EELARVENÕUKOGU
FISCAL COUNCIL

OPINION OF THE FISCAL COUNCIL ON THE TARGETS FOR THE STRUCTURAL BUDGET POSITION FOR 2024–2027

September 2023

Contents

Fiscal Council
Estonia pst 13, 15095 Tallinn
+372 668 0661
info@eelarvenoukogu.ee
www.eelarvenoukogu.ee

Opinion

The summer forecast 2023 of the Ministry of Finance finds that the outlook for the Estonian state finances remains difficult, as the nominal budget deficit will consistently exceed 4% of GDP from 2025 on, the structural fiscal deficit is widening sharply, and the government debt burden is growing rapidly. The government formed in spring 2023 has set the goal of bringing the state finances into order, as is also required by the fiscal rules that will start to apply again in 2024.

The government has set the target in the state budget strategy 2024–2027 of not letting the general government structural budget deficit exceed 1% of GDP, and the forecast by the Ministry of Finance finds that target to be met by 2025. The current State Budget Act does not allow the target for the structural deficit to be set so low nor allow such a small improvement in the fiscal position to be planned for 2024 and 2025. The Fiscal Council consequently found that the budgetary targets set in the state budget strategy do not comply with the national fiscal rules under the State Budget Act.

Together with the state budget for next year and the state budget strategy, the government is planning changes to the national fiscal rules that would come into force in 2024. The planned changes to the State Budget Act would mean a new easing of the fiscal rules, though they would still be in line with European Union requirements. However, the Fiscal Council is critical of the timing and partially of the content of the change to the rules.

Even complying with less stringent fiscal rules would demand large changes in the current fiscal policy path. The forecast by the Ministry of Finance finds that meeting the targets set in the budget strategy for the next four years would require an improvement in the fiscal position of around 3.7 billion euros in total. The budget strategy contains a lot of new revenue and expenditure measures for this, some of which are still a work in progress.

Overall the Fiscal Council welcomes the desire of the government to start to improve the fiscal position, even if it does so under looser fiscal rules than before. It notes however that the targets for the general government structural fiscal position set in the state budget 2024 and the state budget strategy 2024–2027 only comply with the State Budget Act if it is assumed that the planned changes to the national fiscal rules come into force in 2024. Even in this case, achieving those goals will depend largely on the introduction of new fiscal measures that have in some cases not yet been made law or even described in detail.

The Fiscal Council also notes the procedural shortcomings in the way the state budget strategy was written. The Fiscal Council cannot give a meaningful opinion on the budgetary targets before the budget strategy has been passed if the Ministry of Finance has not had enough time to write the explanatory note to the budget strategy. The state budget strategy this autumn contains a large improvement of the fiscal position together with a lot of new revenue and expenditure measures. Such large changes in fiscal policy feed back into the macroeconomy, and a thorough analysis of this by the Ministry of Finance should ideally be issued together with the budget strategy. The Fiscal Council would like to repeat its recommendation that the budget strategy should go back to being written in the spring, and should not be handled at the same time as the state budget for the next year, when time pressures are much greater.

Chairman of the Fiscal Council
Peter Lõhmus
Tallinn, 26 September 2023

Explanatory Report

The government uses the state budget strategy written in the autumn to set its budgetary targets for the next four years. The state budget strategy for 2024–2027 uses as its base the summer economic forecast 2023 by the Ministry of Finance, which the Fiscal Council has endorsed. The budget strategy this time needed to assume that the escape clause of the fiscal rules will no longer apply from 2024. It is the responsibility of the Fiscal Council to assess whether the targets for the structural fiscal position set in the budget strategy are in line with the national fiscal rules.

Assessment of the targets for the structural budget position for 2024–2027

The summer economic forecast 2023 of the Ministry of Finance finds that the outlook for the Estonian state finances will remain difficult. The general government fiscal position in 2023 and 2024 is better than it was in the spring forecast by around 400–500 million euros, but the nominal deficit is forecast to exceed 4% of GDP from 2025 onwards. The Ministry of Finance also forecasts a sharp increase in the general government structural fiscal deficit in the coming years (see Figure 1). That forecast already takes account of the decisions to change the Estonian tax system that were passed in summer 2023.

