

News Release



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Government Finance

Quarterly Accounts for General Government: Q2/2008

In the second quarter of 2008, the General Government account registered a deficit of €66.8 million.

The deficit recorded by General Government for the second quarter of this year amounted to €66.8 million, compared to a deficit of €38.7 million for the second quarter of 2007.

During the June quarter this year total revenue amounted to €542.7 million, an increase of €24.1 million compared to the second quarter of 2007. The main increase was recorded under 'social contributions receivable' which added €10.6 million. Underpinned by higher VAT revenues, 'taxes on production and imports' added €9.6 million, while 'current taxes on income, wealth, etc' increased by €9.9 million.

Total expenditure during the second quarter amounted to €609.5 million, registering an increase of €52.3 million compared to the same quarter last year. This increase was brought about by increases in intermediate consumption (+€17.6 million), in compensation of employees (essentially wages and salaries which added €14.1 million), and Social Benefits (+€16.6 million). Higher interest payments pushed up the property income payable during the second quarter to €47.1 million, an increase of €14.1 million over the same quarter in 2007. Meanwhile, reflecting a lower capital outlay by government, capital formation declined by €13.2 million to €31.9 million.

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 2007, total general government debt (Table 4) outstanding at the end of June this year increased by €116.6 million, and amounted to €3,528.0 million. This increase was underpinned by higher long-term securities (Malta Government Stocks) which added €148.5 million, while short-term securities (Treasury Bills) declined by €37.3 million. Moreover, as from January 2008, the euro coins issued in the name of the Treasury are being considered as a currency liability pertaining to the Central Government. At the end of June, this liability amounted to €26.7 million.

The data in this release take into account a change in the method of recording of taxes and social contributions. This revision was carried out to come in line with Council Regulation 2516/2000 ■

Theme:
Economy and Finance

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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&plugin=1)

