Overall Assessment

Ministry for Finance Half-Yearly Report 2018

October 2018

MFAC
MALTA FISCAL ADVISORY COUNCIL

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MFAC
MALTA FISCAL ADVISORY COUNCIL
St Calcedonius Square
Floriana FRN 1530, Malta
T: +356 2247 9200
Fax: +356 2247 9219
info@mfac.org.mt
www.mfac.org.mt

8 October 2018

The Hon Prof Edward Scicluna B.A. (Hons) Econ,
M.A. (Toronto), Ph.D (Toronto), D.S.S (Oxon) MP
Minister for Finance
Maison Demandols,
South Street,
Valletta. VLT 2000

Dear Minister

LETTER OF TRANSMITTAL

In terms of Article 13 of the Fiscal Responsibility Act, 2014 (Cap 534), I have the honour to present the overall assessment by the Malta Fiscal Advisory Council (MFAC) of the 2018 Half-Yearly Report by the Ministry for Finance.

The Council notes that the official macroeconomic forecasts for 2018, which were presented in April, as part of the Update of Stability Programme, were reconfirmed. The Council considers this approach as justifiable.

Likewise, the 2018 targets for the fiscal surplus and public debt were confirmed at 1.1% of GDP and 45.8% of GDP, unchanged compared to the April forecast round. The Council notes that in absolute terms, total revenue and total expenditure were minimally fine-tuned, based on the estimated fiscal developments during the first six months of the year. At the same time, the Council draws attention to the fact that during the first six months of 2018, the percentage of the overall budget utilised for capital expenditure was rather low, in comparison to the estimate for the full year.

The Council would also like to draw attention to Article 39(8)(h) of the Fiscal Responsibility Act which prescribes that the Half-Yearly Report should contain "data on the absorption of European funds, indicating the approved program, the results achieved in the first six months and an updated forecast for the entire year". The Council feels that the information provided in the Half-Yearly Report in this regard falls short of the precise details being prescribed by the

Fiscal Responsibility Act. The Ministry is therefore encouraged to provide a more detailed account in this respect in its future reports.

Furthermore, the Council invites the various departments to make sure that the full set of information about their outstanding creditors, is submitted to the Ministry for Finance in time to validate the data and compile the Half-Yearly Report. Government departments are also encouraged to strive to reach their respective revenue collection targets.

The Council acknowledges that for logistic reasons it may not always be possible for the Minister for Finance to compile and lay on the Table of the Parliament the Half-Yearly Report in July, depending on the timing of the commencement of the Parliament's summer recess. For the Half-Yearly Report to attain its objective of boosting transparency and fiscal governance, it is important that its publication is not delayed to the extent that its publication precedes the publication of the Draft Budgetary Plan and the Budget Speech only by a very brief period.

Finally, the Council considers important that the Ministry should remain vigilant, to ensure that the fiscal performance during the second half of the year, which is expected to be more positive than in the first half, contributes to the planned fiscal surplus for 2018. It is important that the fiscal balance remains in surplus at a time when the economy is experiencing benign macroeconomic conditions.

The Council would also like to express its satisfaction at the ongoing constructive dialogue with the Ministry and its officials.

Yours sincerely

John Cassar White

Chairman

c.c. Mr Alfred Camilleri, Permanent Secretary, Ministry for Finance

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ABBREVIATIONS

COM	European Commission
DBP	Draft Budgetary Plan
EBU	Extra Budgetary Unit
ESA	European System of National and Regional Accounts
FRA	Fiscal Responsibility Act
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices
HYR	Half-Yearly Report
IIP	Individual Investor Programme
IRD	Inland Revenue Department
MFAC	Malta Fiscal Advisory Council
MFIN	Ministry for Finance
NSO	National Statistics Office
pp	percentage point
USP	Update of Stability programme
VAT	Value Added Tax

Executive summary

The Half-Yearly Report prepared by the Ministry for Finance confirmed the macroeconomic forecasts for 2018, which were presented in April, as part of the Update of Stability Programme, and endorsed by the Fiscal Council. The official forecasts for nominal and real GDP growth were confirmed at 8.3% and 6.1%, respectively. Macroeconomic developments recorded during the first quarter of 2018 did not contribute to a revision in the economic outlook for this year.

Likewise, the 2018 targets for the fiscal surplus and public debt were confirmed at 1.1% of GDP and 45.8% of GDP, unchanged compared to the April forecast round. However, in absolute terms, total revenue and total expenditure were fine-tuned, based on the estimated fiscal developments during the first six months of the year. Specifically, the forecast for total revenue was lowered by €18.5 million, while that for total expenditure was scaled back by €14.0 million. Consequently, the slightly revised new targets for the fiscal surplus and the public debt have been set at €127.5 million and €5.5 billion, respectively.

On the revenue side, the main change reflected a downward revision in the expected absorption of funds from the European Union compared to what was factored in the Update of Stability Programme. On the other hand, there were greater revisions to expenditure headings. In absolute terms the largest upward revisions, in descending order, related to intermediate consumption, compensation of employees and subsidies. However, these were more than offset by a downward revision in the expected outlays on gross fixed capital formation and capital transfers, both of which mirroring the revised assumption of lower absorption of funds from the European Union. These changes are nevertheless rather small and should not affect the consistency and plausibility of the macroeconomic forecasts.

