



REPUBLIC OF SLOVENIA  
**FISCAL COUNCIL**

## **Monthly Information**

January 2025



## Key highlights<sup>1</sup>

- The state budget deficit in 2024 amounted to EUR 808 million; excluding the direct impact of intervention measures, the deficit was EUR 275 million.
- The much lower overall deficit in 2024 compared to the previous year was mainly due to the reduced impact of intervention measures. It was approximately EUR 1 billion lower than in 2023, also partly due to dedicated revenues and EU funds for flood recovery. The lower deficit excluding intervention measures was the result of stronger revenue growth and a reduction in investment, while growth in other expenditure remained high and well above the long-term average.
- As expected by the Fiscal Council, the actual outturn in 2024 again deviated significantly from the estimate made by the Ministry of Finance three months before the end of the year. Realistic and transparent projections are a prerequisite for decisions that support economic growth, the sustainability of public finances and the well-being of society. Precaution in fiscal planning is generally appropriate, but systematic overestimation of expenditure and the resulting deficit can lead to the inappropriate use and allocation of otherwise limited public resources, undermine public and financial market confidence in the ability to manage public finances, and result in sub-optimal choice of measures.
- The general government deficit, which averaged 1.4% of GDP in the first three quarters of 2024, was also lower than in the same period of the previous year. We estimate that the deficit for the year as a whole will again be lower than the Ministry of Finance's October projection. The continued decline in the gross government debt ratio, which stood at 66.9% of GDP at the end of the third quarter, continues to be driven mainly by inflation. The net government debt remains much lower (around 45% of GDP), due to the maintenance of high liquidity reserves.

---

<sup>1</sup> All comments refer to data known as at 7 January 2025.

## The state budget in 2024<sup>2</sup>

- According to preliminary data, the state budget **deficit** in 2024 amounted to EUR 808 million; excluding the direct impact of intervention measures, the deficit was EUR 275 million. In both cases, the deficit was about two-thirds lower than in 2023. The lower overall impact of intervention measures accounted for about two-thirds of the EUR 1.5 billion reduction in the overall state budget deficit in 2024 compared to the year before. The lower “core” deficit (excluding intervention measures) was driven by strong revenue growth and a reduction in investment, while growth in other expenditure remained high.<sup>3</sup>
- In line with the expectations of the Fiscal Council,<sup>4</sup> the actual state budget outturn in 2024 again deviated significantly from the estimate made by the Ministry of Finance three months before the end of the year. This time, the overall deficit was EUR 600 million or almost half lower than the Government’s estimate. Significant deviations of the outturn from only a few months old Government’s estimates have occurred repeatedly since 2020, which was the only year where the deviation was mainly due to fewer intervention measures than projected. Over the last four years, the average deviation of the outturn from the latest estimates available a few months before the end of each of these years was more than a third. To a similar extent, this was due to lower actual investment and other “core” spending.

