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Recommendation of the Fiscal Council

The National Assembly should stop all legislative procedures whose effects on public expenditure are not included in the existing budget frameworks.

In the period, when the Government of the Republic of Slovenia is only performing its regular duties, the National Assembly is addressing 49 acts proposed by deputies in the Assembly (15 more than in February 2018, when the Fiscal Council published the Call in relation to an increased risk to fiscal sustainability); 24 of these proposed acts have direct financial effects. The Council estimates (similar as the Ministry of Finance) that the adoption of all proposed acts could increase public expenditure by about 4 billion EUR in the next six years, which is almost 2 % of GDP per annum. Such burden would require considerably increased borrowing and/or increase of taxes, or reductions in the flexible expenditure categories.

Many draft acts legitimately address real problems. Still, all aspects of the use of public funds should be included in budgetary frameworks based on legitimate political decisions about priorities and the structure of public expenditure, and considering the maximum public expenditure that ensures medium-term fiscal sustainability. If deputies of the National Assembly confirm any of the draft acts before the new government is constituted, they will grant unjustified procedural priority to a certain interest before all others. This makes the adoption of acts with financial effects in this period not only risky from the aspect of fiscal sustainability but also ethically unacceptable.

The Fiscal Council recommends:

- 1. that deputies of the National Assembly do not adopt acts with fiscal effects not included in the existing budgetary frameworks;**
- 2. that the National Council prevents the adoption of such acts by veto if the National Assembly fails to observe the above recommendation.**