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The General Government deficit for 2015 stood at €120.3 million, or 1.4 per cent of GDP. The gross consolidated debt amounted to €5,621.9 million or 64.0 per cent of GDP.

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

### Deficit and Debt positions

In 2015, General Government net borrowing (or deficit) went down by €45.7 million from €165.9 million recorded in 2014. Last year, the General Government deficit was equivalent to 1.4 per cent of GDP, down from 2.1 per cent recorded in 2014.

At the end of 2015, the General Government nominal gross consolidated debt amounted to €5,621.9 million, an increase of €200.8 million over 2014, while the debt-to-GDP ratio declined to 64.0 per cent from 67.0 per cent in 2014 (Table 1).

### 2015 data

In order to arrive at the General Government Sector's deficit for 2015, adjustments are 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 (€108.5 million) and the treasury clearance fund (€55.5 million). Conversely, the main negative adjustments were the Equity injection to the national air carrier (€43.0 million), the Difference between interest paid and accrued (€7.9 million) and the Time-adjusted cash transactions (€3.8 million) (Table 2).

### Reporting and updates

On 30 September, 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 March 2016, the deficit of the General Government was revised for all the years under review with a total upward revision of €5.3 million in 2012, €1.2 million in 2013 and €2.6 million in 2014 and a downward revision of €8.7 million in 2015. The revisions in 2012-2014 were due to the availability of audited accounts for Extra Budgetary Units. For 2015, the availability of audited accounts for Local Councils and Extra Budgetary Units resulted in a downward revision in the deficit of €4.5 million and €4.7 million respectively. On the other hand, the Other accounts receivable/payable was revised upwards by 0.4 million. With regards to General Government debt, data was revised marginally for 2013 (+€1.1 million), 2014 (-€0.7 million) and 2015 (+€1.3 million).

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### Stock Flow Adjustment (SFA)

In 2015, a positive SFA of 0.9 per cent of GDP was recorded. This means that the debt increased more than implied by the deficit of 1.4 per cent, suggesting that changes in government debt are also attributable to other elements. This rise in debt was mainly the result of higher other accounts receivable and payable, particularly on account of higher EU funds receivable and holdings of currency and deposits. On the other hand, this increase was partially outweighed by lower loans and equity and other adjustments (Table 3) ■

Kindly indicate source when quoting from this release.

The advance release calendar may be consulted at [www.nso.gov.mt](http://www.nso.gov.mt)

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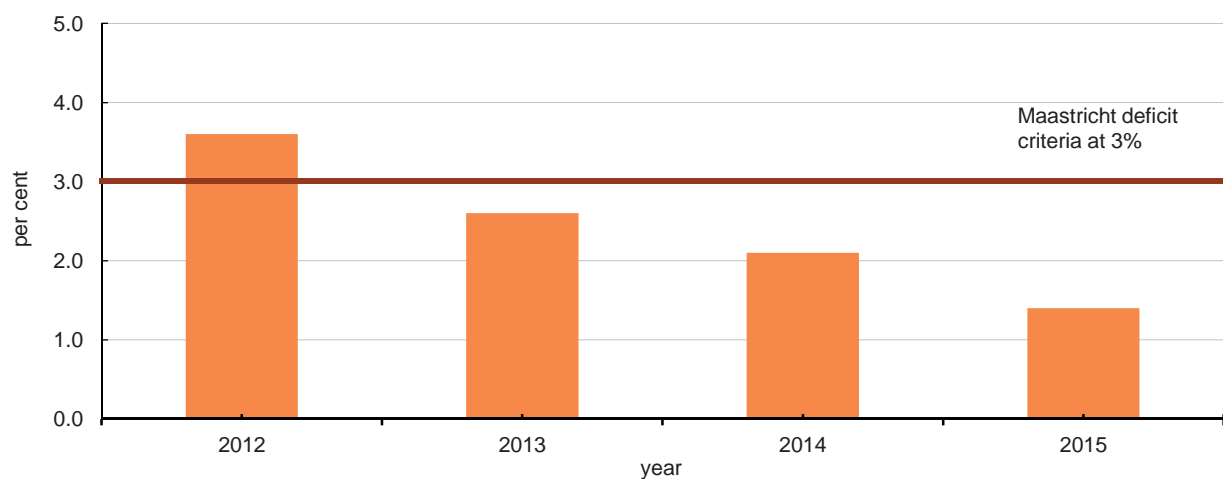
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**Table 1. General Government deficit and debt data**

