

EXPENDITURE OF GENERAL GOVERNMENT SECTOR BY FUNCTION (2020)

NATIONAL REFERENCE METADATA IN SINGLE INTEGRATED METADATA STRUCTURE (SIMS)

CONCEPT 1 - CONTACT

Sub-Concept 1.1: Contact organisation

National Statistics Office (NSO)

Sub-Concept 1.2: Contact organisation unit

Public Finance Unit

Sub-Concept 1.3: Contact name

Mark Galea

Sub-Concept 1.4: Contact person function

Head of Unit

Sub-Concept 1.5: Contact mail address

National Statistics Office (NSO)
Lascaris, Valletta, VLT2000, Malta.

Sub-Concept 1.6: Contact e-mail address

mark.b.galea@gov.mt

Sub-Concept 1.7: Contact phone number

+356 25997240

CONCEPT 2 – METADATA UPDATE

Sub-Concept 2.1: Metadata last certified

4th March 2021.

Sub-Concept 2.2: Metadata last posted

12th March 2021.

Sub-Concept 2.3: Metadata last update

12th March 2021.

CONCEPT 3 – STATISTICAL PRESENTATION

Sub-Concept 3.1: Data description

Developed by the OECD (Organisation for Economic Co-operation and Development), the Classification of the Functions of Government (COFOG) classifies government expenditure data from the System of National Accounts by the purpose for which the funds are used. First-level COFOG splits expenditure data into ten “functional” groups or sub-sectors of expenditures, whereas second level COFOG further splits each first-level group into up to nine sub-groups. COFOG is used to distinguish between the individual and collective services provided by general government and identifies consumption expenditures that benefit individual households. COFOG also permits trends in government outlays on particular functions or purposes to be examined over time.

Sub-Concept 3.2: Classification system

Total general government expenditure is classified by functions (COFOG divisions and groups (first- and second-level categories)) and broken down by types of expenditure on the basis of the European System of National and Regional Accounts (ESA 2010) transactions.

Sub-Concept 3.3: Sector coverage

General government sector as defined in ESA 2010 includes "all institutional units which are other non-market producers whose output is intended for individual and collective consumption, and mainly financed by compulsory payments made by units belonging to other sectors, and/or all institutional units principally engaged in the redistribution of national income and wealth".

Sub-Concept 3.4: Statistical concepts and definitions

The indicators are as reported under Table 11 ‘General government expenditure by function’ of the ESA 2010 transmission programme. The table provides a breakdown of expenditure of general government by economic function and by type of transaction and can be retrieved from [the ESA 2010 legislation](#).

Sub-Concept 3.5: Statistical unit

The statistical unit is an institutional unit as defined in ESA 2010. The institutional units are grouped to General Government Sector and its sub-sectors.

Sub-Concept 3.6: Statistical population

In Malta, the General Government Sector (S13) consists of:

1. Central Government (S1311), which includes the Budgetary Central Government and the Extra-Budgetary Units (EBUs), and
2. Local Government (S1313), which comprises 68 local councils, five regional committees and the local council association.

The central government:

- The Budgetary Central Government is made up Government Ministries and Departments which are engaged in the public services for social policy, health, education, public administration, finance, environment etc.
- The EBUs are institutional units, which are non-market producers, owned and supported by the government. These EBUs are established by various Acts of Parliament. They are independent, have their own set of accounts, have only limited ministerial supervision, and only their operational budgets need to be approved by the Parliament. Their operations are related to various issues such as health, education, housing, transport and recreational issues and some of the agencies manage significant levels of state assets.

The local government:

The local government in Malta consists of 68 local councils, 5 regional committees and the Local Councils Association. The local councils perform specific functions like waste collection, local enforcement system, street cleaning, maintenance of public gardens, etc. They are mostly financed by grants, the latter created by appropriations from the Government. They have, though, a certain degree of autonomy with respect to own expenditures financed by their own local revenue. The group of local councils is deemed as an independent sub-sector of the General Government although their functions in Malta are rather limited and their finances are mainly grants from the Government.

Sub-Concept 3.7: Reference area

Malta.

Sub-Concept 3.8: Time coverage

Data series covers the period between 1995 and 2000 for COFOG 1st level (divisions), and from 2001 onwards for COFOG 2nd level (groups).

Sub-Concept 3.9: Base period

Not applicable.

