

# A Brief Guide to the City of Zagreb 2021 Budget Proposal

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# **A Brief Guide to the City of Zagreb 2021 Budget Proposal**



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The City's 2021 budget proposal is a complex and extensive document, showing the City's planned sources of revenues and their spending, and it is therefore important to all Zagreb residents. This brief guide aims to provide, in the simplest and most concise manner, basic information on the proposed budget, thus encouraging citizens to become involved in the budget process and contribute to the quality and efficiency of the City's services that have been aligned with the citizens' needs and expectations, while staying within the City's means. Besides this brief guide, the City's website offers more detailed information on the [City's 2021 Budget Proposal](#), while general information on the City's budget and budget process can be found in the [Guide to the City of Zagreb Budget](#).

Pursuant to the calendar and provisions defined in the [Budget Act](#), the City's budget shall be adopted in accordance with the Government's [Guidelines for Drafting Croatia's 2021 State Budget and 2022–2023 Projections](#) and the [Ministry of Finance's Instructions for Drafting the Budgets of Units of Local and Regional Self-government](#). Among other things, the Guidelines set out economic policy goals for the upcoming three-year period and the [general government's](#) macroeconomic and fiscal framework.

The whole of Croatia, the City of Zagreb being no exception, is dealing with the economic consequences of the global health crisis caused by the coronavirus pandemic, which affected the world's economy. The scale and duration of economic disruption are still quite unclear. Efforts made for containing the spread of the coronavirus and preventing increased pressure on the public healthcare system as well as reduced economic activity are a great challenge for fiscal policy as well. With GDP expected to drop by as much as 8% in 2020, in the medium term economic activity is expected to gradually recover. However, as will be the case in the majority of EU countries, the recovery will be slow and lengthy, with pre-crisis economic activity levels expected to be reached in 2023. Real GDP growth rate for 2021 is projected at 5%, followed by 3.4% in 2022 and 3.1% in 2023. In the forthcoming three-year period, we are also expected to see a recovery of the employment rate – first by 0.7% in 2021, followed by a sharper growth of 1.4% in both 2022 and 2023. Apart from the crisis caused by the coronavirus, on 22 March 2020 Zagreb and its surrounding area were hit by the strongest earthquake over the past 140 years, which has caused significant infrastructural damage and put further pressure on the functioning of public services.

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**regional self-government**

a legal framework within which counties and the City of Zagreb are responsible for certain activities (e.g. primary and secondary education, health care, social security and welfare) and are entitled to their own revenues and own representative and executive bodies.

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**general government**

comprises of the central government (budget and extra-budget users of the State Budget) and budget and extra-budget users of county, city and municipal budgets.

The main benchmarks of the City's 2021 Budget have been aligned with the main strategic objectives of the [Zagrebplan 2020](#) development strategy, which was, pursuant to the Conclusion of the City Assembly of 18 June 2020, extended until 31 December 2021. The objectives include:

- competitive economy,
- human resources development,
- environment protection and sustainable natural resources and energy management,
- improving the City's spatial quality and public services,
- improving life quality,
- upgrading the development management system.

Crucial points in planning expenditures and outlays are to:

- secure funds for the renovation of facilities damaged in the earthquake,
- secure funds for combatting the coronavirus pandemic,
- secure funds for high-priority capital projects and utility infrastructure improvement projects as prerequisites for faster economic growth,
- ensure an equal level of acquired rights for lower-income citizens,
- promote demographic renewal,
- settle all contractual and credit liabilities in a timely manner,
- ensure smooth operation of all the **City's administrative bodies** and the maximum level of services they provide.

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**City administrative bodies**

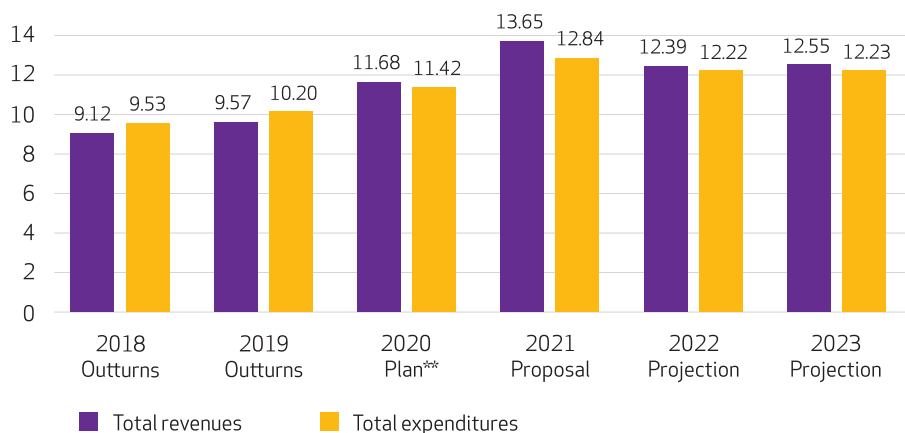
offices, institutes or professional services performing the activities within the competence of the City.

Below is a brief overview of the revenues, expenditures, financing account and debt in the period 2018–2023, including a detailed breakdown of revenues and expenditures for 2021. 2020 data have been derived from the [Revised Budget as adopted by the City Assembly on 09 June 2020](#).