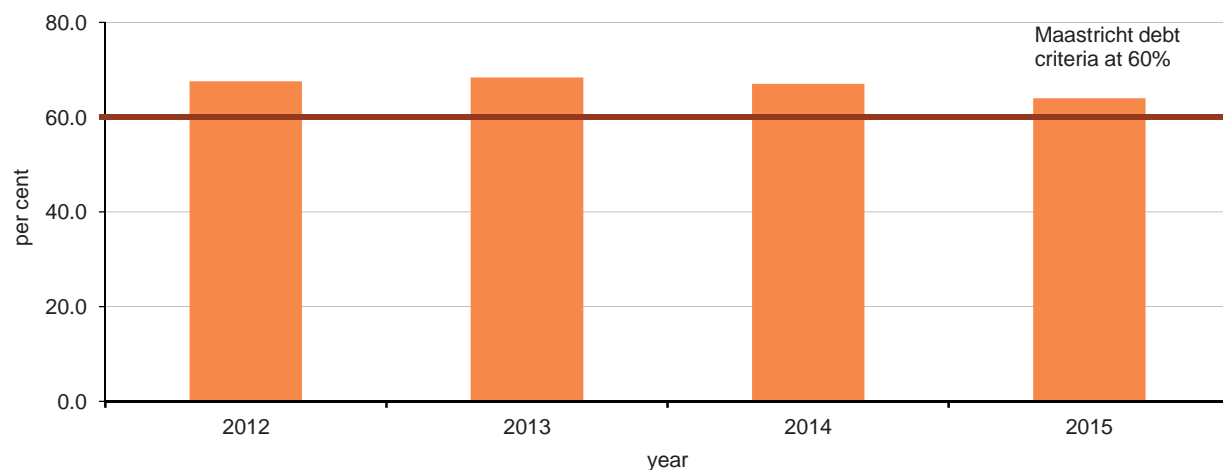
	2012	2013	2014	2015
	€000			
<b>General Government deficit (-) / surplus (+)</b>	<b>-261,487</b>	<b>-199,141</b>	<b>-165,947</b>	<b>-120,269</b>
Central Government	-259,489	-196,979	-168,063	-125,860
Local Government	-1,998	-2,162	2,117	5,591
<b>as a % of GDP</b>	<b>-3.6</b>	<b>-2.6</b>	<b>-2.1</b>	<b>-1.4</b>
<b>General Government Debt</b>	<b>4,872,461</b>	<b>5,246,278</b>	<b>5,421,141</b>	<b>5,621,939</b>
Central Government	4,868,353	5,242,065	5,416,943	5,618,206
Local Government	4,108	4,213	4,198	3,733
<b>as a % of GDP</b>	<b>67.6</b>	<b>68.4</b>	<b>67.0</b>	<b>64.0</b>
GDP	7,208,750	7,671,329	8,092,894	8,788,351

