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Report on the Fiscal Council's operation in 2021

Pursuant to the Fiscal Rule Act, the Fiscal Council is required to submit a report on its operations in the past year to the National Assembly of the Republic of Slovenia by the end of May each year. The aforementioned Act, adopted in June 2015, identifies the Fiscal Council as an independent and autonomous state authority responsible for drawing up and publishing assessments of the budgetary policy's compliance with fiscal rules. The Fiscal Rule Act also defines how to implement Article 148 of the Constitution of the Republic of Slovenia, which lays down that revenues and expenditures of the general government budgets must be balanced in the medium term without borrowing, or revenues must exceed expenditures.

In line with the persistence of pandemic, the exceptional circumstances identified in March 2020 have remained in place throughout 2021. Until they are lifted, they allow for a temporary deviation from the medium-term fiscal objectives provided that medium-term fiscal sustainability is not jeopardised. At the same time, a strong economic rebound was also visible in 2021, and especially at its end. The high annual GDP growth in 2021 was thus the result of both the low base of the previous year and the recovery of economic potential, with the relaxation of epidemiological constraints and the consequent removal of barriers to economic life.

Fiscal policy has responded to the changing epidemiological situation both by taking a number of temporary measures that were directly linked to the epidemic and by introducing measures that will change public finances in a more permanent way. As the measures have an impact on the state of public finances, the Fiscal Council has monitored and analysed them in its – including new – regular publications and expressed its views on them when assessing the budget documents submitted. In doing so, it pointed, inter alia, to the lack of transparency in assessing their impact and tried to compensate for such shortcomings with its own assessments. The Fiscal Council aims to raise awareness among economic policy makers, and especially the general public, of the risks to fiscal sustainability in the medium and long term.