

GOVERNMENT DEBT AND DEFICIT UNDER THE MAASTRICHT TREATY (2018)

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

Mr. Mark Galea

Sub-Concept 1.4: Contact person function

Head of Unit

Sub-Concept 1.5: Contact mail address

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Sub-Concept 1.6: Contact e-mail address

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Sub-Concept 1.7: Contact phone number

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CONCEPT 2 – METADATA UPDATE

Sub-Concept 2.1: Metadata last certified

25th November 2019.

Sub-Concept 2.2: Metadata last posted

5th January 2021.

Sub-Concept 2.3: Metadata last update

5th January 2021.

CONCEPT 3 – STATISTICAL PRESENTATION

Sub-Concept 3.1: Data description

Government Finance Statistics (GFS) form the basis for fiscal monitoring in Europe, most notably for the statistics related to the Excessive Deficit Procedure (EDP). The EDP is established in the Treaty and specified in the Stability and Growth Pact legislation. The Member States report data related to the EDP to the Commission (Eurostat) which, in turn, is responsible for providing the data to the Council.

European GFS, including the statistics for the EDP, are produced in accordance with the European System of Accounts 2010 (ESA 2010), and the EU manual for national accounts, supplemented by further interpretation and guidance from Eurostat, in particular the [Manual on Government Deficit and Debt](#).

[Council Regulation 479/2009](#) requires that Member States report government deficit/surplus (hereinafter deficit) and debt data related to the EDP twice per year: before 1 April and 1 October for the preceding four calendar years and a forecast for the current year. The data are reported in harmonised tables. The EDP tables are designed specifically to provide a consistent framework, with a link to the transition between the national budgetary aggregates and the ESA deficit/surplus (Table 2) and the link between the deficit and changes in the debt (Table 3). They should be fully consistent with GFS data delivered to Eurostat in the ESA 2010 transmission programme.

The EDP notification tables contain the following detail for general government and its sub sectors:

- [Table 1](#): Summary table on deficit and debt, including auxiliary indicators (Gross Fixed Capital Formation, Interest and Gross Domestic Product - GDP)
- [Tables 2A - 2D](#): Transition from the working balance to the deficit/surplus for general government sub sectors
- [Tables 3A - 3E](#): Transition from the deficit/surplus to the change in debt for general government and its sub sectors
- [Table 4](#): Supplementary data

Sub-Concept 3.2: Classification system

The classification system is defined in [ESA 2010 classification](#) of institutional sectors and classification of transactions, other flows and balance sheet items (assets/liabilities).

Sub-Concept 3.3: Sector coverage

Data cover the consolidated General Government Sector (S13) and its subsectors.

Sub-Concept 3.4: Statistical concepts and definitions

The concepts for EDP statistics are explained in [Council Regulation \(EC\) N° 220/2014](#), as amended, and [Council Regulation \(EC\) N° 549/2013](#) (ESA 2010) and subsequent legal amendments, supplemented by further interpretation and guidance from Eurostat, in particular the Manual on Government Deficit and Debt.

The government deficit/surplus is the net borrowing/net lending (B.9) of general government as defined in the ESA 2010. It is the difference between the revenue and the expenditure of the general

government sector. The government debt is defined as the total consolidated gross debt at nominal value at the end of the year in the following categories of government liabilities (as defined in ESA 2010): currency and deposits (AF.2), securities other than shares excluding financial derivatives (AF.3, excluding AF.34), and loans (AF.4). At the national level, data for the general government sector are consolidated between sub sectors.

The working balance is the most often used concept and is a measure of the country's budget deficit/surplus as it generally appears in public accounts and budgetary presentations. In other words, for example, for central government it should normally correspond to the budgetary outcome voted by the parliament.

The fiscal balance and debt data are reported by sub sectors of general government: central government (S.1311), state government (S.1312), local government (S.1313) and social security funds (S.1314).