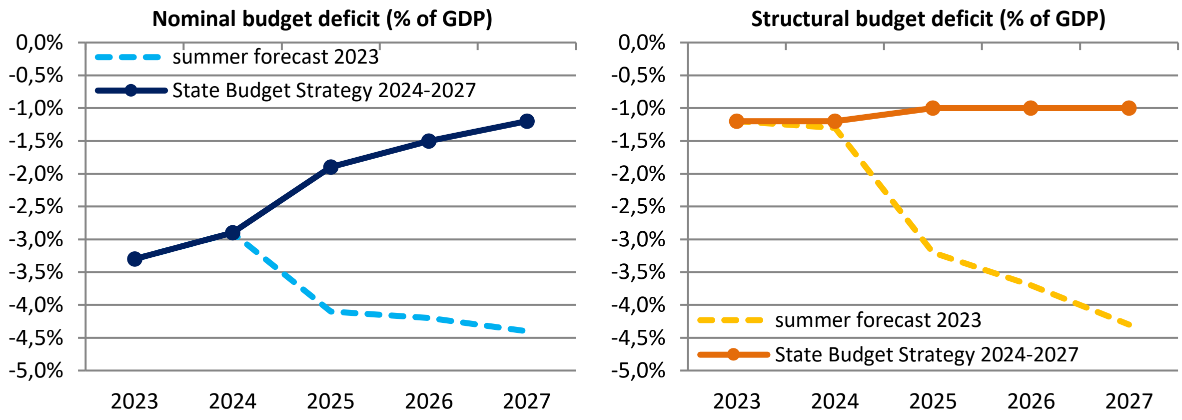

Figure 1. Forecasts for the general government nominal and structural deficit in 2023–2027 (% of GDP)

Source: Ministry of Finance

The general escape clause of the EU fiscal rules that was applied following the outbreak of the pandemic ends in 2023. The fiscal rules will start to apply again at a time when the structural budget deficit in Estonia is large enough for the correction mechanism to kick in. The Fiscal Council emphasised in its opinion on the summer forecast by the Ministry of Finance that the budget deficit should be gradually reduced from 2024. Adhering to the fiscal rules requires that the nominal deficit not exceed 3% of GDP and the structural deficit start to be reduced by at least 0.5 percentage point a year. Following the forecast of the Ministry of Finance, this would need a large additional improvement to the fiscal position in the coming years.

The government set the goal in the state budget 2024 and the state budget strategy 2024–2027 of starting to improve the fiscal position from the outlook given in the summer forecast of the Ministry of Finance. It has set itself the budgetary target of not letting the general government structural fiscal deficit exceed 1% of GDP. Whilst this target is not reached, steps will be defined for each year to improve the fiscal position taking account of the position of the economic cycle, so that the weaker the cyclical position, the smaller the improvement required towards the end goal.

Setting such a deficit target and improvement steps assumes changes in the national fiscal rules though, since the current rules require that if the budget deficit is larger than permitted, the step to improve it must be at least 0.5 percentage point a year regardless of the economic cycle (except in exceptional circumstances). Equally, the current fiscal rules do not allow the target of 1% of GDP to be set for the structural deficit. Together with the state budget for next year and the state budget strategy, the government is consequently planning changes to the national fiscal rules (see Background 1) that would come into force in 2024.

The summer forecast from the Ministry of Finance puts the structural deficit of the general government at 1.2% of GDP for this year and 1.3% next year, but finds that after that it will widen sharply to 3.2–4.3% of GDP in 2025–2027. The government has however set the target in the state budget strategy 2024–2027 of keeping the general government structural budget deficit in 2024 similar to the 1.2% of GDP of this year, and then holding the structural budget deficit steady at 1% of GDP. The forecast by the Ministry of Finance finds that meeting the targets set in the budget strategy would not require any large improvement in the fiscal position in 2024, but would need a major improvement to it in 2025–2027.

The planned changes to the national fiscal rules suggest that no large improvement to the fiscal position is needed in 2024 since the summer forecast of the Ministry of Finance finds the output gap in Estonia will be negative by more than 3% of GDP at -3.3% of GDP. Under the changed rules it would not be required to improve the fiscal position with the position of the economic cycle so weak (see Table 1). In 2025, when the ministry forecasts an output gap of -1.8% of GDP and growth in the economy exceeding its potential rate, the structural fiscal deficit will need to be improved by 0.25 percentage point[1].

