

In 2021, the General Government registered a deficit of €1,142.9 million, equivalent to 7.8 per cent of GDP. The General Government debt amounted to €8,267.8 million or 56.3 per cent of GDP.

## General Government Balance and Debt under the Maastricht Treaty: Second Reporting for 2022

### General Government balance and debt position

The deficit of General Government for 2021 amounted to €1,142.9 million, an improvement of €81.9 million over the deficit recorded in the previous year. The balance is calculated as the difference between total revenue (€5,439.4 million) and expenditure (€6,582.3 million) of General Government. When comparing 2021 to 2020, total revenue increased by €646.9 million, while total expenditure increased by €565.0 million. The fiscal results for 2021 were again impacted by the COVID-19 pandemic and subsequent government measures to mitigate the economic, social and health risks associated with the pandemic.

**Table 1. Main Aggregates**

		2018	2019	2020	2021
General Government revenue	€ millions	4,908.2	5,148.0	4,792.5	5,439.4
	% of GDP	37.9	36.6	36.7	37.0
General Government expenditure	€ millions	4,639.7	5,065.8	6,017.3	6,582.3
	% of GDP	35.8	36.1	46.0	44.8
General Government surplus (+) / deficit (-)	€ millions	268.5	82.2	-1,224.8	-1,142.9
	% of GDP	2.1	0.6	-9.4	-7.8
General Government debt	€ millions	5,662.1	5,720.2	6,974.6	8,267.8
	% of GDP	43.7	40.7	53.3	56.3

When measured as a percentage of GDP, the General Government balance was equivalent to a deficit of 7.8 per cent, an improvement of 1.6 percentage points when compared to the deficit of 9.4 per cent that was registered in 2020.

General Government debt increased by €1,293.2 million over 2020 and stood at €8,267.8 million. The debt-to-GDP ratio for 2021 rose to 56.3 per cent from 53.3 per cent in 2020 (Table 1).

### 2021 data

In order to arrive at the General Government sector's negative balance for 2021 of €1,142.9 million, adjustments were made to the balance of the Government's Consolidated Fund (NSO news release 053/2022), which registered a deficit of €1,232.5 million, an improvement of €237.4 million over the deficit recorded in 2020. The adjustments are necessary to shift from the Government's Consolidated Fund to an accrual-based exercise compiled in line with the established methodology. The adjustments also take in consideration the Extra Budgetary Units<sup>1</sup> (EBUs), which are classified within the General Government sector, as well as the Local Government sector. Table 3 provides the transition from the Consolidated Fund to General Government sector.

<sup>1</sup> A list at the end of this news release shows the EBUs which formed part of the General Government sector as at 31 December 2021.

The largest notable positive adjustment is the surplus recorded by the EBUs of €93.2 million, an increase of €34.1 million over 2020, followed by time-adjusted cash transactions (€50.5 million) and the Treasury Clearance Funds (TCF) in non-financial transactions (€15.3 million).

In contrast, the main negative adjustments were related to Other accounts receivable and payable, which amounted to €34.4 million and include the Treasury Department accrual data, the EU funds neutralisation adjustments and the COVID-19 tax deferrals. This was followed by Standardised guarantees (€17.4 million), reflecting the expected called amount of the COVID-19 guarantee scheme, as well as rerouted transactions inside the General Government sector and public-private partnership (PPP) agreements (€9.8 million). Other negative adjustments include the difference between interest paid and accrued (€9.0 million) and Other financial transactions (€8.9 million) (Table 3).

## Reporting and updates

On 30 September 2022, Malta submitted the government deficit and debt levels for the years 2018-2021, as part of the Excessive Deficit Procedure (EDP) Notification. This was done in accordance with Council Regulation (EC) No. 479/2009, as amended by Commission Regulation (EU) No. 220/2014.

When compared to the previous submission of 30 March 2022, the balance of the General Government was revised for 2020 and 2021. The fiscal balance for 2020 was revised upwards, reflecting an upward revision in Other accounts receivable and payable (€13.8 million), which outweighed a downward revision of €1.0 million reflecting the availability of EBUs' and local councils' audited financial statements.