Source of GDP data: News Release 142/2016 dated 6 September 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				
<b>Structural Deficit of Consolidated Fund Transactions</b>	<b>-342,276</b>	<b>-223,135</b>	<b>-121,306</b>	<b>-232,835</b>	<sup>1</sup>
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	<sup>2</sup>
Equities, sales (-)	0	0	0	0	
Other financial transactions	0	-983	0	-1,000	<sup>3</sup>
Difference between interest paid (+) and interest accrued (-)	-2,524	-120	-8,638	-7,915	<sup>4</sup>
Other accounts receivable (+) and payable (-)	52,936	38,931	-61,905	108,504	<sup>5</sup>
Time-adjusted cash transactions	40,179	41,943	13,478	-3,779	<sup>6</sup>
Net Borrowing (-) / Net Lending (+) of Extra Budgetary Units	-9,788	-14,640	-7,236	-2,119	<sup>7</sup>
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	
EFSF re-routing	781	514	411	258	<sup>8</sup>
Equity injection	-20,000	-40,024	-14,980	-43,012	
Debt assumption	0	0	-5,843	0	<sup>9</sup>
Other	0	0	0	-1,189	
Net Lending (+) / Net Borrowing (-) of Central Government (S.1311)	-259,489	-196,979	-168,063	-125,860	
Net Lending (+) / Net Borrowing (-) of Local Government (S.1313)	-1,998	-2,162	2,117	5,591	<sup>10</sup>
<b>Net Lending (+) / Net Borrowing (-) of General Government (S.13)</b>	<b>-261,487</b>	<b>-199,141</b>	<b>-165,947</b>	<b>-120,269</b>	
as a % of GDP	-3.6	-2.6	-2.1	-1.4	

1. News Release 54/2016 dated 30 March 2016. This deficit 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. Includes the adjustment of the premium apportionment of the Malta Government Stocks.
5. Accruals adjustment for all the Budgetary Central Government. Includes amongst which: Treasury Department accrual templates, adjustment for EU Funds neutrality, church stock adjustment, emission trading permits and interest receivable.
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 (+)	-3.6	-2.6	-2.1	-1.4
Change in General Government debt	0.9	4.9	2.2	2.3
<b>Stock flow adjustment</b>	<b>-2.8</b>	<b>2.3</b>	<b>0.1</b>	<b>0.9</b>
<i>consisting of:</i>				
Assets - Currency and Deposits (F2)	-3.2	-0.2	1.0	0.5
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	1.7	-1.0	1.2
Other adjustments	-2.9	0.0	-0.2	-0.1

Note: Totals may not add up due to rounding.

Extra Budgetary Units as at 31 December 2015

	NACE CODE		NACE CODE
Arts Council Malta	90	Malta Information Technology Agency	63
Appoġġ	88	Malta Investment Management Co. Ltd	84
Bord Tal-Koperattivi	84	Malta Philharmonic Orchestra	90
Broadcasting Authority	84	Malta Resources Authority	84
Environment Protection Fund	84	Malta Statistics Authority	84
Fort Security Services Ltd	84	Malta Tourism Authority	84
Foundation for Educational Services	84	Manoel Theatre Management Committee	90
Foundation for Medical Services	84	Medicines Authority	84
Foundation for Tomorrow's Schools	84	Mental Health Services	87
Gozo Ferries Co. Ltd	77	National Audit Office	84
Grand Harbour Regeneration Corporation	71	National Commission Persons with Disability	84
Health Change Management Unit	84	Occupational Health and Safety Authority	84
Heritage Malta	91	Office of the Ombudsman	84
Housing Authority	84	Projects Malta Ltd	84
Identity Malta	84	Property Management Services	84
International Institute on Ageing	85	Regulator for Energy and Water Services	84
Jobsplus	78	Resources Support and Services Ltd	78
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	SportMalta	93
Malta Council for Economic and Social Development	84	St James Cavalier Creativity Centre	90
Malta Council for Science and Technology	84	Superintendence of Cultural Heritage	84
Malta Enterprise Corporation	84	The Rehabilitation Hospital Karin Grech	86
Malta Environment and Planning Authority	84	University of Malta	85
Malta Gaming Authority	84	Valletta 2018 Foundation	84
Malta Government Investments Ltd	84	WasteServ Malta Ltd	38
Malta Government Technology Investments Ltd	84	Yachting Malta Ltd	73

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](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](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/)

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