## PLANNED REVENUES AND EXPENDITURES

**Total revenues and expenditures** planned for 2021 stand at **HRK 13.65bn** and **HRK 12.84bn** respectively (graph 1).



**Graph 1: The City of Zagreb budget revenues and expenditures, 2018–23 (in HRK billion)\***

\* Including own and **earmarked revenues** of budget users and expenditures financed therefrom.

\*\* As of 2020, the budget plan includes funds for gross salaries, contributions and other expenditures for primary and secondary school employees, which are provided in the central State budget. Consequently, the above-mentioned expenditures are to be included in the City's budget on the expenditure side, whereas the same amount is to be shown on the revenue side as State budget grants to budget users.

**earmarked revenues** revenues to be used for a predetermined purpose; for example, revenues from utility charges must be spent on maintenance of the City's utility infrastructure.

In parallel with the preparation of the 2021 budget proposal, budget projections are made for 2022 and 2023. Graph 1 shows that 2021 budget revenues will rise significantly relative to 2020, but they will drop again in 2022. The reason behind this is that 2021 will see a one-off revenue from the sale of assets, making the 2021 budget higher than not only 2020 but also 2022 and 2023 budgets.

The City's budget comprises **the revenues and expenditures of 330 City budget users**, i.e. institutions established and majority-financed by the City and listed in the [Register of Budget and Extra-Budget Users](#). These include, for example, public healthcare institutions (health centres, polyclinics, hospitals and institutes), preschool, primary school and secondary school education institutions, cultural institutions, social welfare institutions, the Zagreb Fire Department, the City of Zagreb Urban Planning Institute, Public Institution Maksimir, Zagreb Zoo, the Sports Facilities Management Institution, the Institution for Comprehensive Care of Croatian War Veterans and the Zagreb Development Agency for Coordination and Promotion of Regional Development. By including own and earmarked revenues in the planning and reporting process, the reporting of all budget revenues and receipts, including for all budget users and institutions established by the City, becomes more transparent and integral.

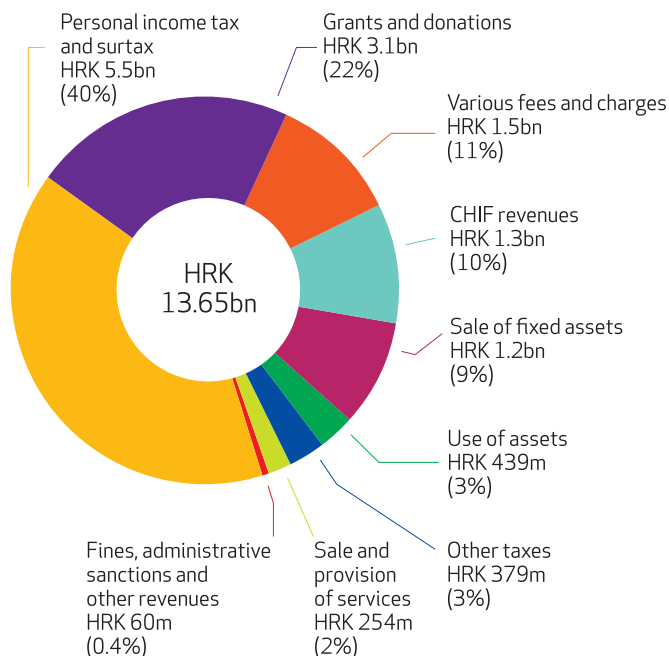


## PLANNED REVENUES

Every employed person will pay an average monthly amount of around HRK 1,088 in personal income tax and surtax into the City's budget.



**Total revenues** planned for 2021 amount to **HRK 13.65bn** (graph 2), 40% of which will be collected from **personal income tax and surtax (HRK 5.5bn)**. Considerable amounts are expected from **grants and donations (HRK 3.1bn)**, mostly in the form of State budget grants. This is followed by revenues from various **fees and charges** in the amount of **HRK 1.5bn** (HRK 930m from utility contributions and charges), budget users' revenues from the **Croatian Health Insurance Fund (CHIF)** for rendered healthcare services (**HRK 1.3bn**) and revenues from the **sale of fixed assets (HRK 1.2bn)**.



Graph 2: The City of Zagreb budget revenues, 2021 budget proposal\*

\* Including own and earmarked revenues of budget users.

**Total revenues** in 2021 are planned to go **up by HRK 1.97bn (16.9%)** from 2020. **The largest increase** is expected in revenues **from the sale of fixed assets – by HRK 1.05bn**. Since additional funds needed to be provided in the budget, the competent City Office for the Management of City Assets was asked to provide an estimate of a potential sale of business facilities. Pursuant to this, the budget includes estimated revenues from the sale of the Gredelj complex (HRK 618.5m), Zagrepčanka building (HRK 376.7m) and Paromlin (HRK 75m) as well as other business facilities (HRK 10m). In addition, the City is expected to sell residential facilities whose total value has been estimated at HRK 54m.

