



REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Monthly Information

April 2024

Key highlights¹

- The state budget was in deficit in the first three months of the year (EUR -379 million), according to preliminary data, excluding the direct effect of intervention measures amounting to EUR -278 million. In both comparisons, the deficit was higher than in the same period last year.
- Total revenue was 4.0% higher year-on-year on average in the first three months of the year, while total expenditure was 5.3% higher. The growth in "core" expenditure (8.4%) more than doubled in the first three months of this year compared to the same period last year. This was mainly due to the high growth in labour costs due to the early payment of holiday allowance and to the increase in the transfer to the Pension and Disability Insurance Institute of Slovenia (ZPIZ) in the context of the high regular adjustment of pensions.
- The total volume of the various intervention measures in the first three months of the year (EUR 112 million) was less than half of that in the same period last year.
- The general government deficit was 2.5% of GDP last year, 1.9 percentage points of GDP lower than the government's projections in October. The lower-than-projected deficit was mainly due to an expected lower realisation of investment and lower capital transfers. This was mainly due to a lower realisation of flood recovery measures than planned in the autumn budget documents.

¹ The Fiscal Council will continue to publish in its regular monthly publication an overview of the state budget outturn according to the cash flow methodology and of the measures taken to mitigate the effects of the epidemic, cost-of-living crisis and floods, subject to the availability of such data in the future. All comments refer to data known on 3 April 2024.

State budget from January to March 2024²

- The state budget was in deficit in the first three months of the year (EUR -379 million), according to preliminary data, excluding the direct effect of intervention measures, the deficit was EUR -278 million. In both comparisons, the deficit was higher than in the same period last year.
- Total revenue was 4.0% higher year-on-year in the first three months of the year. The growth was mainly driven by higher income tax revenue, while revenue from EU funds was significantly lower year-on-year.
- Total expenditure was 5.3% higher year-on-year in the first three months, while the year-on-year growth in "core" expenditure (excluding intervention measures) was 8.4%, more than double the growth recorded in the same period last year. The fastest growing items were labour costs, due to the early payment of holiday allowance, the transfer to the Pension and Disability Insurance Institute of Slovenia (ZPIZ)³ due to the high regular adjustment of pensions and investment spending. Year-on-year, expenditure on subsidies and payments to the EU budget showed the most significant decreases.

Table 1: State budget

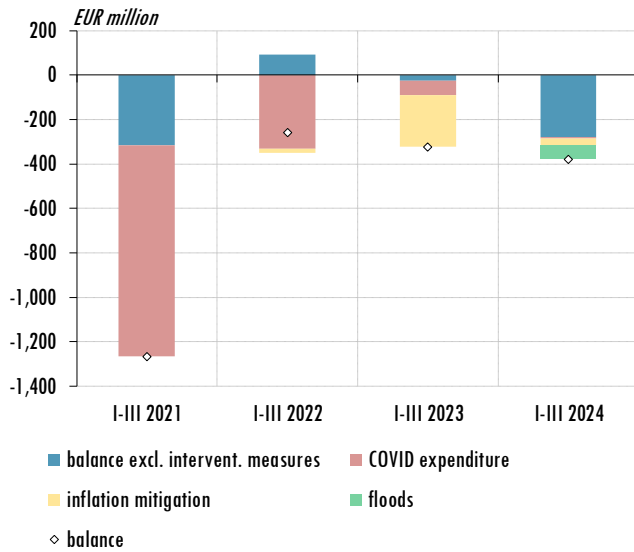
EUR million, unless stated otherwise	Jan.-Mar.			Apr.-Dec.			2023	2024**	2024 compared to			
	2023	2024	2024 compared to 2023	2023	2024*	2024 compared to 2023			2023			
			%			%		%				
Revenue	2,984	3,103	119	4.0	10,042	10,903	862	8.6	13,026	14,006	981	7.5
VAT	1,150	1,210	60	5.2	3,997	4,165	168	4.2	5,147	5,375	228	4.4
Excise duties	372	373	2	0.5	1,288	1,187	-100	-7.8	1,659	1,561	-98	-5.9
Personal income tax	436	563	128	29.3	1,280	1,333	53	4.1	1,716	1,896	180	10.5
Corporate income tax	297	312	15	5.0	1,096	1,172	77	7.0	1,393	1,484	92	6.6
EU funds	257	190	-68	-26.3	831	1,275	444	53.4	1,088	1,464	376	34.6
Non-tax	146	156	10	6.9	583	713	130	22.3	729	869	140	19.2
Other revenue	327	300	-27	-8.3	967	1,058	90	9.4	1,294	1,358	63	4.9
Expenditure	3,306	3,482	176	5.3	12,046	12,745	699	5.8	15,352	16,227	875	5.7
Total labour costs	974	1,131	157	16.2	3,141	3,308	167	5.3	4,115	4,440	324	7.9
Transfers to individuals and hhs	474	494	20	4.2	1,588	1,187	-401	-25.3	2,062	1,681	-381	-18.5
Goods and services	270	311	41	15.3	1,349	1,331	-19	-1.4	1,619	1,641	22	1.4
Investment	178	253	76	42.4	2,025	1,728	-297	-14.7	2,203	1,981	-222	-10.1
Current transfers to ZPIZ	301	375	74	24.5	815	1,026	211	25.9	1,116	1,401	285	25.5
Subsidies	276	143	-133	-48.3	666	445	-221	-33.1	942	588	-354	-37.6
Interest	366	351	-14	-3.9	319	466	148	46.4	684	818	134	19.5
Payments to the EU budget	167	143	-23	-14.0	506	576	70	13.9	672	719	47	7.0
Other expenditure	301	280	-21	-6.9	1,638	2,678	1,040	63.5	1,939	2,958	1,020	52.6
Balance	-322	-379	-57		-2,004	-1,842	163		-2,327	-2,221	106	

