REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Assessment of the Fiscal Consequences of the Coalition Agreement "The 15th Government of the Republic of Slovenia: The Work Programme of the 2022-2026 Coalition"

June 2022

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Summary

In addition to its regular statutory tasks, the Fiscal Council analyses the fiscal impact of important economic policy decisions. As the Coalition Agreement is an essential document regarding the formation of the government and contains a package of measures to be adopted, the Fiscal Council carried out an assessment of its impact on public finances. In doing so, however, it did not assess the appropriateness of the announced measures. The Fiscal Council will continue to assess essential economic policy documents while expecting these documents to be comprehensive and transparent and to include clearly defined measures.

The Coalition Agreement entitled "The 15th Government of the Republic of Slovenia: The Work Programme of the 2022-2026 Coalition" contains a set of broadly defined measures that go to a large extent well beyond the four-year term of office of the 2022-2026 period. In terms of public finances, one of the key orientations of the Coalition Agreement is to progressively reach the EU-27 average share of revenue and expenditure. In addition to methodological questionability, such an orientation is also inherently risky for a small and open economy, which is generally more exposed to financial markets. The measures whose direction of impact on government aggregates can be established are aimed predominantly at increasing expenditure. The Fiscal Council reiterates its warning that the growth of current spending must not exceed the growth of long-term economic potential. At the same time, the Coalition Agreement also reflects to a considerable extent some orientations regarding the financing of additional expenditure, which represents a change compared to the two previously assessed coalition agreements. Funding is also expected to be provided through increased use of EU funds and partly through alternative sources of funding not yet specified in the Coalition Agreement, whereby certain measures would not necessarily lead to a deterioration of the fiscal position. A prevalent implementation of the economic policies set out in the Coalition Agreement would represent a departure from the fiscal path presented in the no-policy-change scenario of the Stability Programme 2022, which indicated a gradual consolidation of public finances. A stalling of consolidation would increase the risk to the achievement of the medium-term fiscal balance in the coming years. Several times, the Coalition Agreement also mentions commitments to ensuring (long-term) fiscal sustainability in relation to the measures to which it refers. At the same time, the Coalition Agreement indicates some elements for solving the long-term challenges faced by Slovenia's public finances, but again does not specify the relevant measures in detail. The Fiscal Council considers that the Coalition Agreement does not provide a sufficient basis for the planning of economic agents, due to its high degree of vagueness, in terms of both the scope and timing of the measures. In this context, the Fiscal Council suggests moving towards the good practices of some countries where coalition agreements allow for a more accurate evaluation. This also gives the general public insight into their fiscal and macroeconomic implications.

The Fiscal Council expects the Government to present the measures in future official budget documents in a transparent manner and to specify their fiscal implications. Against the background of current and projected macroeconomic developments as well as global and domestic risks, economic policy needs to draw up an appropriate set of measures that, while addressing the current challenges, will ensure a macroeconomic environment enabling sustainable economic growth without deepening imbalances while providing room to manoeuvre for future economic policy interventions. In doing so, measures should not jeopardise the achievement of the medium-term fiscal balance. This is all the more important in view of the expected gradual tightening of monetary policy resulting in higher debt financing costs. In connection with the announcement of a change in the domestic fiscal rule, the Fiscal Council points out

that this should be considered and aligned as much as possible, in terms of both timing and content, with the expected changes to the EU's economic governance rules. At the same time, the Fiscal Council stresses that after the end of the period of exceptional circumstances, Slovenian and European legislation should establish the method and timing of the corrective mechanism to restore the medium-term balance of the general government balance.

1. Introduction

The Fiscal Council (hereinafter: FC) in addition to its regular statutory tasks that primarily focus on checking the compliance of budget documents with fiscal rules, also calls attention to the impact of important political decisions on public finances. A coalition agreement is a key document of any Government and includes a package of measures that the Government plans to adopt within its term of office. Assessing the fiscal and macroeconomic impacts of election manifestos and coalition agreements is common practice in some countries. In accordance with its status and statutory powers, the FC does not assess the appropriateness of measures envisaged in a coalition agreement but only assesses their impact on fiscal aggregates. The assessed impact of envisaged measures does not mean that it will actually be reflected in the fiscal balance. These assessments can only call attention to the risks associated with the potential implementation of the planned measures.

In this particular case, the FC assessed the fiscal impact of economic policy measures indicated in the document "The 15th Government of the Republic of Slovenia: The Work Programme of the 2022-2026 Coalition" (hereinafter: WP22C).[1] So far, the FC presented the fiscal effects of the Coalition Agreement in September 2018 and March 2020 after the appointment of the respective governments in the National Assembly.[2] In its assessment in September 2018, the detailed content of the Coalition Agreement, in contrast to that of 2020 and the current Coalition Agreement, also enabled simulations of the macroeconomic effects of the measures presented. The FC will continue to assess key economic policy documents, including coalition agreements, and expects these documents to be comprehensive and to include clearly defined measures, thereby making it possible to provide an adequate assessment of their implications, which will, among other things, facilitate the decision-making of economic entities.

2. Macroeconomic basis

As the new government takes office, economic trends and their projections are relatively favourable, but subject to significant uncertainties due to the war in Ukraine and rising prices, in particular for energy and food. Those risks could hamper economic activity in major trading partners, which could have direct and indirect impacts on exports. However, a prolonged persistence of price pressures on commodity markets could be reflected in the significantly limited purchasing power of the population and the rise in costs for companies and, consequently, in the containment of domestic consumption. The level of GDP in Slovenia exceeded the pre-crisis level already in mid-2021, while some indicators currently indicate the possibility of creating macroeconomic imbalances due to strong demand and supply constraints, including in the labour market. The economic projections (IMAD, 2022) on which the current budget documents were based, have been revised slightly downwards this year, in line with the projections of other institutions. Nevertheless, the central scenario of the Spring Forecast expects GDP growth to average around 3.2 % this year and in the years ahead, while the projections for all years in the period 2022-2025 are above the average of the period 2000-2019 (2.5 %). Labour market developments are also expected to remain favourable under the central scenario, with the unemployment rate and the number of unemployed reaching historic lows and the current rise in inflation expected to be only temporary.

