

12 December 2019

PRESS RELEASE

Malta Fiscal Advisory Council publishes its assessment of the Draft Budgetary Plan 2020

On 11 December 2019, the Malta Fiscal Advisory Council (MFAC) presented to the Minister for Finance its assessment of the Draft Budgetary Plan 2020, which the Ministry submitted to the European Commission on 15 October 2019. The Fiscal Council considered the updated macroeconomic and fiscal forecasts for 2019 and 2020 to be within its endorsable range. The Council also confirmed that the rules prescribed in the Fiscal Responsibility Act and the Stability and Growth Pact were complied with in 2018, and the fiscal plans put forward should ensure continued compliance with such rules, both in 2019 and in 2020.

The Council notes that according to the official projections, the Maltese economy is expected to maintain strong momentum, but real GDP growth is expected to ease gradually, from 6.8% in 2018, to 5.0% in 2019, and 4.3% in 2020. Supported by this economic outlook, the Government is targeting further fiscal surpluses, albeit slightly smaller than in 2018. The fiscal surplus is set to stabilise at 1.4% of GDP, both in 2019 and 2020. Meanwhile, the debt ratio is expected to maintain its gradual downward trend, falling from 45.8% of GDP in 2018, to 40.3% by 2020. These forecasts were examined against the explanations and evidence provided by the Ministry; supplemented with the general assessment of the consistency with the historical patterns characterising such variables; comparisons with similar forecasts produced by other independent institutions; and any specific factors which are expected to influence the trajectory of these forecasts.

The Fiscal Council reminds that strong public finances are important not only to comply with the fiscal rules, but to ensure that appropriate buffers are created at a time when the economic performance is favourable. Such fiscal space would prove beneficial in the eventuality that economic conditions become less favourable at some future date, such as if the external economic conditions become more challenging, and / or the intensity of domestic demand abates. The Council also reiterates the importance that expenditure developments should be monitored carefully, to factor in any possible future risks to the robustness of revenues.

The full report, entitled “Assessment of the Draft Budgetary Plan 2020”, is available on the website of the MFAC: <http://www.mfac.org.mt>.

12 ta' Diċembru 2019

STQARRIJA GĦALL-ISTAMPA

Il-Kunsill Fiskali Konsultattiv Malti jippubblika l-evalwazzjoni tal-Pjan Baġitarju għall-2020

Fil-11 ta' Diċembru 2019, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ipprezenta lill-Ministru għall-Finanzi l-evalwazzjoni tiegħu tal-Pjan Baġitarju għall-2020, li kien mibgħut lill-Kummissjoni Ewropea fil-15 ta' Ottubru 2019. Il-Kunsill Fiskali kkunsidra t-tbassir makroekonomiku u dak fiskali għall-2019 u l-2020 bħala plawżibbli. Il-Kunsill ikkonferma wkoll li r-regoli preskritti fl-Att dwar ir-Responsabbiltà Fiskali u fil-Patt ta' Stabbiltà u Tkabbir kienu osservati fl-2018, u li l-pjanijiet fiskali għandhom jiżguraw li l-konformità ma' dawn ir-regoli tkompli, kemm fl-2019, kif ukoll fl-2020.

Il-Kunsill jinnota li skont il-previżjonijiet uffiċjali, l-ekonomija Maltija hi mistennija li żżomm tkabbir ogħli, iżda t-tkabbir reali fil-Prodott Gross Domestiku (PGD) huwa mistenni li jbatti gradwalment, minn 6.8 % fl-2018, għal 5.0% fl-2019, u għal 4.3% fl-2020. Abbażi ta' dan it-tbassir ekonomiku, il-Gvern qed jimmira għal *surplus* fiskali fis-sentejn imbassra, għalkemm kemxejn inqas minn dak tal-2018. Is-*surplus* fiskali huwa mistenni li jstabilizza fil-livell ta' 1.4% tal-PGD, kemm fl-2019 kif ukoll fl-2020. Fl-istess ħin, il-proporzjon tad-dejn mal-PGD huwa mistenni li jkompli nieżel gradwalment, minn 45.8% fl-2018 għal 40.3% sal-2020. Dawn il-previżjonijiet kienu eżaminati fuq l-ispejgazzjonijiet u l-evidenza pprovduta mill-Ministeru; il-konsistenza ġenerali max-xejriet riċenti; tqabbil mat-tbassir maħruġ minn istituzzjonijiet indipendenti oħra; u fatturi speċifiċi li huma mistennija jinfluwenzaw dawn il-previżjonijiet.

Il-Kunsill Fiskali jfakkar li finanzi pubbliċi b'saħħithom huma importanti mhux biss sabiex josservaw ir-regoli fiskali, iżda wkoll sabiex ikun hemm tfaddil fiskali xieraq meta l-ekonomija sejra tajjeb. Dan it-tfaddil jagħmel tajjeb fil-każ li l-kundizzjonijiet ekonomiċi jsiru anqas favorevoli, bħal jekk il-kundizzjonijiet ekonomiċi esterni jiġienu, u / jew id-domanda domestika tbatti. Il-Kunsill ifakkar ukoll fl-importanza li n-nefqa pubblika tiġi mħarsa bir-reqqa, minħabba li ċertu dħul tal-Gvern jista' xi darba jbatti.

Ir-rapport sħiħ, bit-titlu ta' "Assessment of the Draft Budgetary Plan 2020", huwa disponibbli fuq is-sit elettroniku tal-Kunsill Fiskali: <http://www.mfac.org.mt>.