CONCEPT 4 – UNIT OF MEASURE

Euro thousands. Prior to year 2008 the unit of measure was the Maltese Liri (Lm) and the conversion rate to euro used was the fixed rate of 0.4293

CONCEPT 5 – REFERENCE PERIOD

The reference period is calendar year.

CONCEPT 6 – INSTITUTIONAL MANDATE

Sub-Concept 6.1: Legal acts and other agreements

[The Malta Statistics Authority Act, 2000.](#) The Act empowers the NSO to collect, compile, extract and release official statistics related to demographic, social, environment, economic and general activities and conditions of Malta.

As a member of the European Union (EU), Malta has to observe Council Regulation (EC) No. 223/2009 dealing with the collection and dissemination of official statistics. Moreover, all council regulations dealing with the collection of official statistics need to be observed by the NSO.

The legal basis for transmission of dataset "General Government Expenditure Function (COFOG)" is Table 11 of the ESA 2010 transmission programme - Annex B of Regulation (EU) No 549.

Sub-Concept 6.2: Data sharing

COFOG data are shared between the institutions forming part of the Government Finance Statistics Committee: the NSO, the Central Bank of Malta (CBM), and the Ministry for Finance and Treasury Department.

CONCEPT 7 - CONFIDENTIALITY

Sub-Concept 7.1: Confidentiality – Policy

At National level:

The NSO requests information for the compilation of official statistics according to the articles of the MSA Act – Cap. 422 and the Data Protection Act – Cap. 586 of the Laws of Malta implementing the General Data Protection Regulations (GDPR).

Article 40 of the MSA Act stipulates the restrictions on the use of information while Article 41 stipulates the prohibition of disclosure of information. Furthermore, Section IX of the Act (Offences and Penalties) lays down the measures to be taken in case of unlawful exercise of any officer of statistics regarding confidentiality of data.

Since its inception, the NSO has always assured that all data collected remains confidential and that it is used for statistical purposes only according to the articles and derogations stipulated in the laws quoted above. The Office is obliged to protect the identify of data providers and refrain from divulging any data to third parties that might lead to the identification of persons or entities.

During 2009, the NSO has set up a Statistical Disclosure Committee to ensure that statistical confidentiality is observed, especially when requests for microdata are received.

Upon employment, all NSO employees are informed of the rules and duties pertaining to confidential information and its treatment. In line with stipulations of the MSA Act, before commencing work, every employee is required to take an oath of secrecy whose text is included in the same Act.

An internal policy on anonymisation and pseudo-anonymisation is in place to ascertain that adequate methods are used for the protection of data which the office collects and shares with the public in its capacity as the National Statistics Office. The policy is meant to safeguard

confidentiality of both personal and business data entrusted to the NSO. The document provides guidance for all NSO employees who process data on a daily basis as to how anonymisation and pseudo-anonymisation methods should be applied. The policy applies to all confidential, restricted and internal information, regardless of form (paper or electronic documents, applications and databases) that is received, processed, stored and disseminated by the NSO.

At European level:

[Regulation \(EC\) No 223/2009](#) on European statistics (recital 24 and Article 20(4) of 11 March 2009 (OJ L 87, p. 164), stipulates the need to establish common principles and guidelines ensuring the confidentiality of data used for the production of European statistics and the access to those confidential data with due account for technical developments and the requirements of users in a democratic society.

Sub-Concept 7.2: Confidentiality – Data Treatment

Not applicable. COFOG finance data are not confidential.

CONCEPT 8 – RELEASE POLICY

Sub-Concept 8.1: Release Calendar

An advance release calendar is maintained by the NSO and published on the NSO website. The calendar projects three months of news releases (including the current and two subsequent months).

Sub-Concept 8.2: Release Calendar access

http://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx

Sub-Concept 8.3: User access

An internal policy on dissemination is in place to govern the dissemination of official statistics in an impartial, independent and timely manner, making them available simultaneously to all users.

The NSO's primary channel for the dissemination of official statistics is the NSO website. Tailored requests for statistical information may also be submitted through the NSO website.

Moreover, dedicated news releases are available in electronic format on the NSO website.

CONCEPT 9 – FREQUENCY OF DISSEMINATION

COFOG data are published annually during the month of January.