Table 1. Matrix of requirements for a country with low debt and no sustainability risk

Output gap	negative by more than −3% of GDP	−3% to −1.5% of GDP	−1.5% to 1.5% of GDP	positive by more than 1.5% of GDP
Required annual fiscal adjustment	0	0 if growth below potential, 0.25 if growth above potential	0.5	at least 0.5 if growth below potential, at least 0.75 if growth above potential

Source: European Commission

If the forecast by the Ministry of Finance holds, the general government structural fiscal deficit will be 1% of GDP in 2025, which is in line with the new requirements for annual improvement. Achieving the targets for the structural fiscal position set in the state budget strategy for 2024–2027 would also ensure that the general government nominal budget deficit will not exceed 3% of GDP.

The trajectory of fiscal improvement chosen in the state budget strategy is almost as demanding as the calculations made by the Fiscal Council from the summer forecast of the Ministry of Finance, which assumed that the structural deficit will be 2.8% of GDP in 2023 and that the budget deficit will start to be reduced in steps of 0.5 percentage point a year (see Figure 2)[2].

[1] The Ministry of Finance estimates that Estonia's potential GDP growth, which is the long-term rate of the growth that the economy is able to sustain, will be in the range of 1.4–1.6% in the coming years, which is less than the forecast for real growth in the economy.

[2] The Fiscal Council found in its opinion on the summer economic forecast 2023 of the Ministry of Finance that the position of the Estonian economic cycle described in the summer forecast may be too weak, and the structural deficit too small.

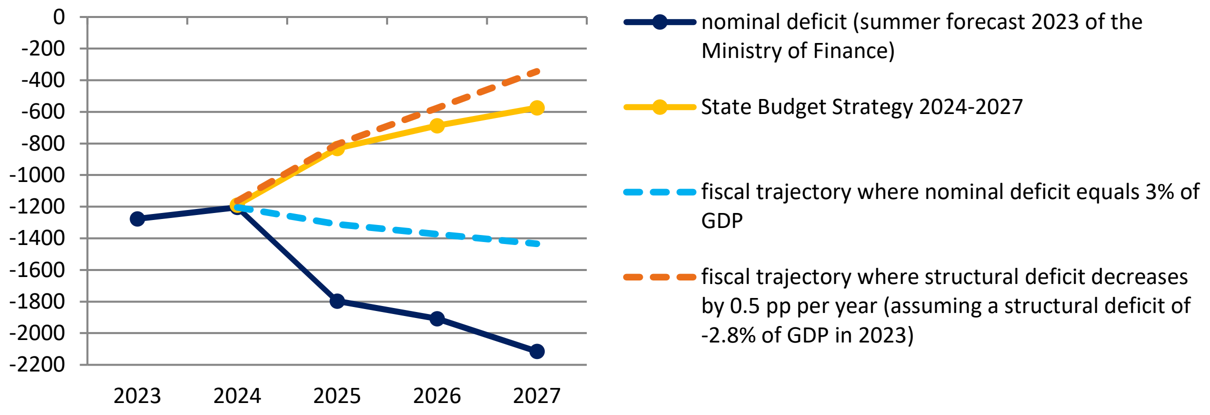

Figure 2. Forecast for the general government nominal budget deficit in 2023-2027 and various adjustment scenarios (million euros)

Sources: Ministry of Finance, calculations of the Fiscal Council

As already noted though, achieving and maintaining the level of structural fiscal deficit set as the target in the state budget strategy will require a major improvement to the fiscal position in 2025–2027 from what is projected by the summer forecast of the Ministry of Finance. The fiscal position would need to be improved from the summer forecast by around 950 million euros in 2025, 1.2 billion euros in 2026, and a full 1.5 billion euros in 2027 (see Figure 3). This would mean a total improvement in the fiscal position over four years of around 3.7 billion euros. A whole range of new revenue and expenditure measures have been proposed during the preparation of the state budget strategy in order to achieve this (see Background 2).