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

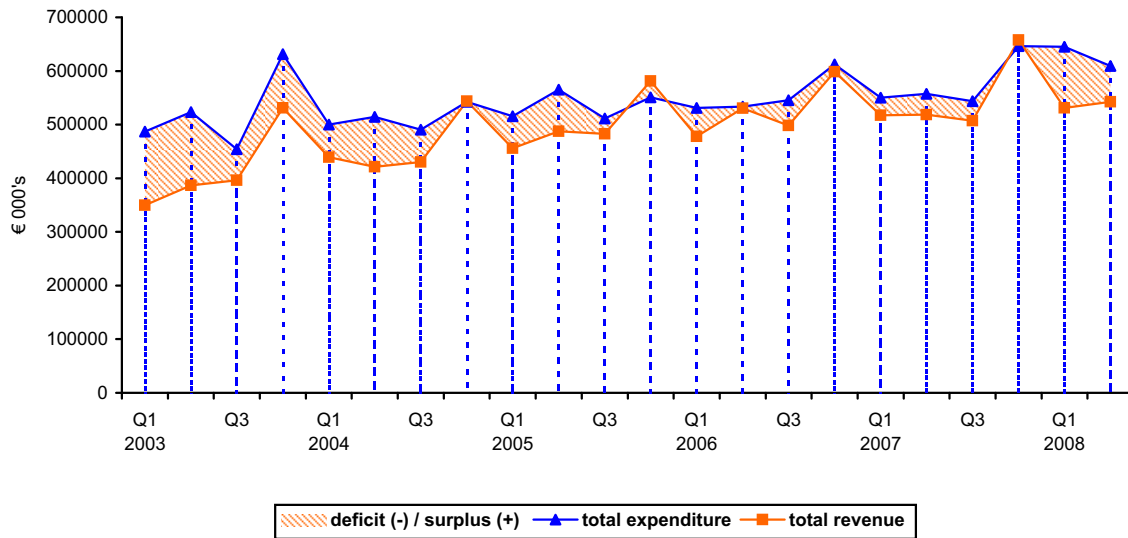


Table 1. Revenue and Expenditure of the General Government Sector

Period	Total revenue	Change (Q/Q-4)	Total expenditure	Change (Q/Q-4)	Deficit (-) / Surplus (+)	
	€ 000's	%	€ 000's	%	€ 000's	
2003	Q1	349,980		487,211		-137,232
	Q2	386,550		523,479		-136,929
	Q3	395,967		454,166		-58,198
	Q4	531,352		631,219		-99,868
2004	Q1	438,984	25.4	499,845	2.6	-60,860
	Q2	421,340	9.0	514,214	-1.8	-92,875
	Q3	430,541	8.7	490,442	8.0	-59,902
	Q4	543,621	2.3	542,545	-14.0	1,077
2005	Q1	456,085	3.9	515,620	3.2	-59,535
	Q2	487,837	15.8	565,263	9.9	-77,426
	Q3	482,812	12.1	511,578	4.3	-28,766
	Q4	581,152	6.9	550,823	1.5	30,330
2006	Q1	477,725	4.7	530,833	3.0	-53,108
	Q2	530,643	8.8	533,426	-5.6	-2,783
	Q3	497,998	3.1	545,585	6.6	-47,587
	Q4	598,846	3.0	611,982	11.1	-13,136
2007	Q1	517,137	8.2	550,032	3.6	-32,895
	Q2	518,587	-2.3	557,248	4.5	-38,662
	Q3	506,957	1.8	543,373	-0.4	-36,415
	Q4	657,596	9.8	646,031	5.6	11,565
2008	Q1	530,976	2.7	644,836	17.2	-113,860
	Q2	542,694	4.6	609,507	9.4	-66,813

Table 2. Components of General Government Sector's revenue

Period		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
		€ 000's	% share	€ 000's	% share	€ 000's	% share	€ 000's	% share	€ 000's	% share	€ 000's	% share	€ 000's
2003	Q1	19,896	5.7	122,003	34.9	65,514	18.7	58,859	16.8	72,578	20.7	11,129	3.2	349,980
	Q2	19,213	5.0	131,484	34.0	15,342	4.0	122,374	31.7	88,575	22.9	9,562	2.5	386,550
	Q3	20,472	5.2	142,001	35.9	12,473	3.2	128,190	32.4	85,725	21.6	7,106	1.8	395,967
	Q4	22,518	4.2	170,574	32.1	16,709	3.1	210,201	39.6	102,747	19.3	8,603	1.6	531,352
2004	Q1	19,702	4.5	173,102	39.4	35,595	8.1	108,860	24.8	92,371	21.0	9,354	2.1	438,984
	Q2	20,473	4.9	136,415	32.4	22,873	5.4	134,044	31.8	84,948	20.2	22,586	5.4	421,340
	Q3	23,567	5.5	174,875	40.6	6,266	1.5	102,661	23.8	82,910	19.3	40,262	9.4	430,541
	Q4	36,058	6.6	173,537	31.9	33,509	6.2	156,803	28.8	100,058	18.4	43,658	8.0	543,621
2005	Q1	22,633	5.0	159,514	35.0	28,331	6.2	108,998	23.9	89,665	19.7	46,943	10.3	456,085
	Q2	18,187	3.7	169,880	34.8	20,168	4.1	153,483	31.5	92,169	18.9	33,950	7.0	487,837
	Q3	21,283	4.4	196,220	40.6	6,623	1.4	126,872	26.3	94,734	19.6	37,080	7.7	482,812
	Q4	31,505	5.4	192,603	33.1	14,364	2.5	170,100	29.3	103,594	17.8	68,986	11.9	581,152
2006	Q1	23,344	4.9	172,972	36.2	28,514	6.0	123,457	25.8	94,206	19.7	35,232	7.4	477,725
	Q2	22,325	4.2	191,041	36.0	16,800	3.2	165,236	31.1	96,653	18.2	38,589	7.3	530,643
	Q3	22,224	4.5	203,963	41.0	7,321	1.5	123,123	24.7	97,718	19.6	43,650	8.8	497,998
	Q4	27,475	4.6	191,274	31.9	10,860	1.8	197,939	33.1	101,195	16.9	70,103	11.7	598,846
2007	Q1	27,516	5.3	179,708	34.8	37,163	7.2	153,915	29.8	105,951	20.5	12,884	2.5	517,137
	Q2	29,496	5.7	189,553	36.6	8,491	1.6	180,781	34.9	93,644	18.1	16,623	3.2	518,587
	Q3	24,041	4.7	210,753	41.6	12,944	2.6	135,665	26.8	94,685	18.7	28,870	5.7	506,957
	Q4	26,697	4.1	220,199	33.5	14,961	2.3	255,594	38.9	104,025	15.8	36,119	5.5	657,596
2008	Q1	31,995	6.0	190,581	35.9	45,929	8.6	146,261	27.5	109,845	20.7	6,363	1.2	530,976
	Q2	25,408	4.7	199,149	36.7	7,938	1.5	190,690	35.1	104,293	19.2	15,216	2.8	542,694