**Tax revenues** are expected to **rise by HRK 458m (8.5%)**, whereby personal income tax and surtax revenues shall increase by HRK 541m, while other taxes (such as the real property transfer tax or road motor vehicle

tax) shall decrease by HRK 83.5m. The current proposal also takes account of the amendments to the Personal Income Tax Act, which should come into force as of 1 January 2021 and which provide for a decrease of personal income tax rates – from 36% to 30% and from 24% to 20% respectively. Since the proposed measures would negatively affect budget revenues of local and regional self-government units, the City of Zagreb being no exception, compensation measures have been proposed in the form of amendments to the Act on the Financing of Units of Local and Regional Self-government. Namely, the current Act on the Financing of Units of Local and Regional Self-government defines that 17% of personal income tax revenues collected on City of Zagreb territory shall be used for fiscal equalisation for the purpose of aligning fiscal capacities of local and regional self-government units, while the City is entitled to 83%, including the funds for decentralized functions. The amendments to the Act in question propose the removal of the 17% rate for fiscal equalisation, which means that the full amount of personal income tax revenues collected on City territory would remain at the City's disposal, while the funds for fiscal equalisation would be provided from the State budget in full.

**Revenues from grants shall rise by HRK 422m (16%).** Grants expected from the State budget in the total amount of HRK 1.6bn will be used for gross wages, contributions and other expenditures for primary and secondary school employees, which were included for the first time in the City's 2020 budget in accordance with the Instructions for Drafting the Budgets of Units of Local and Regional Self-government. In addition, HRK 320m of grants are expected to be disbursed from the State budget for equalisation of decentralized functions. The Act on the Renovation of Facilities Damaged by the Earthquake in the City of Zagreb and Krapina-Zagorje and Zagreb Counties defines that 6% of the amount intended for decentralized functions may be spent for damage repair and renovation, while funds intended for covering expenditures for decentralized functions of primary and secondary education, social welfare, healthcare and firefighting should be provided in full from the grant provided from the State budget intended for equalisation of decentralized functions. A total of about **HRK 898m in grants** is planned to be received **from EU funds and international organisations**, mainly for the project Srebrnjak Centre of Competence for Translational Medicine (HRK 421.8m), financing ordinary activities of secondary school facilities and student homes (HRK 75.9m), maintenance and refurbishing of secondary school facilities and student homes (HRK 75m), energy-saving renovation of public buildings (HRK 38.8m), reconstruction of the abandoned brewery facility (HRK 27.7m), project Innovation Zagreb (HRK 26.6m), financing ordinary activities of public administration and services (HRK 24.9m), removal of sediment from Lake Jarun (HRK 20.6m), Croatian Natural History Museum (HRK 19m), project ZagEE (HRK 18.3m), project E-Zagreb – Zagreb as a Service (HRK 15.8m) and a number of other minor projects.



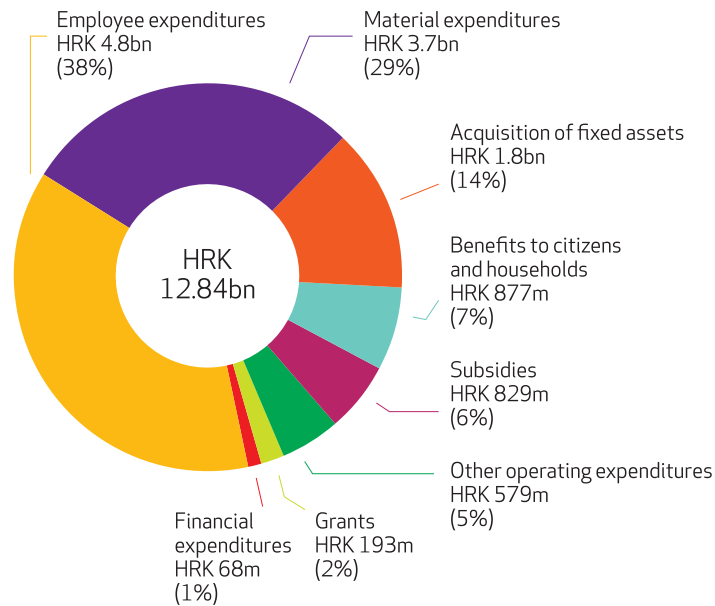


Revenues **from various fees and charges** shall **increase by HRK 32.5m** (2.3%), primarily due to a rise in revenues from utility contributions and charges and budget users' revenues collected pursuant to special provisions (e.g. participation in the price of healthcare services). Budget users' revenues **from CHIF** for healthcare services rendered **go up by HRK 104.7m** (8.5%) relative to 2020.

By contrast, compared with 2020, decreases are expected in **revenues from fines, administrative sanctions and other revenues by HRK 139.2m** (around 70%).

## PLANNED EXPENDITURES BY TYPE

**Total expenditures** planned for 2021 amount to **HRK 12.84bn** (graph 3).



Graph 3: The City of Zagreb budget expenditures by type (economic classification), 2021 budget proposal\*

\* Including expenditures financed from own and earmarked revenues of budget users.

**Expenditures for employees** (HRK 4.8bn) include salaries, contributions and other employee expenditures, including expenditures for employees on EU-funded projects. Of the total expenditures for employees, HRK 2.8bn pertain to salaries for employees of budget users whose funds are not provided from the City of Zagreb budget. The majority of this amount (HRK 1.6bn) pertains to employees in primary and secondary schools, whose salaries are secured in the State budget, while HRK 0.8bn pertains

to employees in hospitals and other healthcare institutions, whose funds are secured by CHIF.

