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## PRESS RELEASE

### **Malta Fiscal Advisory Council publishes its assessment of the Government’s fiscal forecasts contained in the Update of Stability Programme 2018 – 2021.**

On 31 May 2018, the Malta Fiscal Advisory Council (MFAC) presented its assessment of the fiscal forecasts contained in the Update of Stability Programme 2018 – 2021, published by the Ministry for Finance on the same day.

The Council notes that the fiscal balance is projected to record surpluses ranging between 0.9% of GDP and 1.1% of GDP for the period 2018 to 2020, and of 1.6% of GDP in 2021. The Council considers these projections to be within its endorsable range. Likewise, the anticipated steady decline in the debt-to-GDP ratio, from 50.8% in 2017 to 35.6% by 2021, is deemed to be plausible.

For 2018, the Council considers possible that total Government revenue turns out higher than projected, whereas total expenditure could be less than projected. Such developments would result in a fiscal surplus larger than currently anticipated for 2018. On the other hand, according to the Council’s assessment, both total revenue and total expenditure may exceed the projections for the period 2019 to 2021. On balance, the view of the Council is that the yearly fiscal surplus could be somewhat less than that planned during the outer three forecast years. This should nonetheless still safeguard the achievement of the planned stream of fiscal surpluses over the forecast horizon.

In the Council’s view, the upside risks to total revenue relate to taxes on production and imports, which appear prudent throughout the forecast horizon. On the other hand, in 2018, lower-than-budgeted spending may occur in public investment. For the outer forecast years, the upside risks to spending mainly stem from the fact that the budget allocations, particularly for public sector wages, and spending on intermediate consumption, are targeted to grow at a slower pace than in recent years.

Finally, the Council invites the Government to remain vigilant with regard to expenditure growth, so as to adhere closely to the fiscal plans as outlined in the Update of Stability Programme 2018 – 2021, since any significant departure could pose risks to the attainment of the fiscal surplus and debt targets as outlined in this Report.

The full report, entitled “Assessment of the Fiscal Forecasts – Update of Stability Programme 2018 – 2021”, is available on the website of the MFAC <http://www.mfac.org.mt>.

4 ta' Ĝunju 2018

## STQARRIJA GHALL-ISTAMPA

### **Il-Kunsill Fiskali Konsultattiv Malti jippubblika l-evalwazzjoni tiegħu dwar it-tbassir fiskali tal-Gvern hekk kif ippreżentat fl-Aġġornament tal-Programm ta' Stabbiltà 2018 – 2021.**

Fil-31 ta' Mejju 2018, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ippreżenta l-evalwazzjoni tiegħu dwar it-tbassir fiskali hekk kif ippreżentat fl-Aġġornament tal-Programm ta' Stabbiltà 2018–2021, li kien ippublikat mill-Ministeru għall-Finanzi fl-istess ġurnata.

Il-Kunsill jinnota li l-bilanċ fiskali mistenni jilhaq surpluses ta' bejn 0.9% tal-PGD u 1.1% tal-PGD, ghall-perjodu bejn l-2018 u l-2020, u ta' 1.6% tal-PGD fl-2021. Il-Kunsill iqis bhala plawżibbli dawn is-surpluses kif ippjanati. It-tnaqqis fid-dejn, bhala proporzjon tal-PDG, minn 50.8% fl-2017, għal 35.6% fl-2021, huwa wkoll meqjus bhala plawżibbli.

Il-Kunsill jara li meta mqabbla mat-tbassir, għall-2018, id-dħul tal-Gvern jista' jkun oħla, filwaqt li l-ispiża tkun inqas minn dak previst. Jekk dan iseħħi, is-surplus ikun ikbar milli mistenni. Mill-banda l-oħra, fl-opinjoni tal-Kunsill, matul il-perjodu bejn l-2019 u l-2021, kemm id-dħul kif ukoll l-infiq jistgħu jaqbżu l-miri. Għalhekk, il-Kunsill hu tal-fehma li s-surpluses jistgħu jkunu ftit inqas milli mbassra, iżda dan xorta għandu jwassal għal surpluses tul dawn it-tliet snin.

Il-Kunsill hu ta' l-opinjoni li t-tbassir fid-dħul jidher prudenti, bil-possibbiltà li taxxi fuq il-produzzjoni u l-importazzjonijiet matul il-perjodu 2018 u 2021 ikunu oħla. Minn naħa l-oħra, fl-2018 l-infiq fuq investiment tal-Gvern jista' jkun inqas milli mistenni. Għas-snin ta' wara, l-ispiża tista' taqbeż il-miri peress li l-allokazzjonijiet fuq pagi u konsum intermedju, qed jiżdiedu b'rati inqas minn dawk li seħħew fi snin riċenti.

Fl-ahħar nett, il-Kunsill jistieden lill-Gvern sabiex, speċjalment fil-każ ta' l-infiq, jimxi mill-qrib mal-pjanijiet fiskali kif imfassla fl-Aġġornament tal-Programm ta' Stabbiltà 2018–2021, peress li kwalunkwe tluq sinifikanti jista' jkun ta' riskju għall-kisba tal-miri għall-bilanċi fiskali u d-dejn kif spjegat f'dan ir-Rapport.

Ir-rapport shiħi, intitolat "Assessment of the Fiscal Forecasts – Update of Stability Programme 2018–2021", huwa disponibbli fuq is-sit elettroniku tal-MFAC <http://www.mfac.org.mt>.