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

Table 3. Components of General Government Sector's expenditure

Period		Compensation of Employees		Intermediate Consumption		Property Income (including interest)		Gross Capital Formation*		Social Benefits and Social Transfers in Kind		Other**		Total Expenditure
		€ 000's	% share	€ 000's	% share	€ 000's	% share	€ 000's	% share	€ 000's	% share	€ 000's	% share	€ 000's
2003	Q1	160,349	32.9	65,565	13.5	35,166	7.2	62,726	12.9	128,671	26.4	34,734	7.1	487,211
	Q2	164,490	31.4	57,048	10.9	39,491	7.5	46,959	9.0	170,160	32.5	45,330	8.7	523,479
	Q3	158,682	34.9	46,384	10.2	38,057	8.4	48,528	10.7	129,971	28.6	32,544	7.2	454,166
	Q4	163,723	25.9	51,840	8.2	37,594	6.0	52,155	8.3	151,460	24.0	174,446	27.6	631,219
2004	Q1	165,645	33.1	62,325	12.5	42,906	8.6	39,223	7.8	151,016	30.2	38,731	7.7	499,845
	Q2	161,087	31.3	56,993	11.1	41,197	8.0	41,626	8.1	154,902	30.1	58,409	11.4	514,214
	Q3	163,190	33.3	57,032	11.6	40,913	8.3	50,790	10.4	140,576	28.7	37,942	7.7	490,442
	Q4	168,553	31.1	73,258	13.5	39,425	7.3	37,258	6.9	152,524	28.1	71,526	13.2	542,545
2005	Q1	164,725	31.9	50,486	9.8	32,425	6.3	49,479	9.6	160,415	31.1	58,090	11.3	515,620
	Q2	168,617	29.8	57,132	10.1	57,547	10.2	61,935	11.0	165,425	29.3	54,608	9.7	565,263
	Q3	165,968	32.4	56,766	11.1	40,405	7.9	54,223	10.6	147,782	28.9	46,435	9.1	511,578
	Q4	169,034	30.7	75,844	13.8	47,845	8.7	29,419	5.3	168,538	30.6	60,141	10.9	550,823
2006	Q1	169,597	31.9	60,728	11.4	41,025	7.7	57,123	10.8	158,841	29.9	43,518	8.2	530,833
	Q2	168,857	31.7	64,290	12.1	47,219	8.9	30,824	5.8	171,039	32.1	51,196	9.6	533,426
	Q3	169,637	31.1	69,139	12.7	53,884	9.9	46,487	8.5	161,257	29.6	45,180	8.3	545,585
	Q4	170,313	27.8	98,375	16.1	37,931	6.2	59,029	9.6	174,879	28.6	71,456	11.7	611,982
2007	Q1	172,946	31.4	57,272	10.4	53,998	9.8	47,724	8.7	169,380	30.8	48,711	8.9	550,032
	Q2	176,947	31.8	67,268	12.1	33,029	5.9	45,150	8.1	184,308	33.1	50,546	9.1	557,248
	Q3	178,751	32.9	65,196	12.0	43,315	8.0	33,151	6.1	166,159	30.6	56,800	10.5	543,373
	Q4	176,391	27.3	100,886	15.6	52,005	8.0	57,665	8.9	179,174	27.7	79,909	12.4	646,031
2008	Q1	191,315	29.7	90,429	14.0	41,868	6.5	60,467	9.4	191,444	29.7	69,314	10.7	644,836
	Q2	191,096	31.4	84,860	13.9	47,110	7.7	31,924	5.2	200,861	33.0	53,656	8.8	609,507