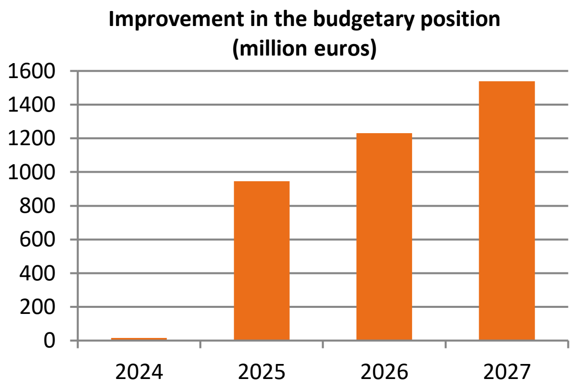

Figure 3. Improvement in the general government budgetary position in the state budget strategy 2024–2027 from that in the summer economic forecast 2023 of the Ministry of Finance (million euros)

Source: Ministry of Finance

The expenditure measures in the budget strategy include some decisions that will reduce costs and some that will increase them, and over the four years 2024–2027 they essentially cancel one another out. For example, a total of 800 million euros is expected to be cut as a result of the spending review and cost-saving measures of the ministries. The fiscal position is forecast to be improved mainly through revenue measures. The largest additional revenue in 2025–2027 is forecast to be around 1.3 billion euros from a broad-base security tax, 640 million euros from motor vehicle tax, 480 million euros from environmental fees, 360 million euros from reform of special cases of social tax, and 180 million euros from reform of renewable energy fees. In addition the budget strategy contains numerous smaller revenue measures.

Some of the planned improvement in the fiscal position depends this time, as it did in the state budget strategy written in autumn 2020, on measures that had not yet been fully defined at the time the strategy was passed[3]. It is hoped for example that the security tax will bring in additional revenue in 2025–2027 of as much as 1% of GDP year, but the discussions about the possible content of such a tax still lie ahead. Without such a tax the structural fiscal deficit in 2025–2027 would be around 2% of GDP if all else stays the same. The Fiscal Council recommended last time that improvements to the fiscal position that are not accompanied by actual measures should be avoided in future.

The Fiscal Council notes in summary that the targets for the general government structural fiscal position set in the state budget strategy 2024–2027 only comply with the State Budget Act if the planned changes to the national fiscal rules come into force in 2024.

Under the current State Budget Act, the structural budget deficit will need to be reduced by at least 0.5 percentage point a year from 2024 until structural balance is again achieved, after which it will be necessary to compensate for the excessive deficits built up earlier by running a structural surplus of the same amount. The planned changes to the fiscal rules will loosen those requirements.

The government has set the target in the state budget strategy 2024–2027 of not letting the general government structural budget deficit exceed 1% of GDP. The correction mechanism will be made more flexible in order to achieve this goal, as the annual improvement will be made to depend on the cyclical position of the Estonian economy. The summer 2023 forecast of the Ministry of Finance finds that this does not require improvement to the structural fiscal position in 2024, and requires an annual improvement of only 0.25 percentage point in 2025.

The Ministry of Finance forecasts that the general government structural budget deficit in 2023 will be 1.2% of GDP, and that the state budget strategy will maintain the budget deficit at that level in 2024. To comply with the changed requirements of the correction mechanism, the government will need to achieve its budget target in 2025. Accordingly, the state budget strategy puts the general government structural fiscal deficit at 1% of GDP in 2025–2027. Achieving this target would also ensure that the general government nominal budget deficit will not exceed 3% of GDP.

Even though the correction mechanism is made less demanding in the short term, meeting the structural deficit target in the state budget strategy will require a substantial improvement in the fiscal position in 2025–2027 of around 3.7 billion euros from what was in the summer forecast of the Ministry of Finance.

An improvement of this size in the fiscal position would demand large changes in the current fiscal policy path. The budget strategy 2024–2027 contains a lot of new revenue and expenditure measures for this that would achieve the necessary fiscal improvement according to the forecast of the Ministry of Finance. Unfortunately some of those measures have not been described in detail. This means that achieving the budgetary targets in the state budget strategy will depend heavily on those measures actually being passed and having the fiscal impact forecast in the budget strategy.

[3] The state budget strategy for 2021–2024 was written in autumn 2020. The strategy contained a programme for expenditure cuts that had no details but was supposed to improve the fiscal position by 0.9% of GDP in 2022, 0.8% in 2023, and 1.4% in 2024. There was a change of government in early 2021 and later forecasts and budget strategies took no further account of these cuts.

