



REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Monthly Information

March 2024

Key highlights¹

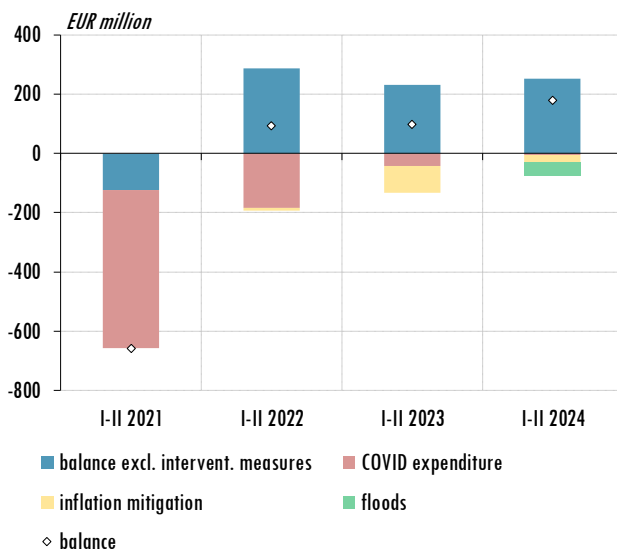
- According to preliminary data, in the first two months of 2024 the state budget recorded a surplus (of EUR 179 million), which amounted to EUR 253 million excluding the impact of various intervention measures. In both comparisons, the surplus slightly exceeded that recorded in the same period of the previous year.
- In the first two months of this year, total revenue and total expenditure recorded a year-on-year increase of 8.0% and 4.1%, respectively.
- The increase in "core" expenditure (3.8%) at the beginning of this year was mostly due to investment spending, transfer to the Pension and Disability Insurance Institute of Slovenia (ZPIZ) and labour costs.
- The total amount of various intervention measures in the first two months of the year was almost half less than in the same period last year.

¹ The Fiscal Council will continue to publish in its regular monthly publication an overview of the state budget outturn under the cash flow methodology and of measures related to COVID-19 and to mitigating the cost-of-living crisis, subject to the availability of such data in the future. All comments pertain to data as at 4 March 2024.

The state budget (January-February 2024)²

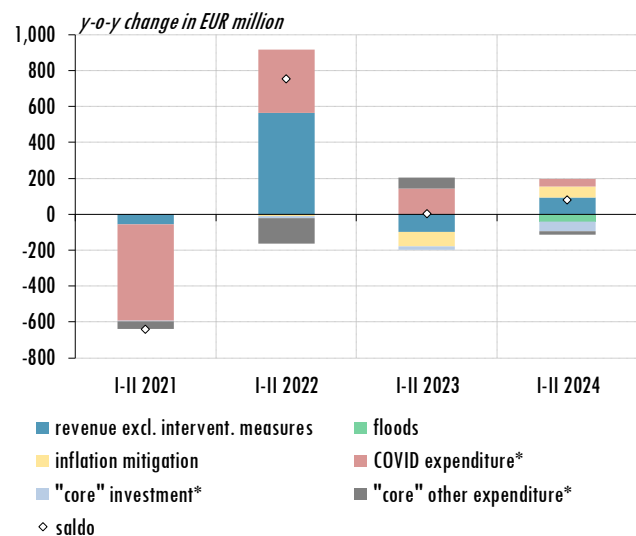
- According to preliminary data for the first two months of 2024, the state budget recorded a surplus (of EUR 179 million) which, excluding the impact of various intervention measures, totalled EUR 253 million. In both comparisons, the surplus slightly exceeded that recorded in the same period of the previous year. This was particularly the result of considerable revenue growth and the elimination of measures to tackle the rising cost of living and COVID-19 measures, while a higher surplus is prevented by increased investment spending, flood recovery costs and budget spending that is unrelated to intervention measures.
- In the first two months of this year, the total year-on-year increase in total revenue was 8.0%. The increase was predominantly the result of higher VAT revenues, while high increase was also recorded in income tax revenues alongside the increase in wages and employment. A significant revenue growth was kept in check in particular by a decrease in EU funds, despite a partial posting of the second request for funds under the Recovery and Resilience Facility in January.
- Total expenditure in the first two months of this year was 4.1% higher year-on-year, while the “core” expenditure (excluding intervention measures) was 3.8% higher. The fastest increase was recorded in investment spending and transfer to ZPIZ³ and beside these, the increase was also largely due to higher labour costs. Interest and subsidy expenses continue to decline year-on-year, although the dynamics of the latter continue to be largely determined by intervention measures (this year mainly in the form of compensation to energy suppliers).