* 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		Currency	Securities other than shares, excluding Financial derivatives			Loans			Total General Government debt	Government Guaranteed debt
			Short-term	Long-term	Total	Short-term	Long-term	Total		
€ million										
2003	Q1	0.0	579.4	1,940.4	2,519.8	38.6	188.5	227.1	2,746.9	668.7
	Q2	0.0	633.7	1,940.4	2,574.1	40.3	259.6	300.0	2,874.1	645.5
	Q3	0.0	584.7	2,040.7	2,625.4	42.2	258.4	300.6	2,926.1	645.3
	Q4	0.0	541.1	2,112.9	2,654.0	131.5	253.7	385.3	3,039.2	527.2
2004	Q1	0.0	589.3	2,113.6	2,702.9	131.1	248.6	379.7	3,082.6	517.7
	Q2	0.0	605.3	2,224.3	2,829.6	129.0	243.8	372.8	3,202.4	609.8
	Q3	0.0	588.2	2,287.1	2,875.3	130.2	240.7	370.9	3,246.2	614.6
	Q4	0.0	571.5	2,355.8	2,927.3	84.5	237.5	322.0	3,249.3	609.3
2005	Q1	0.0	557.4	2,450.0	3,007.4	77.8	229.0	306.9	3,314.3	610.0
	Q2	0.0	501.5	2,535.7	3,037.2	80.6	225.8	306.4	3,343.6	604.4
	Q3	0.0	406.4	2,613.6	3,020.0	83.6	222.4	306.1	3,326.1	676.0
	Q4	0.0	443.1	2,614.4	3,057.5	76.8	221.1	297.8	3,355.3	631.3
2006	Q1	0.0	416.9	2,672.6	3,089.6	26.3	268.3	294.6	3,384.1	628.4
	Q2	0.0	282.6	2,672.6	2,955.2	27.0	260.6	287.7	3,242.9	558.0
	Q3	0.0	357.8	2,640.7	2,998.5	31.6	251.4	283.1	3,281.5	586.9
	Q4	0.0	373.8	2,617.4	2,991.2	24.3	237.9	262.2	3,253.4	580.7
2007	Q1	0.0	399.9	2,618.0	3,017.9	25.0	234.5	259.5	3,277.4	560.0
	Q2	0.0	457.0	2,695.3	3,152.3	25.1	233.9	259.1	3,411.4	603.8
	Q3	0.0	368.2	2,695.3	3,063.5	27.1	234.1	261.2	3,324.7	616.3
	Q4	0.0	354.9	2,753.3	3,108.3	24.8	237.4	262.2	3,370.4	628.4
2008	Q1	23.3	340.6	2,753.4	3,093.9	19.7	218.7	238.4	3,355.6	688.3
	Q2	26.7	419.7	2,843.8	3,263.5	19.1	218.7	237.8	3,528.0	695.0

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

1. All data in this News Release are in line with the European System of Accounts (ESA 95) Manual (ISBN92-827-7954-8). This system of accounts is mandatory for all EU Member States.
2. All data in this release should be considered as provisional and therefore subject to revision.
3. In order to achieve consistency with Council Regulation 2516/2000, the method of recording of main tax revenues (VAT, Income Tax and Social Security Contributions) has been revised to 'time-adjusted cash'. Data has been revised backward to 2004. The revision is explained in greater detail in NSO News Release No 185 of 2008 (General Government Debt and Deficit under Maastricht Treaty - Second Reporting for 2008).

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.

Subsidies (D3) are current unrequited payments made by general government to resident producers with the objective of influencing their levels of production, their prices, or the remuneration of the factors of production. Subsidies are not payable to final consumers; and any current transfers made by government directly to households as consumers are treated as social benefits.

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) consist 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.

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).

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. This component is included in Gross Fixed Capital Formation.