CONCEPT 10 – ACCESSIBILITY AND CLARITY

Sub-Concept 10.1: News release

The Public Finance Unit publishes the news release on the Expenditure of General Government Sector by Function once a year in January whereby total general government sector expenditure

data are split by the classification of functions of Government (COFOG). The News Release may be accessed through the following link:

http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A2/Public_Finance/Pages/Expenditure-of-General-Government-Sector-by-Function.aspx

Sub-Concept 10.2: Publications

Not applicable.

Sub-Concept 10.3: Online Database

Not applicable.

Sub-Concept 10.4: Micro-data access

Not applicable.

Sub-Concept 10.5: Other

The Government Finance Statistics (GFS) data are disseminated also in various Government publications such as the 'Economic Survey' and the 'Stability and Growth Pact'.

Sub-Concept 10.6: Documentation on methodology

The methodological framework is the European System of Accounts 2010 and the 'Classification of the Functions of Government' (COFOG), United Nations, 1999, as well as the 'Manual on sources and methods for the compilation of COFOG statistics - Classification of the Functions of Government (COFOG)', Eurostat, 2011 edition. Further documentation on methodology is available on the dedicated news release

(http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A2/Public_Finance/Pages/Expenditure-of-General-Government-Sector-by-Function.aspx).

Sub-Concept 10.6.1: Metadata completeness rate

Information about all required metadata concepts (and sub-concepts thereof) are provided.

Sub-Concept 10.7: Quality Documentation

Dedicated SIMS reports are available to the public on the [NSO's metadata website including concepts related to metadata and quality.](#)

The NSO has developed an internal Quality Management Framework (QMF) which is built on common requirements of the ESS Code of Practice (ESS CoP). A document was prepared to include a set of general quality guidelines spanning over all statistical domains. Assuring methodological soundness is an integral part of the QMF, nonetheless, the document spans also on other areas related to institutional aspects.

CONCEPT 11 – QUALITY MANAGEMENT

Sub-Concept 11.1: Quality Assurance

Quality of data is assured by adherence to the ESA 2010 and the manual on sources and methods for the compilation of COFOG statistics. Moreover, the plausibility of the data is checked by Eurostat for each transmission and Member States are asked for some additional information in case of any doubts about data quality.

The NSO ensures the accuracy of data released to the public and prepares clear methodological notes which explain the processes involved in the collection and production of official statistics.

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Every five to seven years, the NSO participates in a Peer Review exercise through which the compliance of its operations with principles of the ESS CoP is assessed by an expert team. Peer Reviews are indeed part of the European Statistical System (ESS) strategy to implement the ESS CoP. Each NSI is expected to provide information as requested by a standard self-assessment questionnaire. Following this an expert team visits the office to meet NSI representatives and main stakeholders. Peer Reviews result in a compliance report and the listing of a set of Improvement Actions which need to be followed up by the NSI. The next round of Peer Reviews is planned to be carried out in 2022.

Sub-Concept 11.2: Quality Assessment

When compiling COFOG statistics it is ensured that the data reported for government expenditure categories in COFOG are perfectly consistent with the latest Government Finance Statistics as reported in the ESA 2010 Transmission Table 0200 on the Main Aggregates of General Government.

CONCEPT 12 - RELEVANCE

Sub-Concept 12.1: User needs

Local users: Central Bank of Malta, Ministry of Finance, Economic Policy Department, researchers, students, politicians, etc.

Foreign users: European Commission, European Parliament, European Council, International Monetary Fund (IMF), World Bank (WB), International Agencies, Credit Rating Agencies, researchers, etc.

Sub-Concept 12.2: User satisfaction

The last User Satisfaction Survey was held in 2014 with the aim to collect information about key users' satisfaction with statistical output.

The NSO keeps record of the number of News Releases and publications disseminated on its website; the users to whom statistical products are provided; as well as the number of requests that are processed every year.

News Releases and tailor-made statistical outputs were assessed on account of their quality, timeliness, and on their ability to meet users' needs.

Sub-Concept 12.3: Data Completeness

All data required by the EU Council Regulations in the area of the Government Finance Statistics including COFOG are available.

CONCEPT 13 – ACCURACY AND RELIABILITY

Sub-Concept 13.1: Overall accuracy

COFOG data are perfectly consistent with the ESA 2010 transmission Table 0200 which reports the Main Aggregates of General Government.

Sub-Concept 13.2: Sampling errors

Not applicable. Compilation of COFOG statistics is entirely through administrative data.