Provisional data indicates that during the first six months 45.7% of the forecasted yearly revenue was collected, while expenditure accounted for 47.6% of the budgeted amount. On an ESA basis, this resulted in a €26.9 million fiscal deficit. However, when considering the developments to date in the various revenue and expenditure components, and their historical patterns, the Fiscal Council considers that such outturn is mainly due to timing issues, which hence, does not raise concerns about the attainment of the target surplus for the year. Progress across most revenue and expenditure categories is reasonably close to the 50% benchmark. The main exception relates to capital expenditure, which is however more of a discretionary nature, where progress during the first half of the year was rather slow.

In line with the requirements of the Fiscal Responsibility Act, the Half-Yearly Report presents details about the outstanding creditors, indicating that as at June 2018 these were €19.5 million more than at the end of December 2017. It also presents information about revenue arrears, where the overall amount collected during the first half of 2018 exceeded the target.

The Council's report ends with some recommendations regarding the timing of the publication of the Ministry's Half-Yearly Report and the need for the publication of more information pertaining to the developments in relation to the utilisation of European Union funds, to further increase overall transparency.

1. Introduction

The Half-Yearly Report (HYR) 2018, prepared by the Ministry for Finance (MFIN), reviews the macroeconomic and fiscal developments since the presentation of the Budget in Parliament, on 9 October 2017, and the submission of the 2018 – 2021 Update of Stability Programme (USP) to the European Commission (COM), on 30 April 2018. The main purpose of the HYR, which is mandated by the Fiscal Responsibility Act (FRA), is to assess whether any significant developments have occurred, which in turn, might necessitate some corrective measures or fine-tuning in the announced targets for the fiscal balance and public debt for the current year. Furthermore, the HYR contributes to greater fiscal transparency by presenting information to reconcile the balance on the Consolidated Fund and the fiscal balance compiled according to the guidelines of the European System of National and Regional Accounts (ESA 2010).[1] The HYR also includes details about the outstanding payments facing the Government, progress in relation to the collection of revenue arrears and an overview of developments in public debt.

This Report by the Malta Fiscal Advisory Council (MFAC) proceeds as follows.[2] Section 2 reviews the macroeconomic forecasts contained in the HYR. Section 3 focuses on the updated fiscal projections for 2018. Section 4 looks at the fiscal outturn during the first half of the year. Section 5 describes the latest developments in relation to the outstanding creditors and revenue arrears. Section 6 concludes with some final recommendations.

2. Macroeconomic forecasts for 2018

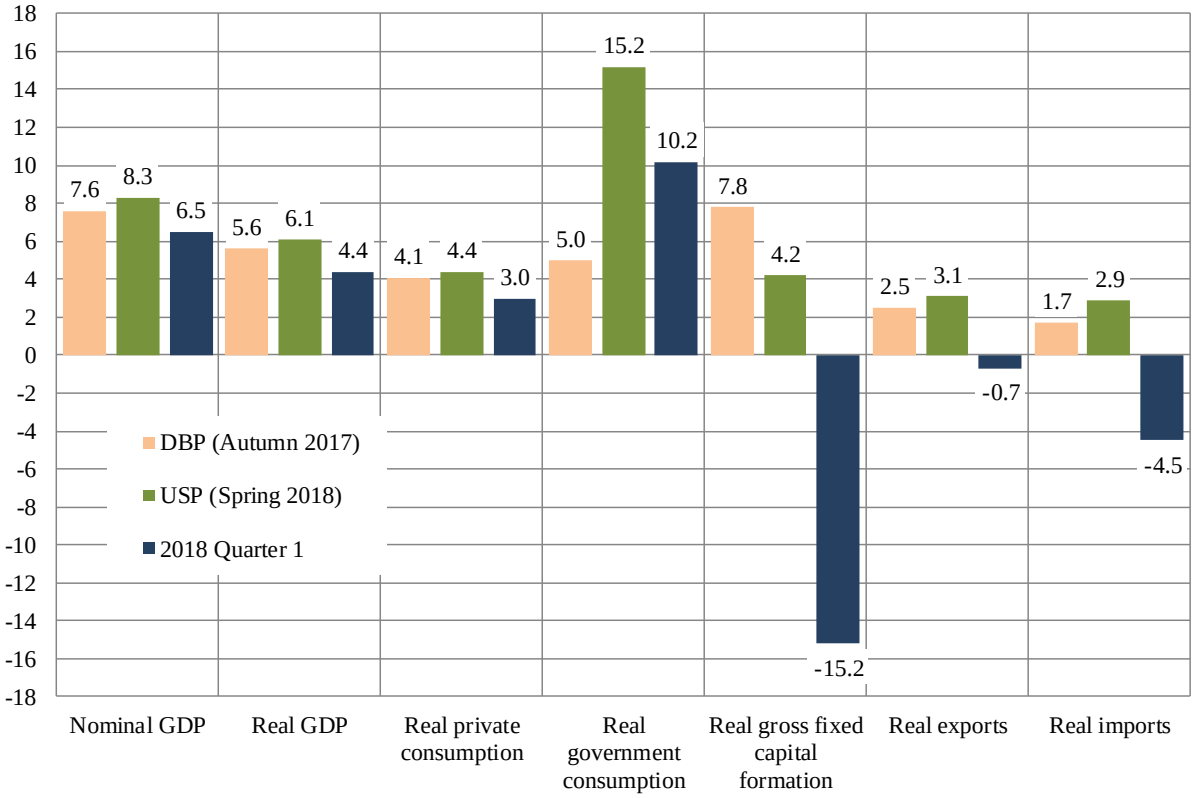
The HYR reconfirmed the macroeconomic forecasts which had been presented in the USP 2018 – 2021. An identical approach was adopted in previous editions of the HYR. The only difference is that in this HYR, the forecast growth rates for government consumption and exports have been presented net of the effect of the Individual Investor Programme (IIP).[3] The macroeconomic forecasts published in the USP 2018 – 2021, which are reproduced in the HYR 2018, thus serve as the latest official macroeconomic forecasts available for Malta which are published by the MFIN. These forecasts were already analysed and subsequently endorsed by the MFAC.[4]

