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The General Government deficit for 2015 stood at €129.0 million, or 1.5 per cent of GDP. The gross consolidated debt amounted to €5,620.7 million or 63.9 per cent of GDP.

General Government Debt and Deficit under the Maastricht Treaty: First Reporting of 2016

Deficit and Debt positions

In 2015, General Government deficit went down by €34.4 million from €163.4 million recorded in 2014. Last year, General Government deficit was equivalent to 1.5 per cent of GDP, down from 2.0 per cent in 2014.

At the end of 2015, the General Government nominal gross consolidated debt amounted to €5,620.7 million, an increase of €198.8 million from 2014 and stood at 63.9 per cent of GDP. In 2014, the General Government debt stood at 67.1 per cent of GDP (Table 1).

2015 data

In order to arrive at the General Government Sector's deficit for 2015, adjustments were made to the balance of the Government's consolidated fund, which amounted to a deficit of €232.8 million. The major positive adjustments included the other accounts receivable and payable (€107.9 million) and the treasury clearance fund (€55.5 million). On the other hand, the main negative adjustments were the equity injection to the national air carrier (€43.0 million), the adjustment of the stock premium proceeds (€8.8 million), the net borrowing of Extra Budgetary Units (€6.8 million) and the time-adjusted cash transactions (€3.8 million) (Table 2).

Reporting and updates

On 30 March, Malta submitted its report on government deficit and debt levels for the years 2012-2015. This was done in accordance with Council Regulation (EC) No. 479/2009, as amended by Commission Regulation (EU) No. 220/2014, 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 2015, the deficit of the General Government was revised for all the years under review with a total downward revision of €1.2 million in 2012, €0.6 million in 2013 and €5.2 million in 2014. For 2014, the availability of audited accounts for Extra Budgetary Units and Local Government resulted in a downward revision in the deficit of the General Government of €2.8 million and €0.6 million respectively, as well as the updated data sources with regards to other accounts receivable and payable of €1.8 million. As regards General Government debt, the 2013 and 2014 data were marginally revised upwards by €0.2 million and €0.4 million respectively, due to the availability of audited accounts of the Extra Budgetary Units.

Compiled by:

Unit A2: Public Finance

Further information on data: **Stock Flow Adjustment (SFA)**

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In 2015, a positive SFA of 0.8 per cent of GDP means that the debt increased more than implied by the deficit. The positive SFA was the result of a higher other accounts receivable and payable mainly on account of higher EU funds receivable which positively impacted the deficit. Conversely, this increase was partly outweighed by lower loans, currency and deposits and equity and investment fund shares (Table 3) ■

Kindly indicate source when quoting from this release.

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

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Table 1. General Government deficit/surplus and debt data

	2012	2013	2014	2015
	€000			
General Government deficit (-) / surplus (+)	-256,140	-197,936	-163,441	-128,999
Central Government	-254,142	-195,781	-165,499	-130,102
Local Government	-1,998	-2,155	2,058	1,103
as a % of GDP	-3.5	-2.6	-2.0	-1.5
General Government Debt	4,872,461	5,245,202	5,421,860	5,620,668
Central Government	4,868,353	5,240,989	5,417,659	5,616,375
Local Government	4,108	4,213	4,200	4,292
as a % of GDP	67.5	68.6	67.1	63.9
GDP	7,217,945	7,650,097	8,084,143	8,796,491

Source of GDP data: News Release 41/2016 dated 8 March 2016.

