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PRESS RELEASE**Malta Fiscal Advisory Council publishes its assessment of the Government's fiscal projections presented in the Draft Budgetary Plan for 2018**

On 29 November, the Malta Fiscal Advisory Council (MFAC) presented its assessment of the fiscal projections outlined in the Draft Budgetary Plan for 2018, which was submitted by the Ministry for Finance to the European Commission on 16 October 2017. This document outlines the revenue and expenditure projections according to the European System of National and Regional Accounts, which is the mandatory statistical framework across the European Union. The Draft Budgetary Plan is based on the Financial Estimates tabled in Parliament on 9 October 2017, and factors in the fiscal measures announced during the last Budget Speech.

The Council notes that the Government is targeting a fiscal surplus of 0.8% of GDP in 2017 and 0.5% in 2018, while expecting the public debt ratio to decline to 54.9% of GDP and to 50.8% during the same period. After having scrutinised the various revenue and expenditure components within the Budget, the Council considers the projections for the fiscal balance and the public debt to lie within its endorsable range. The Council also notes the similarity of these projections to those published by the European Commission and the Central Bank of Malta.

In its risk assessment, the Council identified possible upside risks to total revenue and downside risks to total expenditure, both for 2017 and 2018, thereby leading to the possibility that the fiscal balance could be more positive than projected across the forecast horizon. In 2017, it is possible that tax revenues and inflows from the Individual Investor Programme may exceed the targets, reflecting the prudent assumptions employed by the Ministry for Finance in its projections. On the other hand, the outturn for expenditure may be less than planned, particularly because spending on compensation of employees and on gross fixed capital formation may be less than budgeted for. There is also the possibility that there will not be a need to resort to the Contingency Reserve, which is a reserve mandated by the Fiscal Responsibility Act to cater for unexpected and exceptional expenditures, and this would lead to further expenditure savings.

The upside risks to the fiscal balance appear to be less strong in 2018. In this case, the possibility of higher-than-projected revenue is related to the possibility of above-target proceeds from the Individual Investor Programme, while the possibility of lower-than-projected expenditure is mainly contingent on the possibly slower-than-planned progress in gross fixed capital formation, and again on the non-recourse to the Contingency Reserve.

The Council invites the Government to remain very vigilant with regard to budgetary flows, and to adhere closely to the fiscal plans as outlined in the Draft Budgetary Plan. The Council reminds that any significant departure from these fiscal plans, resulting from possible initiatives undertaken post-submission of the Draft Budgetary Plan, could pose risks to the attainment of the fiscal surplus and debt targets.

The full report, entitled “Assessment of the Fiscal Forecasts – Draft Budgetary Plan 2018”, is available on the website of the MFAC <http://www.mfac.org.mt>.

30 ta' Novembru 2017

STQARRIJA GHALL-ISTAMPA**Il-Kunsill Fiskali Konsultattiv Malti jippubblika l-evalwazzjoni tiegħu dwar it-tbassir fiskali tal-Gvern hekk kif ipprezentat fl-Abbozz tal-Pjan Baġitarju għall-2018**

Fid-29 ta' Novembru, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ipprezenta l-evalwazzjoni tiegħu tat-tbassir fiskali inkluż fl-Abbozz tal-Pjan Baġitarju għall-2018, li kien imressaq mill-Ministeru għall-Finanzi lill-Kummissjoni Ewropea fis-16 ta' Ottubru 2017. Dan id-dokument juri t-tbassir fid-dhul u l-infiq tal-Gvern skont is-sistema Ewropea tal-kontijiet nazzjonali u reġjonali, li hija sistema mandatorja f'kull pajjiż membru tal-Unjoni Ewropea. L-Abbozz tal-Pjan Baġitarju huwa bbażat fuq l-istimi finanzjarji li ġew imressqa fuq il-mejda tal-Parlament fid-9 ta' Ottubru 2017, u l-mizuri fiskali mħabbra matul l-aħħar Diskors tal-Baġit.

Il-Kunsill Fiskali Konsultattiv Malti jinnota li l-Gvern qiegħed jimmira għal-*surplus* fiskali ta' 0.8% tal-Prodott Gross Domestiku (PGD) fl-2017 u ta' 0.5% fl-2018, filwaqt li qiegħed jistenna li l-proporzjon tad-dejn pubbliku jonqos għal 54.9% tal-PGD u għal 50.8% matul l-istess perjodu. Wara li ġew evalwati l-kategoriji tad-dhul u l-infiq tal-Gvern kif ipprezentati fil-Baġit, il-Kunsill jikkunsidra dan it-tbassir tal-bilanċ fiskali u tad-dejn pubbliku bħala plawzibbli. Il-Kunsill jinnota wkoll li dan it-tbassir huwa simili għal dak mhejji mill-Kummissjoni Ewropea u mill-Bank Ċentrali ta' Malta.

Fl-evalwazzjoni li hejja dwar ir-riskji rigward dan it-tbassir, il-Kunsill jara li hemm il-possibbiltà li d-dhul totali jista' jkun aktar milli mbassar fil-Baġit, waqt illi n-nefqa totali tista' tkun inqas milli mbassra, kemm għall-2017 u għall-2018. Dan jista' jwassal għal possibbiltà ta' bilanċ fiskali iktar pożittiv milli mistenni. Fl-2017, huwa possibbli li d-dhul mit-taxxa u mill-Programm tal-Investitur Indivdwali jkunu iktar milli mistennija, ukoll minhabba l-assunzjonijiet prudenti li jittieħdu mill-Ministeru tal-Finanzi fit-tbassir tagħhom. Mill-banda l-oħra, l-ispiza tista' tkun inqas milli ppjanata, speċjalment minhabba li l-infiq fuq pagi u l-investment jistgħu jkunu inqas minn dak ibbaġitjat. Hemm ukoll il-possibbiltà li ma jkunx hemm bżonn tiġi użata r-Riserva għall-Kontingenza, li hija riserva li giet stabbilita mill-Att dwar ir-Responsabbiltà Fiskali sabiex tkopri għal spejjeż li ma jkunux mistennija jew eċċezzjonali, u b'hekk dan iwassal għal iktar tfaddil.

Il-possibbiltà li l-bilanċ fiskali jkun ikbar milli mistenni jidher li huwa inqas b'saħħtu għall-2018. F'dan il-każ, il-possibbiltà li d-dhul jkun iktar milli mistenni huwa relatat mal-possibbiltà ta' iktar dhul mill-Programm tal-Investitur Indivdwali, filwaqt li l-possibbiltà ta' infiq inqas milli mistenni tista' sseħħ jekk il-progress fil-proġetti kapitali jkun iktar bil-mod milli ppjanat, u jekk terġa' ma tintużax ir-Riserva għall-Kontingenza.

Il-Kunsill ihegġeg lill-Gvern sabiex jibqa' viġilanti fir-rigward tax-xejriet fiskali, u sabiex iżomm mal-pjanijiet fiskali tiegħu hekk kif ippubblikati fl-Abbozz tal-Pjan Baġitarju. Il-Kunsill ifakkar li kwalunkwe ċaqliq sinifikanti minn dawn il-pjanijiet fiskali, riżultat ta' xi inizjattivi ġodda wara li ġie ppubblikat l-Abbozz tal-Pjan Baġitarju, jista' johloq riskji għal miri tas-*surplus* fiskali u d-dejn.

Ir-rapport sħiħ, bit-titlu ta' "Assessment of the Fiscal Forecasts – Draft Budgetary Plan 2018", huwa disponibbli fuq is-sit elettroniku tal-MFAC <http://www.mfac.org.mt>.