The bulk of **material expenditures** (HRK 3.7bn) pertains to current and investment maintenance of utility infrastructure facilities (e.g. public spaces, public lighting, roads, cemeteries and the Crematorium), the City administration's and budget users' facilities, as well as stationery, energy and service costs (e.g. telephone, postal, transportation and information services), which are essential for the day-to-day operation of the City's administrative bodies and budget users.

The amount planned for the **acquisition of fixed assets** (about HRK 1.8bn) will be spent on roads, utility infrastructure, business and other construction facilities, as well as equipment in education, healthcare, social welfare institutions, etc. The bulk of the amount planned for capital investments (HRK 585m) will be spent through the City Office for Physical Planning, Construction of the City, Utility Services and Transport, in accordance with the [Plan of Works Related to Capital Investments in Social Service Facilities and Renovation and Rebuilding of Objects Damaged in the 2021 Zagreb Earthquake](#) and the [Plan of Works in the Field of Transport and Utility Management Zagreb in 2021](#).



**Benefits to citizens and households** are planned in the amount of HRK 877m. These expenditures comprise cash benefits for newborns and parents-educators (HRK 560m), ZET public transport costs and transport of persons with disabilities (HRK 82.6m), pension supplement (HRK 73.6m), funds for the co-financing of long-distance public transport of pupils, purchase of textbooks and other teaching materials, as well as extra-curricular activities (HRK 52.1m), assistance for improving the living standard of pupils and students and aid to the orphans of fallen and missing Homeland War veterans (HRK 32.2m), connection to communal water supply structures (HRK 22.2m), funds for the meals for socially disadvantaged citizens (HRK 15.2m), housing assistance to households (HRK 12m) and various other types of assistance to disabled and unemployed persons, volunteer blood donors and Homeland War veterans and victims, scholarships for pupils and students, etc.

**Subsidies** in the amount of HRK 829m are earmarked for stimulating production and services of companies, sole traders, farmers and SMEs. The bulk of this amount will be spent on city public transport, i.e. ZET (HRK 693.8m), the Arena sports hall rental fee (HRK 58.5m), employment of disabled persons (HRK 29m) and promotion of trades and SMEs (HRK 22.8m).

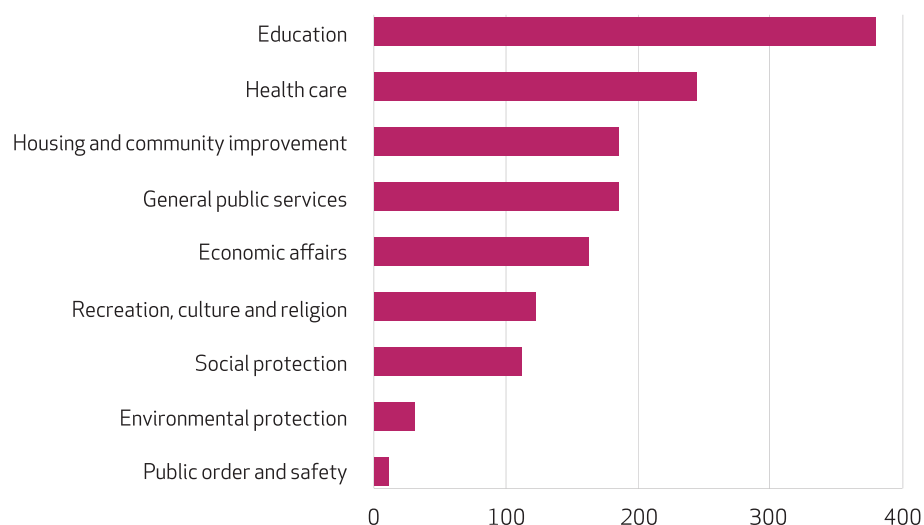
**Other operating expenditures** (HRK 579m) mostly refer to current donations and capital grants. Current donations (HRK 420m) are provided

for co-financing sporting activities (HRK 175m), religious and private kindergartens and schools (HRK 118m), culture (e.g. libraries, museums, theatres and music, art and film industries), the Zagreb Fire Fighting Association, and non-profit organisations (societies, social and development programmes). Capital grants mostly pertain to the renewal and reconstruction of ZET's vehicle fleet (HRK 60m) and the Zagreb Waste Management Centre (HRK 15m).

**Total expenditures** in 2021 are planned to **rise by HRK 1.4bn (12.4%)** relative to 2020. The largest rise of expenditures pertains to **material expenditures** (by HRK 317.6m, or 9.4%), **employee expenditures** (by HRK 291.3m, or 6.4%), **subsidiaries** (by HRK 280m, or 51%) and expenditures for **the acquisition of fixed assets** (by HRK 245.2m, or 16.3%).

## PLANNED EXPENDITURES BY PURPOSE

The City's **average monthly spending per capita** will be **HRK 1,454** (graph 4). The bulk of that amount will be spent for education (HRK 382), followed by healthcare (HRK 245), housing and community improvement services (HRK 187), general public services (HRK 187) and economic affairs (HRK 164).