Chart 1. General Government deficit as a % of GDP

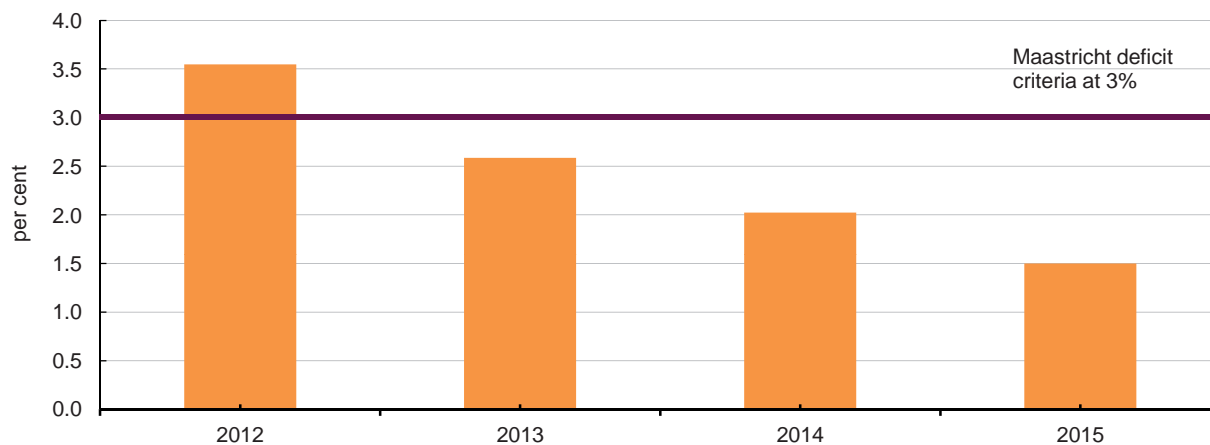


Chart 2. General Government debt as a % of GDP

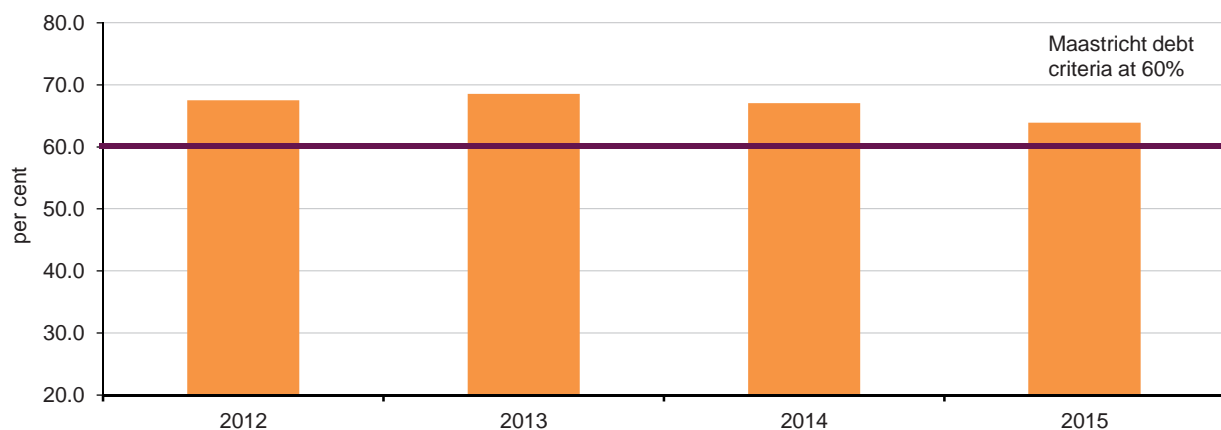


Table 2. Transition between Consolidated Fund and General Government sector

	2012	2013	2014	2015
	€000			
Consolidated Fund Surplus/Deficit	-342,276	-223,135	-121,306	-232,835
as a % of GDP	-4.7	-2.9	-1.5	-2.6
Adjustments to the Consolidated Fund:				
Loans, repayments (-)	0	0	0	-2,013
Equities, acquisitions (+)	686	0	0	0
Equities, sales (-)	0	0	0	0
Other financial transactions	0	-983	0	-1,000
Difference between interest paid (+) and interest accrued (-)	-2,275	1,459	-3,640	881
Other accounts receivable (+) and payable (-)	55,499	38,774	-62,527	107,906
Time-adjusted cash transactions	40,179	41,943	13,478	-3,779
Extra Budgetary Units deficit (-) / surplus (+)	-4,440	-13,442	-4,672	-6,797
Other adjustments (+/-)				
Treasury Clearance Fund flows in non-financial transactions	18,319	976	35,971	55,502
Sinking Fund interests' received	2,085	2,335	1,981	3,738
Interest received not included in consolidated fund	112	-2,775	5	0
Interest receivable	-2,563	156	621	1,035
Adjustment Stock premium proceeds	-249	-1,579	-4,998	-8,796
EFSF re-routing	781	514	411	258
Equity injection	-20,000	-40,024	-14,980	-43,012
Debt assumption	0	0	-5,843	0
Other	0	0	0	-1,189
Central Government deficit (-) / surplus (+) (S.1311)	-254,142	-195,781	-165,499	-130,102
Local Government deficit (-) / surplus (+) (S.1313)	-1,998	-2,155	2,058	1,103
General Government deficit (-) / surplus (+) (S.13)	-256,140	-197,936	-163,441	-128,999
as a % of GDP	-3.5	-2.6	-2.0	-1.5