[1] Available at: https://gibanjesvoboda.si/wp-content/uploads/2022/05/Koalicijski-dogovor-2022-2026-Programski-del-18.5.2022.pdf (Only in Slovene)

[2] Assessments available at: https://www.fs-rs.si/wp-content/uploads/2018/09/Assessment-of-fiscal-and-macroeconomic-consequences-of-the-Coalition-Agreement.pdf and at https://www.fs-rs.si/wp-content/uploads/2020/03/Assessment_Coalition-Agreement.pdf

3. Fiscal basis

The general government balance deficit in 2021 was -5.2 % of GDP, lower than in 2020 and below the autumn budget plans. With a broadly similar level of expenditure for COVID-19, most of the deficit reduction in 2021 is driven by cyclically-driven revenues, and excluding these, the fiscal policy stance remains virtually unchanged from a year earlier. Nevertheless, the adoption of discretionary measures, which has been particularly extensive since the endorsement of the Budget documents in autumn 2021,[3] will significantly worsen the structural position of public finances in 2022, thus reducing the room for manoeuvre for fiscal policy intervention in this year and in the future. Nominal general government debt was EUR 38.9 billion at the end of 2021 according to the latest published SORS[4] data, 7.1 billion more than in the quarter preceding the start of the epidemiological crisis (4Q/2019: EUR 31.8 billion), while its share in GDP increased by around 10 pps to 74.7% of GDP over this period. Looking ahead, the debt ratio is projected to decline gradually, but remain above pre-crisis levels up to 2025, even in a no-policy-change scenario.

When the State budgets for 2022 and 2023 were amended and adopted, the FC pointed to significant risks related to the fiscal projections. In particular, it highlighted the high projected growth in current expenditure excluding measures to mitigate the effects of the epidemic and investment, which is expected to be well above the long-term average, particularly in 2022. That risk also materialised during the final phase of the policy cycle as a result of the adoption of discretionary measures, which, to the extent of these measures, led to a permanent deterioration in public finances. Given the limited room for manoeuvre to operate in the future, the government should ensure that growth in current spending does not exceed growth in long-term economic potential. At the same time, the FC also pointed out the risks associated with the exceptional projected increase in investment, which is expected to be mainly financed from domestic sources. If well targeted and implemented effectively, investments can make an important contribution to kick-starting the economy in the short term and to building resilience and increasing economic potential in the long term. The realisation of large-scale investment plans increases the risk of inefficient implementation of projects as well as the creation of macroeconomic imbalances. Therefore, the FC considered that it would be reasonable to give priority to projects financed by EU grants, where monitoring of the efficiency of spending is also stricter. The realisation of domestic-funded investments should, however, be adapted to the cyclical conditions and absorption capacities of the economy to a larger extent.

In 2022, the exceptional circumstances allowed by the second paragraph of Article 12 of the Fiscal Rule Act (FRA) continue to apply. During a period of exceptional circumstances, a deviation from the medium-term balance will be allowed, provided that this does not endanger fiscal sustainability in the medium term. Under Article 13 of the FRA, the extent of permitted deviations from the medium-term balance are defined by the National Assembly by adopting an amended framework for drawing up budgets of the general government sector. The Government did not submit a proposal to amend the current framework this year together with the 2022 Stability Programme (hereinafter: SP22),[5] as required by law. The FC thus expects a revision of the framework in the autumn, which should also include an assessment of measures relating to exceptional circumstances. Under current European fiscal rules, measures must directly address exceptional circumstances and be temporary (European Commission, 2019). At the time of the SP22 assessment, the FC (2022a) had already expressed its

[3] For more, see Box 2.1 in FC (2022a).

[4] Data on the evolution of general government aggregates according to the ESA methodology in the first quarter of 2022 will be published by the SURS on 30 June 2022.

[5] Government of the Republic of Slovenia (2022).

expectation that, in order to assess the adequacy of extending the exceptional circumstances period to 2023, it would receive a request from the Government as foreseen in the legislation, and that it would give its opinion before the assessment of the Autumn budgetary documents.

After the end of the exceptional circumstances, Article 14 of the FRA provides for a so-called corrective mechanism, which sets out the modalities and the timeframe for rebalancing the general government balance towards the medium-term equilibrium. Paragraph one of Article 14 provides that when the structural balance of the general government sector is lower than the minimum value set out in paragraph one of Article 3 of the FRA, the minister responsible for finance will apply the measures laid down in the act governing public finance for the purpose of balancing public finance in the medium term. If these measures do not ensure that the structural balance of the general government sector is at least equal to the minimum value referred to in paragraph one of Article 3, the Government will, in accordance with paragraph two of Article 14, submit to the National Assembly for adoption, no later than within three months, a proposal for an amendment to the framework and a proposal for a programme of measures to ensure that the medium-term balance is respected.

4. Coalition Agreement examination method

WP22C is divided into five major thematic sections. Each of the thematic sections contains areas where the FC identified items that, if implemented, could lead to fiscal implications. For the most part, WP22C does not contain detailed definitions of the individual measures or sets out the objectives that the Coalition wants to achieve with each measure.

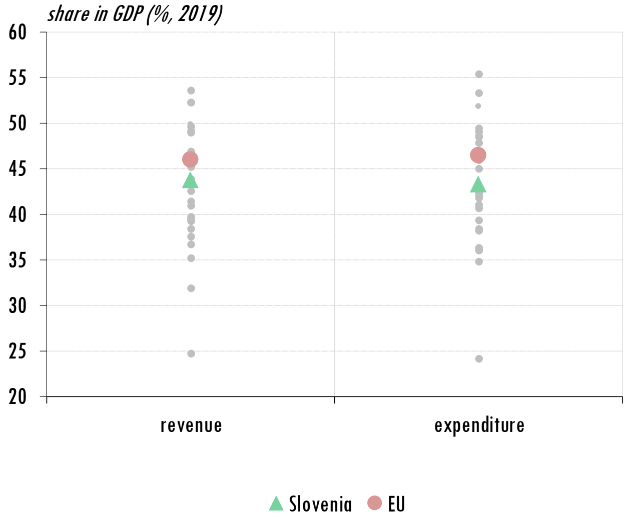
The extent of the potential financial impact for the general government sector can only be quantified for a few of the WP22C measures listed, which represent less than one tenth of the total number of measures or policies identified. Therefore, for the sake of consistency, the FC first provided a qualitative definition of the direction of action of the individual measures and, on the basis of the order of magnitude of each of the major items, the FC was able to highlight the public finance risks associated with the implementation of WP22C. For some measures, the FC further divided their impact on government revenues and expenditure according to their impact in the short and long term. We designated the term of office of the new government as a “short term", and the period during which the envisaged “measures” would have an impact behind the government's term of office as the "long term". It should be noted that a number of the general principles and indicated actions set out in WP22C appear several times in different parts of the document, which is why the qualitative analysis carried out is also subject to possible duplication. In addition to the qualitative approach to the assessment of the fiscal impact of the measures, in the second step of the analysis of WP22C, the FC also determined the size of potential fiscal “shocks” for some measures with projected greater effects. Nevertheless, we did not determine their direct and indirect macroeconomic consequences due to the small proportion of the measures that the FC was able to define in detail. The FC was able to assess such consequences with the help of econometric models and the demonstration of static and dynamic simulations thus far only when assessing the fiscal and macroeconomic consequences of the Coalition Agreement on Cooperation within the Government of the Republic of Slovenia for the 2018-2022 term of office, where measures were more precisely defined.