**Graph 4: Average monthly per capita spending per purpose (functional classification), 2021 budget proposal (in HRK)\***

\*Including expenditures and outlays financed from own and earmarked revenues and receipts of budget users.

**Expenditures for education** pertain to preschool education (staff costs in city kindergartens and kindergarten fee subsidies), as well as primary and secondary school education (including portion of employee salaries, material expenditures and the acquisition of fixed assets).

**Expenditures for healthcare** pertain to health protection, the development and implementation of health protection programmes and strategies, promotion of health as well as addiction prevention and suppression, providing support for healthcare programmes and projects carried out by associations and other forms of organised health-oriented activities, as well as the coordination and control of City-owned healthcare institutions.

**Housing and community improvement services** pertain, for the most part, to the maintenance of city property and public spaces (e.g. public lighting, etc.).

**General public services** mostly pertain to the cost of the City administration employees and material expenditures of the City's administrative bodies as well as transactions connected with the repayment of the City's debt.

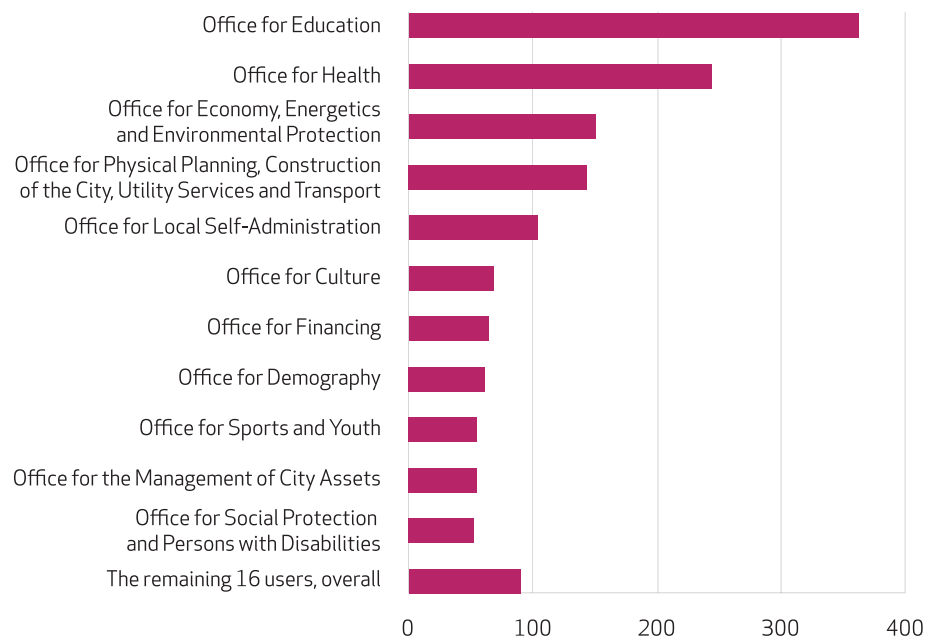
**Economic affairs** generally include city public transport, road construction and maintenance, agriculture and tourism.

**Expenditures for recreation, culture and religion** pertain to the funding of cultural institutions, support for various cultural programmes and activities, co-financing sports activities, subsidising the Arena sports hall rental fee, etc.



## PLANNED EXPENDITURES BY BUDGET USER

Most of the City's administrative bodies account for relatively small shares in total expenditures, while the **three most important City offices** – the Office for Education, the Office for Health and the Office for Economy, Energetics and Environmental Protection are expected to jointly spend approximately **more than half of the City's budget**, i.e. a monthly average of **HRK 756 per capita**.



**Graph 5: Average monthly budget user spending per capita (organisational classification), 2021 budget proposal (in HRK)\***

\* Including expenditures and outlays financed from own and earmarked revenues and receipts of budget users.



**financial assets**

money, deposits, bonds, loans, etc.

## FINANCING ACCOUNT

In contrast to the terms *revenues* and *expenditures*, which are used in the revenue and expenditure account with respect to business operations and the sale and acquisition of fixed assets, the financing account uses the terms receipts and outlays when referring to **financial assets** and borrowing, lending and repayment of loans. *Receipts* are monetary inflows, e.g. repaid principal amounts of granted loans, proceeds from the sale of shares and bonds, and funds from borrowing, whereas *outlays* are monetary outflows of the same kinds. The difference between receipts and outlays represents *net financing*, which should be the amount equal to the surplus/deficit from the revenue and expenditure account.

Including own and earmarked revenues and receipts of budget users, receipts planned for 2021 stand at HRK 387.3m, the great majority of which will derive from new borrowing. Outlays are planned in the amount of HRK 1,196.6m, which will almost exclusively (HRK 1,195.5m) be used for current debt repayment.