Background 1. *The national structural balance rule and the changes planned to it*

The structural balance rule came into force in Estonia in 2014[4]. The rule required the government to prepare its state budget for the next year so that the general government structural fiscal position would be at least in balance. A correction mechanism would be activated if structural balance is missed by 0.5 percentage point or more, meaning the structural deficit is larger than 0.5% of GDP. The correction mechanism required that the structural fiscal position be improved by at least 0.5 percentage point a year until structural balance had again been achieved. It also required that once balance had been achieved, a structural surplus of at least 0.5% of GDP a year had to be planned until the excessive deficits had been compensated for.

The government set structural surplus targets in consecutive budgets between 2014–2017: 0.8% of GDP in 2014, 0.8% in 2015, 0.6% in 2016, and 0.2% in 2017. According to the Fiscal Council assessments at the time, the target of structural balance was achieved in the first three of those years.

The structural balance rule was first amended in 2017. The change in the rule was designed to allow a small structural deficit to be planned. The limit for the maximum structural budget deficit was set at 0.5% of GDP per year under the condition that a deficit could only be planned if there had previously been a structural surplus of at least the same amount. The concept of the cumulative structural budgetary position was introduced into law for the calculation of this, and it is arrived at by adding or subtracting the results for the structural fiscal position from 2014 onwards. The law still contained a correction mechanism that started to apply from an excess deficit of 0.5 percentage point, and a compensation mechanism that required a deficit that was larger than permitted to be compensated for by a surplus of the same amount.

As there had been a notable structural surplus in the general government fiscal position in 2014–2016, the change to the rule meant that a structural deficit could immediately be planned for the general government fiscal position in the state budget and the budget strategy.

The structural fiscal deficit was larger than permitted for the first time in 2018 at -1.4% of GDP, so the correction mechanism was activated in spring 2019. The government commented at that time that the compensation mechanism could in future prove too demanding and that it may be waived. The government planned to improve its fiscal position in both 2019 and 2020 by exactly the 0.5 percentage point required. It unfortunately became apparent though in spring 2020 that the structural deficit had actually increased in 2019 in the estimates of the time, and so the improvement to the fiscal position required by the correction mechanism had not happened. The improvement in 2020 was interrupted by the escape clause of the EU fiscal rules that was applied following the outbreak of the pandemic and that automatically lifted the national fiscal rule. A large supplementary budget was implemented in spring 2020 that increased expenditures and with this the government abandoned the target of restoring structural balance.

The general government was in substantial structural deficit while the fiscal rules were suspended in 2020–2023, though it was made harder to measure the structural budgetary position by the difficulty in establishing the cyclical position of the economy and the extraordinary expenses caused by the crisis (that were not classed as one-off measures under the calculation of the structural fiscal position, even though some of them were by their nature temporary or one-off). The Fiscal Council considers that the structural deficit in the pandemic years of 2020–2021 may have been estimated larger than it actually was, and that the estimate for the deficit this year is smaller than the actual deficit. Nevertheless, the Ministry of Finance has continued to calculate the cumulative structural budgetary position, and so the excessive deficit that has to be compensated for has grown extremely large in size.

[4] The state budget for 2014 had already been prepared in autumn 2013 to fulfill the requirement of structural balance.

The escape clause of the fiscal rules that was introduced at the start of the pandemic expires in 2023, and so the fiscal rules will have to be followed again from 2024. However, there is no intention to return to the fiscal rules that applied before the pandemic either across the whole European Union or domestically.

The Fiscal Council considers the following to be weaknesses in the current structural balance rule:

- The fiscal rule relies **too much** on the indicators of output gap and structural deficit, which are hard to estimate and subject to large subsequent revisions. The correction mechanism, the compensation mechanism, and the calculation of the cumulative structural budgetary position all require these to be defined precisely. This is a difficult challenge in a small open economy where even revisions to real GDP and the general government nominal deficit have been large. This does not mean though that the fiscal rules should abandon the structural deficit indicator completely.
- The correction mechanism is **too relaxed**, as the size of the annual improvement does not depend on the size of the excessive deficit or the reason that it occurred, allowing structural deficits to be planned even when the economy is doing well (as long as there is a move towards balance by the minimum required by the rule of 0.5 percentage point). This meant that the breach of the rule in 2018 allowed structural deficits to planned for 2019 and 2020 even though the outlook for the economy at the time did not indicate any need for fiscal support and the budgetary position could have been planned to improve by a larger amount.
- The calculation of the cumulative structural budgetary position is **too complicated** and difficult for the public to grasp. In addition, the cumulative structural deficit has increased even while the escape clause of the fiscal rules has applied.
- The compensation mechanism has become **too demanding** as the size of the cumulative structural deficit has made it necessary to plan a budget surplus over an unrealistically long time after structural balance has been achieved.
- The rules have been changed or efforts have been made to change them **too frequently**, and the changes have made them more relaxed. The rules were broken twice after they were last amended in 2017, and that has hampered the credibility of rules-based fiscal policy.