**Table 1: State budget**

EUR million, unless stated otherwise	2023					2024					24/23, %		24/23	
	total	COVID	infl.	floods	excl.	total	COVID	infl.	floods	excl.	total	excl.	total	excl.
		mitig.			interv.		mitig.			interv.	interv.		interv.	measures
					measure					measure	measure			
<b>Revenue</b>	<b>13,026</b>	<b>-190</b>	<b>100</b>	<b>13,115</b>		<b>14,599</b>		<b>608</b>	<b>13,990</b>		<b>12.1</b>	<b>6.7</b>	<b>1,573</b>	<b>875</b>
VAT	5,147	-73		5,219		5,329			5,329		3.5	2.1	182	109
Excise duties	1,659	-69		1,728		1,668			1,668		0.5	-3.5	9	-60
Personal income tax	1,716			1,716		2,072			2,072		20.8	20.8	356	356
Corporate income tax	1,393			1,393		1,907		190	1,717		36.9	23.3	514	325
EU funds	1,088		100	988		1,039		328	711		-4.5	-28.1	-49	-277
Non-tax	729			729		1,242		79	1,163		70.4	59.6	513	434
Other revenue	1,294	-48		1,342		1,341		11	1,330		3.6	-0.9	47	-12
<b>Expenditure</b>	<b>15,352</b>	<b>316</b>	<b>609</b>	<b>568</b>	<b>13,859</b>	<b>15,407</b>	<b>20</b>	<b>127</b>	<b>994</b>	<b>14,266</b>	<b>0.4</b>	<b>2.9</b>	<b>54</b>	<b>407</b>
Total labour costs	4,115	15	8	0	4,093	4,324	0		0	4,323	5.1	5.6	209	231
Transfers to individ. and hhs	2,062	11	115	80	1,856	1,979	3	0	36	1,940	-4.0	4.5	-83	84
Goods and services	1,619	10	3	115	1,491	1,768	4	4	156	1,603	9.2	7.5	149	112
Investment	2,203	190		224	1,789	1,502	1		143	1,358	-31.8	-24.1	-701	-431
Current transfers to ZPIZ	1,116				1,116	1,456				1,456	30.4	30.4	340	340
Subsidies	942	39	481	45	377	618	1	122	121	373	-34.4	-0.9	-324	-3
Interest	684				684	757				757	10.7	10.7	73	73
Payments to the EU budget	672				672	636				636	-5.4	-5.4	-37	-37
Other expenditure	1,939	50	4	104	1,781	2,367	10	0	538	1,819	22.1	2.2	429	38
<b>Balance</b>	<b>-2,327</b>	<b>-316</b>	<b>-799</b>	<b>-468</b>	<b>-744</b>	<b>-808</b>	<b>-20</b>	<b>-127</b>	<b>-386</b>	<b>-275</b>			<b>1,519</b>	<b>468</b>

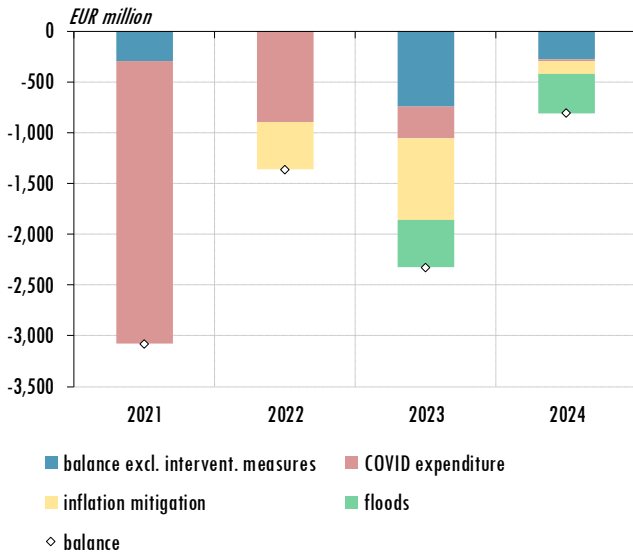
Source: MoF, FC calculations.

<sup>2</sup> 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).

<sup>3</sup> In 2024, the growth in state budget expenditure amounted to 6.9% (excluding intervention measures); it has amounted to 7.5% on average over the past four years. Over the 2004-2019 period, expenditure increased by an average of 3.1%.

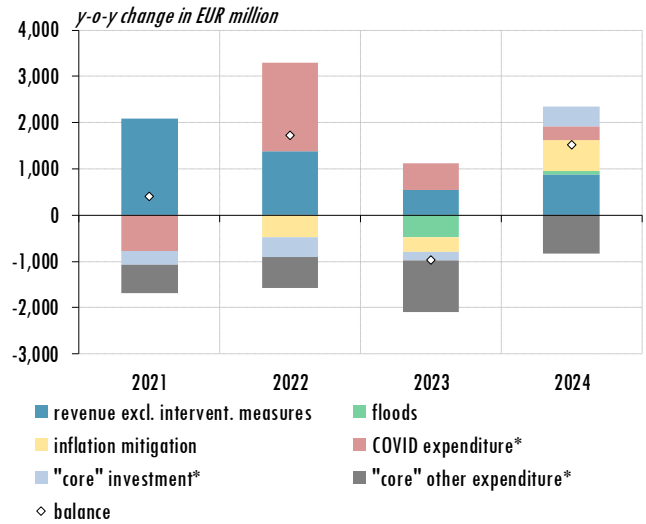
<sup>4</sup> For more information, see the Assessment of budgetary documents for 2025 and 2026 and opinion on the Medium-term Fiscal and Structural Plan 2025–2028, Chapter 2, pp. 10–15. Available at [https://www.fs-rs.si/wp-content/uploads/2024/11/Document\\_Oct24.pdf](https://www.fs-rs.si/wp-content/uploads/2024/11/Document_Oct24.pdf)

