

18 April 2019

## PRESS RELEASE

### **Malta Fiscal Advisory Council publishes its Annual Report for 2018**

The Malta Fiscal Advisory Council (MFAC) has just released its Annual Report for 2018, which was tabled in Parliament on 17 April 2019.

In his statement, the Chairman noted that in recent years, economic growth has been robust and supported by vigorous job creation. This has enabled the annual fiscal balance to swing from a deficit into a surplus, with further improvement derived from the proceeds generated through the Individual Investor Programme. The expansion in economic activity and the improved public finances have also enabled the steady decline in the public debt-to-GDP ratio.

The Fiscal Council reminds of the importance that these achievements are not unwound through unsustainable expenditure initiatives or unnecessary revenue easing. This would maintain a fiscal buffer as a safeguard against the possibility that some adverse economic risks might eventually crystallise. At the same time, the right balance needs to be struck so that the annual expenditure allocations across Ministries and state functions safeguard the effective delivery of good quality public services. This is necessary to sustain the country's long-term growth potential and to maintain social cohesion.

Apart from presenting information about the activities of the Fiscal Council during 2018, including a summary of the first working paper published by the Council, the Annual Report contains two thematic chapters, one focusing on fiscal transparency and the other on fiscal risks. It is the Council's opinion that such topics merit greater attention by stakeholders.

The Fiscal Council views positively the fact that the Government took the initiative to request the IMF to assess the transparency of Malta's fiscal policy. The Council welcomes the overall positive ratings obtained, with almost all principles already being adhered to, albeit to varying degrees. At the same time, the Council invites the Government to take the necessary steps to increase transparency further, within the timeframes suggested by the IMF, particularly in the areas where ratings were lower, namely in relation to the comprehensive information on fiscal risks, tax expenditures and the financial situation of public corporations.

The MFAC also identified potential fiscal risks that could have a negative impact on public finances in Malta. The Council believes this could serve as useful input for the possibility of establishing a fiscal risk register for Malta.

The Annual Report, including the audited financial statements, is available on the MFAC's website <http://www.mfac.org.mt>.

18 ta' April 2019

## STQARRIJA GHALL-ISTAMPA

### II-Kunsill Fiskali Konsultattiv Malti jippublika ir-Rapport Annwali għall-2018

Il-Kunsill Fiskali Konsultattiv Malti (MFAC) għadu kif ippublika r-Rapport Annwali tiegħu għall-2018, li ġie mressaq fil-Parlament fis-17 ta' April 2019.

Fl-istqarrija tiegħu, iċ-Čermen innota li fis-snin riċenti t-tkabbir ekonomiku kien b'saħħtu u sostniet bil-ħolqien ta' impjieg. Dan wassal sabiex il-bilanč fiskali annwali jinbidel minn *deficit* għal *surplus* b'iż-żejjed titjib ġej mid-dħul tal-Programm ta' Investituri Individuali. It-tkabbir fl-attivitàek ekonomika u t-titjib fil-finanzi pubblici wasslu għat-tnejha kostanti fid-dejn bħala proporzjon tal-Prodott Gross Domestiku.

Il-Kunsill Fiskali jfakkar fl-importanza li dawn il-kisbiet ma jintilfux b'infiq mhux sostenibbi jew tnaqqis fid-dħul bla bżonn. Dan jgħin sabiex jinżamm ammont ta' tfaddil fiskali bħala salvagħwardja kontra l-possibbiltà li jseħħu xi riskji ekonomiċi negattivi. Fl-istess ħin, jeħtieg li jinżamm bilanč sabiex l-allokazzjonijiet annwali tan-nefqa fil-Ministeri u l-funzjonijiet ta' l-istat jissalvagħwardjaw il-kwalità fis-servizzi pubblici. Dan huwa neċċesarju sabiex jinżamm il-potenzjal ta' tkabbir fit-tul tal-pajjiż u biex issostni l-koeżjoni soċjali.

Apparti milli jippreżenta informazzjoni fuq l-attivitàjet tal-Kunsill Fiskali matul l-2018, kif ukoll jirreferi għall-ewwel *working paper* ippubblikata mill-Kunsill, ir-Rapport Annwali fih żewġ kapitli tematiċi, wieħed li jiffoka fuq it-traparenza fiskali u l-ieħor fuq riskji fiskali. Fl-opinjoni tal-Kunsill dawn huma suġġetti li jistħoqqilhom attenzjoni akbar minn istituzzjonijiet u msieħba soċjali.

Il-Kunsill Fiskali jqis bħala pozittiv il-fatt li l-Gvern ha l-inizjattiva sabiex jitlob lill-IMF biex tivvaluta t-traparenza tal-politika fiskali ta' Malta. Il-Kunsill jilqa' r-riżultati pozittivi li ġew miksuba, peress li kważi l-principji kollha digħà qed jiġu osservati, għalkemm fuq livelli varji. Fl-istess ħin, il-Kunsill iħeġġeġ lill-Gvern biex jieħu l-passi neċċesarji sabiex jinkiseb iktar titjib fit-traparenza fiż-żmien suġġerit mill-IMF, speċjalment fejn ir-ratings kienu inqas, partikolarment fir-rigward tal-informazzjoni komprensiva dwar ir-riskji fiskali, *tax expenditures* u s-sitwazzjoni finanzjarja tal-korporazzjonijiet pubblici.

L-MFAC identifika wkoll riskji fiskali li potenzjalment jista' jkollhom impatt negattiv fuq il-finanzi pubblici f' Malta. Il-Kunsill jemmen li dan jista' jservi ta' kontribut utli sabiex jinħoloq reġistru tar-riskji fiskali għal Malta.

Ir-Rapport Annwali, li jinkludi wkoll id-dikkjarazzjonijiet finanzjarji, huwa disponibbi fuq is-sit elettroniku tal-MFAC <http://www.mfac.org.mt>.