The transition from the working balance to the deficit/surplus (EDP tables 2A - 2D) is explained by the following items, based on example for central government:

- Financial transactions included in the working balance
- Non-financial transactions not included in the working balance
- Difference between interest paid and accrued (EDP_D.41)
- Other accounts receivable / other accounts payable
- Working balance of entities not part of central government
- Net borrowing or net lending of other central government bodies
- Other adjustments

The transition from the deficit/surplus to the change in debt is explained by the following items:

- Net acquisition of financial assets: Currency and deposits (F.2), Securities other than shares (F.3), Loans (F.4), Shares and other equity (F.5), Other financial assets (F.1, F.6, F.7 and F.8)
- Net incurrence of liabilities in financial derivatives (F.71)
- Net incurrence of other liabilities (F.5, F.6, F.72 and F.8)
- Issuances above/below nominal value
- Difference between interest (EDP_D.41) accrued and paid
- Redemptions of debt above/below nominal value
- Appreciation/depreciation of foreign-currency debt
- Changes in sector classification (K.61)
- Other volume changes in financial liabilities (K.3, K.4, K.5)
- Difference between capital and financial accounts (B.9-B.9f) and other statistical discrepancies.

The Maastricht definition of debt is total gross debt at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government for the following categories of government liabilities (defined in ESA 2010): currency and deposits (AF.2), debt securities (AF.3) and loans (AF.4). This definition is in accordance with [Council Regulation \(EC\) No 3605/93](#), as amended by [Council Regulation \(EC\) No 475/2000](#) and by [Commission Regulation \(EC\) No 351/2002](#).

The compilation of General Government debt data according to Maastricht debt complies with ESA 2010 rules, especially concerning the sector classification of institutional units, the consolidation rules, the classification of financial transactions and of financial assets and liabilities, and the time of recording, but valuation rules are however differently defined. Maastricht debt is in nominal value, which is considered equivalent to the face value, and represents in some cases the value of

right/commitment on principal resulting from a financial instrument. ESA2010 debt is market value, based on the price of a security as determined dynamically by buyers and sellers in an open market and includes also accrued interest.

Sub-Concept 3.5: Statistical unit

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

Sub-Concept 3.6: Statistical population

In Malta, the General Government Sector (S13) consists of (1) the 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, 5 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 from 1995 onwards.

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. Stocks (such as debt) are as at end of the calendar year.

CONCEPT 6 – INSTITUTIONAL MANDATE

Sub-Concept 6.1: Legal acts and other agreements

[The Malta Statistics Authority \(MSA\) 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 the [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.

For EDP statistics, the legal basis is the [Council Regulation \(EC\) N° 220/2014](#) amending Council [Regulation N°479/2009](#) on the application of the Protocol on the Excessive Deficit Procedure annexed to the Treaty on European Union (Maastricht Treaty). The provisions on the Excessive Deficit Procedure (Maastricht Treaty) are extended by the Stability and Growth Pact in the context of the Amsterdam Treaty.

Sub-Concept 6.2: Data sharing

EDP data are shared between the institutions forming part of the Government Finance Statistics Committee: the NSO, Central Bank of Malta (CBM), 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

EDP data are not treated for confidentiality.

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).

Malta is also subscribed to the SDDS (Special Data Dissemination Standard), a monitored metadata standard, established by the International Monetary Fund (IMF) focusing on economic and financial indicators. SDDS metadata about Malta may be accessed through the following link: <http://dsbb.imf.org/Pages/SDDS/CtyCtgList.aspx?ctycode=MLT> while information for any combination of countries and data categories on a quarter-ahead basis may be accessed here: <http://dsbb.imf.org/Pages/SDDS/CustomizedQuery/ByARC.aspx>.

Sub-Concept 8.2: Release Calendar access

https://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

EDP data are published bi-annually (April and October), Quarterly General Government Sector data: revenue, expenditure, financial assets and liabilities and debt are published in January, April, July and October.

CONCEPT 10 – ACCESSIBILITY AND CLARITY

Sub-Concept 10.1: News release

The NSO publishes a news release on the EDP data in April (for the 1st submission of EDP) and October (for the 2nd submission) of each year. The publication dates for these news releases coincide with Eurostat's press release of the EDP data for the EU Member States.

The EDP news release, which covers the years reported in the EDP notification, consists of:

A brief commentary, including an explanation on the EDP data and on revisions;

- Deficit and debt data in absolute figures and as a per cent of GDP, for the General Government Sector and sub-sectors;
- A table on the transition between the working balance and the ESA 2010 General Government Sector (with explanatory notes for each item);
- A table on the composition of the stock flow adjustment;
- Latest list of Extra Budgetary Units; and
- Methodological notes.

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

The link to the news release is:

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

In addition to the EDP news release, the NSO issues a news release on the quarterly accounts for the General Government Sector: in April with data up to the fourth quarter of the previous year and in October with data for the second quarter of the current year.

