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PRESS RELEASE

Malta Fiscal Advisory Council publishes its final overall assessment of the Government's Draft Budgetary Plan for 2017

On 28 December 2016 the Malta Fiscal Advisory Council (MFAC) presented its final assessment of the Draft Budgetary Plan for 2017. This Report reviews the conduct of fiscal policy, examining the compliance with the fiscal rules which are outlined in the Fiscal Responsibility Act and in the Stability and Growth Pact. This Report supplements the previous two reports published in October and November this year, which respectively focused on the plausibility of the Government's macroeconomic forecasts, and its fiscal projections.

The Council notes positively that the planned trajectory for public debt, which is expected to decline from 64.0% of GDP in 2015 to 63.3% in 2016 and 61.9% in 2017, complies with the debt rule. The slower accumulation of debt and the expansion in nominal GDP are enabling the debt to-GDP ratio to converge closer towards the target of 60%, which is applicable to euro area Member States.

The Council also welcomes the plans to move ahead with further improvement in public finances, with the aim of lowering the fiscal deficit to 0.7% of GDP in 2016 and 0.5% of GDP in 2017. The undertaking of counter-cyclical fiscal tightening contributes to further progress towards the attainment of Malta's Medium-Term Objective of structural balance by 2019. Available information suggests that the pace of structural adjustment for 2016, that is, the improvement in the fiscal balance after correcting for the effects of the business cycle and one-off and temporary effects, will exceed the 0.6% of GDP minimum requirement. However, the Council identifies the risk of some possible divergence from this requirement for 2017, also on the basis of the calculations published by the European Commission in this regard.

Likewise, the Council considers that the expenditure rule should be respected in 2016, as annual expenditure growth, after adjusting for certain components, is expected to be within the prescribed limit. However, there is a risk that such limit could be exceeded slightly in 2017.

Overall, it is the Council's view that the budgetary plan for 2017 broadly complies with the requirements of the Fiscal Responsibility Act and the Stability and Growth Pact. This was the same conclusion reached by the European Commission. However, the Council invites the Government to explore possible fine-tuning of expenditure plans for 2017, to accommodate the requirements set by the Commission for both the annual structural effort, as well as the yearly expenditure growth limit. In this regard, it will be important that compliance with fiscal rules is done in a way which does not limit the efficacy and the meeting of fiscal policy objectives.

The full report, entitled "An Overall Assessment of the Draft Budgetary Plan for 2017", is available on the website of the MFAC <http://www.mfac.gov.mt>.

29 ta' Dicembru 2016

STQARRIJA GHALL-ISTAMPA

Kunsill Fiskali Konsultattiv Malta jippubblika l-evalwazzjoni ġeneral tiegħu dwar l-Abbozz tal-Pjan Baġitarju tal-Gvern għall-2017

Fit-28 ta' Dicembru 2016, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ippreżenta l-evalwazzjoni finali tiegħu tal-Abbozz tal-Pjan Baġitarju għall-2017. Dan ir-Rapport jevalwa l-pjan tal-politikà fiskali, billi jeżamina l-konformità mar-regoli stabbiliti mill-Att dwar ir-Responsabbilità Fiskali u mill-Patt ta' Tkabbir u ta' Stabbilità. Dan ir-Rapport iżid fuq l-aħħar żewġ rapporti tal-Kunsill li ġew ippubblikati f'Ottubru u f'Novembru ta' din is-sena, li rispettivament ġarsu lejn il-plawżibbiltà tat-tbassir makroekonomiku u fiskali tal-Gvern.

Il-Kunsill jinnota b'mod pozittiv li d-dejn pubbliku, li huwa mistenni jinżel minn 64.0% tal-Prodott Gross Domestiku (PGD) fl-2015 għal 63.3% fl-2016 u 61.9% fl-2017, jikkonforma mar-regola tad-dejn stabbilita mil-ligi. L-akkumulazzjoni inqas mgħaqqa fid-dejn u t-tkabbir fil-PGD f'termini nominali qed jgħin sabiex id-dejn bħala proporzjon tal-PGD jersaq iktar lejn il-mira tas-60%, li hija applikabbli għall-Istati Membri taż-żona euro.

Il-Kunsill jilqa' ukoll il-pjan sabiex isir iktar titjib fil-pożizzjoni tal-finanzi pubblici, bil-mira li d-defiċit fiskali jitniżżeł għal 0.7% tal-PGD fl-2016 u għal 0.5% tal-PGD fl-2017. It-trażżeen fiskali matul kundizzjonijiet ekonomiċi favorevoli qed jgħin sabiex isir iktar progress lejn l-Objettiv ta' Terminu Medju għal Malta ta' bilanċ strutturali sal-2019. L-informazzjoni disponibbli tindika li l-agġustament strutturali għall-2016, li jirrappreżenta x-xejra fil-bilanċ fiskali aġġustat għall-effetti taċ-ċiklu ekonomiku u effetti ta' darba u temporanji, ser ikun iktar mir-rekwiżit minimu ta' 0.6% tal-PGD. Mill-banda l-oħra, il-Kunsill jidentifika ir-riskju ta' divergenza żgħira minn dan ir-rekwiżit għall-2017, anki abbaži ta' kalkoli ippubblikati mill-Kummissjoni Ewropea f'dan ir-rigward.

Il-Kunsill jikkunsidra wkoll li r-regola dwar l-infiq ser tiġi rispettata fl-2016, hekk kif ż-żieda fin-nefqa annwali, wara li taġġusta għal certi komponenti, hija mistennija tkun inqas mil-limitu applikabbli. Mill-banda l-oħra, hemm riskju li dan il-limitu jinqabeż xi ftit fl-2017.

Hija l-opinjoni tal-Kunsill li l-pjan baġitarju għall-2017 generalment jikkonforma mar-rekiżi tal-Att dwar ir-Responsabbilità Fiskali u l-Patt ta' Tkabbir u Stabbilità. Din kienet l-istess konklużjoni tal-Kummissjoni Ewropea. Minkejja dan, il-Kunsill jistieden lill-Gvern sabiex jesplora l-possibilità ta' aġġustament żgħir f'xi pjanijiet tal-infıq għall-2017, sabiex jiġu sodisfatti iktar faċilment ir-regoli stabbiliti mill-Kummissjoni dwar il-bilanċ strutturali u kif ukoll sabiex ma jinqabizx il-limitu tat-tkabbir fl-infieq. Fl-istess hin hu importanti li l-konformità mar-regoli fiskali ma' tillimitax l-effiċjenza u t-twettiq tal-objettivi tal-politikà fiskali.

Ir-rapport shiħi, titlat: “An Overall Assessment of the Draft Budgetary Plan for 2017”, huwa disponibbli fuq is-sit elettroniku tal-MFAC: <http://www.mfac.gov.mt>.