5. Assessment of the fiscal impact of the policies and envisaged measures of the Coalition Agreement

On the basis of the review of policies and measures, it can be concluded that the underlying direction of the WP22C is the strengthening of the role of the State, the financing of which is partly based on an increased tax burden and on increased use of EU resources, while partly the origin of the funding cannot be determined. WP22C contains the principle that, in the context of a development-oriented fiscal policy, the ratio of government revenue and expenditure to GDP should be gradually adjusted to the respective average levels in the EU-27.[6] The FC estimates that this principle could serve only as guidance, as it is difficult to establish an appropriate baseline or reference year for determining the target values of revenue and expenditure ratios, while the ratio values in the EU-27 average change each year. Changes in shares in the EU-27 average may also be the result of idiosyncratic shocks in a specific country or group of countries and the related economic policy responses. Therefore, pursuing the EU-27 average ratios for a small and open economy, which is generally more exposed to financial markets, would not always be appropriate. On the basis of the review of WP22C, the FC concludes that there are risks of exceeding the EU-27 average mainly on the expenditure side.

Figure 5.1: General government revenue and expenditure in Slovenia and EU-27

share in GDP (%, 2019)



Source: Eurostat. Note: Grey dots denote shares of other EU-27 member states.

The statistical analysis of WP22C indicates the possibility of an increase in expenditure, which could be larger than the increase in revenue. In total, the FC was able to identify around 160 measures or orientations for economic policy action in WP22C (see Table 5.1; see Annex 1 for a list of all measures). The number of measures envisaged is almost six times higher on the expenditure side than on the revenue side. More than four-fifths of the measures would increase expenditure, while just under half of the measures would have such an impact on the revenue side. Some cost-intensive measures are also such as to increase both expenditure and revenue (e.g. pension reform or minimum wage increases). Among the revenue and expenditure measures, the FC also identified a few that could lead to a particularly large increase or decrease in each of the categories. In relative terms, the increase is dominated by "large" revenue measures, according to the FC estimate. If the ratio between the number of revenue-increasing measures and the number of measures increasing expenditure is around

[6] In the period 2016-2019, the general government revenue-to-GDP ratio in Slovenia lagged the EU-27 average by 2 percentage points, while the share of expenditure lagged behind by 2.9 percentage points.

Table 5.1: Number and share of measures in the Coalition Agreement

	number	
	revenue	expenditure
increase	13	113
decrease	4	5
indeterminable	7	17
	share in %	
	revenue	expenditure
increase	54,2	83,7
decrease	16,7	3,7
indeterminable	29,2	12,6

Note: The table includes Coalition Agreement measures for which an estimate of the direction of their impact (increase, decrease) on general government revenue and expenditure can be made, as well as those measures for which such an estimate can not be made.
Source: WP22C, Fiscal Council estimates.

1:9, the ratio between the number of measures that could significantly increase revenue and those that could significantly increase expenditure is 1:5. Along with the aforementioned, measures that could potentially reduce revenue or expenditure in relative terms are dominated by revenue measures, although at least one measure appears in WP22C which could also significantly reduce expenditure (elimination of environmentally harmful subsidies). In addition to the finding that the 2018 Coalition Agreement was the most transparent of the coalition agreements assessed by the FC so far (it also allowed for quantitative analysis), a comparison of the share of measures for which it is not possible to determine the direction of their impact on public finances shows that WP22C is more transparent than the 2020 Coalition Agreement.[7]

Given the indicated increase in general government expenditure compared to revenue increases, in addition to fiscal risk, it is also necessary to draw attention to the related macroeconomic risks. If the expected cyclical developments stemming from the current economic outlook materialise, additional fiscal policy expansion beyond measures that are or will be directly related to the crisis in commodity markets could increase risks of macroeconomic imbalances building up, including additional labour market pressures and higher inflation. The FC has already pointed this out when considering the gradual consolidation implied by the no-policy-change scenario in the SP22 assessment (FC, 2022a). Given the limited capacity of the economy, the timing and content of investments should therefore be carefully weighed in the coming years against their contribution to the sustainability of public finances and to ensuring the resilience of the economy and related long-term objectives. The already planned public investment in the SP22 represents historically high values and is also among the highest compared to other EU-27 countries.[8]

The WP22C contains basic proposals for some structural reforms, but their frameworks and methods of financing are not further defined. Thus, the WP22C includes commitments to draw up fiscally sustainable reforms of the pension and healthcare systems and to find solutions to finance long-term care. It also mentions various elements of curbing the climate crisis and promoting digitalisation. As in some other areas of the WP22C, it is largely unclear whether such proposals represent a continuation of previous policies or a possible additional effort to achieve the green[9] and digital transition.

[7] According to the FC estimates, in the 2020 Coalition Agreement the share of revenue measures with no identifiable direction of impact was at around 90% and the share of expenditure measures at around 50%.

[8] According to comparable forecasts from the European Commission (2022a), only Estonia is expected to have a higher share of public investment than Slovenia on average in 2022-23 among EU-27 countries.

[9] In the area of the environment, for example, the WP22C mentions the introduction of burdens on environmentally harmful activities.

Below, the FC examined the areas in which major changes for fiscal aggregates may occur if the intentions expressed in WP22C are materialised. The increase in revenues resulting from the measures foreseen in the WP22C stems from the indicated repeal of the Personal Income Tax Act adopted this year, the envisaged introduction of property taxes and the announced increase in the effective corporate tax rate. On the expenditure side, major increases could occur in the areas of health, pensions, green transition, education, housing policy (here, the impact on public finances is difficult to predict due to the projected increase in EU spending and the search for alternative sources),[10] and culture and sport. These areas, together with potential indirect effects, also represent the greatest risks to the future fiscal position, so the FC presents them below, where the FC tries to quantify, at least in part, the risks identified. Rough estimates of the impact of measures that can be evaluated, although it should be noted that their implementation is not certain, are presented in Table 5.2. All quantitative assessments, except where specifically stated, are static and do not include possible responses in the behaviour of economic agents.

Table 5.2: Indicative estimate of fiscal consequences of selected Coalition Agreement areas

% of GDP	2022	2023	2024	2025	2026
Revenue	**0,0**	**1,5**	**1,7**	**1,9**	**1,9**
- personal income tax	0,0	0,2	0,4	0,6	0,6
- property tax	0,0	0,5	0,5	0,5	0,5
- corporate income tax relief	0,0	0,7	0,7	0,7	0,7
- regulated sole operators	0,0	0,1	0,1	0,1	0,1
Expenditure	**0,9**	**4,0**	**4,5**	**5,0**	**5,5**
- healthcare	0,5	1,0	1,5	2,0	2,5
- pensions	0,0	0,3	0,3	0,3	0,3
- green transition					
investment	0,0	2,0	2,0	2,0	2,0
fuel price caps	0,4	0,0	0,0	0,0	0,0
- education and schooling					
free meals	0,0	0,2	0,2	0,2	0,2
last year of kindergarden	0,0	0,1	0,1	0,1	0,1
- housing policy	0,0	0,2	0,2	0,2	0,2
- culture and sports	0,0	0,2	0,2	0,2	0,2

Source: WP22C, Fiscal Council estimates.

