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The General Government deficit for 2014 stood at €168.3 million, or 2.1 per cent of GDP. The gross consolidated debt amounted to €5,417.4 million or 68.0 per cent of GDP.

General Government Debt and Deficit under the Maastricht Treaty: First Reporting for 2015

Deficit and Debt positions

In 2014, General Government net borrowing (or deficit) went down by €26.1 million from €194.4 million recorded in 2013. General Government deficit was equivalent to 2.1 per cent of GDP, down from 2.6 per cent for 2013. General Government debt amounted to €5,417.4 million, an increase of €176.2 million from 2013 and stood at 68.0 per cent of GDP (Table 1).

2014 data

In order to arrive at the General Government Sector's deficit for 2014, adjustments are made to the balance of the Government's Consolidated Fund, which amounted to a deficit of €121.3 million. The major positive adjustments included the treasury clearance fund (€35.9 million) and time-adjusted cash transactions (€13.5 million). On the other hand, the main negative adjustments were other accounts receivable and payable (€67.1 million), the equity injection to the national air carrier (€15.0 million), debt assumption (€5.8 million), the adjustment for stock premium proceeds (€4.8 million) and the difference between interest paid and interest accrued (€3.7 million) (Table 2).

Reporting and updates

On 30 March, Malta submitted its report on government deficit and debt levels for the years 2011-2014. This was done in accordance with Council Regulation (EC) No. 479/2009, as amended, as well as in accordance with the Code of Best Practice adopted by the Ecofin Council on 18 February 2003.

Compared to the previous submission of 30 September 2014, the deficit of the General Government for 2013 was revised upwards by €7.6 million, of this amount, €7.3 million was related to updated data sources, mainly in other accounts receivable and payable and the availability of audited financial statements for both EBUs and Local Councils. In addition, other changes had a positive impact of €0.3 million. A downward revision of €4.2 million was reported in 2011 due to updated data sources.

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As regards General Government debt, data for 2013 were revised upwards by €0.3 million while 2011 and 2012 remained unchanged.

Stock flow adjustment

In 2014, a positive stock flow adjustment of 0.1 per cent of GDP means that the debt increased more than implied by the deficit. This rise in debt was the result of lower utilisation of liquidity and hence higher holdings of currency and deposits. Moreover, an increase in loans and shares and other equity, which do not appear in the deficit figures, also contributed to a higher SFA. Conversely, this increase was partially outweighed by lower other accounts receivable and payable and a decline in other adjustments (Table 3) ■

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The advance release calendar may be consulted at www.nso.gov.mt

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Table 1. General Government Deficit and Debt data: 2011-2014

	2011	2012	2013	2014
	€000			
General Government deficit (-) / surplus (+)	-177,767	-263,705	-194,402	-168,295
Central Government	-176,964	-261,707	-192,189	-166,048
Local Government	-803	-1,998	-2,213	-2,246
as a % of GDP	2.6	3.6	2.6	2.1
General Government Debt	4,809,050	4,871,967	5,241,287	5,417,449
Central Government	4,805,126	4,867,860	5,237,415	5,413,521
Local Government	3,925	4,108	3,872	3,928
as a % of GDP	69.7	67.4	69.2	68.0
GDP	6,902,572	7,225,954	7,571,382	7,961,484

Source of GDP data: News Release 46/2015 dated 9 March 2015.