This release includes quarterly ESA 2010 data on:

- Total revenue and Total expenditure of the General Government Sector
- Components of General Government Sector's revenue
- Components of General Government Sector's expenditure
- Financial Accounts for General Government – Financial Stocks in Assets
- Financial Accounts for General Government – Financial Stocks in Liabilities
- Financial Accounts for General Government – Financial Transactions in Assets
- Financial Accounts for General Government – Financial Transactions in Liabilities
- General Government debt, split by sub-sector, and the stock of government guarantees on debt.

The link to the news release is:

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

Sub-Concept 10.2: Publications

Not applicable.

Sub-Concept 10.3: Online Database

A time series of data presented in the Government Finance news releases is available, in greater detail, at the online Statistical Database - StatDB - on the NSO website through:
<https://statdb.nso.gov.mt/start>

Sub-Concept 10.4: Micro-data access

Not applicable.

Sub-Concept 10.5: Other

The GFS data are disseminated also in various Government publications such as the Economic Survey, the Budget Speech and the Stability and Growth Pact.

Sub-Concept 10.6: Documentation on methodology

Work processes and procedures for the compilation of Government Finance statistics are documented in a standardised reporting template and aligned to the GSBPM model. The model covers all phases of the statistical production process, from the initial stages of identifying what statistics are needed and the scope of the particular survey, to the final stages of dissemination and evaluation. The GSBPM report is only available internally and may be accessed by all NSO employees.

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

The EDP Consolidated Inventory is a description of sources and methods that are used in the Excessive Deficit Procedure notifications. This document refers to the National Statistics Office's bi-annual EDP notifications before 1st April and 1st October each year, and can be accessed through: https://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Pages/General-Government-Balance-and-Debt-under-the-Maastricht-Treaty.aspx

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 ESA 2010 Manual on Government Deficit and Debt and by the validation of the Member States' data by Eurostat.

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.

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 the general government balance and debt statistics, quality is ensured by ascertaining that the data reported for the general government revenue and expenditure, financial assets and liabilities, and debt, are perfectly consistent with the latest Government Finance Statistics as reported in the ESA 2010 Transmission Tables.

CONCEPT 12 - RELEVANCE

Sub-Concept 12.1: User needs

Local users - Central Bank of Malta, Ministry of Finance, Economic Policy Department, Malta Fiscal Advisory Council, 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, students, 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

100% complete as all data required by the EU Council Regulations in the area of the Government Finance Statistics are available.

CONCEPT 13 – ACCURACY AND RELIABILITY

Sub-Concept 13.1: Overall accuracy

The General Government balance and debt data are perfectly consistent with the ESA 2010 transmission Table 0200 (Main Aggregates of General Government), Table 27 (Quarterly financial accounts of the General Government) and Table 28 (Quarterly General Government debt).

Sub-Concept 13.2: Sampling errors

Not applicable.

Sub-Concept 13.3: Non-sampling error

Potential non-sampling errors may arise due to manual coding of each individual revenue and 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.

Sub-Concept 13.3.2: Measurement error

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

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 errors may arise due to manual coding of each individual revenue and 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**

EDP data are reported twice per year: before 1 April and before 1 October.

Quarterly General Government Sector non-financial, financial and debt is reported 90 days after the reference period.

Sub-Concept 14.2: Punctuality

Recent News Releases were always published 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 ESA 2010 Manual on government deficit and debt) are used by all Member States for compiling the EDP data.

Sub-Concept 15.2: Comparability

Malta's General Government data from 1995 onwards are comparable.

No breaks in series are reported.

Sub-Concept 15.3: Coherence – Cross Domain

[Council Regulation 220/2014](#) amending [Council Regulation 479/2009](#) requires consistency of reported EDP data with the GFS data delivered to Eurostat in the ESA 2010 transmission programme. This consistency is verified by Eurostat in the course of validation of the Member States' EDP data and during the EDP standard dialogue visits (once every two years).

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

Quarterly GFS data are consistent with annual EDP data.

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.

Sub-Concept 15.4: Coherence – Internal

Consistency is ensured within and between the EDP tables and the ESA transmission programme.

CONCEPT 16 – COST AND BURDEN

Not available.

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.

For EDP data, the data for year t-4, t-3, and t-2 are considered final. However, if exceptional revisions are necessary NSO will still adopt these revisions for years considered final. The main reasons for revisions, which are sometimes beyond NSO's control, are:

- Availability of audited accounts for extra budgetary units and local councils, mainly for year t in the 2nd EDP notification.
- 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.