The forecasts for nominal and real GDP growth in 2018 were revised slightly upwards, compared to the Draft Budgetary Plan (DBP) forecasts published in October 2017 (see Chart 1). Nominal GDP growth was raised by 0.7 percentage points (pp), whereas real GDP growth

[1] While the budget execution is mainly monitored by the MFIN in terms of developments in the Consolidated Fund, compliance with fiscal rules is assessed based on the fiscal statistics compiled according to the ESA guidelines.
[2] The cut-off date for this Report is 31 August 2018.
[3] At present, the proceeds generated from the IIP are treated by the National Statistics Office (NSO) as market output by government. Accordingly, they are deducted from the other components of government consumption and they are classified as exports.
[4] The MFAC's assessment of the macroeconomic forecasts contained in the USP 2018 – 2021 is available on http://mfac.org.mt/en/publications/Pages/Publications.aspx.

was increased by 0.5pp. In terms of contributions to growth, domestic demand was still expected to be the main driver of growth for 2018. Private consumption growth was revised upwards in line with the buoyant labour market conditions. Higher growth in government consumption was also anticipated.[5] On the other hand, growth in gross fixed capital formation was revised downwards due to updated completion dates of large-scale investment projects and the larger base effect created due to revisions in the previous year's data. The contribution to growth stemming from the external sector was slightly decreased, as the upward revision in import growth exceeded the upward revision in export growth.[6]

Chart 1: Growth in GDP and its components (y-o-y % change)



Source: MFIN

Following the publication of the USP (in April), the NSO published the official first quarter data for 2018 (in June).[7] The first quarter's nominal and real year-on-year GDP growth amounted to 6.5% and 4.4%, slightly less than indicated in the official forecasts. At a component level, discrepancies are larger in the case of government consumption, gross fixed capital formation and imports. These GDP expenditure components can be rather volatile.

[5] The forecasts presented in this Report reproduce those which were published in the USP. In the case of real government consumption, the HYR presents a growth rate of 4.0% when the impact of the IIP is removed, instead of the 5.2% presented in the USP (which included the effect of the IIP). The MFAC has opted to reproduce the original forecasts to ensure consistency with its previous publications, since at present the NSO nets out the impact of the IIP from government consumption.

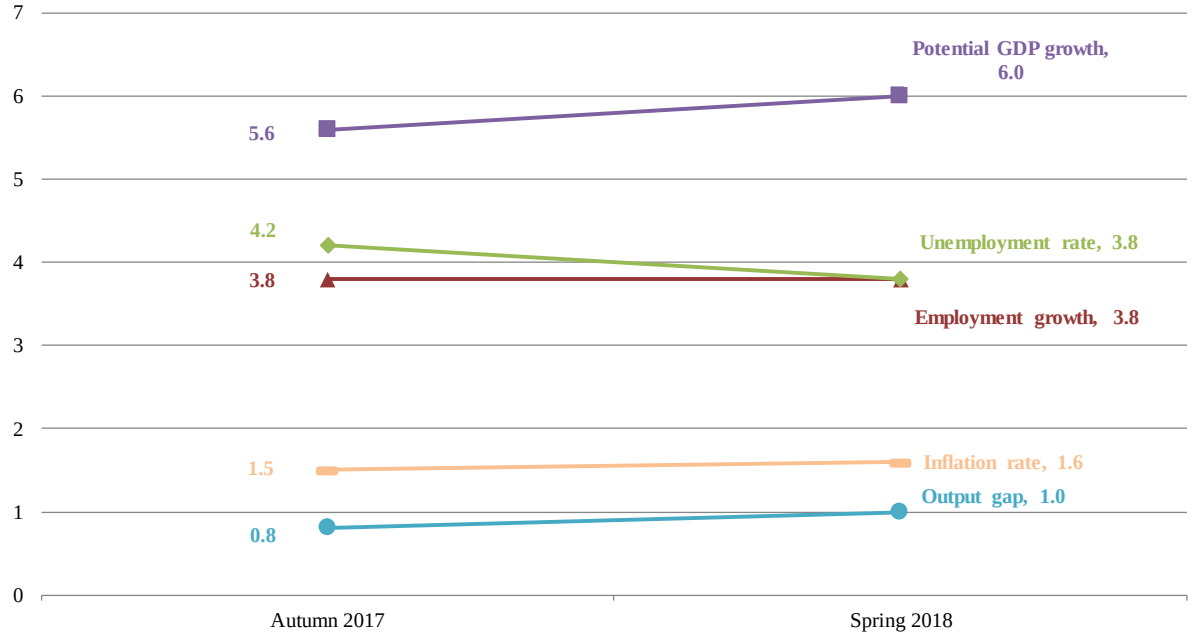
[6] The HYR indicates real growth in exports at 4.4% compared to the 3.1% growth presented in the USP. The MFAC has opted to reproduce the original forecasts to ensure consistency with its previous publications, since at present the NSO classifies the revenues from the IIP as exports.

[7] Source: NSO News Release 089/2018.

Owing to Malta's small size and high degree of openness, the information content of quarterly developments may thus be limited. These factors explain why like in the previous years, the MFIN opted to restate the macroeconomic forecasts contained in the USP, despite the publication of the first quarter data by the NSO. Leaving the macroeconomic forecasts unchanged between the USP and the HYR appears justifiable, unless there are very clear signals to the contrary.