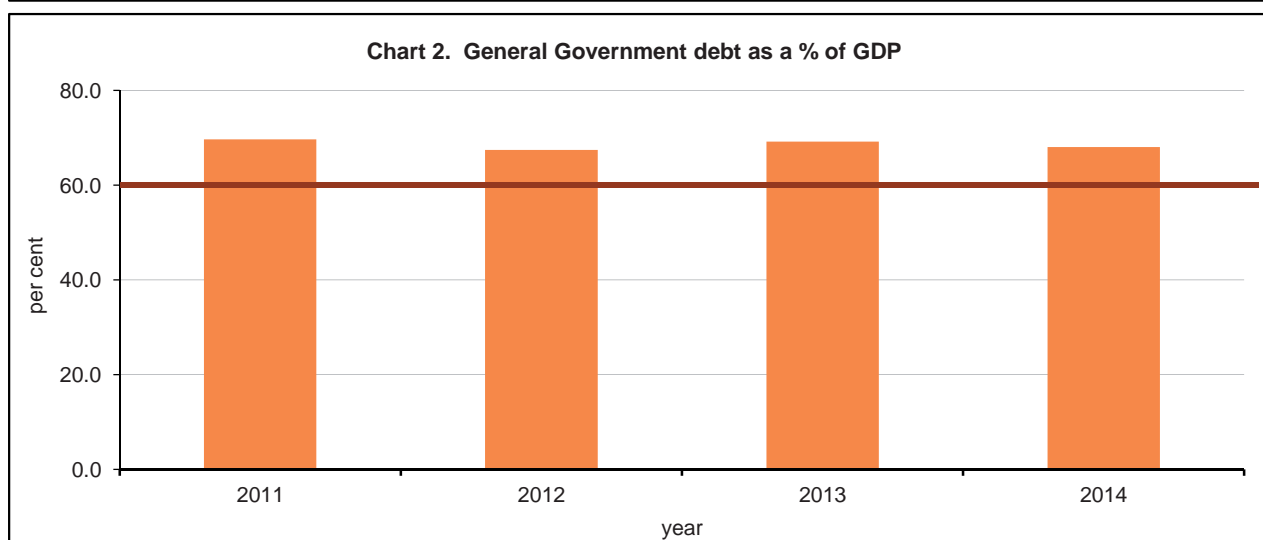
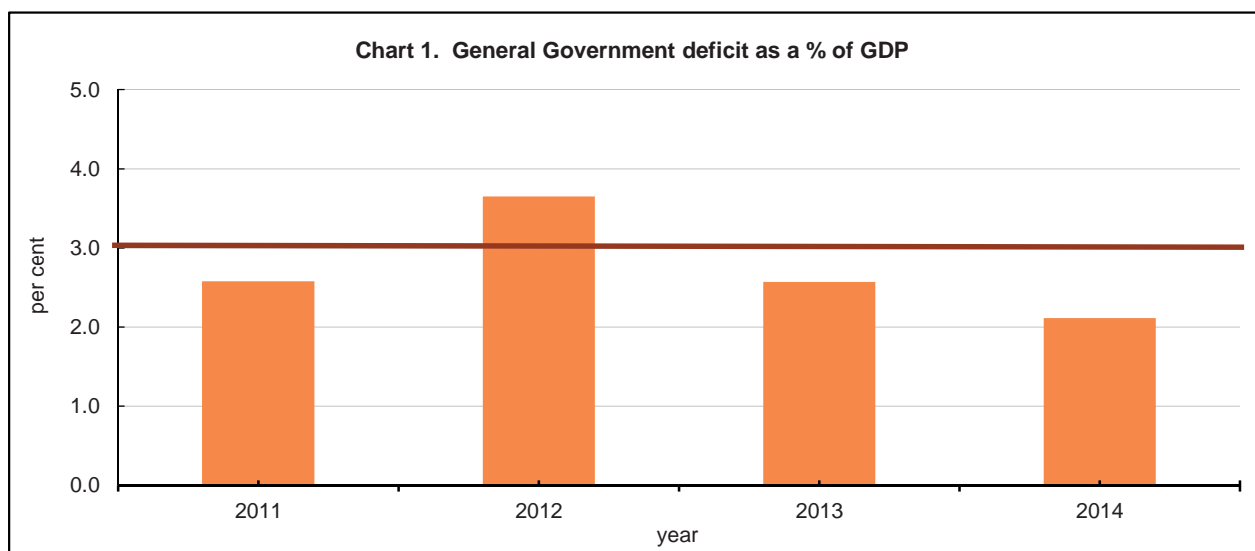


Table 2. Transition between Consolidated Fund and General Government sector

	2011	2012	2013	2014
	€ 000			
Structural Deficit of Consolidated Fund Transactions	-218,610	-342,276	-223,135	-121,306
<i>as a % of GDP</i>	3.2	4.7	2.9	1.5
Adjustments to the Consolidated Fund:				
Equities, acquisitions (+)	250	686	0	0
Equities, sales (-)	0	0	0	0
Other financial transactions	-7,421	0	-983	0
Difference between interest paid (+) and interest accrued (-)	2,320	-2,275	1,459	-3,640
Other accounts receivable (+) and payable (-)	-15,600	54,169	38,094	-67,149
Time-adjusted cash transactions	39,864	40,179	41,943	13,478
Net Borrowing (-) / Net Lending (+) of Extra Budgetary Units	-6,135	-6,772	-13,085	-720
Other adjustments (+/-)				
Treasury Clearance Fund flows in non-financial transactions	24,576	14,415	4,891	35,862
Sinking Fund interests' received	1,379	2,085	2,335	1,981
Interest received not included in consolidated fund	318	112	-2,775	5
Interest receivable	2,931	-2,563	156	621
Adjustment Stock premium proceeds	-1,128	-249	-1,579	-4,768
EFSF re-routing	292	781	514	411
Equity injection	0	-20,000	-40,024	-14,980
Debt assumption	0	0	0	-5,843
Net Lending (+) / Net Borrowing (-) of Central Government (S.1311)	-176,964	-261,707	-192,189	-166,048
Net Lending (+) / Net Borrowing (-) of Local Government (S.1313)	-803	-1,998	-2,213	-2,246
Net Lending (+) / Net Borrowing (-) of General Government (S.13)	-177,767	-263,705	-194,402	-168,295
<i>as a % of GDP</i>	2.6	3.6	2.6	2.1

