

News Release



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Compiled by:

Government Finance Unit
Economic Statistics Division
e-mail: govtfinance.nso@gov.mt
Tel: 25997241

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Government Finance

General Government Debt and Deficit under Maastricht Treaty First Reporting for 2008

General Government deficit for 2007 is estimated at €95.8 million, or 1.8% of GDP.

On 27 March Malta submitted to the Commission its reporting on government deficit and debt levels for the years 2004 – 2008. This was done in accordance with Council Regulation (EC) No 3605/93, and subsequent amendments, as well as in accordance with the Code of Best Practice adopted by the Ecofin Council of 18 February 2003.

Debt and Deficit Positions (Table 1)

In 2007, General Government net borrowing (or deficit) was estimated at €95.8 million, down from a deficit of €129.2 million for 2006. In 2007, general government deficit was equivalent to 1.8% of GDP, compared to 2.5% for 2006.

At the end of 2007, the General Government nominal gross consolidated debt amounted to €3,368.1 million, or 62.6% of GDP, compared to €3,253.3 million, or 64.2% for 2006.

Updates

The previous Government Deficit and Debt Reporting had been transmitted to the Commission on 30 September 2007, and was reported in NSO News Release No 167 dated 22 October 2007.

Compared to the 30th September reporting, the deficit for 2004 has been revised downwards to €208.0 million from €217.8 million. This revision was the result of more complete information in respect of the EBU component of Central Government. The deficit for 2005 also improved by €4.9 million mainly due to updates in the accruals data, while the estimated deficit for 2006 increased by a marginal €1.7 million to €129.2 million.

No statistically significant revisions to the aggregate General Government debt levels were recorded.

EDP Consolidated Inventory

A detailed EDP Consolidated Inventory of Sources and Methods has been uploaded on the NSO website. This document includes a description of sources and methods that are used in compiling the Deficit and Debt Notification, and may be accessed at <http://www.nso.gov.mt/site/page.aspx?pageid=395>.

EBUs that form part of the General Government sector are listed on page 4 ■

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

[EUROSTAT Website/Homepage/Economy and finance/Data](http://europa.europa.eu/eurostat/Website/Homepage/Economy_and_finance/Data)

- >Economy and finance
 - >Government statistics
 - >Government deficit and debt

For further assistance send a request from:

http://www.nso.gov.mt/adhoc/adhoc_contact_details.aspx

National Statistics Office
Library & Information Unit
Lascaris, Valletta CMR 02, Malta
Tel: (+356) 25997219
Fax: (+356) 25997205
e-mail: nso@gov.mt
<http://www.nso.gov.mt>

Table 1. General Government Deficit and Debt Data: 2004 - 2007

	2004	2005	2006	2007
	€ thousands			
General Government deficit (-) / surplus (+)	-208,022	-141,228	-129,156	-95,778
Central Government	-208,489	-142,448	-128,769	-95,390
Local Government	466	1,220	-388	-388
as a % of GDP	4.6	3.0	2.5	1.8
General Government Debt	3,249,323	3,354,543	3,253,282	3,368,118
Central Government	3,247,736	3,352,841	3,251,002	3,365,450
Local Government	1,587	1,702	2,280	2,667
as a % of GDP	72.6	70.4	64.2	62.6
GDP	4,474,671	4,762,630	5,066,542	5,377,324

