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19 December 2023

PRESS RELEASE

MFAC publishes its assessment of the Draft Budgetary Plan 2024

On 19 December 2023, the Malta Fiscal Advisory Council (MFAC) presented its assessment of the Draft Budgetary Plan 2024 to the Minister for Finance and Employment (MFE). Based on the information available by the Report's cut-off date, the Fiscal Council considered the macroeconomic and fiscal forecasts for 2023 and 2024 to be within its endorsable range and compatible with the assumptions specified in the official document.

According to the government's forecasts, the economy is expected to moderate in 2023 and 2024 and register a growth rate of 4.1% and 4.2%, respectively. The fiscal deficit ratio is expected to remain elevated above the 3% benchmark in 2023 and 2024 but lower than that registered in 2022. Indeed, the fiscal deficit ratio is expected at 5.0% and 4.5% of the Gross Domestic Product (GDP) in 2023 and 2024, respectively. Over the forecast horizon, the public debt-to-GDP ratio is expected to remain under the 60% threshold, though increasing each year, at 53.1% in 2023 and 55.6% in 2024.

The macroeconomic and fiscal forecasts for Malta prepared by the government fit within the overall range of estimates published by other independent institutions. Based on the information available by the cut-off date, the MFAC's risk outlook suggests positive risks for real GDP growth in 2023 but downside risks in 2024. Concomitantly, the Council believes that a lower fiscal deficit ratio than projected by the MFE could be achieved in 2023. Due to the base effect in 2023, the fiscal deficit ratio in 2024 is viewed as also turning out better than the 4.5% forecast of the MFE. However, when removing the base effect, a downside risk is viewed for the deficit ratio in 2024. Notably, should the positive risk in 2023 materialise, a minimum structural effort of 0.5 percentage points in 2024 would still need to be registered.



The Council notes that the debt ratio is projected to remain below the 60% of GDP benchmark. Although the MFE projects the debt ratio to increase closer to 60%, the fiscal risks identified in the assessment translate into the possibility that the debt ratios turn out lower than projected, unless changes to stock-flow adjustments occur. The Council also notes that the current projections imply compliance with the maximum growth in nationally financed net primary expenditure recommended by the European Commission, as this is proposed to be the main fiscal surveillance indicator in the new economic governance framework.

The full report, entitled “Assessment of the Draft Budgetary Plan 2024”, is available on the website of the MFAC: <http://www.mfac.org.mt>.

19 ta' Diċembru 2023

STQARRIJA GĦALL-ISTAMPA

Il-Kunsill Fiskali Konsultattiv Malti jippubblika l-evalwazzjoni tal-Pjan Baġitarju għall-2024

Fis-19 ta' Diċembru 2023, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ippreżenta lill-Ministru għall-Finanzi u x-Xogħol l-evalwazzjoni tiegħu tal-Pjan Baġitarju għall-2023. Abbażi tal-informazzjoni disponibbli sa meta kien imħejji dan ir-Rapport, il-Kunsill Fiskali ikkunsidra l-aġġornament fit-tbassir makroekonomiku u fiskali għall-2023 u l-2024 bħala plawżibbli, u kompatibbli mas-suppożizzjonijiet speċifikati fid-dokument uffiċjali.

Skont it-tbassir tal-gvern, l-ekonomija hija mistennija li timmodera fis-snin 2023 u 2024 u tikber b'rata ta' 4.1% u 4.2%, rispettivament. Id-defiċit fiskali huwa mistenni li jibqa' aktar għoli mill-livell referenzjarju ta' 3% fis-snin 2023 u 2024 iżda f'livelli aktar baxxi minn dak irreġistrat fl-2022. Tabilhaqq, id-defiċit fiskali bħala persentaġġ tal-Prodott Gross Domestiku (PGD) huwa mistenni li jkun ta' 5.0% u 4.5% fl-2023 u l-2024, rispettivament. Matul il-perjodu ta' tbassir, il-proporzjon tad-dejn pubbliku għall-PGD huwa mistenni li jibqa' taħt il-livell referenzjarju ta' 60%, għalkemm jiżdied kull sena, f'livelli ta' 53.1% fl-2023 u 55.6% fl-2024.

It-tbassir makroekonomiku u fiskali għal Malta ppreparati mill-gvern huma simili u qrib l-istimi ppubblikati minn istituzzjonijiet indipendenti oħrajn. Abbażi tal-informazzjoni disponibbli sa meta kien imħejji dan ir-Rapport, il-Kunsill huwa tal-opinjoni li l-bilanċ tar-riskji għat-tkabbir tal-PGD reali fl-2023 ixaqleb lejn dak positiv, imma negattiv fl-2024. Fl-istess ħin, il-Kunsill huwa tal-opinjoni li defiċit fiskali aktar baxx minn dak previst mill-MFE bħala proporzjon tal-PGD jista' jintlaħaq fl-2023. Minhabba l-effett bażi fl-2023, id-defiċit fiskali bħala proporzjon tal-PGD fl-2024 huwa meqjus li jirriżulta wkoll aħjar mit-tbassir ta' 4.5% tal-MFE. Madankollu, meta jitneħħa l-effett bażi, jirriżulta riskju negattiv għad-defiċit fiskali bħala proporzjon tal-PGD fl-2024. Tajjeb li wieħed jelenka li jekk ir-riskju positiv għad-defiċit fiskali fl-2023 jimmaterjalizza, l-isforz minimu ta' 0.5 punti perċentwali fl-2024 xorta jkun jeħtieġ li jiġi rreġistrat.



Il-Kunsill jinnota wkoll li l-proporzjon tad-dejn għall-PGD huwa mbassar li jibqa' taħt il-punt ta' referenza tas-60% tal-PGD. Għalkemm l-MFE tipproġetta li l-proporzjon tad-dejn se jkun qiegħed joqrob lejn is-60%, ir-riskji fiskali identifikati fl-evalwazzjoni jissarrfu fil-possibbiltà li l-proporzjonijiet tad-dejn jirriżultaw aktar baxxi minn dak previsti għall-2023 u l-2024, sakemm ma jseħħux bidliet fl-'istockflow adjustment'. Il-Kunsill jinnota wkoll li t-tbassir fiskali attwali jimplikaw konformità mat-tkabbir massimu fin-'nationally financed net primary expenditure' rakkomandata mill-Kummissjoni Ewropea, peress li dan huwa propost li jkun l-indikatur ewlieni tas-sorveljanza fiskali fil-qafas il-ġdid ta' governanza ekonomika.

Ir-rapport sfiħ, intitolat "Assessment of the Draft Budgetary Plan 2024", huwa disponibbli fuq is-sit elettroniku tal-MFAC: <http://www.mfac.org.mt>.