**Figure 1: State budget balance**



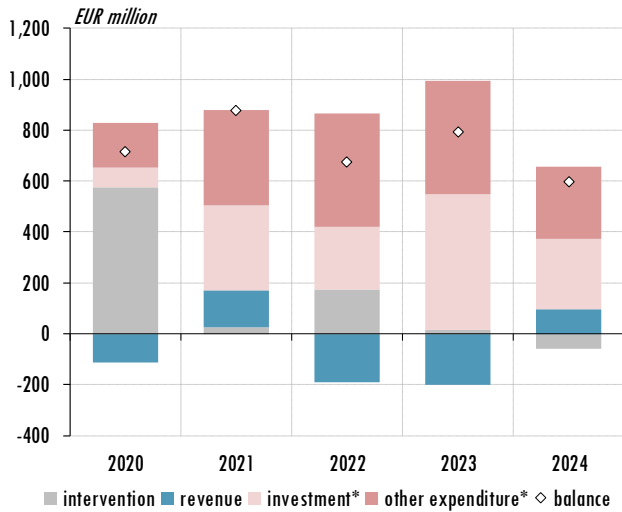
Source: MoF, FC calculations.

**Figure 2: Factors of state budget balance change**



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

**Figure 3: Deviation of state budget outturn from MoF autumn estimate in current year**



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

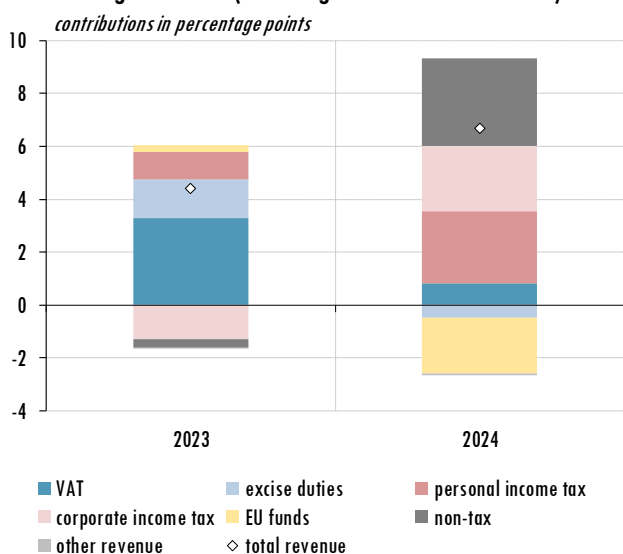
**Figure 4: Deviation of state budget outturn from MoF autumn estimate in 2024 (excluding intervention measures)**



Source: MoF, FC calculations.

- The significantly higher overall **revenue** growth than in 2023 (12.1%; 2023: 5.5%) was mainly due to the additional dedicated revenue to finance the Reconstruction Fund (EUR 280 million) and the funds received from the EU Solidarity Fund (EUR 328 million). Growth in “core” revenue (excluding intervention measures) was also slightly higher in 2024, reaching 6.7% (2023: 4.4%). The main contributors to the growth in “core” revenues were *non-tax revenues* due to high dividends,<sup>5</sup> revenues from *income tax* due to continued strong growth in compensation for employees and partly to the non-adjustment of income tax brackets and the general allowance with inflation, and *corporate income tax revenue*<sup>6</sup> due to the high settlement of outstanding liabilities for 2023 and the resulting higher advance payment. On the other hand, the growth of VAT revenue, the main revenue of the state budget, declined significantly in 2024, reflecting a slowdown in household consumption growth and investment activity. Revenues from *excise duties* and *EU funds* were lower in 2024 than in 2023.

**Figure 5: Contributions to growth of "core" state budget revenue (excluding intervention measures)**



Source: MoF, FC calculations.