According to the planned changes that come into force in 2024, the government has set the target of not letting the general government structural budget deficit exceed 1% of GDP. If there is any deviation from this, the size of the annual improvement in the budgetary position will be determined by the state of the economic cycle. The required improvement will be between 0 and 0.75 percentage point a year depending on what the Ministry of Finance estimates the Estonian output gap to be. The compensation mechanism and the calculation of the cumulative structural budgetary position will be removed from the fiscal rules. This means that a planned structural deficit will no longer have to be preceded by a structural surplus of the same size, and that excessive structural deficits will not have to be compensated later by a structural surplus of the same amount.

Will the planned changes address the weaknesses of the current rulebook?

Dependence on the non-observable output gap and structural deficit indicators will in some places be reduced and in other places increased. The calculation of the cumulative structural budgetary position and the compensation mechanism will be removed, making the rulebook simpler, but the estimate of the output gap will now be used for defining the exact size of the annual budgetary improvement under the correction mechanism. This means that the so-called matrix of requirements will start to be used domestically at a time when the European Union is preparing to abandon it and when the estimates of the Estonian output gap have been even more uncertain than usual.

It is currently hard to estimate whether the changes to the correction mechanism will make it more or less relaxed than before. The improvement required to the fiscal position in difficult times will be smaller than before or entirely non-existent, but it will be larger when the economy is doing well. In the short term, however, this change would allow the government to make smaller improvements in the coming years than the earlier fiscal rules would have required.

The Fiscal Council considers that in the interests of the transparency and clarity of the State Budget Act the fiscal rules should not contain any component that cannot realistically be expected to be met. The Fiscal Council is consequently not opposed to leaving the calculation of the cumulative structural budgetary position and the compensation mechanism out of the rule, as was first suggested already in 2019. Removing the compensation mechanism could have been balanced out by for example setting a stricter target for the structural deficit (than 1% of GDP).

The planned changes unfortunately mean though that the fiscal rules are changing again and that overall the changes make them looser. The budget law introduced in 2014 required at least structural balance and the change to it in 2017 permitted a budget deficit of 0.5% of GDP only when there had earlier been a surplus, but the law that is expected to enter into force in 2024 will allow a structural deficit of up to 1% of GDP. This is no longer a structural balance rule, but a structural deficit rule. The fiscal rules are also made looser by the removal of the compensation mechanism and by the correction mechanism requiring a smaller improvement to the fiscal position when the position of the economic cycle is weaker.

The domestic requirement of structural balance was previously stricter than the medium-term budgetary objective could have been under the European Union requirements. However, setting the structural deficit target at 1% of GDP means running the largest deficit that is currently permitted for Estonia under the current EU rules and agreements. The Fiscal Council considers that not enough explanation was given for returning to a fiscal rule that is less demanding than before even after the four-year suspension of the rules and the extraordinarily large budget deficits. The series of shocks that hit the Estonian economy and the continuing fast growth of public debt indicate rather a need to restore the fiscal buffers.

Finally, it is known that the medium-term objectives based on the structural deficit indicator and the matrix of requirements to apply following deviation from that objective will be abandoned as part of the reform of the economic governance framework of the European Union. The European Commission wants to reach agreement on the new fiscal rules for the European Union by the end of 2023. The Fiscal Council consequently questions the timing of the changes to the domestic fiscal rules, as it could soon become necessary to change the fiscal rules once again to make sure that the Estonian requirements are well-suited with those of the European Union in their choice of indicators and mechanisms.