Source of GDP data: 2004-2007 News Release 39/2008 dated 10 March 2008

Chart 1. General Government Deficit as a % of GDP

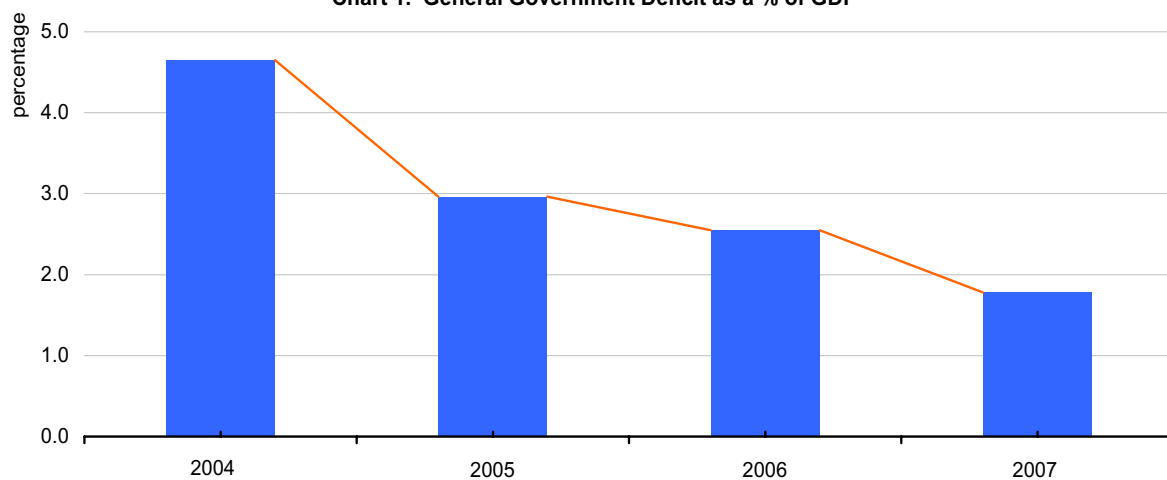


Chart 2. General Government Debt as a % of GDP

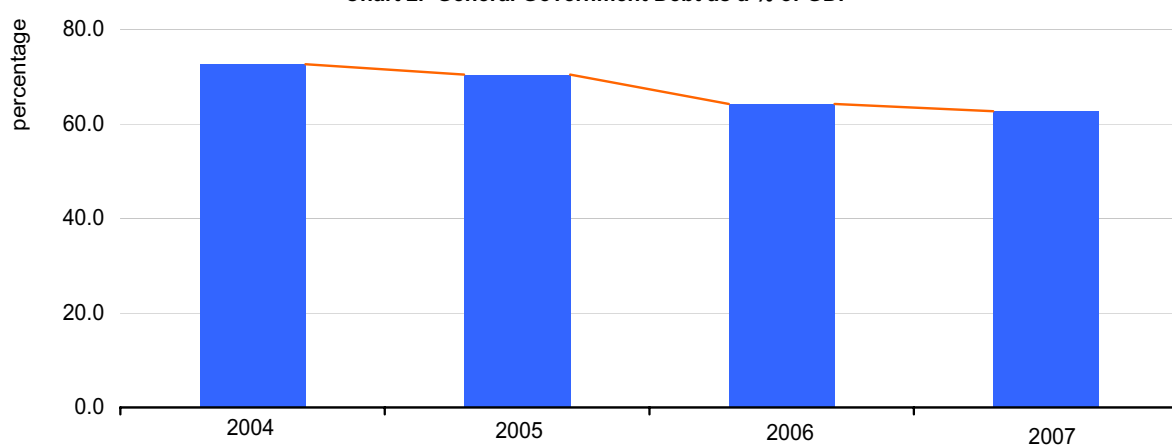


Table 2. Transition between Consolidated Fund Deficit and General Government Deficit

	2004	2005	2006	2007
	€ thousands			
Structural Deficit of Consolidated Fund Transactions	-219,003	-175,434	-134,761	-109,133
<i>as a % of GDP</i>	4.9	3.7	2.7	2.0
Adjustments to the Consolidated Fund:				
Loans granted (+)	0	0	0	0
Loans repayments (-)	-266	-699	-699	-1,165 ¹
Equities, acquisitions (+)	28	28	0	0 ²
Equities, sales (-)	0	0	0	0
Other financial transactions	-3,396	-1,575	-1,724	-11,367 ³
Difference interest paid (+) and interest accrued (-)	-3,599	-1,977	1,882	-5,088 ⁴
Other accounts receivable (+) and payable (-)	9,826	-6,749	58	262 ⁵
Net Borrowing (-) / Net Lending (+) of public entities forming part of Central Government	3,541	16,677	-7,062	-12,313 ⁶
Other adjustments (+/-)				
Treasury Clearance Fund flows in deposits accounts	-1,868	26,355	23,292	5,558
Treasury Clearance Fund flows in advance accounts	1,770	18,949	9,655	9,621
Treasury Clearance Fund flows in unallocated stores	40	2,527	829	0
Sinking Fund interests' received	4,437	4,120	5,231	7,719
Adjustment Stock premium proceeds	0	-22,514	-1,478	-3,476
Time Adjustment re Sale of Land	0	0	-23,993	23,993 ⁷
Loan Write-off	0	-149	0	0
Debt Cancellation	0	-1,270	0	0
Privatisation expenses	0	-737	0	0
Net Borrowing (-) / Net Lending (+) of Central Government (S.1311)	-208,489	-142,448	-128,769	-95,390
Net Borrowing (-) / Net Lending (+) of Local Government (S.1313)	466	1,220	-388	-388 ⁸
Net Borrowing (-) / Net Lending (+) of General Government (S.13)	-208,022	-141,228	-129,156	-95,778
<i>as a % of GDP</i>	4.6	3.0	2.5	1.8
GDP	4,474,671	4,762,630	5,066,542	5,377,324

Explanatory Notes:

1. Repayments of loans made by Water Services Corporation.
2. Acquisition of shares in European Bank for Reconstruction and Development (subscription shares).
3. Non-trading profits included in Central Bank of Malta transfers to Government. For 2007, it includes also privatisation receipts amounting to €10.0 million.
4. Difference between the interest paid and accrued of the Treasury Bills, Malta Government Stocks and Foreign Loans.
5. Accruals adjustment: from 2005 including all budgetary central government.
6. The net borrowing (-) / net lending (+) of the extra budgetary units forming part of the central government sector (based on a delimitation exercise).
7. Although this amount was received in 2006, according to ESA95 rules revenue is accounted for after the actual transfer of ownership of the land.
8. The net borrowing (-) / net lending (+) of the 68 local councils.

Source of GDP data: 2004-2007 News Release 39/2008 dated 10 March 2008.

Extra Budgetary Units as at 31st March, 2008

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

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).

ADDITIONAL NOTES

1. Within the context of this exercise, 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 contained in this release may be reviewed. Figures may not add up due to rounding.