1. News Release 54/2016 dated 30 March 2016. The latter includes the equity injection to the national air carrier.
2. Acquisition of shares in international agencies.
3. Superdividend test - Dividends paid out of accumulated reserves.
4. Difference between the interest paid and accrued of the Treasury Bills, Malta Government Stocks and Foreign Loans.
5. Accruals adjustment for all the Budgetary Central Government. Includes amongst which: Treasury Department accrual templates, adjustment for EU Funds neutrality, church stock adjustment and emission trading permits.
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

	2012	2013	2014	2015
	as a % of GDP			
General Government deficit (-) / surplus (+)	-3.5	-2.6	-2.0	-1.5
Change in General Government debt	0.9	4.9	2.2	2.3
Stock flow adjustment	-2.7	2.3	0.2	0.8
<i>consisting of:</i>				
Assets - Currency and Deposits (F2)	-3.1	-0.3	0.9	-0.3
Assets - Loans (F4)	1.7	0.5	0.1	-0.6
Assets - Equity and investment fund shares (F5)	0.6	0.3	0.2	-0.1
Other accounts receivable / payable (F8)	1.0	1.8	-0.9	1.8
Other adjustments	-2.8	-0.1	-0.2	0.0

Note: Totals may not add up due to rounding.

Extra Budgetary Units as at 31 December 2015

	NACE CODE		NACE CODE
Appoġġ	88	Malta Government Technology Investments Ltd	84
Bord Tal-Koperattivi	84	Malta Information Technology Agency	63
Broadcasting Authority	84	Malta Investment Management Co. Ltd	84
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	Mount Carmel Hospital	87
Heritage Malta	91	National Audit Office	84
Housing Authority	84	National Commission Persons with Disability	84
Identity Malta	84	Occupational Health and Safety Authority	84
Industrial Projects and Services Ltd	78	Office of the Ombudsman	84
International Institute on Ageing	85	Projects Malta Ltd	84
Kunsill Malti għall-Isport	93	Property Management Services	84
Malta College of Arts, Science and Technology	85	Regulator for Energy and Water Services	84
Malta Communications Authority	84	Sapport	88
Malta Competition and Consumer Affairs Authority	84	Sedqa - Agency against Drug and Alcohol Abuse	88
Malta Council for Culture and the Arts	90	St James Cavalier Creativity Centre	90
Malta Council for Economic and Social Development	84	Superintendence of Cultural Heritage	84
Malta Council for Science and Technology	84	The Rehabilitation Hospital Karin Grech	86
Malta Enterprise Corporation	84	University of Malta	85
Malta Environment and Planning Authority	84	Valletta 2018 Foundation	84
Malta Gaming Authority	84	WasteServ Malta Ltd	38
Malta Government Investments Ltd	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 new version of the EDP Consolidated Inventory of Sources and Methods in ESA 2010 is available on the NSO website. The document may be accessed at:
http://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Pages/Government-Debt-and-Deficit-under-the-Maastricht-Treaty.aspx
7. Malta's official EDP notification tables are available on the excel version of this news release:
http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A2/Public_Finance/Pages/Government-Debt-and-Deficit-under-the-Maastricht-Treaty.aspx
8. The data contained in this release may be revised. Figures may not add up due to rounding.
9. 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](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

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