	2018 Outturns	2019 Outturns	2020 Plan	2021 Proposal	2022 Projections	2023 Projections
<b>Revenue and expenditure account</b>						
Total revenues	9,122.6	9,572.4	11,679.1	13,648.1	12,388.7	12,552.0
Total expenditures	9,530.4	10,203.3	11,421.7	12,838.8	12,218.2	12,229.2
<b>Deficit/surplus</b>	<b>-407.8</b>	<b>-630.9</b>	<b>257.4</b>	<b>809.3</b>	<b>170.4</b>	<b>322.8</b>
<b>Financing account</b>						
Receipts from financial assets and borrowing	633.3	634.6	537.4	387.3	530.3	342.7
Outlays on financial assets and loan repayment	364.1	578.0	754.8	1,196.6	400.7	365.5
<b>Net financing</b>	<b>269.2</b>	<b>56.7</b>	<b>-217.4</b>	<b>-809.3</b>	<b>129.6</b>	<b>-22.8</b>
(a) Deficit/surplus of current period	-138.6	-574.2	40.0	0	300.0	300.0
(b) Deficit/surplus carried over from previous period	-591.1	-729.7	-1,303.9	-1,263.9	-1,263.9	-963.9
<b>Total deficit/surplus (a)+(b)</b>	<b>-729.7</b>	<b>-1,303.9</b>	<b>-1,263.9</b>	<b>-1,263.9</b>	<b>-963.9</b>	<b>-663.9</b>

**Table 1: Revenue and expenditure account and financing account, 2018–2023 (in HRK million)\***

\* Including own and earmarked revenues and receipts of budget users and expenditures and outlays financed from those revenues and receipts.

The Ministry of Finance's [Instructions for Drafting the Budgets of Units of Local and Regional Self-government](#) require that deficit carry-overs from previous years be included in the following year's budget and covered in a successive manner. In 2019, the City recorded a budget deficit of HRK 1,304m (determined and visible in the [Annual Report on the Execution of the City's 2019 Budget](#)), whereof HRK 1,403m pertain to the deficit in the budget itself and HRK 261m to the deficit of budget users. The 2020 budget plan envisages the coverage of HRK 40m of that deficit, while the remaining amount is proposed to be covered in a successive manner from revenues from business operations and from the sale of non-financial assets in the following amounts: HRK 300m in both 2022 and 2023 (table 1), HRK 400m in 2024 and HRK 303.9m in 2025. The planned deficit coverage leads to the differences in the deficit/surplus amounts in the revenue and expenditure account and the amounts of net financing in the financing accounts for 2020 and 2022–2023 (table 1).

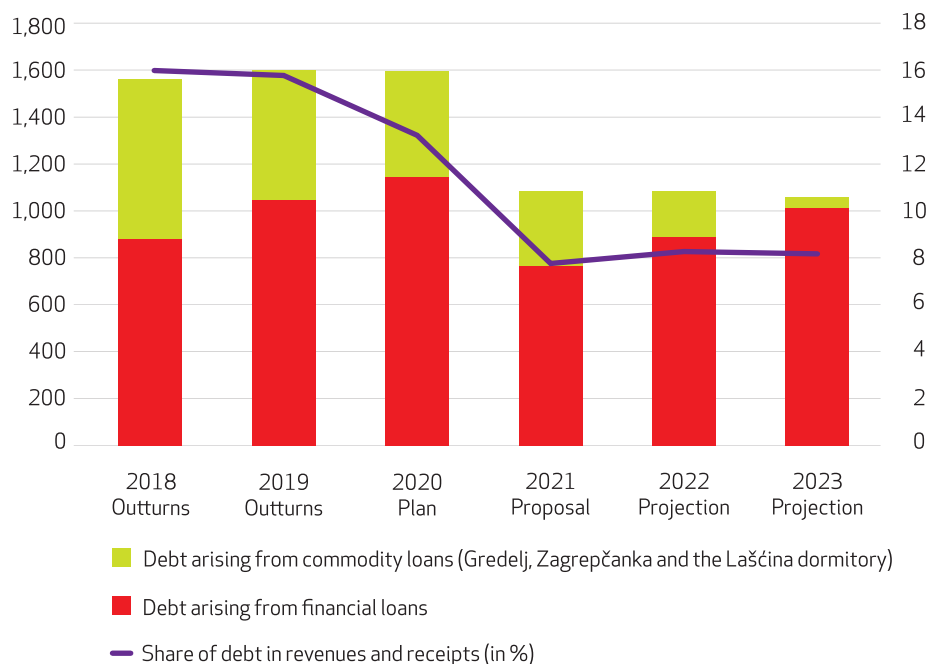
## Action Plan for Balancing Budget

For the purpose of balancing budget, the City prepared a detailed analysis and assessment of the current financial situation together with a proposal of measures for removing the causes of negative business operations, measures for stable business operations and action plan for implementation, which includes the following:

1. **Increasing funding for budget projects and activities from current and capital grants.** This implies lower utilization of resources from general revenues and receipts (tax revenues) and funding as many activities and projects as possible from other sources (national and international tenders, etc.). The City plans to put maximum effort in the development and preparation of projects and tenders in order to withdraw available funds as efficiently as possible, especially from additional EU funds that will be at Croatia's disposal in the forthcoming three-year period. This pertains to the following resources:
  - a) **Solidarity Fund** for assisting member states in remedying damage in cases of large-scale natural disasters. The Republic of Croatia will have at its disposal funds for repairing earthquake damage and for combatting the coronavirus pandemic.
  - b) **Recovery and Resilience Facility**, which allows member states to use grants and loans for funding investments and reforms aimed at enhancing recovery and increasing resilience of the economy. Grants are approved on the basis of the National Recovery and Resilience Plan, which is drafted within the National Reform Programme. Reforms and investments that could meet all the conditions include, inter alia, energy efficiency and renovation of buildings (especially those damaged in the earthquake).
2. **Improving the management of city assets:** activation of underutilised real property owned by the City and efficient management of real property (lease, rental) or sale of sections of unused property through permanent tenders.
3. **Reducing material expenditures while maintaining the quality of services provided to citizens:** maximum rationalization of representation costs, official travels, office supplies and other material expenditures.
4. **Reprogramming current long-term loans with lower interest rates during 2021 and 2022:** this would serve to relieve the burden on budget outlays and adjust to the lower level of revenue generation due to amended legislation which directly affect the City's revenue generation as well as due to the pandemic-induced economic crisis, while securing greater liquidity for executing budget expenditures.

## PLANNED CITY BUDGET DEBT

The projected state of **direct debt** at end-2020 stands at **HRK 1.59bn**, or 13% of total budget revenues and receipts (graph 6). Since the amount of new borrowing in 2021 is planned to be significantly lower than the amount of debt to be repaid (table 1), the planned overall direct debt at end-2021 is set to the level of HRK 1,09bn, or 7.7% of total budget revenues and receipts. It should be noted that, according to the [Budget Act](#), any long-term borrowing by the City requires the Government's approval. Graph 6 therefore shows the planned level of debt, while the real debt will depend on such approval.



Graph 6: The City of Zagreb's debt (in HRK million, left-hand scale) and the share of debt in budget revenues and receipts (in %, right-hand scale), 2018-23\*

\*The revenues and receipts include own and earmarked revenues and receipts of budget users.

In addition to the direct debt shown in graph 6, the City is potentially exposed to an **indirect debt** (in the form of provided guarantees), **in the amount of HRK 2.78bn** (22.7% of the total revenues and receipts planned for 2020). The bulk of that amount (HRK 2.3bn) relates to a guarantee for bonds of Zagrebački Holding issued for the purpose of refinancing a 2007 debt. The bonds were issued in two tranches (HRK 1.8bn in mid-2016 and another HRK 500m in July 2017), and the City has obtained the Finance Minister's approval for that guarantee.

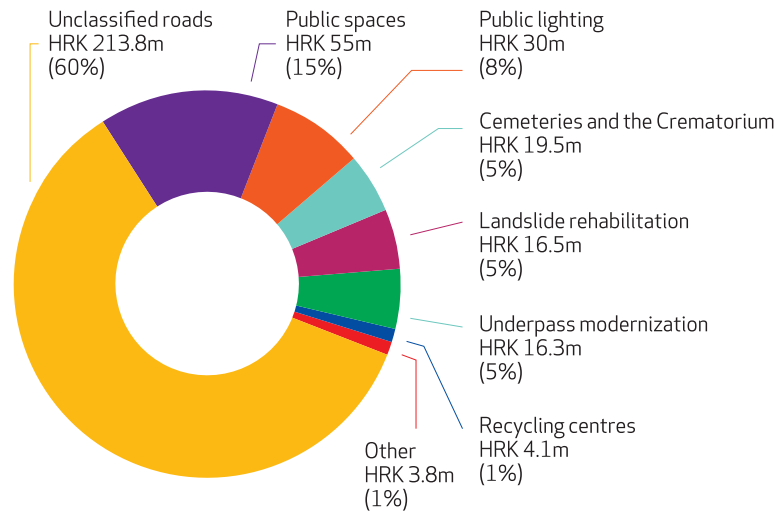
Direct debt is the sum of all budget deficits incurred in the current and in earlier periods that were financed by borrowing.





## DEVELOPMENT PROGRAMMES – MAJOR INVESTMENTS

The amount planned for the **construction of utility infrastructure facilities and equipment** in 2021 stands at **HRK 359m** (graph 7). A good supply of utility services improves the quality of life and makes the City space more attractive for business and social activities. This investment is therefore crucial for achieving the City's general spatial development goals.

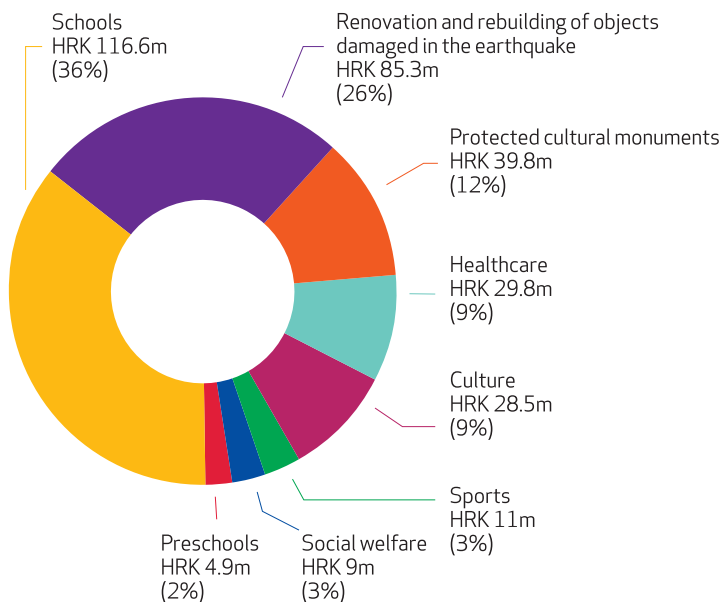


Graph 7: Capital investments in the construction of utility infrastructure facilities and equipment, 2021 budget proposal (in HRK million)

More than half of the planned investments in utility infrastructure facilities and equipment relate to improving the quality, safety and level of services, as well as preserving the transportation network integrity as part of capital investments in unclassified roads (HRK 213.8m). Depending on individual projects, the funds will be used for the creation of project documentation and realisation of different construction and reconstruction phases.