In summary the fiscal rules will be loosened, as the part of the rules that is too difficult to meet will be left out from the State Budget Act. The Fiscal Council finds that:

- it is reasonable to stop calculating the cumulative structural budgetary position and using the compensation mechanism;
- loosening some aspects of the fiscal rules could have been balanced out by for example setting a stricter target for the structural fiscal position than -1% of GDP;
- it would have been better to consider timing the changes to the national fiscal rules for after the reform of the European Union fiscal rules has been completed.

Background 2. *The revenue and expenditure measures in the state budget strategy for 2024–2027*

The explanatory note to the state budget strategy gives a list of the planned revenue and expenditure measures for 2024–2027 (in Table 51 on pages 168–169). There are a large number of measures in the budget strategy, but the majority are changes to taxes, resource fees and pollution fees. The introduction of the planned measures will increase the overall tax burden by at least two percentage points from where it was before (see Table 2).

Table 2. Revenue and expenditure measures in the state budget strategy (% of GDP)

	2024	2025	2026	2027
Tax revenue measures	0.4	2.2	2.0	2.3
Non-tax revenue measures	0.1	0.2	0.4	0.4
Revenue measures total	**0.5**	**2.4**	**2.4**	**2.7**
Cost-decreasing measures and lower interest expenditure on public debt	0.1	0.5	0.8	1.0
Cost-increasing measures	–0.5	–0.7	–0.6	–0.5
Expenditure measures total	**–0.5**	**–0.3**	**0.2**	**0.5**
Total measures	**0.1**	**2.2**	**2.7**	**3.2**

Source: Ministry of Finance

The budget strategy expects more than a third of the forecast additional revenues to come from a broad-base security tax (see Table 3), which is not yet defined. There should also be around 125 million euros more in income tax from banks in 2024–2025 than was earlier forecast. The Fiscal Council finds it questionable that the state budget strategy calculates additional revenues that are planned not from tax legislation changes but from an increase in the recently published forecast for existing tax revenues.

Table 3. Main revenue measures in the state budget strategy (% of GDP)

	2024	2025	2026	2027
Major tax changes				
Broad-base security tax	0.00	0.98	0.97	1.00
Motor vehicle tax	0.00	0.46	0.48	0.51
Reform of special cases of social tax	0.00	0.26	0.28	0.28
Fixed tax-free income rate for old-age pensioners	0.00	0.05	0.10	0.14
Higher dividends from commercial banks	0.20	0.09	0.00	0.00
Tax on sweetened beverages	0.00	0.06	0.05	0.05
Major changes to resource fees and charges				
Environmental fees	0.11	0.24	0.26	0.25
Renewable energy fees	0.00	0.14	0.13	0.13
Higher rates for fines and state fees	0.01	0.07	0.06	0.06
Other revenue measures	0.16	0.10	0.10	0.27
More efficient tax collection	0.03	0.10	0.07	0.07
Total measures	0.50	2.44	2.42	2.73

Source: Ministry of Finance

Although their impact on improving the budgetary position will be modest compared to revenue measures, the budget strategy also contains numerous expenditure measures – some of which increase spending and some of which reduce it from the summer forecast by the Ministry of Finance.

The measures among this to reduce the growth in general government expenditures are strictly speaking only targets, as around two thirds of the savings are expected to come from the spending review, and one third from savings demanded from the ministries. It is also forecast that the interest expenses on the state debt will fall, as achieving the fiscal targets in the state budget strategy means the budget deficit and debt burden will be smaller than in the summer forecast of the Ministry of Finance. The majority of the expenditure measures until 2026 are however cost-increasing, as additional funding is foreseen for all the main areas of government activity (see Table 4).

Table 4. Main expenditure measures in the state budget strategy (% of GDP)

	2024	2025	2026	2027
Cost-increasing measures	–0.5	–0.7	–0.6	–0.5
National defence	–0.1	–0.1	–0.1	–0.1
Education	–0.1	–0.1	–0.1	–0.1
Social transfers	0.0	–0.2	–0.2	–0.2
Investment & development	–0.1	–0.2	0.0	–0.1
Other expenditure	–0.2	–0.2	–0.2	–0.1
Cost-decreasing measures	0.1	0.5	0.8	1.0
Spending review and savings from the ministries	0.1	0.4	0.6	0.7
Lower interest expenditure on public debt	0.0	0.1	0.2	0.3
Total measures	–0.5	–0.3	0.2	0.5

Source: Ministry of Finance