The USP had also revised the forecasts for other key macroeconomic variables compared to the DBP (see Chart 2). The forecast for potential GDP growth was raised from 5.6% to 6.0%. The output gap was also increased, from 0.8% to 1.0% of potential GDP. On the other hand, the projected employment growth was retained at 3.8%, while the expected unemployment rate was lowered from 4.2% to 3.8%. In turn, the inflation rate was lifted marginally, from 1.5% to 1.6%. Labour market statistics during the first quarter of 2018, show that employment increased by 5.7% year-on-year.[8] At the same time, the annual inflation rate as measured according to the Harmonised Index of Consumer Prices (HICP) stood at 1.7% as at May 2018.[9] These statistics are consistent with the official forecasts.

Chart 2: Forecasts for other macroeconomic variables for 2018 (%)



Source: MFIN

The MFAC considers that the updated macroeconomic information, post publication of the USP, do signal the need to revise in the macroeconomic forecasts, which thus remain plausible and within its endorsable range.

[8] Source: NSO News Release 101/2018.
[9] Source: NSO News Release 093/2018.

3. Fiscal projections for 2018

The targets for the fiscal surplus-to-GDP ratio and the public debt-to-GDP ratio were reconfirmed at 1.1% and 45.8% respectively, unchanged compared to what was indicated in the USP 2018 – 2021 (see Table 1). Likewise, the target of a structural surplus, amounting to 0.6% of potential output, remained the same. These targets had been considered by the MFAC as plausible and within its endorsable range, and consistent with the macroeconomic outlook indicated in the USP. The updated targets are more ambitious than had originally been anticipated at in the Budget delivery speech, in October 2017.[10]

The HYR fine-tuned the revenue and expenditure forecasts in absolute terms, when compared to the USP.[11] Minor changes were driven exclusively by monthly fiscal developments during the first half of 2018, since there was no change in the macroeconomic outlook. The HYR lowered the total revenue and total expenditure forecasts, respectively by €18.5 million and €14.0 million (see Chart 3).[12] As a result, the target for the fiscal surplus has been scaled back by €4.5 million, to €127.5 million. The expected end-of-year level of debt was also lifted by a broadly similar amount, up by €3.6 million.

The updating of the total revenue forecast is almost entirely driven by a downward revision in the expected absorption of funds from the European Union (classified under the 'other' revenue category). The rest of the revenue changes are not very material, the size of the revisions to the main ESA categories being smaller than 0.1% of GDP in all cases.

On the other hand, there were larger revisions to some expenditure categories. In absolute terms the largest upward revision related to intermediate consumption, which was raised by €19.4 million in the HYR, compared to what was indicated in the USP. The anticipated spending on compensation of employees was raised by €13.0 million, whereas the forecast for subsidies was lifted by €10.2 million. These upward expenditure revisions were however more than offset by a downward revision in the expected outlays on gross fixed capital formation and capital transfers.[13] These downward adjustments are consistent with the before-mentioned revised assumption of lower absorption of funds from the European Union for 2018, than what had been factored in the USP.[14] The MFAC notes that the downward revision applied to gross fixed capital formation is consistent with the downside risk which the MFAC had identified in its assessment of the 2018 – 2021 USP.

[10] The more ambitious fiscal targets followed the better-than-expected outturn in 2017.
[11] The analysis by the MFAC focuses on the changes between the HYR and the USP. The changes between the USP and the DBP were already analysed as part of the endorsement of the forecasts contained in the USP.
[12] The USP had raised the forecasts for total revenue and total expenditure respectively by €285.9 million and €207.9 million, over what had been indicated in the Budget for 2018. These revisions were in line with the updated macroeconomic forecasts and took into consideration the fiscal outturn in 2017.
[13] It is pertinent to note that expenditure budgets initially allocated for one purpose may be shifted to other purposes, with the aim of enhancing efficiency, as well as to contain total expenditure slippages.
[14] Some EU funds impact directly gross fixed capital formation, while those which are channelled to Extra Budgetary Units (EBUs), to fund their capital projects, are classified as capital transfers.