In the quarterly non-financial accounts for the General Governments Sector, the revision policy is:

- For the first two accounts from the full sequence of accounts, which are used for the compilation of the GDP, revisions are in line with the National Accounts policy; in general, 12 to 16 quarters are revised.
- For the quarterly general government sector non-financial accounts, for the June transmission (Q1) and December transmission (Q3) the policy is to not revise annual net lending / net borrowing (B9) data. Annual data are revised only at the time of the submission of the April and October EDP notifications.

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.

Revisions due to potential errors in the EDP Notification are made on detection, or in the subsequent EDP notification in line with European Statistics Code of Practice principle 6.3: “Errors discovered in published statistics are corrected at the earliest possible date and publicised”.

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 EDP Notification and quarterly and annual government finance statistics are:

- 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. NSO has online (read-only) access to this system. Specific report generators are used to extract data based on 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 the NSO's systems.
- 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.

There are four templates, namely:

1. Monthly Template whereby entities are required to submit the income statement;
2. Quarterly EBU Template whereby Extra Budgetary Units are required to submit their balance sheet with counterpart information and other data;
3. Quarterly Non-EBU Template whereby Public Corporations are required to submit their balance sheet position and other data; and
4. Quarterly Workforce Template whereby entities are required to submit their employment data.

The templates are to be submitted within 22 calendar days following the end of the respective period. The Public Finance Unit has online (read-only) access to this system. This system caters for the quarterly and annual financial and non-financial data of the EBUs and the major public corporations. Data are extracted from this system in PDF files and then inputted manually into our systems. NSO sends clarification requests to the Financial Management and Monitoring Control Unit (FMMU) or directly to EBUs.

- 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 the NSO's system.

- Audited financial statements: Audited accounts for the Extra Budgetary Units and Local Government Sector.

Other various data requests

The data sources for the compilation of the debt include:

1. Debt Management Unit within the Treasury;
2. CBM for data on the euro currency and foreign loans;
3. FDRS for EBU's data;
4. Audited accounts for EBUs and Local Councils;
5. Malta Stock Exchange for information on holders of domestic debt;
6. European Financial Stability Facility (EFSF) rerouted debt data supplied by Eurostat.

Sub-Concept 18.2: Frequency of data collection

Data from the DAS and FDRS are available on a monthly basis, while the Treasury's accruals templates are available on a quarterly basis.

Sub-Concept 18.3: Data Collection

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

Sub-Concept 18.4: Data Validation

A number of internal controls are in-built in the Public Finance Unit systems and are used both for annual and quarterly reporting. These are the following:

- The working balance includes the Consolidated Fund cash balance, as published on a monthly basis by the NSO; so, when recording is done for all the cash transactions (revenue and expenditure) in ESA coding, consistency is ensured by the fact that the result must match the working balance result;
- Recording of all revenue and expenditure transactions of the Consolidated Fund consistently with totals for each category, e.g. recurrent revenue, personal emoluments, operational and

maintenance expenses, programmes and initiatives, contributions to government entities, interest expenditure and capital expenditure;

- Monthly cash deficit of the Consolidated Fund reconciled with the CBM figures;
- Annual ESA deficit result is calculated from two sources; the reconciliation between the working balance (in cash) to the compilation of the ESA B9 working table and the normal compilation of the quarterly non-financial accounts;
- Quarterly and annual data have to be additive;
- Reconciliation from working balance to the ESA net lending / net borrowing (B9) (described in detail in 20.5);
- Questionnaire related to the EDP and the EDP tables have in built vertical checks and balances;
- Consistency between accrual adjustments reported in non-financial and financial accounts;
- Consistency between revenue and expenditure amounts for the current and capital transfers in between the sub-sectors of General Government (S13);
- Consistency between the opening balance of a period in financial accounts and closing balance in the previous period;
- Summation of transactions, revaluations and other changes in volume should equal to flow; and
- Checks regarding consolidated and non-consolidated financial accounts (the B9f of the consolidated and non-consolidated financial accounts must match and the consolidated element between the financial assets and financial liabilities must be equal).

At the Treasury Department, the Accounting, Methodology and Compliance Unit (AMCU) has the responsibility to conduct sample checks by reconciling cash data as reported in the DAS with the accrual data submitted by the Government Ministries and Departments. Then, AMCU outlines any shortfalls in reporting and brings it to the attention of the Departments/Ministry concerned. Furthermore, the Public Finance Unit conducts checks on the Treasury's accruals templates, and each quarter queries are sent to the AMCU in respect of changes in debtors and creditors greater than €1.0 million. In some instances, due to more information available at the Public Finance Unit, the AMCU is informed about any payables or receivables not being recorded or captured in the Treasury's accruals templates.