5.1 Measures on the revenue side

The FC estimates that the total revenue increase resulting from the WP22C measures presented below and can be quantified, could amount to around 2% of GDP by 2026.

Given the existing legislation, the current situation and the projections under the no-policy-change scenario in SP22, according to the WP22C, the largest additional source of revenue in this term of office would stem from the repeal of the amendment to the Personal Income Tax Act, an increased tax burden on assets and an increase in the effective corporate tax rate. According to the dynamic estimate of the FC (2021), the average revenue shortfall was projected to be between 0.6% of GDP

[10] According to WP22C, some measures can also be financed by mobilising non-public assets or assets not included in the general government sector. Therefore, the possible implementation of such measures would not necessarily or would not be fully translated into a deterioration of public finances.

in 2023 and around 1% of GDP in 2025 following the full implementation of the amended personal income tax legislation. Due to the foreseen repeal of the legislative changes, in order to estimate the revenue "savings", these figures need to be reduced by the estimated impact of the implemented change in 2022, which amounts to 0.4% of GDP. The “saving” of revenue would thus amount to around 0.2% of GDP in 2023 and around 0.6% of GDP in 2025[11], assuming the indicated repeal of the amendments to the law, which mainly relate to the increase in the general tax allowance. The WP22C mentions in several places the introduction of (progressive)[12] property taxes in order to finance the social[13] and development policies of the State and local communities in the long term. Slovenia is among the EU countries with the lowest share of property taxes. On average, the share of property taxes is 1.6% of GDP among OECD members, while in Slovenia it is only 0.6% of GDP. A similar ratio is also reflected in the share of property taxes to GDP: 0.8% of GDP in the EU OECD members and 0.5% of GDP in Slovenia.[14] Convergence of property revenue shares to the EU average could thus involve an increase in burdens and revenues of between 0.5 and 1 percentage point of GDP. International institutions, including the European Commission[15] and OECD[16], estimate that property taxes are the least detrimental to economic growth. The envisaged reduction in corporate income tax reliefs is expected to increase the effective corporate tax rate. If the effective corporate tax rate in Slovenia were to equal the weighted[17] effective tax rate in the EU-27, and the tax base remained unchanged, the share of corporate tax revenues could increase by around 0.7 percentage points of GDP, which would be a significant increase compared to the current share of corporate tax (average 2016-2019: 1.8% of GDP).[18]

According to WP22C, on the revenue side of the general government, it is also possible to identify a direct fiscal impact of equalising the rate of taxation of different groups of economic agents by increasing the taxation of regulated sole operators. The reform of the system of taxation of regulated sole operators and employees in companies would increase the comparability of taxation with other forms of employment. The effect of the measure, which would equalise the taxation of the labour of both groups of employees, could amount to around 0.1% of GDP, according to the FC estimate. WP22C also mentions some further options for increasing revenue. The remaining additional revenues could stem from a revised policy on the management of State assets and various environmental taxes,[19] but the public effects of these measures cannot be quantified.

On the basis of WP22C, it can also be concluded that due to the envisaged preparation and coordination with the social partners, comprehensive pension reform is unlikely to take place in the first half of the Government's term of office. This also poses a risk to the implementation of the reform throughout the term of office, although long-term fiscal risks will soon make it necessary. Therefore, any measures that would increase revenue and ensure long-term sustainability of the pension system

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[11] The same impact as in 2025 is assumed for 2026.

[12] There are several alternatives to increase progressivity, e.g. in the case of property taxes. Different levels of taxation may be determined according to the income situation of holders of a housing right, while reliefs may be topped at a certain value of immovable property or to a certain surface area. For more, see e.g. European Commission (2012).

[13] The WP22C mentions, for example, the intention to ensure resources to finance the liabilities of the adopted Long-Term Care Act, for which funding is provided only until the end of June 2025, and the alignment of the pension reform, which will be financially sustainable.

[14] Eurostat data on the share of taxes on land and buildings in GDP are similar: EU-27 1.1%, Slovenia 0.5%.

[15] EC (2022b) and Gralek et al. (2020).

[16] OECD (2018).

[17] The weighting coefficient is the 2019 nominal GDP.

[18] According to OECD data, the effective corporate tax rate in Slovenia in 2020 was 17.5%, while the EU-27 average was 19.3% and the weighted EU-27 average was 23.9%. The assumption of an unchanged tax base is therefore very likely to be overestimated in the event of such an increase in taxation.

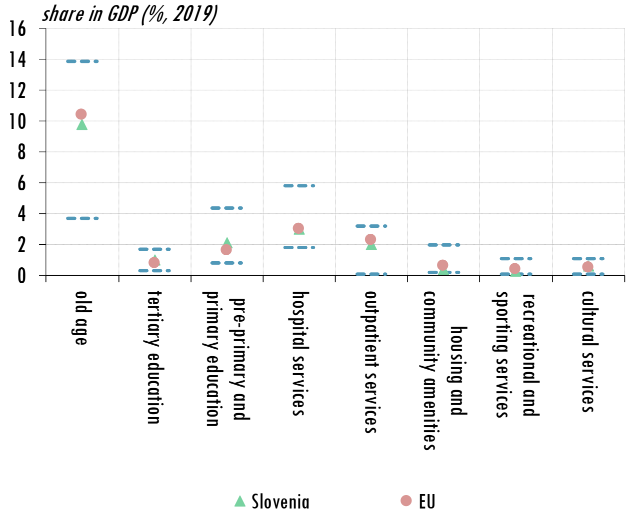
[19] According to the National Energy and Climate Plan (the Government of the Republic of Slovenia, 2020), the contribution to energy efficiency and CO2 levies is expected to increase in the next decade, among other things, in order to achieve the climate and energy targets.

cannot be taken into account in the assessment of the impacts of the WP22C. According to the latest projections presented in the SP22, fiscal implications of demographic change will already become significant before 2030. By 2030, the share of pension expenditure compared to the base year 2021 is expected to increase by around 0.5 pp of GDP, and by 2040 by more than 2 pp of GDP.

5.2 Measures on the expenditure side

According to the FC, measures on the expenditure side that can be valued and presented below could together account for at least 5% of GDP in 2026. The potential risk of a further increase in expenditure is significantly higher given the larger number of measures on the expenditure side compared to the revenue side.

Figure 5.2: Comparison of general government expenditure in Slovenia and EU-27 by selected COFOG functions



Source: Eurostat. Note: Blue lines denote maximum and minumum shares among EU-27 member states.