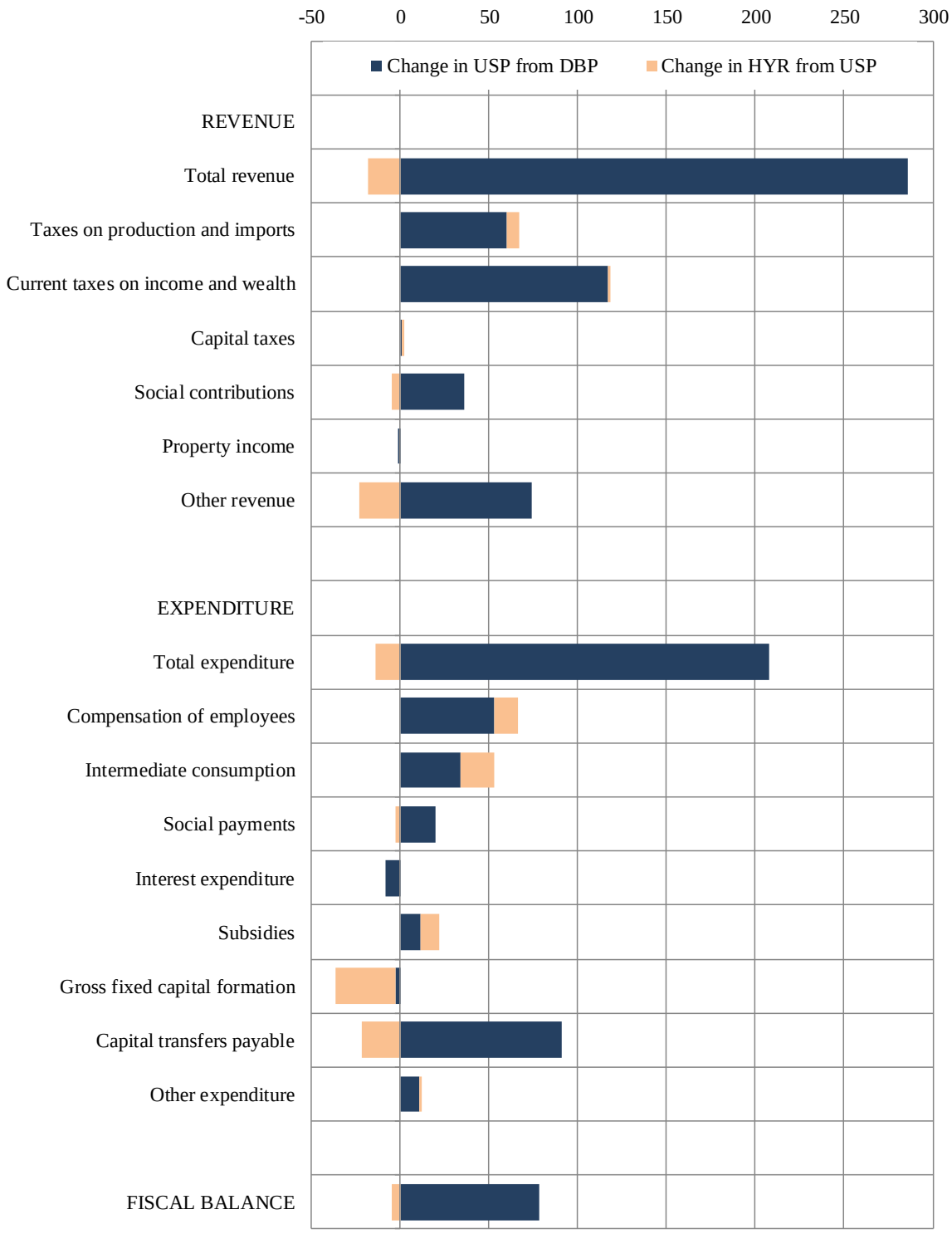
Table 1: Fiscal projections for 2018 (EUR millions)

	DBP Autumn 2017	USP Spring 2018	HYR 2018	Change HYR - USP
Total revenue	**4,369.3**	**4,655.2**	**4,636.7**	**-18.5**
Taxes on production and imports	1,424.1	1,484.0	1,490.8	6.8
Current taxes on income and wealth	1,626.4	1,743.4	1,744.7	1.3
Capital taxes	20.5	21.5	22.9	1.4
Social contributions	723.8	759.6	754.8	-4.8
Property income	105.0	103.4	103.4	0.0
Other revenue	469.5	543.4	520.2	-23.2
Total expenditure	**4,315.3**	**4,523.2**	**4,509.2**	**-14.0**
Compensation of employees	1,314.3	1,367.3	1,380.3	13.0
Intermediate consumption	773.9	807.7	827.1	19.4
Social payments	1,188.2	1,207.7	1,204.8	-2.9
Interest expenditure	199.6	191.1	191.1	0.0
Subsidies	130.8	142.2	152.4	10.2
Gross fixed capital formation	361.0	358.3	324.6	-33.7
Capital transfers payable	113.1	204.1	182.3	-21.8
Other expenditure	234.4	244.8	246.7	1.9
Fiscal balance - €	**54.0**	**132.0**	**127.5**	**-4.5**
Fiscal balance - % of GDP*	**0.5%**	**1.1%**	**1.1%**	**0.0**
Structural balance - % of Potential GDP*	**0.0%**	**0.6%**	**0.6%**	**0.0**
Gross debt	**5,874.9**	**5,506.3**	**5,509.9**	**3.6**
Gross debt - % of GDP*	**50.8%**	**45.8%**	**45.8%**	**0.0**

* The value of nominal GDP and potential GDP is that specified in the respective forecast round. The forecasts for both nominal and potential GDP are identical in the USP and the HYR.

Source: MFIN

Chart 3: Updates to the fiscal projections for 2018 carried out in the USP and the HYR (EUR millions)



