

30 June 2021

PRESS RELEASE

MFAC publishes its assessment of the Update of Stability Programme 2021 – 2024

The Malta Fiscal Advisory Council (MFAC) presented to the Minister for Finance and Employment its assessment of the Update of Stability Programme 2021 – 2024. The MFAC's Report has a cut-off date of 21 May 2021. The Fiscal Council considered the macroeconomic and fiscal forecasts for the period 2021 to 2024 to be within its endorsable range, and compatible with the assumptions specified in the official document.

After the downturn recorded in 2020, the Government's outlook for real GDP growth anticipates partial economic recovery in 2021 (+3.8%). A stronger momentum is expected in 2022 (+6.8%), followed by high, yet moderating, growth in the outer years (2023: +4.5%; 2024: +4.0%). Throughout this four-year period, public expenditure is planned to remain higher than revenue. In 2021, the fiscal deficit is expected to widen to 12.0% of GDP, thus lifting the public debt-to-GDP ratio further, to 65.0%. Based on the premise that pandemic-related expenditures diminish and tax revenue recovers, the plan is to narrow the fiscal deficit as from 2022, to reach 2.9% of GDP by 2024, and to stabilise the debt ratio just above 65.0% of GDP over the same period.

The Fiscal Council supports the government's initiatives aimed at mitigating the adverse economic effects of the pandemic and the stimulus provided for the economic recovery. This is in line with the flexibility granted because of the exceptional circumstances, through the activation of the general escape clause in the Stability and Growth Pact and the Fiscal Responsibility Act. The Council also welcomes the ambitious fiscal targets in the post-pandemic scenario, noting however two main challenges, remaining within the budgeted amounts for certain expenditure categories and achieving full settlement of tax deferrals by the stipulated time.

The full report, entitled "Assessment of the Update of Stability Programme 2021 – 2024", is available on the website of the MFAC: <http://www.mfac.org.mt>.

30 ta' Ĝunju 2021

STQARRIJA GHALL-ISTAMPA

II-Kunsill Fiskali Konsultattiv Malti jippubblika I-evalwazzjoni tal-Aġġornament tal-Programm ta' Stabbiltà 2021-2024

II-Kunsill Fiskali Konsultattiv Malti (MFAC) ippreżenta lill-Ministru għall-Finanzi u x-Xogħol I-evalwazzjoni tal-Aġġornament tal-Programm ta' Stabbiltà 2021-2024. Dan ir-Rapport tal-Kunsill kien ippreparat abbaži tal-informazzjoni disponibbli sal-21 ta' Mejju 2021. II-Kunsill Fiskali jikkunsidra x-xenarju makroekonomiku u fiskali għall-perjodu mill-2021 sal-2024 bħala plawżibbli, u kompatibbli mal-ispjegazzjonijiet fid-dokument uffiċċiali.

Wara t-tnaqqis fil-Prodott Gross Domestiku (PGD) rregistrat fl-2020, it-tbassir tal-Gvern juri li I-PGD f'termini reali mistenni jirkupra parzjalment fl-2021 (+3.8%). Fl-2022 mistenni tkabbir aktar qawwi (+6.8%), segwit minn tkabbir għoli, iżda iktar moderat, fis-snini ta' wara (2023: +4.5%; 2024: +4.0%). Matul dan il-perjodu ta' erba' snin, l-infieq pubbliku huwa ppjanat li jibqa' ogħla mid-dħul. Fl-2021, id-defiċit fiskali huwa mistenni li jikber għal 12.0% tal-PGD, u dan ikollu effett fuq id-dejn pubbliku li bħala proporzjon tal-PGD, mistenni jitla' għal 65.0%. Sakemm in-nefqa relatata mal-pandemja tonqos u d-ħul mit-taxxi jirkupra, il-pjan hu li jitnaqqas id-defiċit fiskali mis-sena 2022, sabiex jitniżżeł għal 2.9% tal-PGD sal-2024, u jiġi stabbilizzat id-dejn għal ftit aktar minn 65.0% tal-PDG matul l-istess perjodu.

II-Kunsill jara l-mertu tal-inizjattivi tal-gvern sabiex itaffu l-effetti ekonomiċi negattivi tal-pandemija u l-ghajnejha pprovduta għall-irkupru ekonomiku. Dan huwa konformi mal-flessibbiltà li tista' tintuża f'ċirkostanzi eċċeżżjonali, permezz tal-attivazzjoni tal-klawżola liberatorja ġenerali tal-Patt ta' Stabbiltà u Tkabbir u l-Att dwar ir-Responsabbiltà Fiskali. II-Kunsill jilqa' wkoll il-miri fiskali ambizzjużi għal wara l-pandemja, izda jinnota żewġ sfidi ewlenin, li ċertu nfiq jinżamm mal-baġit u li l-pagamenti tat-taxxa li ġew posposti jithallsu kollha fiż-żmien stipulat.

Ir-rapport shiħiħ, intitolat "Assessment of the Update of Stability Programme 2021 – 2024", huwa disponibbli fuq is-sit tal-MFAC: <http://www.mfac.org.mt>.