

Workshop on implementation of
expenditure ceilings in Slovakia
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Expenditure ceilings: Illustrative example of 2017

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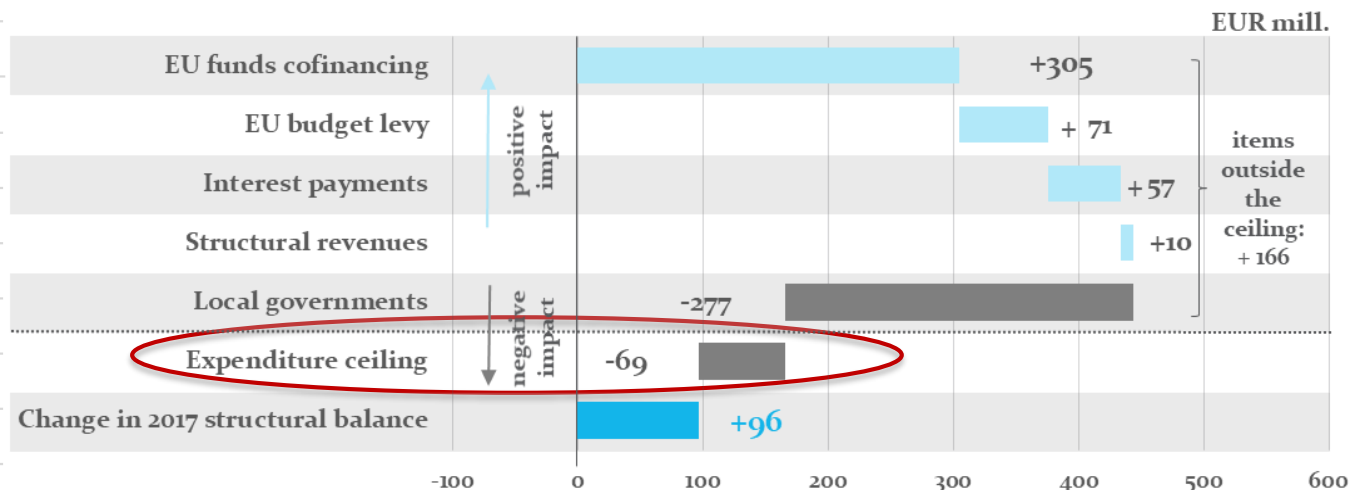
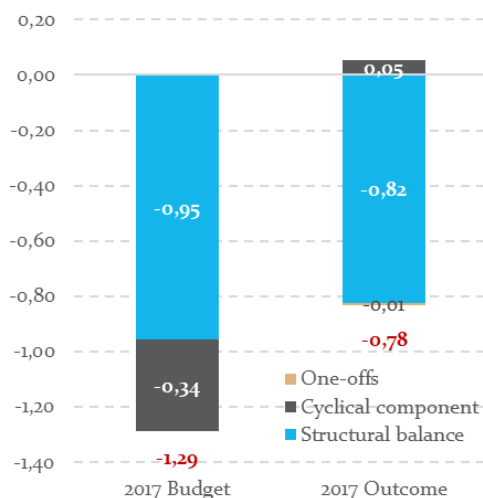
Basic assumptions:

- Ceilings derived from the targets of the 2017-2019 GGB and projected revenues and expenditures
- Cyclical component calculated by the MoF (DBP 2017 and 2019)
- Proposed definition of ceilings with one modification (neutral items potentially affected by government policies excluded)
- Assessment based on October 2018 notification
- Source data: budget – RIS; outcomes - own database of GG revenues and expenditures (cash administrative data complemented with publicly available data)

