

10 September 2021

PRESS RELEASE

Malta Fiscal Advisory Council publishes its assessment of the Annual Report 2020 and the Half-Yearly Report 2021 issued by the Ministry for Finance and Employment

On 10 September 2021, the Malta Fiscal Advisory Council (MFAC) presented to the Minister for Finance and Employment its assessment of the Annual Report and Half-Yearly Report, which were published by the Ministry in 2021. The former provides an account of the outturn in 2020 compared to the targets, while the latter shows how the forecasts for 2021 were revised across different vintages.

In 2020 Malta experienced a severe economic recession as a result of the COVID-19 pandemic. Hence, the economic growth which was envisaged did not materialise. The fiscal targets were also missed since the economic recession impacted tax revenues negatively and necessitated various unbudgeted support measures. This translated into a large fiscal deficit and higher public debt, in contrast with the original plans. The Council acknowledges that the large deviations between the outturn and the macroeconomic and fiscal forecasts for 2020 were exceptional, since the shock created by the pandemic could not have been anticipated in 2019, when the estimates were produced.

The Council takes note of the Government's decision to maintain the official macroeconomic forecasts and fiscal projections for 2021 the same as published in the Update of Stability Programme in April 2021. The Programme envisaged 3.8% real GDP growth for 2021, a fiscal deficit amounting to 12.0% of GDP and a public debt-to-GDP ratio of 65.0%. The Council invites the Ministry to continue monitoring the economic and fiscal developments closely, to ensure that the preparations for next year's budget are based on robust macroeconomic and fiscal forecasts.

The full report, entitled "Assessment of the Annual Report 2020 and Half-Yearly Report 2021", is available on the website of the MFAC: <http://www.mfac.org.mt>.

10 ta' Settembru 2021

STQARRIJA GHALL-ISTAMPA

Il-Kunsill Fiskali Konsultattiv Malti jippubblika l-evalwazzjoni tiegħu tar-Rapport Annwali għall-2020 u r-Rapport ta' Nofs is-Sena ppublishati mill-Ministeru għall-Finanzi u x-Xogħol

Fl-10 ta' Settembru 2021, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ippreżenta lill-Ministru għall-Finanzi u x-Xogħol l-evalwazzjoni tiegħu tar-Rapport Annwali u r-Rapport ta' Nofs is-Sena, li ġew ippubblikati mill-Ministeru fl-2021. L-ewwel rapport jagħti rendikont tar-riżultati tas-sena ta' qabel meta mqabbla mal-miri stabbiliti, filwaqt li t-tieni rapport juri kif it-tbassir għall-2021 kien ġie rivedut.

Fl-2020 Malta għaddiet minn reċessjoni ekonomika qawwija minħabba l-pandemja tal-COVID-19. Għalhekk, it-tkabbir ekonomiku li kien mistenni ma seħħix. Il-miri fiskali wkoll ma ntlaħqux peress li r-reċessjoni ekonomika kellha impatt negattiv fuq id-dħul mit-taxxa u kellhom jittieħdu diversi miżuri li ma kienux ibbaġitjati. Dan irriżulta f'deficit fiskali kbir u dejn pubblika ogħla, b'kuntrast mal-pjanijiet originali. Il-Kunsill jirrikonoxxi li d-devjazzjonijiet kbar bejn il-figuri attwali u t-tbassir makroekonomiku u fiskali għall-2020 kienu eċċeżżjoni, peress li l-effetti tal-pandemja ma setawx jiġu antiċpati fl-2019, meta kienu saru l-istimi.

Il-Kunsill jinnota d-deċiżjoni tal-Gvern li jżomm it-tbassir makroekonomiku u fiskali għall-2021 l-istess kif kien ippubblikati fl-Aġġornament tal-Programm ta' Stabbiltà, f'April tal-2021. Il-Programm ippreveda tkabbir reali fil-Prodott Gross Domestiku (PGD) ta' 3.8% għall-2021, deficit fiskali li jammonta għal 12.0% tal-PGD u proporzjon tad-dejn pubblika mal-PGD ta' 65.0%. Il-Kunsill jistieden lill-Ministeru sabiex ikompli jsegwi mill-qrib l-aħħar żviluppi ekonomiċi u fiskali, u b'hekk jiżgura li t-thejjixi għall-baġit tas-sena d-dieħla jkunu bbażati fuq tbassir makroekonomiku u fiskali robust.

Ir-rapport shiħi, intitolat "Assessment of the Annual Report 2020 and Half-Yearly Report 2021", huwa disponibbli fuq is-sit elettroniku tal-MFAC: <http://www.mfac.org.mt>.