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).

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

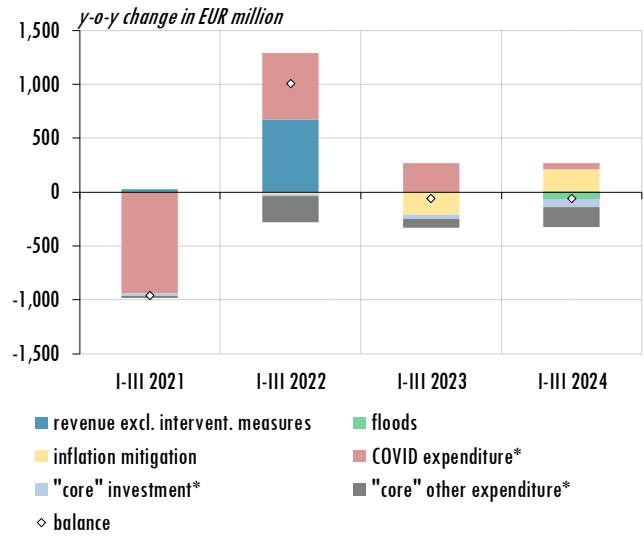
³ Provisional data on the transfer to the Health Insurance Institute of Slovenia (ZZZS) have no longer been available since the beginning of last year, although, according to regular data, last year's transfer was record high and this year it is expected to increase by about one-third.

Figure 1: State budget balance



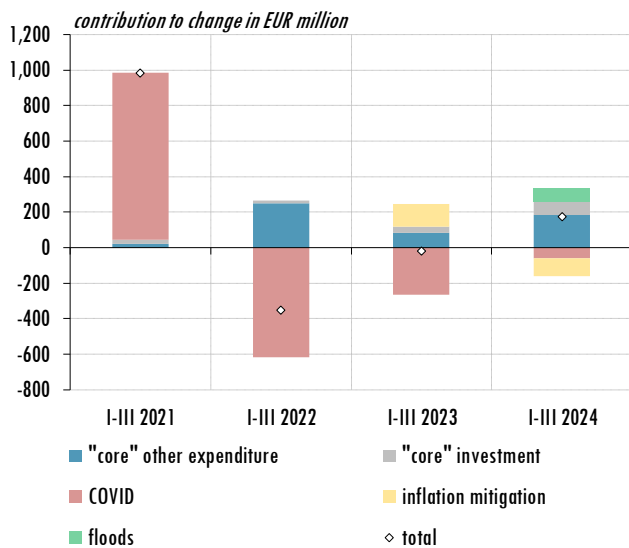
Source: MoF, FC calculations.

Figure 2: Factors of state budget balance change



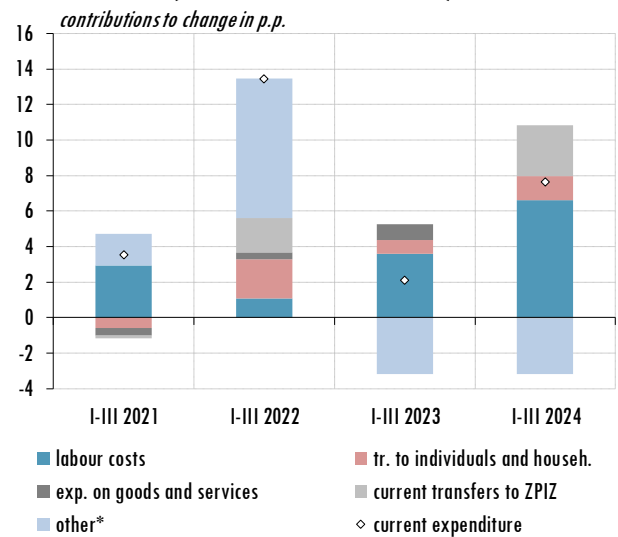
Source: MoF, FC calculations. *positive sign denotes a decrease, negative sign denotes an increase.