5.2.1 Measures on the expenditure side: healthcare

According to WP22C, addressing the healthcare situation represents the largest potential increase in public expenditure. WP22C states the intention to gradually increase healthcare expenditure to 12% of GDP by 2030. Public expenditure on healthcare[20] in 2019, before the epidemiological crisis, amounted to 6.7% of GDP in Slovenia, which is similar to the EU-27 average (7% of GDP).[21] Therefore, the projected increase in healthcare expenditure amounts to around 5 pp of GDP, or according to the projected gradual increase of around 2 pp of GDP during the government's 4-year term of office. Within the scope of "Healthcare", there are several areas where an increase in general government expenditure can be expected. Among the most important are compensation of delays in the provision of healthcare services, development of additional incentives for medical personnel and improvement of material and spatial standards of work in healthcare. As at least part of the measures in these areas would relate to an increase in wages in healthcare, this would significantly increase the

[20] All comparisons with the EU-27 in this section are based on the COFOG classification (classification of expenditure according to government functions; Classification Of the Functions Of the Government), for which data are available in the EUROSTAT database.

[21] The difference is mainly due to a lower share of out-patient care expenditure (2% of GDP compared to 2.3% of GDP in the EU-27) and a lower share of expenditure on medicines and medical equipment (0.9% of GDP compared to 1.1% of GDP in the EU-27).

risks of additional wage rise requirements in other parts of the public sector, which could represent a serious public burden.[22] The funds for healthcare employees represent around 2.7% of GDP,[23] while total compensation of employees in the general government sector, according to the SURS, is about 11% of GDP.[24] WP22C also provides guidance for the overhaul of financing of the healthcare system and the abolition of supplementary healthcare insurance. The revenue shortfalls from which healthcare services are financed would thus amount to around 1% of GDP and the WP22C does not identify the way in which this shortfall would be financed or whether this amount is included in the assumed overall increase in healthcare expenditure.

5.2.2 Measures on the expenditure side: pensions

The WP22C focuses on pensions both from the perspective of guiding the preparation of pension reform, coordinated with the social partners, that would provide for a dignified old age and is financially sustainable, and from the perspective of increasing the minimum guaranteed pension and extending the working lives of the elderly. The fiscal costs of these changes may be high, but it is not possible to determine all of them in the light of WP22C, as the details are not presented. It is only possible to estimate approximately the impact of the increase in the minimum guaranteed pension, which according to WP22C would rise to € 700 in 2023, where the fiscal sustainability of such a measure will be taken into account. Taking into account the ZPIZ (2021) data on the distribution of pensioners in relation to the level of pensions for 2020, the then and proposed minimum guaranteed pension, this measure could increase the v pension volume by around 0.3% of GDP in 2023.

5.2.3 Measures on the expenditure side: green transition

The area of green transition is one of the items in the WP22C that could contribute to the most significant increase in government expenditure. Among the measures in this area, public finances could be particularly affected by the promotion of investment in renewable sources (particularly solarisation), the promotion of the replacement of heating equipment and the use of alternative fuels in transport, free tickets for public transport, as well as the acceleration of investment in the electricity distribution network and, where appropriate, the regulation of energy prices. To finance most of these purposes, WP22C foresees a leveraging of EU funds and a redirection of profits from State-owned enterprises. The FC estimate (2022b) shows that the annual investment gap to meet the climate targets in 2021-2030 amounts to around 2% of GDP per year, most of which, based on experience so far, should be provided by the government. In this section WP22C also mentions a significant acceleration of investment in railway infrastructure, but more detailed measures or assessments of fiscal effects are not presented. The estimated investment in railway infrastructure for this year and subsequent years in the existing budget documents (Ministry of Finance, 2021)[25] is around 1% of GDP.[26] If rail

[22] The WP22C mentions the priority treatment of strike demands and the reform of the single salary system for civil servants and elimination of its anomalies.

[23] Based solely on the average gross salary, which in the part of the healthcare sector included in the general government sector is assumed to be the same as in the healthcare sector as a whole.

[24] Data for 2019. Mainly due to additional disbursements related to the COVID crisis, the share increased to almost 13% of GDP in 2020 and 2021.

[25] They are presented in the Development Programmes Plan. This is a part of the State budget in which the expenditure of the budget is shown as projects and measures. The appertaining financing plans comprise a comprehensive overview of budgetary and other sources of financing of these activities over the next four years or until the end of the financing of these activities. The currently applicable Development Programmes Plan 2022-2025 was drawn up at the time of the revision of the budget of the Republic of Slovenia for 2022 in November 2021.

[26] In this context, in 2022 and 2023, about half of the investment in the railway network consists of the construction of a new track on the Divača-Koper line, while in the following years the share of this investment is reduced to about one fifth of total.

infrastructure investment were to increase "significantly", e.g. by 10%, this would represent an additional public expenditure of 0.1% of GDP. The possible further cost of regulating energy prices depends to a large extent on the duration of the energy crisis and on the definition of measures as well as on the involvement of individual population groups. The measures taken in February and March 2022 without taking into account the appropriate compensation for fuel price caps are estimated to amount to around EUR 300 million, or 0.5% of GDP, according to SP22. The impact of the fuel price capping measure is currently estimated at around 0.1% of GDP in the month and a half (between mid -March and end-April) and an additional 0.3% of GDP for the currently extended capping period between May and August.[27]

5.2.4 Measures on the expenditure side: education and schooling

The WP22C foresees some measures that could significantly increase expenditure on education. Among the most important are the provision of free school meals to all pupils and, in the longer term and after further viability analysis, public funding for the last year of kindergarten or the introduction of free kindergarten for all. In Slovenia, the government allocates about 0.6 p. p. of GDP more to education than the EU-27 average. Most of the difference stems from a higher share of expenditure on early childhood education and primary education, which amounted to 2.1% of GDP in Slovenia in 2019 and 1.6% of GDP in the EU-27. The FC estimates that providing free school meals to all pupils could amount to around 0.2% of GDP, taking into account the current level of reimbursement. Rough FC calculations also show that the cost of public funding for the last year of kindergarten could be around 0.1% of GDP, while the introduction of free kindergarten for all children would amount to around 0.9% of GDP. In both cases, it should be borne in mind that these are likely overestimated values of the net impact on the fiscal balance. Changes in the funding of kindergarten fees could namely also lead to adjustments in the area of child benefits (supplementary benefits of lower income brackets for child maintenance, upbringing and education), which currently account for around 0.4% of GDP. In connection with child benefit, the WP22C also refers to an examination of the possibility of providing universal basic goods to all children and young people for their upbringing and education. The WP22C also foresees several measures in the form of incentives and stimulus in the field of higher education and science, although the share of expenditure for this area in 2019 was higher than that of the EU-27 (Slovenia: 1.0% of GDP, EU-27: 0.8% of GDP).