**Figure 6: VAT**



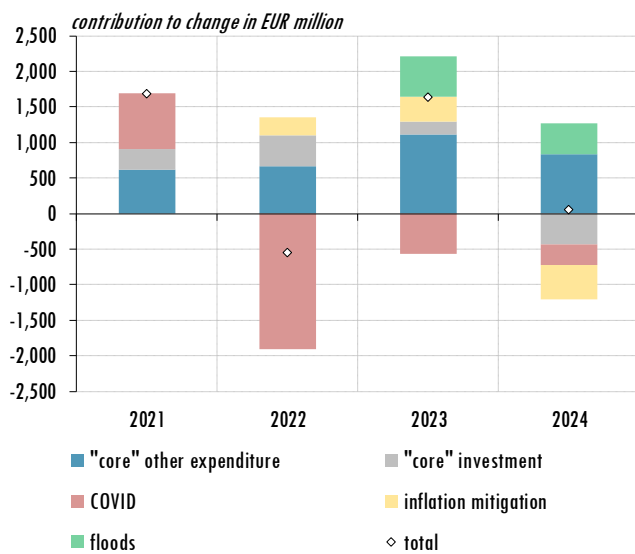
Source: MoF, FC calculations.

<sup>5</sup> According to the latest information, Slovenian Sovereign Holding (SSH) has received EUR 487 million in dividends, which is around EUR 100 million more than previously estimated and significantly higher than in 2023 (EUR 176 million). On average over the last four years, the state budget has received about 70% of all SSH dividends.

<sup>6</sup> Without the effect for the 3 pp higher tax rate under the Act on Reconstruction, Development and Provision of Financial Resources (ZORSFS).

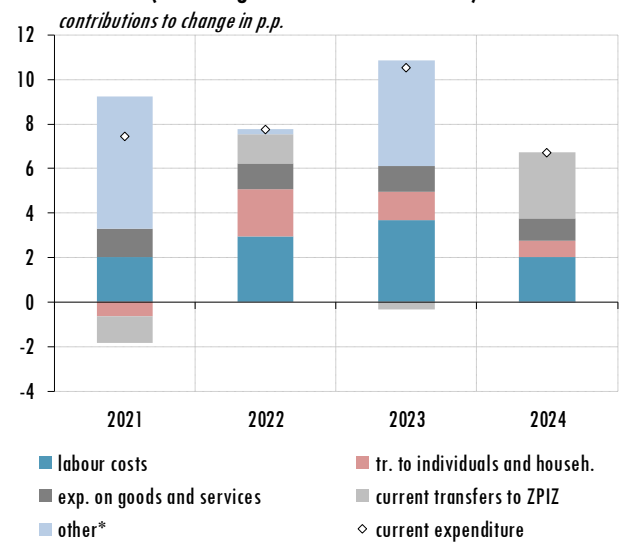
- Total **expenditure** growth slowed significantly in 2024 (0.4%; 2023: 12.0%). This was mainly due to a reduction in the overall scope of intervention measures (see page 8). Growth in “core” expenditure (excluding intervention measures) was also much lower than in 2023, reaching 2.9% (2023: 10.3%). The lower growth in “core” expenditure compared to 2023 was mainly due to a reduction in *investment and other expenditure*,<sup>7</sup> the latter in our estimation mainly due to lower outflows to the RRP Fund.<sup>8</sup> On the other hand, the growth was mainly the result of the transfer to the Pension and Disability Insurance Institute of the Republic of Slovenia (ZPIZ) due to the high regular pension indexation, which at 8.8% was the highest since 2003. The year-on-year increase in labour costs due to the effect of partial inflation adjustment also contributed significantly to the growth in “core” expenditure, but expenditure growth was nearly half as high as in 2023.

**Figure 7: Structure of state budget expenditure growth**



Source: MoF, FC calculations.

**Figure 8: Current expenditure factors (excluding intervention measures)**



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

<sup>7</sup> Within the category of other expenditure, the largest items in the provisional data on the implementation of the state budget are the reserves, in particular transfers to the budgetary funds, transfers to the Health Insurance Institute of Slovenia (ZZS) and payments to other public service providers that are not indirect budget users (concessionaires). Detailed data will be available at the end of January.

<sup>8</sup> The revenues of budgetary funds are recorded in the balance sheet of the state budget as expenditure under heading 409300 Budget Funds. We estimate that in 2024 about a quarter less money was transferred to the RRP Fund than in 2023.

