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PRESS RELEASE

Malta Fiscal Advisory Council publishes its assessment of the Draft Budgetary Plan 2019

On 7 December 2018, the Malta Fiscal Advisory Council (MFAC) presented to the Minister for Finance its assessment of the Draft Budgetary Plan 2019. The Fiscal Council considered the updated official macroeconomic and fiscal forecasts for 2018 and 2019 to be within its endorsable range. The Council also confirmed that the fiscal plans comply with the fiscal rules prescribed in the Fiscal Responsibility Act and the Stability and Growth Pact.

According to the Ministry for Finance, the Maltese economy will maintain strong growth over the forecast horizon. However, real GDP growth is expected to decelerate gradually, from 6.7% in 2017, to 5.8% in 2018, and 5.3% in 2019. Supported by this economic outlook, the Government is targeting further fiscal surpluses over the forecast horizon, albeit smaller than in 2017. The fiscal surplus, which in 2017 amounted to 3.5% of GDP, is anticipated to drop to 1.1% in 2018, and thereafter increase slightly, to 1.3% in 2019. Meanwhile, the debt-to-GDP ratio is expected to maintain its gradual downward trend, falling from 50.9% in 2017, to 46.9% in 2018 and to 43.8% in 2019.

The methodologies used by the Ministry to prepare these forecasts, as well as the explanations and evidence provided to the Council and the general consistency with the recent trends, support the Council's endorsement decision.

The analysis carried out by the Council suggests that on a net basis there could be a marginal downside risk for real GDP growth for 2018, whereas for 2019 the risk outlook is neutral. Contingent on the materialisation of the macroeconomic outlook presented in the Draft Budgetary Plan, the Council sees the possibility of a larger-than-expected fiscal surplus in 2018, but in 2019 the fiscal surplus could be slightly lower than planned.

The Fiscal Council reminds and stresses the importance of strong public finances, not only to comply with the fiscal rules, but to ensure that appropriate fiscal buffers are created at a time when the economic performance is favourable. Furthermore, the benign macroeconomic and fiscal conditions offer a window of opportunity for carrying out the necessary reforms to address both short-term and long-term challenges.

The full report, entitled "Assessment of the Draft Budgetary Plan 2019", is available on the website of the MFAC: <http://www.mfac.org.mt>.

10 ta' Diċembru 2018

STQARRIJA GHALL-ISTAMPA

II-Kunsill Fiskali Konsultattiv Malti jippublika I-evalwazzjoni tal-Pjan Baġitarju għall-2019

Fis-7 ta' Diċembru 2018, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ippreżenta lill-Ministru għall-Finanzi I-evalwazzjoni tiegħu tal-Pjan Baġitarju għall-2019. Il-Kunsill Fiskali ikkonsidra t-tbassir makroekonomiku u dak fiskali għall-2018 u l-2019 bħala plawżibbli. Il-Kunsill ikkonferma wkoll li I-pjanijiet fiskali jissodisfaw ir-regoli fiskali preskritti fl-Att dwar ir-Responsabbiltà Fiskali u l-Patt ta' Stabbiltà u Tkabbir.

Skont il-Ministeru għall-Finanzi, l-ekonomija Maltija mistennija tibqa' tikber b'pass mgħaġġel fis-snin imbassra. Madankollu, it-tkabbir reali fil-Prodott Gross Domestiku (PGD) mistenni jbatti b'mod gradwali, minn 6.7% fl-2017, għal 5.8% fl-2018 u 5.3% fl-2019. Abbaži ta' dan it-tbassir ekonomiku, il-Gvern qed jimmira għal bilanc fiskali pożittiv fis-sentejn imbassra, għalkemm kemmxjejn inqas minn dak tal-2017. Is-surplus fiskali, li fl-2017 kien jammonta għal 3.5% tal-PGD, huwa mistenni li jonqos għal 1.1% fl-2018, iżda jiżdied għal 1.3% fl-2019. Fl-istess żmien, il-proporzjon tad-dejn mal-PGD huwa mistenni li jkompli jonqos gradwalment, minn 50.9% fl-2017, għal 46.9% fl-2018 u għal 43.8% fl-2019.

Il-metodoloġji użati mill-Ministeru sabiex jiġi ppreparat dan it-tbassir, kif ukoll l-ispiegazzjonijiet u l-evidenza pprovduta lill-Kunsill, u l-konsistenza ġenerali max-xejriet riċenti, isostnu d-deċiżjoni tal-Kunsill li jqis it-tbassir bħala plawżibbli.

L-analizi mwettqa mill-Kunsill turi li, fuq baži netta, jista' jkun hemm riskju żgħir li t-tkabbir reali fil-PGD għall-2018 ikun kemmxjejn inqas milli mbassar, filwaqt li għall-2019 ir-riskji jidhru bbilancjati. Jekk l-iżviluppi makroekonomiċi pprezentati fl-Abbozz tal-Pjan Baġitarju jseħħu, il-Kunsill iqis possibbli li l-bilanc fiskali jkun ogħla minn dak mistenni fl-2018, iżda għall-2019 is-surplus jista' jkun ffit inqas milli ppjanat.

Il-Kunsill Fiskali jfakkar u jenfasizza fl-importanza ta' finanzi pubbliċi b'saħħithom, mhux biss minħabba r-regoli fiskali, iżda wkoll sabiex ikun hemm tfaddil fiskali xieraq meta l-ekonomija sejra tajeb. Barra minn hekk, il-kundizzjonijiet makroekonomiċi u fiskali favorevoli joffru opportunità sabiex jitwettqu r-riformi meħtieġa sabiex jiġu indirizzati l-isfidi kemm taż-żmien qarib kif ukoll dawk aktar fit-tul.

Ir-rapport shiħi, bit-titlu ta' "Assessment of the Draft Budgetary Plan 2019", huwa disponibbli fuq is-sit elettroniku tal-MFAC: <http://www.mfac.org.mt>.