Source: MFIN

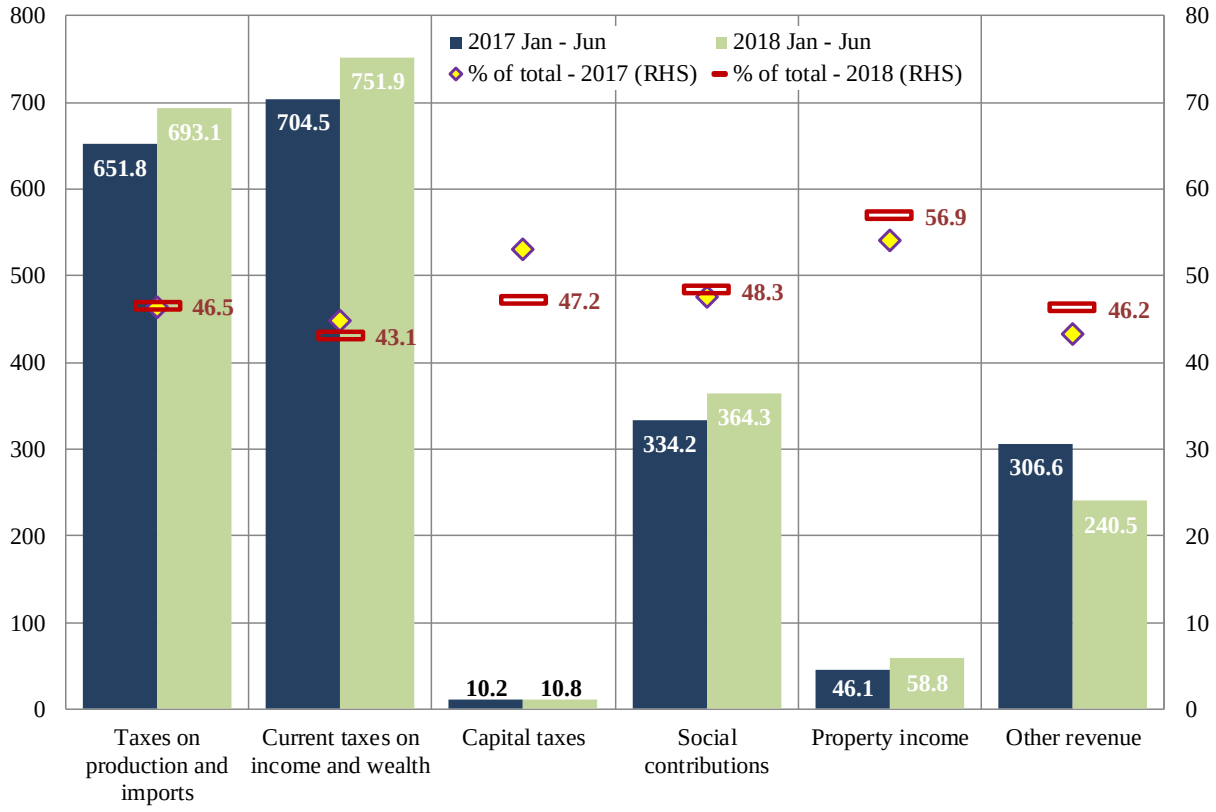
Since the updates to the fiscal forecasts are rather small in magnitude, the MFAC considers that such revisions should not impact the plausibility of the macroeconomic forecasts for 2018, as had been indicated in the USP 2018 – 2021. The fiscal projections and the macroeconomic forecasts are still considered to be overall consistent.

4. Fiscal outturn during the first half of 2018

The plausibility of the revised fiscal forecasts for 2018 can be assessed by examining the consistency with the progress recorded during the first half of the year. In this respect, the HYR presents the provisional fiscal outturn during the first half of 2018, on an ESA basis. An important caveat is that, whereas the first quarter of 2018 is based on NSO News Release 104/2018 (published on 9 July 2018), data for the second quarter is provisionally estimated by the MFIN, with the assistance of the NSO.[15]

The estimated revenue for the first half of 2018, amounting to €2,119.5 million, represents 45.7% of the HYR target for the entire year. Developments across the broad revenue components show that the estimated amounts for the first half of the year are rather close to the 50% benchmark (see Chart 4). The MFAC considers this benchmark as useful guidance for both revenues and expenditures, albeit acknowledging that specific factors might lead to fluctuations across quarters.

Chart 4: Half-yearly revenue developments (EUR millions, %)



Source: MFIN

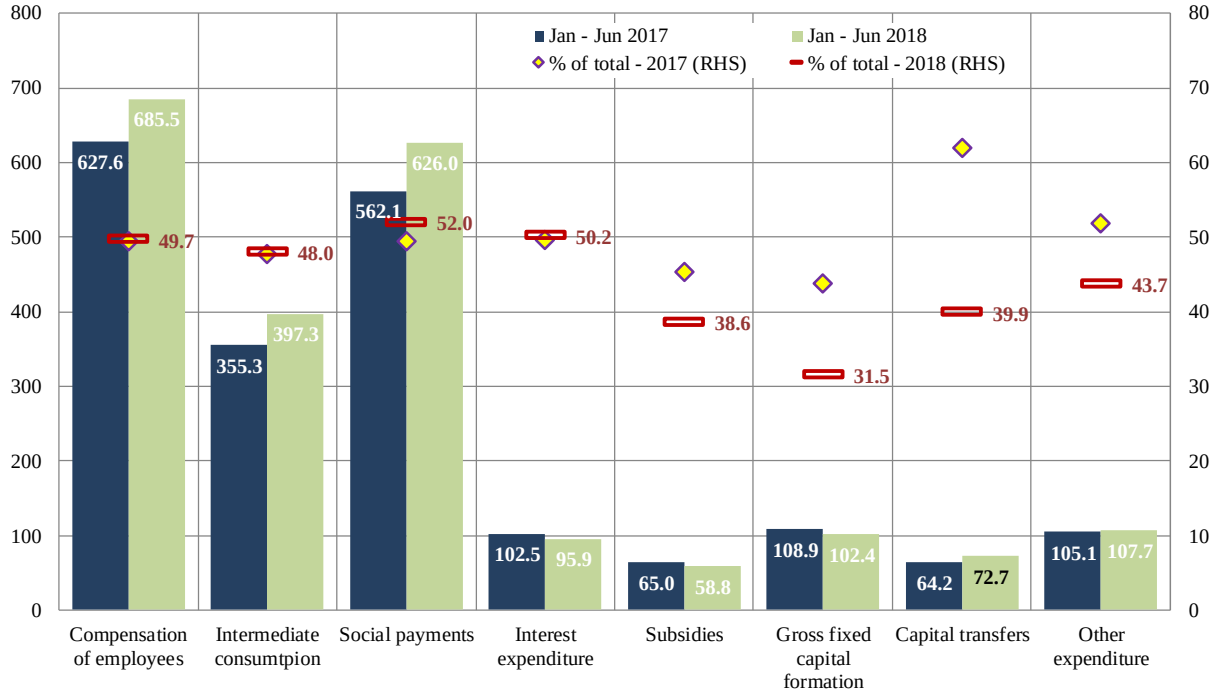
In the case of taxes on production and imports, current taxes on income and wealth, and social contributions (the three main revenue items), the estimated mid-year outturn accounted

[15] The official ESA fiscal statistics for the second quarter of 2018 were not available in time for the publication of the HYR.

respectively for 46.5%, 43.1% and 48.3% of the HYR targets. These ratios are perfectly in line with the pattern recorded in 2017.