Figure 1: State budget balance



Source: MoF, FC calculations.

Figure 2: Factors of state budget balance change



Source: MoF, FC calculations. *positive sign denotes a decrease, negative sign denotes an increase.

² The comments on the implementation of the state budget refer to the daily data available at: <https://proracun.gov.si/#> (Only in Slovene).

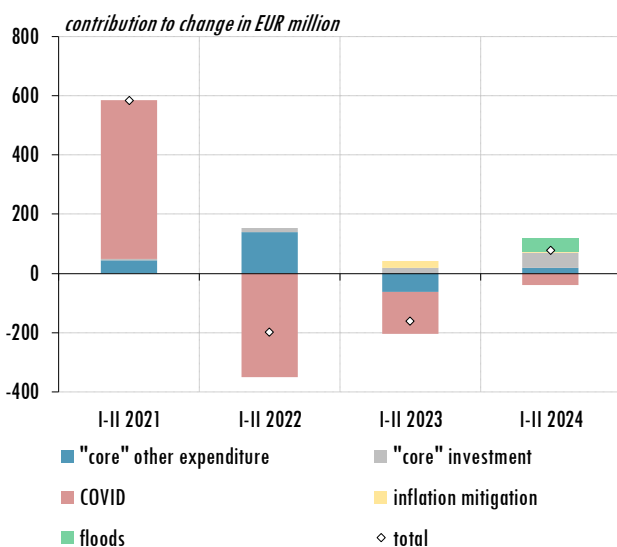
³ Provisional data on the transfer to the Health Insurance Institute of Slovenia (ZZZS) are no longer available since the beginning of last year although, according to regular data, last year's transfer was record high and this year it is expected to increase by about one third.

Table 1: State budget

EUR million, unless stated otherwise	Jan.-Feb.			Mar.-Dec.			2023	2024**	2024 compared to 2023			
	2023	2024	2024 compared to	2023	2024*	2024 compared to						
			%			%						
Revenue	1,992	2,151	160	8.0	11,034	11,855	821	7.4	13,026	14,006	981	7.5
VAT	786	891	105	13.4	4,361	4,484	123	2.8	5,147	5,375	228	4.4
Excise duties	249	256	7	3.0	1,410	1,305	-106	-7.5	1,659	1,561	-98	-5.9
Personal income tax	298	359	61	20.4	1,418	1,537	120	8.4	1,716	1,896	180	10.5
Corporate income tax	192	208	16	8.6	1,201	1,276	75	6.3	1,393	1,484	92	6.6
EU funds	146	130	-17	-11.4	942	1,335	393	41.7	1,088	1,464	376	34.6
Non-tax	99	94	-5	-4.9	630	775	145	23.0	729	869	140	19.2
Other revenue	222	214	-9	-3.9	1,072	1,144	72	6.7	1,294	1,358	63	4.9
Expenditure	1,894	1,973	78	4.1	13,451	14,254	803	6.0	15,346	16,227	882	5.7
Total labour costs	654	692	38	5.9	3,461	3,747	286	8.3	4,115	4,440	324	7.9
Transfers to individuals and hhs	312	325	13	4.2	1,750	1,356	-394	-22.5	2,062	1,681	-381	-18.5
Goods and services	161	201	40	24.7	1,451	1,441	-11	-0.7	1,612	1,641	29	1.8
Investment	100	148	49	48.9	2,103	1,833	-270	-12.9	2,203	1,981	-222	-10.1
Current transfers to ZPIZ	202	250	48	23.9	914	1,151	236	25.8	1,116	1,401	285	25.5
Subsidies	131	94	-37	-27.9	811	494	-317	-39.1	942	588	-354	-37.6
Interest	68	48	-19	-28.5	617	769	153	24.8	684	818	134	19.5
Payments to the EU budget	116	95	-21	-18.4	556	624	68	12.3	672	719	47	7.0
Other expenditure	151	118	-32	-21.6	1,788	2,840	1,052	58.8	1,939	2,958	1,020	52.6
Balance	97	179	81		-2,417	-2,399	18		-2,320	-2,221	99	