Sub-Concept 13.3: Non-sampling error

Potential non-sampling errors may arise due to manual coding of each individual expenditure item and manual data inputting.

Sub-Concept 13.3.1: Coverage error

Not applicable.

Sub-Concept 13.3.1.1: Over Coverage

Not applicable.

Sub-Concept 13.3.1.2: Common Units Proportion

Not applicable as only administrative data are used.

Sub-Concept 13.3.2: Measurement error

Not applicable.

Sub-Concept 13.3.3: Non-response error

Not applicable.

Sub-Concept 13.3.3.1: Unit non-response

Not applicable.

Sub-Concept 13.3.3.2: Item non-response

Not applicable.

Sub-Concept 13.3.4: Processing error

Potential processing errors may arise due to manual coding of each individual expenditure item and manual data inputting.

Sub-Concept 13.3.5: Model assumption error

Not applicable.

CONCEPT 14 – TIMELINESS AND PUNCTUALITY

Sub-Concept 14.1: Timeliness

Compulsory transmission of COFOG data to transmission is once a year at t+12 months after the end of the reference period.

Sub-Concept 14.2: Punctuality

COFOG transmission table 11 has always been submitted to Eurostat before the deadline. Concurrently, considering News Releases related to the Expenditure of General Government Sector by Function, these were recently always disseminated on time.

CONCEPT 15 – COHERENCE AND COMPARABILITY

Sub-Concept 15.1: Comparability – Geographical

Data are comparable across Europe, as harmonised European rules (ESA 2010 and Manual on sources and methods for the compilation of COFOG statistics) are used by all Member States for compiling COFOG data.

Sub-Concept 15.2: Comparability - Over Time

Malta's General Government expenditure data by COFOG from 1995 onwards is comparable.

Sub-Concept 15.3: Coherence – Cross Domain

Before transmitting data to Eurostat, it is ensured that perfect consistency exists with the other transmission tables mainly Table 0200. Concurrently, consistency is verified by Eurostat in the course of validation of the Member States' transmission tables.

Data extracted from the COFOG represents the primary data for other statistical domains such as education, health, environment accounts, roads expenditure, etc.

Sub-Concept 15.3.1: Coherence – Sub-Annual and Annual statistics

Not applicable.

Sub-Concept 15.3.2: Coherence – National Accounts

Consistency between the EDP and GFS data and the National Accounts data is observed. Small inconsistencies are sometimes observed due to vintage issues; National Accounts data are transmitted at t+70 days, while GFS and EDP data are compiled at t+85 and 90 days respectively. The inconsistencies between COFOG data and National Accounts are mainly in the final consumption expenditure and the split between collective and individual consumption.

Sub-Concept 15.4: Coherence – Internal

Consistency is ensured within and between the COFOG table and the ESA transmission programme.

CONCEPT 16 – COST AND BURDEN

COFOG data are compiled by 1 Statistician and takes around 2 months to complete.

CONCEPT 17 – DATA REVISION

Sub-Concept 17.1: Data revision – Policy

At the NSO, there is currently no internal policy governing revisions that occur for all statistics produced. Nonetheless, a revisions policy is being drafted to safeguard a coordinated revisions system across statistical domains.

This policy will take account of the need and causes for revisions; time and frequency of revisions; data and other statistical products affected by such revisions; and length of periods revised.

Sub-Concept 17.2: Data revision – Practice and Data Revision

Revisions due to changes in methodologies at EU level, e.g. introduction of the NACE Rev. 2 classification, new European System of Accounts (ESA 2010) or new decisions or guidelines issued by Eurostat in the area of the government finance statistics, are adopted when required by Eurostat.

Normally, data for years t-1 and t-2 are subject to change. However, although revisions to older COFOG data going back till 1995 are very minimal, these are adopted whenever they arise. The main reasons for revisions, which are sometimes beyond NSO's control, are:

- Availability of audited accounts for extra budgetary units and local councils.
- Revisions in the accruals templates collected by the Treasury. Whenever the Treasury detects mistakes or methodological errors, it requests the department concerned to adopt the correct methodology and revise back data accordingly.
- Reclassifications of units within or outside the General Government Sector.

