Speech by the President of the Fiscal Council at the 9th urgent session of the Committee on Finance during its consideration of the draft budget for 2028 (13 November 2026)

When considering the draft budget for 2028, the key question is whether the planned deficit reduction is based on feasible measures. The Fiscal Council considers that an improvement in public finances is necessary, but the documents submitted do not explain how this will be achieved.

For 2028, the Government has projected a general government deficit of 2.3% of GDP. According to our projections, the deficit would approach 4% of GDP under existing policies. Achieving the target depends to a large extent on the expenditure constraints envisaged for 2027. in line with that, measures amounting to approximately EUR 700 million are planned for next year but are not explained in the budget documents. The Ministry of Finance estimates that if the Act on Intervention Measures for the Development of Slovenia were to enter into force, the deficit would increase by a further EUR 650 million. Altogether, this would result in around EUR 1.3 billion in unexplained measures that could substantially alter the fiscal outlook for 2028.

Fiscal consolidation is certainly needed, since under existing policies, the cumulative deviation from the agreed net expenditure growth path by 2028 would exceed the permitted threshold even after the temporary deviation for defence expenditure is taken into account. Our projections also indicate that the decline in the government public debt-to-GDP ratio would come to a halt in 2028.

With economic growth expected to slow and financing costs to rise, the sustainability of government debt will increasingly depend on reducing deficits. Higher interest expenditure will limit the fiscal space available for other public needs. At the same time, higher defence expenditure represents a permanent burden that the temporary escape clause does not eliminate. Ageing-related pressures on pensions, healthcare and long-term care will also persist.

The Government must therefore present concrete measures with verifiable fiscal effects and an implementation timetable. The Government must also take account of the impact of measures on economic growth in both the draft budget and the medium-term framework. Delaying action would increase the need for later adjustment, which is likely to be more difficult, and reduce the room for manoeuvre in responding to future crises. Before the budgets for the next two years are adopted, it must be clear how the targets set out in them will be achieved.