In turn, the estimated expenditure undertaken during the first half of 2018 represents 47.6% of the yearly amount budgeted in the HYR. Spending on compensation of employees, intermediate consumption, social payments and interest expenditure is close to the 50% benchmark (see Chart 5). The remaining expenditure categories have a less even utilisation of the yearly budget. Indeed, mid-year spending on subsidies, gross fixed capital formation and capital transfers, respectively accounted for 38.6%, 31.5% and 39.9% of the yearly amount indicated in the HYR. On the other hand, spending on 'other' expenditure utilised 43.7% of the yearly budget. The MFAC acknowledges that these budget components are more of a discretionary nature, thus increasing the possibility that quarterly developments differ significantly. This leaves room for the respective annual targets to still be met, if the developments during the second half of the year compensate for the progress registered during the first half of 2018.

Chart 5: Half-yearly expenditure developments (EUR millions, %)



Source: MFIN

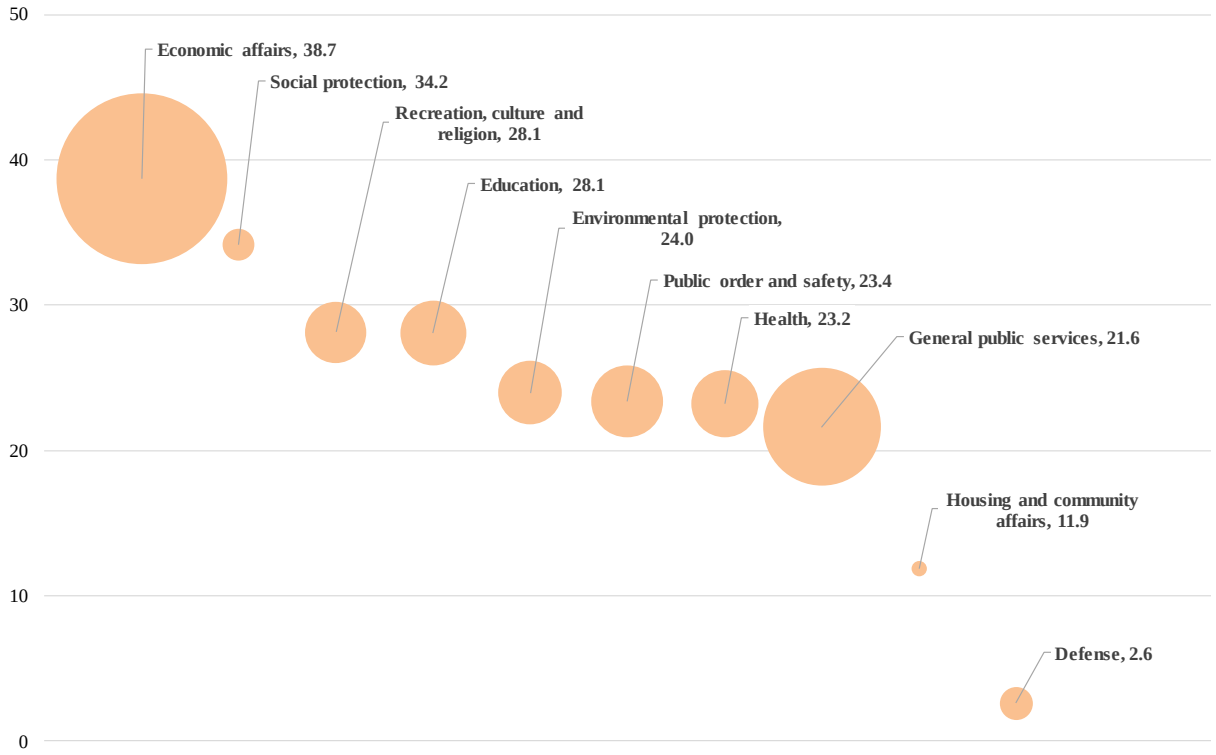
Overall, the fiscal developments during the first half of 2018, resulted in a €26.9 million fiscal deficit on an ESA basis. Meanwhile, the deficit on the Consolidated Fund was much larger, at €141.9 million. The difference between the two balances is mainly ascribed to accrual adjustments applicable to the ESA and the positive balances held by the EBUs.[16]

[16] For example, 70% of the revenues collected from the IIP are not recorded through the Consolidated Fund but feature in the fiscal statistics measured according to the ESA.

When considering the developments to date in the various revenue and expenditure components, and their historical patterns, the Fiscal Council considers that the outturn of a fiscal deficit during the first half of the year is mainly due to timing issues, which hence does not raise concerns about the attainment of the target surplus for the year. On balance, the MFAC considers that the half-yearly data corroborates the HYR's revised forecasts.