Similarly, the fiscal balance for 2021 was revised upwards by €18.8 million, mainly on account of an upward revision of €41.6 million resulting from the wider availability of EBUs' and local councils' audited financial statements, as well as an upward revision reflecting the latest updates in the new Government's accounting system (€9.8 million). The rerouted transactions and public-private partnership (PPP) agreements were also revised upwards by €2.0 million. These upward revisions were partly outweighed by Other accounts receivable and payable, which was revised downwards by €34.7 million.

The revisions in General Government debt primarily reflect the availability of more audited accounts for EBUs and local councils. Figures were revised downwards by €3.9 million for 2020 and €16.6 million for 2021.

## Stock-Flow Adjustment (SFA)

The SFA, also referred to as the deficit-debt adjustment, captures those transactions or factors that influence government debt but are not reflected in the government balance. A SFA of 1.0 per cent of GDP was recorded in 2021. This suggests that the debt increased by more than implied by the annual deficit of 7.8 per cent of GDP. The SFA was mainly the result of increases in the holdings of Currency and deposits (0.7 per cent of GDP), as well as the holdings of Loans (0.3 per cent of GDP), Equity and investment fund shares (0.2 per cent of GDP), and Other accounts receivable and payable (0.2 per cent of GDP). These were partially offset by decreases in Other adjustments (0.3 per cent of GDP) (Table 4).

## Further information

The data in this release is presented on an accrual basis, as opposed to the monthly news release on government finances, which reflects the Government's Consolidated Fund and is presented on a cash basis. This exercise is compiled in accordance with the Manual on Government Deficit and Debt (2019 edition) and the European System of Accounts (ESA) 2010. It covers the General Government sector, which includes the Budgetary Central Government, Extra Budgetary Units and Local Government. Apart from the Consolidated Fund, other government accounts, such as the Treasury Clearance Fund and the Sinking Fund are included. Financial transactions are excluded, while accrual adjustments are taken into account.

Data for the Government's Consolidated Fund can be found at:

[https://nso.gov.mt/en/News\\_Releases/View\\_by\\_Unit/Unit\\_A2/Public\\_Finance/Pages/Government-Finance-Data.aspx](https://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A2/Public_Finance/Pages/Government-Finance-Data.aspx)

More information on the revenue and expenditure categories, as well as the financial assets and liabilities and debt, was published today in the news release 'Quarterly Accounts for the General Government Sector: Q2/2022'. It can be accessed at:

[https://nso.gov.mt/en/News\\_Releases/View\\_by\\_Unit/Unit\\_A2/Public\\_Finance/Pages/Quarterly-Accounts-for-General-Government.aspx](https://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A2/Public_Finance/Pages/Quarterly-Accounts-for-General-Government.aspx)

The official EDP notification tables that were transmitted to the Commission can be found in the excel version of this news release at:

[https://nso.gov.mt/en/News\\_Releases/View\\_by\\_Unit/Unit\\_A2/Public\\_Finance/Pages/General-Government-Balance-and-Debt-under-the-Maastricht-Treaty.aspx](https://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A2/Public_Finance/Pages/General-Government-Balance-and-Debt-under-the-Maastricht-Treaty.aspx)