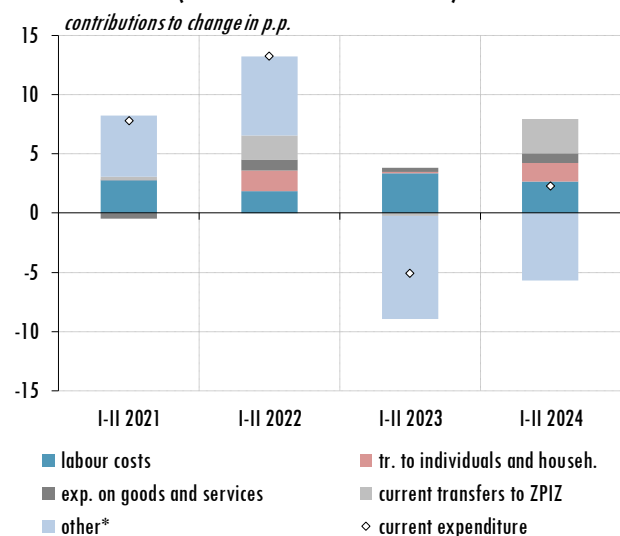
Source: MoF, FC calculations. Note: *implicitly calculated to match MoF forecast. ** Amendments to the Budget of the Republic of Slovenia for 2024 (MoF, published in the Official Gazette of the Republic of Slovenia on 7 December 2023).

Figure 3: Structure of state budget expenditure growth



Source: MoF, FC calculations.

Figure 4: Current expenditure factors (excl. intervention measures)



Source: MoF, FC calculations. Notes: *subsidies, payments to the EU budget, current transfers to ZZS, other expenditure.

Table 2: State budget (excluding intervention measures)

EUR million, unless stated otherwise	I-II 2023			I-II 2024					I-II 24/ I-II 23, in %		I-II 24/ I-II 23		
	total	COVID mitig.	infl. floods excl. interv. measures	total	COVID mitig.	infl. floods excl. interv. measures	total	excl. interv. measure	total	excl. interv. measures			
Revenue	1,992	-68	2,060	2,151			2,151	8.0	4.5	160	92		
VAT	786	-29	815	891			891	13.4	9.3	105	76		
Excise duties	249	-15	264	256			256	3.0	-2.9	7	-8		
Personal income tax	298		298	359			359	20.4	20.4	61	61		
Corporate income tax	192		192	208			208	8.6	8.6	16	16		
EU funds	146		146	130			130	-11.4	-11.4	-17	-17		
Non-tax	99		99	94			94	-4.9	-4.9	-5	-5		
Other revenue	222	-24	246	214			214	-3.9	-13.3	-9	-33		
Expenditure	1,894	43	23	1,828	1,973	4	27	43	1,899	4.1	3.8	78	70
Total labour costs	654	6		648	692			0	692	5.9	6.8	38	44
Transfers to individ. and hhs	312	2	23	288	325	0	12		314	4.2	9.0	13	26
Goods and services	161	2		159	201	0	28		173	24.7	8.4	40	13
Investment	100	3		96	148			0	148	48.9	53.9	49	52
Current transfers to ZPIZ	202			202	250				250	23.9	23.9	48	48
Subsidies	131	17		114	94	0	27	1	67	-27.9	-41.6	-37	-47
Interest	68			68	48				48	-28.5	-28.5	-19	-19
Payments to the EU budget	116			116	95				95	-18.4	-18.4	-21	-21
Other expenditure	151	14		137	118	4		3	112	-21.6	-18.6	-32	-25
Balance	97	-43	-91	231	179	-4	-27	-43	253			81	21

Source: MoF, FC calculations.

Implementation of intervention measures in the period January–February 2024

- In the first two months of this year, a total of EUR 31 million was spent on COVID-19 measures and on measures to tackle the rising cost of living. According to budget plans, expenditure on COVID-19 measures and measures to tackle the rising cost of living are this year expected to decline sharply and total EUR 130 million (EUR 1,150 million in 2023). This year, flood recovery expenditure totalled EUR 43 million or EUR 611 million since August last year. According to the state budget adopted for this year, flood recovery expenses have been estimated at EUR 1,115 million.