However, the downside risk to spending on gross fixed capital formation persists, despite the revision undertaken in the HYR.[17] Indeed, the Consolidated Fund shows that the utilisation of funds for capital expenditure across all functions of government is broadly low. The utilisation of the budgeted amount ranges mostly between the 20% - 30% (see Chart 6). Economic affairs, which accounts for the largest share, had the highest utilisation of funds, at 38.7%. However, in the case of general public services, which accounts for the second highest allocation, the utilisation rate was only 21.6%.

Chart 6: Utilisation of the budgeted amount for capital expenditure (%)[18]



Note: The size of the circles shows the relative size of the amount budgeted for the year. The economic functions are ranked in descending order according to the utilisation of the budget in percentage terms.

Source: MFIN

[17] Even in 2017, spending on gross fixed capital formation was significantly below the budgeted amount.

[18] For a list of the components included under each respective government function, refer to https://nso.gov.mt/metadata/classificationdetails.aspx?id=COFOG 1999.

5. Outstanding creditors and revenue arrears

The outstanding creditors as at June 2018 increased by €19.5 million, compared to December 2017 (see Table 2). However, this estimate is provisional as the HYR specifies that at the time the document was being prepared, not all data had been validated for accuracy by the MFIN. More importantly, in the case of the Government Property Division (which accounts for around one-third of the overall outstanding creditors), the HYR indicates that the latest data submitted by the cut-off date was that for end 2017, explaining why the figure was unchanged as at June 2018. The MFAC considers important that all departments provide to the MFIN the full set of information about their outstanding creditors, in time to validate the data and compile the HYR.

Table 2: Outstanding creditors (EUR millions)

	December 2017	June 2018	Change
Total outstanding creditors*	**131.5**	**150.9**	**19.5**
Of which			
Government Property Division**	44.9	44.9	0.0
Elderly and Community Care*	28.8	35.7	6.9
Government Pharmaceutical Services*	25.1	23.8	-1.3
Ministry for Energy and Water Management	5.1	2.0	-3.1
Ministry for Transport, Infrastructure and Capital Projects*	3.6	12.2	8.6
Other*	23.9	32.3	8.4

* Provisional data yet to be validated.

** The latest submitted related to December 2017.

Source: MFIN

Higher outstanding creditors, up by €6.9 million and €8.6 million, were respectively reported by the Elderly and Community Care and by the Ministry for Transport, Infrastructure and Capital Projects. On the other hand, the Government Pharmaceutical Services and the Ministry for Energy and Water Management reported a decline of €1.3 million and €3.1 million, respectively in the outstanding creditors. Other entities contributed smaller changes, with an estimated net upward effect amounting to €8.4 million.

With respect to revenue arrears, the amount collected during the first half of 2018 amounted to €33.7 million, which exceeded the €27.9 million target (see Table 3). Revenue arrears are mainly related to the operations of the MFIN, specifically the Inland Revenue Department

(IRD) and Value Added Tax (VAT). In this respect, the MFAC notes positively that the revenue arrears collected by the IRD was practically double the targeted amount. On the other hand, in the case of VAT, the collection of arrears was some 30% below target. On a net basis, arrears across the rest of the government departments were also €3.3 million short of the target, with the shortfalls being generally small and spread across different departments. To this effect, the MFAC considers important that all government departments strive to reach their respective collection targets.

Table 3: Revenue arrears (EUR millions)

	Target	Collected	Difference
Total revenue arrears	**27.9**	**33.7**	**5.8**
Of which			
Inland Revenue	12.3	23.9	11.6
VAT	7.9	5.4	-2.5
Other	7.7	4.4	-3.3

Source: MFIN

6. Conclusion and final recommendations

The MFAC considers that the HYR broadly meets the requirements of the HYR in terms of its contents. The MFAC welcomes the broad and extensive coverage and the details provided in the HYR.

At the same time, the MFAC considers important that the MFIN should remain vigilant, to ensure that the fiscal performance during the second half, which is expected to be more positive than in the first half, contributes to the planned fiscal surplus of €127.5 million for 2018. It is important that the fiscal balance remains in surplus at a time when the economy is experiencing benign macroeconomic conditions.

The MFAC also encourages the government departments to maintain the necessary momentum for the collection of revenue arrears in line with the agreed targets.

The MFAC would like to re-iterate two recommendations which it had made in last year's assessment of the HYR. First, Article 39(7) of the FRA specifies "*In July of each year, the Minister for Finance shall compile and lay on the table of the House of Representatives a half-yearly report on the economic and budgetary situation*". However, in 2018, the HYR was tabled in Parliament in October, in view of the Parliament's summer recess. The same thing had happened in 2017. The MFAC acknowledges that for logistic reasons it may not always be possible for the Minister for Finance to compile and lay on the table of the Parliament the HYR

in July, depending on the timing of the commencement of the Parliament's summer recess. However, for the HYR to attain its objective of boosting transparency and fiscal governance, it is important that the publication of the HYR is not delayed to the extent that its publication precedes the publication of the DBP and the Budget Speech only by a very brief period.

Secondly, the MFAC would like to draw attention to Article 39(8)(h) of the FRA which prescribes that the HYR should contain "*data on the absorption of European funds, indicating the approved program, the results achieved in the first six months and an updated forecast for the entire year*". The MFAC feels that the information provided in the HYR in this regard falls short of the precise details being prescribed by the FRA. The MFIN is therefore encouraged to provide a more detailed account in this respect in its future reports.

Malta Fiscal Advisory Council
St. Calcedonius Square, Floriana FRN 1530
Tel: +356 22479200 Fax: +356 22479219
Email: info@mfac.org.mt www.mfac.org.mt

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