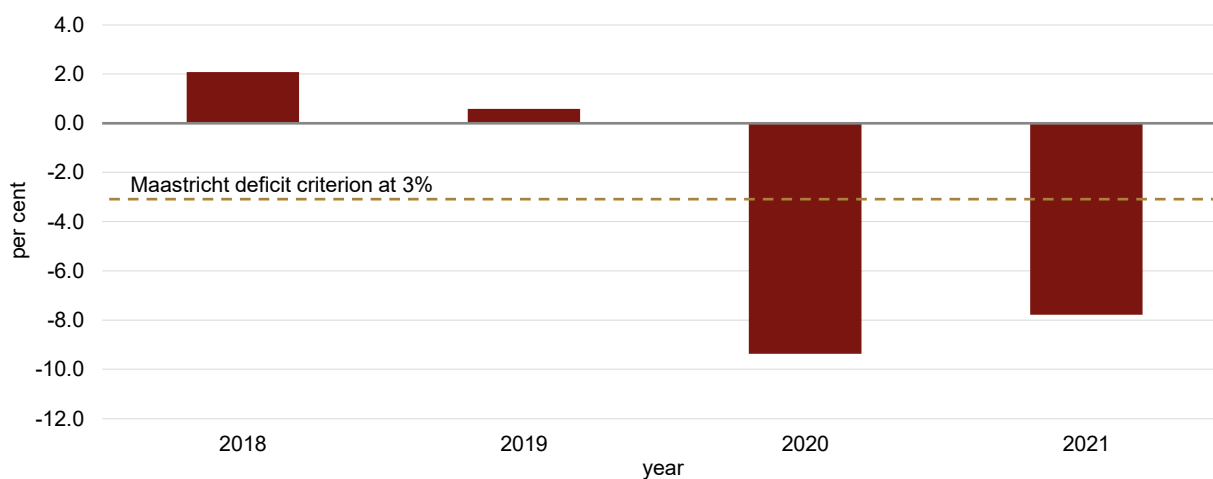
The EDP Consolidated Inventory of Sources and Methods in ESA 2010 is available on the NSO website. The document may be accessed at: [https://nso.gov.mt/en/nso/Sources\\_and\\_Methods/Unit\\_A2/Public\\_Finance/Pages/General-Government-Balance-and-Debt-under-the-Maastricht-Treaty.aspx](https://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Pages/General-Government-Balance-and-Debt-under-the-Maastricht-Treaty.aspx)

**Table 2. General Government balance and debt data**

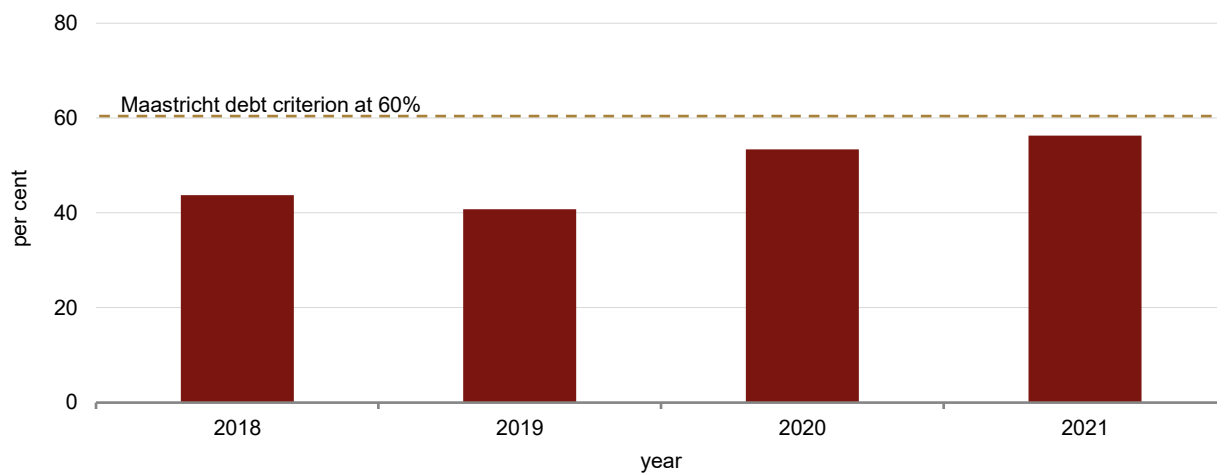
	2018	2019	2020	2021
	€ 000			
<b>General Government surplus (+) / deficit (-)</b>	<b>268,487</b>	<b>82,210</b>	<b>-1,224,769</b>	<b>-1,142,897</b>
Central Government	262,020	74,715	-1,231,542	-1,149,752
Local Government	6,467	7,495	6,774	6,855
<b>as a % of GDP</b>	<b>2.1</b>	<b>0.6</b>	<b>-9.4</b>	<b>-7.8</b>
<b>General Government Debt</b>	<b>5,662,085</b>	<b>5,720,207</b>	<b>6,974,631</b>	<b>8,267,795</b>
Central Government	5,658,826	5,717,091	6,972,374	8,265,702
Local Government	3,259	3,115	2,257	2,093
<b>as a % of GDP</b>	<b>43.7</b>	<b>40.7</b>	<b>53.3</b>	<b>56.3</b>
GDP	12,954,953	14,047,910	13,073,853	14,681,315

Source of GDP data: News Release 154/2022 dated 29 August 2022.