5.2.5 Measures on the expenditure side: housing policy

The WP22C lists several projects in the field of construction and renovation of residential buildings. These include strengthening the functioning of the Housing Fund of the Republic of Slovenia and providing 20,000 public rented housing units by 2030, construction of public student housing, a comprehensive renovation of the housing stock and the renovation of older houses in rural areas. In Slovenia, the government's housing spending in 2019 was 0.4% of GDP, slightly below the EU-27 average of 0.6% of GDP. In particular for the construction of rental housing, the WP22C also mentions the use of other, but undefined, financing models that would not necessarily worsen the public finance

[27] According to the quarterly report of Petrol d.d. (available at: https://www.petrol.eu/binaries/content/assets/skupina-petrol-eng/publications/2022/05/report-on-the-operations-of-the-petrol-group-and-petrol-d.d.%2C-ljubljana-in-the-first-three-months-of-2022.pdf) and the calculation by FC for the entire market of petroleum products in Slovenia. Currently, the Decree setting maximum prices for petroleum products is in force and will be valid for three months (10 May -10 August 2022), while the cost to the State, which will have to provide adequate compensation to oil distributors, depends on prices on the commodity markets and on sales during that period.

situation. In this case, the fiscal impact on the general government balance would be relatively small, but this is not necessarily the case for general government debt. The same applies to the renovation of the housing stock, which is to be financed through both EU loans and EU grants. However, in the event of a large-scale increase in housing construction, while favourable economic growth is maintained, there could be an increase in the inefficiency of such investments due to the limited absorption capacity of the administration and of the labour market, which are already occurring at the current start-up of construction activities. The construction of 20,000 rented dwellings in the period 2023-2030 would require the construction of about 2,500 dwellings per year, and the cost of building such housing could be between 0.3% and 0.5% of GDP per year according to the average value of the projects of the Housing Fund of the Republic of Slovenia[28]. The Housing Fund of the Republic of Slovenia managed around 4,200 units at the end of 2021, and it is also clear from the 2021 Annual Report that it had projects in the course of 2022 and 2023 to provide around 450 non-profit rental units, with a target amount of new rental units for the period 2021-2025 of around 3,800 units or over 500 units per year.

5.2.6 Measures on the expenditure side: culture and sport

The WP22C lists a number of measures in the field of culture and sport that could increase government expenditure. Among them, in addition to increasing the programme funds for culture, the FC highlights the adoption of a programme of urgent investments in public cultural infrastructure and cultural heritage, the improvement of the situation of self-employed persons in the culture sector, and the provision of the necessary financial resources for the ECOC Nova Gorica 2025. The current Development Programme Plan already foresees funds for the preservation of cultural heritage, which are to be reduced and represent less than 0.1% of GDP in 2025.[29] In Slovenia, the share of government funding of cultural activities in GDP is slightly higher (0.6%) than the EU-27 average (0.5%). The WP22C also contains at least four measures that could increase expenditure in the field of sport. Indeed, compared to the EU-27 average (0.4%), the expenditure-to-GDP ratio in Slovenia is slightly lower (0.3%).

6. Coalition Agreement and Fiscal Rule

Among the envisaged orientations of the WP22C, the FC highlights the planned change in the fiscal rule and the intention to align it with the pursuit of development policy.[30] This should be done by exempting investment from the assessment of compliance with fiscal rules and from the calculation of the structural deficit. From the point of view of managing a counter-cyclical policy and ensuring fiscal sustainability, it is particularly useful to maximise the use of EU grants, especially when pursuing objectives that are pressing (e.g. the Green Transition), while at the same time draw up long-term investment plans and use them when cyclical conditions so require. While investments can, as a rule, make a significant contribution to short-term stimulus in a period of low private demand while increasing long-term economic potential, they are not always effective in this role. This can happen, especially in a small economy, due to limited administrative capacity and supply constraints. Only the financing of efficiently implemented investments is sustainable in the medium and long term. Inefficient

[28] Source: Housing Fund of the Republic of Slovenia, 2022.

[29] In 2019, the Act Providing Funds for Certain Urgent Cultural Programmes in the Republic of Slovenia was already adopted.

[30] It is also a fundamental question whether effective development policies can be implemented in a fiscally sustainable manner.

investments do not necessarily provide an adequate revenue base for the future to recover the funds used to finance them. This also applies to EU-funded investments, whether grants, where the recipient country is expected to co-finance, or, of course, refundable EU funds. The possible exclusion of more specific investments, e.g. green ones, from structural indicators of the state of public finances may also prove problematic in the absence of adequate control, due, inter alia, to possible accounting manipulations of individual categories of investment.

In addition to the above, it is important to take into account the fact that the system of economic governance at EU level is currently undergoing a process of change. In this context, some adjustments to the European fiscal rules could take place, whereas the premature change of the domestic fiscal rule towards its easing could therefore collide with the mistrust of financial market participants regarding the awareness of and commitment to maintaining sustainable public finances. This could in turn increase the cost of financing for both the government and the private sector.

Annex 1: List of measures with fiscal consequnces in the Coalition Agreement

	revenue		expenditure	
	short-term	long-term	short-term	long-term
Community				
1. Political system				
Enhance the role of independent institutions.			0	
2. Civil society as a profession and partner				
3. International high standing and security				
Increase funding for the operation of professional and voluntary firefighters and develop a financing system for renewal of assets and equipment.			+	
Increase and modernise the fleet of helicopters operating in security and rescue tasks.			+	
Amend the Act on the Provision of Funds for Investments in the Slovenian Armed Forces in 2021 to 2026 and audit all contracts concluded so far for the purchase of military equipment.			–	
Ensure adequate material and working conditions for soldiers, firefighters, civil protection, paramedics and all other employees and volunteers in security and defence systems.			+	
4. Socially secure and inclusive community				
Strengthen eligibility for social security, family and disability transfers from public funds on the basis of clear and fair social and economic criteria.			+	
Modernise and automate the information system for calculating entitlements to social rights.			+	
Provide universal basic goods progressively to all children and young people on the basis of due consideration.			0	+
Stipulate a more frequent calculation of the minimum cost of living via an amendment to legislation.			+	
Provide social assistance to workers who terminate exploitative employment.			+	
Remove measures that reduced the rights of the unemployed regarding choice of employment and entitlement to cash benefits via the 2019 amendment to the Labour Market Regulation Act (ZUTD-E).			+	
Analyse the impacts of anti-coronavirus packages on the rights of unemployed persons and, in the event of a reduction in the rights of the unemployed, remedy the consequences.			+	
5. The rule of law and a fair community				
Ensure sufficient resources in the budget for the smooth functioning of the judiciary.			+	
Properly digitise all levels of court proceedings.			+	
6. Polycentric regional development and spatial development policy				
Establish a small number of autonomous regions for the regionalisation of Slovenia.			+	
Distribute State institutions and their organisational units across Slovenia.			+	
Examine and adjust the funding of municipalities, taking into account their tasks and functions.			0	
Ensure the most effective and comprehensive digitisation of the cadastre.			+	
Channel EU funds to demographically endangered border areas and rural areas, address development gaps and implement key regional and local projects.			+	
Develop comprehensive plans for revitalisation and smart economic specialisation of areas lagging behind or facing the challenge of smart economic specialisation.				+
7. Effective public service and sound public finances				
Repeal the provisions of the amended Personal Income Tax Act, with the exception of the amount of the general income tax relief, which will remain at the current level.	++			
Overhaul an inefficient, disproportionate system of corporate income tax relief. These changes will increase the effective tax rate of corporate tax.	++			
Reform the system of taxation of regulated sole traders and employees in companies in order to increase the comparability of taxation with other forms of employment.	+			