Relative to the 2020 plan, total investments in utility infrastructure facilities and equipment are lower by HRK 24.9m (6.5%), primarily due to the fact that 2020 saw the closure of two large and significant projects, whose 2020 investments amounted to HRK 101m – the [Remetinec roundabout](#), which was opened for traffic on 31 May 2020 City fête and the [Sljeme cable car](#), whose opening is planned for the end of the year. Other investments in utility infrastructure facilities and equipment shall rise by HRK 76m in comparison to 2020. The majority of this rise pertains to investments for unclassified roads (by HRK 50.6m), public lighting (by HRK 10m), public spaces (by HRK 7m) and cemeteries and crematoriums (by HRK 7m).

Another **HRK 324.9m** is planned for **capital investments in social service facilities** (graph 8). Relative to the 2020 budget plan the largest increases have been made in capital investments for renovation and rebuilding of facilities damaged in the earthquake (by HRK 37.6m) and capital investment in school facilities (by HRK 25.3m), while the sharpest decrease occurred in capital investments in preschool facilities (down by HRK 76m).



**Graph 8: Capital investments in social service facilities, 2021 proposal (in HRK million)**

Investments in social service facilities cover, depending on individual projects, the costs of creating project documentation, obtaining building documents, the conversion of premises, renovation, rehabilitation, construction and furnishing of buildings, as well as the costs of property relations settlement.



## WHAT CAN CITIZENS DO?

The City Assembly, as the citizen representative body, will discuss the 2021 budget proposal on 8 December 2020. The proposal should be adopted by 31 December 2020. It consists of substantial amounts of revenues and expenditures (HRK 13.65bn and HRK 12.84bn respectively). During 2021, every employed person is expected to pay an average monthly amount of HRK 1,088 in personal income tax and surtax into the budget, and the average monthly amount to be spent by the City per capita will be about HRK 1,454. Given all that, all Zagreb citizens should be interested in the manner of collecting and spending these funds. With the help of this brief guide and the [Guide to the City of Zagreb Budget](#), citizens can also take part and try to shape the final 2021 budget and the services they will benefit from. They can participate either through [local committees](#) and [city districts](#) or directly by submitting suggestions and comments to the [City Assembly Representatives](#). They also have [the right to attend the meetings of the City Assembly and its working bodies](#).



## USEFUL WEBSITES

[City of Zagreb](#) – The official website of the City of Zagreb

[City of Zagreb – Finances](#) – City budget, City credit rating, forms

[City Office for Financing](#) – Contacts, jurisdiction and activities

[City offices, institutes and professional services](#) – Detailed data,  
contacts, jurisdictions  
and activities

[City Assembly](#) – Organisation, jurisdiction,  
working bodies and regulations

[City districts](#) – Basic information, territorial boundaries,  
bodies and powers

[Local committees](#) – Territorial boundaries, seats, bodies and powers

[Zagrebački Holding](#) – Organisation, services, topical issues,  
contact information

[Official Journal of the City of Zagreb](#) – All City regulations

[Ministry of Finance – local budgets](#) – An archive of the budgets of all  
municipalities, cities and counties

[The Budget Act](#)

[Institute of Public Finance](#) – Transparency of the budgets of counties,  
cities and municipalities

## **PREVIOUSLY PUBLISHED GUIDES**

[A Guide to the City of Zagreb Budget](#)

[A Brief Guide to the City of Zagreb 2014 Budget Execution](#)

[A Brief Guide to the City of Zagreb 2015 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2015 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb 2015 Budget Revision](#)

[A Brief Guide to the City of Zagreb 2015 Budget Execution](#)

[A Brief Guide to the City of Zagreb 2016 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2016 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb 2016 Budget Revision](#)

[A Brief Guide to the City of Zagreb 2016 Budget Execution](#)

[A Brief Guide to the City of Zagreb 2017 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2017 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb First 2017 Budget Revision](#)

[A Brief Guide to a Proposal for the City of Zagreb Second 2017 Budget Revision](#)

[A Brief Guide to the City of Zagreb 2017 Budget Execution](#)

[A Brief Guide to the City of Zagreb 2018 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2018 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb 2018 Budget Revision](#)

[A Brief Guide to the City of Zagreb 2018 Budget Execution](#)

[A Brief Guide to the City of Zagreb 2019 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2019 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb 2019 Budget Revision](#)

[A Brief Guide to the City of Zagreb 2020 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2020 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb 2020 Budget Revision](#)