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.

Implementation of intervention measures in the period January–March 2024

- In the first three months of this year, a total of EUR 37 million was spent on anti-COVID-19 measures and on measures to tackle the rising cost of living. According to budget plans, expenditure on anti-COVID-19 measures and measures to tackle the rising cost of living are this year expected to decline sharply and total EUR 130 million (2023: EUR 925 million) This year, flood recovery expenditure totalled EUR 75 million, making EUR 643 million since August last year. According to the adopted state budget, flood recovery expenditure is expected to amount to EUR 1,115 million this year.

Table 2: State budget (excluding intervention measures)

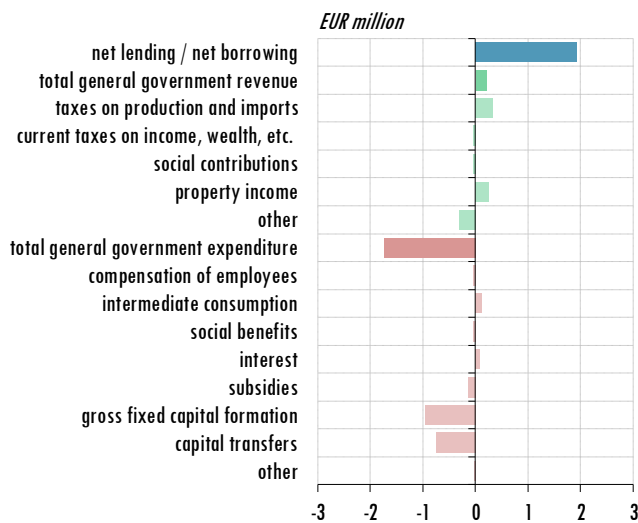
<i>EUR million, unless stated otherwise</i>	I-III 2023					I-III 2024					I-III 24/ I-III 23, v %		I-III 24/ I-III 23	
	total	COVID	infl. mitig.	floods	excl. interv. measures	total	COVID	infl. mitig.	floods	excl. interv. measures	total	excl. interv. measures	total	excl. interv. measures
Revenue	2,984		-101		3,084	3,103		11		3,092	4.0	0.3	119	8
VAT	1,150		-44		1,194	1,210				1,210	5.2	1.3	60	16
Excise duties	372		-21		393	373				373	0.5	-4.9	2	-19
Personal income tax	436				436	563				563	29.3	29.3	128	128
Corporate income tax	297				297	312				312	5.0	5.0	15	15
EU funds	257				257	190				190	-26.3	-26.3	-68	-68
Non-tax	146				146	156				156	6.9	6.9	10	10
Other revenue	327		-36		363	300		11		289	-8.3	-20.4	-27	-74
Expenditure	3,306	66	131		3,110	3,482	7	30	75	3,370	5.3	8.4	176	260
Total labour costs	974	9	4		961	1,131	0		0	1,131	16.2	17.8	157	171
Transfers to individ. and hhs	474	3	24		447	494	1	0	12	481	4.2	7.6	20	34
Goods and services	270	4			266	311	1		44	265	15.3	-0.3	41	-1
Investment	178	6			172	253			4	249	42.4	45.1	76	77
Current transfers to ZPIZ	301				301	375				375	24.5	24.5	74	74
Subsidies	276	22	101		153	143	1	30	1	111	-48.3	-27.6	-133	-42
Interest	366				366	351				351	-3.9	-3.9	-14	-14
Payments to the EU budget	167				167	143				143	-14.0	-14.0	-23	-23
Other expenditure	301	22	1		278	280	4		14	263	-6.9	-5.4	-21	-15
Balance	-322	-66	-231		-25	-379	-7	-30	-64	-278			-57	-252

Source: MoF, FC calculations.