	revenue		expenditure	
	short-term	long-term	short-term	long-term
Simplify the taxation system to increase transparency, predictability, speed of procedures and tax certainty.	0			
Create a working environment and establish a competence and career model that will enable professional and responsible work of civil servants.			0	
Strengthen the financial and other mechanisms that serve as support mechanisms of the State in the realisation of its development policies, e.g. SID Bank.			++	
Introduce burdens on environmentally harmful activities.	+			
Phase out environmentally harmful subsidies.			– –	
Implement green budget reform.	0		0	
Consider, in the light of green development policies and tax efficiency, the possibility of reforming the motor vehicle taxation system.	+			
In agreement with the social partners, address outstanding strike demands as a matter of priority.			++	
Reform the single wage system of civil servants and eliminate all anomalies.			0	
Consider replacing the system of allowances for dependants with a fairer system.	0			
Establish an Ombudsman for Taxpayers.			+	
Introduce a comprehensive system of progressive taxation of assets with a view to long-term financing of social and development policies of the State and local communities.	++			
Together with the social partners draw up and coordinate pension reform that provides for a dignified old age and is financially sustainable.		++		++
8. Digital transformation				
Support the digital transformation of innovative Slovenian companies through dedicated calls for tender.			+	
Support small and medium-sized enterprises reaching at least a basic level of digital intensity.			+	
9. Slovenian culture and creativity				
Adopt a programme of urgent investments in public culture infrastructure and cultural heritage.			+	
Improve the social situation of self-employed persons in culture.			+	
Change the disputed decisions in the field of culture from 2020-2022 in the field of human resources, film funding, NGOs and self-employed persons in culture.			+	
Ensure a comprehensive and sustainable funding model for media content in the public interest.			+	
Provide higher programming resources for culture, taking into account fiscal sustainability.			+	
Provide the necessary financial resources for the ECOC Nova Gorica 2025.			+	

	revenue		expenditure	
	short-term	long-term	short-term	long-term
Intergenerational alliance				
1. Young people are our future				
Provide incentives for the renovation of older houses in rural areas and enable young people to benefit from a large housing stock.			+	
Improve supervision and regulation of short-term rentals and prepare the legal basis to enable local communities to control them.	+			
Strengthen the functioning of the Housing Fund of the Republic of Slovenia and support other financing models, with the aim of providing 20,000 public rented housing units by 2030.			++	
Increase in funding for the construction of public student housing.			+	
2. Housing policy				
Establish an appropriate guarantee scheme, refundable funds and grants for housing cooperatives.			+	
Adopt a strategy and develop guidelines for the comprehensive renovation of the housing stock, based on appropriate EU refundable funds and grants.			++	
3. The third age				
Enable workers to retire gradually and accelerate the social integration of pensioners.	0		0	
Consider the system of re-employment of pensioners. Consider, in the context of social dialogue, the possibility of retirement if the conditions for retirement are met.	+			
If fiscal sustainability conditions permit, the minimum guaranteed pension will be 10% above the at-risk-of-poverty threshold and at least EUR 700 in 2023.			++	
Prepare calls for tenders for (co-)financing programmes to promote active life in old age.			+	
Expand and strengthen the provision of community social assistance programmes.			+	
4. Long-term care tailored to people				
Adopt amendments to the Long-Term Care Act, including financial construction based on progressive taxation of property and other budgetary resources.	++		0	
Consider the abolition of refundability of income support and of benefits arising from exemptions from the payment of social assistance services.			+	
Increase funding to expand the network of public provision of long-term care at home and public homes for elderly people and other forms of long-term care delivery.			+	
5. Decent life				
Increase the minimum wage to at least EUR 800 net over the year. Strive for real growth in the minimum wage.	+		+	
Increase the number of counsellors in schools for faster detection and prevention of children's distress.			+	
Extend social assistance programmes that are not exclusively aimed at people with mental health problems to prevent exacerbation of distress.			+	
Provide additional resources in public finances to finance the pension fund also through the reform of State asset management.	+			
Gradually reduce the full-time lower limit to 30 hours per week, with the 40-hour ceiling unchanged.	–		0	
Ensure guaranteed pay for agency workers, who must be paid at least the minimum wage when the agency is not providing them with work.			0	
6. Decent retirement				
7. For a life without obstacles				
Through incentives motivate employers to permanently employ people with permanent or temporary disabilities.			+	
Contribute to the social inclusion of users by supporting social assistance programmes, employment cooperatives and social enterprises.			+	

	revenue		expenditure	
	short-term	long-term	short-term	long-term
8. Battle for talent				
Adopt assistance and integration programmes for the repatriation of Slovenian emigrants.			+	
Encourage the establishment of joint ventures or institutions run by Slovenian residents and foreigners.			+	
Provide incentives to knowledge institutions and the business sector for the employment of professionals and other staff who will come to Slovenia on the basis of an invitation.			+	
Increase funding for the inclusion of young Slovenian scientists, who received their education and training abroad, in the work of universities and research institutes.			+	
Promote the recruitment of internationally proven staff in leading positions in the public and business sectors.			+	
Create a comprehensive system of effective integration of foreign workers and their family members. Introduce more hours of Slovenian language for foreigners in primary and secondary schools.			+	
9. Migration policy				
Create specific training programmes for migrants for jobs in deficit occupations.			+	

	revenue		expenditure	
	short-term	long-term	short-term	long-term
Education, schooling, higher education, science and sport				
1. Early childhood education and primary and music education, secondary and higher education and lifelong learning				
Provide free school meals to all students.			++	
Consider the possibility of State funding for the last year of kindergarten.				++
Consider the possibility of free kindergarten for all.				++
Provide financial, material and human resources to neutralise educational shortages and help children and adolescents after the epidemic.			+	
Establish regional centres of professional excellence in key areas of economic, social and environmental development.			+	
2. Science and higher education				
Increase financial resources to promote the development of higher education.			+	
Provide financial incentives to attract the best foreign researchers and academics.			+	
Additionally stimulate Slovenian students to go on one of the offered international exchanges.			+	
Under fiscal sustainability conditions, abolish the clause on State and Zois (gifted students') scholarships excluding each other.			+	
Consider exempting scholarships from income tax and income which is taken into account when exercising rights from public funds.	–			
Ensure adequate funding for higher education, while respecting the autonomy of universities.			+	
Stimulate the economy to invest jointly in state-of-the-art technological equipment for laboratories at universities and research institutes.			+	
Redesign the science funding system accordingly.			0	
3. Sport as a lifestyle				
Channel resources into the development of sports programmes and human resources in sport.			+	
Introduce measures for employment and labour market transition for athletes at the end or after the end of their sports career.			+	
Support leisure programmes for the development of recreational sport for children and young people.			+	
Unify the reporting system and improve the efficiency of public spending in the field of sport. Harmonise the criteria and conditions for allocating funds to sports programmes at the national level.			0	
Support events and activities, international competitions and preparation of athletes.			+	