**Chart 1. General Government balance as a % of GDP**



**Chart 2. General Government debt as a % of GDP**



**Table 3. Transition between Consolidated Fund and General Government sector**

	2018	2019	2020	2021
	€ 000			
<b>Consolidated Fund Surplus/Deficit</b>	<b>-70,217</b>	<b>9,354</b>	<b>-1,469,834</b>	<b>-1,232,474</b> <sup>1</sup>
as a % of GDP	-0.5	0.1	-11.2	-8.4
<i>Adjustments to the Consolidated Fund:</i>				
Loans, repayments (-)	0	0	0	0
Equities, acquisitions (+)	0	0	0	0
Equities, sales (-)	0	0	0	0
Other financial transactions	0	0	0	-8,948
Difference between interest paid (+) and interest accrued (-)	6,938	-12,519	-43,733	-8,998
Other accounts receivable (+) and payable (-)	125,919	-56,489	224,642	-34,377
Time-adjusted cash transactions	40,504	10,343	32,559	50,536
Net Lending (+) / Net Borrowing (-) of Extra Budgetary Units	199,939	146,719	59,028	93,159
<i>Other adjustments (+/-)</i>				
Treasury Clearance Fund flows in non-financial transactions	40,936	26,990	979	15,326
Sinking Fund interests' received	3,675	4,270	4,298	4,098
EFSF re-routing	-71	-12	1	0
Equity injection	-62,534	-8,000	-13,020	0
Rerouting / PPP adjustments	-23,023	-44,932	-23,372	-9,777
Standardised guarantees	-46	-40	-35	-17,387
ANFA/SMP adjustment	0	-970	-1,130	-910
Other	0	0	-1,925	0
Net Lending (+) / Net Borrowing (-) of Central Government (S.1311)	262,020	74,715	-1,231,542	-1,149,752
Net Lending (+) / Net Borrowing (-) of Local Government (S.1313)	6,467	7,495	6,774	6,855
<b>Net Lending (+) / Net Borrowing (-) of General Government (S.13)</b>	<b>268,487</b>	<b>82,210</b>	<b>-1,224,769</b>	<b>-1,142,897</b>
as a % of GDP	2.1	0.6	-9.4	-7.8

<sup>1</sup> News Release 053/2022 dated 30 March 2022.

<sup>2</sup> Acquisition of shares in international agencies.

<sup>3</sup> Superdividend test - Dividends paid out of accumulated reserves.

<sup>4</sup> 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 and the SURE loans.

<sup>5</sup> Accrual adjustments for all the Budgetary Central Government, among which include: Treasury Department accrual templates, adjustment for EU Funds neutrality, church stock adjustment, emission trading permits, interest receivable and COVID-19 tax deferrals.

<sup>6</sup> In line with Council Regulation 2516/2000, the method of recording of taxes and social contributions is the time-adjusted method.

<sup>7</sup> The aggregated net lending (+) / net borrowing (-) of the extra budgetary units forming part of the Central Government Sector.

<sup>8</sup> Rerouted operations of the European Financial Stability Facility.

<sup>9</sup> Equity injections in relation to the Air Malta plc. restructuring exercise.

<sup>10</sup> The aggregated net lending (+) / net borrowing (-) of the 68 local councils, 5 Regional Committees and Local Councils Association.

**Table 4. Composition of stock flow adjustment**

	2018	2019	2020	2021
	as a % of GDP			
General Government surplus (+) / deficit (-)	2.1	0.6	-9.4	-7.8
Change in General Government debt	-0.3	0.4	9.6	8.8
<b>Stock flow adjustment</b>	<b>1.7</b>	<b>1.0</b>	<b>0.2</b>	<b>1.0</b>
<i>consisting of:</i>				
Assets - Currency and Deposits (F2)	-0.7	1.3	-1.3	0.7
Assets - Debt securities (F3)	0.0	0.0	0.0	0.0
Assets - Loans (F4)	0.1	-0.1	-0.1	0.3
Assets - Equity and investment fund shares (F5)	1.1	0.2	0.2	0.2
Other accounts receivable / payable (F8)	1.1	-0.3	1.6	0.2
Other adjustments	0.1	0.0	-0.3	-0.3

Note: Totals may not add up due to rounding.