## Implementation of intervention measures 2024

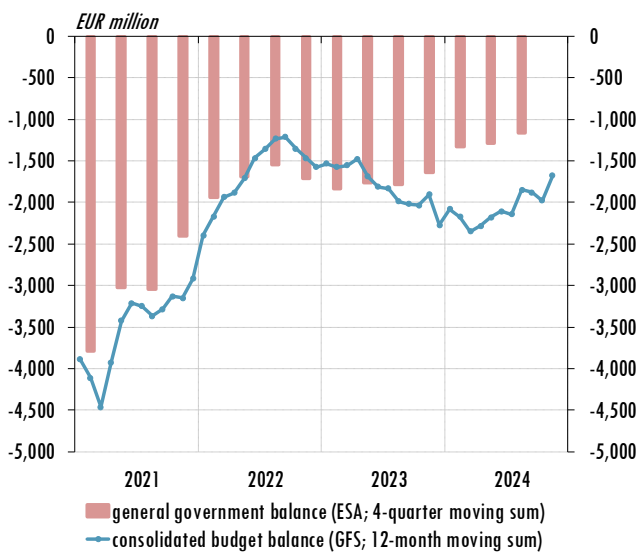
- Total state budget expenditure on intervention measures in 2024 was EUR 1.1 billion, around EUR 350 million less than in the previous year. The impact of intervention measures on the balance was much lower, due to dedicated revenues under the Act on Reconstruction, Development and Provision of Financial Resources (ZORSFS) and the EU Solidarity Fund. The total impact of intervention measures on the state budget balance in 2024 was thus around EUR 530 million, EUR 1 billion less than in 2023.
- A total of EUR 465 million was paid out for post-flood recovery, around EUR 100 million less than in 2023. Including 2023, the total amount allocated for recovery was around EUR 1 billion. Among the main items in 2024, we estimate that around EUR 170 million was earmarked for maintenance and investment on watercourses and around EUR 70 million for state roads, while around EUR 100 million was earmarked for aid to companies. In addition, a further EUR 530 million (of which EUR 280 million in purpose-based revenues) has been transferred to the Reconstruction Fund, which will start financing post-flood recovery in 2025. As far as post-flood recovery is concerned, Slovenia received a further EUR 328 million under the EU Solidarity Fund in December (on top of the EUR 100 million advance payment received in December 2023). According to the Ministry of Finance, by the end of 2024, EUR 364 million from the Solidarity Fund was already allocated to finance measures to deal with the consequences of last year's floods.
- A total of EUR 127 million was paid out to ease the cost-of-living crisis, which was around EUR 480 million less than in 2023. The majority of this amount (EUR 108 million) consisted of compensation paid out to electricity and gas suppliers. For COVID-related measures, EUR 20 million was paid from the state budget, which was around EUR 300 million less than in 2023. The bulk of this was spent on vaccines, vaccination and testing (EUR 13 million).



The general government sector (until the third quarter of 2024)

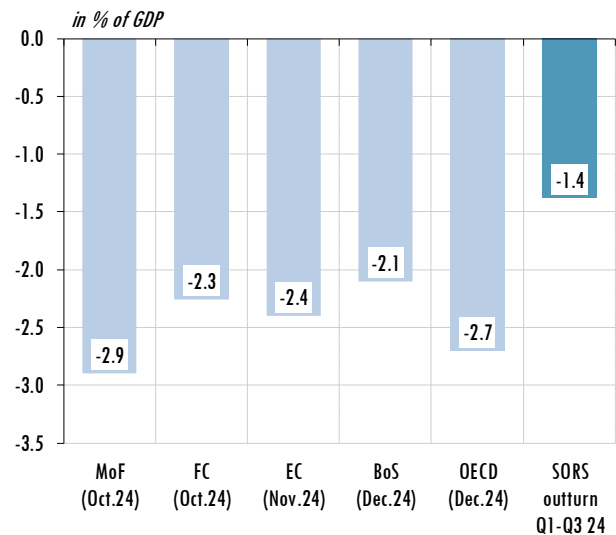
- According to the available data from the Statistical Office of the Republic of Slovenia (SORS<sup>9</sup>), the **deficit** of the whole general government sector averaged 1.4% of GDP in the first three quarters of 2024, which was 1.1 pp of GDP lower than in the same period of 2023. Despite the expected higher deficit in the last quarter of the year, as indicated by the data on the implementation of the state budget and the consolidated balance sheet, we estimate that the deficit for the year as a whole will be significantly lower than projected in the October Draft Budgetary Plan. As in the case of the state budget, this will largely be due to lower spending than assumed in the projection, which was again overestimated. The discrepancies between the consolidated balance sheet and the general government figures in 2024 compared to the previous years are due to the large budget funds, particularly the Reconstruction Fund. In the annual balance sheet of the state budget and the consolidated balance sheet, the resources of the Reconstruction Fund had a broadly neutral impact on the balance in 2024.<sup>10</sup> However, under the accrual method of the general government balance sheet, they had a positive impact on the balance, as the resources collected in the Fund increased revenues, while the Fund had not yet had incurred any expenditure in 2024.