	revenue		expenditure	
	short-term	long-term	short-term	long-term
Green Breakthrough				
1. Green transition				
There will be no hydroelectric power plants on the Mura river and the rationality of the construction of new hydropower plants in the middle Sava will be re-examined.			0	
Ensure water management and encourage sustainable water use in households, industry, agriculture and services of general economic interest.	0		0	
2. Renewables are our secure energy future; fossil fuels are a thing of the past				
Where appropriate, regulate electricity and oil prices with an emphasis on the protection of socially vulnerable groups.	– –		++	
Promote the solarisation of all suitable surfaces and support self-supply in all its forms, also with a view to alleviating energy poverty.			++	
Encourage investment in infrastructure that has minimal negative environmental impacts.			+	
Introduce transformation of the electrical distribution system and intensification of investments in the network.			++	
Abolish the mandatory connection to the gas heating network in individual new buildings and intensify the promotion of replacement of heating equipment.			++	
Incentivise the use of alternative fuels and consistent implementation of the strategy for sustainable development of transport.			++	
Accelerate investments in renewable energy sources with the aim of ensuring energy security and self-sufficiency.			++	
Improve transparency and management of public funds allocated to climate and energy policy measures. Redirect profits of State-owned companies and more EU funds to new investments in renewable energy sources (RES).	0		0	
3. Acting responsibly towards future generations, ethically towards nature				
Encourage sustainable and organic farming, support young people entering farming, ecotourism and the use of new technologies.			+	
4. Entrepreneurship and innovation				
Support start-up entrepreneurs and encourage the growth and expansion of start-ups.			+	
Support and integrate the development of start-up and venture capital funds for the development of innovations and projects in the areas of green and digital transitions.			+	
Allocate public funds to launch major demonstration projects in the field of smart specialisation and continue the planned smart specialisation projects that have been set up.			+	
Encourage investment at all stages of business development and growth, with specific support for the provision of start-up and venture capital.			+	
Encourage international expansion and support the commercialisation of innovations.			+	
Regulate the financing of market activities of public research and innovation and education institutions while preserving the autonomy of these institutions.			+	
Stimulate improvement of stock management.			+	
Stimulate investment in the development and deployment of safe and ethical solutions for collecting large amounts of data, analysing them and converting them into useful information.			+	
Encourage investment in the technologies of the future.			+	
Direct public funds to major projects that will demonstrate the positive effects of new technologies across the country.			+	
Establish an acceleration programme for internationalisation focused on small and medium-sized enterprises and start-ups.			+	
5. Low-carbon and digitalised economy				
Co-finance targeted green transition programmes for companies to reduce their carbon footprint.			+	
Direct public funds to tourism segments with high added value.			+	
Provide support for "destination" tourism with a clearly defined profile of tourists and the highest added value.			+	

	revenue		expenditure	
	short-term	long-term	short-term	long-term
6. Infrastructure and sustainable mobility				
Accelerate the electrification and digitalisation of public transport in particular. Introduce zones with controlled traffic flow.			+	
Significantly increase investment in railway infrastructure.			++	
Introduce a green ticket to make transport cheaper and more environmentally friendly for users, and incentives to use more environmentally friendly means of transport.			+	
Introduce free public urban transport for pensioners, disabled people, war veterans and everyone over the age of 65.			+	
Consider the possibility of extending free transport to other groups.			+	
7. Social responsibility				
Introduce stimulating taxation of employee remuneration in the form of shares and shares of companies and employee profit-sharing.	–			
Adapt the system for rewarding successful managers of State assets.			+	
Introduce stricter measures to prevent socially harmful practices of economic agents.	0		0	

	revenue		expenditure	
	short-term	long-term	short-term	long-term
Health				
I. Solving the current problems				
1. COVID-19 exit strategy				
Provide rehabilitation of those recovering from COVID-19 who suffer long-term consequences of the disease.			+	
Develop an operational plan to compensate for delays in healthcare services.			++	
2. Intervention act on healthcare				
Abolish the simultaneous work of doctors at several workplaces and develop additional incentives for medical personnel.			++	
Revise the Act on the Provision of Funds for Investments in Slovenian Healthcare for the Period from 2021 to 2031.			0	
II. Looking to the future - a modern law on the healthcare system in Slovenia				
1. Arrangement of patients' rights				
Establish a Patients' Rights Office.			+	
Create a fund for exceptional cases within the ZZZS health fund (rare diseases, operations abroad, second opinions abroad) with a separate financial source.			+	
2. Provision of healthcare services				
Define better material and spatial standards of work at all levels of healthcare.			+	
3. Financing of the healthcare system				
Carry out a comprehensive overhaul of the financing of the healthcare system, including the abolition of complementary healthcare insurance.			++	
Streamline administratively burdensome procedures in the healthcare system.			–	
Regulate the control of payment for healthcare services.			–	
4. Personnel in healthcare				
Relieve doctors and recruit additional staff at the primary level of healthcare.			+	
Introduce a staff scholarship scheme in the field of all healthcare programmes in secondary schools and universities.			+	
Restore the reputation of the profession, improve working conditions, and reduce the burden of administrative work in nursing.			+	
Provide more education and scholarships in the field of nursing.			+	
5. Good governance of the healthcare system				
Centralise procurement of medical materials.			–	
6. Long-term care				
Modernise educational content and include healthcare professionals in additional training.			+	
7. Palliative care				
Provide revision of the current evaluation of palliative care services at all levels of healthcare and a regulation ensuring adequate government funding.			+	

	revenue		expenditure	
	short-term	long-term	short-term	long-term
8. Mental health				
Address the problem of lack of properly educated and competent personnel.			+	
Improve access to aid resources.			+	
Stimulate the organisation of targeted workshops for people with mental disorders and ensure better promotion of preventive behaviour in the area of mental health.			+	
9. Preventive healthcare				
Extend prevention and screening programmes for early detection of diseases.			+	
Enhance preventive dental examinations in the elderly population.			+	
Consider the possibility of a tax and regulatory limit on sugar content.	+			
10. Alternative and Complementary Medicine				
Introduce State-organised cannabis production for the needs of the Slovenian public healthcare system.			+	

Note: Items from "The 15th Government of the Republic of Slovenia: The Work Programme of the 2022-2026 Coalition". "+", "-" and "o" denote positive, negative and indeterminable effect of measures on general government revenue or expenditure. "++" and "--" denote measures where FC estimates a possibility of a particularly large effect on general government revenue or expenditure.
Source: »The 15th Government of the Republic of Slovenia: The Work Programme of the 2022-2026 Coalition«. Fiscal Council estimates.

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