General government 2023

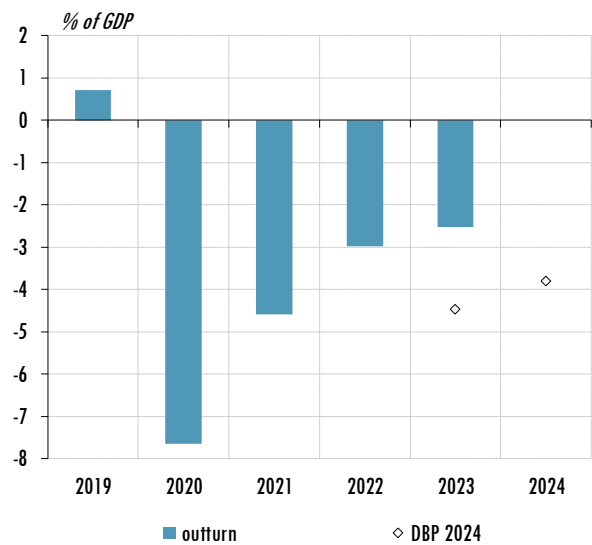
- The general government deficit was -2.5% of GDP last year, 0.5 percentage points of GDP lower than in 2022. The actual deficit, in line with the expectations of the Fiscal Council when assessing the budget documents last autumn, was thus significantly lower than the government's projections in the Draft Budget Plan, this by 1.9 percentage points of GDP. This was mainly due to a lower-than-planned realisation of investments. The Fiscal Council has long warned against over-optimistic projections of investment activity. The second main reason for the lower-than-projected deficit is lower capital transfers, mainly due to lower realisation of flood recovery measures than projected in the autumn budget documents.
- The general government debt at the end of 2023 totalled EUR 69.2% of GDP, which was 3.3 p.p. of GDP less than at the end of 2022. The reduction is almost entirely due to high

Figure 5: Main aggregates of the general government 2023 - difference between the outturn and DBP 2024 forecast



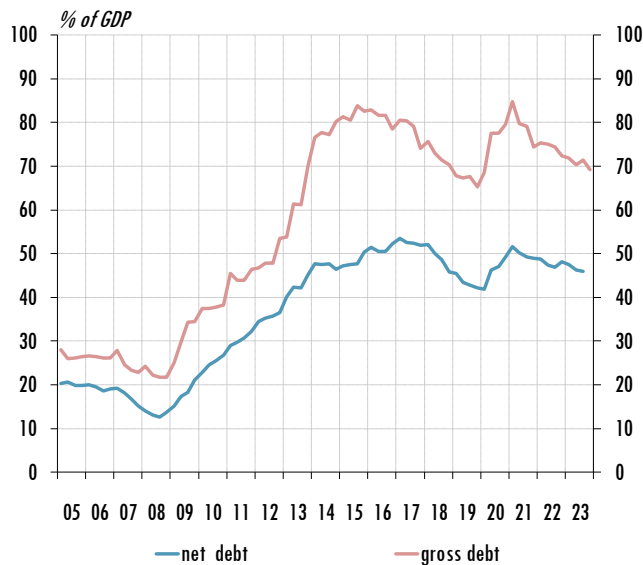
Source: SORS, Draft budgetary plan 2024 (October 2023).

Figure 6: General government budget balance



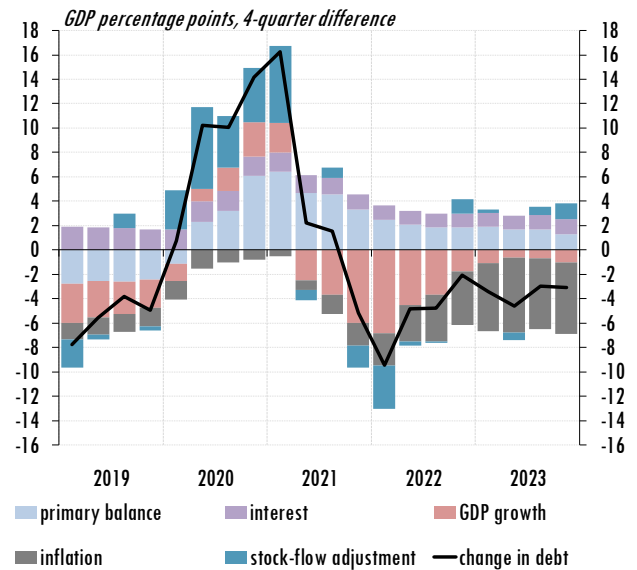
Source: SORS, projections: Draft budgetary plan 2024 (MoF, October 2023).

Figure 7: Gross and net general government debt



Source: Eurostat, ECB, SORS, FC calculations.

Figure 8: Public debt change



Source: SORS, FC calculations.

inflation. In particular due to the maintenance of high liquidity reserves, the net government debt is much lower and, according to the latest data available, stood at 45.9% of GDP at the end of the third quarter of last year.