Figure 9: Public finance balances



Source: SORS, MoF, FC calculations.

Figure 10: General government balance 2024



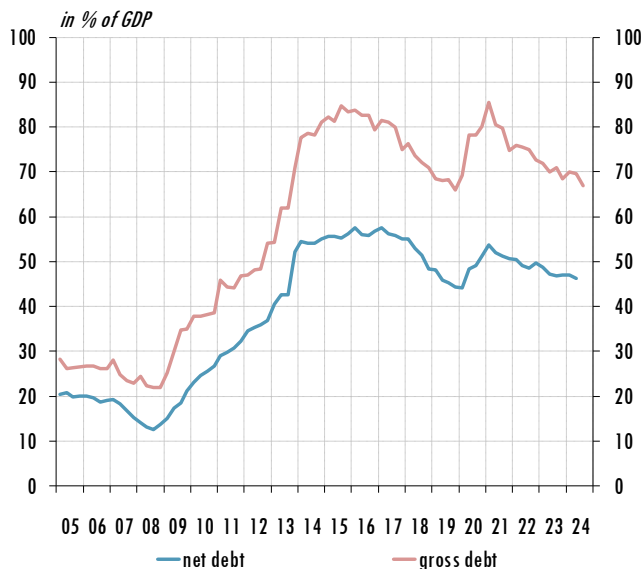
Source: MoF, FC, EC, BoS, OECD, SORS.

<sup>9</sup> <https://www.stat.si/StatWeb/en/news/Index/13315>

<sup>10</sup> All dedicated revenues under the Act on Reconstruction, Development and Provision of Financial Resources (ZORSFS) have been recorded on the revenue side and their transfer to the Fund has been recorded on the expenditure side to the same extent. The only negative effect on the balance was the transfer of EUR 250 million in December.

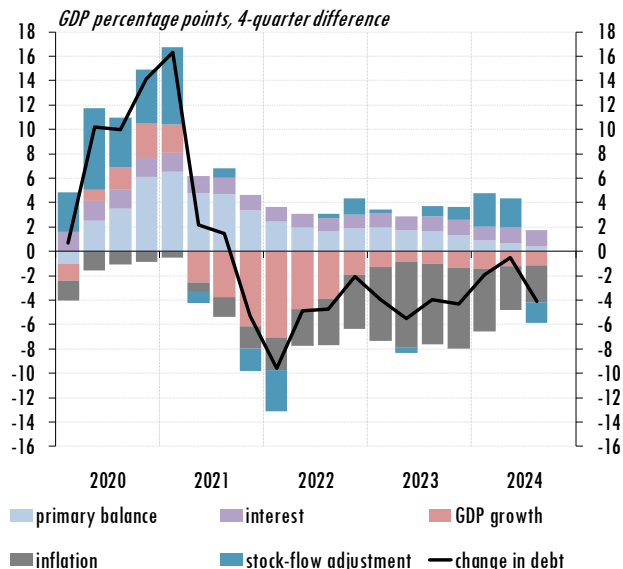
- The general government **debt** at the end of the third quarter of last year was EUR 66.9% of GDP, 1.5 pp of GDP lower than at the end of 2023. The decline continues to be mainly due to inflation. According to the projections in the latest Draft Budgetary Plan, the gross debt ratio was expected to increase slightly in the last quarter of the year, reaching 67.5% of GDP at the end of 2024. Due to the maintenance of high liquidity reserves, the net government debt is much lower and, according to the latest available data, stood at 46.2% of GDP at the end of the second quarter of last year.

**Figure 11: Gross and net general government debt**



Source: Eurostat, ECB, SORS, FC calculations.

**Figure 12: Public debt change**



Source: SORS, FC calculations.