subject to revision.

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 made up of:

- 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.