**Extra Budgetary Units as at 31 December 2021**

	NACE CODE		NACE CODE
Arts Council Malta	90	Malta Government Technology Investments Ltd	84
Agency for Infrastructure Malta	71	Malta Information Technology Agency	63
Bord tal-Koperattivi	84	Malta Investment Management Co. Ltd	84
Broadcasting Authority	84	Malta Philharmonic Orchestra	90
Business First Ltd	84	Malta Resources Authority	84
Commonwealth Trade Finance Facility Ltd	64	Malta Statistics Authority	84
Community Malta Agency	84	Malta Tourism Authority	84
Court Services Agency	84	Manoel Theatre Management Committee	90
Correctional Services Agency	84	Medicines Authority	84
Depositor Compensation Scheme	64	Mental Health Services	87
Environment and Resources Authority	84	MSE (Holdings) Ltd	64
Environment and Development funds	84	National Audit Office	84
Film Finance Malta Ltd	84	National Commission Persons with Disability	84
Fort Security Services Ltd	84	National Development and Social Fund	84
Foundation for Educational Services	84	Occupational Health and Safety Authority	84
Foundation for Medical Services	84	Office of the Ombudsman	84
Foundation for Social Welfare Services	88	Planning Authority	84
Foundation for Tomorrow's Schools	84	Projects Malta Ltd	84
Gozo Channel (Holdings) Co. Ltd	77	Projects Plus Ltd	84
Grand Harbour Regeneration Corporation	71	Property Management Services	84
Heritage Malta	91	Protection and Compensation Fund	64
House Maintenance and Embellishment Co. Ltd	41	Regulator for Energy and Water Services	84
Housing Authority	84	Residency Malta Agency	84
Identity Malta	84	Resources Support and Services Ltd	78
International Institute on Ageing	85	Safe City Malta Ltd	84
Investor Compensation Scheme	64	Sapport	88
Jobsplus	78	Selmun Palace Hotel	84
Lands Authority	84	SportMalta	93
Libyan Arab Maltese Holdings Ltd	64	St James Cavalier Creativity Centre	90
Malta College of Arts, Science and Technology	85	Superintendence of Cultural Heritage	84
Malta Communications Authority	84	The Rehabilitation Hospital Karin Grech	86
Malta Competition and Consumer Affairs Authority	84	Trade Malta Ltd	73
Malta Council for Economic and Social Development	84	University of Malta	85
Malta Council for Science and Technology	84	Transport Malta	84
Malta Enterprise Corporation	84	Valletta Cultural Agency	91
Malta Gaming Authority	84	WasteServ Malta Ltd	38
Malta Government Investments Ltd	84	Yachting Malta Ltd	73

Notes:

1. This list does not include entities which are already accounted for within the Government's accounting systems.
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 (EBUs) 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 (2019 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 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 which do not appear in the surplus/deficit figures.
5. The data contained in this release may be revised. Figures may not add up due to rounding.
6. More information relating to this news release may be accessed at:  
Statistical Concepts: <https://metadata.nso.gov.mt/concepts.aspx>  
Metadata: <https://metadata.nso.gov.mt/reports.aspx?id=2>  
Statistical Database: <https://statdb.nso.gov.mt/start>
7. References to this news release are to be cited appropriately.
8. A detailed news release calendar is available on:  
[https://nso.gov.mt/en/News\\_Releases/Release\\_Calendar/Pages/News-Release-Calendar.aspx](https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx)

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

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

Data Navigation Tree

- >Database by themes
  - >Economy and Finance
    - >Government statistics (gov)
      - >Government finance statistics (EDP and ESA2010) (t\_gov\_gfs10)
        - >Government deficit and debt (gov\_10dd)
- >Tables by themes
  - >Economy and Finance
    - >Government statistics (t\_gov)
      - >Government finance statistics (EDP and ESA2010) (t\_gov\_gfs10)
        - >Government deficit and debt (t\_gov\_dd)

For further assistance send a request from:

<https://workflow.gov.mt/Runtime/Runtime/Form/01+NSO+Request+for+Statistical+Information/?language=en>