1. News Release 61/2015 dated 30 March 2015. The deficit includes the equity injection to the national air carrier.
2. Acquisition of shares in international agencies.
3. Non-trading profits included in Central Bank of Malta transfers to Government.
4. Difference between the interest paid and accrued of the Treasury Bills, Malta Government Stocks and Foreign Loans.
5. Accruals adjustment: including all Budgetary Central Government.
6. In line with Council Regulation 2516/2000, the method of recording of taxes and social contributions is the time-adjusted method.
7. The aggregated net borrowing (-) / net lending (+) of the extra budgetary units forming part of the Central Government Sector.
8. Re-routed operations of the European Financial Stability Facility.
9. Debt assumption in relation to the liquidation of Sea Malta Co Ltd.
10. The aggregated net borrowing (-) / net lending (+) of the 68 local councils, 5 Regional Committees and Local Councils Association.

Table 3. Composition of stock flow adjustment

	2011	2012	2013	2014
	as a % of GDP			
General Government deficit (-) / surplus (+)	-2.6	-3.6	-2.6	-2.1
Change in General Government debt	5.0	0.9	4.9	2.2
Stock flow adjustment	2.4	-2.8	2.3	0.1
<i>consisting of:</i>				
Assets - Currency and Deposits (F2)	0.9	-3.2	-0.3	0.7
Assets - Loans (F4)	1.2	1.7	0.5	0.1
Assets - Equity and investment fund shares (F5)	0.2	0.5	0.4	0.1
Other accounts receivable / payable (F8)	-0.1	1.0	1.8	-0.7
Other adjustments	0.1	-2.8	-0.0	-0.2

Extra Budgetary Units as at 31 December 2014

	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 Information Technology Agency	63
Employment and Training Corporation	78	Malta Philharmonic Orchestra	90
Environment Protection Fund	84	Malta Resources Authority	84
Foundation for Educational Services	84	Malta Statistics Authority	84
Foundation for Medical Services	84	Malta Tourism Authority	84
Foundation for Tomorrow's Schools	84	Manoel Theatre Management Committee	90
Gozo Ferries Co Ltd	77	Medicines Authority	84
Grand Harbour Regeneration Corporation	71	MEPA	84
Heritage Malta	91	MIMCOL	84
Housing Authority	84	Mount Carmel Hospital	87
Identity Malta	84	National Audit Office	84
Industrial Projects and Services Ltd	78	National Commission Persons with Disability	84
International Institute on Ageing	85	Occupational Health and Safety Authority	84
Karin Grech Rehabilitation Centre	86	Office of the Ombudsman	84
Kunsill Malti għall-Isport	93	Property Management Services	84
Malta College of Arts, Science and Technology	85	Sapport	88
Malta Communications Authority	84	Sedqa - Agency against Drug and Alcohol Abuse	88
Malta Competition and Consumer Affairs Authority	84	St James Cavalier Creativity Centre	90
Malta Council for Culture and the Arts	90	Superintendence of Cultural Heritage	84
Malta Council for Economic and Social Development	84	University of Malta	85
Malta Council for Science and Technology	84	Valletta 2018 Foundation	84
Malta Enterprise Corporation	84	WasteServ Malta Ltd	38
Malta Gaming Authority	84		

Notes:

1. This list does not include entities which are already accounted for within the Departmental Accounting System (DAS) of Central Government.
2. 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 2010 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.
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 2010 Manual on Government Deficit and Debt (2014 edition); which is in turn based on the European System of National and Regional Accounts (ESA 2010). 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 Stock Flow Adjustment (SFA) is the difference between the change in the stock of Government debt and the flow of annual Government deficit/surplus. Deficits normally contribute to an increase in debt levels, while surpluses reduce them. However, the change in government debt also reflects other elements.
6. The EDP Consolidated Inventory of Sources and Methods currently available on the NSO website describes the sources and methods of the ESA 1995 series. The updated EDP inventory in ESA 2010 will be available by December 2015.
7. The data contained in this release may be revised. Figures may not add up due to rounding.
8. More information relating to this news release may be accessed at:

Statistical Concepts: <http://nso.gov.mt/metadata/concepts.aspx>

Metadata: <http://nso.gov.mt/metadata/reports.aspx?id=2>

Statistical Database: <http://nso.gov.mt/statdb/start>

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

[EUROSTAT Website/Homepage/Statistics Database](#)

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