Sub-Concept 18.5: Data Compilation

The general government balance and debt data are compiled in accordance with the principles set out in the ESA 2010 and the Manual on Government Deficit and Debt. EDP debt is recorded at nominal value while in the financial accounts the debt instruments are recorded at market value. Data for revenue and expenditure are recorded on accruals basis.

The components of Malta's General Government balance are as follows (this is reconciliation between the working balance (in cash) to the ESA B9):

- The working balance (deficit/surplus) of the Consolidated Fund
- Quarterly accruals data covering Ministries and Departments collected by the Treasury Department. (Ref. 2.3.1.2.c and Annex IX)
- Non-Financial transactions in the below the line accounts (TCF). (Ref. 3.2.1.4)
- Time adjusted cash for VAT, Income Tax and Social Security Contributions. (Ref. 6.1): Revenues from VAT, Income Tax and Social Security Contributions are recorded using the time-adjusted cash method in accordance with Council Regulation 2516/2000. Following a study undertaken by NSO in 2008, Eurostat approved a time adjustment of t+1 for VAT and t+2 for Income Tax and Social Security Contributions.
- Accrued interest receivable and payable (Ref. 3.2.3.4.1 and 6.4)
- Malta Government Stock premium proceeds (Ref. 3.6.3)

- Application of the super-dividend test to Central Bank profits transferred to Government and to dividends received. (Ref. 7.13 and 7.4)
- Church Stock Adjustment (Ref. 3.2.3.4.2)
- Adjustment for the neutrality of EU Funds (Ref. 6.2)
- Emission trading permits (Ref. 7.9)
- Adjustment for EU Own Resources (Ref 6.2.1.)
- European Financial Stability Facility (EFSF) re-routing. (Ref. 7.2.1.)
- Equity injection test (Ref. 7.3)
- Recurrent and capital transfers within General Government sector (S.13) that are consolidated
- National Accounts adjustments: output for own final use; FISIM and consumption of fixed capital
- Other quarterly and annual adjustments necessary to fulfil compliance with the ESA 2010 methodology and the Manual on Government Deficit and Debt

The sections in brackets refer to further information that can be obtained from Malta's EDP Inventory:

https://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Pages/General-Government-Balance-and-Debt-under-the-Maastricht-Treaty.aspx

The components of Malta's General Government debt are as follows:

- Euro coins issued in the name of the Treasury
- Treasury Bills
- Malta Government Stocks
- Foreign Borrowing
- Domestic loans with Commercial banks
- Debt of Extra Budgetary Units
- Debt of Local Councils
- European Financial Stability Facility (EFSF) re-routing - The EFSF was established on 7 June 2010 for the purpose of providing stability support to Euro Area Member States (EAMS). The EFSF finances such support by issuing or entering into bonds, notes, commercial paper, or other financing arrangements. The operations are backed by guarantees of the EAMS on the basis of an agreed 'adjusted contribution key'. On 27 January 2011, Eurostat decided that the debt issued by the EFSF for each support operation must be rerouted to the public accounts of the EAMS providing guarantees, proportionately to their contribution key. Therefore, the recording of such flows will impact the gross government debt (as defined in the Maastricht Treaty) but not the net debt. In addition, all revenue/expenditure streams (interest, margins and service fees) will be recorded in the general government accounts, resulting in a positive impact on the deficit/surplus of the EAMS.

Sub-Concept 18.5.1: Imputation

Not applicable.

Sub-Concept 18.6: Adjustment

The Government Finance Statistics that is seasonally adjusted and transmitted to Eurostat is the quarterly aggregated total government revenue and expenditure data. The Tramo-Seats model is applied through Demetra + software.

Sub-Concept 18.6.1: Seasonal Adjustment

Tramo-Seats on JDemetra+ 2.2.2, Series has been log-transformed, No trading days effects, No Easter effects, ARIMA model [(0,11) (0,1,0)], 2 pre-specified outliers: AO(IV-2003), TC (I-2008)
Total revenue: Tramo-Seats on JDemetra+ 2.2.2, Series has been log-transformed, No trading days effects, No Easter effects, ARIMA model [(0,11) (0,1,0)], 1 pre-specified outlier: AO(III-2000), AO(IV-2000).

CONCEPT 19 - COMMENT

No further comments.