Comparison of the budget with outcomes

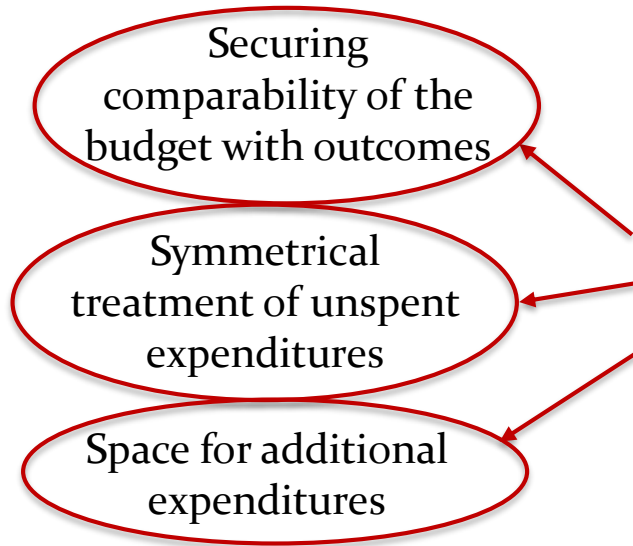
GG balance (% of GDP)

Decomposition of the improvement in structural balance



- Structural balance improved in 2017 compared to the budget by 0.13 % of GDP (EUR 96 mill.)
- The main drivers are excluded from the ceiling, ceiling was exceeded by EUR 69 mill. - **comparability issues and other factors** (see next slide)

Assessment of the ceiling

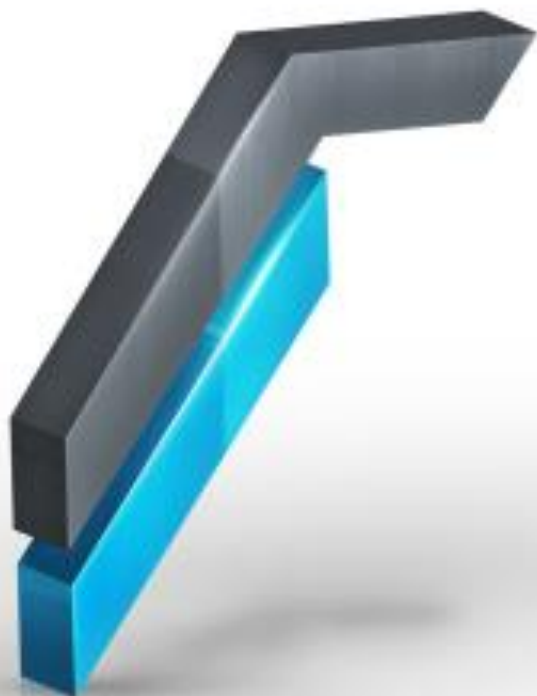


Assessment of expenditure ceiling in 2017 (EUR mill.)

	outcome - budget
1. Expenditure ceiling	-69
2. Unbudgeted entities/items	-173
3. Carry over of expenditures	381
4. VAT increased efficiency	-175
Analytically adjusted ceiling (1-2-3-4)	-103

Source: CBR

- In 2017, the ceiling was exceeded by EUR 103 mill.
- Meeting the ceiling would decrease the GG deficit to 0,66 % of GDP.



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Expenditure ceiling in 2017

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Expenditure ceiling in 2017 (EUR mill.)

	budget	outcome	difference
1. GG structural balance	-796	-700	96
2. GG structural revenues (a-b-c)	33 723	33 399	-324
- a. total GG revenues	33 450	33 444	-6
- b. cyclical component	-273	45	318
- c. one-off revenues	0	0	0
3. Items excluded from the ceiling (a+b+c+d+e)	5 332	4 564	-768
- a. interest payments	1 127	1 179	53
- b. EU funds	1 149	632	-517
- c. co-financing from the state budget	528	223	-305
- d. EU budget levy	673	602	-71
- e. items with no impact on balance	1 856	1 928	72
4. Entities excluded from the ceiling (a-b-c)	3 834	4 112	277
- a. revenues of local governments and CBR (consolidated)	1 558	1 392	-166
- b. structural balance of local governments and CBR (consolidated)	-3 640	-4 185	-545
- c. transfers to local governments and CBR	1 364	1 466	102
Expenditure ceiling (-1+2-3-4)	25 353	25 423	69

Source: CBR