CONCEPT 18 – STATISTICAL PROCESSING

Sub-Concept 18.1: Source data

The databases (upstream data systems) available to the NSO and used for the compilation of the COFOG statistics are:

1. Departmental Accounting System (DAS): Government's computerised accounting system to which all Government Ministries and Departments are linked through networking. The system is owned and managed by the Treasury. A Corporate Chart of Accounts (COA) permits a standardised range of budget line items to be used across the board. All accounts in the COA were coded by an Action Group in accordance with the requirements of the ESA 2010, as well as in accordance with the IMF manual on Government Finance Statistics. This database is on a cash basis and caters for all the transactions of the Budgetary Central Government. The NSO has online (read-only) access to this system. Specific report generators are used to extract data compliant with ESA 2010 on a quarterly basis. NSO's demands for new reports are satisfactorily met by the Treasury Department. The output is an ASCII file, which is then converted into spreadsheet form and inputted manually in NSO's systems. Since each revenue and expenditure item in the DAS is assigned a COFOG code, the NSO is asked by the Treasury Department to assign a COFOG code to each new item that needs to be included in the DAS.
2. Corporate Financial Management System (CFMS): Government's new accounting system was introduced in January 2020 for 15 Ministries and Departments. The rest of the departments will begin using the CFMS as from the 1st April 2021. The COA incorporates an ESA code for each account. CFMS is an accruals-based system. NSO's reporting requirements were met with specific reports to extract data on monthly basis in ESA categories and also by COFOG functions. NSO has online (read-only) access to CFMS and the reports are downloaded in excel format.
3. Financial Data Reporting System (FDRS): Launched in 2010 by the Ministry for Finance, the FDRS is geared towards attaining real time financial data pertaining to Government Entities (Extra Budgetary Units and major public corporations). It facilitates the surveillance of budget implementation and the formulation of budget policy governing the administration of public funds as part of government's ongoing fiscal consolidation process.
4. Treasury's Accruals templates: On a quarterly basis the Treasury collects accruals data for the Budgetary Central Government (covering all the Government Ministries and Departments). Data are requested for the stock position of the accrued expenditure, accrued income, debtors, creditors, deferred income and prepayments. This information is monitored by the Accounting Methodology and Compliance Unit at the Treasury. These data are used to supplement the cash data. The templates are saved on a shared server which is accessible to the NSO. Data for each Ministry and Department are extracted in spreadsheet form and manually inputted into NSO's system.
5. For the purpose of COFOG data, further breakdown of information is needed for some expenditure items, cost centres, departments or entities. A few examples of these breakdowns involve the division of hospitals and medicines between outpatients and inpatients; education related expenditure or entities are broken down into primary, secondary and tertiary education; and entities involved in the preservation of the environment and development of communities are split accordingly. Data for these splits are either provided directly from the ministry, department or entity concerned or else, when possible, from the respective unit at the national statistics office.
6. Final audited accounts for the Extra Budgetary Units and the Local Councils.

Sub-Concept 18.2: Frequency of data collection

Data for COFOG are collected on annual basis.

Sub-Concept 18.3: Data Collection

The DAS, FDRS and Treasury's accruals template are administrative reports. Public Finance Unit has online access to these administrative sources.

Sub-Concept 18.4: Data Validation

Data are perfectly consistent with the ESA 2010 transmission Table 0200 on the "Main Aggregates of the General Government". Moreover, data are also perfectly aligned with figures reported in the News Release on "Quarterly Accounts for General Government" for the third quarter. This News Release may be retrieved from the following link:

http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A2/Public_Finance/Pages/Quarterly-Accounts-for-General-Government.aspx

Sub-Concept 18.5: Data Compilation

Accounting Conventions are those of the ESA 2010 and the Manual on sources and methods for the compilation of COFOG statistics.

Total expenditure, defined according to [Commission Regulation \(EC\) No. 1500/2000](#) of 10 July 2000, should be consistent with total expenditure shown in ESA 2010 transmission table 0200, apart from any timing differences. Data are transmitted in Euros.

For sector S.13, items D.4, D.7, and D.9 are to be consolidated. As a result, for these items and also for total expenditure (TE), the sum of sub-sectors does not equal the sector value.

Sub-Concept 18.5.1: Imputation

Not applicable.

Sub-Concept 18.6: Adjustment

Not applicable.

Sub-Concept 18.6.1: Seasonal Adjustment

Not applicable.

CONCEPT 19 - COMMENT

No further comments.