

7 October 2020

## PRESS RELEASE

### **Malta Fiscal Advisory Council publishes its assessment of the Annual Report 2019 and the Half-Yearly Report 2020 issued by the Ministry for Finance and Financial Services**

On 7 October 2020, the Malta Fiscal Advisory Council (MFAC) presented to the Minister for Finance and Financial Services its assessment of the Annual Report and Half-Yearly Report, which were published by the Ministry in 2020. Both reports contribute positively to fiscal transparency, by providing an account of the outturn of the previous year compared to the targets, and by outlining any forecast updates for the current year.

The Fiscal Council notes that in 2019 nominal GDP growth was below that which had been indicated in the Draft Budgetary Plan and the Update of Stability Programme. This factor is likely to have contributed to the miss in the revenue targets for the year. Consequently, in 2019, the fiscal balance remained in surplus, but was lower than projected. The Council also notes that the Half-Yearly Report reproduced the macroeconomic forecasts which had been presented in April (as part of the Update of Stability Programme), whereas the fiscal projections were revised to a larger fiscal deficit and higher public debt.

The Council understands that as part of next year's budget preparations, the Ministry is closely analysing the 2020 second quarter GDP statistics, when the full force of the COVID-19 restrictive measures were in place, and the possible implications for the macroeconomic and fiscal outlook for the year as a whole.

The Fiscal Council takes note of the Recommendation adopted by the European Council on 20 July 2020 wherein Member States were advised that: "In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment."

The full report, entitled "Assessment of the Annual Report 2019 and Half-Yearly Report 2020", is available on the website of the MFAC: <http://www.mfac.org.mt>.

7 ta' Ottubru 2020

## STQARRIJA GHALL-ISTAMPA

### **Il-Kunsill Fiskali Konsultattiv Malti jippubblika l-evalwazzjoni tiegħu tar-Rapport Annwali għall-2019 u r-Rapport ta' Nofs is-Sena ppublikati mill-Ministru għall-Finanzi u s-Servizzi Finanzjarji**

Fis-7 ta' Ottubru 2020, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ippreżenta l-ill-Ministru għall-Finanzi u s-Servizzi Finanzjarji l-evalwazzjoni tiegħu tar-Rapport Annwali u r-Rapport ta' Nofs is-Sena, li ġew ippubblikati mill-Ministru fl-2020. Iż-żewġ rapporti jikkontribwixxu b'mod požittiv għat-trasparenza fiskali, billi jipprovdu rendikont tar-riżultati tas-sena ta' qabel meta mqabbla mal-miri stabbiliti, u jaġġornaw il-previżjonijiet għas-sena kurrenti.

Il-Kunsill jinnota li fl-2019 it-tkabbir nominali fil-Prodott Gross Domestiku (PGD) kien inqas minn dak li kien indikat fl-Abbozz tal-Pjan Baġitarju u fl-Aġġornament tal-Programm ta' Stabbiltà. Dan il-fattur jista' jiispjega għaliex il-miri tad-dħul tal-Gvern għas-sena ma intla ħqu. Konsegwentement, fl-2019, il-bilanċ fiskali, għalkemm baqa' f'surplus, kien inqas milli mbassar. Il-Kunsill jinnota wkoll li fir-Rapport ta' Nofs is-Sena t-bassir makroekonomiku baqa' l-istess kif kien ġie ppreżentat f'April (bħala parti mill-Aġġornament tal-Programm ta' Stabbiltà), filwaqt li l-miri fiskali ġew riveduti għal defiċit ikbar u dejn ogħla.

Il-Kunsill jifhem li bħala parti mit-thejjijiet għall-baġit tas-sena d-dieħla, il-Ministru qed janalizza mill-qrib l-istatistika tal-Prodott Gross Domestiku sat-tieni kwart tas-sena 2020, meta kienu fis-seħħi miziuri restrittivi relatati mal-imxija tal-COVID-19. Il-Kunsill jifhem ukoll li l-Ministru qed jifli l-implikazzjonijiet li dawn il-figuri jista' ikollhom għall-previżjonijiet makroekonomiċi u fiskali għas-sena sħiħa.

Il-Kunsill Fiskali jieħu nota tar-Rakkmandazzjoni adottata mill-Kunsill Ewropew fl-20 ta' Lulju 2020 fejn l-Istati Membri huma mħeġġa li: "B'konformità mal-klawżola liberatorja ġenerali, għandhom jittieħdu l-miziuri kollha meħtieġa sabiex tindirizza b'mod effettiv il-pandemija, u tiġi sostnuta l-ekonomija sabiex tirkupra. Meta l-kundizzjonijiet ekonomiċi jippermettu, għandha tiġi segwita politika fiskali sostenibbli, filwaqt li ttejjeb l-investiment."

Ir-rapport sħiħi, intitolat "Assessment of the Annual Report 2019 and Half-Yearly Report 2020", huwa disponibbli fuq is-sit elettroniku tal-MFAC <http://www.mfac.org.mt>.